BSE ANNOUNCEMENT

Discovery Metals Limited

Boseto Copper Project Commissioning and Development Plan Updates

Highlights:

- Commissioning of the Boseto Copper Project concentrator is now underway with the crushing of ore having commenced.
- Milling, flotation and production of copper-silver concentrate expected in current month (June 2012).
- The Boseto Project remains within budget in respect of capital costs.
- Project Development Plan updated following Board site visit. Early start (Q4/13) for Zeta Underground mine progressing.
- Recently announced exploration success expected to further increase Mineral Resources and improve future operational flexibility.

Commencement of commissioning

Discovery Metals announces the commencement of commissioning of the concentrator at the Boseto Copper Project in north-western Botswana (Figure 1). The Boseto Copper Project (100% owned) is designed to produce an average of 36,000 tonnes Cu and 1.1 million ounces Ag per annum in concentrate from 3Mtpa of ore feed.

Discovery Metals’ Managing Director Brad Sampson stated, “Commissioning has commenced within the timeline communicated to shareholders in 2010. We are now focused on bringing the plant to design production rate/recovery as quickly as possible. Given that the Company was only awarded the Boseto Mining Licence in December 2010, the efforts of all involved to construct this project within 18 months deserve to be recognised.”

The current status of the operational aspects of the project is as follows.

- Open pit mining from the Zeta Deposit is progressively ramping up with the last 350 tonne excavator scheduled for delivery to site in July. All of the planned truck fleet is on site and commissioned and trucks are being deployed into operations as the workforce is progressively employed and trained.
Mining of the Zeta open pit is currently delivering transitional (oxide plus sulphide copper minerals) ore to the Run-of-Mine ore pad. The Zeta open pit has now reached a depth where sulphide ores are being intersected. The percentage of sulphide ore mined will increase as the Zeta pit is deepened and extended in accordance with the current mining plan. Ore mined and stockpiled to the end of May 2012 is 500,000t. The mining target for June is 220,000t.

Crushing commenced in May using waste rock for initial trials. Crushing of ore commenced on 31 May 2012. The three stage crushing plant has already achieved its design rate of 500t/h for periods of time and daily operating hours are planned to increase through June. Ore crushing will now focus on building up the crushed ore stockpile volume in advance of the start of milling.

Commissioning tests are being undertaken on the mill while crushed ore stocks are built up and diesel generating sets are progressively being brought on line. Milling and flotation operations leading to first copper-silver concentrate production are expected to commence in June 2012.

The Boseto Project remains within budget in respect of capital costs.

Further regular updates on commissioning will be given in the coming weeks.

Development Plan Update

Key aspects of the Development Plan for the Boseto Copper Project have been updated following a visit by the Board to the Project in May 2012. The Board considered the imminent start of the Boseto Copper Project, the recently published Zeta Underground Study and exploration progress over the past year. Key aspects are as follows.

- The Zeta Underground Mine project is proceeding in accordance with its “early start” schedule, which targets Q4/2013 for the commencement of the first decline. No decision has been taken on contract vs owner operated at this stage.

- Open pit operations at Zeta open pit are planned to continue to a depth of approximately 150m finishing in Q4/2013. This timing should allow the Zeta underground to be developed without interference from the open pit. The open pit operations are planned to scale back by approximately one third when Zeta underground mining is underway assuming the current plant limitation of 3Mtpa. This will allow considerable flexibility in overall production planning without the need for additional capital equipment purchases.

- Open pits in other locations are planned to be progressively opened from Q3/2013 to provide ore to the plant as the Zeta open pit mining is completed. At this stage planning is focused on the Plutus open pit area as the “next pit” but recent exploration success at Zeta NE and Selene may see the schedule varied. Current expectations are that over 30km of strike length will be available for open pit operations post completion the Zeta open pit within the Boseto Zone based on current exploration data, and exploration is continuing.

- The criteria which will be used to determine future open pit schedule post the Zeta open pit will generally be to mine the lower strip ratio/higher grade resources in order, which will likely see more strike extension than pit deepening in the period between 2014 and 2020. The Company’s target will be to contain strip ratio to 10 to 1 maximum within this period. There may be a need to selectively mine deeper in one location depending on the preferred location for a second underground mine (see below).
• Expansion of the Boseto Project (towards a nominal 50ktpa Cu production rate) may require the development of a second underground mine. Current possibilities for this are Zeta NE, Plutus (two possible locations) and Mango. The early start timing for such a development could be from 2016. Any second underground development would not mean that open cut operations would be discontinued but that the scale of the open cut operation would be adjusted to fill the gap between overall underground production and the eventual expanded concentrator throughput.

• Exploration in the Boseto area over the next year will focus on gathering the information that will allow the second underground location to be definitively determined, and the optimum open pit schedule post Zeta to be determined.

Key determinants of future open pit scheduling will include productivity, ore grade, dilution, plant recovery, strip ratio and mining and haulage costs. The Company expects to be able to give up to date guidance on these parameters after the September 2012 quarter operations results are available, and the results will also provide real time information so that the key decisions needed for the Development and Expansion Plans can be made.

The Company is aware of recent commentary regarding open pit unit mining costs following publication of Hana Mining’s PEA and its suggestion that mining costs would be $2.67/t using contract mining, and other “average” African mining costs. Contract mining costs normally include general and administrative overheads, corporate overheads and profit margin that are applied to the unit cost of mining typically increasing the costs in the order of 35% before the recovery of contractor’s capital costs.

Using a 35% difference between contractor and owner operator rates the $2.67 figure would equate to just under $2/t for Hana on an owner operated basis. Including typical contractor fleet financing, depreciation and insurance costs an owner operator cost of approximately $1.83/t can be deduced.

The Company also notes that compared to many operations in Africa the Boseto pits are shallow and waste hauls relatively short so cannot be judged against “average” African unit mining costs.

Discovery Metals’ current expectations regarding Boseto’s open pit unit mining costs are that costs will be higher than the $1.35/t presented in the BFS (in Q3/2010) due to increases in diesel and explosives, in particular, during the past two years, with rises being similar in terms of percentage increase to what has occurred at other African mines in the two year period. As noted above, actual results will be available after the September quarter.

Unlike many other mines, however, the Company anticipates being able to offset higher mining costs by open pit re-scheduling for lower strip ratios and better grades which are expected to be available from exploration success since the BFS was published.

As a measure of exploration success the Company notes that the Mineral Resources in the Boseto Zone (including the Selene Mineral Resources) have grown from 102.8Mt @1.4% Cu and 17.3g/t Ag to 147Mt @1.3% Cu and 16.2g/t Ag since the BFS. In addition new (mainly open pit) resources at Zeta NE, Mango and Ophion are currently being assessed.

The significant increase in the silver price since the BFS ($28/oz vs $17/oz) will also contribute to offsetting any increase in the C1 cost for copper production from Boseto.
Further updates on the Development and Expansion Plans will be made as the strategic information noted above becomes available.

**Mineral Resources**

The combined Mineral Resources for the Boseto Copper Project, as of 2 May 2012, are shown in the table below.

<table>
<thead>
<tr>
<th>Mineral Resources</th>
<th>ZETA</th>
<th>PLUTUS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mt</td>
<td>Cu (%)</td>
<td>Ag (g/t)</td>
</tr>
<tr>
<td>Measured</td>
<td>4.6</td>
<td>1.6</td>
<td>23.5</td>
</tr>
<tr>
<td>Indicated</td>
<td>12.4</td>
<td>1.5</td>
<td>26.1</td>
</tr>
<tr>
<td>Subtotal M&amp;I</td>
<td>17.0</td>
<td>1.5</td>
<td>25.4</td>
</tr>
<tr>
<td>Inferred</td>
<td>27.1</td>
<td>1.2</td>
<td>20.0</td>
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<tr>
<td>Total Mineral Resources</td>
<td>44.1</td>
<td>1.3</td>
<td>22.1</td>
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</tbody>
</table>

Mineral Resources are reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement.

The Selene Mineral Resources, as of 12 January 2012, are shown in the table below.

<table>
<thead>
<tr>
<th>Mineral Resources</th>
<th>SELENE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mt</td>
</tr>
<tr>
<td>Inferred</td>
<td>16.0</td>
</tr>
<tr>
<td>Total Mineral Resources</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Mineral Resources are reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement.

**Ore Reserves**

The combined Ore Reserves for the Boseto Copper Project, as of 27 April 2012, are shown in the table below.

<table>
<thead>
<tr>
<th>Ore Reserves</th>
<th>ZETA</th>
<th>PLUTUS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mt</td>
<td>Cu (%)</td>
<td>Ag (g/t)</td>
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<tr>
<td>Proved</td>
<td>4.0</td>
<td>1.6</td>
<td>22.1</td>
</tr>
<tr>
<td>Probable</td>
<td>6.5</td>
<td>1.5</td>
<td>23.5</td>
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<tr>
<td>High Grade Ore Reserves</td>
<td>10.5</td>
<td>1.5</td>
<td>23.0</td>
</tr>
</tbody>
</table>

Ore Reserves are reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement.
350t excavator loading at Zeta Pit

Boseto Copper Project – Ball mill
Boseto Copper Project – Crushing Circuit

Boseto Copper Project – Fine Ore Bin
Competent Persons Statement

The information in this report as it relates to the Mineral Resources estimate for the Boseto Copper Project has been reviewed by Mr David Arnott, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Arnott is employed fulltime by Snowden Mining Industry Consultants Pty Ltd. 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” (JORC Code).

The information in this report as it relates to the Selene Mineral Resource estimate for the Boseto Copper Project has been compiled by Mr Matthew Readford, who is a MAusIMM. Mr Readford is employed fulltime by Xstract Mining Consultants Pty Ltd. Mr Readford 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 JORC Code.

The information in this report as it relates to the Zeta, Plutus and Petra Ore Reserves is based on information reviewed by Mr Peter Myers, who is a MAusIMM and a fulltime employee of Snowden. Mr Myers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the preparation of mining studies to qualify as a Competent Person as defined in the JORC Code.

Messrs Arnott, Readford and Myers consents to the inclusion in the report of the matters pertaining to the Mineral Resource estimate for the Boseto Copper Project based on information provided by him, and in the form and context in which it appears.

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 development company focused on the emerging Kalahari Copperbelt in northwest Botswana. The Company is a near-term copper producer 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 11,872 km² along the Kalahari Copperbelt.

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

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Figure 1. Discovery Metals' Botswana Projects