



BOTSWANA RESOURCES CONFERENCE

DISCOVERY METALS LIMITED – JUNE 2014

MOKWENA MORULANE (COUNTRY MANAGER)

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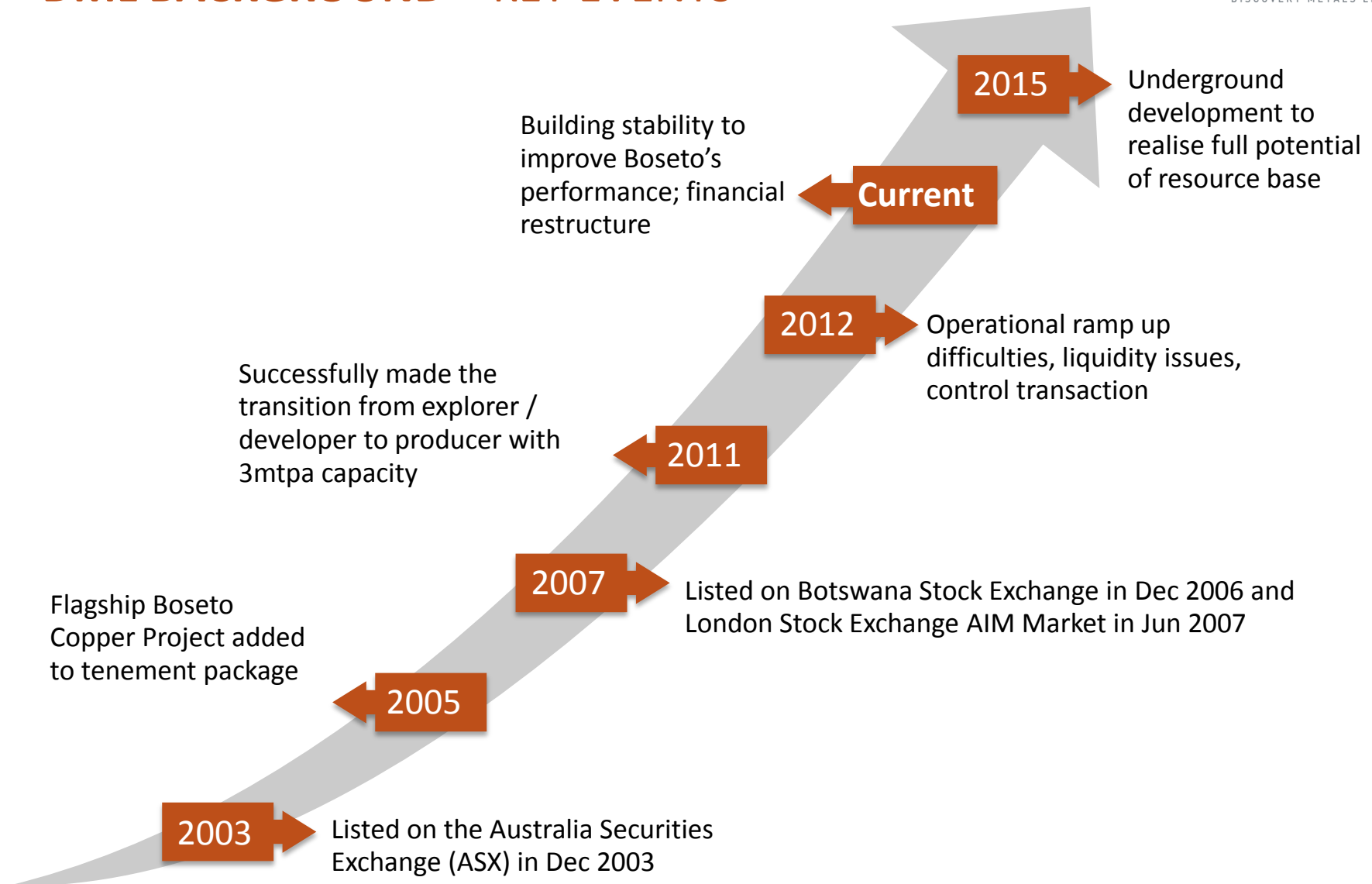
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PRESENTATION OUTLINE

- 1. DML Background**
- 2. DML Overview**
- 3. Boseto Operations**
- 4. Underground Development**
- 5. Capital Raising**
- 6. Summary**

DML BACKGROUND – KEY EVENTS



DML BACKGROUND – COMPANY SNAPSHOT

AS AT 4 JUNE 2014

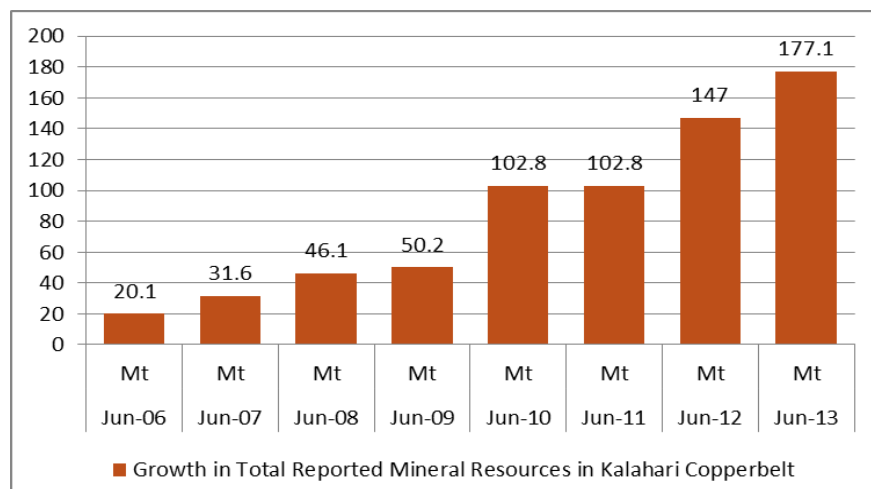
Company Summary

Shares on Issue	644m
Share Price	A\$0.03
Market Cap	A\$19.3m
Cash on hand	US\$4.9m
Debt	US\$159.7m
Enterprise Value	US\$174.1m
Mineral Resources (July 2013)	177.1mt

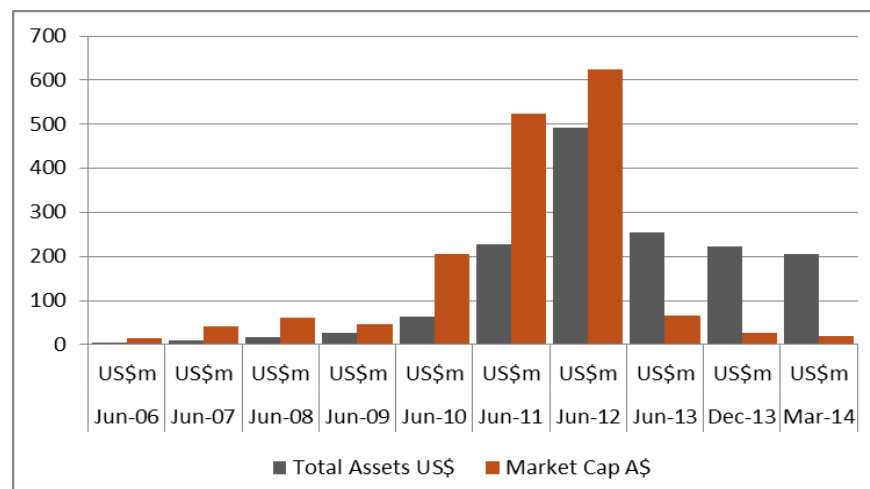
Shareholder Summary

Transaminvest	18.6%
Blumont Copper	10.0%
Botswana Registry	4.8%
Estimated Retail Investors	63%

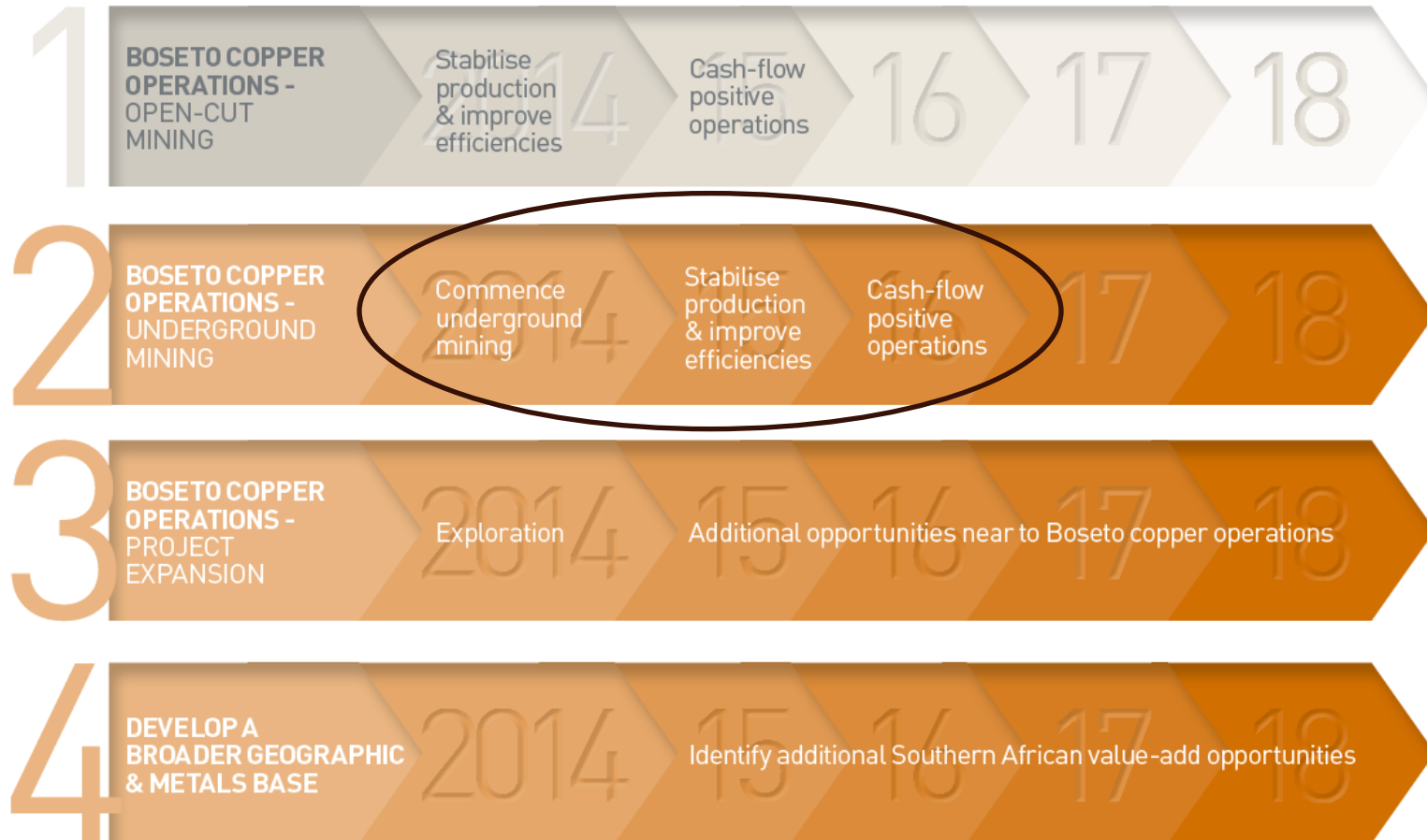
Growth in Total Reported Mineral Resource 2006-2013



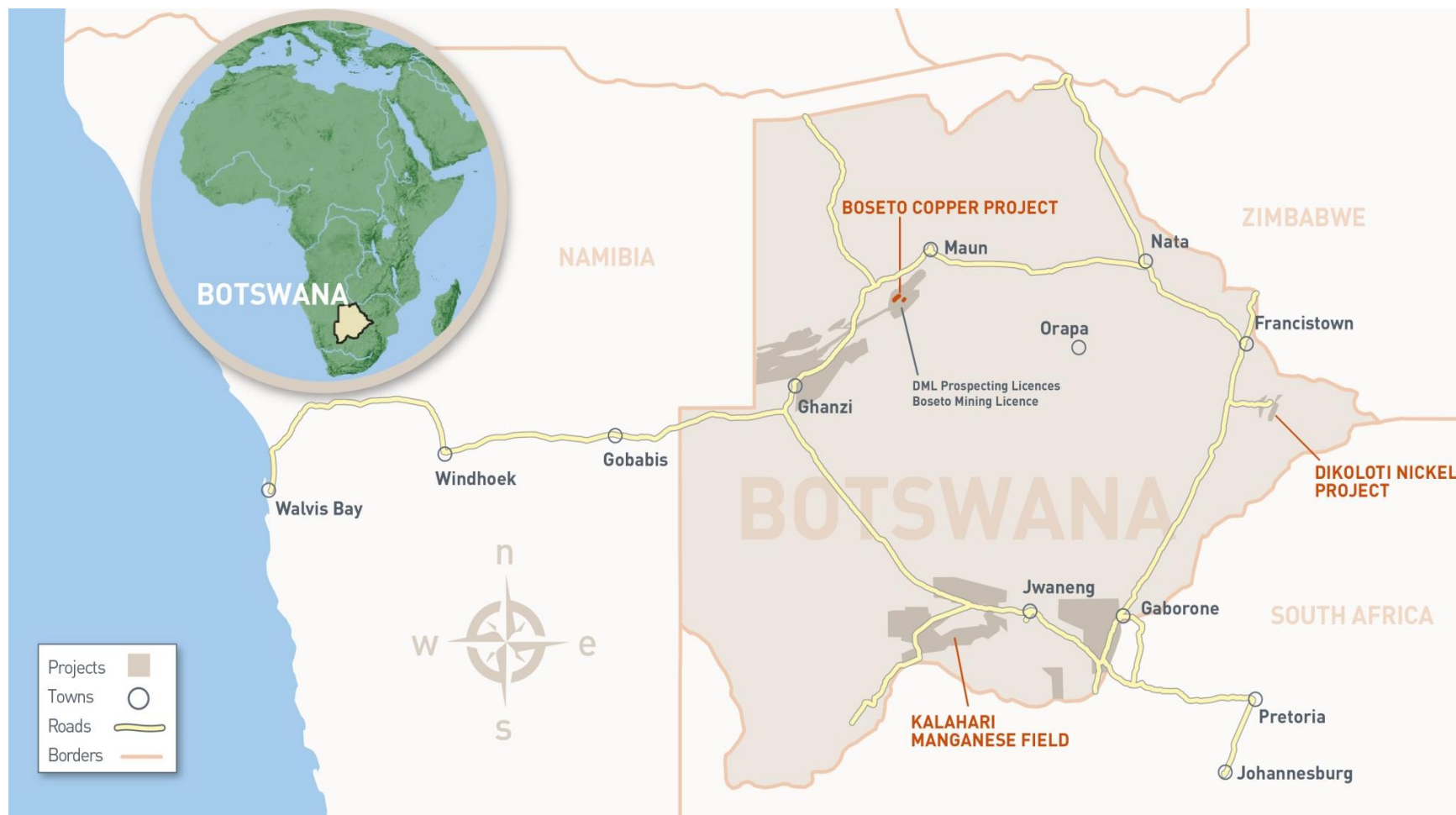
Total Assets and Market Capitalisation 2006-2013



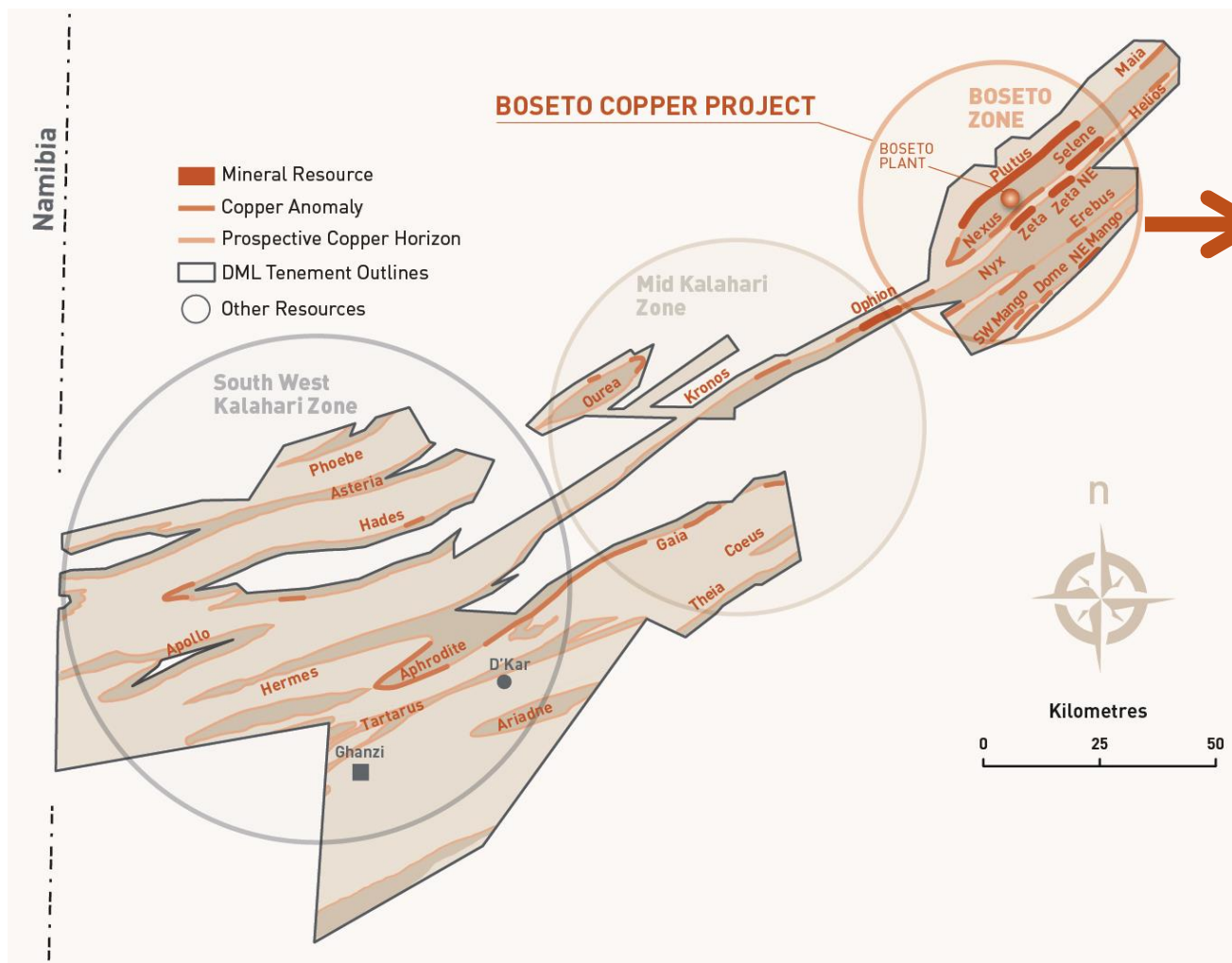
DML OVERVIEW - STRATEGIC GROWTH PLAN



DML ASSETS OVERVIEW



DML OVERVIEW – KALAHARI COPPER BELT



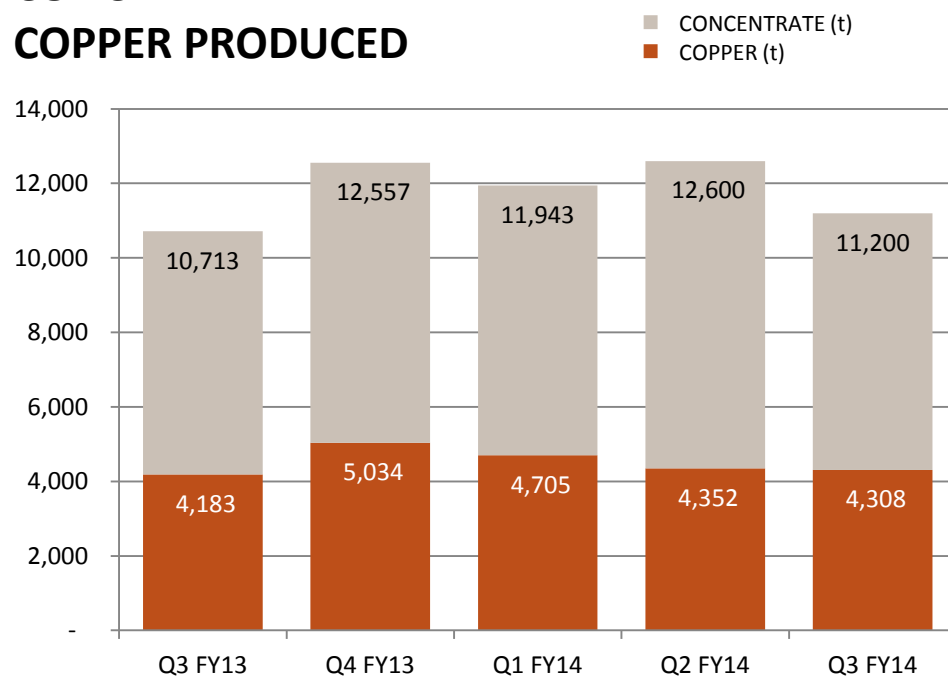
Mineral Resource	Mt	Cu %	Ag (g/t)
Plutus	82.1	1.3	12
Zeta	18.8	1.5	24
TOTAL	100.9	1.4	14
Inferred Resource	Mt	Cu %	Ag (g/t)
Selene	16.0	1.0	16
Zeta NE	12.9	1.3	22
Ophion	14.0	1.0	12
NE Mango1	4.8	1.2	13
NE Mango2	28.5	1.3	14
TOTAL	76.2	1.2	15

Only ~30% of DCB exploration area explored to date

BOSETO OPERATIONS – COPPER PRODUCTION

- 37.7 kt of concentrate produced at 30 June 2013
- **40.0 kt of concentrate produced in FY to 30 April 2014 (still to add May & June production)**
- 14.8 kt of copper produced at 30 June 2013
- **15.3kt of copper produced in FY to 30 April 2014 (still to add May & June production)**
- **April 2014 C1 cash costs at \$2.86/lb compares favourably with \$3.45/lb at Q4 FY13**

CONCENTRATE AND COPPER PRODUCED



BOSETO OPERATIONS – CHALLENGES

Challenges to date

- Operational readiness
- Quality ore delivery
- Equipment reliability
- Cost control
- Depressed share price
- Capital raising
- Skills availability



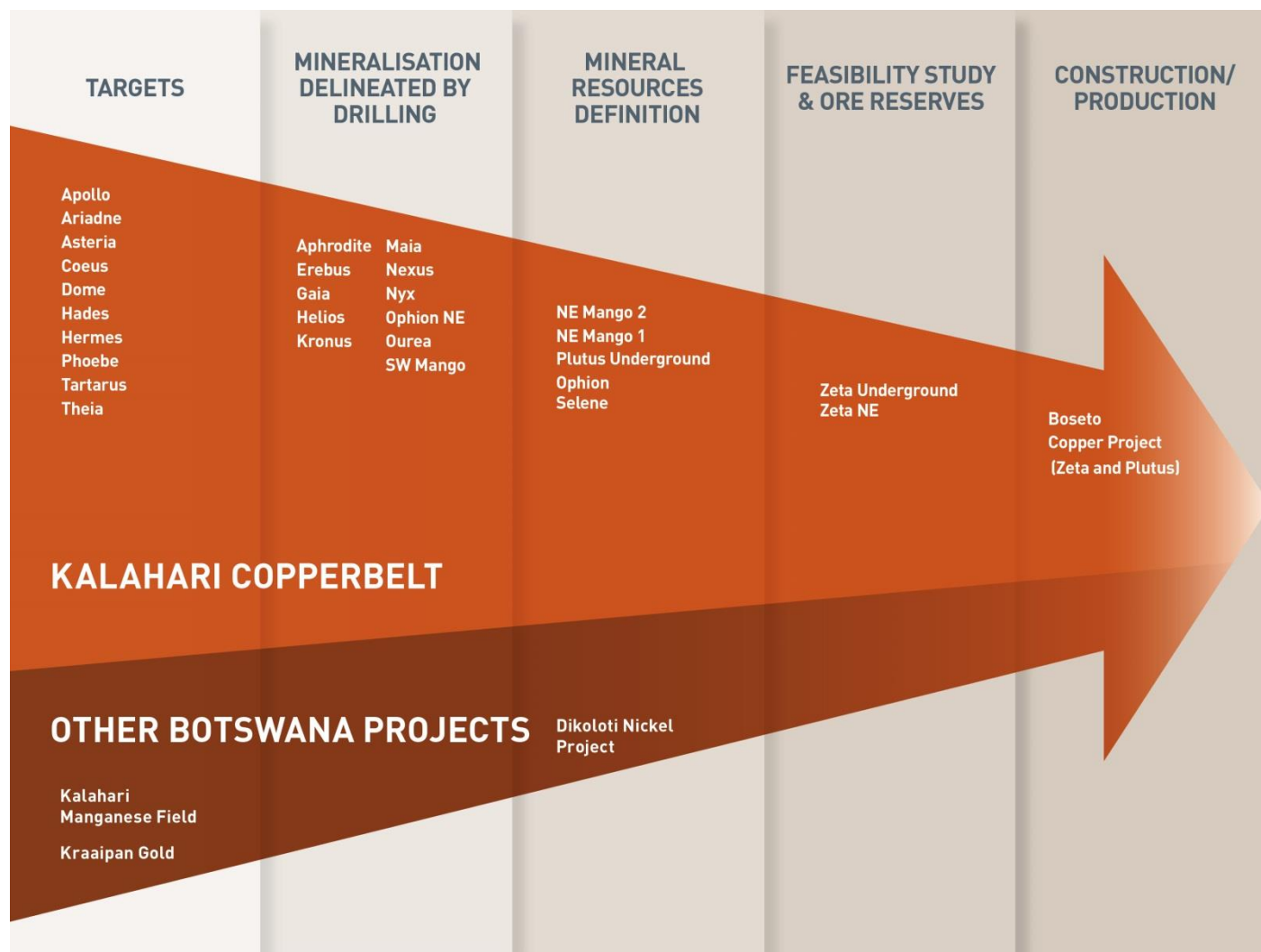
BOSETO OPERATIONS – KEY ACTIONS

Key Actions

- Formalised planning cycle
- Multiple ore sources
- Underground development
- Leadership & restructure
- Rigorous cost controls
- Talent development & training



EXPLORATION – HAS LONG TERM VALUATION UPSIDE



UNDERGROUND DEVELOPMENT – UNLOCKING VALUE

The ore body composition makes underground mining a whole of business efficiency gain:

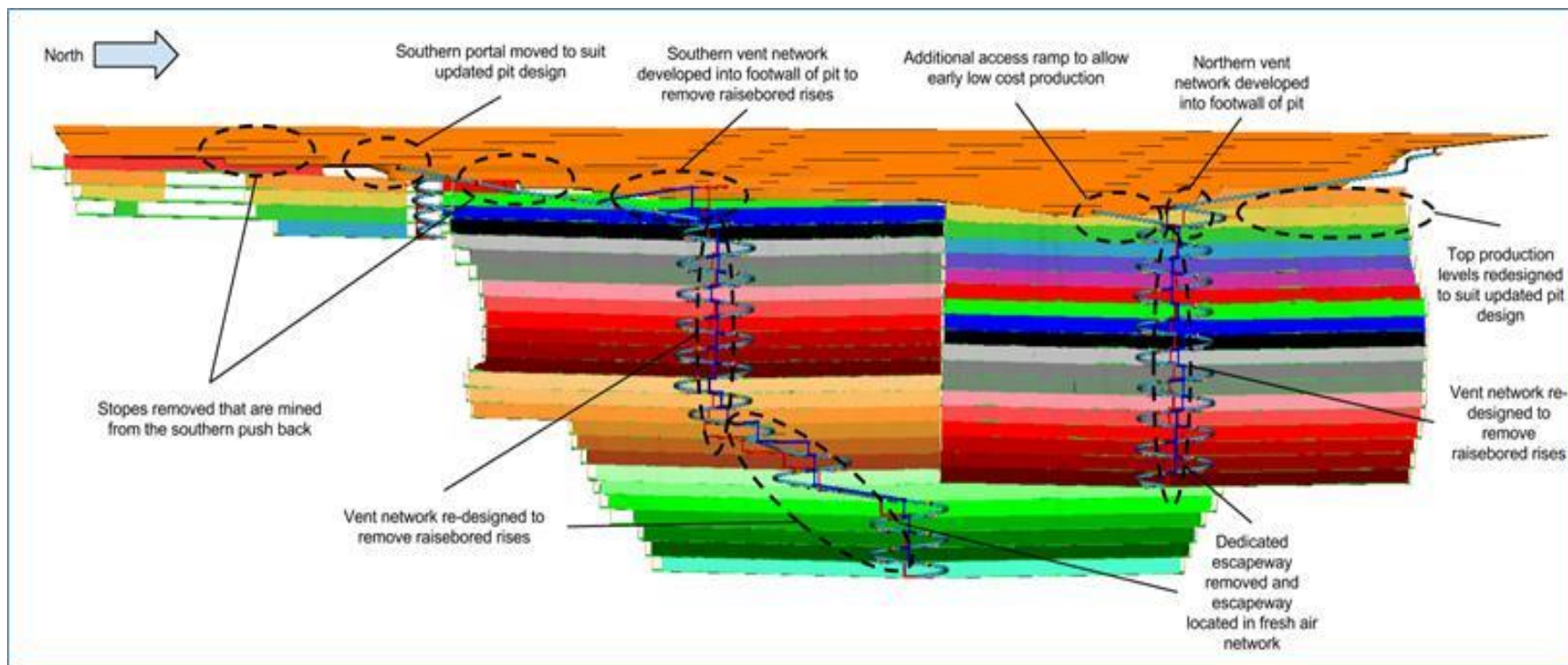
- Less oxide material
- Improved ore quality from sulphide zone only
- Improvement in metallurgical recovery
- Increase in Operational life of Boseto



UNDERGROUND DEVELOPMENT DRIVES EFFICIENCY GAINS

The ore body composition makes underground mining a whole of business efficiency gain:

- Improved ore production
- Improved ore quality and ore availability
- Improved mill recovery and grade
- Increase life of mine



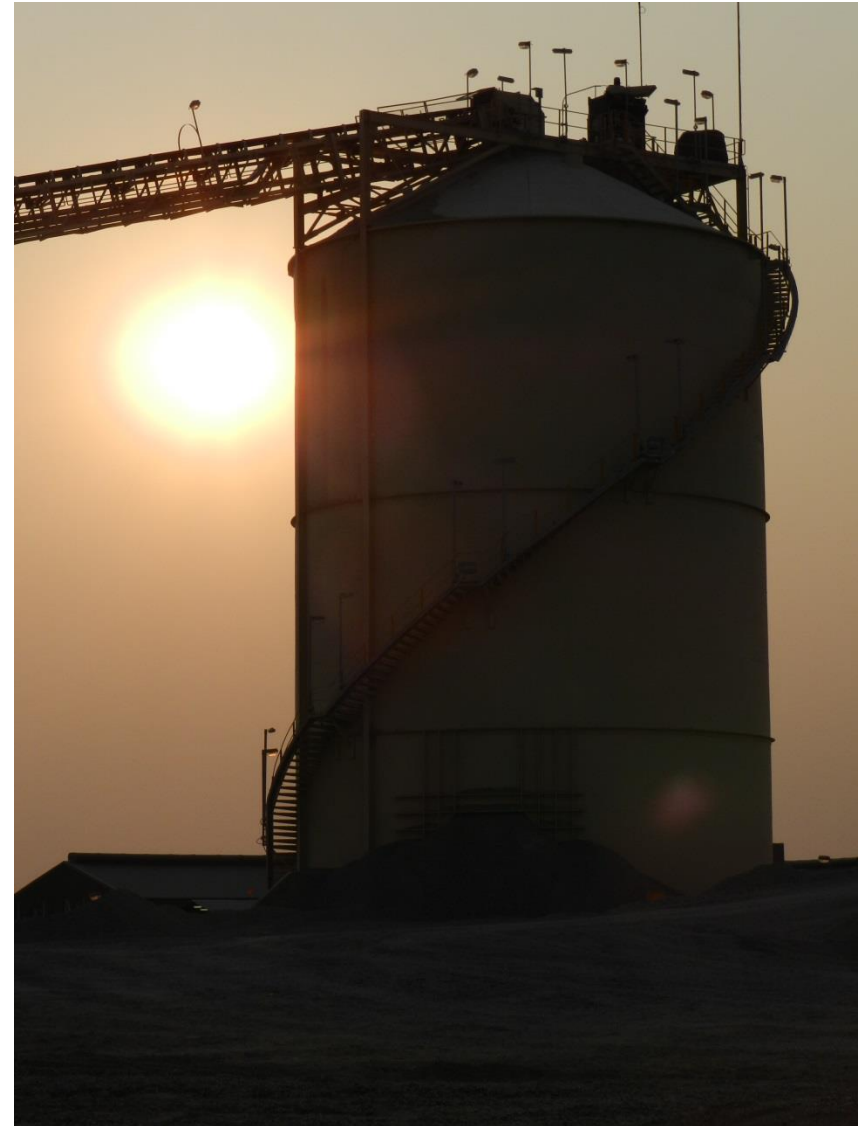
CAPITAL RAISING

Debt Refinancing

- Debt reprofiling subject to long form documentation being completed
- Interest bearing debt reduced to \$100m
- Interest rate to be LIBOR plus 5%
- Zero repayments for 4 years

Planned Equity Raisings

- To finance development of underground mines
- Initially to be through a pro-rata rights issue to shareholders
- To be fully underwritten



SUMMARY

The Underground Development is transformational for DML.

- **Debt refinancing a significant enabler**
- **Planned new equity raisings to enable underground mining and working capital requirements**
- **Large exploration potential**

THANK YOU FOR YOUR ATTENTION

CONTACT

Mokwena Morulane
Country Manager



DISCOVERY METALS LIMITED

Plot 21314, Sebele Station Rd
Phakalane
Gaborone

t +267 318 0751

f +267 318 0752

e mokwena.morulane@discoverymetals.com

COMPETENT PERSONS STATEMENT

The information is extracted from the report entitled 'Mineral Resources and Ore Reserves Update' created on 22 July 2013 and is available to view on <http://www.asx.com.au/asxpdf/20130722/pdf/42h59l0pwtgv4.pdf>. The Competent Persons responsible for the original report are Mr Matthew Readford, Mr Michael Stewart, Mr David Purdey and Mr Andrew Gasmier. 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 in the relevant market announcement 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.

The information in this presentation 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) and Dr Wallace Mackay who is a Member of the Australian Institute of Geoscientists. Messrs Nhiwatiwa and Mackay are employed full-time by Discovery Metals Limited. Messrs Nhiwatiwa and Mackay have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC 2012)*.

The information in this presentation that relates to Additional Kalahari Copper Belt Mineral Resources (Selene, Zeta NE, Ophion, NE Mango 1 and NE Mango 2) is based on information compiled by Mr Matthew Readford, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Matthew Readford is a full time employee of Xstrat Mining Consultants Pty Ltd, and has no interest in, and is entirely independent of, Discovery Metals Limited. Matthew Readford 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 JORC 2012.

The information in this presentation that relates to the Zeta and Plutus Mineral Resources and Exploration Targets is based on information compiled by Mr Michael Stewart, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Michael Stewart is a full time employee of the Quantitative Group, and has no interest in, and is entirely independent of, Discovery Metals Limited. Michael Stewart 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 JORC 2012.

The information in this presentation that relates to the Zeta Open Pit and Plutus Ore Reserves is based on information compiled by Mr David Purdey, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). David Purdey is a full time employee of the Quantitative Group, and has no interest in, and is entirely independent of, Discovery Metals Limited. David Purdey 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 JORC 2012.

The information in this presentation that relates to the Zeta Underground Ore Reserves is based on information compiled by Mr Andrew Gasmier, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Andrew Gasmier is a full time employee of the Mining Plus Pty Ltd, and has no interest in, and is entirely independent of, Discovery Metals Limited. Andrew Gasmier 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 JORC 2012.

BOSETO ORE RESERVES

Ore Reserves ¹	ZETA			PLUTUS			TOTAL		
Open Pit ²	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)
Proved	1.7	1.3	20	4.8	1.2	11	6.5	1.2	13
Probable	0.05	1.2	17	1.2	1.4	16	1.3	1.4	16
Open Pit Ore Reserves	1.8	1.3	20	6.0	1.2	12	7.7	1.2	14
Underground ³	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)
Proved	0.9	1.2	21				0.9	1.2	21
Probable	6.4	1.3	23				6.4	1.3	23
Underground Ore Reserves	7.3	1.3	23				7.3	1.3	23
TOTAL ORE RESERVES⁴	9.0	1.3	22	6.0	1.2	12	15.0	1.3	18

¹ All Ore Reserves are reported as at 31 May 2013 and exclude material mined to this date.

² Due to the relationship between the metallurgical copper recovery and the block S:Cu ratio, no traditional cut-off grade was applicable. The determination of ore was made by calculating the cash flow that would be produced by processing material and the cash flow which would be produced by mining it as waste. If the cash flow from processing was higher, the material was considered as ore; if not, it was considered waste.

³ The economic cut-off grade used to determine the Zeta Underground Ore Reserves is 1.07% Copper Equivalent (CuEq), where $CuEq\% = Cu\% + 0.0113 \times Ag (g/t)$.

⁴ Please refer to Competent Persons Statement.

BOSETO MINERAL RESOURCES

Mineral Resources	2013 Estimate ¹			Previous Estimate ²		
	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)
Plutus	82.1	1.3	12	86.9	1.4	13
Zeta	18.8	1.5	24	44.1	1.3	22
Total Boseto Copper Project	100.9	1.4	14	131.0	1.3	16

¹ Mineral Resources are reported as at 31 May 2013 and exclude material mined to this date. Mineral Resources reported here include any Open Pit and Underground Ore Reserves declared. The 2013 Plutus and Zeta Open Pit Mineral Resources reported at cut-off grades of 0.5% Cu in fresh rock, 0.7% Cu in transitional material, and 1.0% Cu in oxide; and Underground Mineral Resources reported above a cut-off grade of 1.07% Cu equivalent ($CuEq = Cu + Ag \times 0.0113$) and a 5m minimum mining width. Plutus and Zeta Open Pit Mineral Resources are constrained within a pit optimisation run at 1.5 times the Ore Reserves commodity price. Zeta Underground Mineral Resources are constrained within the limits of geological interpretation.

² The previous estimates are reported at a cut-off grade of 0.6% Cu at dates prior to commencement of mining activity.

ADDITIONAL BOSETO ZONE MINERAL RESOURCES

Inferred Mineral Resources ¹			
Prospect	Mt	Cu (%)	Ag (g/t)
Selene	16.0	1.0	16
Zeta NE	12.9	1.3	22
Ophion	14.0	1.0	12
NE Mango 1	4.8	1.2	13
NE Mango 2	28.5	1.3	14
TOTAL²	76.2	1.2	15

¹ Inferred Mineral Resources reported as at 31 May 2013, at a cut-off grade of 0.6% Cu, and are exclusive of interpreted oxide material.

² Please refer to Competent Persons Statement.