



Mining at Zeta Pit

ASX ANNOUNCEMENT

Discovery Metals Limited

Update on indicative, non-binding proposal

ASX/BSE: DML

MARKET CAPITALISATION

Shares on Issue	484m
Share Price	A\$1.66
Market Cap	A\$804m
Cash (5 Oct)	US\$87.6m
Debt (5 Oct)	US\$205m

ABN 29 104 924 423

CONTACTS

Brad Sampson
Managing Director
Phone: +61 (7) 3218 0222

Paul Fulton
Chief Financial Officer
Phone: +61 (7) 3218 0218

WEBSITE

discoverymetals.com

BOARD OF DIRECTORS

Chairman
Gordon Galt

Managing Director
Brad Sampson

Non-Executive Director
Morrice Cordiner
Ribson Gabonowe
Niall Lenahan
Jeremy Read
John Shaw

Company Secretary
Greg Seeto

REGISTERED OFFICE

Level 20, 333 Ann Street,
Brisbane, QLD 4000, Australia
Phone: +61 (7) 3218 0222
Fax: +61 (7) 3218 0233
info@discoverymetals.com

BOTSWANA COUNTRY OFFICE

Plot 21314 Sebele Station
Road, Phakalane, Gaborone,
Botswana
Phone: +267 318 0751
Fax: +267 318 0752

Discovery Metals Limited (**Discovery Metals** or **Company**) today met with representatives and advisers from Cathay Fortune Corporation (**CFC**) and China-Africa Development Fund (**CAD Fund**) to discuss the unsolicited, indicative, non-binding proposal to acquire all the shares (not currently held by CFC) in Discovery Metals for A\$1.70 per share (**Indicative Proposal**).

The Directors have considered the Indicative Proposal and its terms and have taken advice from the Company's financial advisers, UBS.

The Directors have advised the representatives of CFC and CAD Fund that the price proposed by CFC and CAD Fund is inadequate and does not reflect, in the context of a change of control, the value of the Company's operations and expansion plans, 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.

The Directors have advised the representatives of CFC and CAD Fund that if they wish to put a new proposal to the Board, the Board will consider and assess that new proposal on its merits.

Shareholders do not need to take any action in respect to the Indicative Proposal.

dml

DISCOVERY METALS LIMITED

Developing ^{a new} copper frontier



Zeta Pit



Caterpillar dump truck and dozer



Crushed ore bin and flotation circuit



Continuing Fleet Assembly

CONTACT DETAILS

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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
