



DISCOVERY  
africa

## Discovery Africa Limited

ACN 147 324 847 ABN 50 147 324 847  
Level 4, 100 Albert Road, South Melbourne VIC 3205  
Phone: (03) 9692 7222  
Fax: (03) 9077 9233  
Email [kevin@discoveryafrica.com.au](mailto:kevin@discoveryafrica.com.au)  
Website [www.discoveryafrica.com.au](http://www.discoveryafrica.com.au)

6 March 2014

**ATTENTION: DISCOVERY AFRICA SHAREHOLDERS**

**REJECT the push to remove your Board - SUPPORT your Board**

Dear Shareholders,

Your company Discovery Africa Limited ("DAF") has been issued a Notice under Section 249D of the Corporations Act 2001, requisitioning the majority of your Directors. The Notice, if successful, will see a new Board running your company. Please read this letter as it concerns the future value of your investment.

Mr Peter Lloyd, through a related entity, Sunbreaker Holdings Pty Ltd <Lloyd Super Fund A/C>, is the shareholder who has brought this action against your Board. His intended actions are as follows:

1. He wants to replace Danie Van Den Bergh, who is the Executive Chairman and technical exploration director, with a real estate agent Graham Walker;
2. He wants to replace Kevin Nichol, who is the Managing Director and Corporate Advisor to the company with himself;
3. He wants to replace Ian Lovett, Non-executive Director and Media Liaison Director with full time lawyer Frank Knezovic.; and
4. If Peter Lloyd is successful, Philip Thick, the remaining Non-executive Director, has stated to the Board that he will resign.

**Financial Track Record:**

In the 12 months prior to DAF taking control of Argosy Minerals Limited ("AGY") up to the end of the September 2013 quarter, a clear comparison can be made:

1. Peter Lloyd was the CEO of AGY;
2. Kevin Nichol was and still is the Managing Director of DAF;
3. Both companies were engaged in very similar activities of looking for an appropriate project to explore;
4. AGY (under Peter Lloyd) had a net cash outflow (excluding capital raising) for 12 months of \$1,123,000 averaging \$21,596 per week;
5. DAF (under Kevin Nichol) had a net cash outflow (excluding capital raising) of \$184,581 averaging \$3,549 per week;
6. DAF funded the termination payment to Peter Lloyd of \$196,200 on his voluntary retirement;
7. Total termination payment and back pay, following their voluntary resignations, to Peter Lloyd, his son Toby Lloyd (the AGY administrative manager) and his personal secretary (Betty Chisholm) were \$386,176. The terminations represented an amount equivalent to 12 months service for each person; and
8. A top heavy and unnecessary management structure was in operation in AGY at the shareholders expense exposing obvious nepotistic accusations.

**Exploration Track Record:**

1. Danie Van Den Bergh lives in South Africa and has access to contracts and networks that will continue to bring new project opportunities to DAF;
2. Danie is in the same time zone of all the DAF projects;
3. Danie is able to get to any of the project sites at short notice and has a network of technical experts imperative and essential in the operation of an exploration project in Africa;



DISCOVERY  
africa

## Discovery Africa Limited

ACN 147 324 847 ABN 50 147 324 847  
Level 4, 100 Albert Road, South Melbourne VIC 3205  
Phone: (03) 9692 7222  
Fax: (03) 9077 9233  
Email [kevin@discoveryafrica.com.au](mailto:kevin@discoveryafrica.com.au)  
Website [www.discoveryafrica.com.au](http://www.discoveryafrica.com.au)

4. The shareholder block led by Peter Lloyd will be unable to run the potentially high grade projects with the same efficiency and effectiveness as Danie Van Den Bergh who is our technical specialist.

### **Since The Departure (Retirement) of Peter Lloyd in Early October 2013:**

The DAF Board is made up of the best of the two merged companies' personnel, a Board that consists of great talent and experience.

Since the merger and over the Christmas New Year period, the Board has expanded the company's portfolio of exploration assets. Compare the following list of achievements by the current DAF Board in 5 months to what was achieved over the past 10 years by AGY with Peter Lloyd as CEO:

1. Negotiated the purchase of the majority of a high grade graphite exploration project (Kitgum) in Uganda;
2. Negotiated the purchase of the majority of a high grade graphite exploration project in Tanzania;
3. Negotiated a new lithium project in Namibia;
4. Began drilling at Area 51 and the lithium project;
5. Continued the negotiations with the objective of owning 100% of all projects; and
6. Increased DAF's share price by greater than 100%.

The Board states that it will aim to achieve a JORC compliant resource on the Brandberg lithium, Ugandan graphite and Tanzanian graphite projects this year.

### **Vision Going Forward:**

DAF will need to be able to forecast and run a tight budget if shareholders are to be rewarded with great results on more than one front.

Cash requirements are essential to be managed efficiently if a positive outcome is to be achieved.

The Board has planned to promote the company on the back of meaningful results from May to July 2014 to brokers and fund managers. It is essential that we time our promotion when, and only when, results are on the table. This is a developing story and we will only have one chance to tell it properly. We do not want to go to professional investors way too early.

### **Summary:**

Peter Lloyd supported the merger of AGY and DAF. He voted at the AGM supporting the new Board which he helped structure as part of his retirement. He was paid \$259,677 (including \$196,200 termination payment) upon his voluntary retirement.

Strangely, four months later, he has changed his mind wanting control of the company with his group of loyal followers.

The Board strongly recommends you **vote against** this opportunistic move that is destined to destroy value in the company. Shareholders deserve a return on their money.

Yours Sincerely,

**Danie Van Den Bergh**  
Executive Chairman  
Discovery Africa Limited



## **Notice of General Meeting and Explanatory Statement**

*The General Meeting of*

### ***DISCOVERY AFRICA LIMITED***

*ACN 147 324 847*

*Will be held at  
11:00 am (AEST) on Thursday 10 April 2014*

*At*

*Institute of Chartered Accountants  
Level 3, 600 Bourke Street  
MELBOURNE VIC 3000*

**THE DIRECTORS CONSIDER THE RESOLUTIONS ARE  
NOT IN THE BEST INTERESTS OF THE COMPANY OR  
THE VAST MAJORITY OF ITS SHAREHOLDERS AND  
RECOMMEND THAT SHAREHOLDERS VOTE  
AGAINST  
ALL RESOLUTIONS AT THIS SHAREHOLDERS'  
MEETING**

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay

6 March 2014

Dear Shareholders

### **Why this meeting is being called**

Sunbreaker Pty Ltd as trustee for the Lloyd Superannuation Fund (**Lloyd Super Fund**) (an entity associated with Peter Lloyd), which holds about 10% of DAF's voting shares, has requisitioned a general meeting at the Company's cost to seek the removal of your Directors, Mr Kevin Nichol, Mr Ian Lovett and Mr Danie van den Bergh and the appointment of Mr Peter Lloyd, Mr Graham Walker and Mr Frank Knezovic in their place.

### **Your Directors consider that the Lloyd Super Fund has acted unlawfully**

Your Directors consider that this action by Mr Lloyd, through the Lloyd Super Fund, is not only contrary to the interests of DAF's Shareholders, but is contrary to law. While DAF has called this meeting to comply with section 249D of the Corporations Act, it is seeking legal advice and reserves its rights in full. Calling this meeting does not, therefore, amount to an admission by DAF that Lloyd Super Fund is legally entitled to call this meeting.

### **Importance of this meeting**

A formal Notice of Meeting has been lodged with ASX and accompanies this letter. The issues that will be before you at the Meeting are extremely important and have significant implications for the future of your Company.

This Meeting is to determine who is best placed to lead the Company to build Shareholder value from its existing projects and through the acquisition of the new assets, such as the Namibian lithium project and additional graphite projects in Uganda and Tanzania and in directing the Company in future years.

This letter outlines the reasons why your current Directors are recommending that you:

## **REJECT ALL OF THE RESOLUTIONS AT THE MEETING**

**If you are unable to attend the Meeting, you are encouraged to complete and return the enclosed Proxy Form by 11.00am (AEST) on Tuesday 8 April 2014.**

### **Reasons why you should reject the Resolutions proposed by the Lloyd Super Fund**

**The Resolutions proposed by Mr Lloyd through the Lloyd Super Fund are not supported by his own former co-directors from AGY**

Shareholders will recall that on 3 October 2013, Mr Danie van den Bergh and Mr Philip Thick, who were directors of AGY while Peter Lloyd served on AGY's board, were appointed to DAF's board pursuant to the Bid Implementation Agreement between DAF and AGY announced on 2 July 2013. The merger implemented under that agreement closed just 9 weeks before Mr Lloyd (through the Lloyd Super Fund) served the S249D notice on your Directors.

Your Directors consider it instructive that both Mr van den Bergh and Mr Thick, former co-directors with Mr Lloyd, do not support the removal of your Directors now proposed by Mr Lloyd.

**Danie van den Bergh and Philip Thick, who served with Mr Lloyd on AGY's Board as co-directors and know him well, do not support the Resolutions**

**Your Directors believe that Mr Lloyd has misled DAF's Directors and Shareholders**

Your Directors believe that Mr Lloyd is acting in breach of the Bid Implementation Agreement he agreed with DAF on 2 July 2013 and in blatant contradiction of statements and representations he made to DAF, including in AGY's Target Statement dated 6 September 2013 and the related AGY announcement on 2 July 2013.

*Just 9 weeks after close of the AGY merger*

The notice calling for this meeting was received by your Directors from Mr Lloyd through the Lloyd Super Fund, informally, on 13 February 2014 and formally, on 17 February 2014. The notice was therefore dated just 2 months after DAF closed the bid to acquire AGY by scrip takeover. In between, we had the Christmas break.

*Statements made by Mr Lloyd about your Directors*

Shareholders should consider whether anything Mr Lloyd now says in relation to this meeting, can be believed. On 2 July 2013, the board of AGY, of which Mr Lloyd was the Chief Executive Officer, authorised this announcement on ASX in relation to the merger with DAF:

1. *"Argosy shareholders will benefit from the management expertise of the Baru (now DAF) board, which is headed by Managing Director, Kevin Nichol." and*
2. *"Philip Thick and Danie van den Bergh will be invited to join the Baru (now DAF) Board. Kevin Nichol will continue as Managing Director of Baru (now DAF)".*
3. *"Argosy shareholders will hold approximately 72% of the combined group, thereby enabling shareholders to benefit from the management expertise of the Baru (now DAF) board, which is headed by Managing Director, Kevin Nichol."*

In good faith, your Directors dealt with AGY in consummating the merger between AGY and DAF on the strength of AGY's board and in particular, Mr Lloyd's, representations, about who would lead DAF after the merger. Mr Lloyd expressed unqualified confidence in your Directors. Your Directors have honoured that agreement, but Mr Lloyd now seeks to break it.

Mr Lloyd (and his fellow directors in AGY) said, in AGY's Target Statement (dated 6 September 2013), under a strict prospectus standard of disclosure:

1. *The Merged Group will benefit from the combined management talent of both organisations. Argosy Shareholders will be able to leverage off the proven experience and track record of the Baru board and senior management team. Additionally, Argosy's Chairman, Mr Philip Thick, and South African based Exploration Director, Mr Danie van den Bergh, will be invited to join the Baru board if the Offer is successful (page 5).*
2. *The Merged Group will benefit from the combined management depth and technical expertise of Baru and Argosy (Page 3)*
3. *A Merged Group will benefit from combined management depth and Expertise (page 3).*

*The composition of DAF's board was a key term of the AGY merger that Mr Lloyd now seeks to break*

The agreement between DAF and AGY (a material term of the merger) as expressed by Lloyd (and fellow AGY directors) in the Bid Implementation Agreement, in ASX announcements and AGY's Target Statement, was unequivocal. In that Mr Lloyd (and his fellow directors in AGY) endorsed the proposed board of DAF after the merger, which was to include Kevin Nichol, Philip Thick, Danie van den Bergh and Mr Ian Lovett. Mr Avery resigned from DAF during the bid and there was no comment from Mr Lloyd. Mr Lloyd indicated to your Directors that he intended to retire after close of the merger.

It now appears to your Directors, in the circumstances, that Mr Lloyd never held any intention of giving effect to the representations he made (in the negotiations leading up to the Bid Implementation Agreement, in the ASX announcements about the merger and in AGY's Target Statement) about the strength of DAF's current board, comprised of directors from DAF and AGY's boards. In this regard, your Directors are taking legal advice.

Your Directors consider that DAF's board was deceived by Mr Lloyd in relation to a key term of the merger with AGY, namely leadership of DAF after the merger, since your Directors believe Mr Lloyd could not have genuinely held the views he express to your Directors.

Your Directors emphasize that Mr Lloyd made clear representations to DAF's board directly and made them again under a prospectus standard of disclosure in AGY's Target Statement, that your Directors would constitute DAF's board after the merger and that its combined skills were appropriate for DAF.

### **We strongly recommend that you vote against all of the proposed resolutions.**

#### **Your Directors believe that Mr Lloyd seeks to gain control of DAF's cash**

In this market, cash is hard to come by for mineral explorers. Your Directors have an enviable track record of securing investment into DAF in a very difficult market. Your Directors believe that Mr Lloyd has called this meeting in a naked bid to gain control of your board and DAF's cash reserves and assets, given its timing and incongruence with Mr Lloyd's previous position.

#### **Mr Lloyd's former co-directors in AGY do not support him**

Mr Lloyd's actions in calling this meeting are rejected by his former co-directors in AGY, Mr Danie van den Bergh and Mr Philip Thick. Your Directors believe this is a telling indictment of Mr Lloyd's actions. Mr Thick has indicated to your Directors that he will resign if the Resolutions are approved.

#### **Unnecessary expense and distraction**

Your Directors believe that this meeting represents a significant expense and disruption of your Directors' endeavours to do what they have always proposed, namely to build shareholder value by exploring prospective projects in Africa.

#### **Not in the best interests of Shareholders**

There is no question, in your Directors' view, that Mr Lloyd's ill-timed proposal to take Board control of your Company by nominating himself and his nominees as directors, is not in the best interests of all DAF Shareholders.

#### **What are the Resolutions the Lloyd Super Fund proposes?**

##### ***Resolutions 1, 2 & 3 - Appointment of Mr Peter Lloyd, Mr Graham Walker and Mr Frank Knezovic as Directors of DAF***

Resolutions 1, 2 and 3 propose the appointment of Mr Peter Lloyd, Mr Graham Walker and Mr Frank Knezovic, to DAF's Board (within the context of removal of your Directors, Mr Kevin Nichol, Mr Danie van den Bergh and Mr Ian Lovett).

If the proposed nominees are appointed as Directors of DAF (and Mr Nichol, van den Bergh and Mr Lovett are removed), Mr Lloyd and his nominees will gain board control of DAF and hence its assets, its cash and its future.

#### ***Who are Mr Lloyd, Mr Walker and Mr Knezovic?***

DAF has not received information from Lloyd Super fund to support its call for this meeting.

Mr Lloyd is the former Chief Executive officer of AGY and a lawyer by training. At the time of the merger with AGY, he presided over a company with a market capitalisation of \$2.25 million and cash of just \$0.41 million. It appears to your Directors that he now wishes to come out of retirement. His relevant interest in DAF shares was acquired pursuant to DAF's merger with AGY, a material term of which was that your current Directors would lead the Company.

Mr Walker is, as your Directors understand, an Albany, Western Australia based real estate agent, who has spent the last 37 years operating his real estate business.

Mr Knezovic is a partner of Nova Legal, a small law firm in Perth. He is engaged full-time in the firm and would therefore, at most, be peripherally involved in your Company's affairs

### **Resolutions 4, 5 and 6 – removal of Your Directors, Mr Danie van den Bergh, Mr Kevin Nichol and Mr Ian Lovett**

#### ***Who are your Directors?***

Resolutions 4, 5 and 6 are the Resolutions by which Mr Lloyd, through the Lloyd Super Fund, wishes to remove the Directors he publicly endorsed under a prospectus standard of disclosure, as part of the merger that closed only 9 weeks before his notice (through Lloyd Super Fund) to call this meeting.

Your Directors have an enviable range of skills and expertise that have been endorsed by Mr Lloyd. Below is a summary of your Board.

#### **Danie van den Bergh – Your Executive Chairman (appointed 3 October 2013)**

Danie has a Master of Science degree and over 38 years of mining industry experience, during which time he specialised in mining engineering, corporate finance work including merger and acquisitions, financial valuation of projects, mining due diligences and competent persons reports.

He has worked at various Anglo American operations over a period of 26 years. Thereafter, he joined Durban Roodepoort Deep as their new business executive, during which time he gained extensive experience internationally and in various countries in Africa.

He joined Investec Bank in their corporate finance division for four years, during which time he was involved in various projects, including company listings. He was also a partner in an independent corporate advisory company, where he specialised in the financial valuation of projects.

Mr Van Den Bergh is currently a shareholder and director in various mining ventures.

#### **Mr Kevin Nichol – Your Managing Director (appointed 23 November 2010)**

After finishing his honours thesis in the energy sector, Kevin worked as a financial analyst for the late Kerry Packer's private company, Consolidated Press Holdings Pty Ltd (now Consolidated Media Ltd).

In the mid 1980's, he joined Norths Stockbrokers, where he learnt his trade in the marketplace as an adviser. Kevin also spent several years on the trading floor of the Sydney Futures Exchange and traded commodities as well as interest-rate futures for several banking houses.

In recent times, Kevin has been involved in raising funds for several mining floats, as well as associated corporate advisory roles in other listed companies. In November 2011, he left his latest role as founding Executive Chairman of listed Victorian Gold Mines Limited (now Celamin Holdings Limited).

Kevin has been involved in corporate, institutional and private client advisory roles, as well as research for several broking and investment houses during the past 25 years. He is widely

experienced in the equities market with substantial capital raising experience, in particular, in the resource sector. He brings to the Board many years of market knowledge.

**Mr Ian Lovett – Your Non-Executive Director (appointed 2 July 2013)**

Since leaving the University of Newcastle in 1975 with a degree in Commerce, Ian has been involved in the reporting, promoting and marketing of junior resource stocks. From 1975 through to 2005 he worked as a financial journalist with a long list of titles, including the Sydney Morning Herald, the Financial Times, The Australian, The South China Morning Post and the Daily Telegraph. Ian's work was also syndicated across News Limited publications.

In addition, he provided most of the material for Hot Line, a telephone share tipping service which specialised in junior miners in the 1980s and 1990s.

In 2005, he left News Limited and worked in a freelance capacity, assisting junior miners to raise capital, list assets and help them to promote their projects to the wider investment community. Ian's extensive journalist, stockbroking and investment banking contacts proved invaluable in this role and some of his clients included Central West, Morning Star Gold, Silver Mines, Bowen Energy, Norton Gold and many more.

**Philip Thick – Your Non-Executive Director (appointed 3 October 2013)**

Mr Thick has a Bachelor of Engineering (Hons). He worked as an engineer for Alcoa Australia Limited for 5 years before joining Shell Australia Limited.

His 20 year career with Shell covered roles in most cities around Australia and a 3 year appointment in London. He was an Executive Director of Shell Australia Limited from 2003 to 2006 and was responsible for the Downstream Oil business across Australia and the Pacific Islands and was CEO and a Director of Coogee Chemicals Pty Ltd for 4 years until June 2012.

Mr Thick is currently Managing Director of New Standard Energy Limited and is Chairman of Perth Home Care Services.

**Summary of reasons why removal of your Directors and appointment of Mr Lloyd and his nominees will not be in the best interests of shareholders**

Your DAF Directors consider that Mr Lloyd is being opportunistic and have serious concerns with Mr Lloyd's motivation in seeking (through his nominees) board control of YOUR company with a shareholding (through Lloyd Super Fund) of 10%. Mr Lloyd, through the Lloyd Super Fund, is seeking to take board control of DAF without paying shareholders any premium for this control and in contradiction with the deal struck between the two companies only recently.

Your Directors are disappointed that Mr Lloyd has chosen to requisition a Shareholder meeting, at substantial cost to the Company, rather than engage directly with your Directors. No request for board representations has been received from Mr Lloyd. While your Directors are not averse to reviewing and refreshing membership of your Company's board, they believe that the current focus of DAF requires that the next appointees have technical mining experience in Africa, which none of the proposed appointees appear to have.

If you vote in favour of the Resolutions and Mr Lloyd is successful:

- There will be no board representation for Shareholders who held Shares prior to the AGY merger – all DAF directors who held office before the AGY merger, will be removed;
- Your Company will lose the valuable corporate and technical skills that Mr Lloyd himself has previously endorsed, including Mr Thick, who will resign;
- Your Company will be run by lawyer whose performance in AGY was unexceptional and led to it becoming a cash-strapped takeover target;



- Two other proposed Directors will be part-time, as Mr Walker is a real estate agent and Mr Knezovic is a partner of a Perth law firm;
- There will be a total absence of technical resource-related and capital markets experience on your Board;
- Mr Lloyd has not articulated any reasons for this meeting and has no stated plan for DAF's future;
- Mr Lloyd's actions contradict his own public position on DAF's board; and
- The proposed board change would severely disrupt and weaken your board.

Your Directors are focused on building Shareholder value in Africa and Mr van den Bergh is positioned in Africa and highly skilled and connected, to drive this strategy – it is hard to imagine any of the proposed Directors getting on the ground in Africa.

**THEREFORE, THE DIRECTORS URGE THE MAJORITY OF SHAREHOLDERS TO THINK COMMERCIALY ABOUT THEIR BEST CHANCE TO INCREASE THE VALUE OF THEIR INVESTMENT IN DAF BY VOTING **AGAINST** ALL RESOLUTIONS AT THIS SHAREHOLDER'S MEETING**

We look forward to sharing in the future success of the Company with you and to receiving your vote of confidence in our current Board.

Yours sincerely



**Danie van den Bergh**  
**Executive Chairman**

# DISCOVERY AFRICA LIMITED

A.C.N. 147 324 847

Registered office: Level 4, 100 Albert Road, South Melbourne Victoria 3205

## NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Discovery Africa Limited (“Discovery” or the “Company”) will be held at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne VIC 3000 on Thursday 10 April 2014 at 11:00 am (AEST).

### AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

Your Directors Mr Kevin Nichol, Mr Danie Van Den Bergh, Mr Philip Thick and Mr Ian Lovett **OPPOSE ALL RESOLUTIONS** and encourage shareholders to vote in this manner.

The Chairman of the meeting intends to vote undirected proxies **AGAINST ALL RESOLUTIONS**.

#### ORDINARY BUSINESS

##### **Resolution 1: Appointment of Director - Mr Peter Lloyd**

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

*“That pursuant to and in accordance with the Company’s constitution and for all other purposes, Mr Peter Lloyd, having consented to act as a director of the Company, be appointed as a director of the Company with effect from the passing of this Resolution.”*

##### **Resolution 2: Appointment of Director - Mr Graham Walker**

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

*“That pursuant to and in accordance with the Company’s constitution and for all other purposes, Mr Graham Walker, having consented to act as a director of the Company, be appointed as a director of the Company with effect from the passing of this Resolution.”*

##### **Resolution 3: Appointment of Director - Mr Frank Knezovic**

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

*“That pursuant to and in accordance with the Company’s constitution and for all other purposes, Mr Frank Knezovic, having consented to act as a director of the Company, be appointed as a director of the Company with effect from the passing of this Resolution.”*

##### **Resolution 4: Removal of Director – Mr Kevin Nichol**

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

*“That pursuant to and in accordance with section 203D of the Corporations Act 2001 and the Company’s constitution and subject to the passing of any or all of Resolutions 1, 2 and 3, Mr Kevin Nichol be removed as a director of the Company with effect from the passing of this Resolution.”*

**Resolution 5: Removal of Director – Mr Ian Lovett**

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

*“That pursuant to and in accordance with section 203D of the Corporations Act 2001 and the Company’s constitution and subject to the passing of any or all of Resolutions 1, 2 and 3, Mr Ian Lovett be removed as a director of the Company with effect from the passing of this Resolution.”*

**Resolution 6: Removal of Director – Mr Danie Van Den Bergh**

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

*“That pursuant to and in accordance with section 203D of the Corporations Act 2001 and the Company’s constitution and subject to the passing of any or all of Resolutions 1, 2 and 3, Mr Danie Van Den Bergh be removed as a director of the Company with effect from the passing of this Resolution.”*

**Voting Instructions**

Voting instructions and restrictions are set out in the notes to this Notice of General Meeting. If you cannot attend the General Meeting, you are strongly urged to complete the Proxy Form and return it to the Company’s Share Registry, Advanced Share Registry Limited (see Proxy Form for details).

The Directors, where eligible to vote, unanimously recommend you oppose each of the Resolutions contained in this Notice of Meeting and encourage eligible Shareholders to vote against all of the Resolutions.

**By order of the Board**



Melanie Leydin  
Company Secretary

6 March 2014

**IMPORTANT NOTE**

**All Resolutions have been proposed by Lloyd Super Fund pursuant to section 249D of the Corporations Act.**

**The Resolutions have NOT been endorsed by and are NOT supported by your Directors.**

**The Directors have set out their recommendations on the Resolutions in the Explanatory Statement attached to this Notice of Meeting.**

*Shareholders are urged to read the Explanatory Statement carefully prior to voting or submitting their Proxy Forms*

# EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of General Meeting dated 6 March 2014 and should be read in conjunction with that Notice as this Explanatory Memorandum contains important information on the proposed Resolutions. This Explanatory Statement is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice of General Meeting. The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

## BACKGROUND

This Meeting has been convened by the Company following receipt of a notice pursuant to section 249D of the Corporations Act and Notices of Intention to Move Resolution for Appointment of Directors and Removal of Directors.

The Resolutions were provided by Lloyd Super Fund in a section 249D Notice informally given to the Company on 13 February 2014 and formally given to the Company on 17 February 2014. Lloyd Super Fund holds in excess of 5% of the issued share capital of DAF on the date of the 249D Notice.

On 17 February 2014, the Company announced that it had been served with a notice pursuant to section 249D of the Corporations Act from Sunbreaker Holdings Pty Ltd trustee for the Lloyd Superannuation Fund (“**Lloyd Super Fund**”), an entity associated with Mr Peter Lloyd, which holds in excess of 5% of the issued share capital of the Company. The notice requested a general meeting of shareholders to consider resolutions for the appointment of Mr Peter Lloyd, Mr Graham Walker and Mr Frank Knezovic as Directors of the Company and to consider the removal of Mr Kevin Nichol, Mr Ian Lovett and Mr Danie Van Den Bergh as Directors of the Company.

In accordance with section 249D(5) and section 203D(2) of the Corporations Act, this General Meeting has been convened within 21 days of receipt of the request for a meeting and the members of the Company in General Meeting may consider the Resolutions noted above, notwithstanding that the General Meeting is being held less than 2 months after the date of the notices.

Your Directors are seeking legal advice on issues pertaining to the receipt from Lloyd Super Fund of the Section 249D and 203D notices and the Company makes no admissions regarding and reserves its right to challenge the validity of those notices.

Your Directors have not been provided with any information concerning the reason for the service of these notices on the Company and the issue that Lloyd Super Fund has with your Directors, just 8 weeks after closing the merger with AGY and their public endorsement by Mr Lloyd.

**Shareholders should note that this General Meeting is not being convened voluntarily by your Board and the Resolutions to remove three current Directors and appoint three new Directors nominated by Lloyd Super Fund have not been proposed and are not supported by your Board.**

Your Directors recommend Shareholders vote **AGAINST** each Resolution.

## ASX LIMITED (“ASX”) LISTING RULE REQUIREMENTS

There are no special ASX Listing Rule requirements relating to the Resolutions and no voting exclusions apply.

## CORPORATION ACT REQUIREMENTS

Section 249D of the Corporations Act relevantly provides that the directors of a company must call and arrange to hold a general meeting on the request of members with at least 5% of the votes that may be cast at the general meeting. The request must be in writing and state the resolutions to be proposed at the meeting and be signed by the member making the request and be given to the company.

The directors must call the general meeting within 21 days of receiving 249D Notice. The general meeting must also be held within 2 months of receiving the 249D Notice.

## **MEMBER'S STATEMENT**

Your Directors have not been provided with a statement pursuant to section 249P of the Corporations Act from Lloyd Super Fund, which is a mechanism whereby Peter Lloyd, through Lloyd Super Fund, can make a statement for distribution to DAF Shareholders about this meeting.

Section 249P of the Act provides that the member that has requisitioned the meeting under section 249D may have a statement included in the Explanatory Memorandum providing information or expressing opinion on the Resolutions proposed in the 249D Notice. No such statement was provided.

In the absence of a statement from Lloyd Super Fund providing (1) background on its nominated candidates or (2) its plans for the Company that could be included in this Notice for your consideration, your Board is unable to make any comments or recommendations on either of these two key issues that would appear central to your decision on the Resolutions before the Company. If Lloyd Super Fund provides a statement direct to Shareholders in accordance with 249P(8) of the Act, your Board will consider if there is any further information or recommendations it should provide.

## **BOARD RESPONSE TO THE REQUISITION NOTICE**

**Your Directors oppose each of the Resolutions and intend to vote against each Resolution.**

## **ALL OF YOUR DIRECTORS RECOMMEND THAT YOU VOTE AGAINST THE RESOLUTIONS**

# **THE DIRECTORS OPPOSE EACH OF THE RESOLUTIONS FOR THE FOLLOWING REASONS:**

## **CHANGE OF CONTROL OF YOUR COMPANY WITH NO PREMIUM AND CONTRARY TO AGREEMENTS AND PUBLIC STATEMENTS**

If successful, Lloyd Super Fund will have gained control of DAF, with the new board comprising Mr Lloyd and his nominees, since Philip Thick has indicated he will resign.

Your current Directors believe that, in seeking this Meeting, Lloyd Super Fund is proposing to take Board control of your Company and is not acting in the best interests of all Shareholders, and flying in the face of agreements giving rise to DAF's merger with AGY and hence Lloyd Super Fund's rights to call this meeting.

## **WHAT IS MOTIVATING LLOYD TO SEEK THIS EFFECTIVE CHANGE OF CONTROL OF YOUR COMPANY?**

In contrast to the current Board's clearly stated strategy for DAF, neither Lloyd Super Fund nor its nominee directors have articulated to your Board or the market, any reason for going against agreements about DAF's board or direction for DAF or its assets, or made any suggestion as to how DAF's operations may be conducted more beneficially for Shareholders.

It is your Directors' view that the motivation for the spill of your Board is simply to effect a change of control of DAF (through Board control) without proceeding with a formal takeover offer to all Shareholders, thereby taking control of the Company's cash and control of its assets. This flies in the face of the agreements struck and public announcements made in relation to DAF's merger with AGY and is resisted by Mr Lloyd's former co-directors of AGY. As stated, your Directors are seeking legal advice on these issues.

By installing a preponderance of his nominees on your Board, Mr Lloyd is seeking to gain 100% control of your Board and effectively, control the Company's activities and assets, including cash reserves, whilst holding a 10% interest.

It appears somewhat presumptuous that Lloyd wants to dictate your future from this minority position and effectively remove Directors representing pre-AGY merger Shareholder interests in DAF.

Given that DAF has about \$1.5 million in cash, your Directors are concerned that Mr Lloyd is endeavouring to gain board control of DAF to control its cash and assets.

### **YOUR CURRENT DIRECTORS ARE BETTER SKILLED AND HAVE DELIVERED**

Mr Lloyd has publicly stated that your Board is a well balanced and experienced group with sound technical, corporate and financial skills.

The Board considers (and Mr Lloyd has publicly stated that he considers) that your existing Directors have the appropriate and necessary skills and experience to lead DAF.

#### **Your Directors:**

- Have doubled the share price of DAF between close of the AGY takeover and the current date.
- Have negotiated the purchase of the majority of a high grade graphite exploration project (Kitgum) in Uganda;
- Have negotiated the purchase of the majority of a high grade graphite exploration project in Tanzania;
- Have negotiated a new lithium project in Namibia;
- Have begun drilling at Area 51 and the lithium project; and
- Are continuing the abovementioned negotiations with the objective of owning 100% of all projects.

### **REMOVAL OF YOUR DIRECTORS WILL CAUSE LOSS**

Your Directors consider that the removal of your existing Directors will cause a loss of:

- substantial industry experience and corporate knowledge of the Company;
- detailed knowledge of the Company's assets, its operating environment in Africa and the substantial operating requirements and obligations relating to the African sites; and
- important relationships which have been established over time with key stakeholders, contractors, authorities, potential financiers and strategic partners.

The Directors consider that the loss of such knowledge, experience and relationships at Board level will severely hinder the ability of DAF to successfully pursue its strategic goals, particularly exploration of its prospective African projects and identifying new opportunities in Africa.

Your Directors find it hard to see how two lawyers and a real estate agent can possibly run DAF successfully, let alone maximise value of its existing project opportunities. Your Directors believe that the proposed new Directors will have neither the time nor technical mining expertise or energy to effectively manage DAF. If they are appointed, this may create a substantial risk for Shareholders. There is a concern that the possible outcome of the General Meeting may result in a void at management level that could prevent the DAF from operating effectively.

Your Directors believe that Shareholder value will be best increased by having a stable Board and management team with the experience necessary to cultivate the opportunities available to the Company.

**YOUR CURRENT BOARD HAS A COMPREHENSIVE STRATEGY AND PLAN FOR THE FUTURE OF DAF. IN CONTRAST LLOYD HAS ADVISED OF NO SPECIFIC STRATEGY.**

Your Board's strategy includes:

- Diversifying into new projects with a strong pipeline of opportunities, including the recently announced Ugandan and Tanzanian projects; and
- Aim to achieve a JORC compliant resource on the Lithium and Graphite projects.

**Mr Lloyd and his nominees have no stated strategy for DAF.**

**WHAT DO WE KNOW ABOUT THE LLOYD BOARD NOMINEES?**

Mr Lloyd and his nominees, although they have not given DAF any information about themselves or their plans, appear to be two lawyers and a Perth-based real estate agent. Your Directors consider that none of the nominees possess the technical, mining or commercial and corporate skills set or corporate track record that would be of benefit to DAF and its Shareholders.

Your Board takes the view that based on the performance of AGY under Mr Lloyd, there are no proven unique attributes or technical mining skills that Mr Lloyd can bring to DAF and there is no information about his nominees indicating they bring anything useful to DAF.

**LLOYD HAS DEMONSTRATED AN UNWILLINGNESS TO ACT PRAGMATICALLY IN THE INTERESTS OF DAF SHAREHOLDERS**

Mr Lloyd has failed to engage in any consultations with your Board before calling this meeting about addressing any concerns he may have, without conceding control of the Company to him through his and his nominees' appointment as Directors.

Your Directors are disappointed that Mr Lloyd has chosen to requisition a Shareholder meeting, at substantial cost to the Company, rather than engage directly with your Directors. No request for board representations has been received from Mr Lloyd. While your Directors are not averse to reviewing and refreshing membership of your Company's board, they believe that the current focus of DAF requires that the next appointees have technical mining experience in Africa, which none of the proposed appointees appear to have.

Your Directors believe Lloyd is causing DAF unnecessary cost and inconvenience to DAF.

## **THE RESOLUTIONS**

### **RESOLUTIONS 1, 2 AND 3**

Resolutions 1, 2 and 3 were provided by Lloyd Super Fund in a 249D Notice informally given to the Company on 13 February 2014. Lloyd Super fund holds in excess of 5% of the issued share capital of the Company on the date of the 249D Notice.

Section 249P of the Act provides that the member that has requisitioned the meeting under section 249D may have a statement included in the Explanatory Memorandum providing information or expressing opinion on the Resolutions proposed in the 249D Notice. No such statement was provided.

Your Directors' comments on these resolutions are set out above. In the absence of a statement from Lloyd Super Fund providing (1) background on its nominated candidates or (2) its plans for DAF that could be included in this Notice for your consideration, your Board is unable to make any comments or recommendations on either of these two key issues that would appear central to your decision on the Resolutions before the Company. If Lloyd Super Fund provides a statement direct to shareholders in accordance with 249P(8) of the Act, your Board will consider if there is any further information or recommendations it should provide.

**ALL OF THE DIRECTORS RECOMMEND THAT YOU VOTE AGAINST RESOLUTIONS 1, 2 AND 3.**

### **RESOLUTIONS 4, 5 AND 6**

Resolutions 4, 5 and 6 were again provided by Lloyd Super Fund in a 249D Notice informally given to the Company on 13 February 2014. Lloyds Super Fund holds in excess of 5% of the issued share capital of the Company on the date of the 249D Notice.

Section 249P of the Act provides that the member that has requisitioned the meeting under section 249D may have a statement included in the Explanatory Memorandum providing information or expressing opinion on the Resolutions proposed in the 249D Notice. No such statement was provided.

In the absence of a statement from Lloyd Super Fund providing (1) background on its reasoning to remove Mr Kevin Nichol, Mr Ian Lovett and Mr Danie Van Den Bergh as Directors of the Company or (2) its plans for the Company that could be included in this Notice for your consideration, your Board strongly recommends that you vote against these resolutions as these two key issues would appear central to your decision on the Resolutions before the Company. If Lloyd Super Fund provides a statement direct to shareholders in accordance with 249P(8) of the Act, your Board will consider if there is any further information or recommendations it should provide.

**ALL OF THE DIRECTORS RECOMMEND THAT YOU VOTE AGAINST RESOLUTIONS 4, 5 AND 6.**

Shareholders are encouraged to read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

If you are unable to attend the meeting, the Company encourages you to complete the Proxy Form provided and return it to the Company in person, by facsimile or by posting the Proxy Form using the "REPLY PAID" address provided on the Proxy Form.

The necessary instructions for completing a proxy vote are also provided on the Proxy Form enclosed.



## PROXY AND VOTING INSTRUCTIONS

1. For the purposes of the Corporations Act, the Company has determined that all securities of the Company recorded on the Company's register as at 7.00 pm (AEST) on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.
2. The details of the Resolution contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and forms part of this Notice of Meeting.
3. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.
5. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
6. Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.
7. If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.
8. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice.
9. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person excluded from voting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or where it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.
10. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office or Advanced Share Registry Ltd in accordance with the instructions set out in the proxy form by no later than 11:00 am (AEST) on 8 April 2014.

## **GLOSSARY**

The following terms have the following meanings in this Explanatory Statement:

“**AGY**” means Argosy Minerals Limited ACN 073 391 189.

“**ASIC**” means the Australian Securities and Investments Commission;

“**ASX**” means ASX Limited or the Australian Securities Exchange, as the context requires;

“**AEST**” means Australian Eastern Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Company**” means Discovery Africa Limited ABN 50 147 324 847;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**DAF**” or “**Company**” means DISCOVERY AFRICA LIMITED ACN 147 324 847.

“**Director**” means a Director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Share**” means an ordinary share in DAF.

“**Shareholder**” means a holder of Shares in DAF.

# DISCOVERY AFRICA LIMITED



DISCOVERY  
africa

## Appointment of proxy

All Registry communication to:  
**Advanced Share Registry Ltd**

150 Stirling Highway  
Nedlands WA 6009  
PO Box 1156  
Nedlands WA 6909

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

If you propose to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

I/We being a member(s) of DISCOVERY AFRICA LIMITED ACN 147 324 847 and entitled to attend and vote hereby appoint.

**A** the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the General Meeting of the Company to be held at Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne VIC 3000 on 10 April 2014 at 11.00am (AEST) and at any adjournment or postponement of that meeting. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received at the Company's registered office no later than 48 hours before the time of commencement of the General Meeting.

The Chairman intends to vote undirected proxies AGAINST all resolutions.

Should you desire to direct your proxy how to vote on any resolution please insert  in the appropriate box below.

		For	Against	Abstain*
<b>Resolution 1</b>	Appointment of Director – Mr Peter Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Appointment of Director - Mr Graham Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Appointment of Director – Mr Frank Knezovic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Removal of Director – Mr Kevin Nichol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Removal of Director – Mr Ian Lovett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	Removal of Director – Mr Danie van den Bergh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**B** PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Securityholder 1 (individual)

Joint Securityholder 2 (individual)

Joint Securityholder 3 (individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

/ /

Contact Name

Contact Daytime Telephone or Email

Date

# Proxy Instructions

## Generally

A shareholder entitled to attend and vote at the General Meeting convened by the Notice is entitled to appoint a natural person as the shareholder's proxy to attend and vote on the shareholder's behalf at the General Meeting. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a corporate shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry by calling +61 8 9389 8033.

## Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint not more than 2 proxies. Where 2 proxies are appointed, the shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes. Fractions of votes will be disregarded.

## Signing Instructions

Individuals: The shareholder must sign personally.

Joint Holding: If the holding is in more than 1 name, all of the shareholders must sign.

Company: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held.

Power of Attorney: The attorney must sign and the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

## Lodgement of a Proxy

Proxy forms (and the power of attorney or other authority, if any, under which the proxy form is signed) must be lodged at, or sent by facsimile transmission to, the address below so that it is received no later than 48 hours prior to the time of commencement of the General Meeting.

## Documents may be lodged:

IN PERSON	Share Registry – Advanced Share Registry, Unit 2, 150 Stirling Highway Nedlands WA 6009, Australia
BY MAIL	Share Registry – Advanced Share Registry, PO Box 1156, Nedlands WA 6909, Australia
BY FAX	+61 8 9389 7871

## Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form and sign it. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.