

18 September 2014

COMPANY UPDATE

Discovery Metals Limited (ASX/BSE: DML) (**Discovery Metals, DML** or the **Company**) provided to its Lenders in August an updated development plan and financial model for Lenders to review as required by the Business Plan condition subsequent of the Amended and Restated Facility Agreement (refer ASX Announcement 21 July 2014).

The Company now advises that it received a notice of breach from its Lenders stating that the updated Business Plan is not in a form and substance satisfactory to the Lenders, as required under the Amended and Restated Facility Agreement. The Lenders have reserved their rights.

The proposed renounceable rights issue announced on 1 September 2014 will now not proceed in the form and timeframe announced. Therefore, the development of the Zeta Underground Mine is on hold.

In the interim the Company will continue to operate the open cut operations at Zeta and Plutus, which delivered record copper production in July and August, while it continues to engage in discussions with its Lenders regarding future options.

Shares in the Company will remain suspended from trading until 31 October 2014 pending finalisation of discussions with the Company's Lenders.

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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 Operation.

The Kalahari Copperbelt sediment-hosted mineralisation of the Boseto Copper Operation 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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