

Mining at Zeta Pit

ASX/BSE: DML

MARKET CAPITALISATION

 Shares on Issue
 487m

 Share Price
 A\$1.48

 Market Cap
 A\$721m

 Cash (31 Dec)
 US\$48m

 Debt (31 Dec)
 US\$188m

ABN 29 104 924 423

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Managing Director Brad Sampson

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dml

ASX ANNOUNCEMENT

Discovery Metals Limited

Boseto Commissioning December Update

Progress continued on the ramp up of the production at Discovery Metals' 100% owned Boseto Copper Project in north-western Botswana during December 2012. During the month:

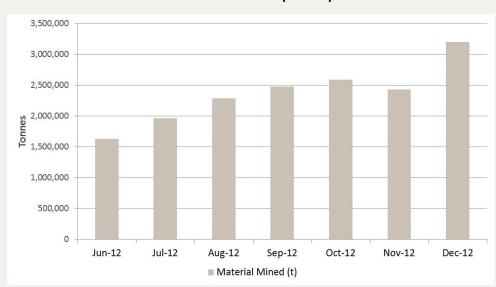
- Mining production (waste plus ore) exceeded 100% of design rate with production mainly from Zeta pit but with Plutus pit waste removal commencing during the month; and
- Concentrator production was reduced to 47% of design monthly rate due
 to the loss of 17 days in total 8 days due to insufficient ore at the start of
 the month and 9 days due to a failure of the mill gearbox at the end of the
 month. The concentrator was running again on 9 January and ore
 availability for January is not expected to constrain mill throughput. The
 concentrator achieved design production rate for the days it was operating.

Details are set out below.

Mining

Mining production (waste plus ore) for December 2012 was 3.2Mt. The initiatives for improving mining production foreshadowed in the November update report lifted production and will help to ensure consistent future supply of ore to the concentrator. Further initiatives to improve mining productivity are continuing in January 2013.

Material Mined (tonnes)



The temporary suspension of pit deepening in the Zeta pit instigated in late November was lifted on 24 December 2012. As previously reported the suspension meant that mining was restricted to the lower grade, transitional ore near the ends of the Zeta pit during the period of the suspension. Mining of the thicker mainly sulphide ore at deeper levels of the Zeta pit recommenced when the restriction was lifted.

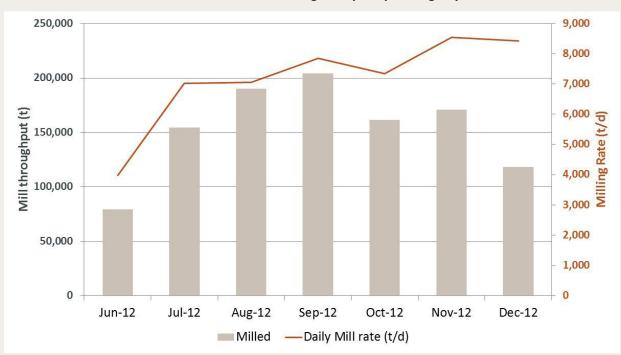
Waste removal began in the Plutus pit during the month and had progressed to approximately 5 metres depth along a strike length of 500 metres by the end of the month.

Concentrator

The concentrator operated for the equivalent of 14 days during the month, losing 8 days due to insufficient ore at the start of the month and 9 days due to a failure of the mill gearbox at the end of the month. Milled tonnage for the month of December was 118kt at an average daily rate of 8,432tpd for the days operated. The average daily rate represents 100% of the design production rate.

The ball mill gearbox failure did not affect ore crushing in the last 9 days of December so crushed ore stocks at month end exceeded 40kt and ROM stocks have also built up significantly.

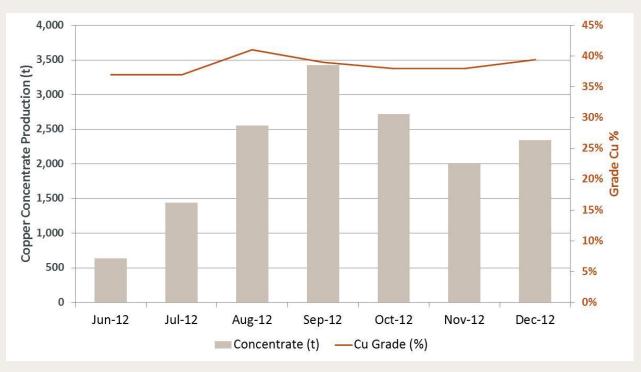
Mill Production & Milling Rate per operating day



Metal Production

Concentrate production in December was 2,345 tonnes at 39% Cu containing 925 tonnes of copper and 41,513 ounces of silver. 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.

Concentrate Production and Grade



Looking forward

The Ball Mill gearbox was reinstalled and mill operations recommenced on 8 January. With crushed ore stocks exceeding 40,000 tonnes at the end of December, the Boseto concentrator is expected to maintain or exceed design throughput rates from now on as sufficient ore feed is expected to be available under normal circumstances. Ore to be processed during January is expected to comprise a significant amount of sulphide ore.

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 obtainable.

The mining rate is expected to continue to improve as the various initiatives outlined previously are implemented. The large capacity buckets are expected on site by mid-January.



Dump truck transporting a load of ore



Workers at the Boseto Copper Project



Concentrate shed



Bagged concentrate

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:

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