DIKOLOTI NICKEL PROJECT EXPLORATION RECOMMENCEMENT

Discovery Metals Limited ("Discovery Metals" or "the Company") (ASX/BSE: "DML", AIM: "DME") is pleased to announce the agreement of a joint venture exploration programme with the Japan Oil Gas and Metals National Corporation (JOGMEC) for the Dikoloti Nickel Project in north-east Botswana.

The Dikoloti nickel project comprises four prospecting licences covering an area of 600km2 surrounding the three nickel deposits of BCL Limited in the Selebi-Phikwe region of north-east Botswana. Discovery Metals has earned an 85% interest from Xstrata. An Inferred Mineral Resource of 4.1Mt @ 0.7% Ni, 0.5% Cu and 1.2 g/t PGE's at a cut-off of 0.5% Ni for 28,700 tonnes of contained nickel has been reported in accordance with the guidelines of the JORC (2004) code. On completion of the contemplated exploration programme for the Dikoloti tenements, the remaining Xstrata interest will convert to a royalty on future production.

During 2007, a scoping study based upon GEOLEACH™ was completed based upon the encouraging leaching results previously reported test work. The four Dikoloti prospecting licenses were renewed in August 2009 and are subject to the next renewal in mid 2011.

The highlights of the agreement are:

- The agreement provides for funding by JOGMEC of A$3 million for exploration on the Dikoloti prospecting areas;
- Discovery Metals will remain operator of the joint venture during the farm in exploration period and for any future projects or operating phases;
- The joint venture will be controlled by a joint operating committee, with representation of both JOGMEC and Discovery Metals.
- A number of highly prospective exploration targets have been identified adjacent to the existing Inferred Mineral Resource;
- JOGMEC has the right to earn-in a joint venture interest of up to 60%; and
- Should the exploration programme prove successful, it would be expected that JOGMEC would assign its interest to another Japanese entity for the development and operating phases.

Discovery Metals’ Managing Director, Brad Sampson said: “The agreement with JOGMEC underscores the potential value of the Dikoloti nickel project. Dikoloti was the company’s first project in Botswana and, whilst our main focus has changed to the Boseto Copper Project, Dikoloti remains a very interesting nickel sulphide resource with significant upside potential. We are delighted to work with such a highly credentialed joint venture partner in JOGMEC.”

Further information on the Dikoloti project can be found on the Company’s website www.discoverymetals.com.au.

About JOGMEC

JOGMEC was established on February 29, 2004 as a merger of several Japanese government agencies. JOGMEC’s charter incorporates that of the former Metal Mining Agency of Japan, which was in charge of ensuring a stable supply of nonferrous metal and mineral resources.
Background

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 km² to the area held under prospecting licenses, to bring the total current tenement area to 10,100 km². 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

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 as it relates to the Dikoloti Mineral Resource was compiled by Mr Stefan Mujdrica and reviewed by David Arnott. Mr Mujdrica is a full time employee of Xstract Mining Consultants and was employed by Snowden Mining Industry Consultants at the time the mineral resource was reported. Mr Arnott 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 Mujdrica and Mr Nhewatiwa who is a Member of the Australasian Institute of Mining and Metallurgy, Mr Nhewatiwa is a full-time employee of the Company. Mr Nhewatiwa 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”.

For further information on this release and Discovery Metals Limited generally, please contact:
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ASX & BSE: DML
SHARE PRICE: AUD$0.44
SHARES: 194M
Market Cap: A$85M