BSE ANNOUNCEMENT

Discovery Metals Limited

**Boseto Commissioning Update, July 2012**

**Highlights:**

- Ore mining from the Zeta open pit was 150,000 tonnes in July. Ore mining comprised transitional and oxide ore only, with sulphide ore mining planned to start in mid-August.

- Crushing and milling circuits achieved total throughputs in line with the commissioning plan.

- Approximately 1,440 tonnes of copper-silver concentrate was produced in July at an average grade of 37% Cu and 630 g/t Ag.

Discovery Metals Limited is pleased to report progress on the commissioning and the ramp up of copper-silver concentrate production at its 100% owned Boseto Copper Project in north-western Botswana (Figure 1).

The Project 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.

**Mining Status**

Open pit mining production at the Zeta Deposit was 150,000 tonnes of ore in July. The quantum of ore mined was less than planned, with the third (and last) 350 tonne excavator still awaiting commissioning at month end (requires electrical repairs). Operation of this excavator is necessary to allow the design mining rate (delivering 250,000 tonnes of ore to the Boseto concentrator each month) and mining costs to be achieved.

Late commissioning of the third excavator limited ore mining to mainly transitional type ore with some oxide. At month end mining had reached the 940 level, which is approximately the top of the sulphide mineralisation zone. Mining of this zone is projected to commence from mid-August.

Waste removal is concentrating on lengthening the pit to the NE and SW and on the first cutback on the hanging wall side above the exposed sulphide zone.

**Concentrator Status**

Crushing, milling at production of copper-silver concentrate commenced at Boseto in June 2012. July results and commissioning progress included:

- Approximately 1,440 tonnes of copper-silver concentrate was produced in July at an average grade of 37% Cu and 630 g/t Ag.
• The crushing and milling circuits each achieved over 130,000 tonnes throughput for the month. These results are in line with the expectations of the commissioning schedule.

• Commissioning of the on stream analysis (OSA) commenced.

• Testing of various reagents is underway to determine which combinations are most effective for flotation performance of the various ore types.

• The eighth (of 8) diesel generator is yet to be commissioned and is awaiting delivery of new parts. The other seven sets are delivering sufficient power to allow full concentrator operation.

Planned progress in August is to continue to increase the rate of processing towards the ultimate goal of 250,000 month, to commence processing of sulphide ore and to significantly increase the tonnage and grade of concentrate produced.

Discovery Metals’ Managing Director, Brad Sampson said “We aimed to achieve 50% of design capacity in our first full month of commissioning at Boseto and both the mine and process plant have performed at above this rate. Commissioning of the final excavator will increase ore delivery to the plant and allow a further improvement in the quantity of ore processed in August. Along with recent strong exploration results and Ore Reserves and Mineral Resources delineation at the Project, Discovery Metals is establishing the foundations for long term copper production in the low sovereign risk jurisdiction of Botswana.”

Aerial view of the Boseto Concentrator
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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Clearing Boseto Plant site

Clearing Boseto access road

Figure 1. Discovery Metals’ Botswana Projects