

MARCH 2013

Quarterly REPORT

MARKET CAPITALISATION	
Shares on Issue	487m
Share Price	A\$0.34
Market Cap	A\$165m
Cash (31 Mar)	US\$16.9m
Project Debt (31 Mar)	US\$176m
ASX:DML	BSE:DML
ABN 29 104 924 423	

19 April 2013

IN BRIEF

BOSETO COPPER PROJECT

- **53% increase in copper and 62% increase in silver production** quarter on quarter.
- 4,183t Cu and 185,756oz Ag in concentrate produced during the quarter, the **best quarterly metal production to date**.
- **Material movement from open pits reached the design rate in March.**
- **Mining ramp up to be completed in the June quarter.**
- **Significantly “in the money” hedge book (marked to market value of ~\$56 million as at 15 April).**
- **Value enhancing projects**, including the Zeta underground and coal fired power station, continued on schedule.

EXPLORATION

Boseto Zone (targeting expansion / mine life extension and new standalone projects)

- In fill drilling of Inferred Mineral Resources at the **Zeta NE deposit** further **enhanced the open pit zone**. Drilling results this quarter indicated thicker Cu-Ag mineralised zones than previously interpolated.
- Assay results from a newly defined area, Helios, 2.5km east of the Selene deposit returned **10.4m @ 1.0% Cu & 9 g/t Ag**.
- Deep drilling demonstrated future underground mine potential for both:
 - **Zeta NE (10.5m @ 1.5% Cu & 32 g/t Ag** at approximately 460 m vertical depth); and
 - **NE Mango 2 (8.5m @ 1.5% Cu & 19 g/t Ag** at approximately 575 m vertical depth).

Mid and South West Kalahari Zones (targeting standalone mining operations)

- Assay results at **Aphrodite** returned **19.0m @ 1.0% Cu & 13 g/t Ag**.

CORPORATE

- At 31 March 2013, Discovery Metals had US\$16.9 million in cash and project and corporate debt facilities of US\$176 million. A scheduled Boseto Copper Project finance debt repayment of US\$12 million was made during the March quarter.
- Existing lenders formally consented to a series of amendments to the Company's finance agreements, including extensions to repayments and waivers on debt covenants.
- Accounts for the half year ended 31 December 2012 were released on 19 February 2013.
- A hostile takeover bid for the Company lapsed on 15 February 2013. The Company is no longer the subject of a hostile takeover offer.
- The Queensland Supreme Court application lodged by Sedgman was heard on 29 January 2013 and a decision is pending. The Company maintains that there are no merits to Sedgman's claims.

1. Boseto Copper Project

This section of the quarterly report contains commentary on operations at Discovery Metals' 100% owned Boseto Copper Project in north-western Botswana. Commentary is provided for Mining, Concentrator and Metal Production for both the March 2013 quarter and the month of March 2013.

Table 1.1 Quarterly performance

	Mar 2013 Quarter	Dec 2012 Quarter	% Change (Quarter on Quarter)
Material Mined, Mt*	7.5	8.3	-10%
Ore Milled, kt	518	451	15%
Concentrate Produced, t	10,713	7,073	51%
Copper in Concentrate, t	4,183	2,729	53%
Silver in Concentrate, oz	185,756	114,405	62%

* Material mined = Waste plus ore

Table 1.2 March performance

	Mar 2013	Feb 2013	% Change (Month on Month)
Material Mined, Mt*	2.8	2.4	17%
Ore Milled, kt	192	188	2%
Concentrate Produced, t	3,598	3,834	-6%
Copper in Concentrate, t	1,392	1,529	-9%
Silver in Concentrate, oz	69,946	63,024	11%

* Material mined = Waste plus ore

a) Mining

Material mined is the key focus area at Boseto as ore delivery to the concentrator is a direct result of material mined.

For the quarter, material mined was lower than planned during January and February (as previously reported) due to rain and reduced drill performance following the rain. In total, rain delays cost over 1 Mt of

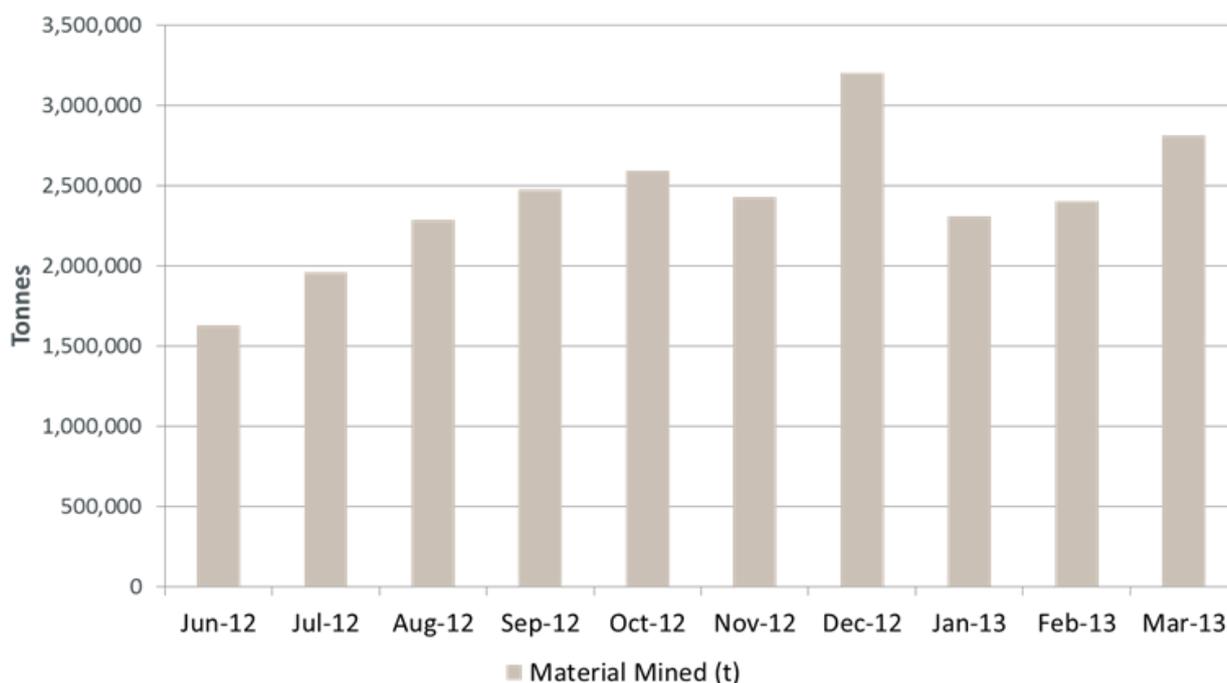
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total material mined during the quarter, and as a result the quarter on quarter material movement was 9% lower than the December quarter's result.

Total material mined for March was 2.8 Mt, a 17% improvement over the February result and the second best month of material movement at Boseto to date. Performance achieved the target rate of 3.2 Mt/month (which had been achieved in December 2012) during the second half of the month as drilled/blasted ground became available. By 15 April a further 1.63 Mt had been moved, maintaining the target rate.

Boseto Mining & Milling Ramp-up



The main contributing factors towards the improvement in March, and planned future improvements, include:

- Establishment of the Plutus Open Pit (Plutus Stage 1) in January-February 2013 (in addition to the Zeta Open Pit) has created two mining areas. This has allowed for more efficient use of all elements in the material movement chain, including drill/blast and load/haul. Plutus Stage 1 material mined comprised 23.5% of total movement for the month of March;
- A second stage of the Plutus Open Pit is planned to be established during the June quarter so that three mining areas will be available from mid-year onwards. This will provide further flexibility for scheduling and sustained high material movement rates;
- The larger excavator buckets fitted in January are continuing to add value with in excess of 75% of truck loading now occurring in three passes rather than the previous four passes;
- Deployment of additional experienced mine captain and shift supervisors in the mining area; and
- Continuing operator and maintenance training initiatives.

Excavator/truck performance exceeded drill performance during March, with blasted stocks reducing from 550 kt at the month start to 218 kt at month end. As a result an additional drill rig was mobilised to site and commissioned in late March to ensure that drill performance does not continue to be a limiting factor and to allow the quantity of blasted stocks to continue to grow ahead of loader/truck operations in the future.

Improvements are also occurring in mining dilution as a result of better blast design and execution. Mining dilution in December 2012 was in the range 13-16%. By March 2013 estimated mining dilution had reduced to approximately 10%. Further improvement is expected as blasting performance is optimised and improved pit

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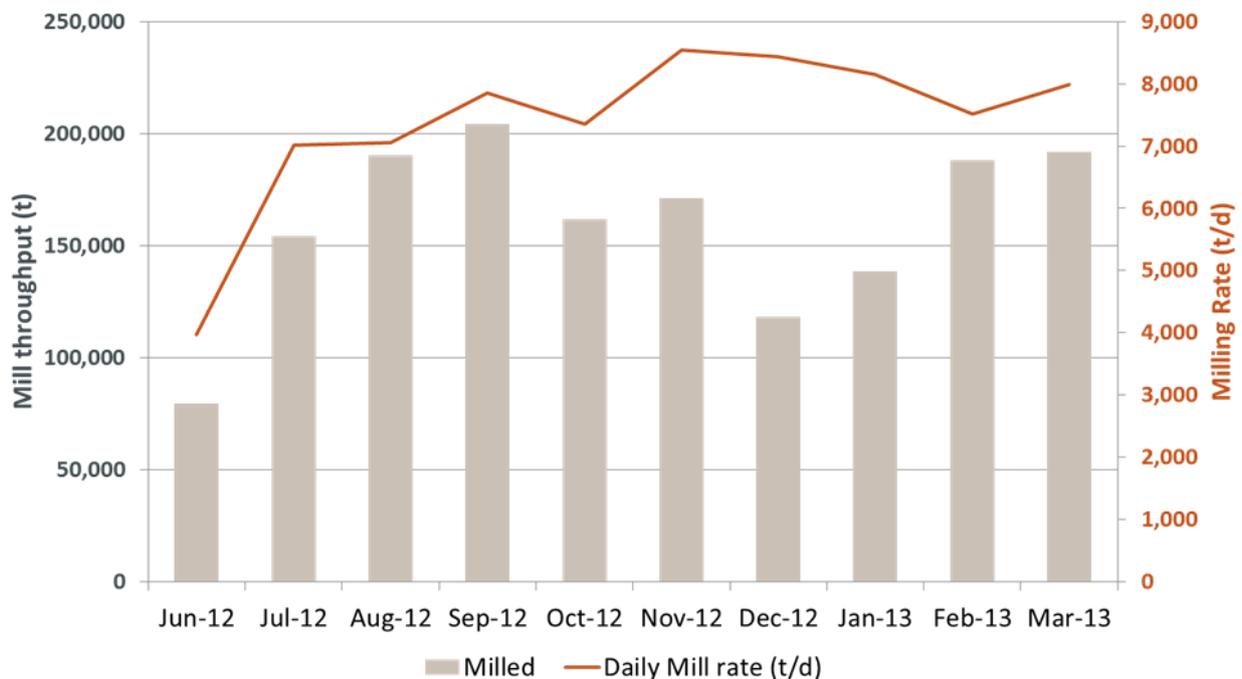
supervision is embedded in the second and third open pits. Delivered ore grade is improving as a result of lower dilution and as mining progresses into the sulphide zone at Zeta.

b) Concentrator

Through the quarter the concentrator maintained performance at approximately 96% of the design milling rate when ore was available for milling. Milling performance has been limited only by the quantity of ore presented. The crushing circuit has excess capacity and has easily kept ahead of the mill.

Ore milled during the quarter was 518 kt, representing a 15% improvement on the December quarter. The March milled tonnage was 191.7 kt at a rate of approximately 7,990 t/d over 24 operating days. This rate is 97% of the concentrator design capacity.

Mill Production and Milling Rate



During March, ore was milled from both high and low grade sources as follows:

- 135 kt of high grade ore produced 3,379 tonnes of concentrate at 39% Cu. The concentrator recovered 83% of the copper and 87% of the silver from the ore milled; and
- 56 kt of low grade material (<0.6% Cu) was campaign milled and processed from stockpile, producing 219 tonnes of concentrate at 39% Cu. The concentrator recovered 32% of the copper and 54% of the silver from this material.

The recoveries of copper from the milling completed during the quarter were consistent with predictions. Silver recovery continues to be well above early predictions with recoveries of approximately 80% rather than 60-65% as initially thought. This higher silver recovery is now considered to be the expectation going forward.

The milling of the low grade material will be curtailed and then eliminated as greater quantities of high grade ore feed becomes available from the Zeta and Plutus Open Pits. Increases in total material moved in March and April are expected to result in increased ore availability from mid-April onwards. First transitional ore is scheduled for mining from the Plutus Stage 1 Pit in April with sulphide ore expected from June.

The short term milling target going forward is 250 kt per month (3 Mtpa, or 8,220 tpd) which is the design capacity of the mill. This rate is expected to be achieved consistently from June 2013.

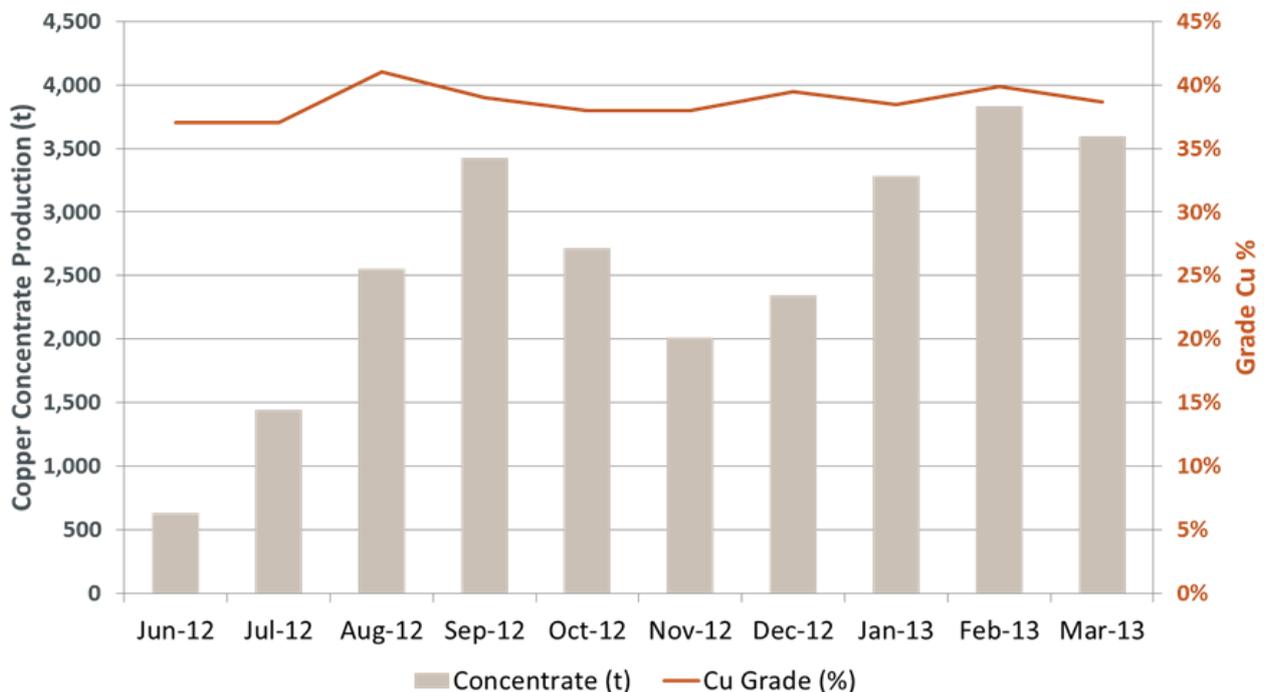
c) Metal Production

Concentrate production for the quarter was 10,713 tonnes, a 51% increase from the previous quarter.

Contained copper was also up 53% at 4,183t and silver metal production was up 62% at 185,756oz on a quarter on quarter basis.

For the month of March concentrate production was 3,598 tonnes at 39% copper containing 1,392 tonnes of copper and 69,946 ounces of silver.

Concentrate Production and Grade



The Boseto concentrate continues to be well received in the market. As noted in the previous section, concentrate grade has been maintained from both high grade and low grade ore sources.

d) Summary

By the end of March, targets were being achieved in all but one area, ie. ore delivery to the concentrator. Boseto Copper Project areas currently at target rates are; Material Movement, Concentrator Performance, Concentrate quality and Support /Services (including power station, tailing storage and water supply borefield). Delivery of Ore (the last remaining area) is scheduled to reach its target rate in June 2013. On this basis the Boseto Copper Project will be “fully commissioned” in 12 months versus the original BFS target of 6 months.

The main reasons for the delay in “full commissioning” in the project to date were:

- There was more Oxide material than planned in the Zeta open pit with the demarcation between oxide and transitional ore misinterpreted. This resulted in a loss of ore flow to the Concentrator of approximately 200 kt in October – December 2012;
- Rain, the impact of the on-site fatality and reduced drill performance in January – February 2013 resulted in a shortfall to the concentrator of another 200 kt of ore in January – March 2013.

The mine is forecast to be cash flow positive from operations for the June quarter based on current mining plans and commodity prices.

2. Zeta Underground Mine Project

The Definitive Feasibility Study (DFS) was completed in April 2012 and its findings suggest strong economic results for the Zeta Underground Project. Planning has commenced to achieve the targeted first delivery of underground mined ore to the Boseto concentrator in early 2014, with the dominantly sulphide underground ore to be blended with the ore from the upper sections of the Plutus Open Pit mine. An average mining rate of 1.5 Mtpa of ore is scheduled from the Zeta underground mine over 11 years.

The contract tender process for the underground works is progressing well, with the final stages of tender negotiations currently being undertaken. Further risk assessments have been undertaken on the commercial risks of the contract, with risk mitigation measures being integrated into the contract. It is anticipated that the contract will be awarded by mid-2013.

The front end engineering design work has been completed for the Zeta Underground mine infrastructure area (UG MIA) and power reticulation design. The associated cost estimates with construction schedules have been completed to support the UG MIA. Sourcing and building of additional accommodation for the underground team and contractors continues to progress.

The operational readiness work continues under the recently appointed technical services superintendent with preparation work underway for establishing cave management plans, survey control systems, and life of mine optimisation.

Following a public consultation process, the approval of the addendum to the Environmental and Social Impact Assessment (ESIA) by the Department of Environmental Affairs (DEA) in Botswana for the commencement of Zeta Underground is progressing well and is expected in the first half of 2013.

The project is on track for commencement of decline development in the last quarter of 2013.

3. Boseto Coal Fired Power Station

The Company continues discussions with the Government of Botswana for the necessary power generation permits and an update to the Boseto Environmental Impact Assessment Statement (EIAS). The Company will consider proceeding to the next stage of final design, manufacture, construction and commissioning of the power station once these permits are approved.

A coal fired power station is part of the published Boseto Development Plan aimed at delivering significant operating cost savings (approximately half of current power costs) and reducing the project's dependence on imported oil products. The Front End Engineering Design (FEED) has already been completed for a 24MW (2 x 12MW) power station with a 'balance of plant' conceptual design for 36MW (allowing for the Boseto expansion project) and allowance for a spare circulating fluidised bed boiler. These designs incorporate flexibility to easily expand the power plant with additional power train modules.

The Company is also investigating potential second hand near new or recently refurbished plants which may allow an earlier conversion to lower cost power subject to detailed technical review, rigorous due diligence and cost analysis.

4. Kalahari Copperbelt Exploration

The Company's exploration activity in the Kalahari Copperbelt has two key objectives:

- discover copper-silver mineralisation within the Boseto Zone which will contribute to a longer mine life and/or expansion of the Boseto Copper Project; and
- discover zones of copper-silver mineralisation in the Boseto, Mid Kalahari and South West Kalahari Zones that may support the development of new standalone projects.

Discovery Metals holds 18 prospecting licences covering 11,872 square kilometres in the Kalahari Copperbelt of north-west Botswana. The prospecting licences extend from 60 kilometres south-west of Maun through to the Namibian

border, a distance of over 280 kilometres. The licences contain approximately 1,500 strike kilometres of favourable geology with the potential to host copper-silver mineralisation. Approximately 40% of this prospective horizon's strike has been explored (soil sampled) by Discovery Metals, and approximately 30% has been drill-tested to date.

The seven north-eastern tenements, located in Ngamiland, were current until September 2012 and an application for continuance of these key tenements has been lodged with the Geological Survey. The seven south-western tenements, located in the Ghanzi District are due for renewal in June 2013. In February 2012, four new prospecting licences near D'Kar were granted abutting the Ghanzi District prospecting licences for the standard initial term of 3 years.

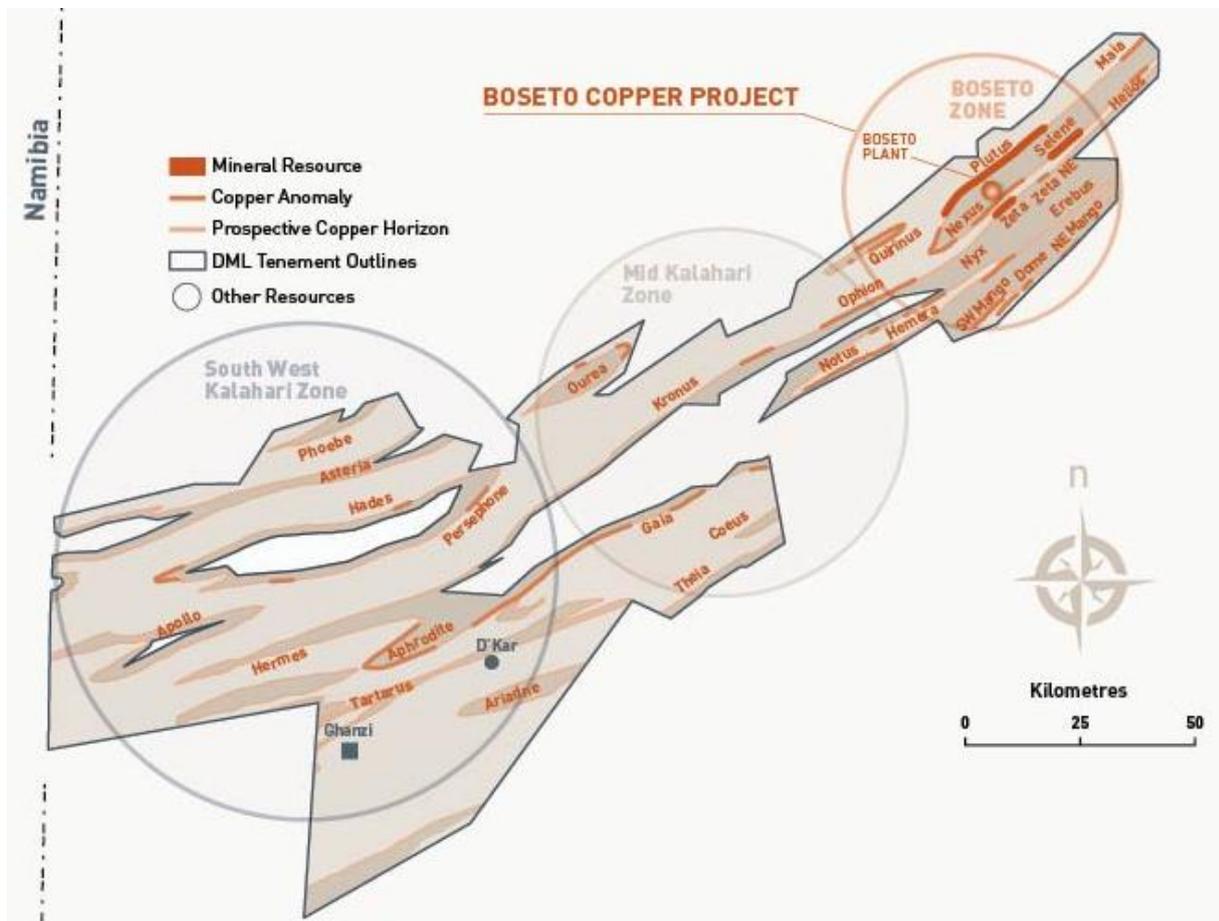


Figure 1: Kalahari Copperbelt exploration targets

a) Boseto Zone – targets Boseto extension / expansion or standalone project

In-fill and deep drilling programs were conducted at Zeta NE during the quarter with deep drilling beginning at NE Mango 2 and additional drilling at Selene.

Zeta NE – Assay results from the first deep hole drilled at Zeta NE were reported during the quarter. GDDD2826 returned 10.5m @ 1.5% Cu & 32 g/t Ag from 579.5 metres to 590.0 metres, confirming continuity of mineralisation to a vertical depth of approximately 460 metres.

In addition, assay results were reported for 8 infill diamond holes drilled within the northeastern portion of Zeta NE. These holes were completed on sections approximately 100 metres apart over approximately 500 metres of strike.

Consistent with previous infill drilling at Zeta NE, these holes intersected thicker copper–silver mineralisation with greater copper grades than had been anticipated from earlier drilling. Most of these holes had results exceeding the average copper grade (1.3%) and thickness (7m) of the deposit determined from the initial drilling reported in early 2012.

Drilling at Zeta NE is planned to resume later in 2013.

Helios – Helios is a new area of copper–silver mineralisation, along strike from Zeta NE and close to the Selene deposit. The Helios deposit is approximately 2.5 km east of the current Selene resource, on the opposite limb of the Zeta Syncline. Assay results were received from SLDD1832, which was drilled 800 metres along strike to the south-west of SLDD1831 (12.5m @ 1.6% Cu & 13 g/t Ag and 6.9m @ 1.5% Cu & 15 g/t Ag). SLDD1832 returned an intercept of **10.4 m @ 1.0% Cu & 9 g/t Ag** from 37.7 metres to 48.1 metres. A second hole, SLDD1833 was drilled 800 metres to the north-east of SLDD1831 but did not return a significant intercept. The copper–silver mineralisation intersected in both SLDD1831 and SLDD1832 is unusual within the context of the Kalahari Copperbelt, being hosted by the Ngwako Pan Formation, and is associated with breccias. Further drilling is planned to be conducted at Helios in 2013.

NE Mango 2 – Drilling at NE Mango 2 continued in the quarter, with MGDD3324 being completed at 786.5 metres in February 2013. It intersected bornite and chalcopyrite mineralisation over a drilled depth of approximately 20 metres, with an intercept of 8.5m @ 1.5% Cu and 19 g/t Ag between 754.0 metres and 762.5 metres, reported in the quarter. This hole confirms continuity of copper–silver mineralisation down dip from the Inferred Mineral Resource reported in Q4 of 2012.

Assay results from a shallow hole drilled 400 metres south-west of the NE Mango 2 Inferred Mineral Resources intersected chalcocite-dominated mineralisation at the base of the D'Kar Formation. It returned an intercept of 7.0m @ 0.8% Cu & 8 g/t Ag between 126.4 metres and 133.4 metres including a higher grade zone of 2.0m @ 1.5% Cu & 19 g/t Ag from 130.3 metres to 132.3 metres. This differs from the majority of copper–silver mineralisation at NE Mango 2 as it occurs at the base of the D'Kar Formation instead of 10 to 20 metres above the base. It more closely resembles the Zeta and Plutus mineralisation style and may represent a separate deposit. Further drilling is planned to be conducted here later in 2013.

b) Mid Kalahari Zone – targeting new standalone projects

No exploration was undertaken in the Mid Kalahari Zone during the quarter.

c) South West Kalahari Zone – targeting new standalone projects

Aphrodite – Results for the drill program conducted at Aphrodite in Q4 of 2012 were reported in Q1 of 2013. APRC2790 returned 19.0m @ 1.0% Cu & 13 g/t Ag. This hole was twinned with a diamond core hole that returned 17.5m @ 0.9% Cu & 13 g/t Ag. The diamond core hole showed that the bulk of the copper–silver mineralisation occurs within strongly sheared siltstone units, separated by weakly sheared sandstone, within a broad shear zone. The copper–silver mineralisation is hosted by the D'Kar Formation, approximately 200 metres south of its contact with the Ngwako Pan Formation. Holes drilled into the base of the D'Kar Formation intersected thin, low grade copper–silver mineralisation, with APRC2726 returning 1.0m @ 1.3% Cu & 20 g/t Ag.

The current interpretation of these results is that the best copper mineralisation is hosted within a West-Southwest trending shear zone that cross-cuts bedding at a low angle. Within the shear zone, finer grained units are strongly sheared and host the highest copper grades. The full width of the shear zone has not been delineated and it remains open along strike in both directions. Work planned for the second half of 2013 is designed to identify the width and strike length of the shear zone, prior to further drilling.

5. Sustainability

The Company continues to develop systems to comply with the Global Reporting Initiative and the Minerals Council of Australia 'Enduring Value – The Australian Minerals Industry Framework for Sustainable Development'.

a) Safety and Health

The Boseto site achieved a Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours worked of 0.32 for the quarter.

As reported previously, the Boseto operation regrettably suffered an on-site fatality on 17 January 2013, when a contract employee was involved in an incident during the movement of heavy machinery within the Zeta Open Pit. A full investigation in cooperation with the Botswana Police and the Botswana Department of Mines has identified a series of improvement actions which have since been implemented.

Training of employees in the use and application of the Company's risk management and incident reporting systems continued. Facilitated risk assessments are continuing across site. An experienced Health, Safety and Environment Manager was recruited to drive implementation of the systems.

b) Environment

The Company's Boseto project environmental obligations to the Government of Botswana are embodied in the Environmental Management Plan (EMP) which are comprehensive and are subject to annual review and reporting. In addition, the Company has adopted best practice environmental standards in accordance with the Equator Principles and IFC Performance Standards.

Work continued on the development of procedures and standards required for the implementation of an Environmental Management System. Water, air, dust and noise monitoring programmes continue to be implemented and instrumentation is being installed to collect data automatically.

c) Community Relations

A Community Liaison Office established in Toteng continues to facilitate regular consultation and engagement, primarily with local community representatives, affected landholders, local politicians and government agencies.

6. Manganese Prospects, South Botswana (Discovery Metals 100%)

Seventeen prospecting licences, covering 15,345 square kilometres in southern Botswana are held by the Company. This area is underlain by rocks of the Transvaal Supergroup which extends south-east into the Griqualand West Basin of South Africa, where it hosts the Kalahari Manganese Field (KMF) deposits.

The Company is currently reviewing a proposal by a party interested in farming into the Manganese project.

7. Kraaipan Gold Project (Discovery Metals 100%)

The Kraaipan project covers PL008/2011 in Southern Botswana. The prospecting licence was granted effective 1 January 2011 for a period of 3 years.

The exploration targets are Archaean Greenstone hosted gold deposits and possible layered intrusives hosted PGM deposits.

The Kraaipan belt is a part of the larger NNW trending Amalia-Kraaipan Greenstone terrain of the Kaapvaal Craton, consisting of north trending linear belts of older (~3500 Ma) Archaean meta-volcanic and meta-sedimentary rocks, separated by granitoid units.

The Kraaipan Greenstone Belt in Botswana is directly along strike from significant gold deposits in South Africa, including the well-known Kalgold deposit, which has over 4.0 million ounces of gold

to 150 metres depth. Gold mineralisation occurs in shallow dipping (approximately 65°E) quartz veins, found in clusters or swarms, within a steeply dipping, sub-greenschist facies, magnetite-chert banded iron formation. The disseminated sulphide mineralisation, dominated mostly by pyrite, occurs around and between the shallow dipping quartz vein swarms.

An exploration program has been initiated to:

- Ground check the historical drill hole locations and rock chip sample locations; and
- Complete regional soil, rock-chip sampling and geological mapping to identify anomalous zones.

It is anticipated that this initial work will take approximately 3 months to complete.

8. Dikoloti Nickel Project (Discovery Metals 19%)

The Dikoloti Nickel Project comprises three prospecting licences covering an area of 273 square kilometres surrounding the nickel operations of BCL Limited in the Selebi-Phikwe region of north-east Botswana.

The Company manages the Joint Exploration Agreement with The Japan Oil, Gas and Metals National Corporation (JOGMEC) with A\$5.2 million spent by JOGMEC since the inception of the Joint Exploration Agreement in 2009, earning JOGMEC a right to 81% of any future project.

No field work was carried out during the March quarter. The Company is pursuing a number of paths to release the value from the Dikoloti project.

9. Corporate

The Company's accounts for the half year ended 31 December 2012 was released on 19 February 2013. Subsequent to this, the second scheduled repayment of the Boseto project loan of US\$12 million was made on 28 March 2013, reducing total project and corporate debt to US\$176 million. At the end of March 2013, Discovery Metals held US\$16.9 million in cash.

The Company also announced on 26 March 2013, that its existing lenders had formally consented to a series of amendments to the Company's Project Finance and Corporate Revolver facilities, including extensions to repayment schedules and waivers on debt covenants.

a) Lapsing of Takeover Offer

On Friday, 15 February 2013, the hostile Takeover Offer by Cathay Fortune Corporation (CFC) and China-Africa Development fund to acquire all the shares (not currently held by CFC) in the Company lapsed.

The Company is no longer the subject of a Takeover Offer.

b) Sedgman EPC Contract

The Queensland Supreme Court application lodged by Sedgman (the major construction contractor on the Boseto Copper Project) claiming \$20 million from Discovery Metals under the EPC Contract was heard on 29 January 2013. The Court's decision remains pending. Discovery Metals maintains that there are no merits to Sedgman's claims, and will continue to strongly defend its position in these matters and pursue counter-claims to which Discovery Metals claims it is entitled. A further update will be provided following the Court's decision.

Additionally, Discovery Metals and Sedgman continue to follow the dispute adjudication process in accordance with the terms of EPC Contract in order to determine these disputed matters.

c) Boseto Mineral Resources and Ore Reserves

Work is progressing to incorporate all current information into a new estimate of Mineral Resources at the Zeta Deposit. Work is also advancing to restate both the Open Pit and Underground Ore Reserves at Zeta to account for all new information since the last statements of Ore Reserves including; mining depletion, changes to the planned underground/open pit interface, changes in metallurgical, economic factors and improved metal pricing.

This work is on track to be completed in May 2013 and will be immediately followed by a review of the Plutus Mineral Resources and Ore Reserves.

d) Boseto Hedging Summary

The Company has hedged on average approximately 40% of its copper and 65% of silver production out until March 2015. The total hedged quantities are 29,000 tonnes of copper and 1,300,000 ounces of silver. The average prices attained for these hedge contracts are US\$3.94 per pound (/lb) for copper and US\$35.87 per ounce (/oz) for silver.

For the quarter, the Company received \$8.1 million in cash for settlement of copper and \$2.1 million for silver hedges from hedging counterparties. At quarter end, the total hedge book value represented an unrealised net gain of US\$40 million in excess of end of quarter commodity forward market prices. The positive marked to market value (MTM) for future quarters is shown below.

Hedging Portfolio at 31 March 2013

Hedge Period	Copper Hedge Tonnes	Copper Hedge Price USD/t	Copper Hedge Price US\$/lb	Copper MTM \$	Silver Hedge Ounces	Silver Hedge \$	Silver Hedge Price US\$/oz	Silver MTM \$	Total Hedges MTM \$
Apr13-Jun13	2,790	8,698.02	3.95	3,249,295	92,916	3,216,999	34.6225	555,605	3,804,899
Jul13-Sep13	3,939	8,918.20	4.05	5,360,689	195,759	7,072,577	36.1290	1,464,148	6,824,837
Oct13-Dec13	4,352	8,845.29	4.01	5,478,144	218,679	7,890,157	36.0810	1,623,581	7,101,725
Jan14-Mar14	3,879	8,761.90	3.97	4,449,933	180,408	6,498,296	36.0200	1,327,135	5,777,068
Apr14-Jun14	3,663	8,678.40	3.94	3,805,700	167,961	6,038,366	35.9510	1,222,740	5,028,440
Jul14-Sep14	3,370	8,597.11	3.90	3,148,273	140,370	5,036,616	35.8810	1,010,942	4,159,215
Oct14-Dec14	3,240	8,510.70	3.86	2,671,946	136,140	4,876,263	35.8180	970,750	3,642,696
Jan15-Mar15	3,496	8,424.08	3.82	2,508,401	163,983	5,862,065	35.7480	1,156,333	3,664,734
Total	28,729	8,690.34	3.94	30,672,381	1,296,216	46,491,339	35.8670	9,331,234	40,003,614

Based on spot prices of US\$7,583/t for copper and US\$28.6/oz for silver as at 31 March 2013.

The marked to market value of the hedge book has increased to approximately \$56 million as at 15 April 2013 (based on spot prices of US\$7,121/t for copper and US\$23.5/oz for silver).

Mineral Resources & Ore Reserves

The total Mineral Resources and Ore Reserves for the Boseto Copper Project, reported in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition), as at a cut-off of 0.6% Cu, are:

Boseto Ore Reserves

Ore Reserves	ZETA			PLUTUS			TOTAL		
	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)
Open Pit									
Proved	4.0	1.6	22.1	12.0	1.3	13.1	16.0	1.4	15.4
Probable	6.5	1.5	23.5	1.3	1.5	15.7	7.8	1.5	22.2
Open Pit Ore Reserves ¹	10.5	1.5	23.0	13.3	1.3	13.4	23.8	1.4	17.6
Underground									
Proved	1.0	1.3	24.0				1.0	1.3	24.0
Probable	6.3	1.3	24.6				6.3	1.3	24.6
Underground Ore Reserves ²	7.3	1.3	24.5				7.3	1.3	24.5
TOTAL ORE RESERVES	17.8	1.4	23.6	13.3	1.3	13.4	31.1	1.4	19.2

All Ore Reserves are reported at cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement. A full update of Ore Reserves will be undertaken in mid-2013 using updated metal pricing and costs, which will be determined at that time.

¹ Zeta Open Pit data as at 31 August 2010. Mining from the Zeta Open Pit has not been depleted from this Ore Reserves estimate. It is expected that the revision to the Zeta Open Pit Ore Reserves estimate will reduce the open pit Ore Reserves by approximately 5 Mt, because of the proximity of underground mining. Also mining depletion at Zeta open pit of 1.2 Mt has not been reflected in the above figures. Plutus Open Pit data as at 11 December 2012. ² Zeta Underground data as at 27 April 2012.

Boseto Mineral Resources

Mineral Resources	ZETA			PLUTUS			TOTAL		
	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)	Mt	Cu (%)	Ag (g/t)
Measured	4.6	1.6	23.5	11.1	1.4	13.9	15.7	1.4	16.7
Indicated	12.4	1.5	26.1	8.1	1.4	13.3	20.5	1.5	21.0
Subtotal M&I	17.0	1.5	25.4	19.2	1.4	13.6	36.2	1.4	19.1
Inferred	27.1	1.2	20.0	67.7	1.3	13.0	94.8	1.3	15.0
TOTAL RESOURCES	44.1	1.3	22.1	86.9	1.4	13.2	131.0	1.3	16.2

Mineral Resources reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement. Data as at 2 May 2012.

Additional Boseto Zone Regional Mineral Resources

Inferred Mineral Resources			
Prospect	Mt	Cu (%)	Ag (g/t)
Selene ³	16.0	1.0	16
Zeta NE ⁴	12.9	1.3	22
Ophion ⁵	14.0	1.0	12
NE Mango 1 ⁶	4.8	1.2	13
NE Mango 2 ⁷	28.5	1.3	14
TOTAL	76.2	1.2	15

Mineral Resources reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement. ³ Data as at 12 January 2012.

⁴ Data as at 2 August 2012. ⁵ Data as at 11 October 2012. ⁶ Data as at 1 August 2012. ⁷ Data as at 16 October 2012.

Total Boseto Zone Mineral Resources

	Mt	Cu (%)	Ag (g/t)
Boseto Mineral Resources	131.0	1.3	16.2
Additional Boseto Zone Regional Mineral Resources	76.2	1.2	15.0
TOTAL	207.2	1.3	16.0

Mineral Resources reported at a cut-off grade of 0.6% Cu. Please refer to Competent Persons Statement.

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) and Dr Wallace Mackay who is a Member of the Australian Institute of Geoscientists. Mr Nhiwatiwa and Dr Mackay are employed full-time by Discovery Metals Limited. Mr Nhiwatiwa and Dr Mackay have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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' (JORC Code).

The information in this report that relates to the Zeta and Plutus Mineral Resources was reviewed by Mr Ivor Jones, who is a fellow of the AusIMM. Mr Jones is employed full-time by Snowden Mining Industry Consultants Pty Ltd (Snowden). Mr Jones 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 JORC Code.

The information in this report that relates to the Zeta Open Pit and Plutus Ore Reserves was reviewed by Mr Frank Blanchfield, who is a fellow of the AusIMM. Mr Blanchfield is employed full-time by Snowden. Mr Blanchfield 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 JORC Code.

The information in this report that relates to the Zeta Underground Ore Reserves has been reviewed by Mr Andrew Gasmier, who is a MAusIMM. Mr Gasmier is employed full-time by Mining Plus Pty Ltd. Mr Gasmier 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 JORC Code.

The information in this report as it relates to the Selene, Zeta NE, Ophion, NE Mango 1 and NE Mango 2 Mineral Resources estimates have been compiled by Mr Matthew Readford, who is a MAusIMM. Mr Readford is employed full-time by Xstract Mining Consultants Pty Ltd. Mr Readford 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 JORC Code.

Messrs Nhiwatiwa, Mackay, Jones, Blanchfield, Gasmier and Readford 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.

Further information on the Company including Mineral Resources and Ore Reserves is available on its website: www.discoverymetals.com

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.

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Stock Exchange Listings

Australian Securities Exchange - ASX Code: DML
Botswana Stock Exchange - BSE Code: DML

Issued Capital

At 31 March 2013 ordinary issued capital of Discovery Metals Limited was 486,986,451 ordinary shares and 1,250,000 director and executive options.

Directors

Gordon Galt – Chairman
Brad Sampson – Managing Director
Morrice Cordiner – Non-Executive Director
Ribson Gabonowe – Non-Executive Director
Niall Lenahan – Non-Executive Director
Jeremy Read – Non-Executive Director
John Shaw – Non-Executive Director

Company Secretary

Gregory Seeto
Paul Frederiks (Alternate)

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Discovery Metals Limited

ABN

29 104 924 423

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

	Current quarter \$USD'000	Year to date (9 months) \$USD'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	32,026	65,744
1.2 Payments for (a) exploration & evaluation	(1,720)	(8,474)
(b) development	(43,613)	(117,029)
(c) production		
(d) administration	(7,155)	(16,354)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	39	153
1.5 Interest and other costs of finance paid	(3,392)	(10,852)
1.6 Income taxes paid		
1.7 Other (provide details if material) -		
GST/VAT refunds	-	9,475
Hedge settlements	4,445	12,214
Net Operating Cash Flows	(19,370)	(65,123)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(19,370)	(65,123)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(19,370)	(65,123)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		52,128
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		25,000
1.17	Interest Paid		
1.18	Dividends paid		
1.19	Other – Project loan repayments	(12,000)	(54,136)
	Net financing cash flows	(12,000)	22,992
	Net increase (decrease) in cash held	(31,370)	(42,131)
1.20	Cash at beginning of quarter/year to date	48,109	59,010
1.21	Exchange rate adjustments to item 1.20	186	46
1.22	Cash at end of quarter	16,925	16,925

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$USD'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	242
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	-

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
-
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
-

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$USD'000	Amount used \$USD'000
3.1	Loan facilities	150,864
3.2	Credit standby arrangements	25,000

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$USD'000
4.1	Exploration and evaluation	1,500
4.2	Development*	5,500
4.3	Production	
4.4	Administration	5,000
Total		12,000

* These costs represent capital development costs, not capitalised operating costs for the next quarter. Capitalised Revenue and offsetting capitalised operating costs are not represented here.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$USD'000	Previous quarter \$USD'000
5.1 Cash on hand and at bank	11,422	29,009
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Debt service reserve	5,503	19,100
Total: cash at end of quarter (item 1.22)	16,925	48,109

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Company Secretary

Date: 19 April 2013

Print name: Gregory Seeto

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.³
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.