

SEDGMAN SETTLEMENT UPDATE

On 7 August 2014, Discovery Metals Limited (ASX/BSE: DML) (**Discovery Metals, DML or the Company**) announced that it and its wholly owned subsidiary, Discovery Copper (Botswana) (Proprietary) Limited had agreed with Sedgman Limited (ASX: SDM) and its wholly owned subsidiaries, Sedgman South Africa Pty Ltd and Sedgman Botswana Pty Ltd (collectively **Sedgman**), a payment arrangement and certain conditions in respect of US\$3.2 million plus interest (**Settlement Sum**). This Settlement Sum is owed by DML in full and final satisfaction of all claims arising from the EPC contract between the parties (as previously announced on 18 February 2014 and 1 May 2014).

Discovery Metals today advises the market that it has agreed with Sedgman that it is no longer required to complete a capital raising for a minimum of A\$15 million by 30 September 2014. DML will continue to repay Sedgman in accordance with the previously announced repayment schedule.

As a gesture of good faith, Discovery Metals has prepaid a sum of US\$400,000 of the US\$1.8 million otherwise due on 31 October 2014. The amended principal repayment schedule is set out as follows:

- > US\$400,000 on 26 September 2014 (paid);
- > US\$1.4 million due 31 October 2014;
- > US\$500,000 due 31 December 2014;
- > US\$500,000 due 31 March 2015; and
- > final instalment of US\$400,000 due 30 June 2015.

DML will pay interest on the amounts outstanding at the agreed interest rate of 10% per annum with interest repayments falling due on the 31 December 2014, 31 March 2015 and 30 June 2015.

Should DML not make any payment in full (including any interest due) by the due date for that payment then the full Settlement Sum including interest will become immediately due and payable.

The Company thanks Sedgman for its on-going cooperation and understanding in this matter.

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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