



Mining at Zeta Pit

ASX ANNOUNCEMENT

Discovery Metals Limited

Botswana Competition Authority Merger Notice

ASX/BSE: DML

MARKET CAPITALISATION

Shares on Issue	487m
Share Price	A\$1.505
Market Cap	A\$733m
Cash (31 Dec)	US\$48m
Debt (31 Dec)	US\$188m

ABN 29 104 924 423

CONTACTS

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WEBSITE

discoverymetals.com

BOARD OF DIRECTORS

Chairman

Gordon Galt

Managing Director

Brad Sampson

Non-Executive Directors

Morrice Cordiner
Ribson Gabonowe
Niall Lenahan
Jeremy Read
John Shaw

Company Secretary

Greg Seeto

REGISTERED OFFICE

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BOTSWANA COUNTRY OFFICE

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DISCOVERY METALS LIMITED

Discovery Metals Limited advises that the Botswana Competition Authority published the attached Merger Notice on 12 January 2013 (**Merger Notice**).

The Merger Notice follows on from the original decision of the Botswana Competition Authority made on 18 December 2012 and announced to the ASX by Discovery Metals on 28 December 2012 (**Original Decision**) (copy attached). The Merger Notice relates to condition 10(c)(ii) of the Offer from Cathay Fortune Investment Limited (**CF Investment**) as set out in CF Investment's bidder's statement dated 25 October 2012.

Discovery Metals notes that the Botswana Competition Authority made its Original Decision approximately 5 weeks after publication of the merger notice relating to that decision.

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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NOTICE IN TERMS OF SECTION 60(4)(A)(II) OF THE COMPETITION ACT

AUTHORISATION OF THE ACQUISITION OF ALL THE REMAINING SHARES IN DISCOVERY METALS LIMITED BY CATHAY FORTUNE INVESTMENTS LIMITED

PURSUANT to Section 60(4)(a)(ii) of the Competition Act, notice is hereby given on the decision made by the Competition Authority in respect of the proposed acquisition of all the remaining shares in Discovery Metals Limited by Cathay Fortune Investments Limited.

The Authority determined to authorise the proposed acquisition on the grounds that the analysis of the facts and conclusions of the merger assessment showed that there were no substantive competition concerns in the copper and silver mining industry, in Botswana. Given the fact that:-

- i. the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of the service, due to nature of the transaction;
- ii. there is no likelihood for abuse of dominance given that the parties to the transaction have no historical background relating to abuse of dominance; and
- iii. the proposed merger is expected to have no negative effect on public benefits, in Botswana by virtue of its implementation.

Pursuant to the provisions of Section 55 of the Competition Act, **the Authority has approved the acquisition of all remaining shares in Discovery Metals Limited by Cathay Fortune Investments Limited.** The Authority is of the position that redundancies, if any, pertaining to the transaction should be in accordance with the applicable labour laws. Furthermore, the Authority expects that the parties will exercise restraint for the general workforce in view of the growing unemployment rate in Botswana.

However, as provided for under Section 66 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

This approval does not extend to the transactions that could occur between China-Africa Liantuo Mining Co., Ltd and Cathay Fortune Investments Limited, resulting in a joint venture that is owned 75% by Cathay Fortune Investments Limited and 25% by China-Africa Liantuo Mining Co., Ltd, as stated in the submission made by the acquiring enterprise.

Dated this 18th day of December, 2012

Tebelelo Pule, Ag. CEO, Competition Authority, P/Bag 00101, Gaborone, Plot 50664, Fairgrounds Tel: 3934278 Fax: 3121013