RECAPITALISATION PROPOSAL AND LENDERS UPDATE

Recapitalisation Proposal Update

On 1 April 2014 Discovery Metals Limited (ASX/BSE: DML) (Discovery Metals, DML or the Company) announced an earlier announcement a non-binding, conditional recapitalisation proposal (Recapitalisation Proposal), involving Montsant Partners LLC (Montsant) and the Company’s lenders.

The Company today announces that Montsant has not advised the Directors of its intention to proceed with the Recapitalisation Proposal. Therefore, the conditions to the Recapitalisation Proposal have not been satisfied and as a result, the conditional, non-binding term sheet between the Company and Montsant is now at an end.

As also noted in the Earlier Announcement, the Company had entered into a conditional, non-binding term sheet with its lenders (Lender Term Sheet), under which the lenders and the Company had agreed to a full payout of the existing finance facilities (discussed below), subject to lender credit committee approval and certain other conditions as noted in the Earlier Announcement (Lender Transaction).

Given the Recapitalisation Proposal will not complete, the Lender Transaction will also not complete and the Lender Term Sheet is now also at an end.

Lenders Update

Despite the lapsing of the Recapitalisation Proposal as noted above, the Company is currently in discussions directly with its lenders to negotiate a binding term sheet for the re-profiling of the Company’s Project Finance Facility and its Single Currency Revolving Facility Agreement.

The Company will announce further details on the re-profiling of its current debt as soon as they are final.
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.

DISCOVERY METALS BACKGROUND

Discovery Metals is an ASX/BSE listed copper exploration and production company focused on the emerging Kalahari Copperbelt in north-west Botswana. The Company is a copper producer at its 100% owned Boseto Copper Project.

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 approximately 26,150 km² in Botswana.

Further information on the Company including Mineral Resources and Ore Reserves is available on our website: www.discoverymetals.com

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

Bob Fulker - CEO
Phone: +61 7 3218 0222 / Email: Bob.Fulker@discoverymetals.com

Paul Frederiks - CFO and Company Secretary
Phone: +61 7 3218 0222 / Email: Paul.Frederiks@discoverymetals.com