

18 February 2014

SETTLEMENT AGREED WITH SEDGMAN

Discovery Metals Limited (ASX/BSE: DML) (**Discovery Metals**, or the **Company**) is pleased to announce that it and its wholly owned subsidiary, Discovery Copper (Botswana) (Limited), has reached an agreement with Sedgman Limited (ASX:SDM) and its wholly owned subsidiaries Sedgman South Africa Pty Ltd and Sedgman Botswana Pty Ltd in relation to the full and final settlement of all claims arising from the EPC contract between the parties (as disclosed in various previous reports and announcements) (**EPC Dispute**).

TERMS OF SETTLEMENT

Discovery Metals has agreed to pay to Sedgman the sum of USD3.2million (**Settlement Sum**) in full and final satisfaction of the EPC Dispute, subject to receiving funds in connection with the DML recapitalisation and refinancing of debt under the Project Finance Facility and the Single Currency Revolving Credit Facility Agreement (**DML Refinancing**) in the amount of at least USD\$30 million by 30 April 2014. Payment will be made shortly following the receipt of those funds. The parties have agreed not to progress the EPC Dispute to international arbitration, as they were entitled to do or take other action prior to 30 April 2014.

The permanent resolution of the EPC Dispute which will be achieved upon payment of the Settlement Sum will represent the closure of what has been a difficult period between the parties. Discovery Metals is pleased to have reached an amicable agreement with Sedgman, and to now be able to wholly focus its resources on the continued improvement of the Company's operations in Botswana.

Discovery Metals CEO Mr Bob Fulker said, "The conclusion of the dispute with Sedgman is an overwhelmingly positive outcome for both parties. Having the matter resolved will allow everyone to keep their minds on the performance of the Boseto Operation, which has continued to improve."

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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.

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 Project.

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 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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