28 October 2009

BSE RELEASE

SHARE PURCHASE PLAN DOCUMENTATION

The following documentation was provided to the ASX in Australia today.

In accordance with the Australian Corporations Act, 2001, the Share Purchase Plan is only available to those shareholders with registered addresses in Australia and New Zealand.

Roslynn Shand
Company Secretary
Discovery Metals Limited

For further information on this release and Discovery Metals Limited generally, please contact:

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brad@discoverymetals.com.au

AIM Nominated Advisor/Broker – Fairfax I.S. PLC, Contact Ewan Leggat/Laura Littley Ph: +44 20 7598 5368

UK PR – Conduit PR, Contact Jos Simson/Emily Fenton Ph +44 20 7429 6603/ +44 7899 870 450

ASX & BSE: DML  AIM: DME
SHARE PRICE: A$0.48  SHARES: 223M  Market Cap: A$107M
Dear Shareholder

**OCTOBER 2009 SHARE PURCHASE PLAN**

On 26 October 2009, the Company announced to the ASX that it would introduce an October 2009 Share Purchase Plan (SPP) to Eligible Shareholders.

I am pleased to inform you that you are eligible to participate in the SPP. The SPP will raise up to $3,000,000, which will be applied towards completing the Bankable Feasibility Study at the Boseto Copper Project, including continued exploration drilling and deposits on long lead capital items and for on-going corporate costs, per the Company’s announcement dated 26 October 2009.

The purchase price of $0.45 per new share to be offered under the SPP represents a 15% discount to the average trading price of the Company’s shares quoted on the ASX over the 5 days prior to the date the SPP was announced. The minimum amount that can be subscribed for is $2,000 per eligible shareholder. The maximum amount that can be subscribed for is $15,000 per eligible shareholder.

Below are the 6 investment choices:

<table>
<thead>
<tr>
<th>Option</th>
<th>Shares</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option A</td>
<td>33,334 shares</td>
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<td>$4,000</td>
</tr>
<tr>
<td>Option F</td>
<td>4,445 shares</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

There are no brokerage fees or additional transactional costs on allotments made through the SPP.

There are a number of shareholders in the Company who have less than a marketable parcel of shares, i.e. a $500 parcel. The SPP offers an ideal way for these shareholders to top-up their holdings to above the marketable parcel level.

You are under no obligation to participate in the SPP. For further important information please carefully read the reverse side of this page, the SPP Terms and Conditions and the Application Form enclosed with this letter.

This offer closes on **Monday, 23 November 2009 at 5pm (AEST time)**. To subscribe for this SPP, simply complete the enclosed Application Form and return it, along with your payment to:

Discovery Metals Limited  
GPO Box 3261  
Brisbane Qld 4001

Payment can be made by cheque or direct deposit to the Company’s bank account.

If you have any questions on the SPP, please call either myself or Roslynn Shand (Company Secretary) on +61 7 3218 0222 during normal office hours.

Yours sincerely

Brad Sampson  
Managing Director  
Discovery Metals Limited
Who is eligible to participate in the Share Purchase Plan (SPP)?

You are an Eligible Shareholder and able to apply for share under the SPP if you are a person or entity:

- who is registered as a shareholder in Discovery Metals Limited (Discovery) at 5pm on Friday, 23 October 2009 (Record Date); and
- has a registered address in Australia or New Zealand.

Issue Price

The subscription price under this SPP is $0.45 per share. This represents a 15% discount to the average trading price of the Company’s shares quoted on the ASX over the 5 days prior to the date the SPP was announced.

Whilst the Board of Discovery has confidence in the future of the Company, we must point out that there are risks involved in investing in a mineral exploration company like Discovery. Such an investment is speculative and the price (current and future) of Discovery’s shares will rise or fall based upon the success of the Company’s exploration results and the general market conditions. The Company’s current share price can be obtained from the ASX (ASX Code: DML).

How much can you invest under the SPP?

The amount that can be subscribed under the SPP is limited. Eligible Shareholders may, regardless of the number of shares held in Discovery on the Record Date, subscribe for ordinary shares to a maximum of $15,000.

When does the SPP close?

The SPP closes on Monday 23 November 2009 at 5pm (AEST).

How do you apply for shares under the SPP?

Please read all of the terms and conditions carefully before deciding whether to participate in the SPP. Discovery is not providing investment advice or making any recommendation in relation to the SPP. If you are in any doubt as to whether you should participate in the SPP, you should obtain independent financial advice.

If you wish to apply please complete the enclosed Application Form.

- Tick the box for the preferred option of shares you wish to buy. Tick only one box.
- Complete the payment section. Cheque payable to Discovery Metals Limited OR direct deposit funds to Discovery Metals Limited, Westpac Bank, BSB 034 003 Account No 19 9911 (please include your name as the reference).
- Write your daytime telephone number – in case we need to contact you.
- Send your Application Form and payment (allowing enough time for delivery) so that Discovery receives them by no later than 5pm (AEST) on Monday 23 November 2009 OR fax to +61 7 3218 0233.
- You do not need to sign the application form.
- Application Forms received after the Closing Date will not be processed.
- Cheques may be processed on the day of receipt. As such, sufficient cleared funds must be held in your bank account as cheques returned unpaid may not be re-presented and may result in your SPP application being rejected. Receipts for payment will not be forwarded.

Will the application be successful?

If Discovery receives applications for shares pursuant to the SPP, which if issued would in total exceed the limit of new issues under share purchase plans as set out in ASX Listing Rule 7.2, Exception 15 then the applications will be scaled back in accordance with ASX Listing Rule 7.1 and the Terms and Conditions of the SPP. The Company may seek shareholder approval to allot shares in relation to excess applications received, unless an appropriate waiver is obtained from the ASX.

Can you transfer the offer under the SPP to a third party?

The offer is optional and non-renounceable. Eligible Shareholders may elect to not participate in the SPP offer and cannot transfer their right to participate in the SPP to a third party, therefore their entitlement will lapse if not exercised.

What rights will the shares carry?

The shares will rank equally with existing fully paid ordinary shares in Discovery.

What costs will you incur by participating in the SPP?

There are no brokerage fees or additional transactional costs on allotments made through the SPP. This letter, the Application Form and Terms and Conditions of the SPP together constitute the terms and conditions of the SPP offer. By accepting the SPP offer, you agree to be bound by these terms and conditions. For any enquiries please contact Discovery on + 61 7 3218 0222.
I/we wish to apply for the number of fully paid ordinary shares set out below, in accordance with the terms and conditions of the October 2009 Share Purchase Plan (SPP) of Discovery Metals Limited (Discovery) and agree to be bound by the constitution of Discovery in respect of such shares issued to me/us.

Please indicate the number of ordinary shares you wish to acquire by ticking ONLY ONE of the following boxes:

<table>
<thead>
<tr>
<th>PREFERRED OPTION</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPTION A</td>
<td>33,334 shares</td>
</tr>
<tr>
<td>OPTION B</td>
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<td>8,889 shares</td>
</tr>
<tr>
<td>OPTION F</td>
<td>4,445 shares</td>
</tr>
</tbody>
</table>

THE RETURN OF THIS DOCUMENT TOGETHER WITH PAYMENT WILL CONSTITUTE:
- Your application for shares under the terms and conditions of the SPP; and
- Your acceptance of the terms and conditions as outlined in the Terms and Conditions attached, including the “Declaration and Acknowledgment” that the aggregate of the application price for the shares the subject of this application and applied for by the shareholder under the SPP does not exceed $15,000.

METHOD OF PAYMENT (mark X in the appropriate box)

☐ CHEQUE - Please make cheque payable to “Discovery Metals Limited” and crossed “Not Negotiable”.

<table>
<thead>
<tr>
<th>Drawer</th>
<th>Cheque no</th>
<th>BSB</th>
<th>Account Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

☐ DIRECT DEPOSIT – Please deposit funds to:

DISCOVERY METALS LIMITED Westpac Banking Corporation BSB: 034 003 Account Number: 19 9911

Receipts for payment will not be issued. The completed application form should be forwarded together with your payment and must reach Discovery Metals Limited by 5pm (AEST) on MONDAY 23 NOVEMBER 2009

Mailing Address: Discovery Metals Limited, GPO Box 3261 Brisbane Qld 4001 Australia; or

Delivery Address: Discovery Metals Limited, Level 8, 410 Queen Street, Brisbane Qld. Please do not use this address for express post mailing

If you have any questions please contact Discovery Metals Limited on +61 7 3218 0222

Telephone Number          Contact Name

If you do not provide your telephone number it may be necessary to return any incomplete application to you by mail.

Please note that pursuant to the terms and conditions of the SPP Discovery reserves absolute discretion to determine the amount raised under the SPP and to scaleback applications under the SPP to the extent and in the manner that it sees fit.
DISCOVERY METALS LIMITED ACN 104 924 423
October 2009 Share Purchase Plan (SPP)
Terms and Conditions

Eligible Shareholders
You are eligible to participate in the SPP (Eligible Shareholder) if you were the registered holder of one or more fully paid ordinary shares (Shares) in Discovery Metals Limited (Discovery or Company) at 5.00 pm (AEST time) on 23 October 2009 with an address as recorded in Discovery Metals Limited’s register of ordinary shareholders in Australia or New Zealand, unless you hold the Shares on behalf of another person who resides outside Australia or New Zealand. Discovery is not making the SPP offer available to shareholders in countries outside Australia or New Zealand.

The SPP
The SPP enables Eligible Shareholders to purchase up to $15,000 worth of ordinary shares in Discovery, without being required to pay brokerage fees or incurring additional transaction costs.

Participation in the SPP
Participation in the SPP is optional. However, the offer under the SPP is non-renounceable. This means that you cannot transfer your right to purchase Shares under the SPP to another person or entity.

Key Dates

<table>
<thead>
<tr>
<th>Event (Opening Date)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement of SPP</td>
<td>26 October 2009</td>
</tr>
<tr>
<td>Record date to determine entitlements</td>
<td>23 October 2009</td>
</tr>
<tr>
<td>SPP opens</td>
<td>28 October 2009</td>
</tr>
<tr>
<td>Closing date for application for shares (Closing Date)</td>
<td>23 November 2009*</td>
</tr>
<tr>
<td>Date of allotment (Allotment Date) and despatch of uncertificated statements to shareholders</td>
<td>Within 10 business days of the closing of the SPP being no later than 3 December 2009</td>
</tr>
<tr>
<td>Quotation of Shares on ASX</td>
<td>4 December 2009</td>
</tr>
</tbody>
</table>

* Unless extended at the discretion of the Company.

These dates are indicative only. The Company may vary the dates and times of the SPP without notice. Accordingly, shareholders are encouraged to submit their applications as early as possible.

Issue Price of Shares
The issue price is $0.45 per Share. This represents a discount of approximately 15% to the average trading price of Discovery shares quoted on the ASX over the 5 days prior to the date the SPP was announced.

This is the same issue price as that offered to investors under the placement that was announced to the market on Friday 23 October 2009.

Variation in market price of the Shares on ASX
The market price of the Shares on the ASX may rise and fall between the date of this SPP offer and the date when Discovery allots the Shares to you under the SPP. This means that the price you pay under the SPP offer may exceed the price at which Shares are trading on the ASX at the time the Shares are allotted to you under the SPP.

Use of funds
The SPP will raise up to $3,000,000, which will be applied towards completing the Bankable Feasibility Study at the Boseto Copper Project, including continued exploration drilling and deposits on long lead capital items and for on-going corporate costs, per the Company’s announcement dated 26 October 2009.

Opening and Closing of the SPP Offer*
The SPP offer opens on 28 October 2009 (Opening Date) and closes at 5.00 pm (AEST time) on 23 November 2009 (Closing Date), unless it is extended by Discovery. Discovery reserves the right, to change at any time, the Closing Date or the proposed Allotment Date, by making an announcement to the ASX. Discovery also reserves the right to terminate the SPP at any time prior to the issue of Shares under the SPP.

If Discovery terminates the SPP, it will refund any money paid by Eligible Shareholders under the SPP. Interest will not be paid on any money refunded.

Amount of Shares, Eligible Shareholders can apply for under the SPP
If you are an Eligible Shareholder you can elect to participate in the SPP by selecting one of the following options:

<table>
<thead>
<tr>
<th>Option</th>
<th>Amount of Shares</th>
<th>Maximum Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>33,334 shares</td>
<td>$15,000</td>
</tr>
<tr>
<td>B</td>
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<td>$2,000</td>
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</table>

Fractional Shares will not be issued. Therefore the number of Shares issued pursuant to the above options will be rounded up to the nearest Share in the discretion of the Company.

If you are an Eligible Shareholder and have received more than one offer under the SPP (for example because you hold more than one shareholding under separate share accounts), you may not apply for Shares with an aggregate value exceeding $15,000 in any 12 month period under the SPP. This limitation is imposed by ASIC.

Single holders – if you are the only registered holder of a holding of Shares but you receive more than one offer under the SPP, you may only apply for a maximum of $15,000 worth of Shares.

Joint holders - if you are a joint holder of a holding of Shares, that joint holding is considered to be a single registered holding for the purpose of the SPP and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP the joint holders may only apply for a maximum of $15,000 worth of Shares.

Custodians – If you are a custodian (meaning you hold Shares as a custodian or nominee for one or more beneficiaries and fall within the definition of custodian set out in ASIC Class Order 09/425), you may apply for up to a maximum amount of $15,000 worth of Shares for each beneficiary if, in conjunction
with an application form you provide Discovery with a written certificate stating the following:

a) that the custodian complies with the definition of 'custodian' set out in ASIC Class Order 09/425;
b) that the custodian holds Shares on behalf of one or more beneficiaries on the date of the SPP offer who have, subsequent to that date, instructed the custodian to apply for Shares on their behalf under the SPP;
c) the number of beneficiaries;
d) the name and address of each beneficiary;
e) in respect of each beneficiary, the number of Shares that the custodian holds on their behalf;
f) in respect of each beneficiary, the number of Shares and the dollar amount equivalent of the Shares (Application Amount) the beneficiary instructed the custodian to apply for on their behalf;
g) that there are no beneficiaries in respect of whom the total of:
   a. the Application Amount referable to that beneficiary; and
   b. the price paid for any other Shares issued to the custodian in the 12 months before the application as a result of an instruction given by the beneficiary to the custodian to apply for shares on their behalf under an arrangement similar to the SPP, exceeds $15,000; and
h) that ASIC Class Order 09/425 is complied with to Discovery's satisfaction in its absolute discretion.

By applying to purchase Shares under the SPP you certify that you have not exceeded this limit of $15,000. Discovery reserves the right (exercisable in its absolute discretion) to reject any application for Shares where it appears that you are applying for more than $15,000 worth of Shares.

Any necessary refund will be paid by Discovery shortly after the Closing Date or the date upon which the Closing Date is extended. Interest will not be paid on any money refunded.

Scaleback
Discovery reserves absolute discretion to determine the amount raised under the SPP and to scaleback applications under the SPP to the extent and in the manner that it sees fit.

If Discovery undertakes a scaleback you will receive the number of Shares determined by Discovery in its absolute discretion which may be less than the parcel of Shares for which you have applied. In this case, the difference between the application moneys received and the number of Shares allocated to you multiplied by the issue price will be refunded to you without interest.

Decisions made about scaling back by the Board of Discovery are final.

ASX waiver and Director participation in SPP
Discovery obtained a waiver from ASX on Wednesday 28 October 2009, from Listing Rules 7.1 and 10.11, to permit Discovery to issue up to $15,000 worth of Shares to each Eligible Shareholder without an offer document and for all Directors to participate in the SPP.

On this basis Directors and senior management are also able to participate in the SPP.

Acceptance and Payment
If you wish to apply for Shares under the SPP, please complete the Application Form and return it with the appropriate payment to Discovery's registered office at the address set out in the Application Form.