Discovery Metals Limited

Financing update

Highlights

- $26 million in cash generated via copper and silver hedge unwinds.
- Total Boseto Project Debt reduced to $129 million.

Financial Position

Further to the Discovery Metals’ announcement of 21 May 2013, the Company advises that additional copper and silver hedges have been closed out. This process has generated a total of $26m.

On 24 May 2013, the Company had $37.3m in cash including funds held in the DSRA of $5.5m. The $37.3m cash balance includes $12.4m of hedge close out proceeds with the balance of $13.6m expected to be received by 28 May 2013.

As previously advised, $22m of the hedge closeout cash proceeds will be applied to the prepayment of the June and September 2013 project loan repayments with the balance of $4m transferred to the Debt Service Reserve Account (DSRA). The revised principal repayment schedule is outlined in Table 1.

Total Group interest bearing debt post the hedge unwinds is $154m, comprising the Project Finance (PF) Facility of $129m and a fully drawn corporate working capital facility of $25m. The Company’s remaining hedge book now comprises copper hedging from June to December 2013 of 8,521 tonnes at a weighted average forward price of $8,875 and marked to market value of approximately $13m.

### Table 1 – Revised principal repayment schedule for the PF Facility

<table>
<thead>
<tr>
<th>Date</th>
<th>Total Drawn Debt Start of Qtr ($'000)</th>
<th>Total Principal Payment to Lenders ($'000)</th>
<th>From DSRA ($'000)</th>
<th>DSRA balance to be funded, excluding interest ($'000)*</th>
<th>Net Payment to Lenders ($'000)</th>
<th>Total Drawn Debt End of Qtr ($'000)</th>
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<td>30-Jun-13</td>
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<td>22,004**</td>
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</table>

*The DSRA balance to be funded represents only the principal component due. Interest for the following quarter also requires DSRA funding. Interest is paid and reset quarterly at an interest rate of USD LIBOR + 5%.

**To be applied as hedge closeout proceeds are receipted.
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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