

Mining at Zeta Pit

### ASX/BSE: DML

### **MARKET CAPITALISATION**

Shares on Issue 487m
Share Price A\$0.955
Market Cap A\$465m
Cash (31 Jan) US\$37m
Debt (31 Jan) US\$188m

### ABN 29 104 924 423

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Gordon Gal

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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# **ASX ANNOUNCEMENT**

## **Discovery Metals Limited**

# Boseto Commissioning Update January 2013

Progress continued on the ramp up of production at Discovery Metals' 100% owned Boseto copper project in north-western Botswana during January 2013.

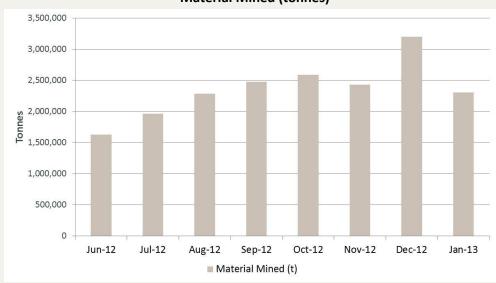
- Processing of predominantly sulphide ore enabled concentrate production to increase significantly during January 2013 to 3,281 t containing 1,262 t Cu and 52,786 oz Ag. This compares with the December 2012 concentrate production of 2,345 t containing 925 t Cu and 41,513 oz Ag.
- Mining material movements were adversely affected by exceptionally heavy rainfall. However, ore mining was able to advance into the sulphide zone enabling milling of better quality ore. Copper recovery was 80%.
- The concentrator achieved 95% of its design production rate for the 17 days it operated. Operating time was reduced by 8 days due to a mill gearbox repair (previously advised) and 6 days due to insufficient ore from the mine.

Details are set out below.

### Mining

Mining production (waste plus ore) for January 2013 of 2.3 Mt was below the target of 3 Mt. Mining was severely impacted by rainfall events, which included a four day period where in excess of 50% of the average annual rainfall for the region was recorded. The rainfall events disrupted all communications across a large portion of NE Botswana, flooded access roads to site and on site, and created significant water influx to the Zeta pit. The rainfall events caused 0.6 Mt of lost production.

### **Material Mined (tonnes)**

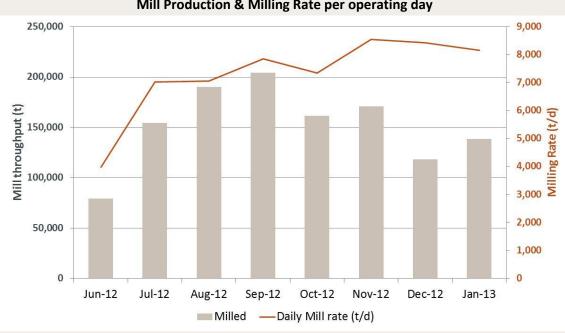


The initiatives for improving mining production and reducing dilution foreshadowed in the November 2012 update report are continuing, with larger (18 m<sup>3</sup> capacity) buckets now fitted and increased supervision, training and emphasis on drill/blast performance. The hire fleet is being progressively relocated to the Plutus pit where sand stripping is largely complete and initial blasts of waste material have occurred.

Mining cost for January was \$2.47/t an increase over the previous month's costs as a result of lost days inhibiting the mining of sufficient volume.

### Concentrator

The concentrator operated for 17 days during the month, losing eight days due to the failure of the mill gearbox (advised last month) and six days due to insufficient ore caused by heavy rain. Milled tonnage for the month of January was 138 kt at an average daily rate of 8,150 tpd for the days operated. The average daily rate represents approximately 95% of the design production rate.



Mill Production & Milling Rate per operating day

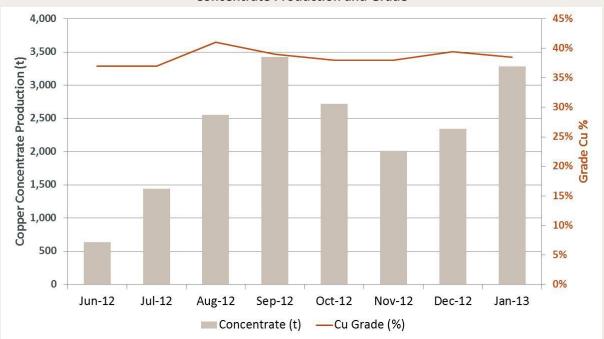
Concentrator cost (excluding power) was \$10.35/t ore processed due to lower than planned ore supply.

Copper recovery in January was 80% and silver recovery was 73%. Ore quality continues to improve as the mine moves deeper into the sulphide zone.

### Metal production

Concentrate production in January was 3,281 tonnes at 38% Cu containing 1,262 tonnes of copper and 52,786 ounces of silver. Concentrate production has now recovered to the September level and is forecast to continue to improve month on month to the end of the financial year.

### **Concentrate Production and Grade**



### **Looking forward**

Mine production, concentrator feed and concentrate production are all expected to increase in February 2013 and into the future towards design rates.

Initiatives for improving mining performance in particular over the next few months are focussed on:

- Drilling: to increase penetration rates and improve drill maintenance;
- Blasting: to increase waste blasted per shot in the waste removal area and limit ore heave to reduce dilution and ore loss in the ore mining area;
- Truck loading cycles: to ensure three pass truck loading with the larger buckets.



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: <a href="https://www.discoverymetals.com">www.discoverymetals.com</a>

For further information on this release and Discovery Metals Limited, please contact:

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