

DiscoveryMetals

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NEWS RELEASE

DISCOVERY METALS CLOSES CHANGE OF BUSINESS TRANSACTION

Vancouver, British Columbia – August 17, 2017 – Discovery Metals Corp. (“**Discovery Metals**” or the “**Company**”) (TSX-V: DSV.H) is pleased to announce that it has closed its previously announced change of business transaction (the “**Transaction**”) and has been reclassified as a Tier 2 Mining Issuer on the TSX Venture Exchange (the “**Exchange**”).

PROPERTIES

The principal transaction completed by Discovery Metals was the entering into of a mineral exploration and option agreement (the “**Puerto Rico Option Agreement**”) dated April 7, 2017, with Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon (together, the “**Vendors**”), providing an option (the “**Option**”) to acquire certain mineral concessions (the “**Puerto Rico Concessions**”) located in Ocampo, Coahuila, Mexico, forming part of the Puerto Rico mining-metallurgical project (the “**Puerto Rico Property**”).

Terms of the Puerto Rico Option Agreement

Consideration

Pursuant to the terms of the Puerto Rico Option Agreement, Discovery Metals may exercise the Option and acquire the Puerto Rico Property from the Vendors, on making the following payments to the Vendors:

- a) a cash payment of US\$300,000, which has been paid by the Company on Closing;
- b) the issuance of an aggregate of 500,000 common shares, which have been issued on Closing;
- c) an additional cash payment of US\$300,000 and the issuance of a further 500,000 common shares upon the receipt of all necessary permits and approvals to conduct drilling activities on the Puerto Rico Mineral Concessions from the applicable authorities (the “**Drilling Approvals**”);
- d) the issuance of four tranches of 500,000 common shares on each anniversary of the closing of the Transaction, with the first issuance occurring on the second anniversary of Closing; and
- e) the issuance of additional common shares (the “**Additional Consideration Shares**”), representing 30% (the “**Thirty Percent Interest**”) of the Company’s then issued and outstanding share capital, taking into account any common shares already issued to the Vendors.

In the event that the market value of the Thirty Percent Interest is less than US\$10,000,000 at the time of issuance, the Company will issue further common shares to the Vendors such that the common shares of the Company issued the Vendors, in aggregate, have a market value of

US\$10,000,000, subject to a maximum aggregate ownership interest by the Vendors of 35%. Any amount in excess of the 35% share threshold will be paid to the Vendors in cash, to an aggregate value of US\$10,000,000.

In the event the Company has any material assets in addition to the Puerto Rico Property, at the time of the issuance of the Additional Consideration Shares, the number of the Additional Consideration Shares issuable to the Vendors will be reduced to represent 30% of the market value of only the Puerto Rico Property, as determined by an independent third-party valuation. In the event that greater than 90 million Additional Consideration Shares are issuable, such share issuance will be subject to the further approval of the Exchange.

Expenditures

In order to exercise the Option, the Company is required to complete exploration expenditures of not less than US\$12,500,000 (the "Expenditures") on the Puerto Rico Property within five years of receipt of the Drilling Approvals. The Company must complete not less than US\$2,000,000 of these Expenditures within the first twelve (12) months after receipt of the Drilling Approvals.

All cash consideration paid by the Company to the Vendors shall be credited towards the Expenditures. At any time, the Company may pay any remaining amount of the Expenditures directly to the Vendors, and issue any remaining consideration as outline above, in order to accelerate the acquisition of the Puerto Rico Property pursuant to the Option.

For further information on the Puerto Rico Property please see the Technical Report dated June 12, 2017, prepared by SRK Consulting (Canada) Inc., which is available on SEDAR.

Additional Property Options

Terms of the Renata Option Agreement

In addition, the Company has entered into the mineral exploration and option agreements described below.

Discovery Metals entered into a mineral exploration and option agreement (the "Renata Option Agreement") dated April 20, 2017, also with the Vendors, providing an option to acquire a certain mineral concession (the "Renata Concession") also located in Ocampo, Coahuila, Mexico comprising the Renata mining-metallurgical project (the "Renata Property").

Pursuant to the terms of the Renata Option Agreement, the Company may exercise the option and acquire the Renata Property on the following terms:

- a) an aggregate cash payment of US\$100,000 to the Vendors three months from Closing; and
- b) the Company incurring exploration expenditures on the Renata Property of not less than US\$2,000,000 within three years of the latter of the Closing and the entering into by the Company of any required land occupation or lease agreements on the subject lands.

An additional US\$100,000 payment will be due if the Company has not made a decision to keep or return the Renata Concession to the Vendors within two years.

During the term of the Renata Option Agreement, the Company may negotiate the sale and transfer of the Renata Concession to an arm's length party, before or after making the required exploration expenditures and acquiring the Renata Property. In the event of a sale, the Vendors shall receive the first US\$3,000,000 of sale proceeds, and the balance of consideration shall be split equally between the Company and the Vendors, net of any exploration expenditures already incurred.

For further information on the Renata Concession see the Company's news release dated May 1, 2017.

Terms of the Additional Option Agreements

The Company entered into four additional mineral exploration and option agreements (the "Additional Option Agreements") dated May 15, 2017, with the Vendors, providing options to acquire certain additional mineral concessions (the "Additional Mineral Concessions") located in the state of Coahuila, Mexico. The Additional Mineral Concessions include the Monclova Concessions, the La Minerva Concessions, the Santa Rosa Concessions and the Jemi/Rare Earth Concessions.

Pursuant to the terms of the Additional Option Agreements, the Company may exercise its option and acquire the underlying concessions that are subject to each additional Option Agreement on the following terms:

- a) the Company incurring exploration expenditures of not less than US\$2,000,000 per Additional Option Agreement within five years; and
- b) the issuance to the Vendors of an aggregated 1,000,000 common shares in respect to three of the Additional Option Agreements, and the issuance of 2,000,000 common shares in respect of the Additional Option Agreement governing the Monclova Property.

In addition, the Company has agreed to pay back taxes on the Monclova Concessions of approximately US\$48,000, and to make a cash payment to the Vendors of US\$70,000 with respect to the La Minerva Concessions.

For further information on the Additional Mineral Concessions see the Company's new release dated June 1, 2017.

Terms of the La Kika Agreement

The Company entered into an additional mineral exploration and option agreement (the "La Kika Agreement") dated June 7, 2017, with the Vendors, providing option to acquire the La Kika mineral concession located in the state of Coahuila, Mexico.

Pursuant to the terms of the La Kika Agreement, the Company may exercise its option and acquire the underlying La Kika concession on the following terms:

- a) Reimbursing USD\$45,000 to the Vendors on Closing;
- b) the Company incurring exploration expenditures of not less than US\$2,000,000 within five years, half of which is a firm expenditure commitment; and
- c) the issuance to the Vendors of an aggregated 1,000,000 common shares.

In addition, the Company has agreed to pay the Vendors a royalty on the first 450,000 tonnes of ore extracted by the Company from the La Kika concession. The royalty will equal 30% of the operating profits in the event that the Company undertakes direct shipping operations, or a 2% net smelter return otherwise.

For further information on the La Kika Concession see the Company's news release dated June 14, 2017.

The Company will be the operator under all of the agreements described above and is required to pay all mining duties to maintain the underlying concessions in good standing.

Finders Fee

The Company will pay finders fees to David Caldwell, John (Daniel) Harmening and Humberto Rafael Pacheco (the "Finders") in connection with the efforts of the Finders in introducing the Company to the Vendors and the projects described above. The Finders are at arm's length to the Company. The Company has agreed to pay the following finders fees:

- a) on closing, a fee of 209,500 common shares;
- b) an additional 25,000 common shares on each of the four tranches of share issuances to the Vendors, pursuant to the Puerto Rico Option Agreement, on the second through fifth anniversaries of the Closing; and
- c) a number of common shares equal to 5% of any additional common shares issued by the Company on exercise of any of the mineral exploration and option agreements as described above.

On issuance, all common shares will be subject to a hold period of four months plus one day.

Financing

On completion of the Transaction, the previously issued 31,237,000 Subscription Receipts of the Company, which were issued at a price of \$0.50 for each Subscription Receipt, each converted into one unit of the Company for no additional consideration. Each unit consists of one common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional common share at a price of \$1.00 per share for a period of 24 months. The Company paid fees of \$335,425 and issued 366,200 units to certain finders who introduced subscribers to the private placement. In addition, finders received 1,244,460 finders warrants exercisable at \$0.60 per share for 18 months. The securities issued in connection with the financing have hold periods expiring between November 15 and November 20, 2017.

The gross proceeds of \$15,618,500 will be used to fund the Company's proposed phase one exploration program on the Company's flagship Puerto Rico Property. The balance of the proceeds will be used to fund preliminary exploration work on the other properties described above and for general working capital purposes.

Board and Management

The Board of Directors and management team of the Company have been reconstituted to include the following individuals:

Taj Singh, M.Eng, P.Eng, CPA – President, Chief Executive Officer and Director

Mr. Singh is a mining executive with over 17 years of experience in corporate development, capital markets, project development, engineering and operations. In his last role, he was Vice-President of Engineering & Project Development, and Vice-President of Business Development for Mexican gold producer Timmins Gold, (now Alio Gold Inc. (“Alio Gold”)) where he also served as the company’s Qualified Person. During his five-year tenure with Timmins Gold, Taj was responsible for overseeing the capital markets and mergers and acquisitions strategies of the company, leading the execution of numerous merger and acquisition transactions, including the acquisition of Newstrike Capital Inc. (Ana Paula Project), the acquisition of the Caballo Blanco Project and the acquisition of the El Sauzal process plant from Goldcorp Inc. Most recently Mr. Singh oversaw the completion of the Pre-Feasibility Study for the Ana Paula Project, the primary growth project for Alio Gold. Mr. Singh also has experience with Macquarie Capital Markets as a sell-side gold analyst, with Inco Limited and Vale Limited in operations and is the author of US and European patents in the field of base metal processing. Currently he also serves as an independent director of GT Gold Corp. Mr. Singh is a Professional Engineer (P.Eng), a Chartered Professional Accountant (CPA), and holds a Bachelor of Engineering (Metallurgical) from the University of Toronto and a Master of Engineering (Metallurgical) from McMaster University.

Orest Zajcew, CFA, Ph.D. – Chief Financial Officer

Mr. Zajcew has over 10 years experience as a Chief Financial Officer and Corporate Secretary for a number of TSX, TSXV and CSE listed exploration companies. From 2005 to 2015 he was CFO for Ryan Gold Corp. and Corona Gold Corporation until these companies, along with Eagle Hill Exploration Corp., were acquired by Oban Mining Corp. to form what is now known as Osisko Mining Inc. He was also CFO for a number of other companies such as Odyssey Resources Limited, Cogitore Resources Inc. and AgriMarine Holdings Inc. Mr. Zajcew received his doctorate in Political Science from the University of Toronto in 1998. He has been a CFA charterholder since 2001.

Murray John, ACSM, B.Sc (Hons) Mining Engineering, MBA – Chairman of the Board

Prior to his retirement in December 2014, Mr. John was President and Chief Executive Officer of Dundee Resources Limited, a private resource-focused investment company, and Managing Director and a Portfolio Manager with Goodman Investment Counsel, where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John is the former President and Chief Executive Officer of Corona Gold Corporation and Ryan Gold Corp. He is also a lead director of Osisko Mining Inc., formerly Oban Mining Corp., a director of Dundee Precious Metals Inc. and a former director of several other public companies. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 with a B. Sc (Hons) in mining engineering and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear

Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

Dr. Mark O’Dea, PhD., P. Geo. – Director

Dr. O’Dea has played leadership roles in founding, financing and building numerous mining companies, creating over \$3 billion in shareholder value. As Co-Founder, CEO and Director, he grew Fronteer Gold from start-up to its sale in 2011 to Newmont Mining, which included the spin-out of Pilot Gold. Dr. O’Dea also co-founded and served as CEO and Director of Aurora Energy which was sold to Paladin in 2011. He co-founded True North Nickel, which was sold to Royal Nickel in 2014, and most recently co-founded and served as Executive Chairman of True Gold Mining, which built the Karma Gold Mine in Burkina Faso. True Gold was sold to Endeavour Mining in 2016. He is the founder of Oxygen Capital, and currently serves as Chairman of Pilot Gold and as Director of Pure Gold Mining and NexGen Energy. He has received numerous business and industry awards, including the Globe and Mail’s Top 40 Under 40, winner of the EY Entrepreneur Of The Year™ 2014 Pacific mining and metals category, and the AMEBC’s Murray Pezim Award for perseverance and success in financing mineral exploration.

Jesus Miguel Hernández Garza, Eng. – Director

Mr. Garza holds a degree in Industrial Engineering from the University Regiomontana located in Monterrey Nuevo León, Mexico, and holds a Masters degree in Environment and administration. He is a principal of Revi Minerals S.A. de C.V., a company dedicated to open pit mining of coal and zinc deposits in Mexico. He has also been involved in the mining of gravel, fluorite and barite in Mexico and has held positions in state and municipal governments where he maintains a number of key government relationships. He is a former geologist with Freeport McMoran at the Puerto Rico Project, where he also held the title of Manager of Social Management. Mr. Garza is a resident of the local Ejido which owns surface rights around the Puerto Rico Project.

Jose Alberto Vizquerra-Benavides, M.Sc. – Director

Mr. Vizquerra is currently Executive Vice President of Strategic Development & Director at Osisko Mining. For over four years, Mr. Vizquerra served as the President & CEO of Oban Mining Corp. (“Oban”), where he led the successful change of business strategy that resulted in Oban’s acquisition of Corona Gold, Eagle Hill Exploration Corp. and Ryan Gold to form what is now Osisko Mining. Mr. Vizquerra previously worked as Head of Business Development for Compania de Minas Buenaventura, prior to which he worked as production and exploration geologist at the Red Lake gold mine. He is currently a board member of Alio Gold Inc. Mr. Vizquerra holds a M.Sc. from Queens University in MINEX, and is a Qualified Person (AIGP).

The Company wishes to thank Scott Ackerman, David Nelson, Doug McFaul and Brent Ackerman, who have resigned as directors and officers of the Company, for their past services.

Share Capital

On Closing, the Company has a total of 64,982,699 common shares issued and outstanding, including an aggregate of 9,450,000 shares which are subject to escrow and will be released over 36 months. Any additional shares issued to Jesus Miguel Hernandez Garza will be subject to escrow. On Closing, the Company has also issued an aggregate of 3,300,000 stock options

to directors, officers, employees and consultants of the Company, exercisable at a price of \$0.60 per share for a period of five years.

For further information on the Transaction, please see the Company's Filing Statement dated July 31, 2017, which is available on SEDAR.

Trading

Trading in the common shares of Discovery Metals is expected to resume at the open of the market on Monday, August 21, 2017 under the new symbol "DSV".

For further information, contact Taj Singh at taj.singh@dsvmetals.com.

On Behalf of the Board of Directors of:

DISCOVERY METALS CORP.

Taj Singh, M.Eng, P.Eng, CPA
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Investors are cautioned that, except as disclosed in the disclosure document prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

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About Discovery Metals

Discovery Metals is focused on discovering and advancing high grade polymetallic deposits in a recently assembled land package of approximately 300,000 hectares over a large and historic mining district in northern Coahuila State, Mexico. The portfolio of seven key properties, all with shallow high-grade silver-zinc-lead mineralization, is situated in a world class Carbonate Replacement Deposit (CRD) belt that stretches from SE Arizona to central Mexico. The land holdings contain numerous historical direct-ship ore workings with over 4,000 m of underground development. No modern exploration or exploration drill testing has been carried out on the properties.