
Update on Discovery Metal Zeta nickel project

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Edison Investment Research published a report on Botswana operating nickel and copper miner Discovery Metals, following the upgrade of the resource at its Zeta prospect at the Boseto project in northwest Botswana last month, putting its potential value at as much as 48.5 pence per share and Discovery's potential share price at 220 pence.

The resource update for Discovery's Zeta prospect at the Boseto project put its total mineral resource at 35.4 million tonnes graded at 1.4% Cu (copper) and 22.3 grams per tonne Ag at a cut off grade of 0.6% Cu. The measured and indicated resource stood at 10.9 million tonnes at 1.6% Cu and 23.5 grams per tonne Ag and inferred mineral resource was at 24.5 million tonnes at 1.4% Cu and 21.8 grams per tonne Ag all at a cut off grade of 0.6% Cu. This was the first estimate to include the measured category.

The updated resource led Edison to raise its valuation of the Boseto project by 22% to USD 157 million, or 43 pence per share, at what the research firm said was a conservative long term copper price of USD 2.37 per pound, a roughly 20% discount from the current price of USD 2.98 per pound.

Discovery has so far explored less than 3% of its tenements' surface area and has delineated its current resource base and mining plan. Edison said that the successful execution of its estimate of the company's mining plan would allow it to pay a dividend of 5.7 pence per share for 8 years of its 10 year life, which could be extended in the event of further exploration success to put Discovery's share price as high as 114 pence, or 220 pence if copper stays at its current price.

Edison added that on the basis of the current mining plan, positive cash flows would commence in full year 2012.

Discovery Metals combines a portfolio of mineral assets in Africa and joint ventures in Australia. Discovery Metals is focused on developing the Boseto Copper Project (100% owned) in North West Botswana and to create shareholder wealth through discovery and development of economic mineral deposits. The Company's major asset and current focus is its Boseto Copper Project (100%) in North West Botswana. The company also controls the Dikoloti Nickel Project (85%) in north east Botswana. There are two smaller Australian projects which are joint ventured with the JV partners potentially earning into 51% equity.

The company commenced a pre feasibility study on the Boseto Copper Project in North West Botswana in August 2007 and announced the outcomes of the study in July, 2008. A Bankable Feasibility Study is currently being undertaken and is planned for completion mid 2009, with first copper production currently targeted for early 2011.

(Sourced from www.proactiveinvestors.co.uk)

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