BOSETO COPPER PROJECT BFS ECONOMICS UPDATE

Discovery Metals Limited ("Discovery Metals" or "Company") (ASX/BSE: “DML”, AIM: “DME”) is pleased to report an update on the Bankable Feasibility Study (‘BFS’) for its Boseto Copper Project.

- The Bankable Feasibility Study (‘BFS’) remains on track for completion in the first quarter of 2010.
- Updated financial evaluation of the Boseto Copper Project shows:
  - Operating costs continue to be in the middle of the copper producer costs curve, with the updated 10 year average cost of US$1.04/lb (January 2009 - US$1.06/lb);
  - Capital costs have been increased to US$150 million (January 2009 - US$131 million) based on contingency for capital component price changes;
  - Overall project economics have improved despite including additional capital contingency and exploration expenditure, with the break even copper price at which the project provides a 10% discounted cash flow rate of return now being less than US$1.53/lb;
  - Net Present Values ranging from US$116 million at a US$2.00/lb copper price to US$426 million at a US$4.00/lb copper price;
  - Internal Rates of Return ranging from 18% at a US$2.00/lb copper price to 57% at a US$4.00/lb copper price; and
  - Payback is expected within 2 years of production commencing.
- Annual production from the Boseto copper concentrator is planned to average approximately 25,000 tonnes of copper and nearly 700,000 ounces of silver contained in a high grade concentrate.

Discovery Metals’ Managing Director, Brad Sampson said: “We remain very bullish about the prospects for our Boseto Copper Project satisfying a very small part of the massive copper supply deficit that is widely forecast by commodity experts in the years beyond 2011. Market fundamentals indicate support for relatively high copper prices from 2010 onwards.”

“The BFS is progressing well and remains on track for completion in March 2010. Importantly, the extensive ongoing feasibility work has resulted in a slight decrease in the estimated cash operating costs to an average US$1.04/lb. Whilst we do not believe there has been significant movement in capital costs this year, our capital estimates will not be completed for a few months and therefore we have prudently included a US$20 million contingency.”

A presentation of the BFS progress update can be found on the Company’s website www.discoverymetals.com.au

It highlights the substantial progress made by the Discovery Metals team, in conjunction with a group of industry expert consultants and contains details of cost estimates. The site location for the processing plant and associated infrastructure has been finalised and schematic diagrams of the project site are also included in the presentation. It is expected that the next BFS economics update will be announced in the second quarter of 2010, once the BFS is finalised.
Discovery Metals’ Boseto Copper Project (100% owned) is located in north-west Botswana, approximately 80 km south-west of the town of Maun, within the district of Ngamiland. A seven tenement package was granted to Discovery Metals in September 2005 and fieldwork on this tenement package commenced in October 2005. The Government of Botswana approved the Company’s renewal of these tenements in September 2008 and all prospective areas were retained by the Company. In June 2008, Discovery Metals was granted an additional seven tenements extending from the south-west boundary of the original 2005 granted tenements through to the Namibian border, adding 5,700 km$^2$ to the area held under prospecting licenses, to bring the total current tenement area to 10,100 km$^2$. The outer limit of the exploration licence area starts approximately 60 km south-west of Maun and stretches in a south-westerly direction for approximately 300 km to the Namibian border.

The Boseto Copper Project is located within a belt of significant copper-silver mineralisation that extends from the well known and more highly developed Zambian Copper Belt across north-west Botswana and into Namibia. The poorly explored and undeveloped portion of this belt in north-west Botswana is known as the Kalahari Copper Belt.

Copper in the Boseto Project area occurs predominantly in chalcocite, with minor amounts of bornite and other copper sulphides present. At shallow depths, malachite and chrysocolla exist in significant proportions within some areas of the mineral resource.

The total Mineral Resource for the Boseto Copper Project, reported in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, “2004 Edition”) at a cut off of 0.6% Cu is:

- **50.2 Mt @ 1.5% Cu and 17.8 g/t Ag containing 753 kt copper metal and 29 Moz silver**
  - consisting of **Indicated Mineral Resource of 4.7 Mt @ 1.6% Cu and 24.0 g/t Ag**, and
  - **Inferred Mineral Resource of 45.5 Mt @ 1.4% Cu and 17.2 g/t Ag**

A Pre Feasibility Study for the Boseto Copper Project was completed on time and on budget in July 2008. Discovery Metals is currently undertaking a Bankable Feasibility Study for the Boseto Copper Project which is planned for completion in March 2010.

Further information on the Company is available on its website: www.discoverymetals.com.au

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Competent Persons Statement

The information in this report as it relates to the Zeta, Plutus and Petra Mineral Resources for the Boseto Copper Project was compiled by Mr Jason Hosken; and reviewed by David Arnott, both Members of The Australasian Institute of Mining and Metallurgy. At the time of preparing the reported Mineral Resource, Mr Hosken was employed fulltime by Snowden Mining Industry Consultants Pty Ltd (Snowden). Mr Arnott is a full time employee of Snowden and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. The information in this report that relates to Exploration Results is based on information compiled by Mr Fred Nhiwatiwa who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Nhiwatiwa is a full-time employee of the Company. Mr Nhiwatiwa has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Arnott and Mr Nhiwatiwa consent to the inclusion in the report of the matters based on information provided by them and in the form and context in which it appears.
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Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.
Since the publication of the Pre-Feasibility Study in July 2008:

- The average copper grade has increased 20%.
- The capital cost has reduced 19%.
- The average operating costs have reduced 27%.
- Suitable ground water resources in excess of 400% of project requirements have been identified within 15 km of plant location.
- Significant new mineral resource prospects have been identified for future drilling within 15 km of plant location.
- The average concentrate grade of 44% has been confirmed.
- The major design features of the process plant has been finalised following extensive metallurgical and geotechnical testing and studies.
# Boseto Copper Project Summary

<table>
<thead>
<tr>
<th>Highlight</th>
<th>PFS</th>
<th>XPFS</th>
<th>BFS Progress Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Jun–08</td>
<td>Jan–09</td>
<td>Sep–09</td>
</tr>
<tr>
<td>Throughput</td>
<td>2 Mtpa</td>
<td>2 Mtpa</td>
<td>2 Mtpa</td>
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<tr>
<td>Initial Mine Life</td>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
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<tr>
<td>Average Copper Grade</td>
<td>1.3%</td>
<td>1.5%</td>
<td>1.54%</td>
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<tr>
<td>Average Silver Head Grade</td>
<td>15.1 g/t</td>
<td>18.7 g/t</td>
<td>18.2 g/t</td>
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<td>Copper Recovery</td>
<td>90%</td>
<td>82.5%</td>
<td>82.9%</td>
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<tr>
<td>Silver Recovery</td>
<td>80%</td>
<td>60%</td>
<td>59%</td>
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<tr>
<td>Concentrate</td>
<td>40% Cu</td>
<td>40% Cu</td>
<td>44% Cu</td>
</tr>
<tr>
<td>Annual Copper Production</td>
<td>23,500 t</td>
<td>23,200 t</td>
<td>25,600 t</td>
</tr>
<tr>
<td>Annual Silver Production</td>
<td>780,000 oz</td>
<td>725,000 oz</td>
<td>691,000 oz</td>
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<tr>
<td>Long term copper price</td>
<td>US$2.38/lb</td>
<td>US$2.00/lb</td>
<td>US$2.00/lb</td>
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</tbody>
</table>

Average over first 10 years
This is the third of four Boseto Copper Project economic updates
This update shares outcome to date – work in progress!
Each update increases refinement and confidence of estimate
The first 3 updates were to Pre-Feasibility (PFS) standard
The next update will be completed Bankable Feasibility Study (BFS)
Bankable Feasibility Study Commencement: Aug 08
Bankable Feasibility Study Completion: Mar 10
Concentrate Production Commencement: Late 2011

$ are US Dollars unless otherwise stated
Boseto BFS Base Case Parameters

- 2 Million tonnes p.a. concentrator capacity
- Final BFS Resource Model expected January 2010
- BFS completion March 2010
- 18 month final design and construction & commissioning period.
- Commissioning H2 2011
- Open pits mined via owner miner with equipment leased
- Comminution is jaw crusher, SAG mill, pebble crusher, ball mill
- Sequential flotation via sulphide & oxide circuits
- Wet tailings disposal
- Financial modelling based on 10 years open pit production
- Plant operating costs include maintenance and power costs
- Production 20 to 27kt Cu & 600 to 800kozs Ag pa (in concentrate)
## Timetable to Production

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<th>Year</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>Quarter</td>
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<td>Drilling for Feasibility Study</td>
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<td>✓✓✓✓✓</td>
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<tr>
<td>Copper &amp; Silver Production</td>
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</tr>
</tbody>
</table>

*September 2009*
What’s new in the BFS Progress Update

- Capital has not been re-estimated but US$19m extra allowed.
- Further drilling capital included for 2010 – US$8m.
- Mine plan (by Snowdens) based on May 09 resource.
- Owner mining (previously contractor).
- Mining costs refined by in-house cost estimation expert.
- Comminution is jaw crusher, SAG mill with ball mill now added.
- Staffing and organisation structure finalised.
- Wet tailings disposal confirmed (after water resource announced).
- BFS Progress Update base case is grid power.
- Position with grid power availability remains uncertain
- Self generation power additional cost itemised separately.
- Conservative copper pricing left unchanged from January 2009.
- Extensive cost details provided in the additional slides.
### Boseto Copper Project Economics

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
<th>Capital Cost US$</th>
<th>Net Cash Cost US$/lb</th>
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<tr>
<td>Jun 08</td>
<td>Pre Feasibility Study (PFS)</td>
<td>$185m</td>
<td>$1.43/lb</td>
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<tr>
<td>Aug 08</td>
<td>Bankable Feasibility Study commenced (BFS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan 09</td>
<td>Economic Update (XPFS)</td>
<td>$131m</td>
<td>$1.06/lb</td>
</tr>
<tr>
<td>Sep 09</td>
<td>BFS Progress Update</td>
<td>$150m</td>
<td>$1.04/lb</td>
</tr>
<tr>
<td>Oct 09 to Feb 10</td>
<td>BFS Resource updates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar 10</td>
<td>BFS complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Late 11</td>
<td>Concentrate production</td>
<td></td>
<td></td>
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</table>

- **June 08**: Pre Feasibility Study (PFS) - $185m at $1.43/lb
- **August 08**: Bankable Feasibility Study commenced (BFS)
- **January 09**: Economic Update (XPFS) - $131m at $1.06/lb
- **September 09**: BFS Progress Update - $150m at $1.04/lb

**Notes:**
- Concise representation of project milestones and associated costs.
- Key dates and cost estimates are clearly listed with logical progression.
<table>
<thead>
<tr>
<th>Cost – Basis</th>
<th>PFS</th>
<th>XPFS</th>
<th>BFS Progress Update</th>
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<tbody>
<tr>
<td>Date</td>
<td>Jul-08</td>
<td>Jan-09</td>
<td>Sep-09</td>
</tr>
<tr>
<td>Mining ($/t mined)</td>
<td>USD 2.50</td>
<td>USD 1.97</td>
<td>USD 1.66</td>
</tr>
<tr>
<td>Includes Finance cost of</td>
<td>50 cents</td>
<td>30 cents</td>
<td>30 cents</td>
</tr>
<tr>
<td>Net Mining ($/t mined)</td>
<td>USD 2.00</td>
<td>USD 1.67</td>
<td>USD 1.36</td>
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<tr>
<td>Plant &amp; Grid Power ($/t ore)</td>
<td>USD 9.00</td>
<td>USD 6.38</td>
<td>USD 6.55</td>
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<tr>
<td>Site Admin ($/t ore)</td>
<td>USD 2.00</td>
<td>USD 1.00</td>
<td>USD 1.54</td>
</tr>
<tr>
<td>Average Total Site Costs ($/t ore)</td>
<td>USD 26.64</td>
<td>USD 20.40</td>
<td>USD 24.25</td>
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<tr>
<td>Smelting ($/t concentrate) &amp; Refining (c/lb Cu)</td>
<td>USD 50.00</td>
<td>USD 70.00</td>
<td>USD 50.00</td>
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<tr>
<td>Concentrate transport ($/t con)</td>
<td>USD 200</td>
<td>USD 110</td>
<td>USD 120</td>
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<tr>
<td>Royalty Copper &amp; Silver %</td>
<td>3% &amp; 5%</td>
<td>3% &amp; 5%</td>
<td>3% &amp; 5%</td>
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<tr>
<td>Corporate Allocation ($/t ore)</td>
<td>USD 1.00</td>
<td>USD 1.00</td>
<td>USD 0.97</td>
</tr>
<tr>
<td>Silver Revenue ($/oz USD)</td>
<td>USD 13.40</td>
<td>USD 12.30</td>
<td>USD 15.00</td>
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<tr>
<td>Average Net Cash Costs ($/t ore)</td>
<td>USD 33.12</td>
<td>USD 25.95</td>
<td>USD 28.64</td>
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</table>
2014 Copper Mine Site Costs (Brook Hunt “C3”)

BFS Progress Update

Source: RBS, Brook Hunt

Mine site Costs are < 50% - middle of cost curve C3

September 2009
Boseto better in all aspects except by-products credits
### Headline Outcomes

<table>
<thead>
<tr>
<th>Ten years only 2012 to 2021</th>
<th>Units</th>
<th>PFS</th>
<th>XPFS</th>
<th>BFS Progress Update</th>
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</thead>
<tbody>
<tr>
<td>Average 10 year price</td>
<td>US$/lb</td>
<td>2.52</td>
<td>2.30</td>
<td>2.30</td>
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<tr>
<td>Operating surplus</td>
<td>USDmillion</td>
<td>541</td>
<td>608</td>
<td>603</td>
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<tr>
<td>NPV&lt;sup&gt;10&lt;/sup&gt;</td>
<td>USDmillion</td>
<td>115</td>
<td>165</td>
<td>199</td>
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<tr>
<td>Payback after production commences</td>
<td>years</td>
<td>3.25</td>
<td>1.25</td>
<td>1.5</td>
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<tr>
<td>Internal Rate of Return</td>
<td>%</td>
<td>23%</td>
<td>40%</td>
<td>33%</td>
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<tr>
<td>Total Capital Expenditure</td>
<td>USDmillion</td>
<td>185</td>
<td>131</td>
<td>150</td>
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<tr>
<td>Average Net Cash Costs</td>
<td>US$/lb</td>
<td>1.43</td>
<td>1.06</td>
<td>1.04</td>
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<tr>
<td>NPV Break Even (10% return)</td>
<td>US$/lb</td>
<td>1.89</td>
<td>1.43</td>
<td>1.53</td>
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<tr>
<td>Annual throughput (flotation)</td>
<td>Million tonnes</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Copper production</td>
<td>Tonnes Cu pa</td>
<td>23,500</td>
<td>23,200</td>
<td>25,600</td>
</tr>
<tr>
<td>Silver production</td>
<td>Oz Ag pa</td>
<td>780,000</td>
<td>725,000</td>
<td>691,000</td>
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Initial 10 Year Life - Open Pit Mining

September 2009
## Operating Costs – Outputs

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<thead>
<tr>
<th>Cost – US$/lb*1</th>
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<th>XPFS</th>
<th>BFS Progress Update</th>
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<td>Mining</td>
<td>0.75</td>
<td>0.54</td>
<td>0.60</td>
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<tr>
<td>Plant</td>
<td>0.31</td>
<td>0.20</td>
<td>0.18</td>
</tr>
<tr>
<td>Power</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>Site Admin</td>
<td>0.08</td>
<td>0.04</td>
<td>0.05</td>
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<tr>
<td><strong>Average Total Site Costs</strong></td>
<td><strong>1.20</strong></td>
<td><strong>0.84</strong></td>
<td><strong>0.89</strong></td>
</tr>
<tr>
<td>Smelting &amp; Refining</td>
<td>0.10</td>
<td>0.14</td>
<td>0.10</td>
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<tr>
<td>Concentrate transport</td>
<td>0.21</td>
<td>0.13</td>
<td>0.12</td>
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<td>Royalty</td>
<td>0.08</td>
<td>0.08</td>
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<td>Corporate Allocation</td>
<td>0.04</td>
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<td>0.03</td>
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<tr>
<td>Silver Revenue</td>
<td>(0.20)</td>
<td>(0.17)</td>
<td>(0.17)</td>
</tr>
<tr>
<td><strong>Average Net Cash Costs</strong></td>
<td><strong>1.43</strong></td>
<td><strong>1.06</strong></td>
<td><strong>1.04</strong></td>
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*Average over first 10 years*
## BFS Progress Update

<table>
<thead>
<tr>
<th>Date</th>
<th>Units</th>
<th>Jun08</th>
<th>Jan09</th>
<th>Sep09</th>
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<td>PFS</td>
<td>XPFS</td>
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<tr>
<td>L.T Copper Price</td>
<td>US$/lb</td>
<td>2.38</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>3.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Operating Surplus (after fleet lease)</td>
<td>US$</td>
<td>541m</td>
<td>608m</td>
<td>438m</td>
<td>603m</td>
<td>968m</td>
<td>1499m</td>
</tr>
<tr>
<td>NPV</td>
<td>US$</td>
<td>115m</td>
<td>165m</td>
<td>116m</td>
<td>199m</td>
<td>282m</td>
<td>426m</td>
</tr>
<tr>
<td>Payback</td>
<td>Years</td>
<td>3.25</td>
<td>1.25</td>
<td>3.0</td>
<td>1.5</td>
<td>1.4</td>
<td>0.9</td>
</tr>
<tr>
<td>IRR</td>
<td>%</td>
<td>23%</td>
<td>40%</td>
<td>18%</td>
<td>33%</td>
<td>40%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Modelling represents 10 years only (2012 to 2021)
Capex & EBITDA

USD millions

2010 11

12 13 14 15 16 17 18 19 20 21

US$4.00/lb
US$3.00/lb
US$2.30/lb
US$2.00/lb
CAPEX

All after deducting mining fleet lease of US$8m/year

Plenty of upside

September 2009
### Sensitivity Analysis

<table>
<thead>
<tr>
<th>Input</th>
<th>NPV Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Mine life to 20 years</td>
<td>$10m (at $2.00/lb copper)</td>
</tr>
<tr>
<td>Capital cost changes by $30m</td>
<td>$4.5m assumes 50% debt funded</td>
</tr>
<tr>
<td>Mining cost changes by 50c/t</td>
<td>$43.5m</td>
</tr>
<tr>
<td>Silver price changes by $3/oz</td>
<td>$5.6m</td>
</tr>
<tr>
<td>Silver recovery changes 5%</td>
<td>$2.4m</td>
</tr>
<tr>
<td>Copper recovery changes 5%</td>
<td>$21.4m</td>
</tr>
<tr>
<td>Exchange rate changes</td>
<td>Main impact on capital will be in BFS</td>
</tr>
<tr>
<td>Discount rate changed to 8%</td>
<td>$29.6m</td>
</tr>
<tr>
<td>Increase in strip ratio by 1</td>
<td>$8.7m</td>
</tr>
<tr>
<td>Full Site Diesel Power Generation</td>
<td>$35.3m (20c/lb copper produced)</td>
</tr>
</tbody>
</table>

*Copper price sensitivity reported separately*
## Opportunities Possible

<table>
<thead>
<tr>
<th>Opportunities Possible</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand Boseto concentrator throughput</td>
<td>Designed with expansion in mind</td>
</tr>
<tr>
<td>Increase open pit life at Zeta, Plutus, Petra</td>
<td>Plutus prospect still growing</td>
</tr>
<tr>
<td>New Resource additions within 15 km</td>
<td>Quirinus, NE Zeta, Nexus targets</td>
</tr>
<tr>
<td>Underground potential at Zeta and Plutus</td>
<td>Higher grade zones at depth</td>
</tr>
<tr>
<td>Potential to replicate along strike</td>
<td>1,300 strike km of exploration targets</td>
</tr>
</tbody>
</table>

September 2009
Studies are complete, finalising last inclusions in the report.
Delayed so that latest mine plan could be included.
EIS will be submitted to Botswana Government in Q4 2009.

Key impacts and findings:
- Potential impact on ground water of other users in the area (the mine area is uninhabited but operations could impact 11 absentee graziers)
- Potential social impacts due to in-migration
- Impact of open cut mining in altering the topography
- A number of less significant impacts
- The studies reveal that there is no reason to anticipate any adverse effect on Lake Ngami.
Capital costs have not been updated.
An extra allowance of US$19m has been added as contingency.
GRD Minproc are ¾ way through updating estimates.
Estimate will be completed Q1 2010.
Excludes mining fleet & working capital – separately provided.
Base case includes US$10m for power line from Maun to Boseto site
Economic Assumptions

- Mining equipment expected to be leased or separately financed.
- Diesel and fuel for self-generated power based on US$80/bbl oil.
- Exchange rate 8 Rand to 1 US Dollar.
- AUD to USD exposure is minimal – assume 75 cents.
- Boseto Project will be 50% Debt and 50% Equity financed.
- Working capital separately provided.
- Discount rate of 10% using constant dollars for NPV calculations.
- Open pit plant feed for first 6 years with balance assumed at average grade from surrounding resource prospects.
- Extra US$8m drilling provided to prove up resource year 6 to 10.
- Plant residual value of $50m, reflects significant additional and underground continuation of operations potential.
- Power reflects grid power with self generation costed separately.
Boseto Manning

Departments
- Mining
- Technical
- Plant
- Support
- Improve
- Corporate

Sections
- Operations
  - Planning
  - Operations
  - Maintenance
  - Drill & Blast
  - Metallurgy
  - Laboratory
- Technical
  - Geology
  - Maintenance
  - Facilities
- Support
  - H.R./Safety
  - Environment
  - Community
  - Admin.
  - Analysis
- Gaborone
  - Purchasing
  - Accounting
  - IT/Comms
  - Logistics

Total incl. Gaborone 258–273 including 21 Expats

September 2009
Boseto Mining Operation

- Mining costs reflect adoption of owner operator mode.
- Conventional truck and hydraulic excavator (backhoe) operation.
- All material blasted (except sand cover).
- LOM strip ratio averages 10 to 1 including low grade stockpile material.
- 1.8Mt low grade stockpile built over 10 years (no value included).
- Grade will be controlled by drilling & on site laboratory.
- Ore mining on day shift only with close extraction controls.
- Waste removal will be continuous shift operations.
- Mining will start in Plutus Central, then Plutus North, then Zeta.
- Current mine plan shows dip in grade in 2016 – to be reworked for BFS.
- We will consult community before settling on 3 or 4 panel roster.
- Mining department is production and maintenance focussed.
- Technical Services department will supply optimised mine plans.
- Start up stripping operations commence Q3 2011.
- Material moved relatively even at 24Mtpa.
## The Boseto Mining Fleet

<table>
<thead>
<tr>
<th>Fleet</th>
<th>Machine</th>
<th>Number</th>
<th>Annual Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>WASTE</td>
<td>Tractor Scraper (for topsoils)</td>
<td>1</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>250 tonne Hydraulic Excavator backhoe</td>
<td>2</td>
<td>5,800</td>
</tr>
<tr>
<td></td>
<td>100 tonne Rear Dump Trucks</td>
<td>12</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>120 tonne Hydraulic Excavator backhoe</td>
<td>1</td>
<td>3,400</td>
</tr>
<tr>
<td></td>
<td>100 tonne Rear Dump Trucks</td>
<td>4</td>
<td>3,000</td>
</tr>
<tr>
<td>ORE</td>
<td>120 tonne Hydraulic Excavator backhoe</td>
<td>1</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>100 tonne Rear Dump Trucks</td>
<td>9</td>
<td>1,800</td>
</tr>
<tr>
<td>SUPPORT</td>
<td>Dozer – Caterpillar D10T size</td>
<td>2</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Dozer – Caterpillar D9T size</td>
<td>3</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Grader – Caterpillar 14M size</td>
<td>2</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Water Cart – Caterpillar 773 size</td>
<td>2</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Blast Hole Drill Rig 150mm</td>
<td>4</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Front End Loader – Caterpillar 990H size</td>
<td>1</td>
<td>4,500</td>
</tr>
</tbody>
</table>

Mining Capital US$35m to US40m

September 2009
Boseto Mining Costs – $/year
Average US$32.3m/year or US$1.36/tonne mined

- Explosive Contractor, $4.0
- Maintenance Labour, $3.0
- Maintenance parts, $7.6
- Operator Labour, $4.0
- Oil, $0.6
- Fuel, $9.5
- Pumps, lights, etc, $0.6
- Technical & Management, $2.8
- Insurance, $0.2

Operating Costs exclude lease finance US$0.30/t

September 2009
Oxide material (which is less than 5% of plant feed) will be stockpiled.
Lower grade material (between 0.3% Cu and 0.6% Cu) will be stockpiled.
Conventional comminution & flotation design.
Single primary jaw crusher, SAG mill with pebble crusher, ball mill.
24 hour operation including from ROM stockpile at night.
Sequential sulphide and oxide rougher flotation circuits.
Regrind before oxide rougher circuit.
Separate sulphide and oxide cleaner circuits and products.
Continuous shift operations 3 or 4 panel roster.
Plant department is production and maintenance focussed.
Technical Services department will supply optimised production plans and metallurgy.
Plant will also control water and power and other site utilities.
Wet tailings disposal to site tailings dam adjacent to plant.
Power using Diesel adds $11m/year or $5.42/tonne ore processed

Maintenance parts, $2.6

Power, $3.3

Grinding media, $1.6

Reagents, $2.5

Overheads, $0.4

Maintenance labour, $1.1

Operator Labour, $0.8

Technical & Management, $0.8

Average US$13.1m/year or US$6.55/tonne processed

September 2009
Boseto Site Admin Costs – $/t
US$1.54/tonne processed

- Recruitment, $0.10
- Licenses & fees, $0.03
- Communications, $0.05
- Travel, $0.10
- Office & other supplies, $0.05
- Training, $0.05
- Community, $0.13
- Management, $0.71
- Support labour, $0.33
Boseto Community Fund

- Designed for those not benefiting directly from Boseto project.
- To promote local small business in local villages and towns.
- Not designed to provide social services – function of GoB.
- Will be funded from Boseto free cash flow – a % to be decided.
- An conservative allowance of $250,000 p.a. has included in cost.
- No commitment has been made (quantum will geared to profitability).
- Will target sustainability, not focussed on Boseto support.
- Payments in form of loans or grants.
- Fund Board to be established with key community representatives.
- Control of Fund Board will transition to community over time.
- Community Fund is voluntary additional benefit mechanism.
- Boseto will pay GoB up to US$40million in royalty in first 10 years.
- Boseto will pay GoB up to US$150million in taxation in first 10 years.
Offsite G&A Costs – $/year

Average US$1.9m/year or US$0.97/tonne processed

- Contingency, $0.5
- Support labour, $0.4
- Insurance, $0.5
- Travel, $0.1
- Computer, $0.1
- Consultants, $0.2
- Audit/review, $0.1

September 2009
Site Costs – $/year

Average US$48.5m/year or US$0.89/lb copper produced

- Maintenance Labour, $4.1
- Maintenance parts, $10.3
- Fuel, $9.5
- Oil, $0.6
- Explosive Contractor, $4.0
- Operator Labour, $4.8
- Technical & Management, $5.7
- Pumps, lights, etc, $0.6
- Overheads, $1.0
- Reagents, $2.5
- Grinding media, $1.6
- Travel, $0.4
- Insurance, $0.2

Average over first 10 years

September 2009
- Concentrate will be hauled by truck to Gobabis (520km) and then tranship by rail to Walvis Bay (650km).
- Quicker turn around of trucks. Rail capacity confirmed.
- Planned to use local Ngamiland truck drivers.
- Managed by trader/off-take partner (ex-works contract likely).

**Indicative rate US$70/t included**
Walvis Bay is geared to bulk export.

Draught of port allows Handymax and Panamax vessels.

Likely to be shipped to Asian port.

Managed by trader/off-take partner (ex-works contract likely).

Indicative rate US$50/t included
Net Cash Costs – $/year

Average US$57.3m/year after silver credit of US$9.6m
US$1.04/lb copper produced after silver credit of 17 cents

- Contingency, $0.5
- Concentrate Freight, $7.0
- TC's/RC's, $5.7
- Royalty, $3.7
- Travel, $0.5
- Power, $3.3
- Grinding media, $1.6
- Reagents, $2.5
- Overheads, $1.4
- Pumps, lights, etc, $0.6
- Oil, $0.6
- Explosive Contractor, $4.0
- Operator Labour, $4.8
- Maintenance parts, $10.3
- Fuel, $9.5
- Maintenance Labour, $4.1
- Technical & Management Overheads, $1.4
- Insurance, $0.7
- Average over first 10 years

September 2009
Copper Demand

Long Term Global Growth Copper Cathode Demand
(Index, 1980 = 100)

OECD
China
Others

New mine capacity required to meet demand

Actual Cu Cathode supply & forecast without new mine developments

Sources: Brook Hunt, BHP Billiton with DML annotation

China is integral to Demand growth

September 2009
Copper Price Scenarios

US$/lb

Conservative pricing - there is plenty of upside

September 2009
<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>✓</td>
<td>Self generate power until Botswana grid power is available (expected 2012)</td>
</tr>
<tr>
<td>Water</td>
<td>✓</td>
<td>Ground Water Resource announced July 09</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project should not be constrained by water (life or scale)</td>
</tr>
<tr>
<td>Concentrate off-take</td>
<td>progressing</td>
<td>Advanced discussions with multiple potential off-take partners continue. PFS assumed all concentrate shipped to overseas smelters</td>
</tr>
<tr>
<td>Environmental (EIA)</td>
<td>✓</td>
<td>EIA field work completed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consultant’s Reports received – internal review underway</td>
</tr>
<tr>
<td>Workforce</td>
<td>progressing</td>
<td>Workforce of approximately 250 people envisaged. Skills registration and assessment study completed in local villages</td>
</tr>
<tr>
<td>Tenements</td>
<td>✓</td>
<td>Successful reapplication for North West Botswana tenements and granting of new tenements in 2008</td>
</tr>
<tr>
<td>Transport</td>
<td>✓</td>
<td>High quality bitumen road connecting project area to manufacturing centres in South Africa and Ports in South Africa, Namibia and Mozambique</td>
</tr>
</tbody>
</table>

September 2009