

APPROVAL GRANTED FOR THE FIRST OF THREE UNDERGROUND MINES ON THE BOSETO COPPER PROJECT

Highlights

- > The Republic of Botswana Government has approved an application for an amendment to Mining Licence No. 2010/99L to incorporate the Zeta Underground Mine into the Boseto Copper Operation.
- > This approval is an important step in the proposed commencement of the Zeta Underground Mine.
- > This approval will enable the swift commencement of underground mining following the completion of the Recapitalisation Proposal with Montsant Partners LLC, as announced on 1 April 2014.
- > At steady state production levels, the planned Zeta Underground Mine will produce 1.5 Mt at 1.3% Cu per annum.

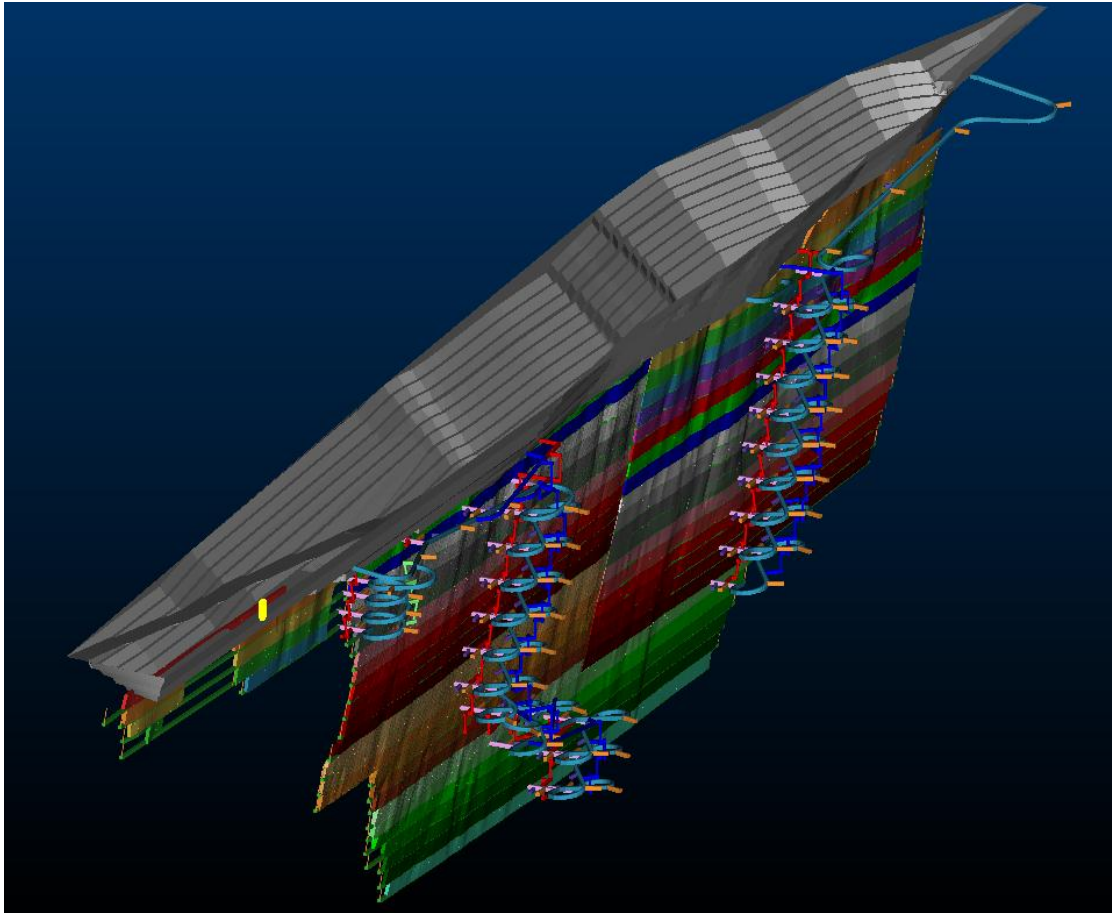
Approval to amend Mining Licence No. 2010/99L

Discovery Metals Limited (ASX/BSE: DML) (**Discovery Metals, DML** or the **Company**) is pleased to announce that it has received approval from the Ministry of Minerals, Energy and Water Resources of the Republic of Botswana to amend Mining Licence No. 2010/99L to include the Zeta Underground Mine into the Boseto Copper Project.

This approval is an important step for Discovery Metals' strategic direction to unlock underground potential. The CEO of Discovery Metals, Mr Bob Fulker, commented that "These are exciting times at Discovery Metals, with the Recapitalisation Proposal with Montsant Partners LLC and now this approval for amendment to Mining Licence No. 2010/99L. This approval will allow the development of our underground mining programme to progress and is consistent with the new overall strategic direction of the Company to develop our underground mineral resources."

Discovery Metals thanks the Minister of Minerals, Energy and Water Resources for this approval and looks forward to continuing and strengthening its relationship with the Republic of Botswana. The development of the Zeta Underground Mine will present additional employment opportunities for the people of Botswana. Local communities and businesses will also benefit from the extension of the life of the Boseto Operation.

Figure 1: Zeta Underground Mine



Discovery Metals' strategic direction, unlocking underground potential

This approval is the commencement of Discovery Metals' strategic direction to change focus into underground mining. It allows for:

- > The establishment of the Zeta Underground Mine which will significantly lengthen the life of the Boseto Operation while also providing a longer and consistent access to high quality mineralisation. There is also potential for two more underground mines (North-East Mango 2 and Zeta North-East);
- > Access to higher grade mineralisation together with improved copper recovery, which will result in much higher copper and silver production;
- > The use of leading underground mining contractors with customary KPIs to provide for reduced operational risk management with low owner administration costs; and
- > Feasibility work on an additional underground mine to progress while supplementary feed is obtained from open pits.

The Company's ultimate objective to be able to supply sufficient ore from the three planned underground mines to be able to keep the 3.2mtpa Boseto concentrator running at maximum throughput and efficiency.

10 April 2014

At steady state production levels, the planned Zeta Underground Mine will produce 1.5 Mt at 1.3% Cu per annum. This information was prepared and first disclosed under the JORC Code 2012 in the 'Minerals Resources and Ore Reserves Update' dated 22 July 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to the Zeta Underground Mine is extracted from page 17 of the report 'Zeta Mineral Resource, Ore Reserve and Exploration Target Statements' created on 18 July 2013, which was included as an attachment to the announcement 'Mineral Resources and Ore Reserves Update' dated 22 July 2013, and is available to view on www.discoverymetals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 approximately 26,150 km² in Botswana.

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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