Discovery Metals Limited

Zeta NE - First Mineral Resources

Highlights:

- Zeta NE - first Inferred Mineral Resources of 12.9 Mt @ 1.3% Cu and 22 g/t Ag.
  - Mineral Resources estimated over approximately 5 kilometres strike and to approximately 300 metres depth (remains open at depth).
  - Includes a higher grade zone (> 1.5% Cu) with strike length of approximately 1 kilometre which remains open at depth.
- Potential for both open pit and underground mining.
- Follow up drilling to further assess underground potential planned to commence in Q1/13.

Discovery Metals Limited (‘Discovery Metals’ or ‘Company’) has completed the first Mineral Resources estimate for the Zeta NE Deposit. The estimate was undertaken and reported by independent consultants, Xstract Mining Consultants Pty Ltd, in accordance with the guidelines of the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The Managing Director of Discovery Metals, Mr Brad Sampson commented, “This first Mineral Resources estimate for Zeta NE represents another step towards increasing the life and the scale of the Boseto Copper Project. Further evaluation of the open pit potential at Zeta NE is planned for the current half year to determine the best positioning of Zeta NE in the Boseto mining schedule. Further drilling is planned to assess underground potential at Zeta NE in early 2013.”

The Zeta NE Prospect is located in the Boseto Zone of the Kalahari Copperbelt in north western Botswana (Figure 1) approximately 11 kilometres from the 100% owned Boseto Copper Project concentrator (Figure 2).

The Boseto Copper Project is currently being commissioned with planned annual production of approximately 36,000 tonnes of copper and 1.1 million ounces of silver over an evaluated mine life of 15 years.

The Company is currently progressing studies to expand capacity and extend the life of the Boseto operation, and the Zeta NE Mineral Resources are expected to form part of this Boseto growth plan.
The copper-silver mineralisation at Zeta NE is located in two discrete domains and the estimate of Inferred Mineral Resources in each of these domains is reported for mineralisation below the base of oxidation.

The Zeta NE Inferred Mineral Resources are:

**Footwall Mineralised Domain**

- 11.1 Mt @ 1.2% Cu and 23 g/t Ag

**Hangingwall Mineralised Domain**

- 1.8 Mt @ 1.5% Cu and 20.0 g/t Ag

**TOTAL INFERRED MINERAL RESOURCES**

- 12.9 Mt @ 1.3% Cu and 22 g/t Ag

(Mineral Resources reported above a cut-off grade of 0.6%)

This is the first estimate of Mineral Resources at Zeta NE and is based on drilling completed by the end of Q1/12.

Drilling at the Zeta NE Prospect was first carried out before Discovery Metals commenced exploration activity in the Kalahari Copperbelt in 2005. A Discovery Metals’ drilling programme in 2007 confirmed the presence of mineralisation at Zeta NE and follow up drilling in 2011 intersected encouraging copper-silver grades.

Drilling for this first Zeta NE Mineral Resources estimate was undertaken on 14 drill sections spaced approximately 400 to 800 metres apart. Two copper-silver mineralised zones have been delineated - a main footwall zone and a smaller, higher copper grade, hangingwall zone.

The main footwall domain has an interpreted strike length of approximately 5 kilometres, and has been intersected by drilling at depths between 10 metres and 230 metres below surface. A discrete area containing copper grades in excess of 1.5% Cu exists within the footwall zone and remains open at depth. The footwall domain is shown in a long section in Figure 4.

The hangingwall domain has an interpreted strike length of approximately 1 kilometre and has been intersected between 10 and 70 metres below surface (see Figure 4 Inset). The sand and calcrete depth above the mineralised zones ranges between 0.5 and 3 metres within the 5 kilometre strike length.

Drilling results to date and this Mineral Resources estimate suggest that economic open pit mining should be possible at Zeta NE. Further evaluation of this potential will be undertaken in Q4/12.

The copper-silver mineralised domain at Zeta NE remains open at depth. The existence of the higher grade area within the footwall zone that remains open at depth suggests potential for underground mining (Figure 4).
Competent Persons Statement

The information in this report as it relates to the Zeta NE Mineral Resources estimate for the Boseto Copper Project has been compiled by Mr Matthew Readford, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Readford is employed fulltime by Xtract 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, 2004.

Mr Readford consents to the inclusion in the report of the matters pertaining to Zeta NE Mineral Resources estimate 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 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

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

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Figure 1. Discovery Metals’ Botswana Projects
Figure 3. Zeta NE Drill Holes
Figure 4. Zeta NE long section with contoured copper grades.