Discovery Metals Limited

BOSETO DEBT FINANCE

Highlights

- Boseto copper project debt financiers have been mandated
- US$180 million to be applied towards completion of processing facilities, construction and purchase of the mobile mining fleet
- Favourable terms reflect quality of the Boseto copper project and Botswana being the ‘best’ mining jurisdiction in Africa
- The Boseto copper project remains on track for production in the first half of 2012

Boseto Debt Finance

Discovery Metals Limited (‘Discovery Metals’ or ‘Company’) is pleased to announce that it has mandated a syndicate of leading banks to provide the debt finance for US$180 million. The debt syndicate comprises Standard Chartered Bank, Standard Bank and Credit Suisse as lead arrangers. The facility also provides project overrun and hedging facilities. The debt arrangement is subject to completion of the project finance documentation and the usual credit approvals and conditions precedent customary for a financing of this nature.

This debt finance facility provides the remaining funding required to complete the 100% Discovery Metals owned Boseto copper project in Botswana following the Company’s successful A$138 million equity placement and rights issue in late 2010. At 31 December 2010, the Company held US$161.7 million in cash.

The Boseto copper project is currently under construction and is expected to be completed and commissioned in the first half of 2012.

Funding will be applied to the Boseto processing plant for US$105 million and the Boseto mine mobile fleet for US$75 million. In addition to project and equipment finance, the banking syndicate will provide a US$25 million overrun and working capital facility plus hedging lines for both copper and silver production. The incorporation of all debt facilities into one facility simplifies the documentation and security arrangements significantly.
The facility will be secured over the Boseto copper project assets and 100% of the shares the Company owns in the project entity (Discovery Copper Botswana Proprietary Limited).

Discovery Metals’ Managing Director, Brad Sampson, commented; “The securing of the project debt finance facility for the Boseto copper project marks the completion of the external requirements for the Company to transition from explorer to copper and silver producer. The project execution is in our hands and we remain confident of continuing to meet our project and corporate milestones. We appreciate the support that the Company, the country of Botswana and the copper and silver commodities have received from our shareholders. It is also a pleasure to see the support from our banking syndicate.”

**Discovery Metals Background**

Discovery Metals is an ASX/AIM/BSE listed copper exploration and development company focused on the emerging Kalahari Copperbelt in northwest Botswana. The Company is currently developing its 100% owned Boseto copper project towards production in the first half of 2012.

The Kalahari Copperbelt sediment-hosted mineralisation of the Boseto copper project is similar in style to the well-known and large deposits of the Central African Copperbelt of Zambia and the Democratic Republic of the Congo.

Discovery Metals has prospecting licences covering 9,656 km² along the Kalahari Copperbelt.

**Further information on the Company including Mineral Resources and Ore Reserves is available on its website:** [www.discoverymetals.com.au](http://www.discoverymetals.com.au)

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**Forward Looking Statements**

This release includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that Discovery Metals expects, are forward-looking statements. Although Discovery Metals believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.
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