Discovery Metals Limited

Takeover Response Update

Discovery Metals Limited advised on 4 October 2012 that it had received an indicative, non-binding proposal from Cathay Fortune Corporation and China-Africa Development Fund to acquire all of the shares in Discovery Metals at a price of $1.70 per share.

On 11 October 2012, Discovery Metals advised the representatives of CFC and CAD Fund that the price proposed was inadequate. Your Directors believe that the bid price does not reflect, in the context of a change of control:

- the value of the Company’s operations and expansion plans to increase Boseto to 5Mtpa;
- the potential to increase the resources on the Company’s tenements through further exploration;
- the strategic value of the Company with an operating project and management team in Botswana; and
- the scarcity value of the Company.

Subsequently, on 23 October 2012, Cathay Fortune Investment Ltd announced its intention to proceed with an off-market takeover offer for Discovery Metals, and the Company reaffirmed its view that the offer price is inadequate. The Bidder’s Statement was dispatched to shareholders on 8 November 2012.

Discovery Metals is preparing its formal response to the offer (the Target’s Statement) with anticipated mailing to all shareholders on 23 November 2012. The Target’s Statement will set out the Directors’ recommendation and reasons. Discovery Metals recommend that shareholders take no action pending the receipt of the Target’s Statement.

In response to recent inaccurate comments circulating in the market and questions by shareholders to the Company and our financial advisers UBS, Discovery Metals confirms that the Company holds 100% of the Boseto Copper Project, and the Government of Botswana does not hold any option to acquire any stake in the project.

Shareholders are encouraged to attend the Annual General Meeting at 11:00 am (Brisbane time) on Friday, 16 November 2012 at the Christie Corporate Conference Centre, Teach and Laffite Room, Level 1, 320 Adelaide Street, Brisbane, Queensland.
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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