BSE ANNOUNCEMENT

Discovery Metals Limited

First Production of Copper-Silver Concentrate at the Boseto Copper Project

Highlights:

- Production of copper-silver concentrate has commenced at Boseto.
- Run hours of the crushing and milling circuits are ramping up to design.
- The Ball Mill has demonstrated throughput and grind performance in line with design rates.
- Concentrate grades in excess of 40% copper and 900 g/t silver have been achieved.
- First shipment of copper-silver concentrate planned for this week.

Commencement of production

Discovery Metals Limited is pleased to announce that it has produced its first copper-silver concentrate, as commissioning of its Boseto Copper Project in north-western Botswana (Figure 1) continues.

The Boseto Copper Project (100% owned) is designed to produce an average of approximately 36,000 tonnes copper and 1.1 million ounces silver per annum in concentrate from 3 million tonnes per year (3Mtpa) of ore feed.

Discovery Metals’ Managing Director Brad Sampson stated, “We are very pleased that production has commenced in June 2012, in line with the time frame and budget communicated to shareholders in August 2010. We remain within our capital budget and expect final costs to remain so. We are focused on bringing the concentrator and open pit mine performance up to the design production rate as quickly as possible. The concentrate grades achieved to date in the commissioning phase are very encouraging.”

Crushing commenced at Boseto earlier this month as previously reported. The status of the concentrator is now as follows:

- 7 (of 8) diesel generators are operating and delivering sufficient power to allow the concentrator to be run at full design capacity;
- First ore was milled on 14 June with oxide and transitional material only being utilised to date during commissioning;
- Approximately 500 tonnes of copper silver concentrate produced to date at an average grade of 32% copper and 560 g/t silver.
- Currently copper and silver recoveries remain below those predicted by the feasibility test work. Recoveries are expected to improve once steady state operations of the flotation circuits have been achieved.

- Crusher run hours are ramping up to achieve the required design rate of 8,000 tonnes per day. The 3 stage crushing circuit has demonstrated capacity to run at throughput in excess of 500 tonnes per hour (tph) against a design milling throughput rate of 350tph.

Over the next few months, the Boseto concentrator team will focus on optimising flotation performance and achieving overall concentrator throughput that meets the design of 3Mtpa.

The first shipment of concentrate is planned for later this week and the processing of sulphide ore is planned to commence in July.

Open pit mining production at the Zeta Deposit continues to increase. The third and last 350 tonne excavator has now been delivered to site and is being assembled for commissioning in July. All other mining equipment has been delivered and is operating. The commissioning of this excavator will contribute to achieving the designed mining rates (delivering 250,000 tonnes of ore to the Boseto concentrator each month) and to achieving the forecast mining costs.

Further details of the commissioning progress will be contained in the June 2012 quarterly report.
**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 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](http://www.discoverymetals.com)

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**Developing a new copper frontier**
Figure 1. Discovery Metals’ Botswana Projects