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**DISCOVERY AFRICA LIMITED**

**ACN 147 324 847**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am (WST)

**DATE:** 29 November 2018

**PLACE:** 18 Sangiorgio Court, Osborne Park WA 6017

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 27 November 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JERKO ZUVELA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 8.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Jerko Zuvela, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ISSUE OF RELATED PARTY OPTIONS – MR PETER LLOYD

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Mr Peter Lloyd (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter Lloyd (or his nominee) or any of their associates (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 3 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 5. RESOLUTION 4 – ISSUE OF RELATED PARTY OPTIONS – MR GRAHAM WALKER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Mr Graham Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Graham Walker (or his nominee) or any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 6. RESOLUTION 5 – ISSUE OF RELATED PARTY OPTIONS – MR JERKO ZUVELA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Mr Jerko Zuvela (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Jerko Zuvela (or his nominee) or any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## **7. RESOLUTION 6 – ISSUE OF OPTIONS – ALAN THOMAS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Dated: 23 October 2018**

**By order of the Board**

**Alan Thomas**  
**Company Secretary**

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6168 8000.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.discoveryafrica.com.au](http://www.discoveryafrica.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JERKO ZUVELA**

### **3.1 General**

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Jerko Zuvela, who has served as a director since 24 November 2014 and was last re-elected on 26 November 2015, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

Mr Jerko Zuvela has over 20 years' experience in Australia and internationally, during which time he has held senior executive positions in public listed and unlisted companies.

Mr Zuvela is a Chartered Professional (Geology) Member of the Australian Institute of Mining and Metallurgy.

Mr Zuvela is currently a director of Argosy Minerals Limited (ASX: AGY).

### **3.3 Independence**

If elected the board considers Mr Zuvela will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Mr Zuvela and recommends that Shareholders vote in favour of this Resolution.

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## **4. RESOLUTION 3, 4 & 5 – APPROVAL TO ISSUE RELATED PARTY OPTIONS TO DIRECTORS**

### **4.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 15,000,000 Options (**Related Party Options**) to Messrs Lloyd, Walker and Zuvela (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Messrs Lloyd, Walker and Zuvela are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

#### **4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Messrs Peter Lloyd, Graham Walker and Jerko Zuvela and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 5,000,000 Related Party Options to Peter Lloyd;
  - (ii) 5,000,000 Related Party Options to Graham Walker; and
  - (iii) 5,000,000 Related Party Options to Jerko Zuvela;
- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;



- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Director	Shares	Options
Peter Lloyd	18,123,257 <sup>1</sup>	Nil
Graham Walker	9,275,000 <sup>2</sup>	Nil
Jerko Zuvela	Nil	Nil

**Notes:**

1. Mr Lloyd's interest is held directly and indirectly as follows: 16,786,546 Shares held by Sunbreaker Holdings Pty Ltd ATF <Lloyd Super Fund A/C>, 58,500 Shares held by Wedgefield Holdings Pty Ltd (an entity controlled by Mr Lloyd) and 1,278,212 Shares held by Java Black Mining Pty Ltd (an entity controlled by Mr Lloyd).

2. Mr Walker's interest is held directly and indirectly as follows: 4,775,000 Shares held by Graham Walker & Thelma J Walker <Walker Super Fund A/C> (Mr Walker is Director and Beneficiary), 4,100,000 Shares held jointly by Graham Walker & Thelma J Walker and 400,000 Shares held directly by Mr Walker.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Director <sup>1</sup>	Current Financial Year (Proposed)	Previous Financial Year (Actual)
Peter Lloyd	\$40,000 <sup>2</sup>	\$165,000
Graham Walker	\$30,000	\$30,000
Jerko Zuvela	\$40,000	\$40,000

**Notes:**

1. All directors fees were paid to entities controlled by each director, and accordingly included any statutory superannuation entitlement.

2. Mr Lloyd has entered into an employment arrangement with the Company in respect of executive services performed. Under the agreement, Mr Lloyd is paid a gross package of \$125,000 per annum for the year ended 30 June 2018.

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 15,000,000 Shares would be issued. This will increase the number of Shares on issue from 182,234,698 to 197,234,698 (assuming that no other Options are exercised and no other Shares are issues) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.6%, comprising 2.53% by Peter Lloyd, 2.53% by Graham Walker and 2.53% by Jerko Zuvela.
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	2.1 cents	9 and 13 February 2018, April 9 – May 2
Lowest	1.2 cents	11 – 18 September 2018

Last	1.5 cents	16 October 2018
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- (k) the Board acknowledges the grant of Related Party Options to Messrs Lloyd, Walker and Zuvella is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2<sup>nd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Messrs Lloyd, Walker and Zuvella reasonable in the circumstances for the reason set out in paragraph (m);
- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) Peter Lloyd declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should the Resolution be passed. However, in respect of Resolutions 4 and 5, Mr Lloyd recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) Graham Walker declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should the Resolution be passed. However, in respect of Resolutions 3 and 5, Mr Walker recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) Jerko Zuvella declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should the Resolution be passed. However, in respect of Resolutions 3 and 4, Mr Zuvella recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);

- (p) with the exception of Mr Lloyd no other Director has a personal interest in the outcome of Resolution 3;
- (q) with the exception of Mr Walker no other Director has a personal interest in the outcome of Resolution 4;
- (r) with the exception of Mr Zuvela no other Director has a personal interest in the outcome of Resolution 5;
- (s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **5. RESOLUTION 6 – ISSUE OF OPTIONS – MR ALAN THOMAS**

### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,000,000 Options to Company Secretary, Mr Alan Thomas (or his nominee). The Options will be issued on the same terms and conditions as the Related Party Options being issued to the Directors of the Company pursuant to Resolution 3 to 5.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of this Resolution will be to allow the Company to issue the Options to Mr Thomas during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Options to Mr Thomas:

- (a) the maximum number of Options to be issued is 5,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is likely that issue will occur progressively as each service is provided to the Company;

- (c) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) the Options will be issued to Mr Alan Thomas (or his nominee) who is not a related party of the Company; and
- (e) the Options will be issued on the same terms and conditions as the Related Party Options set out in Schedule 1.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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(a) **Entitlement**

Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Related Party Option will be the amount which is equal to 200% the volume weighted average price (VWAP) of the Shares calculated over the 5 trading days on which trades were recorded immediately prior to the date the Related Party Options are issued (**Exercise Price**).

(c) **Expiry Date**

Each Related Party Option will expire at 5:00 pm (WST) on the date which is 36 months following the date the Related Party Options are issued (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Related Party Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

(k) **Change in exercise price**

A Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(l) **Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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**SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS**

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The Related Party Options to be issued to the Directors pursuant to Resolutions 3, 4 and 5 have been valued by internal management.

Using the Black-Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	<i>17 October 2018</i>
Market price of Shares	<i>1.5 cents</i>
Exercise price	<i>3.0 cents</i>
Expiry date (length of time from issue)	<i>36 months</i>
Risk free interest rate	<i>2.60 %</i>
Volatility (discount)	<i>100 %</i>
<b>Indicative value per Related Party Option</b>	<i>0.73 cents</i>
<b>Total Value of Related Party Options</b>	<i>\$109,500</i>
- <i>Mr Peter Lloyd</i>	<i>\$36,500</i>
- <i>Mr Graham Walker</i>	<i>\$36,500</i>
- <i>Mr Jerko Zuvela</i>	<i>\$36,500</i>

**Note:** The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Discovery Africa Limited (ACN 147 324 847).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.



**Option** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**Optionholder** means a holder of an Option (or Related Party Option as the context requires).

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 3, 4 and 5 with the terms and conditions set out in Schedule 1.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

If you are attending the meeting  
in person, please bring this with you  
for Securityholder registration.

Holder Number:

## Vote by Proxy: [CompanyASXCode]

Your proxy voting instruction must be received by **10.00am (WST) on Tuesday, 27 November 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

#### Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES



If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

<b>Contact</b>	<b>Return your completed form</b>	<b>Contact us – All enquiries to Automic</b>
	 <b>BY MAIL:</b> Automic GPO Box 5193 Sydney NSW 2001	 <b>IN PERSON:</b> Automic Level 5, 126 Phillip Street Sydney NSW 2000

<b>STEP 1: Appoint Your Proxy</b>	<b>Complete and return this form as instructed only if you do not vote online</b> I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Discovery Africa Limited, to be held at <b>10.00 am (WST) on Thursday 29 November 2018 at 18 Sangiorgio Court, Osbourne Park, WA, 6017</b> hereby:
	<b>Appoint the Chairman of the Meeting (Chair)</b> OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**  
 Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**  
 Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

<b>STEP 2: Your Voting Direction</b>	Resolutions	For	Against	Abstain
	1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Re-Election of Director – Jerko Zuvela	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Issue of Related Party Options – Mr Peter Llyod	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Issue of Related Party Options – Mr Graham Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Issue of Related Party Options – Mr Jerko Zulvela	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Issue of Options – Mr Alan Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><i>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i></p>				

<b>STEP 3: Sign Here + Contact Details</b>	SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED		
	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>
	Sole Director and Sole Company Secretary	Director	Director / Company Secretary
	Contact Name:		
	<div style="border: 1px solid black; height: 20px; width: 100%;"></div>		
	Email Address:		
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>			
Contact Daytime Telephone			
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>			
Date (DD/MM/YY)			
<div style="border: 1px solid black; height: 20px; width: 100%;"></div>			
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).			