



Mining at Zeta Pit

ASX ANNOUNCEMENT

Discovery Metals Limited

Half Year Financial Report

ASX/BSE: DML

MARKET CAPITALISATION

Shares on Issue	487m
Share Price	A\$0.74
Market Cap	A\$360m
Cash (31 Jan)	US\$37m
Debt (31 Jan)	US\$188m

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WEBSITE

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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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DISCOVERY METALS LIMITED

Highlights

- The Company's half year financial results reflect the continuing commissioning and ramp up at the Company's 100% owned Boseto copper project in north-west Botswana, including:
 - Raising finance as required;
 - Increased costs for offsite support to the Boseto copper project;
 - Receipt of concentrate sales revenue, which is offset against capitalised operating expenses until design production is sustained;
 - Realising hedging income from the 2011 placed hedging programme; and
 - Continued strong exploration results and increases in Mineral Resources;
- The Company held US\$48.4 million in cash at 31 December 2012.

Financial Results

The Discovery Metals consolidated group reported a loss of US\$14.6 million for the December 2012 half year, up from the US\$7.0 million loss for the corresponding period in 2011. This result is consistent with the ramp up in activity, manning and costs by the Company as it commenced production at Boseto in June 2012. These results exclude the US\$10.7 million reduction in the unrealised mark-to-market value of the Boseto hedge book (after tax) and US\$7.4 million of hedge value realised during the half year (which partially offset capitalised Boseto operating costs).

Discovery Metals' Managing Director, Brad Sampson, commented, "***The half year financial results of the Company reflect the continued development of Discovery Metals. We also continue to invest in the development future expansion options for the Boseto copper project and exploration activities to find our next project in Botswana.***"

Note: The Company reports in US Dollars to better reflect the Company's activities and cost and revenue exposure.

Detailed Commentary on Financial Results

Items of note in the Half Year Financials and Directors Report are:

- Assets:
 - The **cash and cash equivalents** balance at 31 December 2012 of US\$48.4 million;
 - **Trade and other receivables** reflect concentrate sales receivables and VAT refunds receivable in Botswana;
 - **Other financial assets** reflect the current and non-current positive mark-to-market value of the copper and silver hedge book, net of tax;
 - **Plant and equipment** increased to US\$313.0 million as a result of Boseto construction and capitalised pre-production costs (net of sales revenue received) activities;
 - **Inventory** increased to US\$16.1 million reflecting the purchase of initial spares and supplies for the Boseto operations;
 - The US\$62.1 million **exploration asset** comprises continued investment in the exploration and feasibility work at Boseto and other parts of the Kalahari Copperbelt.
- Liabilities:
 - The increase in **trade and other payables** to US\$36.6 million reflects ordinary trade creditors and accruals at Boseto.
- Income:
 - **Other comprehensive income** includes a US\$10.7 million reduction in unrealised mark-to-market value of the Boseto hedge book (after tax) and US\$7.4 million of hedge value realised during the half year. The hedge book remains with a positive mark-to-market of US\$30.3 million (after tax) at 31 December 2012.
- Costs:
 - **Salaries** increased to US\$9.7 million with a ramp up in project, exploration and corporate personnel to support the development and operation of the Boseto copper project;
 - A small portion of the Boseto hedge book was deemed ineffective resulting in an **unrealised derivative loss** charge of US\$0.7 million; and
 - An **interest expense** of US\$0.9 million was not capitalised as it relates to interest for mine mobile equipment which is excluded from capitalised pre-production expenses.

The Interim Financial Statements have been reviewed by the Company's auditor, Ernst and Young in Australia, Mauritius and Botswana.



Dump truck transporting a load of ore



Workers at the Boseto Copper Project



Concentrate shed



Bagged concentrate

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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DISCOVERY METALS LIMITED

Developing a new
copper frontier