

ASX ANNOUNCEMENT



Liebherr 9350 Excavator and
Caterpillar dump truck

ASX: DML AIM: DME
BSE: DML

MARKET CAPITALISATION

Shares on Issue 442m
Share Price A\$1.400
Market Cap A\$619m
Gross Cash (10 Jan) US\$90m
Drawn Debt (10 Jan) US\$150m

ABN 29 104 924 423

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Chairman
Gordon Galt

Managing Director
Brad Sampson

Non-Executive Director
Morrice Cordiner
Ribson Gabonowe
Jeremy Read
John Shaw

Company Secretary
Greg Seeto

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DISCOVERY METALS LIMITED

Discovery Metals Limited

Higher Grade Copper Zone at Zeta North East confirmed by Drilling

Highlights:


- Further drilling confirms higher grade copper-silver mineralisation at the Zeta North East Prospect.
- Mineralised strike length exceeding 3 kilometres remains open at depth.
- Significant diamond drilling intercepts include:
 - GDDD1331 6.9 m @ 2.8% Cu & 5 g/t Ag;
 - GDDD1335 7.6 m @ 1.4% Cu & 27 g/t Ag;
 - GDDD1336 3.3 m @ 1.8% Cu & 22 g/t Ag;
 - GDDD1337 5.9 m @ 1.9% Cu & 42 g/t Ag.
- Further resource delineation drilling is planned to begin in January 2012 to provide sufficient data for estimation of an Inferred Mineral Resource in the September quarter of 2012.

Discovery Metals Limited ('Discovery Metals' or 'Company') reports highly encouraging assay results from a further five diamond drill holes of a 12 hole programme at the Zeta North East Prospect which is situated within the Company's 100% owned Prospecting Licences in the Kalahari Copperbelt in north west Botswana (Figure 1).

The Zeta North East Prospect is located in the Boseto Zone (Figures 2 and 3) and is centered approximately 11 kilometres from the Boseto Copper Project's concentrator. The Boseto Copper Project is currently under construction and is scheduled to commence production in the first half of 2012. Planned production is approximately 36,000 tonnes of copper and more than 1 million ounces of silver per annum over an initial evaluated mine life of 15 years.

Discovery Metals' Managing Director, Brad Sampson said, ***"These new high grade copper-silver assays successfully add to the initial drilling results from the follow up 12 hole programme at Zeta North East and further highlight the potential for this Prospect to develop into a Mineral Resource and contribute to a larger and longer life Boseto Copper Project."***

"Delineation of a higher grade deposit at Zeta North East has potential to not only enhance project cash flows in the early years, but also boost copper and silver production and reduce forecast cash production costs," he added.



The drilling programme at Zeta North East is part of Discovery Metals' regional exploration and Mineral Resources development strategy. The Company is committed to progressing exploration within the Boseto Zone to support both an extension of the current mine life and an increase in capacity of the Boseto concentrator.

Zeta North East Prospect Drilling Programme

Discovery Metals initially drilled the Zeta North East Prospect in 2007 following up on results from three historic drill holes and identified copper-silver mineralisation over a strike length of approximately two kilometres (Figures 3 and 4). A review of near-mine prospects in mid-2011 highlighted Zeta North East as having potential to add to the Mineral Resources base for the Boseto Copper Project.

An additional 12 diamond drill holes have now been drilled at the Zeta North East Prospect completing a programme that commenced in August 2011 and the results of five of these holes are reported in Table 1. The results of the first six holes of this 12 hole programme were reported to the ASX in November 2011 including significant assays as follows:

- GDDD1328 6.0 m @ 3.9% Cu & 70 g/t Ag;
- GDDD1333 4.7 m @ 2.2% Cu & 109 g/t Ag; and
 8.0 m @ 1.4% Cu & 33 g/t Ag;
- GDDD1334 5.2 m @ 1.9% Cu & 45 g/t Ag.

All hole locations are shown in plan view in Figure 4 and a selection of results are displayed in cross section in Figures 5 and 6.

All drill holes have intersected copper-silver mineralisation. The main sulphide minerals identified from geological logging of core are chalcocite and bornite. Copper-silver mineralisation at Zeta North East remains open at depth.

The results reported confirm the grade and thickness of earlier drilling.

Hole GDDD1337 extends the higher grade zone of copper-silver mineralisation by approximately 450 metres to the south west and logging of GDDD1338, drilled on the same section, confirms that mineralisation continues to a vertical depth of approximately 120 metres. Results of the one remaining hole, GDDD1338, are expected to be reported in March.

Drilling at Zeta North East, planned to recommence in January 2012, is designed to further delineate this zone of higher grade copper-silver mineralisation both along strike and at depth and to provide sufficient data to enable estimation of Inferred Mineral Resources at the Zeta North East Prospect in the September quarter of 2012.

Table 1: Drill hole intercepts for the Zeta North East Prospect

HoleID	Section	Northing/ Easting (m) WGS84 SUTM34	Azi/Dip	Total Depth (m)	Min. From (m)	Min. To (m)	Geochemical Results over down hole thickness (0.3% Cu cut-off)
GDDD1330	51650N	7727492N/ 717989E	-60 to 140	216.0	204.0 206.4	207.0 207.0	3.0 m @ 0.7% Cu & 12g/t Ag including 0.6 m @ 1.0% Cu & 19 g/t Ag
GDDD1331*	48950N	7725958N/ 715802E	-60 to 140	21.3	14.4	21.3	6.9 m @ 2.8% Cu & 5 g/t Ag
GDDD1335	47950N	7725340N/ 715001E	-60 to 140	100.5	86.0 87.9	93.6 91.3	7.6 m @ 1.4% Cu & 27 g/t Ag including 3.4 m @ 2.4% Cu & 41 g/t Ag
GDDD1336	47950N	7725363N/ 714979E	-60 to 140	149.5	134.0	143.2	9.2 m @ 0.9% Cu & 13 g/t Ag including
					135.0	135.6	0.6 m @ 1.3% Cu & 4 g/t Ag
							and
					137.7	141.0	3.3 m @ 1.8% Cu & 22 g/t Ag
GDDD1337	45900N	7724035N/ 713430E	-60 to 145	105.6	81.0	81.7	0.7 m @ 0.5% Cu & 2 g/t Ag
					88.1	99.0	10.9 m @ 1.3% Cu & 28 g/t Ag including
					92.7	98.6	5.9 m @ 1.9% Cu & 42 g/t Ag
GDDD1338	45900N	7724048N/ 713408E	-60 to 140	143.7			Results pending.

*GDDD1331 was abandoned in mineralisation due to excessive core loss. GDDD1332 (reported 14 November 2011) was drilled adjacent to it.



Continuing Fleet Assembly



Managing Director, Brad Sampson, addressing staff in Gaborone



Flotation Circuit



Process Plant

CONTACT DETAILS

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DISCOVERY METALS LIMITED

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Wallace Gordon Mackay who is a Member of the Australian Institute of Geoscientists. Mr Mackay is a full-time employee of Discovery Metals Limited. Mr Mackay 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 Mackay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Discovery Metals Background

Discovery Metals is an ASX/AIM/BSE listed copper exploration and development company focused on the emerging Kalahari Copperbelt in northwest Botswana. The Company is a near-term copper producer currently developing its 100% owned Boseto Copper Project towards production in the first half of 2012.

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 8,877 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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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.

Developing a new
copper frontier

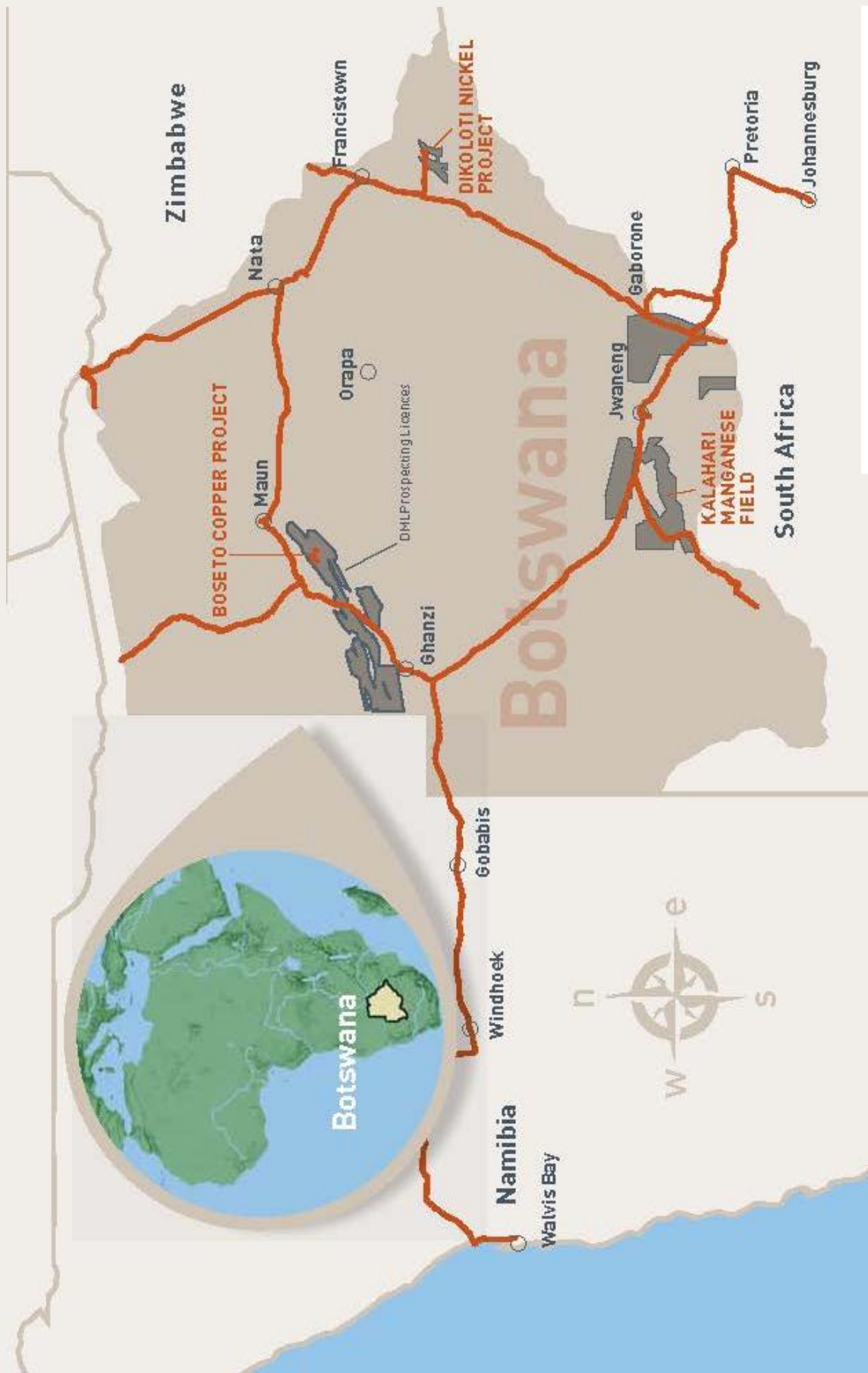


FIGURE 1: DISCOVERY METALS BOTSWANA PROJECTS

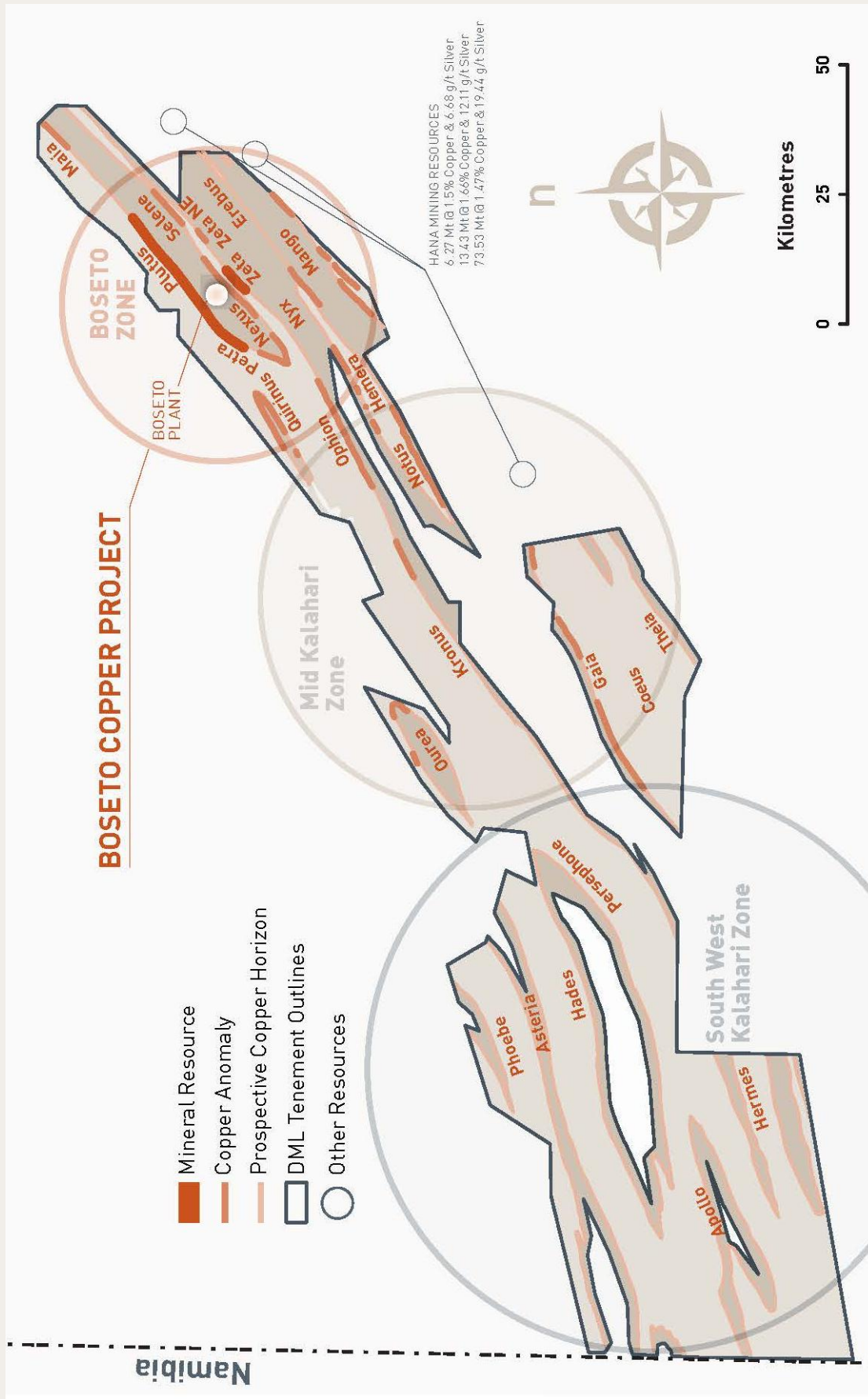
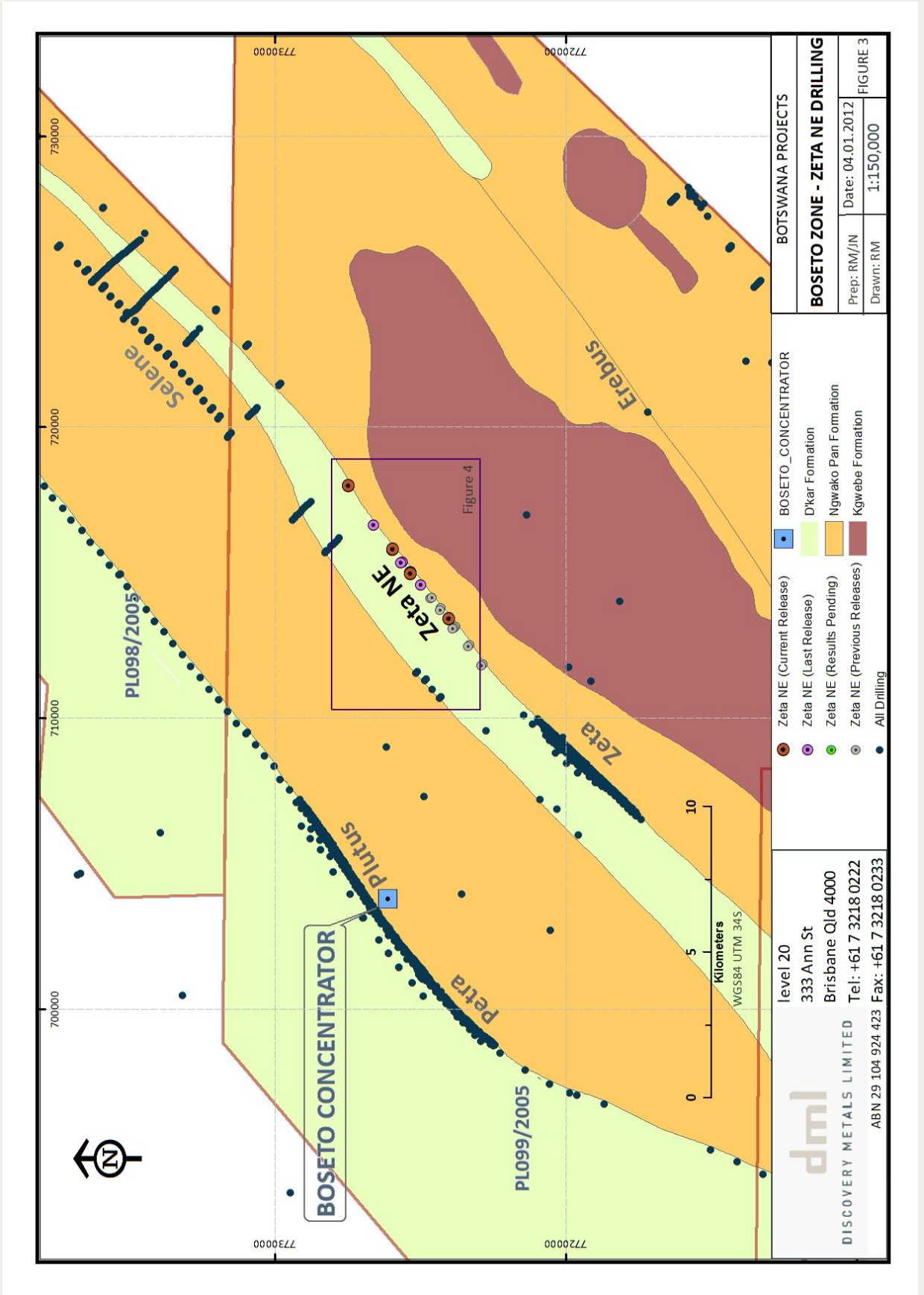
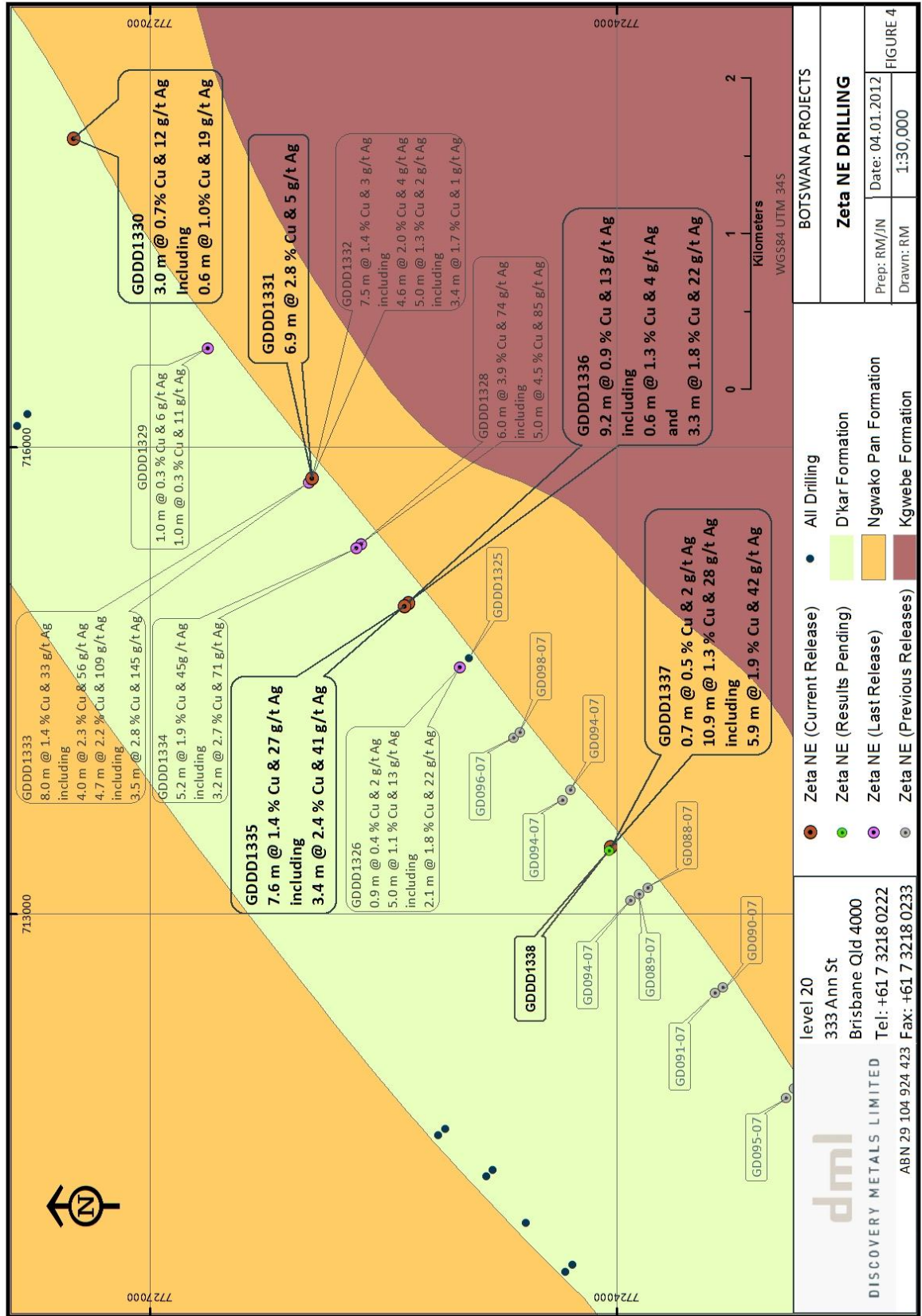
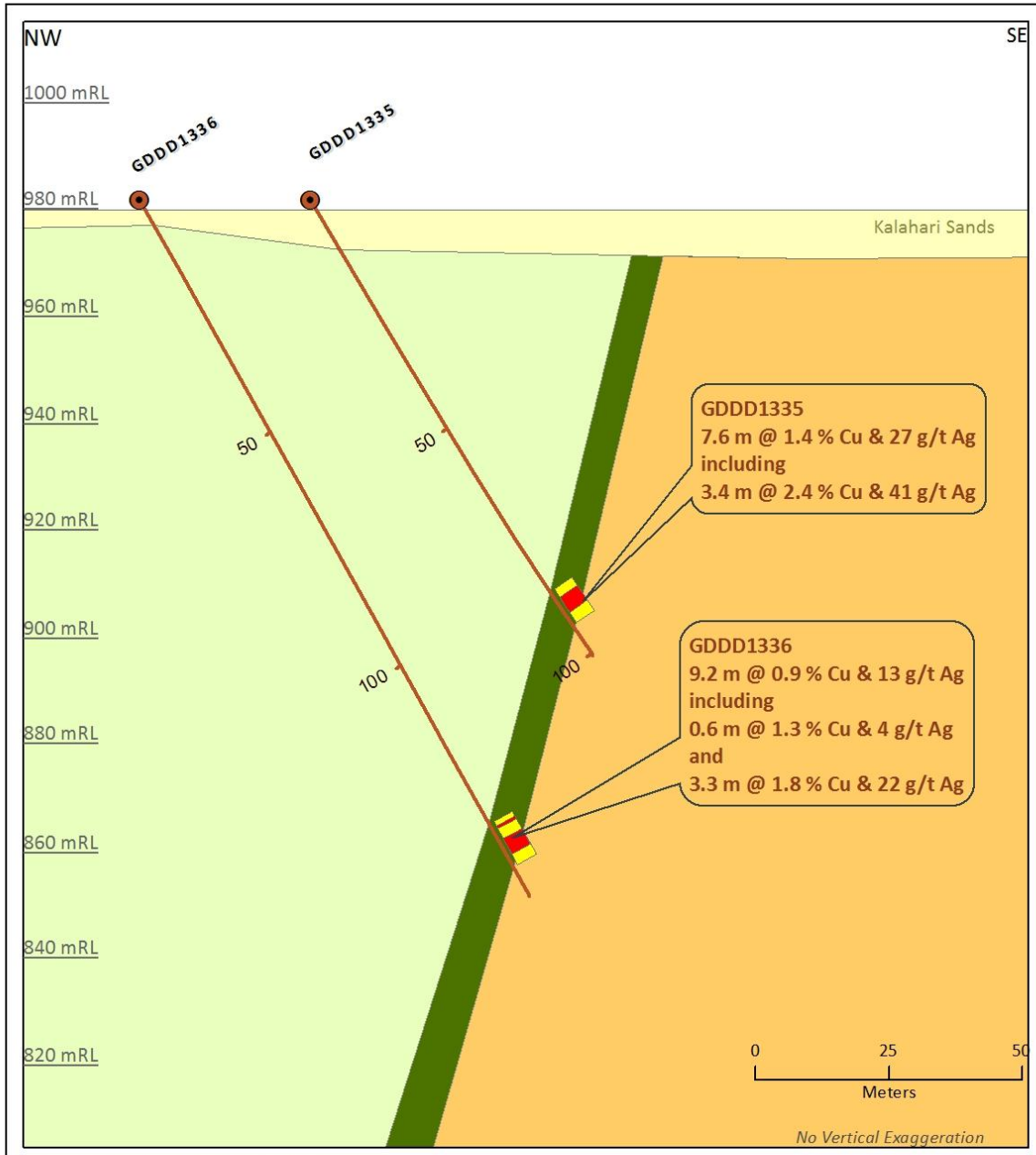


FIGURE 2: KALAHARI COPPERBELT EXPLORATION TARGETS





level 20		BOTSWANA PROJECTS	
333 Ann St		Zeta NE DRILLING	
Brisbane Qld 4000		Prep: RM/JN	Date: 04.01.2012
DISCOVERY METALS LIMITED		Drawn: RM	1:30,000
Tel: +61 7 3218 0222		FIGURE 4	
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New Results

- Hangingwall Siltstone/mudstone
- Copper/Silver Mineralisation
- Footwall Sandstone/Grits

**ZETA NE, BOSETO COPPER PROJECT
DRILLHOLE CROSS SECTION
Section 47950N**

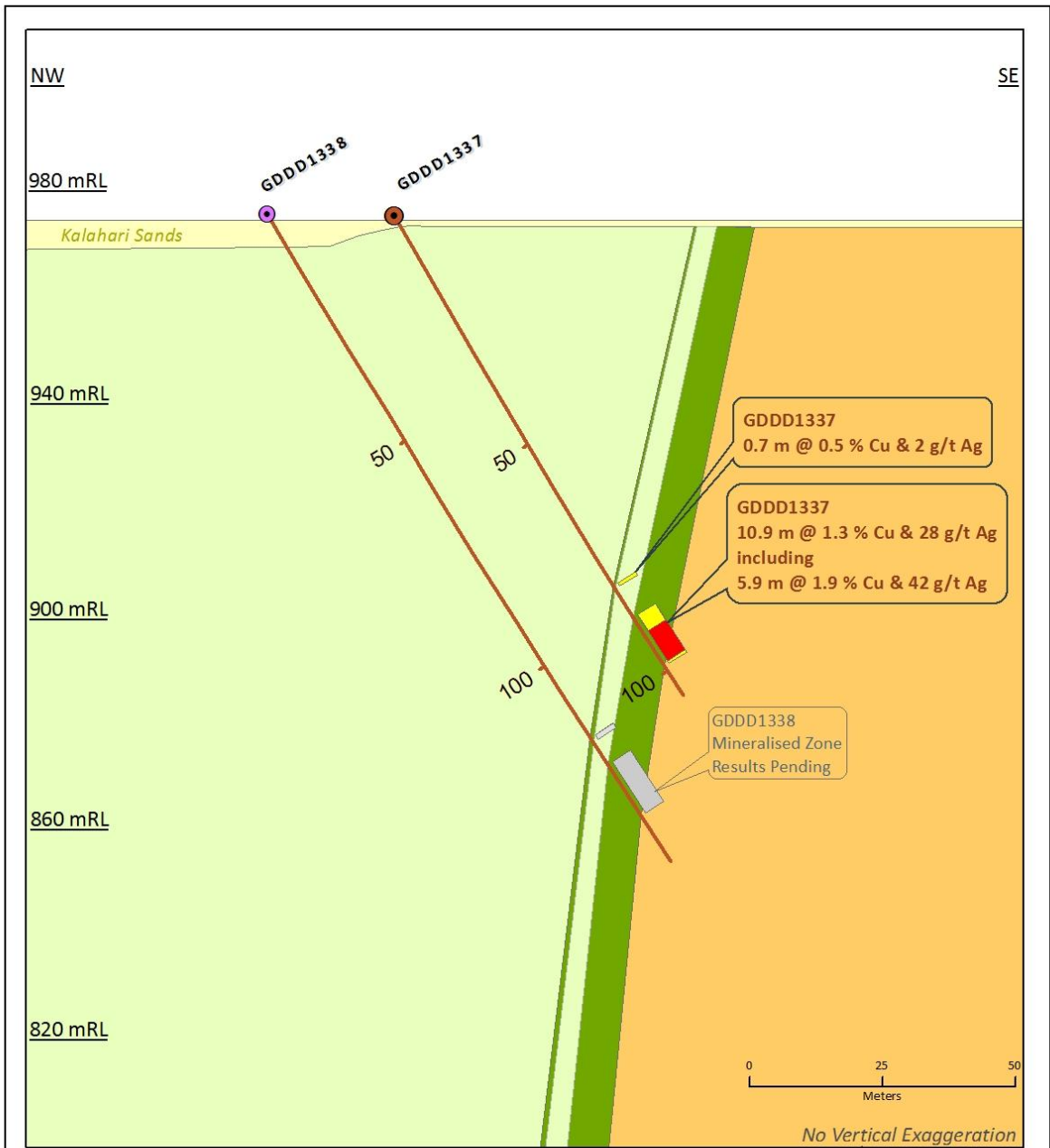
dml
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Prep: JN	Jan 2012
Drawn: RSM	

FIGURE 5



New Results

Drill hole showing Cu & Ag intersection

- Light Green: Hangingwall Siltstone/mudstone
- Dark Green: Copper/Silver Mineralisation
- Orange: Footwall Sandstone/Grits

ZETA NE PROSPECT, BOSETO COPPER PROJECT
DRILLHOLE CROSS SECTION
 Section 45900N

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FIGURE 6