This document is the First Supplementary Target’s Statement (First Supplementary Target’s Statement) to the Target’s Statement dated 23 November 2012 (Target’s Statement) issued by Discovery Metals Limited ACN 104 924 423 (DML or Company). This First Supplementary Target’s Statement is dated 12 December 2012.

This First Supplementary Target’s Statement is in relation to the off-market takeover bid by Cathay Fortune Investment Limited (a body corporate incorporated in Hong Kong SAR, China, company number 1686647) (Bidder) for all of the ordinary shares in DML (Offer).

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you do not understand it or are in doubt as to its contents or how to act, please contact your professional adviser immediately.

This First Supplementary Target’s Statement supplements, and is to be read together with, the Target’s Statement dispatched to Shareholders.
GENERAL

Unless the context requires otherwise, defined terms in the Target’s Statement have the same meaning in this First Supplementary Target’s Statement. This First Supplementary Target’s Statement prevails to the extent of any inconsistency with the Target’s Statement.

A copy of this First Supplementary Target’s Statement has been lodged with ASIC on 12 December 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Target’s Statement.

EXTENSION OF OFFER PERIOD

By announcement dated 5 December 2012, the Bidder declared that it has extended the Offer Period until 7.00pm (Sydney time) (currently 10.00am Botswana time) on 11 January 2013 (unless further extended or withdrawn).

UPDATE

The Company provides the following updates to Shareholders, which have been released to the ASX:

- Schedule 1 – Boseto Commissioning November Update
- Schedule 2 – 54 metres at 1.4% Cu intersected at Zeta NE Deposit
- Schedule 3 – Plutus Ore Reserves Increased

THE DIRECTORS CONTINUE TO UNANIMOUSLY RECOMMEND THAT YOU...REJECT THE OFFER

CONSENTS

The following persons have given and have not, before the date of this First Supplementary Target’s Statement withdrawn their consent to the inclusion of the following information in this First Supplementary Target’s Statement in the form and context in which it is included, and to all references in this First Supplementary Target’s Statement to that information in the form and context in which they appear:

Each Director – to be named in this First Supplementary Target’s Statement and to the inclusion of statements made by them.

Each Competent Person named in Schedule 2 and 3 - to be named in this First Supplementary Target’s Statement and to the inclusion of statements said to be based on statements made by them.

AUTHORISATION

This First Supplementary Target’s Statement is dated 12 December 2012 (being the date on which this First Supplementary Target’s Statement was lodged with ASIC) and has been approved by a resolution passed by the Directors on 12 December 2012.

Signed for and on behalf of

Discovery Metals Limited

Gordon Galt
Chairman
SCHEDULE 1
ASX ANNOUNCEMENT – Boseto Commissioning November Update
Discovery Metals Limited

Boseto Commissioning November Update

Progress continues on the commissioning of the mine and concentrator in the month of November at Discovery Metals’ 100% owned Boseto Copper Project in north-western Botswana. Commissioning progress to date can be summarised as:

- the concentrator has demonstrated that it can operate at or above its daily design throughput rate across the range of ore types treated to date (oxide, transition and sulphide) and is capable of meeting its monthly design throughput rate of 250kt/mth when ore presentation is sufficient; and
- mining production has reached just over 80% of design rate, but at this rate the mine is not maintaining sufficient ore feed to the concentrator. A number of initiatives are being progressed to increase mining production to above the total design rate as soon as possible.

Details are set out below.

**Mining**

Mining production (waste plus ore) for November was 2.4Mt. This is slightly down on the previous month and represents 81% of the design production rate. The major cause of under production for November was excavator downtime.

![Material Mined (tonnes)](chart.png)

Lower than planned production over the last quarter has had a cumulative impact on the tonnage and quality of ore available, so ore mining in November took place mainly in the thinner, lower grade, transitional ore near the ends of the Zeta pit rather than having a significant proportion of sulphide ore from the middle of the pit as had been planned.
With the concentrator now having reached its design capacity, the focus is now on mining, and a number of initiatives are underway to increase production to above the design level in the short term.

These include increasing the pace of hiring and training Discovery Metals operators and maintenance personnel, early development of the Plutus Open Pit to increase operational flexibility and the procurement of larger capacity excavator buckets for working in the upper areas of the open pit where the specific gravity of the material is lower. Deployment of the additional mining equipment and operators flagged last month (as being organised in advance of the H1/13 mine performance test) has been accelerated and as many as possible of these resources are planned to start work at the Zeta Open Pit during December.

Towards the end of the month, a small localised failure of a section of interim hanging wall (reported separately) occurred (see picture).

Subsequent to the failure the Botswana Department of Mines, Minerals, Energy and Water Resources requested that Discovery Metals temporarily suspend deepening of the Zeta Open Pit. A geotechnical investigation into the cause of the failure has been conducted and discussions with the Department of Mines are proceeding. The failure area was cleared in less than 24 hours and mining activity within the Zeta Pit is continuing in an unrestricted manner in the large working areas on the higher benches of the open pit. Discovery Metals does not expect that the failure to have any material effect on mining, but access to the sulphide ore in the middle of the pit is expected to be restricted until the investigations and discussions with the Department of Mines are completed.
Concentrator

Milled tonnage for the month of November was 171kt at an average daily rate of 8,549tpd over 20 days of operation. The average daily rate represents 100% of the daily design production rate, so the mill is now performing at design capacity. The loss of production days was due to ore shortage from the mine and a decision to restrict excessive milling of low grade stockpiles, which currently stand at over 400,000t, to preserve concentrate quality.

Mill Production & Milling Rate per day

Metal Production

Reduced mine production and ore quality restricted concentrate production in November to 2,010 tonnes at 38% Cu containing 767 t Cu and 31,415 oz Ag. The proportion of copper in the concentrate produced remains high and well above industry averages despite the processing of lower grade oxide and transitional ore.
Looking forward

The Boseto concentrator is expected to be able maintain or exceed design throughput rates going forward, when supplied with sufficient ore feed. Debottlenecking investigations are continuing so that the upside capacity of the currently installed plant can be more accurately determined and that upside included in ongoing production and expansion planning. Indications to date are that a higher than design processing rate may be obtained when sufficient ore is made available.

The mining rate is expected to improve as the initiatives described above are completed and the Company is aiming to achieve design mining rates in January 2013. In respect of the localised failure on the interim pit wall, the Company is working through the results of the geotechnical investigation with the Department of Mines with a view to allowing the deepening of the pit into sulphide ore as soon as possible. Further updates will be provided as available.

Metal production is expected to improve above the October level in December. Milling of some low grade ore from stockpiles is also expected to occur in December.

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:

Brad Sampson  Managing Director  Ph: +61 7 3218 0222  brad@discoverymetals.com

UK PR – Tavistock PR, Contact Jos Simson/Emily Fenton  Ph +44 207 920 3150 or +44 778 855 4035
SCHEDULE 2
ASX ANNOUNCEMENT – 54 metres at 1.4% Cu intersected at Zeta NE Deposit
Discovery Metals Limited

54 metres at 1.4% Cu intersected at Zeta NE Deposit

Drilling Programme at Zeta NE Deposit located approximately seven kilometres north east of the Zeta open pit mine returns thicker than expected intercepts of copper-silver mineralisation.

Highlights:

- In-fill drilling at Zeta NE has intersected thicker than expected copper-silver mineralisation.
- Significant diamond drill hole results include:
  - GDDD2813 – 54.6 m @ 1.4% Cu & 10 g/t Ag including, 18.7 m @ 2.0% Cu & 13 g/t Ag;
  - GDDD2812 – 26.0 m @ 1.7% Cu & 22 g/t Ag;
  - GDDD2817 – 13.5 m @ 1.7% Cu & 48 g/t Ag;
  - GDDD2816 – 12.0 m @ 1.9% Cu & 44 g/t Ag;
  - GDDD2814 – 6.0 m @ 3.3% Cu & 38 g/t Ag;
  - GDDD2811 – 17.7 m @ 1.1% Cu & 112 g/t Ag.
- High grade zone within the Zeta NE deposit further defined and remains open along strike and at depth.
- Initial results of 15 infill holes include intersections into the transitional / oxide zone, which is not part of the current Mineral Resources at Zeta NE.
- Further drilling is in progress targeted at intersecting higher grade copper-silver mineralisation at between 500 metres and 600 metres below surface to assist in confirming potential for underground mining.
- Assay results from deeper holes expected in December 2012.

Discovery Metals Limited (Discovery Metals or Company) reports assay results from 15 diamond drill holes at the Zeta NE deposit. Zeta NE is located within the Company’s 100% owned prospecting licences in the Kalahari Copperbelt in north-west Botswana (Figure 1) and is located approximately 10 kilometres east of the Boseto concentrator and approximately seven kilometres along strike from the Zeta open pit (Figure 2 and Figure 3).

Discovery Metals’ Managing Director, Brad Sampson, said “These are outstanding results that demonstrate significant upside on the current Mineral Resources at Zeta NE. Furthermore, they support one of the major value propositions contained in our recently released Target’s Statement, namely that the Mineral Resources at Boseto are expected to continue to grow over time and support mining activities well beyond those defined in our current mine plans.”

The assay results reported in this release are from the first holes drilled as part of an infill program, which began in September 2012.
The results from the 15 diamond drill holes completed on five sections 100 metres apart, over a strike length of approximately 400 metres (Figure 4). The holes were located from the central to north-eastern part of the deposit.

The results from many of the drill holes exceed the average copper grade (1.3%) and thickness (7 metres) of the deposit determined from the initial drilling reported in early 2012 and used for the estimation of the current Mineral Resources. One hole in particular, GDDD2813 has intersected 54.6 m @ 1.4% Cu and 10 g/t Ag from 9.0 m to 53.6 m, including two narrow zones of less than 0.3% Cu (Figure 5), Discovery Metals’ best intersection in seven years of exploration in the Kalahari Copperbelt.

Drill hole logs indicate that the top of the sulphide zone is about 40 metres vertical depth. The depth of Kalahari sands cover over the mineralisation is approximately five metres in this area. Bornite and chalcocite are the primary copper sulphide minerals at Zeta NE, with minor chalcopyrite. The mineralisation dips at approximately 80 degrees to the north-west and is open at depth (Figures 5 and 6).

The oxide / transitional copper-silver mineralised zone between approximately five metres and 40 metres below surface is not currently included in the estimate of Mineral Resources at Zeta NE. Seven holes reported herein intersected copper-silver mineralisation in this oxide / sulphide zone and provide additional data that will help allow inclusion of this zone into the Mineral Resources along the five kilometres of strike at the Zeta NE deposit. The main copper minerals in the oxide zone are malachite and chrysocolla with minor native copper and azurite.

Discovery Metals is continuing to progress with studies into expanding capacity and extending the mine life of the Boseto operations. These latest results from Zeta NE are expected to add to the attractiveness of incorporating Zeta NE into those longer term plans.

Additional drilling is currently underway at Zeta NE with the objective of intersecting copper-silver mineralisation at depths between 500 metres and 600 metres below surface within the dip projection of a high grade zone which is believed to have potential for underground mining.

These drill holes are planned as the first step towards defining underground Mineral Resources at Zeta NE and first assay results are anticipated in December 2012.

**Table 1 - Significant results from the Zeta NE in-fill drilling program.**

<table>
<thead>
<tr>
<th>HoleID</th>
<th>Section</th>
<th>Northing /东ing (m)</th>
<th>Dip / Azimuth</th>
<th>Total Depth (m)</th>
<th>Min. From (m)</th>
<th>Min. To (m)</th>
<th>Geochemical Results over down hole thickness (0.3% Cu cut-off)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDDD2801</td>
<td>47750</td>
<td>7725179 / 714885</td>
<td>-60⁰ to 140⁰</td>
<td>25.5</td>
<td>9.7</td>
<td>18.0</td>
<td>8.3 m @ 1.1 % Cu &amp; 3 g/t Ag Including 3.3 m @ 1.4 % Cu &amp; 2 g/t Ag And 0.7 m @ 3.2 % Cu &amp; 4 g/t Ag</td>
</tr>
<tr>
<td>GDDD2802</td>
<td>47750</td>
<td>7725193 / 714871</td>
<td>-60⁰ to 140⁰</td>
<td>60.5</td>
<td>41.0</td>
<td>53.2</td>
<td>12.2 m @ 0.7 % Cu &amp; 1 g/t Ag Including 2.0 m @ 1.7 % Cu &amp; 1 g/t Ag</td>
</tr>
<tr>
<td>GDDD2803</td>
<td>47750</td>
<td>7725208 / 714860</td>
<td>-60⁰ to 140⁰</td>
<td>84.7</td>
<td>67.0</td>
<td>78.3</td>
<td>11.3 m @ 0.6 % Cu &amp; 4 g/t Ag Including</td>
</tr>
<tr>
<td>HoleID</td>
<td>Section</td>
<td>Northing / Easting (m)</td>
<td>Dip / Azimuth</td>
<td>Total Depth (m)</td>
<td>Min. From (m)</td>
<td>Min. To (m)</td>
<td>Geochemical Results over down hole thickness (0.3% Cu cut-off)</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>------------------------</td>
<td>---------------</td>
<td>----------------</td>
<td>---------------</td>
<td>-------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>GDDD2804</td>
<td>47750</td>
<td>7725224 / 714846</td>
<td>-60° to 140°</td>
<td>117.0</td>
<td>74.0</td>
<td>78.3</td>
<td>4.3 m @ 1.1 % Cu &amp; 6 g/t Ag</td>
</tr>
<tr>
<td>GDDD2805</td>
<td>47750</td>
<td>7725239 / 714833</td>
<td>-60° to 140°</td>
<td>142.8</td>
<td>126.0</td>
<td>135.0</td>
<td>9.0 m @ 1.0 % Cu &amp; 21 g/t Ag</td>
</tr>
<tr>
<td>GDDD2806</td>
<td>47850</td>
<td>7725249 / 714952</td>
<td>-60° to 140°</td>
<td>40.8</td>
<td>26.0</td>
<td>35.0</td>
<td>9.0 m @ 1.5 % Cu &amp; 6 g/t Ag</td>
</tr>
<tr>
<td>GDDD2807</td>
<td>47850</td>
<td>7725265 / 714939</td>
<td>-60° to 140°</td>
<td>75.1</td>
<td>46.2</td>
<td>69.2</td>
<td>23.0 m @ 0.9 % Cu &amp; 5 g/t Ag</td>
</tr>
<tr>
<td>GDDD2809</td>
<td>47950</td>
<td>7725318 / 715011</td>
<td>-60° to 140°</td>
<td>63.7</td>
<td>46.5</td>
<td>58.0</td>
<td>11.5 m @ 0.7 % Cu &amp; 8 g/t Ag</td>
</tr>
<tr>
<td>GDDD2810</td>
<td>47950</td>
<td>7725348 / 714984</td>
<td>-60° to 140°</td>
<td>130.3</td>
<td>113.2</td>
<td>122.7</td>
<td>9.5 m @ 1.4 % Cu &amp; 20 g/t Ag</td>
</tr>
<tr>
<td>GDDD2811</td>
<td>47850</td>
<td>7725276 / 714922</td>
<td>-60° to 140°</td>
<td>102.7</td>
<td>79.0</td>
<td>96.7</td>
<td>17.7 m @ 1.1 % Cu &amp; 112 g/t Ag</td>
</tr>
<tr>
<td>GDDD2812</td>
<td>48150</td>
<td>7725443 / 715185</td>
<td>-60° to 140°</td>
<td>48.7</td>
<td>5.0</td>
<td>31.0</td>
<td>26 m @ 1.7 % Cu &amp; 22 g/t Ag</td>
</tr>
<tr>
<td>GDDD2813</td>
<td>48150</td>
<td>7725460 / 715173</td>
<td>-60° to 140°</td>
<td>81.4</td>
<td>9.0</td>
<td>33.7</td>
<td>24.7 m @ 1.2 % Cu &amp; 3 g/t Ag</td>
</tr>
</tbody>
</table>

Including:
- 6.5 m @ 1.6 % Cu & 54 g/t Ag
- 7.0 m @ 1.8 % Cu & 7 g/t Ag
- 3.7 m @ 1.6 % Cu & 18 g/t Ag
- 5.4 m @ 2.2 % Cu & 28 g/t Ag
- 7.7 m @ 1.9 % Cu & 50 g/t Ag
- 3.0 m @ 3.0 % Cu & 19 g/t Ag
- 5.3 m @ 3.2 % Cu & 3 g/t Ag
- 7.8 m @ 2.2 % Cu & 3 g/t Ag
- 24.7 m @ 1.2 % Cu & 3 g/t Ag
- 2.5 m @ 1.7 % Cu & 1 g/t Ag
- 1.2 m @ 1.4 % Cu & 6 g/t Ag
- 7.8 m @ 2.2 % Cu & 3 g/t Ag
- 8.0 m @ 2.1 % Cu & 5 g/t Ag
- 18.7 m @ 2.0 % Cu & 13 g/t Ag
<table>
<thead>
<tr>
<th>HoleID</th>
<th>Section</th>
<th>Northing / Easting (m)</th>
<th>Dip / Azimuth</th>
<th>Total Depth (m)</th>
<th>Min. From (m)</th>
<th>Min. To (m)</th>
<th>Geochemical Results over down hole thickness (0.3% Cu cut-off)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDDD2814</td>
<td>48050</td>
<td>7725387 / 715096</td>
<td>-60° to 140°</td>
<td>63.6</td>
<td>36.1</td>
<td>40.0</td>
<td>Including 3.9 m @ 2.3 % Cu &amp; 18 g/t Ag And 4.8 m @ 4.5 % Cu &amp; 26 g/t Ag And 1.2 m @ 2 % Cu &amp; 7 g/t Ag</td>
</tr>
<tr>
<td>GDDD2816</td>
<td>48150</td>
<td>7725489 / 715148</td>
<td>-60° to 140°</td>
<td>135.4</td>
<td>40.5</td>
<td>46.5</td>
<td>6.0 m @ 1.7 % Cu &amp; 34 g/t Ag Including 5.2 m @ 3.8 % Cu &amp; 43 g/t Ag</td>
</tr>
<tr>
<td>GDDD2817</td>
<td>48050</td>
<td>7725402 / 715083</td>
<td>-60° to 140°</td>
<td>101.5</td>
<td>80.5</td>
<td>94.0</td>
<td>13.5 m @ 1.7 % Cu &amp; 48 g/t Ag Including 5.6 m @ 2.7 % Cu &amp; 63 g/t Ag</td>
</tr>
</tbody>
</table>
Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Dr Wallace Mackay who is a Member of the Australian Institute of Geoscientists. Dr Mackay is employed full-time by Discovery Metals Limited. Mr Mackay has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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).

Dr Mackay consents to the inclusion in this report of the matters 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:

Brad Sampson Managing Director Ph: +61 7 3218 0222 brad@discoverymetals.com

UK PR – Tavistock PR, Contact Jos Simson/Emily Fenton Ph +44 207 920 3150 or +44 778 855 4035
Figure 1. Discovery Metals’ Botswana Projects
Figure 2. Kalahari Copperbelt Exploration Targets
GDD2812
26.0 m @ 1.7% Cu & 22 g/t Ag
Including
3.0 m @ 4.3% Cu & 152 g/t Ag
And
3.0 m @ 3.0% Cu & 19 g/t Ag
And
5.3 m @ 3.2% Cu & 3 g/t Ag

GDD2813
24.7 m @ 1.2% Cu & 3 g/t Ag
Including
2.5 m @ 1.7% Cu & 1 g/t Ag
And
7.8 m @ 2.2% Cu & 3 g/t Ag
18.7 m @ 2.0% Cu & 13 g/t Ag
Including
3.9 m @ 2.3% Cu & 18 g/t Ag
And
4.8 m @ 4.5% Cu & 26 g/t Ag

GDD2816
3.0 m @ 1.0% Cu & 24 g/t Ag
Including
2.0 m @ 1.3% Cu & 9 g/t Ag
12.0 m @ 1.9% Cu & 44 g/t Ag

GDD2815
Awaiting Results

New Results
- Hangingwall
- Siltstone/mudstone
- Copper/Silver Mineralisation
- Footwall
- Sandstone/Grits

ZETA NE RESOURCE, BOSITE COPPER PROJECT
DRILLHOLE CROSS SECTION
New Results

- **GDDD2801**
  - 8.3 m @ 1.1 % Cu & 3 g/t Ag
  - Including
  - 3.3 m @ 1.4 % Cu & 2 g/t Ag
  - And
  - 0.7 m @ 3.2 % Cu & 4 g/t Ag

- **GDDD2802**
  - 12.2 m @ 0.7 % Cu & 1 g/t Ag
  - Including
  - 2.0 m @ 1.7 % Cu & 1 g/t Ag

- **GDDD2803**
  - 11.3 m @ 0.6 % Cu & 4 g/t Ag
  - Including
  - 4.3 m @ 1.1 % Cu & 6 g/t Ag

- **GDDD2804**
  - 12 m @ 1.2 % Cu & 34 g/t Ag
  - Including
  - 6.5 m @ 1.8 % Cu & 54 g/t Ag

**PROJECT AREA**

**ZETE NE RESOURCE, BUSETO COPPER PROJECT**

**DRILLHOLE CROSS SECTION**

**FIGURE 6**
SCHEDULE 3
ASX ANNOUNCEMENT – Plutus Ore Reserves Increased
Discovery Metals Limited

Plutus Ore Reserves Increased

Highlights

- **New Plutus Open Pit Ore Reserves of 13.3 Mt @ 1.3% Cu and 13.4 g/t Ag**, an 18% increase over the 2010 Ore Reserves of 11.3 Mt @ 1.3% Cu and 13.7 g/t Ag.
- **Proved Ore Reserves have increased to 12.0 Mt @ 1.3% Cu and 13.1 g/t Ag**, a 6,000% increase over the 2010 Ore Reserve of 0.2 Mt @ 1.3% Cu and 11.7 g/t Ag.
- Total Boseto Copper Project (Proved and Probable) Ore Reserves increased to **31.1 Mt at 1.4% Cu and 19.2 g/t Ag**.
- The Plutus Deposit remains open at depth and a scoping study is planned to be completed in 2013 to assess the potential for an underground mine.

Plutus Open Pit Copper Ore Reserves Increased

Discovery Metals Limited (Discovery Metals or Company) reports an updated Ore Reserves estimate at the Plutus Open Pit deposit.

The estimate has been completed by the independent consultants, Snowden Mining Industry Consultants Pty Ltd, in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Discovery Metals’ Managing Director Mr Brad Sampson commented, “This upgrade to the Plutus Deposit represents another step towards increasing the life and the scale of the Boseto Copper Project. As the Plutus Deposit remains open at depth, it also creates additional potential for underground mining and an opportunity to leverage off the recently completed Definitive Feasibility Study for underground mining at Zeta. Discovery Metals is planning to undertake a Scoping Study for underground mining at Plutus in 2013”.

The Plutus Deposit is located in north-western Botswana (Figures 1) and is adjacent to the Boseto copper concentrator (Figure 2). This Plutus Ore Reserves upgrade includes results from 33 additional drill holes that extended copper-silver mineralisation at Plutus to 450 metres below surface. The deposit remains open along strike and at depth.

Importantly, infill drilling confirmed the consistency of copper grades and continuity of mineralisation which provides greater confidence to the robustness of the Ore Reserves at Boseto.

The Plutus Ore Reserves are:

- Proved Ore Reserves 12.0 Mt @ 1.3% Cu and 13.1 g/t Ag
- Probable Ore Reserves 1.3 Mt @ 1.5% Cu and 15.7 g/t Ag

**TOTAL PLUTUS ORE RESERVES 13.3 Mt @ 1.3% Cu and 13.4 g/t Ag**

(All Ore Reserves are reported above a cut-off grade of 0.6% Cu.)
Ore Reserves
The total Ore Reserves for the Boseto Copper Project, reported in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition), at a cut-off of 0.6% Cu, are:

**Boseto Ore Reserves**

<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>
</tr>
<tr>
<td><strong>Open Pit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<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>
</tr>
<tr>
<td><strong>Open Pit Ore Reserves</strong></td>
<td>10.5</td>
<td>1.5</td>
<td>23.0</td>
</tr>
<tr>
<td><strong>Underground</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proved</td>
<td>1.0</td>
<td>1.3</td>
<td>24.0</td>
</tr>
<tr>
<td>Probable</td>
<td>6.3</td>
<td>1.3</td>
<td>24.6</td>
</tr>
<tr>
<td><strong>Underground Ore Reserves</strong></td>
<td>7.3</td>
<td>1.3</td>
<td>24.5</td>
</tr>
<tr>
<td><strong>TOTAL ORE RESERVES</strong></td>
<td>17.8</td>
<td>1.4</td>
<td>23.6</td>
</tr>
</tbody>
</table>

All Ore Reserves are reported at cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement.

1 Zeta Open Pit data as at 31 August 2010. Recent mining from the Zeta open pit has not been depleted from this Ore Reserves estimate. Plutus Open Pit data as at 11 December 2012. 2 Zeta Underground data as at 27 April 2012.
**Competent Persons Statement**

The information in this report that relates to the Open Pit Zeta and Plutus Ore Reserves was reviewed by Mr Frank Blanchfield, who is a fellow of the AusIMM. Mr Blanchfield is employed full-time by Snowden. Mr Blanchfield 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 that relates to the Zeta Underground Ore Reserves has been reviewed by Mr Andrew Gasmier, who is a MAusIMM. Mr Gasmier is employed full-time by Mining Plus Pty Ltd. Mr Gasmier 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.

Messrs Blanchfield and Gasmier consent to the inclusion in this report of the matters based on information provided by them and in the form and context in which it appears.

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

**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:

**Brad Sampson**  Managing Director  Ph: +61 7 3218 0222  brad@discoverymetals.com

**UK PR** – Tavistock PR, Contact Jos Simson/Emily Fenton  Ph +44 207 920 3150 or +44 778 855 4035
Figure 1. Discovery Metals’ Botswana Projects