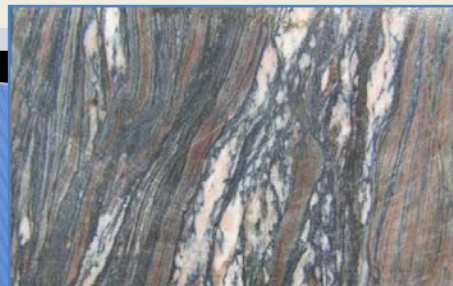




DISCOVERY METALS LIMITED

# Developing the Boseto Copper Project

Investor Presentation  
June 2009



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# Company Snap Shot

- ❖ Southern African focused base metal project development company
  - ASX (DML), BSE (DML) & AIM (DME) listed
- ❖ Mineral Resources in Botswana
  - Boseto Copper Project – **50.2 Mt @ 1.5% Cu and 17.8 g/t Ag**
  - Dikoloti Nickel – **4.1 Mt @ 0.7% Ni, 0.5% Cu & 1.2 g/t PGE**
- ❖ Focus is the development of the Boseto Copper Project
  - Bankable Feasibility Study underway

**Botswana Copper Focus**

# Company Structure

## Market Cap. and Cash

Issued Shares (30 June)	194.1 m
Share Price (28 May)	AUD\$ 0.28
Market Cap	AUD\$ 54.5m
Net Cash (31 May)	AUD\$ 6.0m
Extra Funding (30 June)	AUD \$ 4.0m

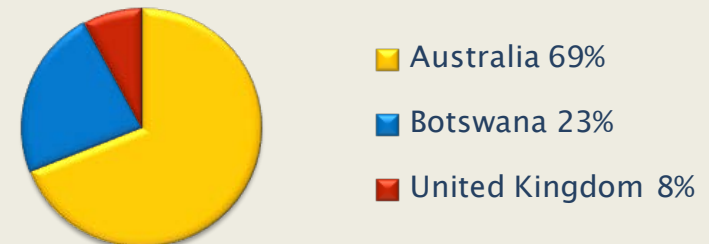
## ASX Closing Price



## Significant Shareholders (30 June 09)

Macquarie Bank	14.4%
Taurus Fund	13.1%
Resource Capital Fund	10.9%
Investec (Botswana)	8.0%
BIFM	5.5%
Trafigura	4.6%

## Shareholder Base Dissection



**Top Six Shareholders = 57%**

# Board

## ❖ 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

# Executive

## ❖ Brad Sampson (Managing Director)

- Mining Engineer with more than 20 years Australasian and African operational and project development experience

## ❖ Paul Fulton (Chief Financial Officer)

- Internationally experienced resource industry professional with 38 years mining and mineral processing experience in three countries including more than 10 years as CFO

## ❖ Ross Gibbins (Cost Estimation and Business Development)

- Civil Engineer with + 30 years international resource industry cost estimation and business development experience with major engineering companies

## ❖ Fred Nhiwatiwa (Botswana Country Manager)

- 16 years experience as a professional geologist in Southern Africa . Previously exploration manager for IAMGold

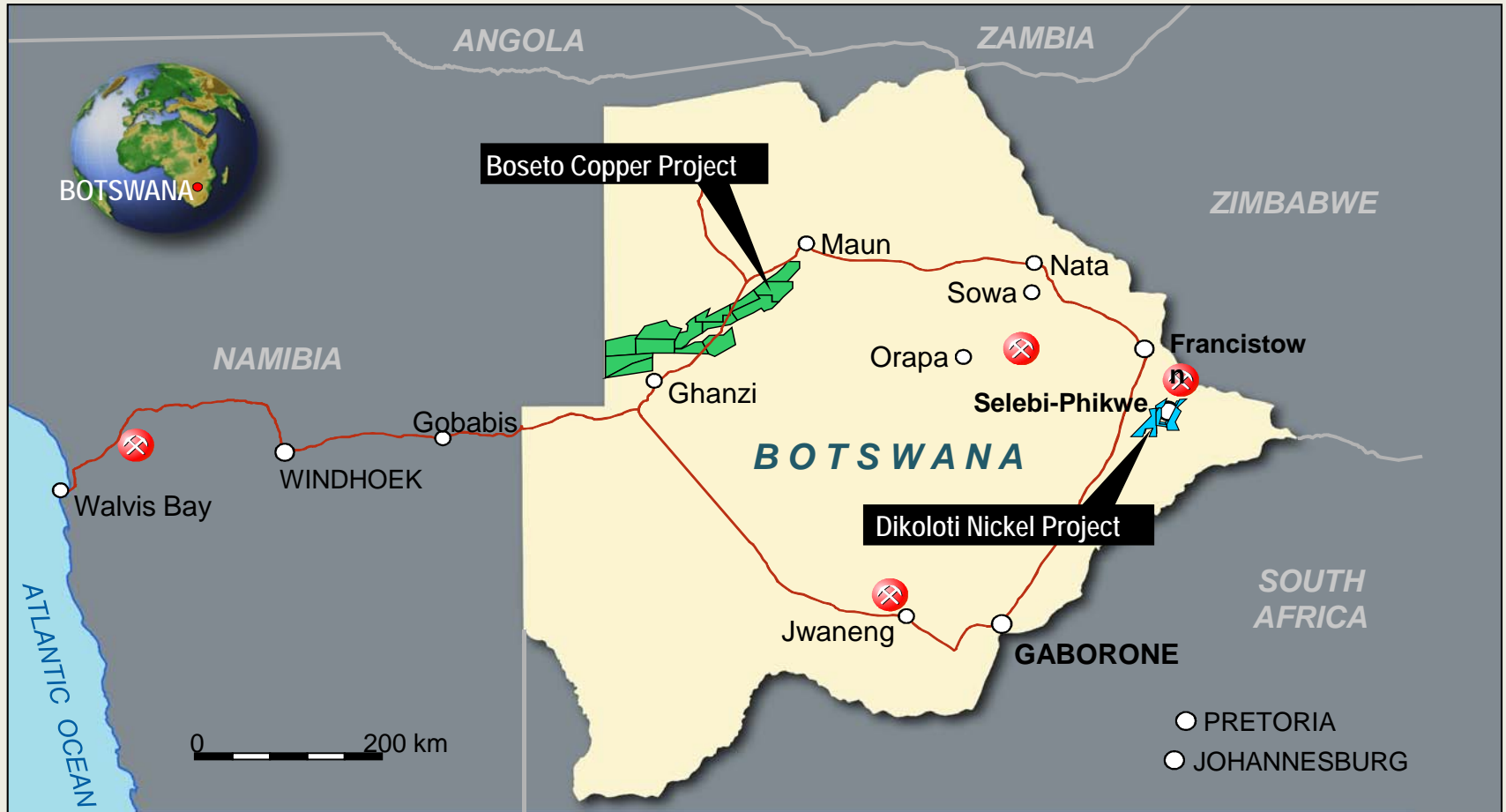
## ❖ Christian Heili (Boseto Feasibility Manager)

- Mining Engineer with 25 years experience in operational and consultancy roles in mining engineering, management and project development experience in Southern Africa

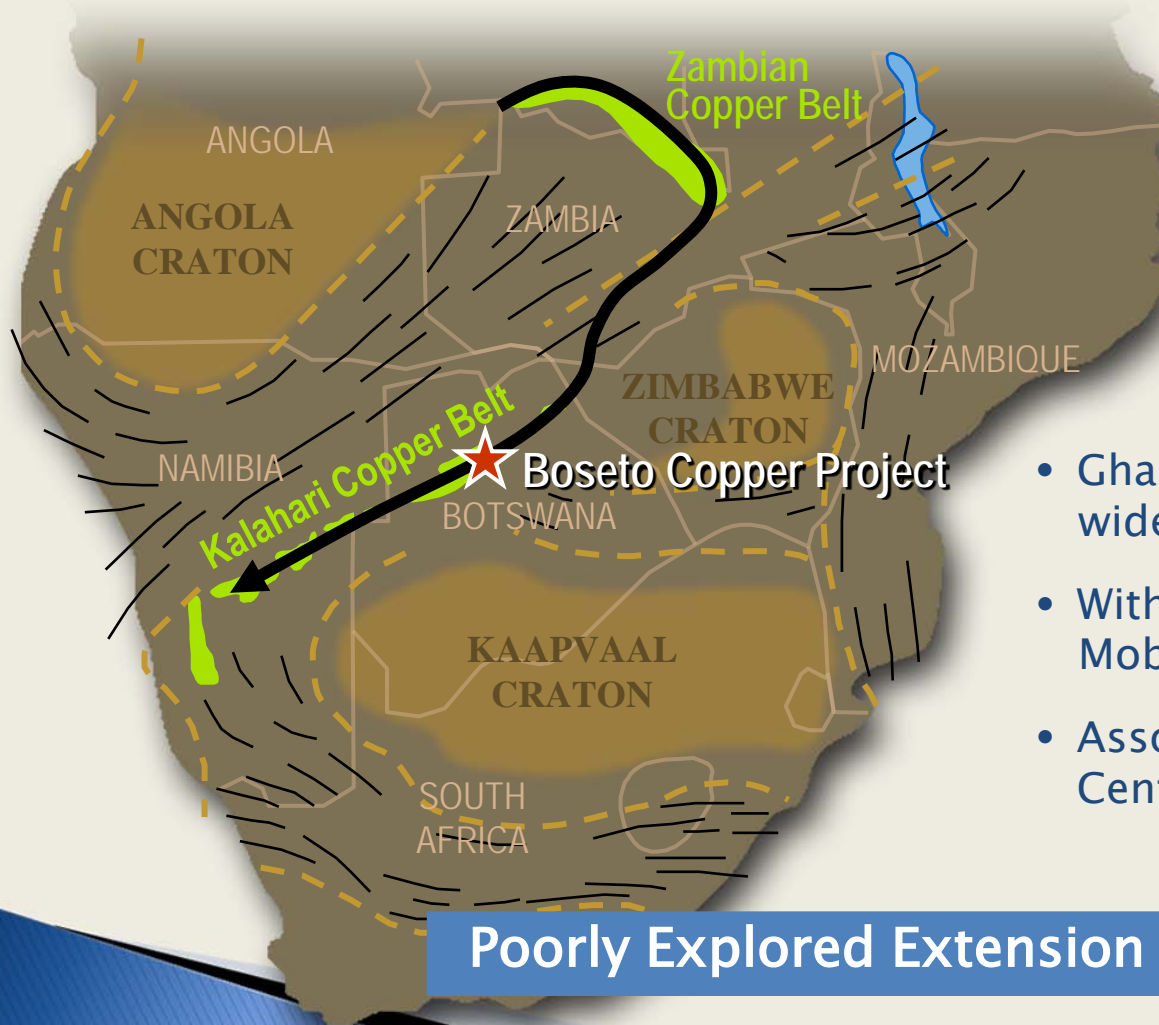
## ❖ Charlie Karelse (General Manager Boseto Operation)

- Mining Engineer with Australian and Botswana experience over 30 years

# Botswana Projects



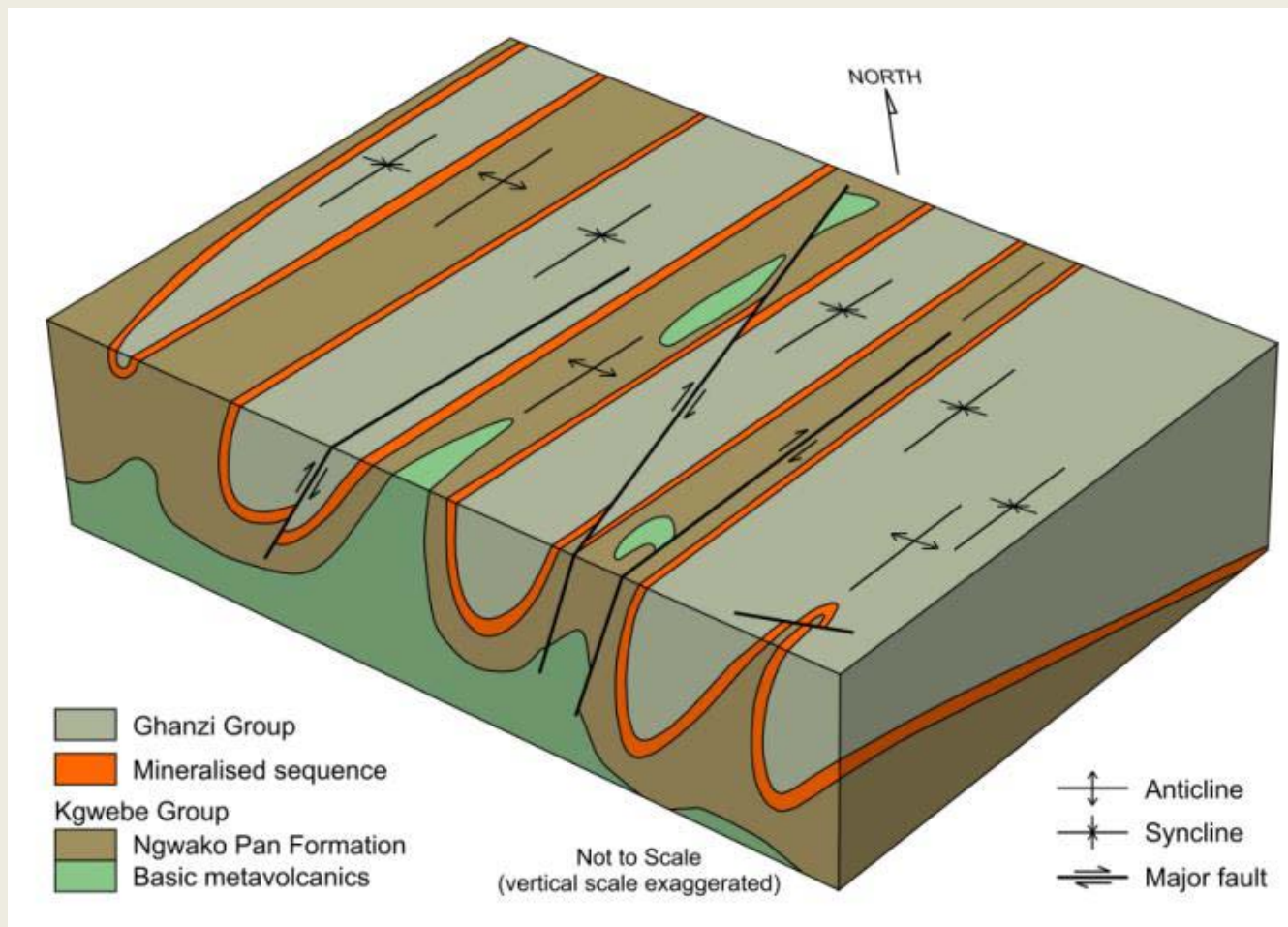
# Boseto Copper Project – Geological Setting



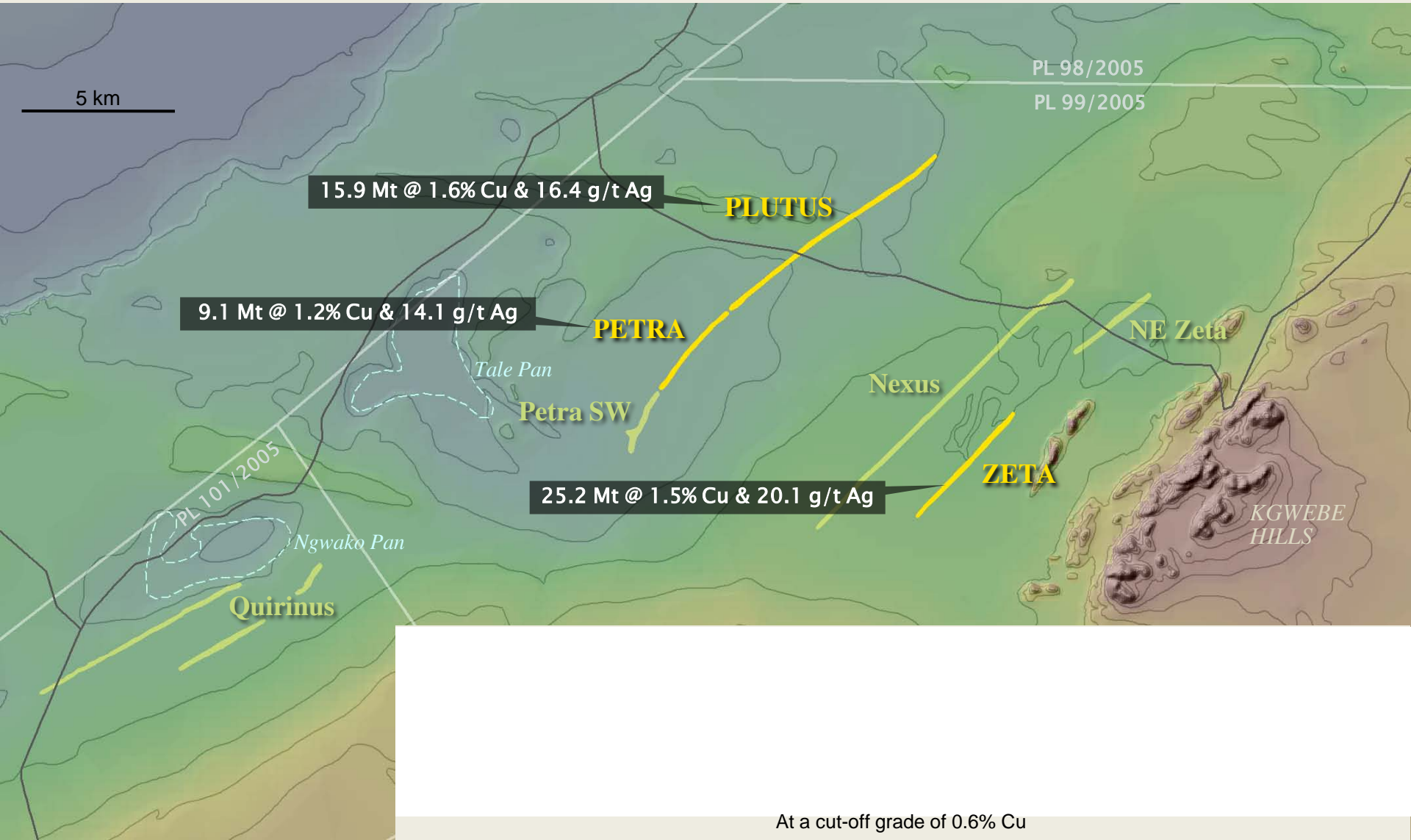
- Ghanzi-Chobe Fold Belt – a 140km wide zone of deformation
- Within late Proterozoic Pan African Mobile Belt
- Associated with the well known Central African Copper Belt

**Poorly Explored Extension of Zambian Copper Belt**

# Boseto- Folding and Multiple Strike Expressions

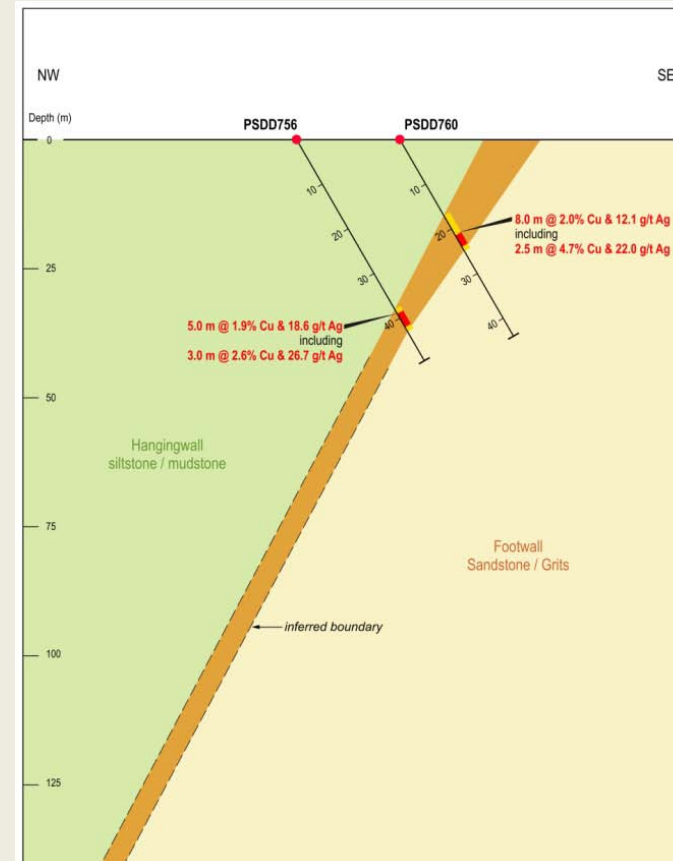
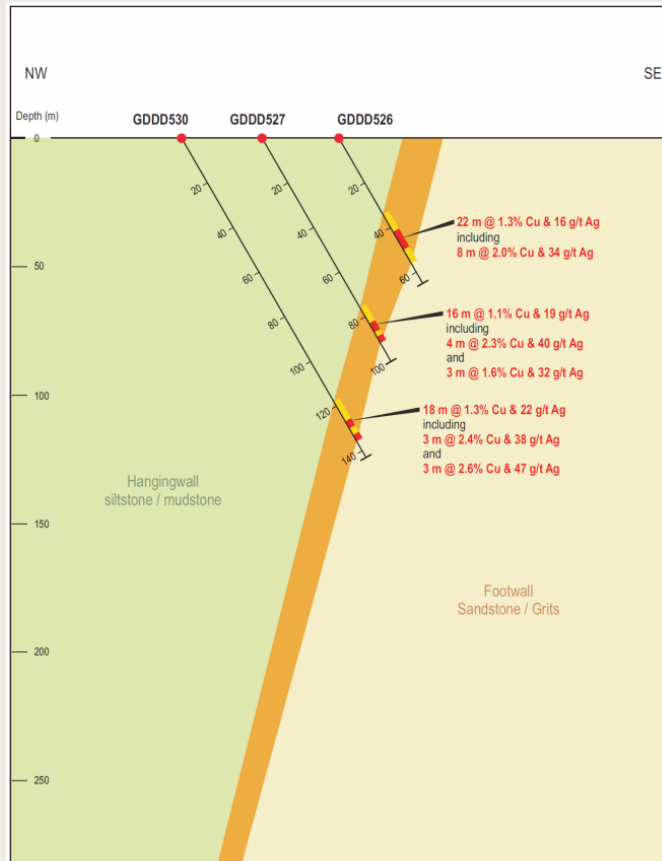


# Boseto Mineral Resource and Prospects



At a cut-off grade of 0.6% Cu

# Zeta and Plutus – Typical Cross Sections



0 50 100 m

- Drill hole showing Cu & Ag intersection
- Footwall Sandstone / Grits
- Copper / Silver Mineralisation
- Hangingwall siltstone / mudstone

**dml**  
DISCOVERY METALS LIMITED  
ABN 29 104 924 423

Level 8,  
410 Queen Street  
Brisbane QLD 4000  
Tel. +61 7 3218 0222  
Fax +61 7 3218 0223

Prepared: Date: Jan 2009  
Drawn: RRM Drwg. No.:

**ZETA PROSPECT, BOSETO COPPER PROJECT  
DRILL HOLE CROSS-SECTION  
39550 N**



0 25 50 m

- Drill hole showing Cu & Ag intersection
- Footwall Sandstone / Grits
- Copper / Silver Mineralisation
- Hangingwall siltstone / mudstone

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DISCOVERY METALS LIMITED  
ABN 29 104 924 423

Level 8,  
410 Queen Street  
Brisbane QLD 4000  
Tel. +61 7 3218 0222  
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Prepared: Date: May 2009  
Drawn: RRM Drwg. No.:

**PLUTUS PROSPECT, BOSETO COPPER PROJECT  
DRILL HOLE CROSS-SECTION  
41200 N**

# Plutus long section (looking east)

Visualizer File Help

CU NAME	FROM	TO	
1	0.0	0.1	
2	0.1	0.6	
3	0.6	1.0	
4	1.0	1.3	
5	1.3	2.0	
6	2.0	99.0	

7.7 km strike length

160m

Zones of + 2% Copper near surface and open at depth

**15.9Mt @1.6% Cu and 16.4 g/t Ag**

# Boseto Copper Feasibility

## ❖ Project Details

- 2Mtpa Concentrator– conventional flotation (considering 3 Mtpa option)
- Open Pit Mining
- 23,200 t Cu and 725,000 oz Ag per annum (in concentrate)

## ❖ Pre Feasibility Study

- XPFS update January 09 – Capex US\$131M and Net Cash Cost US\$1.06/lb

## ❖ Bankable Feasibility Study

- Formally commenced August 08
- 40% complete
- Announced completion scheduled for Q1 2010

# Timetable to Production

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														✓	✓	✓	✓	✓						
Construction																		✓	✓	✓	✓	✓	✓	✓
Commissioning																						✓	✓	
Copper & Silver Production																							✓	✓

## Boseto Project XPFS Summary

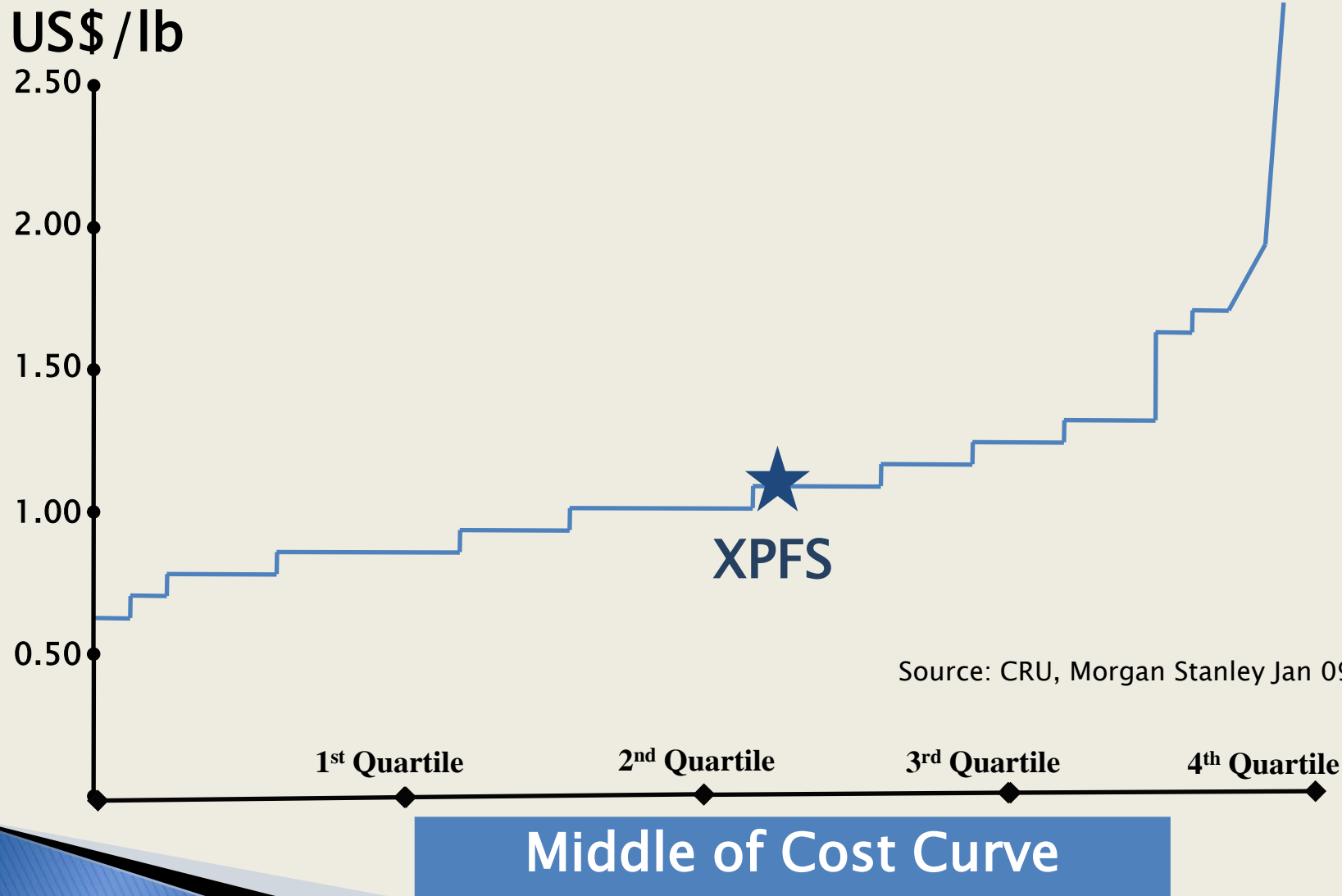
Highlight	XPFS
Throughput	2 Mtpa
Initial Mine Life	10 years
Average Copper Grade	1.5%
Open Pit Ore Mined	20Mt
Average Silver Head Grade	18.7 g/t
Copper Recovery	82.5%
Silver Recovery	60%
Concentrate	40% Cu
Annual Copper Production	23,200 tonnes
Annual Silver Production	725,000 ozs

# Headline XPFS Outcomes

Ten years 2011 to 2020	Units		
Average 10 year price	US\$/lb	2.00	3.00
Operating surplus (in 2008 \$'s)	USDmillion	417	864
NPV <sup>10</sup>	USDmillion	103	218
Payback after production commences	years	2.5	1.25
Internal Rate of Return	%	25%	45%
Total Capital Expenditure	USDmillion	131	131
Average Net Cash Costs	US\$/lb	1.06	1.13

**Initial 10 Year Life – Open Pit Mining**

# 2009 Copper Cost Curve



# Boseto Key Project Elements Checklist

Item	Status	Comment
Power	✓	Self generate power until Botswana grid power is available (expected 2012)
Water	progressing	Water exploration drilling completed Peer review of water modelling underway Anticipate water resource sign off Q2-09
Concentrate off-take	progressing	Advanced discussions with multiple potential off-take partners continue. PFS assumed all concentrate shipped to overseas smelters
Environmental (EIA)	✓	Project will be equator principles compliant EIA field work completed Reports being compiled due June 09
Workforce	progressing	Workforce of 250 people envisaged. Skills registration and assessment study completed in local villages
Tenements	✓	Successful reapplication for North West Botswana tenements and granting of new tenements in 2008
Transport	✓	High quality bitumen road connecting project area to manufacturing centres in South Africa and Ports in South Africa, Namibia and Mozambique

# Feasibility Consultants

- ❖ Snowden Mining Industry Consultants (Brisbane)
  - Resource Estimation
  - Mining Engineering
  - Geotechnical
- ❖ GRD Minproc (Johannesburg)
  - Engineering Design and Cost Estimates
- ❖ Metallicon (Johannesburg)
  - Process Engineering
- ❖ Mintek (Johannesburg)
  - Metallurgical test work
- ❖ SRK (Johannesburg)
  - Ground Water Resource
  - Environmental Impact Assessment
  - Social and Community Studies
- ❖ SRK (Sydney)
  - Independent Review

# Project Finance

- ❖ Construction capex = US\$140 M
- ❖ Base case = 50% gearing
- ❖ Project funding through commercial banks
- ❖ Potential for South African ECIC interest subsidy
- ❖ Existing shareholders have significant capacity for funding
- ❖ Equity funding opportunities
  - Institutional investors
  - Development Banks
  - Off take partners
  - Vertically integrated companies
  - Mining Companies
- ❖ Joint Venture opportunities



**Project Financing Early 2010**

# Community

- ❖ Extensive Community Engagement to date
- ❖ Ngamiland district is under-developed
- ❖ Recruitment from Local Villages since 2008
- ❖ Project named by Community
  - BO Bodibeng and Botathogo
  - SE Sehitwa
  - TO Toteng
- ❖ Report back to community on environmental studies June 09
- ❖ Community highly supportive of Boseto development



Supportive Community

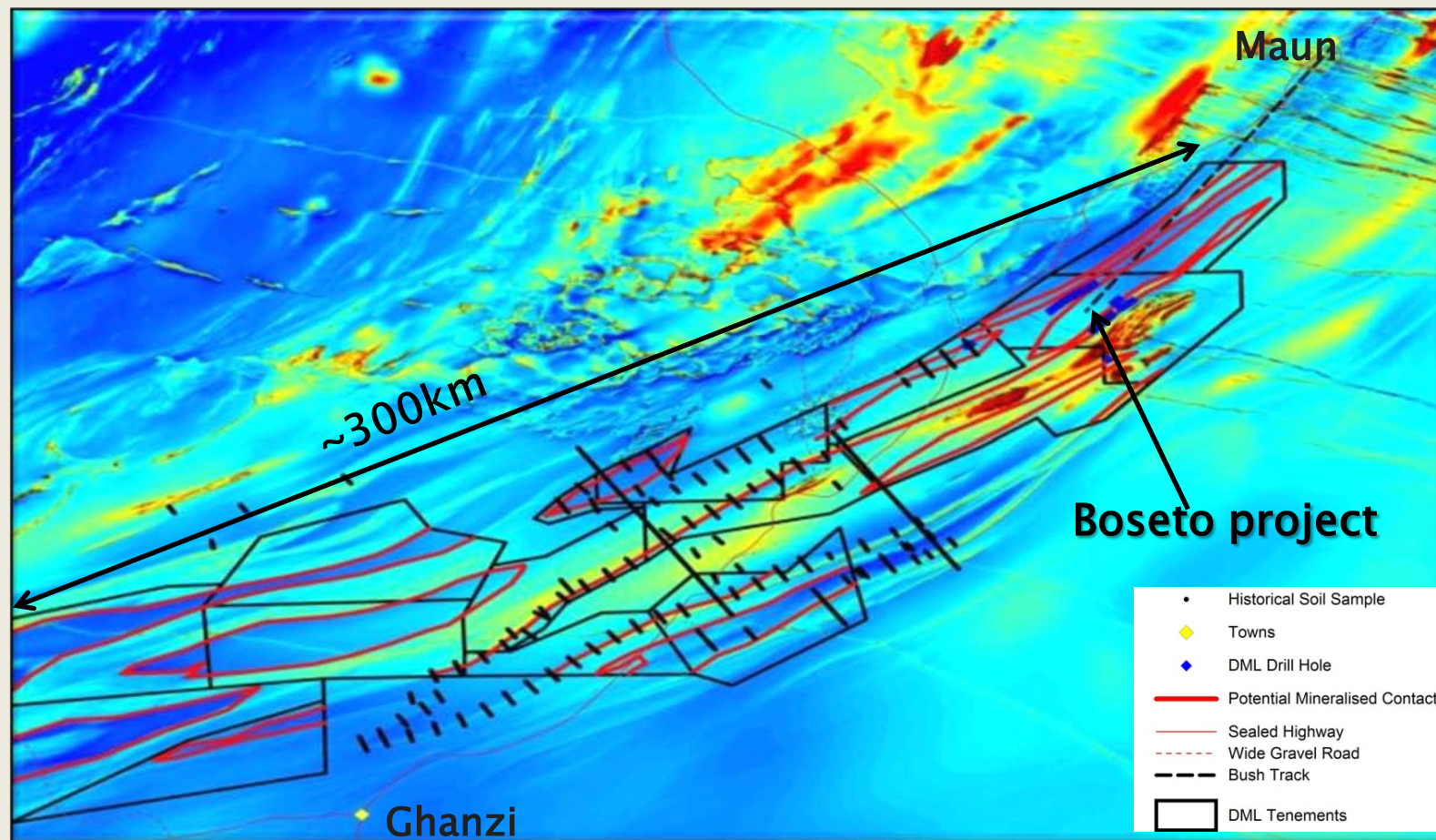
# Environment

- ❖ Equator Principles compliant approach
- ❖ Impacts from operations will be benign
- ❖ Mining area not of environmental, cultural or land use significance
- ❖ Environmental Impact Assessment
  - Field work completed Dec 08
  - Extensive community consultation
  - Dept Environment approval of Terms of Reference
  - Report back to community planned in June 09
  - Final reports to DML due end June 09



**No Harm to Environment**

# Exploration Potential



14 Tenements in Kalahari Copper Belt

# Discovery Metals' Status Summary

## ❖ Quality Resource

- Boseto Copper Project Resource 50.2 Mt@1.5% Cu and 17.8 g/t Ag

## ❖ Boseto Project in Development

- Bankable Feasibility planned for Q12010 completion

## ❖ Supportive Shareholders

- Cash at Bank – AUD\$ 6.0M May 09 + additional AUD\$ 4.0M in June 09

## ❖ 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**

# Discovery Metals' Strategy

- ❖ **Develop Boseto into Production**
  - Complete Bankable Feasibility Study Q1 2010
- ❖ **Grow the Boseto Resource Base**
  - Boseto Resource Extensions – eg SW Petra, Nexus, Petra, Zeta
  - Near Project Exploration – eg Quirinus, Nexus
  - Underground Potential– eg Zeta, Plutus
- ❖ **Discover another Boseto Project**
  - Highly prospective tenements in Kalahari Copper Belt
- ❖ **Seek out new value adding opportunities**

# Contact

dml

DISCOVERY METALS LIMITED

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

# Discovery Metals Limited

The information in this report as it relates to the Zeta, Plutus and Petra Mineral Resources for the Boseto Copper Project was compiled by Mr Jason Hosken and reviewed by David Arnott, both Members of The Australasian Institute of Mining and Metallurgy. Mr Arnott is a full time employee of Snowden Mining Industry Consultants and Mr Hosken was a full time employee of Snowden Mining Industry Consultants at the time the mineral resources were reported. 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 compiled by Mr Stefan Mujdrica and reviewed by David Arnott. Mr Mujdrica was employed by Snowden Mining Industry Consultants at the time the mineral resource was reported. 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 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. Mr Nhiwatiwa is a full-time employee of Discovery. 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". Mr Arnott and Mr Nhiwatiwa consent to the inclusion in the report of the matters based on information provided by them and in the form and context in which it appears.