

9 March 2010

**Discovery Metals Limited**  
**(‘Discovery Metals’ or the ‘Company’)**  
**(AIM: DME) (ASX/BSE: DML)**

**AMENDED**

**Concentrate Off-take Alliance and Share Subscription**

**Highlights:**

- The Boseto copper concentrate sales contract has been awarded to Transamine, a global non-ferrous raw materials trading company.
  - Agreement covers 100% of the Boseto concentrate for a minimum 5 year period.
  - The agreement has features which minimises Discovery Metals’ risk exposure and enhances the Company’s working capital.
  - Transamine is a highly credible counterparty and the concentrate sales agreement enhances the bankability of the Boseto Copper Project.
- Transamine will subscribe for 25 million Discovery Metals’ shares at A\$0.7623 per share, which is an 11% premium to the 4 week VWAP. The A\$19 million will be paid by Transamine within 5 business days.
  - Funds will be used towards the construction of the Boseto Copper Project after internal and external approvals.
- **The Bankable Feasibility Study (‘BFS’)** for the Boseto Copper Project is nearing completion and remains on track for end of March 2010.

Discovery Metals Limited (ASX/BSE: “DML”) (AIM: “DME”) announces the establishment of a long term strategic alliance with Transamine, a Swiss based non-ferrous raw materials trading company. An initial 5 year offtake contract has been agreed in anticipation of a decision to proceed with the construction of the Boseto Copper Project.

In recognition of the establishment of this long term strategic relationship, Transamine will purchase 25 million shares in Discovery Metals Limited. These shares will be priced at an 11% premium to the volume weighted average market price over the 4 weeks prior to execution of this agreement. The A\$19 million in funds raised from this share placement will be utilised to assist Discovery Metals to finance the development of the Boseto Copper Project. The share subscription agreement is not conditional upon completion of the BFS.

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Discovery Metals' Managing Director, Brad Sampson commented, "Over the last 2 years we have been in the fortunate position of having very wide interest in securing concentrate offtake from the Boseto Copper Project. The establishment of this strategic alliance with Transamine represents delivery of another significant milestone in the development of the Boseto Copper Project."

"We are delighted to be working with Transamine, which is a large concentrate trader with excellent experience, reputation and capability to perform this vital function for Discovery Metals", he added.

A Transamine spokesperson said, "We welcome the opportunity to work closely with the Boseto Copper Project at such an exciting period of Discovery Metals' growth."

The terms of the offtake agreement remain confidential but reflect the high quality of the Boseto concentrate and provide highly competitive commercial terms.

### **Transamine Background:**

Transamine is one of the oldest, independent, privately held commodities trading companies in the world specialising in raw materials. It provides services in marketing, raw material sourcing, finance and investment worldwide, with a core business focus on non-ferrous metals.

Founded in 1953, Transamine has proven its adaptability, reliability and flexibility in increasingly globalized markets and the changing needs of its client base. Transamine is committed to providing a complete spectrum of services including sourcing, marketing, hedging, logistical support and financing solutions.

Transamine has responded to the global financial crisis and lack of liquidity by providing financial support to producing mines, as well as to junior mining companies by direct investments for start-ups or expansions which fit its risk profile and customer needs.

Transamine believe that the secret to its success and longevity in non-ferrous commodity trading lies in its commitment to long term relationships with their suppliers and customers, as well as their in-depth knowledge of sourcing and marketing of a full range of non-ferrous raw materials worldwide.

In 2009, Transamine entered similar arrangements which included Citadel Resource Group Limited's Jabal Said copper project in Saudi Arabia, Terramin Australia Limited's Tala Hamza lead and zinc project and Kagara Zinc Limited.

### **Boseto Project Background:**

Discovery Metals' Boseto Copper Project (100% owned) is located in north-west Botswana, approximately 80 kilometres south-west of the town of Maun, within the district of Ngamiland. A seven tenement package was granted to Discovery Metals in September 2005 and fieldwork on this tenement package commenced in October 2005. The Government of Botswana approved the Company's renewal of these tenements in September 2008 and all prospective areas were retained by the Company. In June 2008, Discovery Metals was granted an additional seven tenements extending from the south-west boundary of the original 2005 granted tenements through to the Namibian border, adding 5,700 km<sup>2</sup> to the area held under prospecting licenses, to bring the total current tenement area to 10,100 square kilometres. The outer limit of the exploration licence area starts approximately 60 km south-west of Maun and stretches in a south-westerly direction for approximately 300 km to the Namibian border.

The Boseto Copper Project is located within a belt of significant copper-silver mineralisation that extends from the well known and more highly developed Zambian Copper Belt across north-west Botswana and into Namibia. The poorly explored and undeveloped portion of this belt in north-west Botswana is known as the Kalahari Copper Belt.

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Copper in the Boseto project area occurs predominantly in chalcocite, with minor amounts of bornite and other copper sulphides present. At shallow depths, malachite and chrysocolla exist in significant proportions within some areas of the mineral resource.

The **total Mineral Resource** for the **Boseto Copper Project**, reported in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, "2004 Edition") at a cut off of 0.6% Cu is:

**60.4 Mt @ 1.4% Cu and 19.5 g/t Ag containing 846 kt copper metal and 38 Moz silver**

consisting of:

**Measured Resources of 3.9 Mt @ 1.6% Cu and 23.0g/t Ag;**

**Indicated Resources of 7.8 Mt @ 1.5% Cu and 22.8g/t Ag; and**

**Inferred Mineral Resource of 48.7 Mt @ 1.4% Cu and 18.7 g/t Ag**

A Pre-Feasibility Study for the Boseto Copper Project was completed on time and on budget in July 2008.

Discovery Metals is currently undertaking a Bankable Feasibility Study for the Boseto Copper Project which is planned for completion in March 2010.

**Further information on the Company is available on its website: [www.discoverymetals.com.au](http://www.discoverymetals.com.au)**

***Competent Persons Statement***

The information in this report that relates to Exploration Results is based on information compiled by Mr Fred Nhiwatiwa who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Nhiwatiwa is a full-time employee of Discovery Metals Limited. Mr Nhiwatiwa has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this report as it relates to the Zeta, Plutus and Petra Mineral Resources for the Boseto Copper Project was reviewed by David Arnott, who is a MAusIMM. Mr Arnott is employed fulltime by Snowden Mining Industry Consultants Pty Ltd (Snowden). Mr Arnott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Arnott and Mr Nhiwatiwa consent to the inclusion in the report of the matters based on information provided by them and in the form and context in which it appears.

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

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ASX & BSE: **DML**

AIM: **DME**

SHARE PRICE: **A\$0.795**

SHARES: **231M**

Market Cap: **A\$184M**

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