

May 2010

# Boseto Copper Project

Goldman Sachs JBWere Micro Cap Conference  
Sydney 2010



dml

DISCOVERY METALS LIMITED

For personal use only

# Cautionary Statement



The information contained in this document ("Presentation") has been prepared by Discovery Metals Limited ("Company").

This Presentation does not constitute an offer or invitation to any person to subscribe for or apply for any securities in the Company.

While the information contained in this Presentation has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give any representations or warranties (express or implied) as to the accuracy, reliability or completeness of the information in this Presentation, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, to the full extent permitted by law, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained in this Presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any person. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained in this Presentation necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.

This Presentation may include 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 the Company expects, are forward-looking statements. Although the Company 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. The Company, its shareholders, directors, officers, agents, employees or advisers, do not represent, warrant or guarantee, expressly or impliedly, that the information in this Presentation is complete or accurate. To the maximum extent permitted by law, the Company disclaims any responsibility to inform any recipient of this Presentation of any matter that subsequently comes to its notice which may affect any of the information contained in this Presentation. 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 forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.

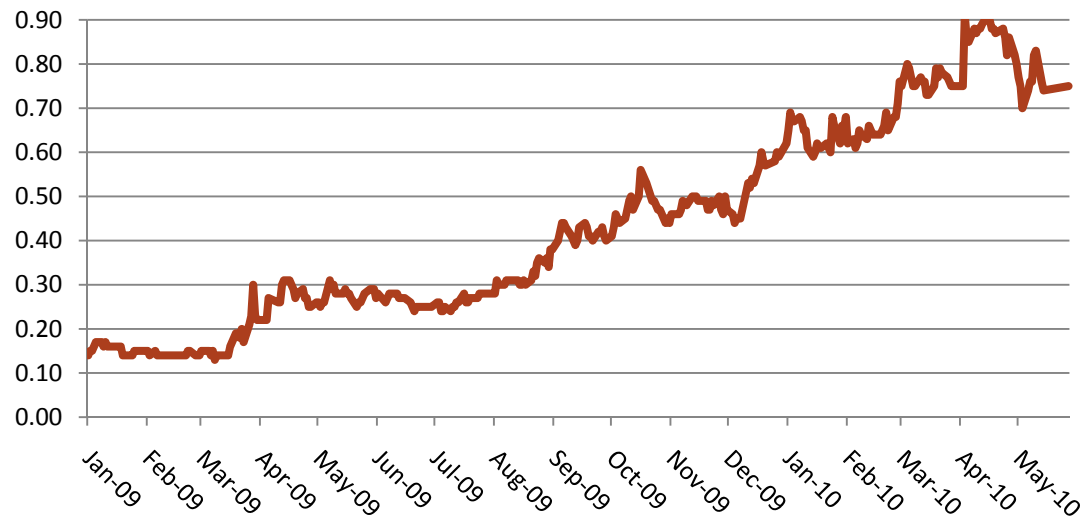
For personal use only

# Discovery Metals is



- A near term copper producer: **2011 production**
- Focused on Botswana: **A+ country with fair and stable tax regime**
- Actively exploring and developing a new copper province: **growth story**
- Meeting its planned milestones: **consistent performance**
- Delivering excellent shareholder returns

Share Price Performance (AUD)



- ❖ Southern African focused base metal project development company
  - ASX (DML), BSE (DML) & AIM (DME) listed
- ❖ Mineral Resources in Botswana
  - Boseto Copper Project – **102.8 Mt @ 1.4% Cu and 17.3 g/t Ag containing 1.4 Mt copper and 57 Moz silver**
  - Dikoloti Nickel - **4.1Mt @ 0.7% Ni, 0.5% Cu & 1.2 g/t PGE**
- ❖ Focus is the development of the Boseto Copper Project
  - 3Mtpa Bankable Feasibility Study due for completion July 2010
  - Targeting production Q4 2011

**Focus is the Boseto Copper Project Development**

For personal use only

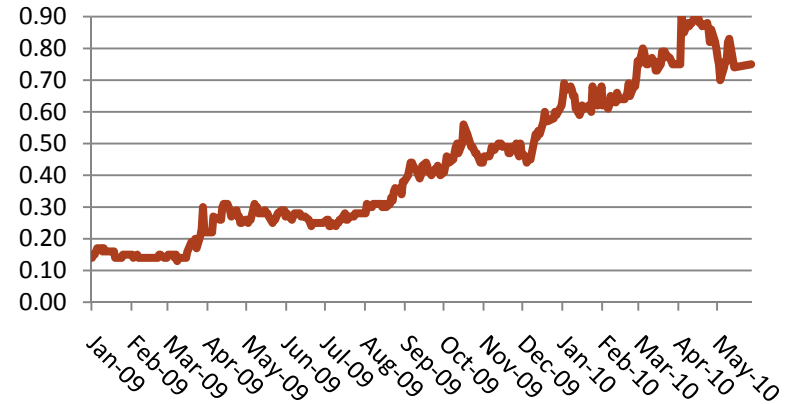
# Company Structure



## Market Cap. and Cash (31 May 10) (estimate)

Issued Shares	301 m
Share Price	AUD\$ 0.75
Market Cap	AUD\$ 226 m
Net Cash	AUD\$ 40 m

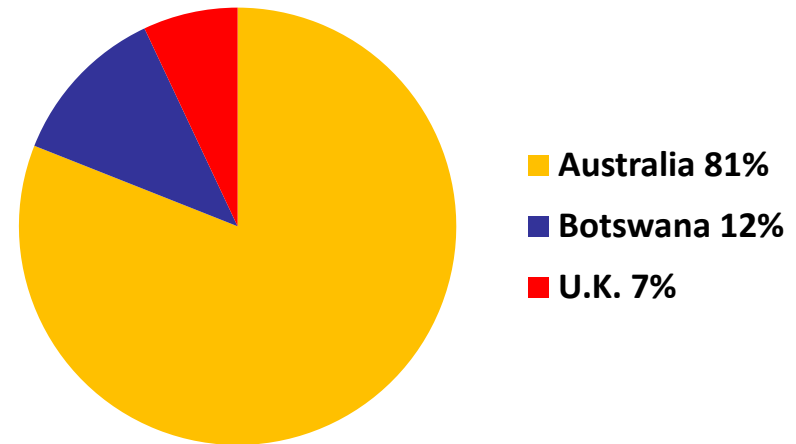
## Share Price Performance (AUD)



## Significant Shareholders (31 May 10) (estimate)

Macquarie Bank	11.5%
Taurus Fund	11.1%
Transamine	8.3%
Citi Group Global Markets	7.1%
Investec (Botswana)	5.2%
BIFM (Botswana)	3.6%

## Share Distribution 31 May 10



**Top Six Shareholders = 47%**

For personal use only

# Botswana Projects

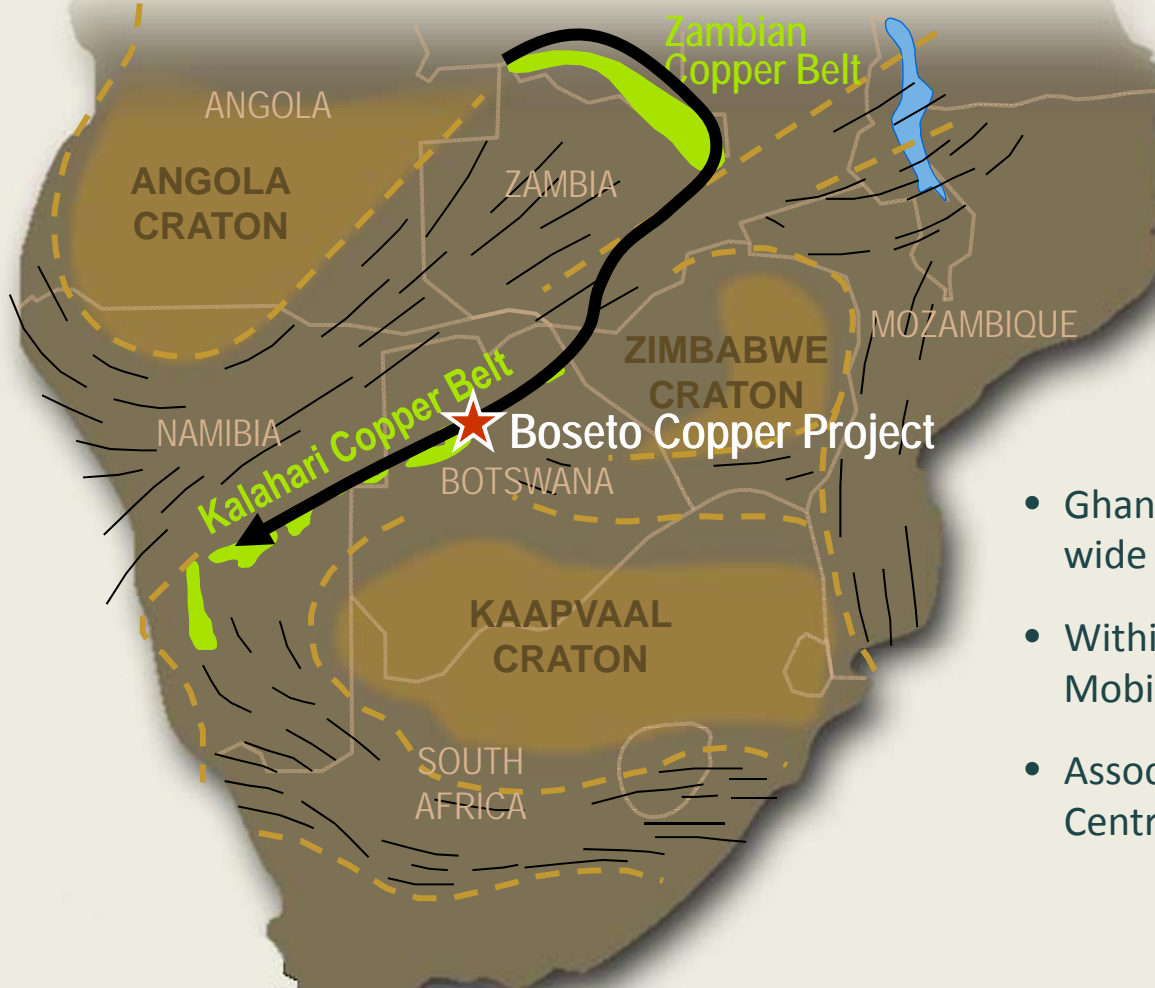
For personal use only





# Boseto Copper Project – Geological Setting

For personal use only

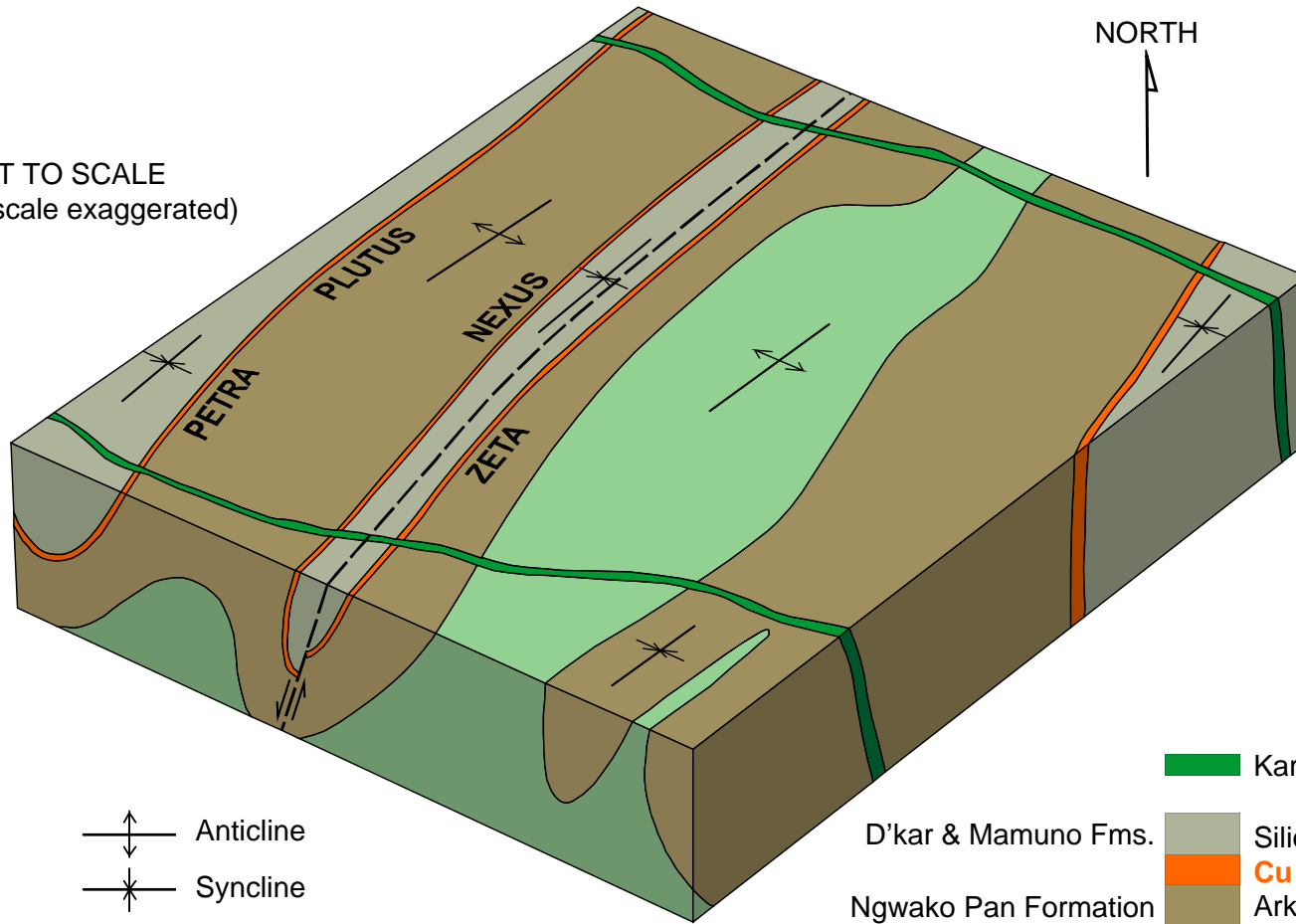


- Ghanzi-Chobe Fold Belt - a 140km wide zone of deformation
- Within late Proterozoic Pan African Mobile Belt
- Associated with the well known Central African Copper Belt

**Poorly Explored Extension of Zambian Copper Belt**

# Boseto – schematic

NOT TO SCALE  
(vertical scale exaggerated)



- Anticline
- Syncline
- Major fault

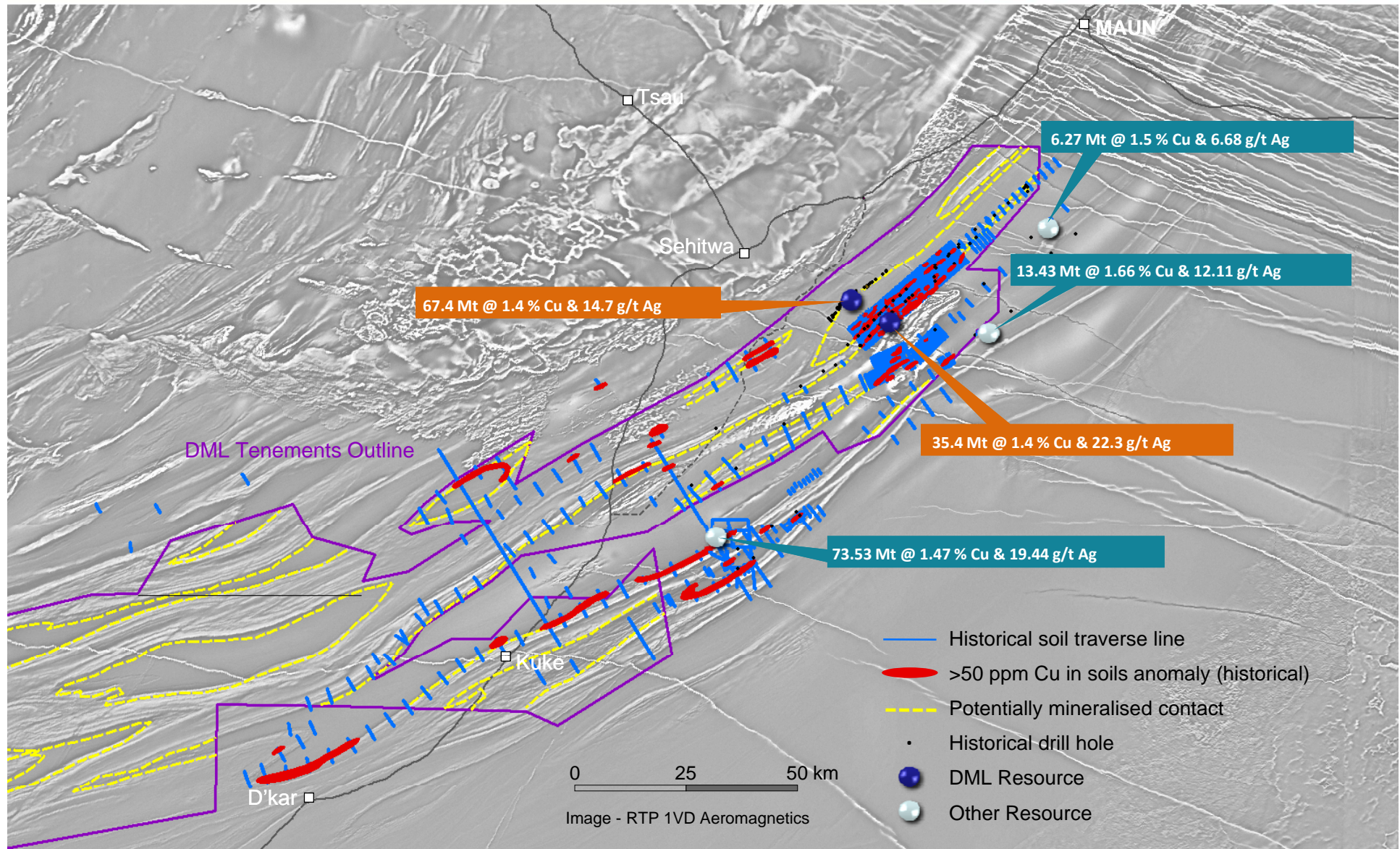
- Karoo dolerite dykes
- Cu mineralisation
- Arkosic red beds
- Bimodal volcanics
- Siliciclastic metasediments
- D'kar & Mamuno Fms.
- Ngwako Pan Formation
- Kgwebe Formation

For personal use only



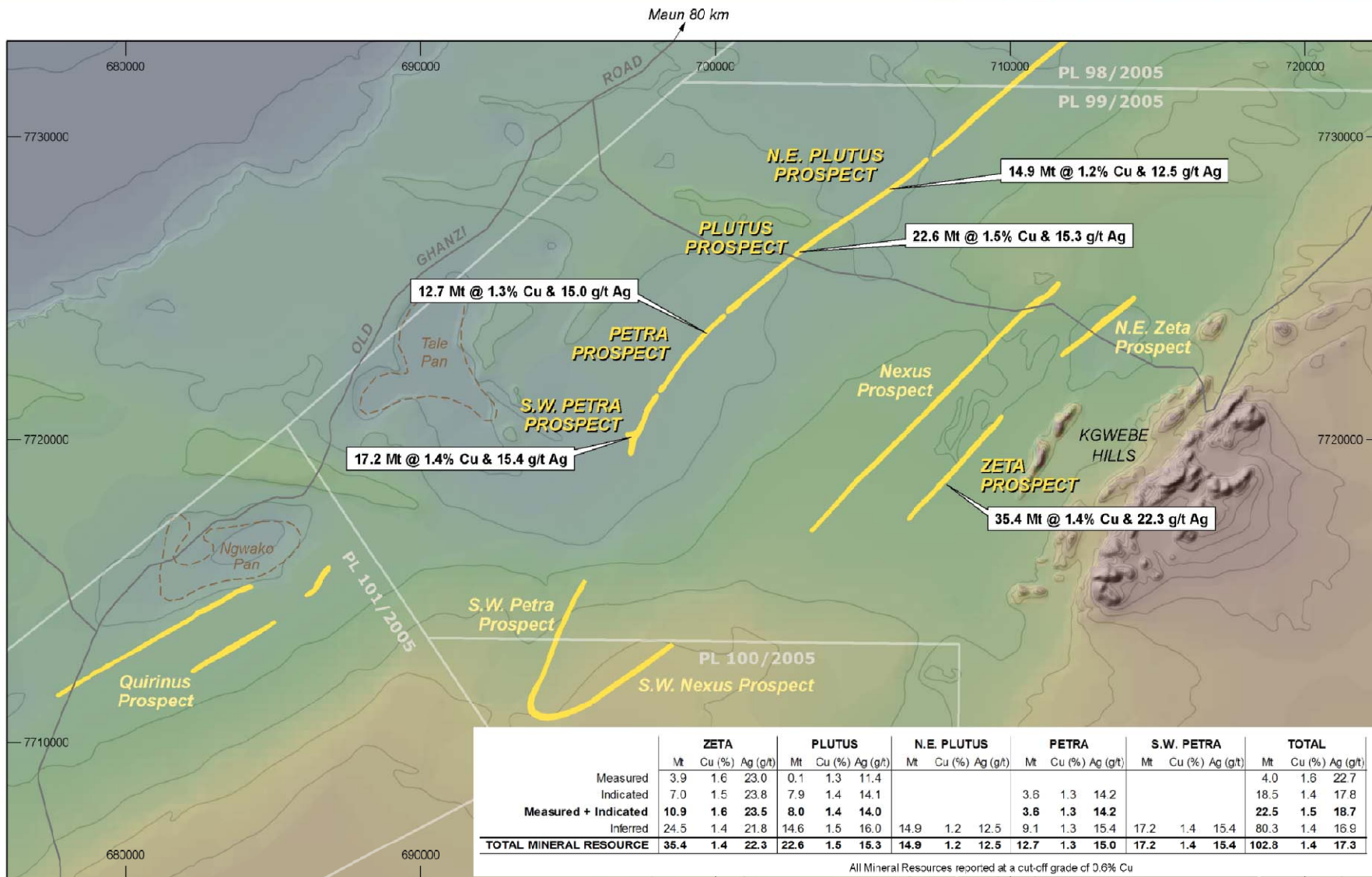
# Regional exploration potential

For personal use only



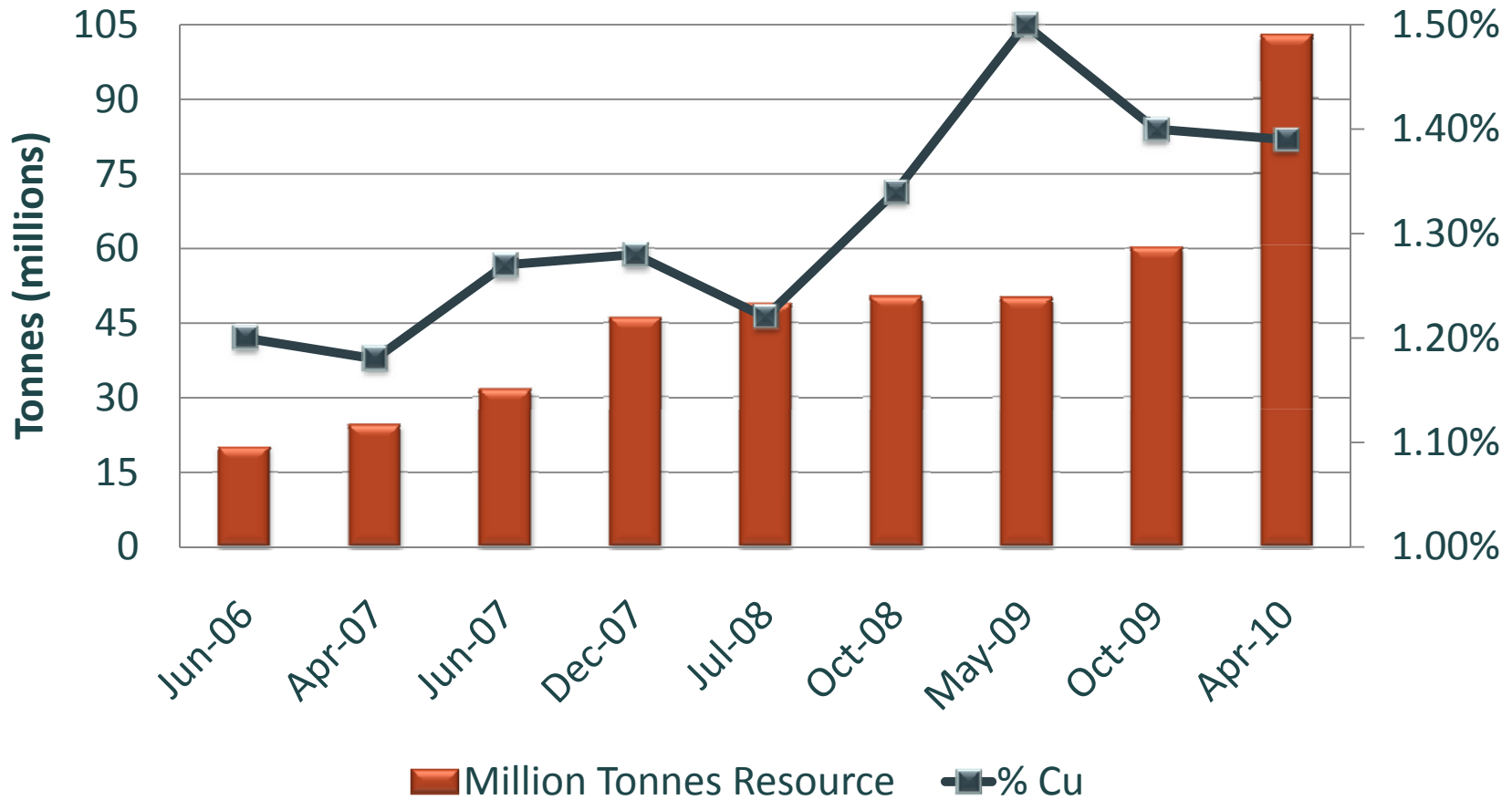
# Boseto Mineral Resources and Prospects

For personal use only





# Growth in Mineral Resource



**Exploration focus now on new underground resources and discovering Boseto # 2**

For personal use only

# Boseto Project Feasibility Study Summary

<b>Highlight</b>	<b>BFS Progress</b>
Throughput	2 Mtpa
Initial Mine Life	10 years
Average Copper Grade	1.54%
Average Silver Head Grade	18.2g/t
Copper Recovery	82.9%
Silver Recovery	59%
Concentrate	44% Cu
Annual Copper Production	25,600t
Annual Silver Production	691,000 oz

**Open pit mining and copper silver concentrate production**

October 2009 BFS update information

# Headline Numbers – Oct 09 Update



For personal use only

Ten years 2012 to 2021	Units	BFS Progress		
Average 10 year price	US\$/lb	2.00	2.30	3.00
Operating surplus	USDmillion	438m	603m	968m
NPV <sup>10</sup>	USDmillion	116m	199m	282m
Payback after production	years	3.0	1.5	1.4
Internal Rate of Return	%	18%	33%	40%
Total Capital Expenditure	USDmillion	150	150	150
Average Net Cash Costs	US\$/lb	1.03	1.04	1.06

**Quick Repayment of Debt**

October 2009 BFS update information

# Boseto: Timetable to Production



For personal use only

Year	2006				2007				2008				2009				2010				2011			
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Drilling for Feasibility Study	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓									
Pre-Feasibility Study									✓	✓	✓	✓												
Environmental Studies									✓	✓	✓	✓	✓	✓	✓	✓								
Bankable Feasibility Study													✓	✓	✓	✓	✓	✓	✓	✓				
Project Finance																	✓	✓	✓	✓				
Permitting & Construction																					✓	✓	✓	✓
Commissioning																							✓	✓
Concentrate Production																								✓





# Boseto Copper Project - BFS



- Concentrator Design and Costs
  - Concentrator capacity increased 50% to 3 Mtpa
  - Front End Engineering and Design (FEED) restarted for 3 Mtpa operation
  - 6 week period to completion of FEED
  - Final Capex and plant Opex figures are outputs from FEED (Plant Capex expected to be approximately \$85M)
- Mine Schedules
  - New 3 Mtpa mine schedules and designs being optimised
- Completion of BFS
  - Planned delivery of BFS financials to the Board in July 2010

**Larger plant decision - on time project completion**

# Boseto Development



- Sedgman appointed as EPC partner
- Project timeline on schedule for Dec 2011 commissioning
- Focus to date has been open pit mining
- Positive scoping study on underground mining at Zeta announced March 2010
- The optimum development plan indicates:
  - Initial open pit mining for 3 to 5 years (debt finance period)
  - Integrated open pit and underground mining from approx. year 4
  - Significantly longer life than initial guidance of 10 years

**Long life integrated open pit and underground operation**

For personal use only

# Regional Exploration



- Exploration team strengthened
  - Nick Franey - General Manager Exploration and Geology
  - Wallace Mackay – Principal Geologist
  - Fred Nhiwatiwa – Exploration Manager
- Exploration strategy revisited
  - Leverage off improved knowledge base
  - Split focus
    - near mine mineral endowment (underground and open pit)
    - new stand alone project targets (Boseto #2)
  - Exploration budget not finalised but anticipate annual exploration spend of \$5 to \$8 million

**Goal to find Boseto #2 in year ahead**

# Botswana Taxation

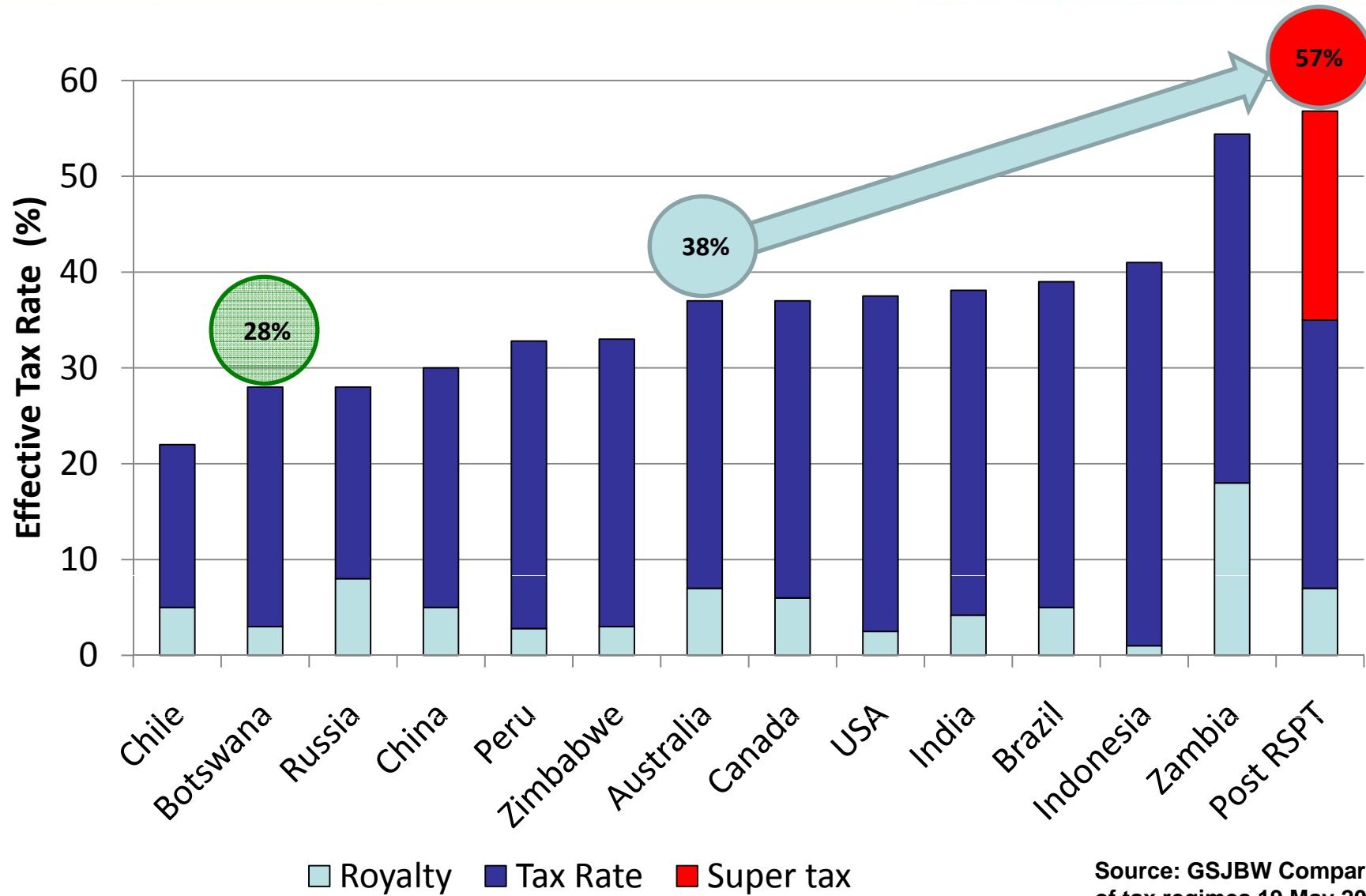


- Permits deduction of all pre production and capital costs up front
- Profitability based formula for mining companies
- Taxation commences at 25%
- Automatically adjusts to commodity price cycle
- Lowest tax regime in Africa and amongst lowest globally
- Inherently stable and fair
- Government would like a fair slice of growing pie not a larger slice of a shrinking pie

**Low and stable tax regime encourages development**

# Tax paid by Copper Producers

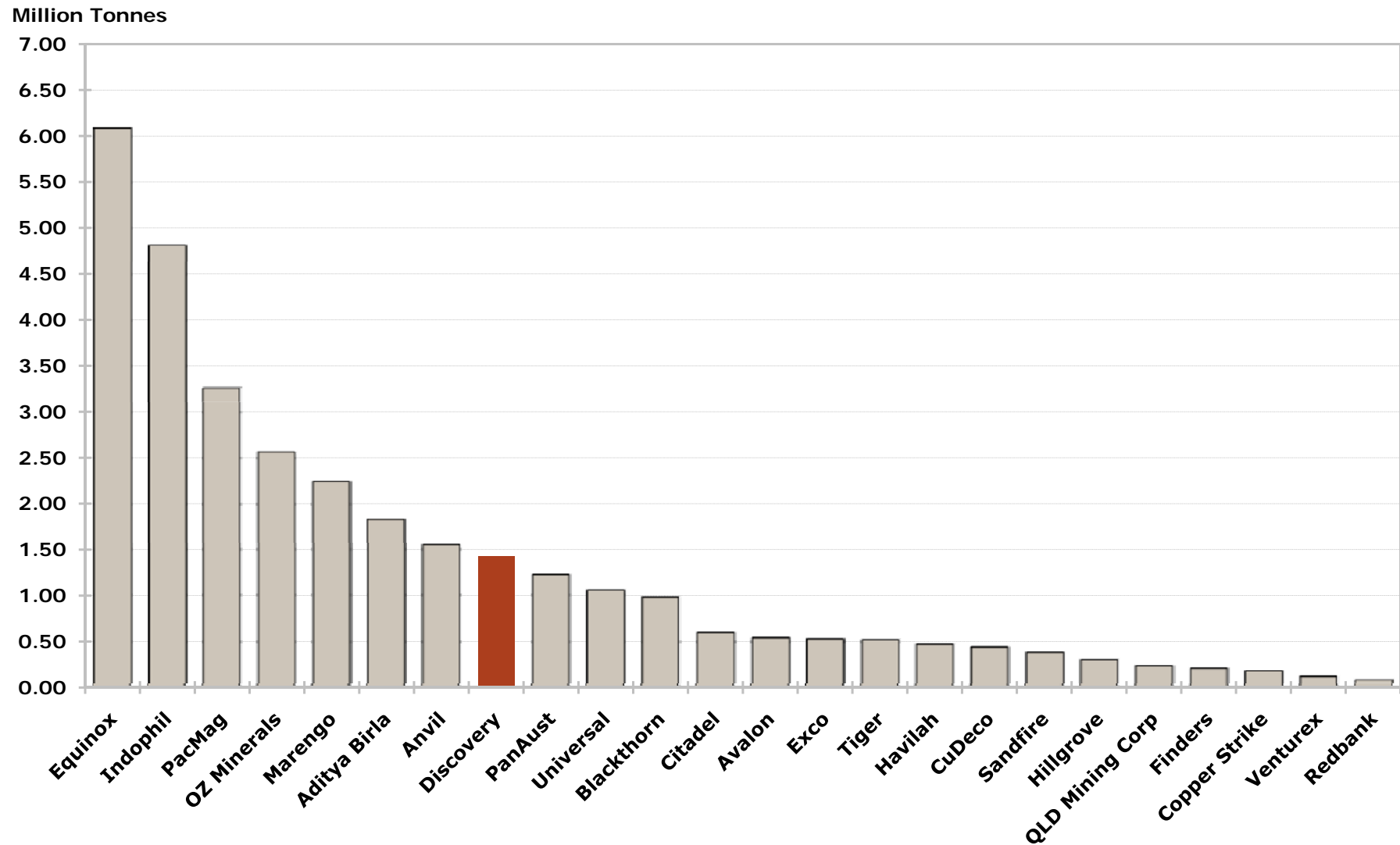
For personal use only



Source: GSJBW Comparison of tax regimes 19 May 2010

# Contained Copper in Mineral Resources

For personal use only



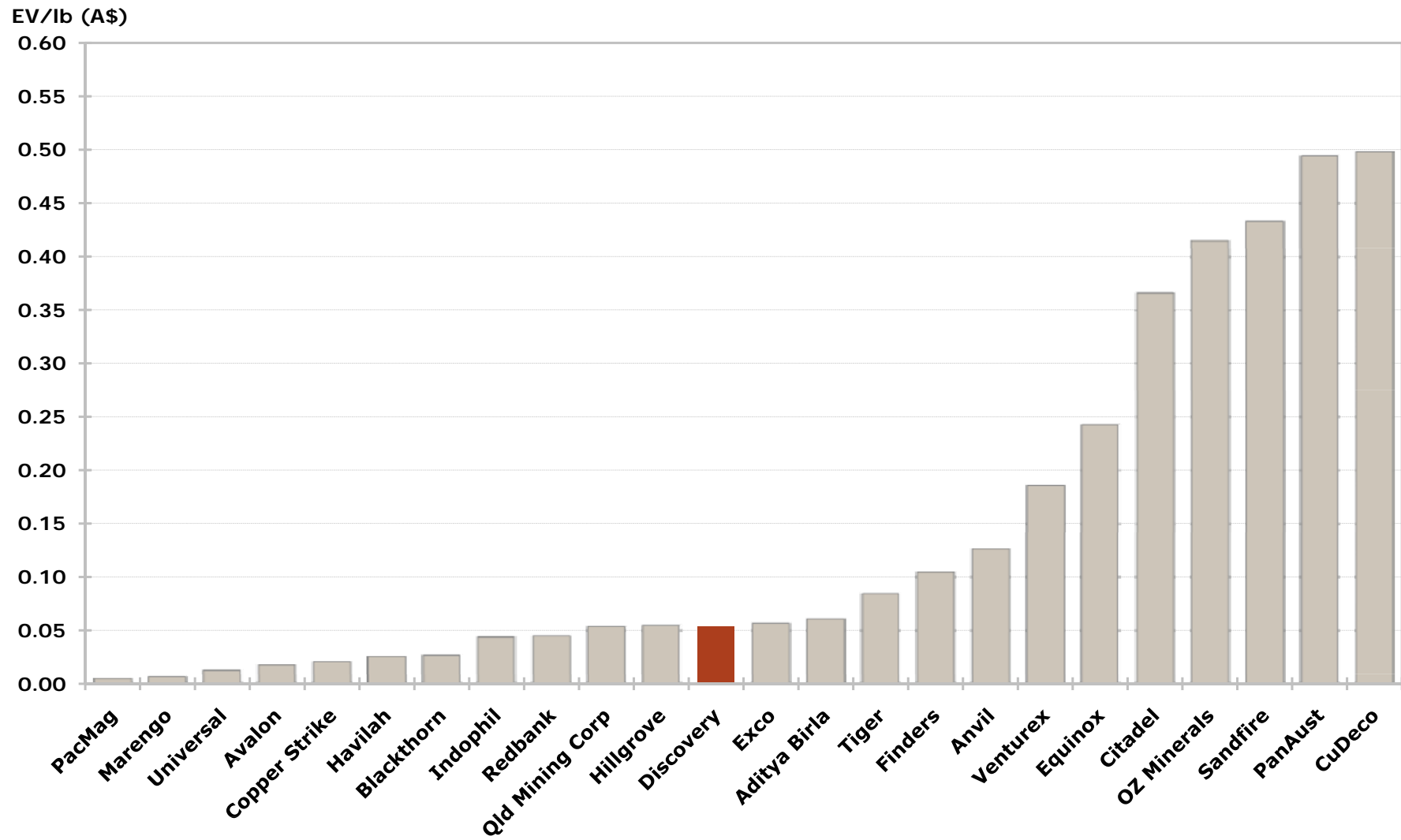
Source: Axiom Advisory Pty Ltd May 2010



# EV/lb Copper in Resources



For personal use only



Source: Axiom Advisory Pty Ltd May 2010

# Discovery Metals' Status Summary



- Quality Resource
  - Boseto Copper Project Resource 102.8 Mt@1.4% Cu and 17.3 g/t Ag
- Boseto Project in Development
  - Bankable Feasibility planned for July 2010 completion
- Supportive Shareholders
  - Cash at Bank - AUD\$ 40M end May 2010
- Copper
  - Global supply growth risk may mean price upside
- Low Political Risk
  - Botswana
- Growth Potential
  - Kalahari Copper Belt 1,300 strike km of exploration target

**Delivering the Boseto Project**

For personal use only

A dark blue business card with a subtle, light-colored topographic map pattern in the background. The card contains the following text:

**dml**  
DISCOVERY METALS LIMITED  
Brad Sampson  
MANAGING DIRECTOR

Ph: +61 7 3218 0222 + Fx: +61 7 3218 0233  
Direct: +61 7 3218 0200 + Mob: +61 (0)438 771 037  
[brad@discoverymetals.com.au](mailto:brad@discoverymetals.com.au) + [www.discoverymetals.com.au](http://www.discoverymetals.com.au)  
Level 8, 410 Queen Street Brisbane QLD 4000 + GPO Box 3261 Brisbane QLD 4001 Australia

For personal use only

## 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”.

The information in this report as it relates to the Dikoloti Mineral Resource was reviewed by Mr Stefan Mujdrlica of Xstract Mining Consultants Pty Ltd. At the time of reviewing the reported Mineral Resource, Mr Mujdrlica was employed by Snowden. Mr Mujdrlica is a MAusIMM and 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”.

Messrs Nhiwatiwa, Arnott and Mujdrlica consent to the inclusion in this report of the matters based on information provided by them and in the form and context in which it appears

- ❖ **Gordon Galt (Non-Exec Chairman)**
  - ex-Managing Director of Newcrest, significant banking and project development experience
- ❖ **Brad Sampson (Managing Director)**
  - Mining Engineer with extensive operational and project development experience
- ❖ **John Shaw (Non-Exec Director)**
  - Ex-Chairman of Albidon , previously Chair of Zimplats and Gallery Gold during development of Mupane Gold Mine, Botswana
- ❖ **Morrice Cordiner (Non-Exec Director)**
  - Director Andean Resources, funds management and finance experience
- ❖ **Jeremy Read (Non-Exec Director)**
  - Previous MD of Discovery Metals, +20 years exploration experience ex BHP
- ❖ **Ribson Gabonowe (Non-Exec Director)**
  - Director Kukama Mining & African Coal. Previously Director in Botswana Department of Mines

# Dikoloti Mineral Resources



	Mt	%Ni	%Cu	PGE g/t
Inferred Mineral Resource	4.1	0.7	0.5	1.2
Mineral Resources reported at a cut-off grade of 0.5% Ni				

For personal use only



# Boseto Mineral Resources



For personal use only

	ZETA			PLUTUS & PETRA			TOTAL		
	Mt	Cu (%)	Ag (g/t)	Mt	Cu(%)	Ag (g/t)	Mt	Cu(%)	Ag (g/t)
Measured	3.9	1.6	23.0	0.1	1.3	11.4	4.0	1.6	22.7
Indicated	7.0	1.5	23.8	11.5	1.4	14.1	18.5	1.4	17.8
Subtotal M&I	10.9	1.6	23.5	11.6	1.4	14.1	22.5	1.5	40.5
Inferred	24.5	1.4	21.8	55.8	1.4	14.8	80.3	1.4	16.9
<b>TOTAL RESOURCE</b>	<b>35.4</b>	<b>1.4</b>	<b>22.3</b>	<b>67.4</b>	<b>1.4</b>	<b>14.7</b>	<b>102.8</b>	<b>1.4</b>	<b>17.3</b>
Mineral Resources reported at a cut-off grade of 0.6% Cu									