



Cathay Fortune Investment Limited

(company number 1686647)

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8 November 2012

The Manager
Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir/Madam

**Cathay Fortune Investment Limited - Takeover bid for Discovery Metals Limited ("Offer") -
Despatch of Bidder's Statement**

In accordance with section 633(1) item 8 of the Corporations Act 2001 ("**Corporations Act**"), we advise that Cathay Fortune Investment Limited (a body corporate incorporated in Hong Kong SAR, China, company number 1686647) has today completed the despatch of its bidder's statement ("**Bidder's Statement**") relating to the Offer, as required by section 633(1) Item 6 of the Corporations Act.

The Offer is dated 8 November 2012.

Please find attached a copy of the Bidder's Statement as sent to holders of Discovery Metals Limited securities.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Zhang Zhenhao', is written over a faint, larger version of the same signature.

Zhang Zhenhao
Director

Encl



Bidder's Statement

ACCEPT THE OFFER

by

Cathay Fortune Investment Limited

(a body corporate incorporated in Hong Kong SAR, PRC, company number 1686647, being an entity indirectly owned by Cathay Fortune Corporation Co., Ltd and in which a wholly-owned special purpose vehicle of China Africa Development Fund will acquire shares after the Offer becomes unconditional)

to purchase all your shares in

Discovery Metals Limited

(ABN 29 104 924 423)

for

A\$1.70 cash for each Discovery Share

The Offer is dated 8 November 2012 and will close at 7.00pm (Sydney time) (currently 10.00am (Botswana time)) on 13 December 2012, unless extended or withdrawn.

Financial adviser



Legal adviser

**KING & WOOD
MALLESONS**

Legal adviser in Botswana

Collins Newman & Co.
Attorneys Notaries Conveyancers

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with it, you should consult your professional adviser as soon as possible.

Important Dates

Announcement of Offer	23 October 2012
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Date of this Bidder's Statement	25 October 2012
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Date of the Offer	8 November 2012
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Closing Date (unless extended or withdrawn) at 7.00pm (Sydney time) / currently 10.00am (Botswana time)	13 December 2012
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Note: the Closing Date for the Offer may change as permitted by the Corporations Act.

How to accept

To accept the Offer you must follow the instructions set out in section 1 of this Bidder's Statement. Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period.

Enquiries

If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your professional adviser.

Australia Offer information line:

If you have any questions about the Offer, please call the Australia Offer information line on 1800 132 009 (callers in Australia) or +61 2 8280 7581 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

Botswana Offer information line:

If you have any questions about the Offer, please call the Botswana Offer information line on +267 395 2011 between 8.00am and 5.00pm (Botswana time) on Business Days.

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Letter from CF Investment to Discovery Shareholders



Dear Discovery Shareholder,

Cash Offer of A\$1.70 per Discovery Share

On behalf of Cathay Fortune Corporation Co., Ltd ("**CFC**") and the China Africa Development Fund ("**CADFund**"), I am pleased to present you with an offer from Cathay Fortune Investment Limited ("**CF Investment**") to acquire all of your shares in Discovery Metals Limited ("**Discovery**") (the "**Offer**").

Under the Offer you will receive A\$1.70 in cash for each share in Discovery that you hold, subject to the Offer becoming unconditional.

The Offer represents a compelling opportunity for you to realise a highly attractive price for your Discovery Shares and a substantial premium to Discovery's recent trading ranges, including:

- 51% premium to the volume weighted average price ("**VWAP**") of Discovery Shares for the 30 trading day period ended 3 October 2012, which is the last trading day before the non-binding, indicative proposal to acquire the ordinary shares of Discovery for A\$1.70 per share in cash (the "**Non-Binding Proposal**") was disclosed to the public and the Australian Securities Exchange ("**ASX**");
- 42% premium to the A\$1.20 per share issue price of the institutional equity placement announced on 8 August 2012;
- 3% premium to the closing price of Discovery Shares on 22 October 2012, which is the last trading day before CF Investment's announcement of the Offer; and
- 3% discount to the closing price of Discovery Shares on 24 October 2012, which is the last trading day before the date of this Bidder's Statement.

The Offer also provides you with an opportunity to receive a certain cash value and avoid any future risks inherent in your ownership of Discovery Shares, including (i) those risks associated with the development of Discovery's 100% owned first producing copper mine (the "**Boseto Copper Project**"), including the risk that the cash costs for the Boseto Copper Project will be higher than as disclosed in the Bankable Feasibility Study or the Development Plan, (ii) those risks associated with the development of satellite prospects that may not be economically viable, and (iii) the potential that Discovery will require additional equity funding from its shareholders in the future.

The Offer is made by CF Investment, a joint venture that will be 75% owned by Cathay Fortune International Company Limited ("**CF International**") and 25% owned by China-Africa Liantuo Mining Co., Ltd ("**CADFund Liantuo**") (the "**Joint Venture**"), if the Offer becomes unconditional. CF International is a wholly-owned subsidiary of CFC, and CADFund Liantuo is a wholly-owned subsidiary of CADFund. As at the date of this Bidder's Statement, CF Investment currently owns 13.78% of Discovery.

The Offer is subject to a minimum acceptance condition which requires a relevant interest of more than 51%, and other customary conditions.

CFC, on behalf of CF Investment, and CADFund, on behalf of CADFund Liantuo, have received final approval from the National Development and Reform Commission of the People's Republic of China ("**NDRC**"). No further NDRC approval is required to consummate the Offer. The remaining Chinese regulatory approvals required are expected to be granted by mid-November 2012.

2 Cathay Fortune Investment Limited

As you may be aware, CFC and CADFund met with representatives of the Discovery Board to discuss the Non-Binding Proposal on 11 October 2012. During the meeting, the Discovery Board indicated that it was not prepared to engage or provide any additional information to CF Investment. In our view, the Discovery Board did not provide any reasonable basis for its decision not to engage.

Discovery has released limited information since the initial approach to its Chairman on 21 September 2012 and has not provided any information to justify a valuation above A\$1.70 per share. In particular, Discovery has not updated shareholders on the projected cash costs for the project, and instead has released incomplete and limited information in relation to the cash costs of the open-cut production to date. As a result, there continues to be uncertainty about the projected cash operating costs and the overall value of the Boseto Copper Project.

It is important to note that on 8 August 2012, the Discovery Board issued new shares to institutional shareholders at A\$1.20 per share.

CFC and CADFund strongly believe that the Offer provides compelling value for Discovery Shareholders, which is why CF Investment is now presenting this Offer directly to you and giving you the opportunity to accept the Offer.

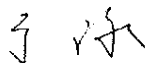
We believe that the A\$1.70 cash offer fully values the Boseto Copper Project and appropriately considers any potential exploration upside associated with the development of Discovery's satellite prospects, and the risks associated with the development of those prospects.

CF Investment is committed to ensuring the Boseto Copper Project and any expansion projects benefit all stakeholders, including the people of Botswana. CF Investment expects to retain substantially all the staff and employees of Discovery.

I encourage you to read this Bidder's Statement in its entirety for more details about the Offer and CF Investment and to accept the Offer as soon as possible. The Offer is open for your acceptance until 13 December 2012, unless extended.

If you wish to accept the Offer, please follow the instructions on the accompanying Acceptance Form. If you require additional assistance or have questions, please contact the Australia Offer information line on 1800 132 009 (for callers in Australia) / +61 2 8280 7581 (for callers outside Australia) or the Botswana Offer information line on +267 395 2011 or consult your professional or financial adviser.

Thank you for your consideration of the Offer. We look forward to receiving your acceptance.



Yu Yong
Chairman

Cathay Fortune Corporation
On behalf of CF Investment

Important Information

Information on Discovery

The information on Discovery, Discovery Shares and Discovery's business contained in this Bidder's Statement has been prepared by CF Investment, CF International, CFC, CADFund Liantuo and CADFund using publicly available information and should not be considered comprehensive.

Information in this Bidder's Statement concerning Discovery, Discovery Shares and Discovery's business has not been independently verified by CF Investment, CF International, CFC, CADFund Liantuo or CADFund. Subject to the Corporations Act, none of CF Investment, CF International, CFC, CADFund Liantuo or CADFund nor any of their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

Further information relating to Discovery's business may be included in Discovery's target's statement which Discovery must provide to Discovery Shareholders in response to this Bidder's Statement.

Responsibility Statement

The information in this Bidder's Statement has been prepared by CF Investment and is the responsibility of CF Investment except for the CFC Information (which has been prepared by CFC) and CADFund Information (which has been prepared by CADFund). CFC takes sole responsibility for the CFC Information. CADFund takes sole responsibility for the CADFund Information.

No director, officer, employee or adviser of CF Investment or of CADFund assumes any responsibility for the CFC Information. No director, officer, employee or adviser of CADFund assumes any responsibility for any information other than the CADFund Information.

No director, officer, employee or adviser of CF Investment or CFC assumes any responsibility for the CADFund Information. No director, officer, employee or adviser of CFC (other than CF Investment) assumes any responsibility for any information other than the CFC Information.

Privacy

CF Investment has collected your information from the register of Discovery Shareholders for the purposes of making the Offer and, if accepted, administering acceptances over your holding of Discovery Shares. The Corporations Act requires the names and addresses of Discovery Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to CF Investment's related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of CF Investment is 4/F, Siu Ying Commercial Building, 151-155 Queens Road Central, Hong Kong.

Notice to foreign Discovery Shareholders

This Bidder's Statement and the Offer are subject to Australian and Botswana disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and Offer do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Important Notice

The Offer described within this Bidder's Statement is given by Cathay Fortune Investment Limited (a company incorporated in Hong Kong SAR, PRC, with company number 1686647) ("**CF Investment**") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Discovery Shares.

This Bidder's Statement is dated 25 October 2012. It includes an Offer dated 8 November 2012.

Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with ASIC on 25 October 2012. ASIC takes no responsibility for the content of this Bidder's Statement.

Defined Terms

Capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the glossary in section 11. Unless the contrary intention appears, the context requires otherwise or words are defined in section 11, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless otherwise indicated, all references to sections are references to sections of this Bidder's Statement.

Investment advice

The information in this Bidder's Statement is general information only and does not take into account your individual objectives, financial situation or needs. You should consider whether the information in this Bidder's Statement is appropriate for you in light of your objectives, financial situation and needs. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your professional adviser.

Disclosure regarding forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are either statements of current expectations or predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Discovery operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of CF Investment, Cathay Fortune International Company Limited ("**CF International**"), Cathay Fortune Corporation Co., Ltd ("**CFC**"), China-Africa Liantuo Mining Co., Ltd ("**CADFund Liantuo**") or China Africa Development Fund ("**CADFund**"), the officers or employees of CF Investment, CF International, CFC, CADFund Liantuo or CADFund, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Why you should accept the Offer

I

The Offer represents a significant premium to recent trading levels

II

There are significant operating, development and funding risks associated with Discovery

III

After considering the fair value of Discovery, the Discovery Board recently issued shares at A\$1.20 per share

IV

The Offer represents a 40% premium to the current equity analyst net asset values

V

The Offer provides you with certainty of value today amid volatile markets

VI

There have been no alternative offers for Discovery to date

VII

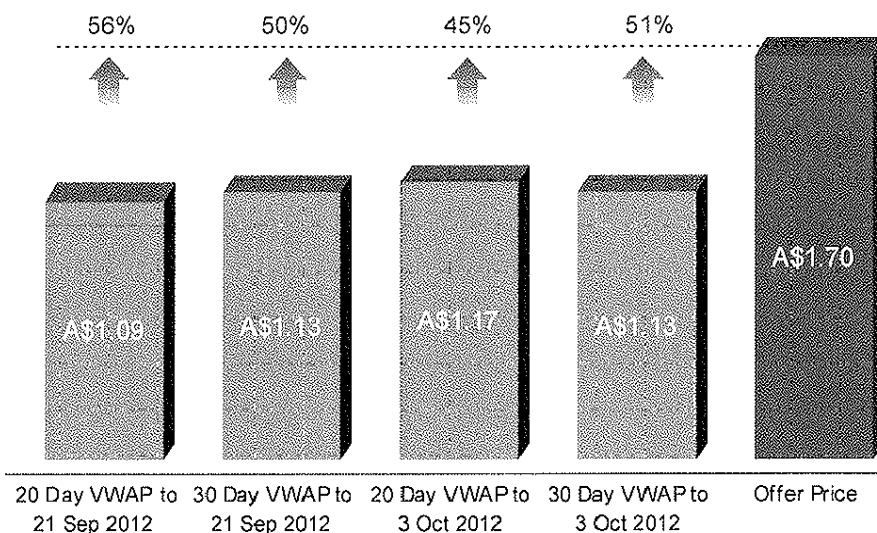
If you do not accept the Offer you will be exposed to share market and liquidity risks

I The Offer represents a significant premium to recent trading levels

The Offer provides you with a substantial premium to Discovery's recent trading ranges. The Offer represents a:

- 51% premium to the VWAP of Discovery Shares for the 30 trading day period ended 3 October 2012, which is the last trading day before the non-binding, indicative proposal to acquire the ordinary shares in Discovery for A\$1.70 per share in cash (the "**Non-Binding Proposal**") was disclosed to the public and ASX;
- 45% premium to the VWAP of Discovery Shares for the 20 trading day period ended 3 October 2012;
- 50% premium to the VWAP of Discovery Shares for the 30 trading day period ended 21 September 2012, which is the last trading day before CFC representatives, on behalf of CF Investment, presented to the Chairman of Discovery the Non-Binding Proposal;
- 56% premium to the VWAP of Discovery Shares for the 20 trading day period ended 21 September 2012;
- 3% premium to the closing price of Discovery Shares on 22 October 2012, which is the last trading day before CF Investment's announcement of the Offer. It is important to note that the Non-Binding Proposal was disclosed on 4 October 2012 pre-market open; and
- 3% discount to the closing price of Discovery Shares on 24 October 2012, which is the last trading day before the date of this Bidder's Statement.

The chart below illustrates the premiums implied by the Offer.



Source: IRESS¹

¹ This section contains various references to trading data prepared by IRESS Market Technology Limited which has not consented to such use of references to that trading data.

Why you should accept the Offer cont.

II There are significant operating, development and funding risks associated with Discovery

The Offer also provides you with an opportunity to receive a certain cash value and if you do not accept the Offer, you will remain exposed to the following risks:

- **Delivery of projected operating costs:** There is a risk that the cash costs for the Boseto Copper Project will be significantly higher than as previously disclosed by Discovery. Discovery has not updated its estimate of projected cash costs for the open-cut operation since 2010 and there has been significant inflation in African mining costs in the last two years. Discovery has only provided incomplete and limited information in relation to the cash costs of the open-cut operation for production to date, and has not released updated cash cost guidance since 2010.
- **Expansion plans are highly uncertain:** Discovery has suggested that there is hypothetical potential for the Boseto Copper Project to be expanded to 50ktpa. It is important to note that Discovery does not have sufficient JORC-compliant reserves to support an expansion to 50ktpa for any meaningful length of time. Any expansion to 50ktpa would require significant further exploration success, and even then, an expansion to 50ktpa may not be possible because such an expansion is likely to require development of one or more of the existing satellite prospects. Development of such prospects may not be economical as a result of the lower grade, smaller scale and higher costs that are likely to be associated with the prospects, which are in some cases more than 20 kilometres from the existing concentrator.
- **Additional funding risk and capital investment risk:** There is a risk that the Boseto Copper Project will require further equity funding for the current operation or any potential expansion, and that Discovery will need to raise additional equity funding for the project. This risk was demonstrated by Discovery's recent institutional equity placement that was completed at A\$1.20 per share which is a significant discount to the A\$1.70 per share Offer.

There are other risks which you will remain exposed to if you do not accept the Offer:

- **Single mine risk;**
- **Commissioning risk;**
- **Operational and technical risk;**
- **Exploration risk; and**
- **Commodity price risk.**

III After considering the fair value of Discovery, the Discovery Board recently issued shares at A\$1.20 per share

On 8 August 2012, Discovery announced a A\$50 million placement offered at a price of A\$1.20 per share.

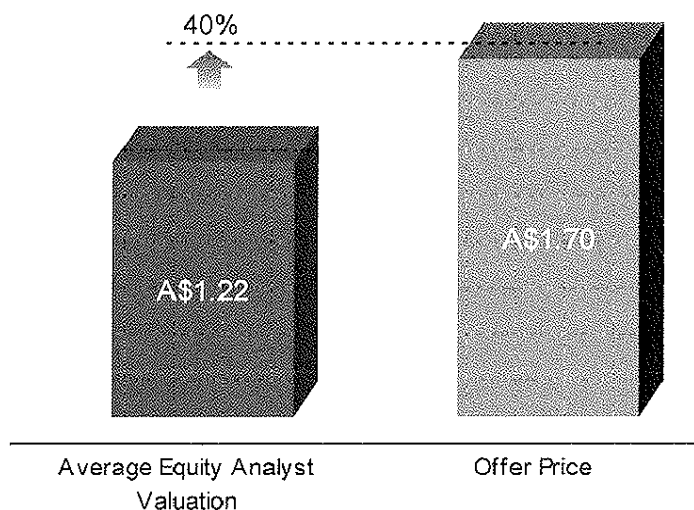
After considering the fair value of Discovery, the Discovery Board recently issued shares at A\$1.20 per share. It is important to note that in the month following the equity offering, the Discovery Share price declined to A\$0.88 per share.

CF Investment is offering A\$1.70 per Discovery Share, which represents a premium of A\$0.50 per share, or 42%, to the placement price.

IV The Offer represents a 40% premium to the current equity analyst net asset values

The Offer is 40% greater than the available average equity analyst net asset value ("NAV") of A\$1.22 per share.²

Premium to Average Equity Analyst Valuation



Source: equity analyst reports.

The average equity analyst NAV of A\$1.22 per share was calculated using the NAV of nine equity analysts, which range between A\$0.52 and A\$1.81 per share. These valuations were published in reports that were released between 27 July 2012 and 23 October 2012. To CF Investment's knowledge, these are the most recent equity analyst valuations published before the date of this Bidder's Statement.

² Average equity analyst valuation is based on the stated NAV on a per share basis. Where equity analyst NAV is reported in USD per share, this has been converted to AUD per share based on the AUD:USD exchange rate on the date the relevant equity analyst report was published.

Why you should accept the Offer cont.

V The Offer provides you with certainty of value today amid volatile markets

CFC, on behalf of CF Investment, and CADFund, on behalf of CADFund Liantuo, have received final approval from the NDRC. No further NDRC approval is required to consummate the Offer. The remaining Chinese regulatory approvals required are expected to be granted by mid-November 2012.

The Offer is not subject to a financing condition.

The Offer provides you with 100% cash consideration for your Discovery Shares.

By accepting the Offer:

- you will be paid A\$1.70 per share in cash (subject to the conditions of the Offer being satisfied or waived); and
- you will be paid within one month after the later of receipt of your acceptance and the date the Offer becomes unconditional. In any event, assuming the conditions of the Offer have been satisfied or waived, Discovery Shareholders who have accepted the Offer will be paid within 21 days after the Offer closes.

The certainty of the cash consideration under the Offer should be compared against the risks and uncertainties of remaining a Discovery Shareholder.

VI There have been no alternative offers for Discovery to date

As at the date of this Bidder's Statement, no other party has made a competing offer for Discovery, and we are not aware of any other proposals.

CF Investment has a relevant interest in approximately 13.78% of the Discovery Shares on issue. CF Investment's current shareholding in Discovery precludes any other bidder from acquiring the 90% minimum ownership threshold required to proceed to compulsory acquisition under the Corporations Act without the support of CF Investment.

VII If you do not accept the Offer you will be exposed to share market and liquidity risks

If you do not accept the Offer, you will be exposed to a variety of risks including:

- **Discovery's share price may decline if the Offer is not successful.** The Offer provides you with the opportunity to realise a certain and attractive value for all of your Discovery Shares. If the Offer is not successful (and there is no other offer available for your Discovery Shares), the Discovery Share price may decline. Discovery has traded as low as A\$0.88 per share in the two months preceding the date of this Bidder's Statement.
- **The market for Discovery Shares may become less liquid if CF Investment does not acquire 100% of Discovery.** Depending on the level of acceptances that Discovery receives under the Offer, the market for your Discovery Shares may be less liquid or less attractive than it is today. If the market becomes less liquid, it may become difficult for you to sell your Discovery Shares in the future.
- **If your Discovery Shares are compulsorily acquired, you will be paid later than Discovery Shareholders who accept the Offer.** Pursuant to the Corporations Act, CF Investment is entitled to proceed to compulsorily acquire Discovery Shares which it does not own upon acquiring 90% of the Discovery Shares. Upon reaching the 90% threshold, CF Investment intends to proceed to compulsory acquisition. If your Discovery Shares are compulsorily acquired, you will be paid later than Discovery Shareholders who accept the Offer.

1 Overview of the Offer

Set out below is a summary of the Offer. Further information about the Offer can be found throughout this Bidder's Statement. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

Bidder	The Offer is made by CF Investment, a joint venture that would be 75% owned by CF International and 25% owned by CADFund Liantuo if the Offer becomes unconditional. CF International is a wholly-owned subsidiary of CFC, and CADFund Liantuo is a wholly-owned subsidiary of CADFund.
Offer	<p>CF Investment is offering to acquire all of your Discovery Shares for A\$1.70 cash per Discovery Share on the terms and conditions set out in this Bidder's Statement.</p> <p>CF Investment's Offer extends to all Discovery Shares, including those which are issued during the Offer Period as a result of the exercise of Discovery Share Options. However, CF Investment is not offering to acquire any Discovery Share Options. CF Investment encourages holders of Discovery Share Options to exercise their Discovery Share Options, to the extent they are entitled to do so, and accept the Offer in respect of the Discovery Shares issued on exercise if they wish to participate in the Offer.</p> <p>The Offer Price will be reduced by the amount of any Discovery dividends which is paid to Discovery Shareholders after the Announcement Date.</p> <p>The Offer relates to Discovery Shares that exist or will exist as at 7.00pm (Sydney time) / currently 10.00am (Botswana time) on the Register Date and extends to any Discovery Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of Discovery Share Options.</p>
Offer Period	The Offer is scheduled to close at 7.00pm (Sydney time) / currently 10.00am (Botswana time) on 13 December 2012 (but may be extended).
Payment date	If you accept the Offer, you will be paid within one month after the later of receipt of your acceptance and the date on which the Offer becomes unconditional, and in any event before 21 days after the end of the Offer Period.
Conditions	<p>The Offer is subject to a number of conditions as set out in section 10 of this Bidder's Statement, including:</p> <ul style="list-style-type: none"> (a) CF Investment obtaining a relevant interest in more than 51% of Discovery Shares; (b) CF Investment and its associates obtaining all regulatory approvals or consents that are required for the Offer; (c) no material adverse change occurring in relation to Discovery Group; (d) no issue of Discovery Shares (except Discovery Shares issued on the exercise of Discovery Share Options); (e) the Botswana Government confirming that its option to acquire an interest in the Boseto Copper Project has not been exercised and has lapsed or that the Government of Botswana cannot exercise it in the future; (f) no change of control provision being triggered in relation to financing arrangements or other material agreements to which any Discovery Group Entity is a party; (g) no material acquisitions, disposals or entry into new commitments by Discovery; and (h) no material litigation. <p>This is only a summary of the conditions. The conditions are set out in full in section 10 of this Bidder's Statement.</p>

1 Overview of the Offer cont.

How to accept the Offer

A. Discovery Shareholders on the Discovery Australian Share Register

The Offer may only be accepted for all of your Discovery Shares. How you accept the Offer depends on whether your Discovery Shares are in an Issuer Sponsored Holding or a CHESS Holding:

Issuer Sponsored Holding (your SRN starts with an "I")

If you hold your Discovery Shares in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the enclosed personalised Australian Acceptance Form in accordance with the instructions on it so it is received at the address given on the form (and set out below) before the end of the Offer Period.

CHESS Holding (your HIN starts with an "X")

If you hold your Discovery Shares in a CHESS Holding, to accept the Offer you must either:

- (a) instruct your Controlling Participant (for example, your broker) to initiate acceptance of the Offer on your behalf in sufficient time for this Offer to be accepted before the end of the Offer Period; or
- (b) complete the accompanying personalised Australian Acceptance Form and send the completed Australian Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (normally your broker) in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf before the end of the Offer Period; or
- (c) complete, sign and return your personalised Australian Acceptance Form in accordance with the instructions on it and lodge it by returning it to the address given on the form (and set out below) so that your acceptance is received before 7.00pm (Sydney time) on the second last Business Day of the Offer Period. This will authorise CF Investment to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

Brokers or other Controlling Participants

If you are a Broker or another Controlling Participant, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

Shares held in an Issuer Sponsored Holding and a CHESS Holding

If some of your Discovery Shares are in an Issuer Sponsored Holding and some in a CHESS Holding, please read section 9.4(c) of this Bidder's Statement.

Returning your Australian Acceptance Form

The postal address for completed Australian Acceptance Forms is:

Link Market Services Limited
Discovery Takeover
Locked Bag A14
Sydney South NSW 1235

The transmission of your personalised Australian Acceptance Form and other documents is at your own risk.

You may deliver your personalised Australian Acceptance Form and any associated documents in person in Australia to:

Link Market Services Limited
Discovery Takeover
1A Homebush Bay Drive
Rhodes NSW 2138

For full details see section 9.4(c) of this Bidder's Statement.

**How to accept
the Offer****B. Discovery Shareholders on the Discovery Botswana
Share Register**

The Offer may only be accepted for all of your Discovery Shares. How you accept the Offer depends on whether your Discovery Shares are held in certificated form or dematerialised form:

Discovery Shares held in certificated form (that is, not in CSDB)

If you hold your Discovery Shares, or any of them, in certificated form (that is, not in CSDB), to accept the Offer in respect of those Discovery Shares, you should complete your personalised Botswana Acceptance Form in accordance with the instructions printed on it and return the completed Botswana Acceptance Form (together with your share certificate(s) and other document(s) of title) by post or by hand (during normal business hours) to PricewaterhouseCoopers (Pty) Limited at the address indicated on the Botswana Acceptance Form (and set out below) as soon as possible and, in any event, so as to be received by PricewaterhouseCoopers (Pty) Limited not later than the Closing Date. Further details on the procedures for acceptance of the Offer if you hold any of your Discovery Shares in certificated form are set out in section 9.4(d)(i) of this Bidder's Statement.

Discovery Shares held in dematerialised form (that is, in CSDB)

If you hold your Discovery Shares, or any of them, in dematerialised form (that is, in CSDB), and you wish to accept the Offer, you must instruct your CSDBP or stockbroker to certificate your Discovery Shares. These instructions must be provided in the manner and ahead of the cut-off date and time advised by your CSDBP or stockbroker in terms of the custody or mandate agreement so that you can receive an Acceptance Form and accept into the Offer before the Closing Date.

Neither CF Investment nor PricewaterhouseCoopers (Pty) Limited take any responsibility nor will they be held liable for any failure on the part of any CSDBP or stockbroker to notify you of the Offer and/or to obtain instructions from you and submit acceptances timeously to PricewaterhouseCoopers (Pty) Limited.

Returning your Botswana Acceptance Form

The postal address for completed personalised Botswana Acceptance Forms is:

PricewaterhouseCoopers (Pty) Limited
Discovery Takeover
PO Box 294
Gaborone
Botswana

The transmission of your personalised Botswana Acceptance Form and other documents is at your own risk.

You may deliver your personalised Botswana Acceptance Form and any associated documents in person in Botswana to:

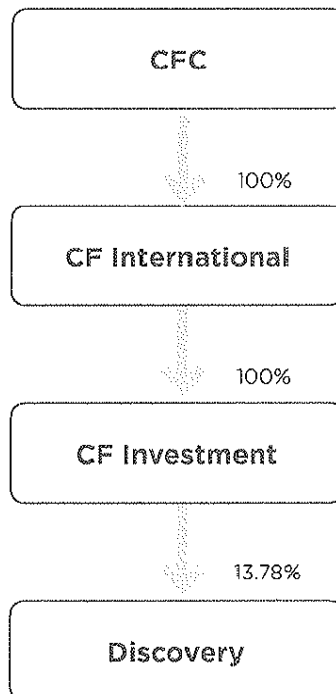
PricewaterhouseCoopers (Pty) Limited
Discovery Takeover
Plot 50371
Fairground Office Park
Gaborone
Botswana

For full details see section 9.4(d) of this Bidder's Statement.

2 Information on CF Investment

2.1 CF Investment

The Offer is being made by CF Investment, a body corporate incorporated under the laws of Hong Kong SAR, PRC. As at the date of this Bidder's Statement, CF Investment is a wholly owned subsidiary of CF International (a wholly-owned subsidiary of CFC). The current ownership structure of CF Investment is set out below.

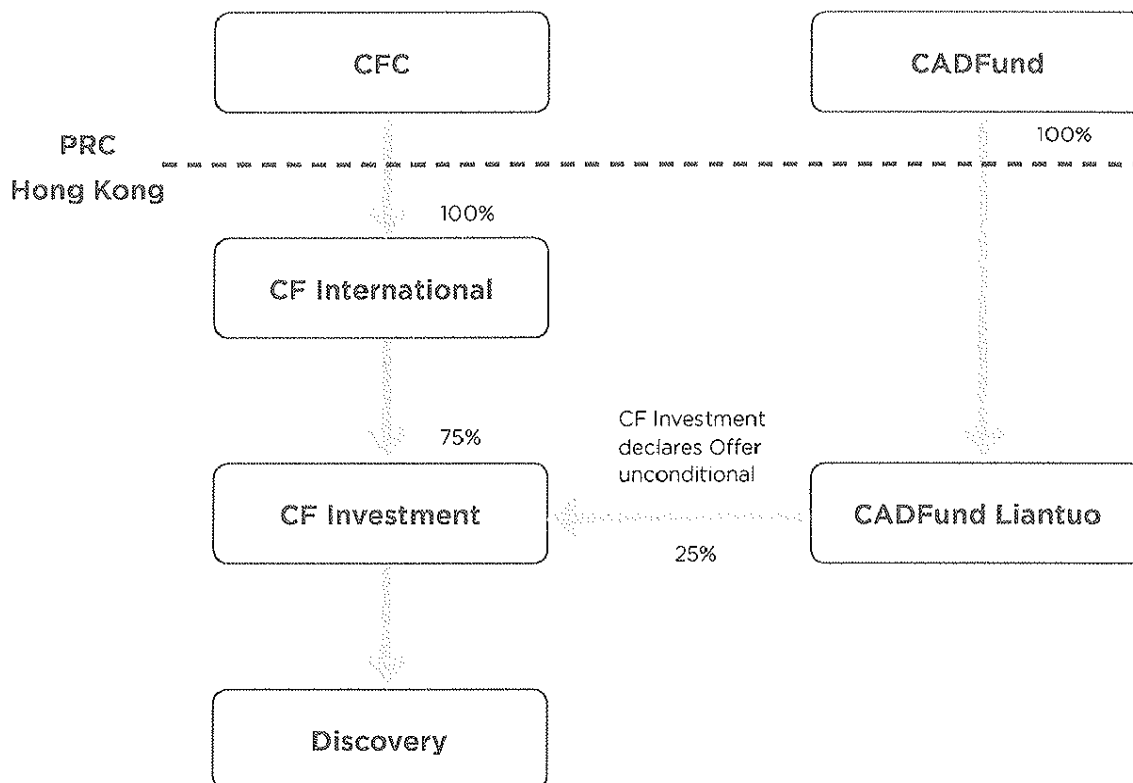


CF Investment, CADFund and CADFund Liantuo have entered into the CADFund Subscription Agreement which sets out, among other things, the basis upon which CADFund Liantuo will subscribe for 25% of the equity capital to be issued by CF Investment to CADFund Liantuo. CADFund's subscription obligation will only be triggered if CF Investment has declared that the Offer is unconditional, amongst other conditions. A summary of the CADFund Subscription Agreement is set out in section 6.4 of this Bidder's Statement.

Following CADFund's subscription the shareholding in CF Investment will be as follows:

- CF International - 75%; and
- CADFund Liantuo - 25%.

Set out below is the ownership structure of CF Investment if CF Investment declares the Offer is unconditional.



CF International and CADFund Liantuo have entered into the Shareholders' Agreement which will govern their relationship in respect to their holdings in CF Investment. A summary of the Shareholders' Agreement is set out in section 8.2 of this Bidder's Statement.

As at the date of this Bidder's Statement, CF Investment has two directors:

- Mr Zhang Zhenhao, CFA, age 39. Mr Zhang has been a Director and the Chief Financial Officer of CFC since June 2007. Mr Zhang has nearly 20 years of experience in various areas of private equity including asset management, financial analysis and investment risk management. Mr Zhang is also the Chairman of the Supervisory Committee of China Molybdenum Co., Ltd, which is one of the largest molybdenum mining companies dually listed in Hong Kong and Shanghai. Mr Zhang acts as a director of Ledong Binhai City Construction Development Co., Ltd., CF International, CF Investment, and is a supervisor of Cathay Fortune Capital Equity Investment Co., Ltd. Prior to joining CFC, Mr Zhang was executive director of the sales management department and general manager of Haikou Branch of China Fortune Securities Co. Ltd., a Chinese local investment bank. Mr Zhang also has five years' experience working for China Commodity Futures Exchange Inc. Hainan.

Mr Zhang graduated from Tianjin Polytechnic University with a bachelor's degree in engineering and obtained a master's degree of finance from the Graduate School of The Chinese Academy of Social Sciences.

- Mr Wang Xiaojun, MBA, age 37. Mr Wang has been the general manager of CFC, Beijing Branch since November 2007 and is responsible for government relationship and cooperation alliance. Mr Wang was the director of executive office at Cathay Fortune Corporation from July 2003 to October 2007. Before joining CFC, Mr Wang was the director of executive office at Leader Harvest Technology Co., Ltd. Mr Wang has 15 years' experience in corporate administration.

Mr Wang obtained a master's degree of business administration from China People's University.

2 Information on CF Investment cont.

Subject to the Shareholders' Agreement and constituent documents of CF Investment, additional directors may be appointed to the board of CF Investment following the date of this Bidder's Statement. In particular, once CADFund Liantuo is issued 25% of the equity capital of CF Investment pursuant to the Shareholders' Agreement, CADFund Liantuo will have the power to appoint one director to CF Investment. CADFund Liantuo's proposed nominee is:

- Mr Xue Fenghui, Doctor, age 39. Mr Xue is the Senior Executive Director of CADFund, in charge of mining and metals project investment focusing on Africa. Mr Xue has 12 years' experience in various areas including railway engineering, insurance capital management and private equity investment. Mr Xue obtained a doctoral degree of economics from Jilin University.

Pursuant to the Shareholders' Agreement, CF International will have the right to appoint up to three directors to the board of directors of CF Investment. The current director Mr Wang Xiaojun is expected to resign and CF International currently has proposed an additional nominee, namely:

- Mr Zhang Yufeng, CICPA, age 37. Mr Zhang has been a managing director of direct investment at CFC since August 2003. He has 15 years' experience in private equity investments in the PRC and is also a non-executive director of China Molybdenum Co., Ltd, one of the largest molybdenum mining companies dually listed in Hong Kong and Shanghai. Mr Zhang is a director of Ledong Binhai City Construction Development Co., Ltd and Cathay Fortune Capital Equity Investment Co., Ltd. Before joining Cathay Fortune Corporation, Mr Zhang was engaged in investment services for China Fortune Securities Co., Ltd, venture capital investments at Shanghai Bao Rui Technology Investment Company, investment consultancy for DTZ Debenham Tie Leung Limited and project investments at Shanghai Caohejing Hi-Tech Park West Zone Development Co., Ltd. Mr Zhang graduated from Shanghai Jiaotong University in 1996 with a bachelor's degree in engineering.

2.2 CFC

CFC is one of the earliest Chinese private equity investment firms. CFC was launched in 1997 and has invested in approximately 14 companies in different sectors in the PRC, such as network equipment, aviation, industrial automation, financial services, resources and mining.

CFC is a long-term, value-add investor. For its investment positions in private and public companies, CFC plays important roles in assisting with strategic decision-making, corporate governance, new market access / expansion and bolt-on acquisitions.

CFC is 99% owned by Mr Yu Yong and currently has approximately 30 investment professionals in three offices in Shanghai, Beijing and Hong Kong.

2.3 CADFund

CADFund was established on 26 June 2007. It is the first fund specially focused on Chinese investment in Africa and the largest among private equity funds with funding of US\$3 billion, fully-provided by CDB. Through fund investment and advisory services, CADFund has supported many Chinese enterprises to invest directly in Africa, promoted market-oriented economic development of African countries, and improved people's living standards in various regions of Africa.

CADFund serves as the bridge to facilitate the partnership between Chinese and African enterprises and has a strong focus on investments in agriculture, natural resources and infrastructure sectors in Africa. Leveraging on its strong capability in policy compliance and funding advantages, CADFund has also brought considerable financial value to its domestic and overseas partners, and contributed to the sustainable development of the African economy.

CDB was founded in 1994, under the leadership of the State Council of the People's Republic of China. CDB specialises in financing infrastructure developments, pillar industries, high technology industries and key national projects. It also actively explores cooperative opportunities internationally. As at 31 December 2011, CDB had total assets of approximately US\$995 billion. CDB is wholly owned by the Chinese government and its shareholders are the Ministry of Finance of the PRC (51.3%) and Central Huijin Investment Ltd ("Huijin") (48.7%). Huijin is a state-owned investment company incorporated to hold equity investments made in key state-owned financial institutions, as authorised by the State Council of the People's Republic of China.

3 Information on Discovery

3.1 Disclaimer

The following information on Discovery and the Discovery Group has been prepared by CF Investment using publicly available information, and has not been independently verified. Accordingly, CF Investment, CF International, CFC, CADFund or CADFund Liantuo do not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Discovery or the Discovery Group in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires the directors of Discovery to provide a target's statement to Discovery Shareholders in response to this Bidder's Statement, setting out certain material information concerning Discovery.

3.2 Overview of Discovery and its principal activities

Discovery is an Australian company with a primary listing on the ASX and a secondary listing on the BSE. Discovery is a near-term producer focused on developing its major asset, the 100% owned Boseto Copper Project located in north-west Botswana. The Boseto Copper Project is Discovery's first producing copper mine and was officially opened on 7 September 2012. The first shipment of copper-silver concentrate was sold at the end of June 2012. The sale of copper-silver concentrate from the Boseto Copper Project is Discovery's sole source of operating revenue.

Discovery's head office is located at Level 20, 333 Ann Street, Brisbane, Queensland, Australia.

3.3 Substantial shareholders

Based on material lodged with the ASX as at the date of this Bidder's Statement pursuant to section 671B of the Corporations Act, each of the following persons (on behalf of itself and its related bodies corporate) had the following substantial shareholdings in the issued ordinary share capital of Discovery.

Discovery Shareholder	Discovery Shares	% of issued ordinary share capital of Discovery
CF Investment and associates (including CADFund and CADFund Liantuo)	66,795,164	13.78%
BlackRock Investment Management (Australia) Limited	52,897,543	10.91%
M & G Investment Management Limited	36,900,000	7.61%
Genesis Asset Managers, LLP	35,886,865	7.40%
Transaminvest SA	31,300,470	6.46%
National Australia Bank Limited	31,341,069	6.47%
Total	255,121,111	52.63%

3.4 Publicly available information

As noted above, Discovery is a company listed on the ASX and the BSE and is subject to the periodic and continuous disclosure requirements of the Corporations Act, the ASX and the BSE. Discovery's annual report for the year ended 30 June 2012 was given to the ASX on 3 October 2012.

4 CF Investment's intentions

4.1 Introduction

This section sets out CF Investment's intentions, on the basis of the facts and information concerning Discovery which are known to it and the existing circumstances affecting the business of Discovery, in relation to the following:

- (a) the continuation of the business of Discovery;
- (b) any major changes to be made to the business of Discovery, including any redeployment of the fixed assets of Discovery; and
- (c) the future employment of the present employees of Discovery.

4.2 Operational review

CF Investment and its advisers have reviewed information that has been publicly released by Discovery, its current activities and its plans for the future. However, CF Investment does not currently have knowledge of all material information, facts and circumstances which are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, CF Investment will, to the extent that information is available to it, conduct a complete review of the operations, assets, obligations, structure, strategy and employees of Discovery in light of that information.

It is intended to explore ways in which the technical and operational expertise of CF Investment and its associates could be utilised for the benefit of Discovery by maximising the efficiency of current Discovery producing assets. In particular, CF Investment will seek to utilise the operational experience and expertise of its associates, and will consult external experts, to verify that the Boseto Copper Project can run at design capacity and design cost as indicated in public documents. Once that assessment is completed, CF Investment will evaluate, with support from external experts, key bottlenecks in operations and logistics and whether additional capital investment is needed for reaching that design capacity. Once the design capacity and targeted cost structure have been achieved, CF Investment will investigate the existing exploration work with external experts and prepare studies to see whether those resources are economical when taking into account their location, depth and grade, method of mining, associated costs, synergy with existing infrastructure if any, power, water and labour as well as capital requirements.

Final decisions will only be reached after this review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 should be read in this context.

4.3 Specific intentions – Boseto Copper Project

CF Investment's primary current objective in acquiring Discovery is to continue Discovery's operation of the Boseto Copper Project and to achieve design capacity and cost structure as soon as possible.

CF Investment is committed to ensuring the project benefits all stakeholders, including the people of Botswana.

4.4 Specific intentions – Discovery Share Options

CF Investment is not offering to acquire any Discovery Share Options. CF Investment encourages holders of Discovery Share Options to exercise their Discovery Share Options, to the extent they are entitled to do so, and accept the Offer in respect of the Discovery Shares issued on exercise if they wish to participate in the Offer.

4.5 Intentions upon acquisition of 90% or more of Discovery Shares

This section sets out CF Investment's current intentions if it acquires 90% or more of the Discovery Shares and is entitled to proceed to compulsory acquisition of the outstanding Discovery Shares.

(a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, CF Investment intends to:

- (i) give notices to compulsorily acquire any outstanding Discovery Shares in accordance with section 661B of the Corporations Act; and
- (ii) once further details of the Discovery Share Options are available to CF Investment, give notices to Discovery Shareholders and holders of Discovery Share Options to compulsorily acquire any outstanding Discovery Shares and Discovery Share Options in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and section 663A of the Corporations Act, CF Investment intends to give notices to Discovery Shareholders and holders of Discovery Share Options offering to acquire their Discovery Shares and Discovery Share Options in accordance with section 662B and section 663C of the Corporations Act.

(b) Directors

CF Investment will replace all members of the Discovery Board and of any company in respect of which Discovery has nominee directors with its own nominees, which may include current Discovery directors. Whilst replacement board members have not yet been identified, it is likely that the candidates who will be considered by CF Investment for appointment to the Discovery Board will be executives or officers with appropriate experience, qualifications and skills for Discovery and its business and to implement CF Investment's intentions for Discovery.

(c) ASX and BSE listing

At the conclusion of the compulsory acquisition process, CF Investment intends to arrange for Discovery to be removed from the official lists of the ASX and the BSE.

(d) Operations and assets

(i) CF Investment intends to undertake a review of Discovery's operations, assets and structure with a view to identifying potential areas where Discovery's business can be enhanced. In particular CF Investment considers that the ability for Discovery to leverage off CF Investment's and its associate's financial strength will enhance Discovery's capabilities and services.

(ii) CF Investment has no current intention to dispose of any parts of Discovery's business. However, CF Investment will review Discovery's Dikoloti Nickel Project comprising of three prospecting licences in the Selebi-Phikwe region of north-east Botswana, which is currently majority owned by Japan Oil, Gas and Metals National Corporation, and determine whether the minority ownership and continued dilution under the structure agreed to by the Discovery Board is beneficial for Discovery Shareholders going forward.

(e) Employees

CF Investment intends to offer, through the Discovery Board, a compelling retention and incentive agreement to substantially all of Discovery's senior management in positions similar to their existing roles. CF Investment also expects to retain substantially all the staff and employees of Discovery Group. This is subject to normal performance management objectives which will be conducted in compliance with local labour law requirements.

4.6 Intentions upon acquisition of less than 90% of Discovery Shares

This section sets out CF Investment's intentions if CF Investment were to gain effective control of Discovery, but not become entitled to compulsorily acquire the outstanding Discovery Shares.

(a) ASX and BSE listing

CF Investment would support the continued listing on the ASX and the BSE. However, the ongoing listing of Discovery on the ASX and BSE after the end of the Offer Period will be subject to Discovery satisfying the ongoing requirements under the ASX Listing Rules and BSE Listing Requirements (including there being a sufficient spread of Discovery Shareholders). Accordingly, the ASX and the BSE may delist Discovery if it does not meet its spread requirements.

Discovery Shareholders should be aware that if Discovery continues to be listed on the ASX and the BSE, the decrease in the number of Discovery Shares available for ASX and BSE trading may have a material adverse effect on their liquidity and market value.

(b) Directors

Subject to the Corporations Act and Discovery's constitution, CF Investment intends to procure the appointment of all or a majority of the Discovery Board after gaining effective control of Discovery (and to requisition a meeting of Discovery for that purpose if necessary).

Whilst replacement board members have not yet been identified, it is likely that the candidates who will be considered by CF Investment for appointment to the Discovery Board as nominees will be executives or officers with appropriate experience, qualifications and skills for Discovery and its business and to implement CF Investment's objectives and goals outlined in section 4.3 to the extent possible and appropriate.

4 CF Investment's intentions cont.

(c) Operations, assets and employees

If, following the end of the Offer Period, Discovery becomes a controlled entity but not a wholly owned Subsidiary of CF Investment, it is the present intention of CF Investment to attempt to procure that Discovery's Board implements the objectives and goals outlined in sections 4.2, 4.3 and 4.4 to the extent possible and appropriate.

The extent to which CF Investment's intentions for Discovery described in sections 4.2, 4.3 and 4.4 may be realised, if Discovery is a partly owned subsidiary of CF Investment, will be subject to:

- the law, ASX Listing Rules and BSE Listing Requirements, particularly in relation to related party transactions and conflicts of interest. For example, the Corporations Act prohibits a public company (such as Discovery) from giving a financial benefit to a related party unless disinterested shareholders approve the transaction or a relevant exception (such as that for dealing on "arm's length terms") applies, and the ASX Listing Rules prohibit a listed company from acquiring or disposing of assets (whose value is 5% or more of the listed company's equity interests) from or to a related party unless disinterested shareholders, with the benefit of an independent expert's report, approve the transaction. CF Investment would be regarded as a related party for those purposes such that the possible requirements of minority Discovery Shareholder approval may prevent a particular intention being achieved; and
- the legal obligation of the then Discovery Board to act for proper purposes and in the best interests of the Discovery Shareholders as a whole.

(d) Dividend policy

Currently, Discovery does not pay any dividends and it has not announced any intention to pay any dividends in the future.

The payment of dividends by Discovery will be at the discretion of the Discovery Board, the majority of which could comprise CF Investment nominees.

Discovery Shareholders should be aware that Discovery may not declare a dividend in the future and may opt to retain cash in the company.

(e) Limitations on intentions

To the extent that Discovery does not become a wholly owned Subsidiary of CF Investment and there are minority Discovery Shareholders, CF Investment intends that the directors of Discovery appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

Those requirements may require the approval of minority Discovery Shareholders to the implementation of any particular objective.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority Discovery Shareholder approval may prevent the particular objective being achieved.

It should be noted that CF Investment has not currently identified any particular initiative where these considerations may be relevant.

4.7 Intentions generally

Except for the changes and intentions set out in this section 4, CF Investment intends, based on the information presently known to it:

- (a) to continue the business of Discovery;
- (b) not to make any major changes to the business of Discovery or the deployment of Discovery's assets; and
- (c) to continue the employment of Discovery's employees.

5 Share capital information

5.1 Capital structure

According to documents lodged by Discovery with the ASX, the total number of securities in Discovery as at the date of this Bidder's Statement is as follows:

- (a) 484,771,941 Discovery Shares; and
- (b) 1,350,000 Discovery Share Options.*

* *Source: Appendix 3B lodged with the ASX on 19 September 2012.*

5.2 Details of relevant interests in Discovery securities

Mr Yu Yong and each CFC Group Entity, including CF Investment, has a relevant interest in the securities of Discovery as set out below.

CADFund, CDB, each CDB Group Entity and CADFund Liantuo also have a relevant interest in Discovery Shares.

Class of securities	Total number in class	Relevant interest of CF Investment immediately before Bidder's Statement lodged with ASIC	Relevant interest of CF Investment immediately before first Offer sent
Discovery Shares	484,771,941	66,795,164 (13.78%)	66,795,164 (13.72%*)

* *CF Investment's relevant interest has been diluted since it lodged this Bidder's Statement with ASIC on 25 October 2012. This is because since this date Discovery has issued additional shares.*

5.3 Details of voting power in Discovery securities

Mr Yu Yong and each CFC Group Entity's, including CF Investment's, voting power in Discovery as at the date of this Bidder's Statement is 13.78%.

CADFund, CDB, each CDB Group Entity and CADFund Liantuo's voting power in Discovery as at the date of this Bidder's Statement is 13.78%.

Mr Yu Yong and each CFC Group Entity's, including CF Investment's, voting power in Discovery as at the date immediately before the first Offer is sent is 13.72%*.

CADFund, CDB, each CDB Group Entity and CADFund Liantuo's voting power in Discovery as at the date immediately before the first Offer is sent is 13.72%*.

5 Share capital information cont.

5.4 Consideration provided for Discovery securities during previous four months

Except as set out below, CF Investment and its associates have not acquired or disposed of Discovery Shares during the period of four months including on the day immediately before the date of the Offer.

- On 6 August 2012, CF International acquired 56,635,263 Discovery Shares at a price of A\$1.325 per Discovery Share, for a total consideration of A\$75,041,723.48.
- On 9 August 2012, CF International acquired 5,800,088 Discovery Shares at a price of A\$1.20 per Discovery Share, for a total consideration of A\$6,960,105.60, by participating in a share placement announced by Discovery to the ASX on 8 August 2012.
- On 10 August 2012, CF International acquired 391,060 Discovery Shares on market at a price of A\$1.2798 per Discovery Share, for a total consideration of A\$500,478.59.
- On 10 August 2012, CF International sold 118,453 Discovery Shares on market at a price of A\$1.280 per Discovery Share, for a total consideration of A\$151,619.84.
- On 14 August 2012, CF International acquired 163,947 Discovery Shares on market at a price of A\$1.245 per Discovery Share, for a total consideration of A\$204,114.02.
- On 15 August 2012, CF International acquired 1,342,201 Discovery Shares on market at a price of A\$1.2386 per Discovery Share, for a total consideration of A\$1,662,450.16.
- On 16 August 2012, CF International acquired 1,200,000 Discovery Shares on market at a price of A\$1.2477 per Discovery Share, for a total consideration of A\$1,497,240.00.
- On 17 August 2012 CF International acquired 653,962 Discovery Shares on market at a price of A\$1.2545 per Discovery Share, for a total consideration of A\$820,395.33.
- On 20 August 2012, CF International acquired 327,096 Discovery Shares on market at a price of A\$ 1.2476 per Discovery Share, for a total consideration of A\$408,084.97.
- On 23 August 2012, CF International acquired 400,000 Discovery Shares on market at a price of A\$1.1993 per Discovery Share, for a total consideration of A\$479,720.00.
- On 16 October 2012, CF Investment acquired 66,795,164 Discovery Shares from CF International at a price of A\$1.70 per Discovery Share, for a total consideration of A\$113,551,778.80.

On 22 October 2012, CADFund, CDB and each CDB Group Entity and CADFund Liantuo acquired a relevant interest in Discovery Shares as a result of entering into the Shareholders' Agreement and the CADFund Subscription Agreement.

5.5 Inducing benefits given during previous four months

Neither CF Investment nor any of its associates have, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept an Offer; or
- (b) dispose of Discovery Shares,

which benefit was not offered to all holders of Discovery Shares under the Offer.

6 Funding

6.1 Overview

The consideration payable by CF Investment for the acquisition of Discovery Shares to which this Offer relates will be satisfied wholly in cash.

Based on the Offer Price, the Acquisition Consideration is A\$826,407,299.70. The maximum amount of cash that CF Investment would be required to pay, if acceptances are received for all outstanding Discovery Shares on issue as at the date of this Bidder's Statement (other than the Discovery Shares already held by CF Investment) and including the maximum number of Discovery Shares which could be issued upon the exercise of the Discovery Share Options will be approximately A\$713 million ("**Offer Amount**").

6.2 Sources of funds

The Acquisition Consideration is represented by the following amounts (and the Offer Amount will be sourced from the cash amounts):

- A\$496 million from CDB to CF Investment under the CDB Facility Agreement ("**CDB Facility**");
- A\$248 million, of which CF Investment used A\$113,551,778.80 to acquire Discovery Shares from CF International at the Offer Price, with CF Investment and CF International retaining A\$134.4 million cash from their own cash reserves; and
- A\$83 million from CADFund pursuant to the CADFund Subscription Agreement, through CADFund subscribing for equity capital in CF Investment (proportionate to CADFund Liantuo's proposed interest in CF Investment of 25%).

Further details of the sources of funds are provided in sections 6.3 and 6.4 below.

6.3 Funding under the CDB Facility Agreement

CF Investment has executed a facility agreement with CDB, pursuant to which CDB has agreed to make available a US\$ term loan facility. The CDB Facility Agreement is governed by Hong Kong law.

Funds under the CDB Facility Agreement may be drawn down by CF Investment during the "Availability Period", which is referred to in the CDB Facility Agreement as the period from and including the date of the CDB Facility Agreement and ending on the earlier to occur of the following:

- (a) subject to paragraph (b) below, the date falling 12 months after the date of the CDB Facility Agreement;
- (b) if an extension notice (together with documentary evidence confirming that CF Investment is holding not less than 87% of the issued share capital in Discovery) has been delivered to CDB at any time prior to the date falling 11 months after the date of the CDB Facility Agreement, the date falling 18 months after the date of the CDB Facility Agreement; or
- (c) the date on which CF Investment advises CDB in writing that the process for the acquisition of the Discovery Shares is discontinued or terminated by it.

The proceeds of the CDB Facility will be used exclusively towards the financing of the cash consideration payable in connection with the acquisition of Discovery Shares from time to time by CF Investment. The use of the CDB Facility is subject to the satisfaction of a number of conditions precedent. These are largely standard and usual for a facility of this nature and include:

- (a) provision of a guarantee and indemnity by CFC in favour of CDB (the "**Guarantee**");
- (b) provision of a share charge by CF Investment over Discovery Shares held or to be held by CF Investment in favour of CDB;
- (c) the execution of a sponsorship agreement in connection with the share charge between CF Investment and CDB in relation to the Discovery Shares held or to be held by CF Investment;
- (d) the execution of an account supervision agreement by CF Investment in favour of CDB; and
- (e) other procedural conditions precedent usual for a facility of this nature (including customary closing certificates, resolutions and legal opinions).

6 Funding cont.

Documents referred to in (a) to (e) immediately above are collectively referred to as **"Associated Documents"**. At the date of this Bidder's Statement, CF Investment is not aware of any reason why the conditions precedent will not be satisfied in time to allow the proceeds to be available to pay any amounts that CF Investment may be required to pay under the Offer as and when such amounts are due under the terms of the Offer.

CDB will not be obliged to make an advance under the CDB Facility during the Availability Period if on the date of the request for drawdown or the proposed drawdown date a "Major Event of Default" under the CDB Facility Agreement is continuing or would result from the proposed drawdown, or any "Major Representation" is not true.

A "Major Representation" includes a representation given by CF Investment or CFC as to:

- its status;
- the purpose of the CDB Facility;
- it having all authorisations to enter into and perform the CDB Facility Agreement and Associated Documents to which it is a party;
- no-conflict with its other obligations;
- the legal validity of the CDB Facility Agreement and Associated Documents;
- choice of Hong Kong law as the governing law for the CDB Facility Agreement and Associated Documents and judgment obtained in Hong Kong to be recognised and enforced in its jurisdiction of incorporation;
- the pari passu ranking of its obligations with other claims; and
- it having no immunity of proceedings.

A "Major Event of Default" arises if, among other things:

- CF Investment or CFC does not pay any amount payable pursuant to the Facility Agreement or the Guarantee;
- CF Investment or CFC breaches any of the Major Representations;
- CF Investment or CFC has any creditor's process in any jurisdiction affecting its assets of an aggregate value of US\$25,000,000;
- it is or becomes unlawful for CF Investment or CFC to perform any of its obligations under the CDB Facility Agreement or Associated Documents; or
- the repudiation or rescission of the CDB Facility Agreement or Associated Documents by CF Investment or CFC.

In addition, before a drawdown may be made of an amount under the CDB Facility, the equity contributions referred to in section 6.4 below must have been advanced to CF Investment.

Under the CDB Facility Agreement, CF Investment is required to obtain:

- approval from the NDRC in respect of the acquisition of Discovery Shares, which has been obtained;
- approval from SAFE in respect of the Guarantee;
- a registration certificate issued by SAFE in respect of the Guarantee; and
- the Botswana governmental approvals set out in section 10(c) of this Bidder's Statement, being approval from Minister for Mines, the Botswana Competition Authority and the BSE Listing Committee.

At the date of this Bidder's Statement, CF Investment is not aware of any reason why there will be a Major Event of Default and is not aware of any reason why the approvals required under the CDB Facility Agreement will not be obtained to allow the proceeds to be available to pay any amounts that CF Investment may be required to pay under the Offer as and when such amounts are due under the terms of the Offer.

Drawdown under the CDB Facility Agreement is not subject to due diligence. CF Investment is not required to procure that any security is provided to CDB by Discovery Group.

The execution of the share charge and the sponsorship agreement referred to above is subject to confirmation from the Treasurer of the Commonwealth of Australia that there are no objections in terms of Australia's Foreign Investment Policy to the enforcement of its security interest over Discovery Shares. The approval from FIRB or the Treasurer of the Commonwealth of Australia as may be required by CF Investment to acquire and maintain an interest in Discovery is a requirement of the CDB Facility Agreement that has been obtained.

6.4 Equity contribution under the CADFund Subscription Agreement

CF Investment, CADFund and CADFund Liantuo have entered into the CADFund Subscription Agreement which sets out, among other things, the basis upon which CADFund will subscribe for 25% of equity capital to be issued by CF Investment (following which CADFund Liantuo will become the registered holder of the 25% stake).

CADFund's subscription obligation will only be triggered if the Offer is "successful", which is defined to mean in the context of a takeover offer, if CF Investment has declared that the Offer is unconditional.

Before CADFund's placement occurs, CF International is also required to:

- (a) capitalise CF Investment by way of a new share issue by CF Investment, which has occurred; and
- (b) execute the CDB Facility Agreement, which has occurred.

Those conditions must be satisfied within 18 months from the signing date of the CADFund Subscription Agreement. Otherwise, the agreement will automatically terminate without any party giving a notice.

Completion is further subject to conditions concerning CF Investment, including: no occurrence of any material adverse effect event, no insolvency or liquidation event, no inaccuracy in materials provided or misleading warranties and no failure to obtain any required regulatory approvals. If any of those conditions are not satisfied, either party can terminate the CADFund Subscription Agreement. Subject to those conditions, CADFund's placement is to be completed on the third business day after the date when the Offer becomes unconditional.

At the date of this Bidder's Statement, neither CF Investment nor CADFund is aware of any reason why the conditions to the CADFund Subscription Agreement will not be satisfied to allow the subscription consideration to be available to pay any amounts that CF Investment may be required to pay under the Offer as and when such amounts are due under the terms of the Offer.

The CADFund Subscription Agreement also contains a capital reduction scheme whereby CF Investment agrees (after all payments due under the Offer have been made) to undertake a capital reduction or share buy-back to return excess funds to CF International and CADFund Liantuo (in proportion to their respective shareholdings in CF Investment) should CF Investment fail to acquire 100% of Discovery Shares (and the board of CF Investment decides not to proceed with the acquisition of further Discovery Shares).

CADFund will meet its A\$83 million contribution obligation through CADFund's immediately available cash reserves as of 30 September 2012 of not less than A\$83 million held in deposit with China Development Bank, Beijing Branch.

CF Investment has immediately available cash reserves of not less than US\$135.9 million held in deposit with China Construction Bank Corporation, Hong Kong Branch. CF International has additional funds of not less than US\$10 million held in deposit with China Construction Bank Corporation, Hong Kong Branch, which will be provided if necessary.

6.5 Payment of consideration and Offer costs

Having regard to the matters in this section 6 of this Bidder's Statement, and the terms of the CDB Facility Agreement and the CADFund Subscription Agreement, CF Investment believes that it continues to have access to sufficient funds to make payments under the Offer as well as to cover its costs associated with the Offer.

On the basis of the arrangements outlined in this section 6 of this Bidder's Statement, and the terms of the CDB Facility Agreement and the CADFund Subscription Agreement, CF Investment considers that it has a reasonable basis for believing, and it does believe, that it will be able to pay the consideration required to Discovery Shareholders who accept the Offer and to meet all other obligations together with amounts required to cover all transaction costs associated with the Offer.

This Offer is not subject to any financing defeating condition.

7 Australian taxation considerations

7.1 Introduction

The following is an outline of the principal Australian income tax consequences applicable to a Discovery Shareholder who disposes of Discovery Shares under the Offer. This outline reflects the current provisions of the Income Tax Assessment Act 1936 (Cwlth) and the Income Tax Assessment Act 1997 (Cwlth) and the regulations made under those Acts, taking into account the Bidder's understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to Discovery Shareholders. In particular, the summary is only relevant to those Discovery Shareholders who hold their shares on capital account and it does not address all tax considerations applicable to Discovery Shareholders who may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities, Discovery Shareholders who hold the Discovery Shares on behalf of another person or Discovery Shareholders who acquired their Discovery Shares as part of an employee share scheme. For Discovery Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Discovery Shares are not held and have never been held, as an asset of a permanent establishment of that Discovery Shareholder in Australia.

This outline does not constitute tax advice. Each Discovery Shareholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Discovery Shares.

7.2 Taxation on the disposal of Discovery Shares

If you accept the Offer, you will be treated as having disposed of your Discovery Shares for Australian income tax purposes.

7.3 Australian resident Discovery Shareholders

You will realise a capital gain in connection with the disposal of a Discovery Share to the extent that the amount you receive (or will receive) for the disposal of that Discovery Share is more than the cost base of that Discovery Share. You will realise a capital loss to the extent that the amount you receive (or will receive) is less than the reduced cost base of the Discovery Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

The cost base of a Discovery Share should be the total amount you paid for the Discovery Share, your acquisition costs and limited other costs relating to the holding and disposal of the Discovery Share, to the extent to which you have not claimed an income tax deduction for such costs. The reduced cost base of a Discovery Share is usually determined in a similar, but not identical, manner. There are a number of circumstances which may result in your cost base or reduced cost base being calculated in a different manner to that outlined above. We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your Discovery Shares.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years.

Discovery Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Discovery Share if they have held that Discovery Share for at least 12 months. Companies are not eligible for discount capital gains treatment.

The above comments will not apply to you if you buy and sell shares in the ordinary course of business, or if you acquired the shares for resale at a profit. In those cases, any gain is generally taxed as ordinary income. The above comments will also not apply to you if you started to hold your Discovery Shares before 19 September 1985. We recommend that those Discovery Shareholders seek their own tax advice.

7.4 Non-resident Discovery Shareholders

If you are not a resident of Australia for income tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your Discovery Shares, unless both of the following requirements are satisfied:

- (a) you hold a "non-portfolio interest" in Discovery; and
- (b) the Discovery Shares pass the "principal asset test".

If either element is absent, any capital gain made on the disposal of your Discovery Shares should not be subject to income tax in Australia.

You will hold a "non-portfolio interest" in Discovery if you (together with your associates) own, or owned, throughout a 12 month period during the two years preceding the sale of your Discovery Shares, 10% or more of (broadly) all of the shares in Discovery.

Broadly, the Discovery Shares would pass the "principal asset test" if the market value of Discovery's direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you accept the Offer. Detailed calculations are necessary to determine the results of the "principal asset test".

If you hold a "non-portfolio interest" in Discovery, you should contact Discovery to determine if the Discovery Shares would pass the "principal asset test".

If you buy and sell shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief available under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own tax advice.

You should seek advice from your tax adviser as to the taxation implications of accepting the Offer in your country of residence.

7.5 Stamp duty

Any stamp duty payable on the transfer of Discovery Shares to the Bidder pursuant to the Offer will be paid by the Bidder.

7.6 GST

You will not be required to pay Australian goods and services tax on the disposal of your Discovery Shares.

8 Additional information

8.1 Regulatory matters

(a) (FIRB)

On 25 July 2012, CFC obtained a statement of no objections to the Offer from the Treasurer of the Commonwealth of Australia under Australian Foreign Investment Policy. An application has been submitted to expand such statement of no objections to include the involvement of CADFund. It is expected that this additional statement of no objection will be obtained by CADFund by 30 October 2012.

(b) (PRC approvals)

CFC and CADFund have received final approval from the NDRC with respect to the Offer. CFC does not require any additional regulatory approvals from PRC government authorities for the Offer.

CADFund requires approval from MOFCOM and SAFE to complete the placement under the CADFund Subscription Agreement. CADFund has applied for MOFCOM approval, and such approval is expected to be received by the end of October 2012. Once MOFCOM approval is obtained, CADFund will apply for SAFE approval, which is expected to be granted by mid-November 2012.

(c) (Botswana Competition Authority approval)

The merger notification in respect of the Offer required to be filed with the Botswana Competition Authority in terms of the Botswana Competition Act will be filed shortly.

(d) (Minister for Mines approval)

An application in respect of the Offer required to be made to the Botswana Minister for Mines will be filed shortly.

(e) (BSE)

The BSE was provided with a draft copy of this Bidder's Statement in substantially similar form to this document. On 23 October 2012, the BSE provided written confirmation that it has no objections to the Offer proceeding in accordance with Australian law.

(f) (ASIC modifications and exemptions)

ASIC has granted a number of "Class Order" relief instruments providing for modifications and exemptions that apply generally to all persons, including CF Investment, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, CF Investment has relief on the modification to section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to include in this Bidder's Statement, without obtaining specific consent, statements which are made in, or based on statements made in, any documents announced by Discovery to the ASX. CF Investment will seek ASIC relief if and when required.

8.2 Shareholders' Agreement

CF International and CADFund Liantuo have also entered into the Shareholders' Agreement which will govern their relationship in respect of their shareholdings in CF Investment. The Shareholders' Agreement will not take legal effect until CADFund Liantuo is registered as a shareholder of CF Investment (which will only happen when the subscription obligation is triggered under the CADFund Subscription Agreement). This occurs when the Offer becomes unconditional.

Once it becomes a 25% shareholder of CF Investment, CADFund Liantuo is entitled to appoint one director to the board of CF Investment whilst CF International is entitled to appoint the other three directors.

After CADFund Liantuo is registered as the shareholder of CF Investment and if CF Investment is entitled to appoint (or agree to nominate) directors and/or senior managers to any Discovery Group Entity, the ratio of appointed or nominated directors and/or senior managers shall be at least 1 CADFund Liantuo nominee for every 4 CF Investment nominees.

CADFund Liantuo (through its nominee directors) will have veto rights on certain investment protection decisions, so long as CADFund Liantuo holds more than 15% of the equity capital in CF Investment. All the other board decisions can otherwise be made by the simple majority of the board.

Any proposed transfer by any shareholder of their holding in CF Investment is subject to standard pre-emptive right restrictions. In addition, CADFund Liantuo has a tag along right and a priority right of sale if CF International proposes to sell its shareholding in CF Investment to unrelated third parties or there is a change of control over CF International, which is only in respect of the priority right of sale.

If CF International proposes to sell its shareholding in CF Investment, CADFund Liantuo can tag along where it does not exercise its pre-emptive right. Once the tag along right is exercised, CF International and CADFund Liantuo must sell their shares to the unrelated third party in proportion to their shareholdings (75:25).

The priority right of sale allows CADFund Liantuo to sell its holding in CF Investment in priority to CF International. This right applies if: (i) the proposed disposal of shares in CF Investment by CF International is to an unrelated third party and will result in CF International's shareholding in CF Investment to be reduced to lower than 50%; or (ii) there is a change of control over CF International.

For the purpose of the CDB Facility, the parties also agree that (if required) they will provide to CDB, as security, their respective holdings in CF Investment and the Discovery Shares acquired by CF Investment under the Offer.

8.3 Broker handling fee arrangements

As at the date of this Bidder's Statement, CF Investment had not made a decision as to whether to offer to pay a commission to brokers who solicit acceptances of the Offer by a Discovery Shareholder. However, CF Investment reserves the right to introduce such an arrangement.

8.4 Institutional acceptance facility

As at the date of this Bidder's Statement, CF Investment has not made a decision as to whether to introduce an institutional acceptance facility in connection with the Offer. However, CF Investment reserves the right to introduce such a facility.

8.5 Consents

(a) Consenting parties

This Bidder's Statement contains statements made by, or statements said to be based on statements made by CF International and CFC. CF International and CFC have each consented to the inclusion of each statement it has made, and each statement which is said to be based on a statement it has made, in the form and context in which the statements appear and each of CF International and CFC have not withdrawn that consent as at the date of this Bidder's Statement.

This Bidder's Statement contains statements made by, or statements said to be based on statements made by CADFund, those statements being the CADFund Information. CADFund has consented to the inclusion of the CADFund Information in the form and context in which it appears and has not withdrawn that consent as at the date of this Bidder's Statement. CADFund takes no responsibility for any other part of this Bidder's Statement.

8 Additional information cont.

Each of the parties named in the table below as consenting parties:

- (i) has given and has not, before the date of this Bidder's Statement, withdrawn its written consent to be named in this Bidder's Statement in the form and context in which it is named;
- (ii) does not make, or purport to make, any statement in this Bidder's Statement other than those statements referred to below in respect of that party's name (and consented to by that party); and
- (iii) to the maximum extent permitted by law, expressly disclaims, makes no representation regarding and takes no responsibility for any statements in or omissions from this Bidder's Statement.

Consenting parties

Consenting party	Statement
King & Wood Mallesons	Role as legal adviser
Collins Newman & Co	Role as Botswana legal adviser
Citigroup Global Markets Australia Pty Limited	Role as financial adviser
Link Market Services Limited	Role as registry in Australia
PricewaterhouseCoopers (Pty) Limited	Role as registry in Botswana

(b) Statements based on documents announced by Discovery to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, free of charge during the Offer Period, please contact the Australia Offer information line on 1800 132 009 (callers in Australia) or +61 2 8280 7581 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

(c) Other statements

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains security trading data sourced from IRESS without its consent. In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

8.6 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Discovery Shareholder whether or not to accept an Offer; and
- (b) known to CF Investment,

that has not previously been disclosed to Discovery Shareholders.

9 Terms of the Offer

9.1 Offer

The Bidder offers to acquire all of your Discovery Shares, together with all Rights attaching to them, on the following terms and conditions. This Offer relates to Discovery Shares that exist or will exist at the Register Date and extends to any Discovery Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of Discovery Share Options.

You may only accept the Offer for all of your Discovery Shares in a holding. Different holdings may accept this Offer in different ways.

By accepting the Offer, you undertake to transfer to the Bidder the Discovery Shares to which this Offer relates and all Rights attached to those Discovery Shares (see sections 9.5(d) and 9.5(e)).

9.2 Consideration

(a) Offer Price

The consideration offered for each Discovery Share is A\$1.70 cash, subject to possible adjustments as described in this section 9.

In accordance with sections 9.2(b), 9.5(d) and 9.5(e), the Bidder may adjust the Offer Price downwards in certain circumstances.

(b) Distribution and entitlements

The Bidder will be entitled to all Rights declared, paid or made by Discovery or which arise or accrue after the Announcement Date in respect of the Discovery Shares acquired by the Bidder under this Offer.

If for any reason the Bidder does not receive any such Rights, the Bidder will, to the extent permitted by applicable law, be entitled to reduce the cash consideration payable pursuant to section 9.2(a) by the amount or value of those Rights as reasonably assessed by the Bidder.

9.3 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 8 November 2012, and ending at 7.00pm (Sydney time) / currently 10.00am (Botswana time) on:

- (i) 13 December 2012; or
- (ii) any date to which the period of the Offer is extended in accordance with the Corporations Act,

whichever is the later.

9.4 How to accept the Offer

(a) Acceptance Forms

Acceptances must be received in the manner specified in this section 9.4 prior to the Closing Date.

(b) All of your holding

The Offer is for all of your Discovery Shares.

(c) Acceptance procedure for Discovery Shareholders on the Discovery Australian Share Register

The acceptance procedure will depend on whether your Discovery Shares are held in a CHESS Holding or an Issuer Sponsored Holding (your personalised Australian Acceptance Form outlines which type of holding you have):

- (i) **If you hold your Discovery Shares in an Issuer Sponsored Holding (your SRN starts with an "I"):** to accept this Offer you must complete and sign your personalised Australian Acceptance Form in accordance with the instructions on the form and lodge it by returning it (together with any other required documents described on the form) at an address indicated in section 9.4(c)(v) so that your acceptance is received before the end of the Offer Period.
- (ii) **If your Discovery Shares are held in separate holdings:** if your Discovery Shares are in separate holdings, you will need to take action under sections 9.4(c)(i) and/or 9.4(c)(iii) in relation to each holding if you wish to accept the Offer for all your Discovery Shares across those holdings.
- (iii) **If you hold your Discovery Shares in a CHESS Holding (your HIN starts with an "X"):** you must comply with the ASX Settlement Operating Rules.

To accept this Offer in accordance with the ASX Settlement Operating Rules you have one of the following three choices:

- (A) instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or

9 Terms of the Offer cont.

- (B) complete and sign your personalised Australian Acceptance Form and send it (together with any other required documents described on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period, with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (C) complete and sign your personalised Australian Acceptance Form and send it to the Bidder at an address indicated in section 9.4(c)(v) so that your Australian Acceptance Form is received before 7.00pm Sydney time on the second last Business Day of the Offer Period. This will authorise the Bidder to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf.
- (iv) **If you are a broker or another Participant:** to accept this Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.
- (v) **Postal and delivery address for Australian Acceptance Forms**
- By post**
- Link Market Services Limited
Discovery Limited
Locked Bag A14
Sydney South NSW 1235
- By hand**
- Link Market Services Limited
Discovery Limited
1A Homebush Bay Drive
Rhodes NSW 2138
- A reply paid envelope (not able to be used by Discovery Shareholders outside Australia) is enclosed for your convenience.
- The transmission of your personalised Australian Acceptance Form and other documents is at your own risk.
- (vi) **Australian Acceptance Form**
- Your personalised Australian Acceptance Form which accompanies this Offer forms part of this Bidder's Statement. Subject to section 9.4(f), you must also comply with the requirements set out in your personalised Australian Acceptance Form to accept this Offer.
- (d) **Acceptance procedure for Discovery Shareholders on the Discovery Botswana Share Register**
- The following paragraphs set out the procedure for acceptance of the Offer if you hold Discovery Shares which are registered on the Discovery Botswana Share Register:
- (i) **Discovery Shares held in certificated form (that is, not in CSDB)**
- (A) Completion of Botswana Acceptance Form**
- You will find enclosed with this Bidder's Statement a Botswana Acceptance Form for use in relation to the Offer. You should note that, if you hold Discovery Shares in certificated form, but under different designations, you should complete a separate Botswana Acceptance Form in respect of each designation. Further Botswana Acceptance Forms can be obtained from PricewaterhouseCoopers (Pty) Limited at the address indicated in section 9.4(d)(iii), or by telephoning PricewaterhouseCoopers (Pty) Limited on +267 395 2011.
- You should return the completed Botswana Acceptance Form (together with your share certificate(s) and any other document(s) of title) by post or by hand (during normal business hours) to PricewaterhouseCoopers (Pty) Limited at the address indicated in section 9.4(d)(iii) as soon as possible, and in any event, so as to be received by PricewaterhouseCoopers (Pty) Limited not later than the Closing Date.
- (B) General requirements**
- If you are an individual, you are requested to sign the Botswana Acceptance Form in accordance with the instructions printed on it.
- Any Discovery Shareholder which is a company should execute the Botswana Acceptance Form in accordance with the instructions printed on it.

(C) Share certificates not readily available or lost

Your completed Botswana Acceptance Form should be accompanied by the relevant share certificate(s) and/or document(s) of title. If for any reason, your share certificate(s) and/or other document(s) of title is/are not readily available, you should contact Discovery's transfer secretary in Botswana as soon as possible to request a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, should be completed and returned to them in accordance with their instructions given.

(ii) Discovery Shares held in dematerialised form (that is, in CSDB)

If you hold your Discovery Shares, or any of them, in dematerialised form (that is, in CSDB), your CSDBP or stockbroker should contact you in terms of the custody or mandate agreement concluded between you and the CSDBP or stockbroker, as the case may be, to ascertain whether or not you wish to accept the Offer. If you wish to accept the Offer but have not been contacted by your CSDBP or stockbroker, it would be advisable to contact and furnish your CSDBP or stockbroker with instructions in relation to the acceptance of the Offer you must instruct your CSDBP or stockbroker to certificate your Discovery Shares. These instructions must be provided in the manner and ahead of the cut-off date and time advised by your CSDBP or stockbroker in terms of the custody or mandate agreement so that you can receive an Acceptance Form and accept into the offer before the Closing Date.

Neither the Bidder nor PricewaterhouseCoopers (Pty) Limited take any responsibility nor will they be held liable for any failure on the part of any CSDBP or stockbroker to notify you of the Offer and/or to obtain instructions from you and submit acceptances timeously to PricewaterhouseCoopers (Pty) Limited.

(iii) Postal and delivery address for Botswana Acceptance Form**By post**

PricewaterhouseCoopers (Pty) Limited
PO Box 294
Gaborone
Botswana

By hand

PricewaterhouseCoopers (Pty) Limited
Plot 50371
Fairground Office Park
Gaborone

The transmission of your personalised Botswana Acceptance Form and other documents is at your own risk.

(iv) Botswana Acceptance Form

Your personalised Botswana Acceptance Form which accompanies this Bidder's Statement forms part of it. Subject to section 9.4(f), the requirements of the Botswana Acceptance Form must be observed in accepting this Offer in respect of your Discovery Shares.

(e) Power of attorney, deceased estate

When accepting this Offer, you should also forward to the Bidder for inspection (at one of the addresses indicated in sections 9.4(c)(v) or 9.4(d)(ii), as applicable):

- (i) if your personalised Acceptance Form is executed by an attorney - a certified copy of the power of attorney; or
- (ii) if your personalised Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Discovery Shareholder - a certified copy of the relevant grant of probate or letters of administration.

(f) When acceptance is complete

Acceptance of this Offer will not be complete until the requirements of this section 9.4 have been met, including (where required) your Acceptance Form having been received at one of the addresses set out in section 9.4(c)(v) or 9.4(d)(ii), (as applicable), provided that:

9 Terms of the Offer cont.

- (i) the Bidder may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under sections 9.4(a) and 9.4(c)); and
- (ii) where such requirements have been complied with in respect of some but not all of your Discovery Shares, the Bidder may, in its sole discretion, deem your acceptance of this Offer complete in respect of those Discovery Shares for which the requirements have been complied with but not in respect of the remainder (unless the Bidder waives those requirements in accordance with section 9.4(f)(i)).

Where the Bidder elects to waive any requirement of this section 9.4, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

9.5 Provision of Offer Price

(a) When Offer Price is provided

Subject to section 9.5(c), if the contract resulting from your acceptance of this Offer becomes unconditional, you will be provided with the Offer Price to which you are entitled on or before the earlier of:

- (i) one month after receipt of your acceptance, or if the Offer is subject to conditions when you accepted, within one month after the Offer becomes unconditional; and
- (ii) 21 days after the end of the Offer Period.

(b) Manner of payment

- (i) Discovery Shareholders on the Discovery Australian Share Register

Payment of cash to which you are entitled will be mailed by cheque (or otherwise as determined by the Bidder) in Australian currency. Cheques will be posted to you at your risk by pre-paid ordinary mail or by courier to the address set out in your personalised Acceptance Form or, if you have an overseas address, by pre-paid airmail post or by courier.

- (ii) Discovery Shareholders on the Discovery Botswana Share Register

Payment of cash to which you are entitled will be mailed by cheque (or otherwise as determined by the Bidder). Cheques will be posted to you at your risk by pre-paid ordinary mail or by courier to the address set out in your personalised Acceptance Form or, if you have an overseas address, by pre-paid airmail post.

For those Discovery Shareholders who hold Discovery Shares on the Discovery Botswana Share Register, the consideration will be settled in Botswana Pula. This will involve the Australian cash consideration being converted into Botswana Pula based on the A\$/Pula exchange rate on or about the date on which the consideration is paid to each Discovery Shareholder on the Discovery Botswana Share Register who have accepted the Offer. This means that the value of any consideration Discovery Shareholders who hold Discovery Shares on the Discovery Botswana Share Register receive under the Offer will be affected by the prevailing market exchange rate at the time of payment and there is a risk that:

- (A) the exchange rate prevailing on the day those Discovery Shareholders accept the Offer may differ from the rate prevailing at the time of payment;
- (B) there may be a significant shift in the exchange rate, which may affect the value of the Offer Price in Botswana Pula terms for that Discovery Shareholder; and
- (C) different Discovery Shareholders who hold Discovery Shares on the Discovery Botswana Share Register who accept the Offer at different times may receive different Botswana Pula amounts as consideration under the Offer. This is because the timing of payment of consideration may differ depending on when the Offer is accepted.

(c) Where additional documents are required

Where your personalised Acceptance Form or any subsequent request from the Bidder requires additional documents to be given with your acceptance (such as a certified copy of any power of attorney, grant of probate or letters of administration, or any other document reasonably requested by the Bidder to give better effect to your acceptance):

- (i) if the documents are given with your acceptance, you will be provided with the Offer Price in accordance with sections 9.5(b)(i) or 9.5(b)(ii); or
- (ii) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a Defeating Condition at the time that the Bidder is given the documents, you will be provided with the Offer Price by the end of whichever of the following periods ends earlier:

- (A) one month after the contract resulting from your acceptance of this Offer becomes unconditional; and
- (B) 21 days after the end of the Offer Period; or
- (iii) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that the Bidder is given the documents, you will be provided with the Offer Price by the end of whichever of the following periods ends earlier:
 - (A) one month after the Bidder is given the documents; and
 - (B) 21 days after the end of the Offer Period; or
- (iv) if the documents are given after the end of the Offer Period, you will be provided with the Offer Price within 21 days after the documents are given, but if at the time the Bidder is given the documents, the contract resulting from your acceptance of this Offer is still subject to one or more of the Specified Prescribed Conditions, you will be provided with the Offer Price within 21 days after that contract becomes unconditional.

If you do not provide the Bidder with the required additional documents within one month after the end of the Offer Period, the Bidder may, in its sole discretion, void the contract resulting from your acceptance of this Offer.

(d) Where the Bidder is entitled to any Rights

If the Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give the Bidder all documents necessary to vest those Rights in the Bidder or otherwise to give the Bidder the benefit or value of those Rights. If you do not give those documents to the Bidder, or if you have received the benefit of those Rights, then to the extent permitted by law the Bidder may reduce the cash consideration payable pursuant to section 9.2(a) by the amount or value of those Rights as reasonably assessed by the Bidder.

(e) Rights generally

If:

- (i) you have (or any previous holder of your Discovery Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (ii) you are (or any previous holder of your Discovery Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a distribution, if you are (or any previous holder of your Discovery Shares

is) the registered holder of the security at the specified time for determining those entitled to the distribution); or

- (iii) your Discovery Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Discovery Shareholders,

then:

- (iv) in the case of Rights to non-cash benefits, the Bidder may deduct the value (as reasonably assessed by the Bidder) of such Rights from any Offer Price otherwise to be provided to you; or
- (v) in the case of Rights to cash benefits, the Bidder may deduct the amount of such Rights from any Offer Price otherwise to be provided to you.

If the Bidder does not, or cannot, make such a deduction, you must pay such value or amount to the Bidder.

(f) Clearances for offshore resident Discovery Shareholders on the Discovery Australian Share Register

If, at the time of acceptance of this Offer by a Discovery Shareholder on the Discovery Australian Share Register, any consent, authority or clearance is required for you to be provided any Offer Price including, but not limited to consent, authority or clearance of:

- (i) the Minister for Foreign Affairs (whether under the Charter of the United Nations Act 1945 (Cwlth), the Charter of the United Nations (Dealing with Assets) Regulations 2008 or any other regulations made thereunder, or otherwise);
- (ii) the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations 1959 (Cwlth) or otherwise);
- (iii) the Australian Taxation Office; or
- (iv) any other person as required by any other Australian law, statute, regulation, order, rule, subordinate legislation or other document enforceable under any statute, regulation, rule or subordinate legislation that would make it unlawful for the Bidder to provide Offer Price for your acceptance of this Offer,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to be provided (and you will not be entitled to be provided) any Offer Price unless and until all such consents, authorities or clearances have been obtained by the Bidder.

9 Terms of the Offer cont.

(g) Botswana withholding tax

If, at the time of payment of this Offer to a Discovery Shareholder on the Discovery Botswana Share Register who is not a resident of Botswana for Botswana tax purposes, the Bidder is requested by the Botswana Unified Revenue Service to pay any withholding tax, the Bidder will deduct such withholding tax from the Offer Price and pay that across to the Botswana Unified Revenue Service.

9.6 Conditions of this Offer

(a) Conditions

This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the conditions set out in section 10.

(b) Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of section 10:

- (i) constitutes and will be construed as a separate, several and distinct condition;
- (ii) is a condition subsequent, with the exception of the condition specified in section 10(b), which is a condition precedent and any contract resulting from acceptance of this Offer will not become binding unless and until the condition in section 10(b) is fulfilled; and
- (iii) until the expiration of the Offer Period (or in the case of the Specified Prescribed Conditions until three Business Days after the end of the Offer Period) will be for the benefit of the Bidder alone and may be relied upon only by the Bidder.

(c) Foreign Acquisitions and Takeovers Act

The condition specified in section 10(b) is a condition precedent. Any contract resulting from acceptance of this Offer will not become binding unless and until the condition in section 10(b) is fulfilled or waived.

(d) Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the conditions subsequent set out in section 10 does not, until the end of the Offer Period, prevent a contract arising to acquire your Discovery Shares resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of the Specified Prescribed Conditions at the end of three Business Days after the end of the Offer Period), in respect of any condition in section 10:

- (i) the Bidder has not declared this Offer (and it has not become) free from that condition; and
- (ii) that condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, the Bidder will notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

(e) The Bidder may decide the Offer is free from all or any of the conditions

The Bidder may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all or any of the conditions set out in each paragraph and subparagraph of section 10 by notice in writing to Discovery:

- (i) in the case of the Specified Prescribed Conditions - not later than three Business Days after the end of the Offer Period; or
- (ii) in any other case - not later than seven days before the end of the Offer Period.

(f) Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is 6 December 2012, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

(g) Best endeavours in relation to conditions

The Bidder will:

- (i) use its best endeavours to procure that the conditions in sections 10(b), 10(c), 10(d) and 10(e) are satisfied; and
- (ii) not do or omit to do anything for the purpose of causing a breach of any such condition.

9.7 Effect of acceptance

(a) Revocation of acceptance

Except as permitted otherwise by applicable law, once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Discovery Shares, except as follows:

- (i) if, by the times specified in section 9.7(b), the conditions in section 10 have not all been fulfilled or waived, then this Offer will automatically terminate and you will retain your Discovery Shares; or
- (ii) if the Offer Period is varied in a way that postpones for more than one month the time when the Bidder has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the conditions in section 10, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

(b) Times

The relevant times for the purposes of section 9.7(a) are:

- (i) in the case of the Specified Prescribed Conditions - three Business Days after the end of the Offer Period; and
- (ii) in the case of all other Defeating Conditions in section 10 - the end of the Offer Period.

(c) Your agreement

By signing and returning your personalised Acceptance Form, or otherwise accepting this Offer you will be deemed to have:

- (i) accepted this Offer (and each variation to this Offer) in respect of your Discovery Shares;
- (ii) in accordance with sections 9.5(d) and 9.5(e) irrevocably authorised and directed Discovery to pay the Bidder or to account to the Bidder for all Rights in respect of your Discovery Shares subject, however, to any such Rights received by the Bidder being accounted for by the Bidder to you if this Offer is withdrawn or the contract formed by your acceptance of this Offer is rendered void;
- (iii) except where Rights have been paid or accounted for under section 9.7(c)(ii), irrevocably authorised the Bidder, to the extent permitted by law, to reduce the cash component payable under section 9.2(a) by the amount or value of those Rights as reasonably assessed by the Bidder;
- (iv) irrevocably authorised the Bidder to alter your personalised Acceptance Form on your behalf by:
 - (A) inserting correct details of your Discovery Shares (including details of a parcel of Discovery Shares required by section 9.10(d)(ii));
 - (B) filling in any blanks remaining in your personalised Acceptance Form; and
 - (C) rectifying any errors in, and omissions from, your personalised Acceptance Form,

as may be necessary to make your personalised Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Discovery Shares to the Bidder, and agreed to provide any document reasonably requested by the Bidder to make your personalised Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance;

- (v) if any of your Discovery Shares are in a CHESS Holding, irrevocably authorised the Bidder to:

(A) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Discovery Shares in accordance with the ASX Settlement Operating Rules; and

(B) give any other instructions in relation to those Discovery Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;

- (vi) if any of your Discovery Shares are held on the Discovery Botswana Share Register in dematerialised form (that is, in CSDB), irrevocably authorised the Bidder to:

(A) instruct your CSDBP or stockbroker to initiate acceptance of this Offer in respect of your Discovery Shares in accordance with CSDB; and

(B) give any other instructions in relation to your Discovery Shares to your CSDBP or stockbroker on your behalf under the custody or mandate agreement between you and your CSDBP or stockbroker;

- (vii) agreed to indemnify the Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Discovery Shares to the Bidder being registered by Discovery without production of your HIN or SRN;

- (viii) irrevocably accepted this Offer in respect of all your Discovery Shares despite any difference between that number and the number of Discovery Shares shown in your personalised Acceptance Form;

- (ix) agreed to the terms and conditions of this Offer and, subject to the Offer being declared free from the conditions set out in section 10 (or such conditions being satisfied or waived), agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to the Bidder your Discovery Shares;

- (x) represented and warranted to the Bidder, as a fundamental condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your Discovery Shares to the Bidder:

9 Terms of the Offer cont.

- (A) you have paid to Discovery all amounts which are due for payment in respect of your Discovery Shares; and
- (B) all of your Discovery Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
- (C) you have full power and capacity to sell and transfer those Discovery Shares;
- (xi) on this Offer or any contract resulting from acceptance of this Offer becoming unconditional:
- (A) irrevocably appointed the Bidder and each of its directors from time to time individually as your agent and attorney on your behalf to:
- (aa) attend and vote in respect of your Discovery Shares at all general meetings of Discovery;
- (ab) receive from Discovery or any other party, and retain, any security certificates which were held by Discovery, or any other party; and
- (ac) sign all documents (including an instrument appointing one of the Bidder's directors as a proxy in respect of any or all of your Discovery Shares and any application to Discovery for a replacement certificate in respect of any security certificate which has been lost or destroyed) and resolutions relating to your Discovery Shares, and generally to exercise all powers and rights which you may have as a Discovery Shareholder and perform such actions as may be appropriate in order to vest good title in your Discovery Shares in the Bidder, and to have agreed that, in exercising such powers, any such director is entitled to act in the Bidder's interests as the beneficial owner and intended registered holder of your Discovery Shares; and
- (B) agreed not to vote in person at any general meeting of Discovery or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the directors of the Bidder by section 9.7(c)(xi)(A), and
- (C) irrevocably authorised the Bidder to notify Discovery on your behalf that your place of address for the purposes of serving notices upon you in respect of your Discovery Shares is the address specified by the Bidder in the notification; and
- (D) where, at that time, you have a right to be registered as a holder of the Discovery Shares the subject of your acceptance as the result of an on-market purchase (but are not a Discovery Shareholder):
- (aa) agreed to use best endeavours to procure the delivery of the Discovery Shares the subject of your acceptance to the Bidder in accordance with your acceptance (including giving the Bidder all documents necessary to vest those Discovery Shares in the Bidder or otherwise to give the Bidder the benefit or value of those Discovery Shares);
- (ab) agreed not to do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the Discovery Shares the subject of your acceptance to the Bidder;
- (ac) irrevocably assigned to the Bidder all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and recourse may arise by reason of that person's failure to complete that trade;
- (ad) agreed to assign to the Bidder (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to the Bidder the right to (at the Bidder's ultimate discretion) complete that trade on your behalf, and agreed that the Bidder may deduct from the Offer Price otherwise to be provided to you (pursuant to a valid acceptance of this Offer and the delivery of the Discovery Shares the subject of that acceptance) any amount paid by the Bidder in order to settle that on-market purchase on your behalf. If the Bidder does not, or cannot, make such a deduction, you must pay such amount to the Bidder; and

(ae) agreed that if you are unable to assign to the Bidder any of the rights and recourse specified under section 9.7(c)(xi)(D)(ac) and (ad), you will assign such rights and recourse as soon as you are legally able to; and

(E) if at the time of acceptance of this Offer your Discovery Shares are in a CHES Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its conditions or those conditions are satisfied, the Bidder to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your Discovery Shares to CF Investment's Takeover Transferee Holding. The Bidder will be so authorised even though at the time of such transfer it has not provided the Offer Price due to you.

By accepting this Offer you will be deemed to have agreed to the matters set out in this section 9.7(c), notwithstanding where this Offer has been caused to be accepted in accordance with the ASX Settlement Operating Rules.

9.8 Withdrawal

The Bidder may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.9 Variation

The Bidder may vary this Offer in accordance with the Corporations Act.

9.10 Acceptances by transferees and nominees

(a) Who may accept this Offer

During the Offer Period:

- (i) any person who is able to give good title to a parcel of your Discovery Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (ii) any person who holds one or more parcels of Discovery Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:

- (A) each of those parcels; and
- (B) any parcel they hold in their own right.

(b) Holding Discovery Shares

- (i) A person is taken to hold Discovery Shares if the person is, or has a right to be registered as, the holder of those Discovery Shares.
- (ii) A person who has a right to be registered as a holder of Discovery Shares may accept this Offer by completing and signing the personalised Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the personalised Acceptance Form) so that the acceptance is received before the end of the Offer Period.

(c) Holding Discovery Shares on trust or as a nominee

A person is taken to hold Discovery Shares on trust for, as nominee for, or on account of, another person if they:

- (i) are entitled to be registered as the holder of particular Discovery Shares; and
- (ii) hold their interest in the Discovery Shares on trust for, as nominee for, or on account of, that other person.

(d) Effective acceptance

An acceptance of an Offer under section 9.10(a)(ii) is ineffective unless:

- (i) the person who holds on account of another person, gives the Bidder a notice stating that the Discovery Shares consist of a separate parcel; and
- (ii) the acceptance specifies the number of Discovery Shares in that parcel.

References in this Offer to your Discovery Shares will be treated to relate to that separate parcel.

(e) Notice of acceptance

A notice under section 9.10(d)(i) of these terms must be made:

- (i) if it relates to Discovery Shares entered on an ASX Settlement subregister - in an electronic form approved by the ASX Settlement Operating Rules; or
- (ii) otherwise - in writing.

9 Terms of the Offer cont.

A person may, at the one time, accept for two or more parcels under this section 9.10 as if there had been a single offer for a separate parcel consisting of those parcels.

9.11 Other matters

(a) Notices and other communications

Subject to the Corporations Act, a notice or other communication given by the Bidder to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (i) is delivered at your address as recorded on the register of members of Discovery or the address shown in the personalised Acceptance Form; or
- (ii) is posted to you by pre-paid ordinary mail or by courier, or in the case of an address outside Australia by pre-paid airmail post or by courier, to you at either of those addresses.

(b) Return of documents

(i) Discovery Shareholders on the Discovery Australian Share Register

If:

- (A) this Offer is withdrawn after your personalised Australian Acceptance Form has been sent to the Bidder, but before it has been received; or
- (B) for any other reason the Bidder does not acquire the Discovery Shares to which your personalised Australian Acceptance Form relates,

you may request the Bidder by notice in writing to despatch (at your risk) your personalised Australian Acceptance Form together with all other documents forwarded by you, to your address as recorded on the register of members of Discovery. The documents can be despatched to your address as recorded on the register of members in accordance with section 9.11(a).

(ii) Discovery Shareholders on the Discovery Botswana Share Register

If this Offer is withdrawn after your personalised Botswana Acceptance Form has been sent to the Bidder, but before it has been received or for any other reason the Bidder does not acquire the Discovery Shares to which your personalised Botswana Acceptance Form relates, the Botswana Acceptance Form, relevant share certificate(s) and/or other document(s) of title will be returned to you by ordinary mail at such address as you nominate.

(c) Costs and expenses

All costs and expenses of the preparation, despatch and circulation of this Bidder's Statement and this Offer and any stamp duty payable in respect of a transfer of Discovery Shares in respect of which Offers are accepted, will be paid by the Bidder.

(d) Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in Queensland, Australia.

10 Conditions of the Offer

The Offer and any contract resulting from acceptance of the Offer is subject to fulfilment of the following conditions:

- (a) **(minimum ownership)** that during, or at the end of, the Offer Period, the number of Discovery Shares in which CF Investment has a relevant interest is more than 51% of all Discovery Shares on the assumption that all options and other securities convertible to Discovery Shares have been exercised;
- (b) **(Australian Foreign Investment Policy)** that before the end of the Offer Period, the Treasurer does not object under the Australian Foreign Investment Policy to the proposed investment by CADFund in CF Investment. The Treasurer is taken to have not objected if CADFund receives written notification from or on behalf of the Treasurer to the effect that there are no objections to the investment by CADFund in CF Investment under the Foreign Investment Policy on an unconditional basis;
- (c) **(Botswana regulatory approvals)** that before the end of the Offer Period, CF Investment obtains all Botswana regulatory approvals, authorisations and consents required to enable CF Investment to acquire Discovery Shares under the Offer, including from:
 - (i) the Minister for Mines for the transfer of a controlling interest in the holders of the Mining Interests;
 - (ii) the Botswana Competition Authority; and
 - (iii) the BSE Listing Committee;
- (d) **(Boseto Copper Project)** that before the end of the Offer Period, written confirmation from the Minister for Mines is given to CF Investment that the Government of Botswana's option to acquire an interest in the Boseto Copper Project has not been exercised and has lapsed or that the Government of Botswana cannot exercise it in the future;
- (e) **(Chinese regulatory approvals)** that before the end of the Offer Period, CADFund and its associates obtain all regulatory approvals, authorisations, registrations and consents required but not yet obtained, to enable CADFund to participate in CF Investment's acquisition of Discovery Shares under the Offer from:
 - (i) MOFCOM; and
 - (ii) SAFE;
- (f) **(no restraining orders)** that between the Announcement Date and the end of the Offer Period:
 - (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
 - (ii) no application is made to any Public Authority (other than by CF Investment or CADFund or any of their related bodies corporate), or action or investigation is announced, threatened or commenced by a Public Authority;
- (g) in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
 - (i) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of CF Investment in respect of Discovery, any Discovery Group Entity or Discovery Shares to be acquired under the Offer; or
 - (ii) requires the divestiture by CF Investment of any Discovery Shares, or the divestiture of any assets of any Discovery Group Entity, CF Investment or otherwise;
- (h) **(no material adverse effect)** that no event occurs between the Announcement Date and the end of the Offer Period that will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position or performance, profits and losses or prospects of Discovery Group, including as a result of making the Offer or the acquisition of Discovery Shares pursuant to the Offer. These events include, but are not limited to:
 - (i) any event or circumstance which constitutes or gives rise to or may (upon the passage of time, the fulfilment of any condition, or the giving of notice or taking of any other action by a Public Authority or any other person) give rise to the suspension, revocation, disclaimer, invalidity, unenforceability, variation, lapse or termination of all or any material rights under any Mining Interest or any contract material to the operations of the Discovery Group;

10 Conditions of the Offer cont.

- (ii) the occurrence of the outbreak of war (including civil war), outbreak of hostilities with another country (whether war is declared or not) or terrorism, mobilisation of armed forces, insurrection, general civil unrest, strikes or labour unrest, or similar event in the Republic of Botswana in each case which would, or is likely to, have a material adverse impact on the Boseto Copper Project;
- (iii) a natural disaster materially and directly affecting the operations of the Discovery Group for a period of at least seven Business Days;
- (iv) the occurrence or threatened occurrence of the nationalisation or expropriation by a Public Authority in the Republic of Botswana of privately owned or held natural resource exploration or mining rights or other property or rights required for the use or enjoyment of those natural resource exploration or mining rights (other than by reason of non-compliance by the property owner or owner of rights);
- (v) a material restraint on or hindrance to the development, timely completion, feasibility, operation, profitability or marketability of the Boseto Copper Project;
- (vi) the incurring of any obligations, liabilities, costs or expenses (contingent or otherwise), other than capital expenditure, where the quantum (whether individually or when aggregated with all such other events) exceeds A\$25 million, except in the ordinary course of business;
- (vii) the grant of mining or other rights or interests of any kind over all or part of any area covered by or the subject of a Mining Interest to any person other than a Discovery Group Entity which materially conflict, or could reasonably be expected to materially conflict, with the enjoyment of the rights conferred, or purported to be conferred, by the Mining Interest;
- (viii) any change in any applicable laws or regulations (including taxation, customs excise or duty) which would result in a material impairment of the cost structure of the Discovery Group;
- (ix) any one or more undisclosed events, occurrences, circumstances or matters which individually or when aggregated with all events, occurrences, circumstances or matters of a like kind or category has (or would be likely to have) the effect of diminishing the fair market value of the consolidated net assets of the Discovery Group by at least A\$25 million, and includes, but is not limited to, an event:
- (x) that occurs prior to the Offer Period but is only announced by Discovery to the ASX or in relation to which CF Investment otherwise becomes aware during or after the Announcement Date; or
- (xi) that will or is likely to occur following the Offer Period and which has not been announced by Discovery to the ASX prior to the Announcement Date,
- but does not include:
- (xii) any matter fairly disclosed to CF Investment or its representatives or to the ASX or otherwise widely known publicly on or before the Announcement Date;
- (xiii) any event, occurrence, circumstance or matter affecting the copper mining industry generally;
- (xiv) any change in general economic, financial, currency exchange, securities or commodities market conditions; or
- (xv) any change in accounting policy required by law;
- (i) **(no material acquisitions, disposals or new commitments)** that except for any proposed transaction announced by Discovery to the ASX before the Announcement Date, none of the following events occur during the period from the Announcement Date to the end of the Offer Period:
- (i) any Discovery Group Entity acquires, offers to acquire or lease or agrees to acquire or lease one or more companies, entities, securities, businesses or assets (or any interest in one or more companies, entities, securities, businesses or assets) for an amount in aggregate greater than A\$10 million, other than in the ordinary course of business, or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) any Discovery Group Entity disposes of or leases, offers to dispose of or lease or agrees to dispose of or lease one or more companies, entities, securities, businesses or assets (or any interest in one or more companies, entities, securities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Discovery Group's statement of financial position as at 30 June 2012) is, in aggregate, more than A\$10 million other than in the ordinary course of business, or makes an announcement in relation to such a disposition, offer or agreement;

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- (iii) any Discovery Group Entity enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, asset or profit sharing arrangement, management agreement, merger of businesses or of corporate entities or commitment which would require expenditure, the foregoing of revenue, or involving a commitment of securities, assets or liabilities by any Discovery Group Entity of an amount which is, in aggregate, more than A\$10 million, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement;
- (iv) any Discovery Group Entity enters into any corporate transaction which would or would be likely to involve a material change in the manner in which any Discovery Group Entity conducts its business, the nature (including balance sheet classification), extent or value of any Discovery Group Entity's assets, or the nature (including balance sheet classification), extent or value of the liabilities of any Discovery Group Entity;
- (v) any Discovery Group Entity incurs, commits to, or brings forward the time for incurring or committing, or grants to another person a right the exercise of which would involve any Discovery Group Entity incurring or committing to any capital expenditure or liability, or foregoing any revenue, for one or more related items or amounts of in aggregate more than A\$10 million, except for the incurrence of any capital expenditure in accordance with the day to day operating activities of Discovery Group as conducted before the Announcement Date;
- (vi) any Discovery Group Entity waives any material third party default or accepts as a settlement or compromise of a material matter for materially less than the full compensation due to any Discovery Group Entity; or
- (vii) any Discovery Group Entity enters, agrees to enter into or renews any contract of service or varies or agrees to vary any existing contract of service with any current or proposed director or manager or makes or agrees to make any substantial change to the basis or amount of remuneration, for additional amounts of in aggregate more than A\$3 million per annum;
- (j) **(no transaction tax)** between the Announcement Date and the end of the Offer Period, no tax is announced or proposed by the Government of Botswana which would require:
- (i) any Discovery Group Entity to pay a tax to any revenue authority in Botswana, if CF Investment acquires Discovery Shares under the Offer; or
- (ii) CF Investment to pay a tax to any revenue authority in Botswana on the acquisition of Discovery Shares;
- (k) **(Discovery announcement re change of control in Financial Arrangement)** that no later than three Business Days before the Defeating Conditions Date, Discovery makes an announcement on the ASX and the BSE that no person may exercise or purport to exercise, or has stated an intention to exercise, any rights (whether subject to conditions or not) under any provision of any Financial Arrangement to which any Discovery Group Entity is a party, or by or to which any Discovery Group Entity or any of its assets may be bound or be subject, which could result in:
- (i) any monies borrowed or raised by or any other monetary obligations of any Discovery Group Entity being or becoming payable or repayable or being capable of being declared payable or repayable immediately or earlier than the payment date stated in such Financial Arrangement or otherwise accelerated or any transaction being closed out or becoming capable of being closed out before the maturity date stated in such Financial Arrangement; or
- (ii) the terms of any such Financial Arrangement being varied, modified, denied or terminated or operating in a manner that is adverse to the commercial interests of Discovery Group,
- as a result of the Offer or the acquisition of Discovery Shares by CF Investment;
- (l) **(change of control in Financial Arrangement)** that on or during the period commencing on the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, has stated an intention to exercise, or has any rights (whether subject to conditions or not) under any provision of any Financial Arrangement to which any Discovery Group Entity is a party, or by or to which any Discovery Group Entity or any of its assets may be bound or be subject, which could result in:

10 Conditions of the Offer cont.

- (i) any monies borrowed or raised by or any other monetary obligations of any Discovery Group Entity being or becoming payable or repayable or being capable of being declared payable or repayable immediately or earlier than the payment date stated in such Financial Arrangement or otherwise accelerated or any transaction being closed out or becoming capable of being closed out before the maturity date stated in such Financial Arrangement; or
- (ii) the terms of any such Financial Arrangement being varied, modified, denied or terminated or operating in a manner that is adverse to the commercial interests of Discovery Group,

as a result of the Offer or the acquisition of Discovery Shares by CF Investment;

- (m) **(Discovery announcement re change of control)** that no later than three Business Days before the Defeating Conditions Date, Discovery makes an announcement on the ASX and the BSE that no person may exercise or purport to exercise, or has stated an intention to exercise, any rights (whether subject to conditions or not) under any provision of any agreement or other instrument to which any Discovery Group Entity is a party, or by or to which any Discovery Group Entity or any of its assets may be bound or be subject, which could result, to an extent which is material in the context of Discovery Group taken as a whole, in:

- (i) any such agreement or other instrument being terminated, varied or modified or any action being taken or arising thereunder;
- (ii) the interest of any Discovery Group Entity in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, varied or modified; or
- (iii) the business of any Discovery Group Entity with any other person being adversely affected,

as a result of the Offer or the acquisition of Discovery Shares by CF Investment;

- (n) **(change of control)** that on or during the period commencing on the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, has stated an intention to exercise, or has any rights (whether subject to conditions or not) under any provision of any agreement or other instrument to which any Discovery Group Entity is a party, or by or to which any Discovery Group Entity or any of its assets may be bound or be subject, which could result, to an extent which is material in the context of Discovery Group taken as a whole, in:

- (i) any such agreement or other instrument being terminated, varied or modified or any action being taken or arising thereunder;
- (ii) the interest of any Discovery Group Entity in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, varied or modified; or
- (iii) the business of any Discovery Group Entity with any other person being adversely affected,

as a result of the Offer or the acquisition of Discovery Shares by CF Investment;

- (o) **(Other occurrences)** that on or during the period commencing on the Announcement Date and ending at the end of the Offer Period, none of the following events occur:

- (i) Discovery announces to pay, pays or declares any dividend or other distribution (except under any arrangement announced on the ASX before the Announcement Date or with the prior written consent of CF Investment);
- (ii) Discovery converts all or any Discovery Shares into a larger or smaller number of Discovery Shares;
- (iii) Discovery or any other Discovery Group Entity resolves to reduce its capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any securities;

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- (iv) any Discovery Group Entity:
 - (A) enters into a buy-back agreement;
 - (B) resolves to approve the terms of a buy-back agreement under sections 257C(1) or 257D(1) of the Corporations Act; or
 - (C) enters into, or approves any other equivalent arrangement under foreign law similar to those in (A) and (B) above;
 - (v) any Discovery Group Entity issues Discovery Shares or other securities, or grants an option over Discovery Shares or other securities, or agrees to make such an issue or grant such an option (except for Discovery Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of Discovery Share Options on issue on the Announcement Date);
 - (vi) any Discovery Group Entity issues, or agrees to issue, convertible notes or convertible units;
 - (vii) any Discovery Group Entity disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
 - (viii) any Discovery Group Entity charges, or agrees to charge, the whole, or a substantial part, of its business or property;
 - (ix) any Discovery Group Entity resolves to be wound up;
 - (x) a liquidator or provisional liquidator (or equivalent under foreign law) of any Discovery Group Entity is appointed;
 - (xi) a court makes an order for the winding up of any Discovery Group Entity;
 - (xii) an administrator of any Discovery Group Entity is appointed under sections 436A, 436B or 436C of the Corporations Act (or its equivalent under any foreign law);
 - (xiii) any Discovery Group Entity executes a deed of company arrangement (or its equivalent under any foreign law);
 - (xiv) a receiver or a receiver and manager (or their equivalents under any foreign law) is appointed in relation to the whole, or a substantial part, of the property of any Discovery Group Entity;
 - (xv) any Discovery Group Entity makes any change to its constitution or other constituent documents or a meeting being convened to consider a resolution to change a constitution or any other constituent document of any Discovery Group Entity except for those which have been proposed by the Announcement Date for consideration at the forthcoming Discovery annual general meeting scheduled for 16 November 2012; or
 - (xvi) any Discovery Group Entity passes any special resolution except for those which have been proposed by the Announcement Date for consideration at the forthcoming annual general meeting scheduled for 16 November 2012;
 - (p) **(Litigation)** that during the period beginning on the Announcement Date and ending at the end of the Offer Period no person announces, commences or threatens any litigation against any Discovery Group Entity (whether in aggregate or for any single litigation) which may result in a judgement against a Discovery Group Entity of more than A\$5 million (individually or in aggregate), other than that which has been fully and fairly publicly disclosed to the ASX by Discovery prior to the Announcement Date; and
 - (q) **(Sedgman claims)** that during the period beginning on the Announcement Date and three Business Days before the Defeating Conditions Date, Discovery makes an announcement to the ASX and BSE that Sedgman has not made, nor stated an intention to make, a claim for an amount greater than A\$20,027,470.07 and has not amended, nor stated an intention to amend, any existing or potential claim to an amount greater than A\$20,027,470.07.

11 Glossary

11.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

A\$ means Australian Dollar.

Acceptance Forms means the Australian Acceptance Form and Botswana Acceptance Form accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of CF Investment and **Acceptance Form** either of them as the context requires.

Acquisition Consideration means A\$826,407,299.70 which is A\$1.70 times the number of Discovery Shares on issue plus the maximum number of Discovery Shares that could be issued upon the exercise of Discovery Share Options.

Announcement Date means 23 October 2012, being the date of announcement of the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

ASX Listing Rules means the listing rules of the ASX and any other rules of the ASX which are applicable while the relevant entity is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

ASX Settlement means ASX Settlement Pty Limited, the body which administers the CHESS system in Australia.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Australian Acceptance Form means the acceptance form relating to the Offer which is being sent together with this Bidder's Statement to Discovery Shareholders who are registered on the Discovery Australian Share Register for use by those Discovery Shareholders who wish to accept the Offer in relation to their Discovery Shares.

Bidder means Cathay Fortune Investment Limited a company incorporated in Hong Kong SAR, PRC, company number 1686647.

Bidder's Statement means this document, being the statement of CF Investment under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Boseto Copper Project means Discovery's 100%-owned first producing copper mine located in north-west Botswana.

Botswana Acceptance Form means the acceptance form relating to the Offer which is being sent together with this Bidder's Statement to Discovery Shareholders who are registered on the Discovery Botswana Share Register for use by those Discovery Shareholders who wish to accept the Offer in relation to their Discovery Shares.

Botswana Competition Authority means the Competition Authority of Botswana (acting in terms of the Competition Act [CAP 46:09] of Botswana, as amended from time to time).

Broker means a person who is a share broker and a participant in CHESS.

BSE means the Botswana Stock Exchange.

BSE Listing Committee means the listing committee of the BSE.

BSE Listing Requirements means the listing requirements of the BSE and any other rules of the BSE which are applicable while the relevant entity is admitted to the official list of the BSE, each as amended or replaced from time to time, except to the extent of any express written waiver by the BSE.

Business Day means a day on which banks are open for general banking business in Sydney and Gaborone (not being a Saturday, Sunday or public holiday in that place).

CADFund means China Africa Development Fund, a body corporate incorporated in the PRC, and a wholly-owned subsidiary of CDB.

CADFund Information means all information and statements contained in this Bidder's Statement relating or attributed to CADFund, including the entire content of section 2.3.

CADFund Liantuo means China-Africa Liantuo Mining Co., Ltd, which is a wholly-owned special purpose vehicle of CADFund and a body corporate incorporated under the laws of Hong Kong SAR, PRC, company number 1811368.

CADFund Subscription Agreement means the agreement dated 22 October 2012 between CF Investment, CADFund and CADFund Liantuo which sets out, among other things, the basis upon which CADFund, through CADFund Liantuo, must subscribe for 25% of the equity capital in CF Investment, referred to in section 6.4 of this Bidder's Statement.

CDB means China Development Bank Corporation, a body corporate incorporated in the PRC.

CDB Facility Agreement means the facility agreement dated 19 October 2012 between CF Investment as borrower and CDB as lender referred to in section 6.3 of this Bidder's Statement.

CDB Facility means the loan facility provided by CDB pursuant to the CDB Facility Agreement.

CDB Group means CDB and each of its Subsidiaries and controlled entities.

CDB Group Entity means any member of the CDB Group.

CFC means Cathay Fortune Corporation Co., Ltd, a body corporate incorporated in the PRC.

CFC Group Entity means any member of the CFC Group.

CFC Group means CFC and each of its Subsidiaries and controlled entities.

CFC Information means all information and statements contained in this Bidder's Statement relating or attributed to CFC and its related bodies corporate (other than CF Investment).

CF International means Cathay Fortune International Company Limited, a company incorporated in Hong Kong SAR, PRC, company number 1346310.

CF Investment means Cathay Fortune Investment Limited a company incorporated in Hong Kong SAR, China, company number 1686647.

CF Investment's Takeover Transferee Holding means the holding of Discovery Shares on the CHESSE subregister of CF Investment established for the purposes of the Offer.

CHESSE means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

CHESSE Holding means a holding of Discovery Shares on the CHESSE subregister of Discovery.

Closing Date means 7.00pm (Sydney time) / currently 10.00am (Botswana time) on 13 December 2012, unless extended or withdrawn.

Controlling Participant means the Broker or CHESSE participant who is designated as the controlling participant for shares in a CHESSE Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cwlth).

CSDB means the Central Securities Depository of the BSE.

CSDBP means a participant of the CSDB.

Defeating Conditions means the conditions to the Offer set out in section 10 of this Bidder's Statement.

Defeating Conditions Date means 6 December 2012 being the date specified in section 9.6(f) for giving notice as to the status of Defeating Conditions as required by subsection 630(1) of the Corporations Act (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer is extended).

Dikoloti Nickel Project means the project, located in the Selebi-Phikwe region of north-east Botswana.

Discovery means Discovery Metals Limited, a company incorporated in Australia or Discovery Group, as the context requires.

Discovery Australian Share Register means that part of Discovery's register of Discovery Shareholders kept and maintained on behalf of Discovery in Australia by Computershare Investor Services Pty Limited.

Discovery Board means the board of directors of Discovery from time to time.

11 Glossary cont.

Discovery Botswana Share Register means that part of Discovery's register of Discovery Shareholders kept and maintained on behalf of Discovery in Botswana by Transaction Management Services (Proprietary) Limited, a Botswana resident company, trading as Corpserve Botswana Transfer Secretaries.

Discovery Group means Discovery and each of its Subsidiaries and controlled entities.

Discovery Group Entity means any member of the Discovery Group.

Discovery Shareholders means holders of Discovery Shares.

Discovery Shares means fully paid ordinary shares in the capital of Discovery.

Discovery Share Options means options on issue on the Announcement Date that are, subject to the terms of issue and other conditions, able to be converted into Discovery Shares or any other options issued by Discovery on issue on the Announcement Date to subscribe for or otherwise acquire Discovery Shares.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment, or any agreement to create any of them or allow them to exist.

Financial Arrangement means each:

- (a) financing agreement or instrument, money borrowing or raising arrangement or other financing arrangement, liability, encumbrance or other security, guarantee, indemnity or other credit support arrangement; or
 - (b) derivative or treasury transaction, agreement or arrangement,
- (in each case regardless of form and including any similar arrangement).

FIRB means Foreign Investment Review Board.

HIN means a Holder Identification Number, which is the number that starts with an "X", managed by your Controlling Participant, to identify a Discovery Shareholder with a CHES Holding.

IRESS means IRESS Market Technology Limited.

Issuer Sponsored Holding means a holding of Discovery Shares on Discovery's issuer sponsored subregister.

Mining Interest means a lease or prospecting licence referred to in section 12 of this Bidder's Statement.

Minister for Mines means the Minister of Minerals, Energy and Water Resources in the Government of Botswana (or his substitute or replacement or delegate from time to time).

MOFCOM means Ministry of Commerce of the PRC. In the context of discussing the PRC regulatory approvals in connection with the Offer, this acronym is also meant to cover the provincial counterparts of MOFCOM with relevant jurisdictions, such jurisdictions to be dictated by a combination of a number of relevant factors (such as ownership nature of the Chinese investors, size of the proposed investments, categorisation of the assets (business) and identity of investment receiving countries).

NDRC means the National Development and Reform Commission of the PRC. In the context of discussing of the PRC regulatory approvals in connection with the Offer, this acronym is also meant to cover the State Council of the PRC and the provincial counterparts of NDRC with relevant jurisdictions, such jurisdictions to be dictated by a combination of a number of relevant factors (such as ownership nature of the Chinese investors, size of the proposed investments, categorisation of the assets (business) and identity of investment receiving countries).

Offer means the offer by the Bidder to each Discovery Shareholder to acquire all of their Discovery Shares on the terms and conditions set out in this Bidder's Statement.

Offer Period means the period commencing on 8 November 2012 and ending on 13 December 2012, or such later date to which this Offer has been extended.

Offer Price means A\$1.70 cash for each Discovery Shares, subject to the terms and conditions set out in section 9.

Participant means a participant under the ASX Settlement Operating Rules.

PRC means the People's Republic of China.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Register Date means 1 November 2012.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Discovery Shares directly or indirectly after the Announcement Date, including but not limited to all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Discovery or a Discovery Subsidiary.

SAFE means State Administration of Foreign Exchange of the PRC. In the context of discussing the PRC regulatory approvals in connection with the Offer, this acronym is also meant to cover the provincial and local counterparts of SAFE with relevant jurisdictions.

SAR means Special Administrative Region.

Shareholders' Agreement means the agreement dated 22 October 2012 between CF International and CADFund Liantuo, which governs their relationship in respect of their holdings in CF Investment, referred to in section 8.2 of this Bidder's Statement.

Specified Prescribed Condition means the events or circumstances included in sections 10(o)(i) to 10(o)(xvi) which, in accordance with section 650F(1)(a) of the Corporations Act, entitle the Bidder to free this Offer, and the takeover contracts, from those conditions not later than 3 Business Days after the end of the Offer Period.

SRN means a Securityholder Reference Number, which is the number which starts with an "I", allocated by Discovery to identify a Discovery Shareholder with an Issuer Sponsored Holding.

Subsidiary means a subsidiary as that term is defined in the Corporations Act, and **Discovery Subsidiary** means a subsidiary of Discovery.

Treasurer means the Treasurer of the Commonwealth of Australia.

US\$ means United States Dollar.

VWAP means volume weighted average price.

11.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Sydney, Australia time or, where the context indicates, Botswana time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (h) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (i) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (j) a reference to any instrument or document includes any variation or replacement of it;
- (k) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be; and
- (l) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.

A reference to you is to a person to whom the Offer is made.

12 Mining Interest

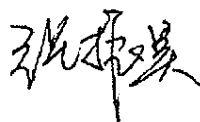
Project	Prospecting Licence
Dikoloti Nickel	P020/2004
Dikoloti Nickel	P021/2004
Dikoloti Nickel	P022/2004
Boseto Copper	P98/2005
Boseto Copper	P99/2005
Boseto Copper mining lease	2010/99L
Boseto Copper	P100/2005
Boseto Copper	P101/2005
Ngamiland Copper	P102/2005
Ngamiland Copper	P103/2005
Ngamiland Copper	P104/2005
Ghanzi Copper	186/2008
Ghanzi Copper	187/2008
Ghanzi Copper	188/2008
Ghanzi Copper	189/2008
Ghanzi Copper	190/2008
Ghanzi Copper	191/2008
Ghanzi Copper	192/2008
D'kar Copper	60/2012
D'kar Copper	61/2012

Project	Prospecting Licence
D'kar Copper	62/2012
D'kar Copper	63/2012
Manganese	PL001/2011
Manganese	PL002/2011
Manganese	PL003/2011
Manganese	PL004/2011
Manganese	PL005/2011
Manganese	PL006/2011
Manganese	PL007/2011
Kraaipan Gold	PL008/2011
Manganese	PL009/2011
Manganese	PL010/2011
Manganese	PL011/2011
Manganese	PL012/2011
Manganese	PL013/2011
Manganese	PL014/2011
Manganese	PL015/2011
Manganese	PL016/2011
Manganese	PL147/2011

13 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of CF Investment on 24 October 2012.

Signed by Zhang Zhenhao for and on behalf of the Bidder in accordance with section 351 of the Corporations Act.



Zhang Zhenhao
Director

25 October 2012

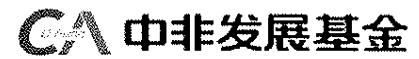
Corporate Directory

Share registry in Australia

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Transfer secretary in Botswana

PricewaterhouseCoopers (Pty) Limited
Plot 50371
Fairground Office Park
Gaborone
Botswana



ACCEPT THE OFFER

The Offer is dated 8 November 2012 and will close at 7.00pm (Sydney time)
(currently 10.00am (Botswana time)) on 13 December 2012, unless extended or withdrawn.
