

24 October 2012

Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By Fax: 1300 135 638**

Copy: The Secretary  
Discovery Metals Limited  
Level 20  
333 Ann Street  
Brisbane QLD 4000  
By Fax: (07) 3218 0233


And copy: Botswana Stock Exchange

Dear Sirs

**Discovery Metals Limited (ASX: DML): Substantial holder notice**

We attach a substantial holder notice issued by Cathay Fortune Corp and China-Africa Development Fund in relation to shares in Discovery Metals Limited.

Yours faithfully



Paul Schroder  
Senior Associate  
Direct line +61 2 9296 2060  
Email [paul.schroder@au.kwm.com](mailto:paul.schroder@au.kwm.com)

Stephen Minns  
Partner  
Direct line +61 3 9643 4216  
Email [stephen.minns@au.kwm.com](mailto:stephen.minns@au.kwm.com)

Encl 1 (71 pages)

## Combined Form 603 and Form 604

Corporations Act 2001  
Section 671B

### Notice of initial substantial holder and change of interests of substantial holder

Entity Name/Scheme	DISCOVERY METALS LIMITED
ACN/ARSN	104 924 423
<b>1. Details of substantial holder (1)</b>	
Name	Cathay Fortune Corporation Co., Ltd, its controlled entities (including Cathay Fortune Investment Limited) and its controller (see Annexure A) China-Africa Development Fund, its controlled entities (including China-Africa Liantuo Mining Co., Ltd) and its controller (see Annexure A)
ACN/ARSN (if applicable)	N/A

There was a change in the interests of the substantial holder on 22 / 10 / 2012

The previous notice was given to the company on 7 / 8 / 2012

The previous notice was dated 7 / 8 / 2012

#### 2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary fully paid	56,635,263	12.81%	66,795,164	13.78%

#### 3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
9 Aug 2012	Cathay Fortune International Company Limited	Share subscription	A\$6,969,165.60 (A\$1.20 per share)	5,800,088 ordinary fully paid	5,800,088
10 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$800,478.59 (A\$1.2798 per share)	391,060 ordinary fully paid	391,060
10 August 2012	Cathay Fortune International Company Limited	On-market sale	A\$151,619.84 (A\$1.280 per share)	118,453 ordinary fully paid	118,453
14 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$204,114.02 (A\$1.245 per share)	163,947 ordinary fully paid	163,947
15 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$1,652,450.16 (A\$1.2386 per share)	1,342,201 ordinary fully paid	1,342,201
16 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$1,497,240.00 (A\$1.2477 per share)	1,200,600 ordinary fully paid	1,200,600
17 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$820,395.33 (A\$1.2545 per share)	653,962 ordinary fully paid	653,962
20 August 2012	Cathay Fortune International Company Limited	On-market purchase	A\$408,084.97 (A\$1.2476 per share)	327,096 ordinary fully paid	327,096
21 August 2012	Cathay Fortune	On-market purchase	A\$479,720.00	400,000 ordinary	400,000

	International Company Limited		(A\$1.1953 per share)	fully paid	
16 Oct 2012	Cathay Fortune Investment Limited	Acquired shares from Cathay Fortune International Company Limited	A\$ 113,551,778.80 (\$1.70 per share)	66,795,164 ordinary fully paid	66,795,164
22 Oct 2012	China-Africa Development Fund, China Africa Liantuo Mining Co., Ltd, any controlling corporation or entity and any of their associates	Acquired power to control the disposal rights of shares as a result of entering into a relevant agreement with Cathay Fortune Investment Limited (see Annexure B)	N/A	66,795,164 ordinary fully paid	66,795,164

#### 4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Cathay Fortune Corporation Co., Ltd its controlled entities and its controller	Cathay Fortune Investment Limited	Cathay Fortune Investment Limited	Has voting power in more than 20% of the Cathay Fortune Investment Limited	66,795,164 ordinary fully paid	66,795,164
Cathay Fortune Investment Limited	Cathay Fortune Investment Limited	Cathay Fortune Investment Limited	Power to control the voting and disposal rights of shares	66,795,164 ordinary fully paid	66,795,164
China-Africa Development Fund, China Africa Liantuo Mining Co., Ltd, any controlling corporation or entity and any of their associates	Cathay Fortune Investment Limited	Cathay Fortune Investment Limited	Power to control the disposal rights of shares as a result of China-Africa Development Fund and China-Africa Liantuo Mining Co., Ltd entering into a relevant agreement with Cathay Fortune Investment Limited (see Annexure B)	66,795,164 ordinary fully paid	66,795,164

#### 5. Consideration

The consideration paid for each relevant interest by China Africa Liantuo Mining Co., Ltd referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
China-Africa Liantuo Mining Co., Ltd	22 October 2012	Cash N/A	Non-Cash N/A	66,795,164 ordinary fully paid

#### 6. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

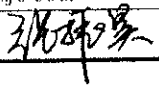
Name and ACN/ARSN (if applicable)	Nature of association
China-Africa Development Fund and China-Africa Liantuo Mining Co., Ltd	China-Africa Development Fund and Cathay Fortune Corporation Co., Ltd are associates as they are proposing to act in concert with each other for the purpose of making a joint takeover bid for Discovery Metals Limited (see Annexure B).
China-Africa Liantuo Mining Co., Ltd and China-Africa Development Fund	Controlled by China-Africa Development Fund
China Development Bank Corporation and China-Africa Development Fund	Controlled by China Development Bank Corporation
All related bodies corporate of China-Africa Development Fund	Associates as related bodies corporate

## 7. Addresses

The addresses of persons named in this form are as follows.

Name	Address
Cathay Fortune Corp, its controlled entities and controller	Suite 4403 Jinmao Tower 88 Century Blvd Shanghai 200121
China-Africa Development Fund and its controlled entities	F10/F11, Tower C Chensunny World Trade Center No. 28 Fuxingmennei Street Xicheng District Beijing, 100031
China Development Bank Corporation	29 Fuchengmenwai Street Xichang District Beijing 100037 China

## Signature

print name	Xue Fenghui	capacity	Authorized Person, China-Africa Development Fund
sign here		date	24 / 10 / 2012
print name	Zhang Zhenhao	capacity	director, Cathay Fortune Corp
sign here		date	24 / 10 / 2012

## DIRECTIONS

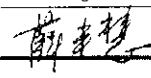
- (9) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 5 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
- (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
- (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

## 7 Addresses

The addresses of persons named in this form are as follows.

Name	Address
Cathay Fortune Corp, its controlled entities and controller	Suite 4403 Jinmao Tower 88 Century Blvd Shanghai 200121
China-Africa Development Fund and its controlled entities	F10/F11, Tower C Chemsunny World Trade Center No. 28 Fuxingmennei Street Xicheng District Beijing, 100031
China Development Bank Corporation	29 Fuchengmenwai Street Xicheng District Beijing 100037 China

## Signature

print name	Xue Fenghui	capacity	Authorized Person, China-Africa Development Fund
sign here		date	24 / 10 / 2012
print name	Zhang Zhenhao	capacity	director, Cathay Fortune Corp
sign here		date	24 / 10 / 2012

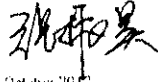
## DIRECTIONS

- (9) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
- (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
- (b) any qualification of the power of a person to exercise control, the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

This is Annexure A of 1 page referred to in the Combined Form 603 and Form 604 (Notice of Initial Substantial Holder and Change of Interests of Substantial Holder)

Name: Zhang, Zhenhao  
Capacity: Director  
Corporation: Cathay Fortune Corp.

Sign



Date: 24 October 2012

Name: Xue Fenghui  
Capacity: Authorized Person  
Corporation: China-Africa Development Fund

Sign

Date: 24 October 2012

**Controlled Entities of Cathay Fortune Corporation Co., Ltd**

Cathay Fortune International Company Limited  
Cathay Fortune Investment Limited  
Shanghai Cathay Fortune Puyuan Investment Management Co., Ltd.  
Shanghai Cathay Fortune Datong Industry Co., Ltd.  
Shanghai Cathay Fortune Shanghai Trading Co., Ltd.  
Cathay Fortune Capital Equity Investment Co., Ltd.  
Cathay Fortune Singapore Pte. Ltd.  
Beijing Hui Chao Investment Co., Ltd.  
Beijing Zhabe Business Trading Co., Ltd.  
He Dong Coastal City Construction and Development Co., Ltd.  
Jialan Wulangdian Golden Stone Mining Co., Ltd.  
He Dong Coastal Advancement Co., Ltd.

**Controller of Cathay Fortune Corporation Co., Ltd**

Ma Yu Yong

**Associates of Cathay Fortune Corporation Co., Ltd**

China Development Bank Corporation  
China-Africa Development Fund  
China-Africa Lubao Mining Co., Ltd.  
All controlled entities of China Development Bank Corporation

This is Annexure A of 1 page referred to in the Combined Form 603 and Form 604 (Notice of Initial Substantial Holder and Change of Interest of Substantial Holder)

Name: Zhang, Zhennao  
Capacity: Director  
Corporation: Cathay Fortune Corp.

Sign:

Date: 24 October 2012

Name: Xue Fenghui  
Capacity: Authorized Person  
Corporation: China-Africa Development Fund

Sign:

Date: 24 October 2012

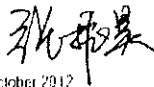
<b>Controlled Entities of Cathay Fortune Corporation Co., Ltd</b>
Cathay Fortune International Company Limited
Cathay Fortune Investment Limited
Shanghai Cathay Fortune Puyuan Investment Management Co., Ltd.
Shanghai Cathay Fortune Datong Industry Co., Ltd.
Shanghai Cathay Fortune Shanghai Trading Co., Ltd.
Cathay Fortune Capital Equity Investment Co., Ltd.
Cathay Fortune Singapore Pte. Ltd.
Beijing Hui Qiao Investment Co., Ltd.
Beijing Jiexie Business Trading Co., Ltd.
Le Dong Coastal City Construction and Development Co., Ltd.
Dalian Wafangdian Golden Stone Mining Co., Ltd.
Le Dong Coastal Advertisement Co., Ltd.
<b>Controller of Cathay Fortune Corporation Co., Ltd</b>
Mr Yu Yong
<b>Associates of Cathay Fortune Corporation Co., Ltd</b>
China Development Bank Corporation
China-Africa Development Fund
China-Africa Liantuo Mining Co., Ltd.
All controlled entities of China Development Bank Corporation

This is Annexure B of 62 pages referred to in the Combined Form 603 and Form 604 (Notice of Initial Substantial Holder and Change of Interests of Substantial Holder)

This Annexure B is an English translation of the Subscription Agreement and the Shareholders Agreement concluded between the parties in Mandarin

Name: Zhang Zhenhua  
Capacity: Director  
Corporation: Cathay Fortune Corp

Sign:



Date: 24 October 2012

Name: Xue Fenghai  
Capacity: Authorized Person  
Corporation: China Africa Development Fund

Sign:

Date: 24 October 2012



This is Annexure B of 62 pages referred to in the Combined Form 603 and Form 604 (Notice of Initial Substantial Holder and Change of Interests of Substantial Holder).

This Annexure B is an English translation of the Subscription Agreement and the Shareholders Agreement concluded between the parties in Mandarin.

Name: Zhang, Zhenna;  
Capacity: Director  
Corporation: Cathay Fortune Corp.

Sgt

Date: 24 October 2012

Name: Yue Fengji  
Capacity: Authorized Person  
Corporation: China Africa Development Fund

Sgt   
Date: 24 October 2012

Date

22 October, 2012

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**CHINA-AFRICA DEVELOPMENT FUND**

*As Investor*

**CHINA-AFRICA LIANTUO MINING CO., LIMITED**

*As Investor's Wholly Owned Hong Kong Subsidiary*

**CATHAY FORTUNE INVESTMENT LIMITED**

*As Company*

**Subscription Agreement**

(NOTE: Translated from the Chinese version signed on 22 October 2012.)

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This Subscription Agreement (this “**Agreement**”) is entered into on 22 October, 2012.

The Parties are:

- (1) **China-Africa Development Fund**, a company organised and existing under the laws of the PRC, with its registered legal address at F10, East Tower, Chemsunny World Trade Center, No. 28 Fuxingmennei Street, Xicheng District, Beijing, 100031 (“**Investor**”);
- (2) **China-Africa Liantuo Mining Co., Limited**, a limited company organised under the laws of Hong Kong and set up by Investor as its wholly owned subsidiary in Hong Kong, with its registered legal address at F10, East Tower, Chemsunny World Trade Center, No. 28 Fuxingmennei Street, Xicheng District, Beijing, 100031 (“**CADFund Liantuo**”);
- (3) **Cathay Fortune Investment Limited**, a company with limited liability organized under the laws of Hong Kong, with its legal address is 4/F., Siu Ying Commercial Building, 151-155 Queen's Road Central, Hong Kong (“**Company**”);

(The Parties are individually referred to as the “**Party**” and together as the “**Parties**”).

Recitals:

- (A) Discovery Metals Limited (“**DML**”) is a public company listed on the Australian Securities Exchange (ASX: DML) and the Botswana Stock Exchange (BSE: DML). The major assets of DML are its 100% indirectly owned mineral resources assets located in Botswana, Africa.
- (B) The Company, as a second-level wholly-owned subsidiary of Cathay Fortune Corporation (“**CFC**”), proposes to acquire XXXX up to 100% of the shares of DML in order to control its mineral resources in Botswana. An announcement has been made to the market (see Schedule 1).
- (C) As of the Execution Date, the Company's authorised share capital is US\$ XXXX million (XXXX), which corresponds to XXXX million (XXXX) ordinary shares with the issue price of US\$ one (1) US dollar per share (“**Share**” or “**Shares**”).
- (D) To complete the Acquisition, CFC has agreed, through Cathay Fortune International Company Limited (“**CF International**,” a limited company directly and wholly owned by CFC and registered under the laws of Hong Kong), to subscribe for the Shares from the Company for no more than US\$ XXXX million (XXXX) at the issue price of one (1) US dollar per Share. The Company now agrees to issue the Investor Subscription Shares to the Investor (including its designated wholly-owned entity) in accordance with the terms and conditions of this Agreement, and the Investor agrees to subscribe for the Investor Subscription Shares from the Company through CADFund Liantuo in accordance with the terms and conditions of this Agreement (“**Proposed Transaction**”).
- (E) The Company will use all the funds from the issue of Shares to the **Investor** and **CF International** to pay the Total Acquisition Consideration.

THEREFORE, the Parties agree as follows:

1. **Definitions and Interpretations**

1.1 In this Agreement, unless the context indicates otherwise, the following terms and expressions shall have the meanings as set out below:

**Acquisition** means the proposed acquisition of DML, which is listed on the Australian Securities Exchange (“ASX”), by the Company in order to acquire at least more than XXXX % of the Relevant Interest in DML shares.

**Total Acquisition Consideration** means the stock consideration to be paid for the purposes of acquiring 100% DML shares based on the acquisition price confirmed on the date of Successful Acquisition, including any charges, fees and taxes associated with the Acquisition (which is estimated to be no more than US\$ XXXX million (XXXX)).

**Successful Acquisition** means, as the case may be:

- (i) if the Acquisition is undertaken by way of a Takeover Bid, the Company declares that the offer is unconditional; and
- (ii) if the Acquisition is undertaken by way of a Scheme of Arrangement, the court with relevant jurisdiction approves the Scheme of Arrangement.

**Takeover Bid** means the takeover bid set out under Section 611, Chapter 6 of the Corporations Act 2001 (Cth) (including any of the forms listed in Items 1 to 4).

**Scheme of Arrangement** means “ scheme of arrangement ”, the acquisition structure set out in Part 5.1 Chapter 5 of the Corporations Act 2001 (Cth).

**Relevant Interest** has the meaning given to such term under Section 9, Part 1.2, Chapter 1 of the Corporations Act 2001 (Cth).

**Shareholders’ Agreement** means the Shareholders’ Agreement of the Company executed between CF International and the Investor (or its designated wholly-owned subsidiary) on the Execution Date concurrently with this Agreement, effective on the Completion Date.

<b>Share</b>	has the meaning given to such term under Recital (C).
<b>Affiliate</b>	means, with respect to a Person (primary Person), any Person directly or indirectly Controlled by the primary Person, any Person Controlling the primary Person, and any Person that is Controlled by the same Person that Controls the primary Person, including without limitations, the controlling shareholder, parents, children and spouses of the primary Person.
<b>Completion</b>	means completion of the Proposed Transaction in accordance with Clause 3.5 of this Agreement, specifically.:  (i) the Investor pays the Investor Subscription Price to the Company;  (ii) the Company simultaneously issues the Investor Subscription Shares to the Investor; and  (iii) the Company simultaneously registers the Investor as the holder of the Investor Subscription Shares.
<b>Completion Date</b>	means, as the case may be:  (i) if the Acquisition proceeds by way of a Takeover Bid, the third (3rd) Business Day after the Company declares that the Takeover Bid is unconditional; and  (ii) if the Acquisition proceeds by way of a the Scheme of Arrangement, the third (3rd) business day after the court with jurisdiction approves the Scheme of Arrangement.
<b>Transaction Documents</b>	means this Agreement and the Shareholders' Agreement.
<b>Stock Exchange</b>	means the ASX and Botswana Stock Exchange.
<b>Control</b>	means, in respect of any Person, the right of direct or indirect control with respect to such Person over the following matters(or entering into agreements or acquiring options for such matters):  (i) affairs of the Person;  (ii) entitlement to over 50% of the voting rights attached to the issued shares in the capital of such Person, exercisable on the shareholders' meetings;

(iii) the right to determine the main composition of the board of directors or management committee or other similar organizations; or

(iv) the right to direct the management of such Person by other means;

for the purposes of this Agreement, any change of Control of the Investor on any level of its shareholding structure will not be deemed as a change of Control, as long as China Development Bank directly or indirectly controls the Investor.

**Damage** means any and all losses (including any decrease or deduction in value), liabilities, legal actions, litigations, penalties, deficits, expenses (including reasonable attorneys' fees) or damages, regardless whether any third party claim is involved.

**Board of Directors** means the board of directors established by the Company from time to time; in the event that there is only one Director of the Company, such Director will be deemed as the Board of Directors.

**Director** means any individual appointed by the Company from time to time as the Director.

**Encumbrance** means any claim, security interest, mortgage, guarantee, lien, option, shares, right of sales, pledge, title retention, pre-emptive right, priority, other third party rights or any kind of security interests, including any seizure or freezing order or no disposal order issued by any court with competent jurisdictions, arbitral tribunal or other law enforcement or governmental agencies.

**Execution Date** means the date when the authorised or legal representative of the last Party signs this Agreement; such date is set forth on the cover page, first page of the main body and signature page of this Agreement.

**Hong Kong** means the Hong Kong Special Administrative Region of the PRC.

**Material Adverse Effect** means, based on the principle of objectiveness and reasonableness, any material and substantial adverse effect on the business, financial condition, operation, operational outcome and contractual performance of a Party.

**Person** includes any individual, company, enterprise, partnership, business entity, association, trust or other entity or organization (whether or not

with independent corporate capacity), including any successor or permitted assignee.

**Subscription Price** means the issue price for each share which the company agrees to issue the Investor Subscription Shares and the CF International Subscription Shares, being US\$ one (1) US dollar per share.

**Investor Subscription Price** means the amount equal to the total number of the Investor Subscription Shares multiplied by the Issuance Price.

**Investor Subscription Shares** = 
$$\frac{\text{Total Acquisition Consideration} \times \text{XXXX} \% \times 25\%}{\text{Subscription Price}}$$

**CF International Subscription Price** means the amount equal to the total number of CF International Subscription Shares multiplied by the Subscription Price.

**CF International Subscription Shares** = 
$$\frac{\text{Total Acquisition Consideration} \times \text{XXXX} \% \times 75\%}{\text{Subscription Price}}$$

**Immediately Available Cash** means the funds transferred by cash, bank check, wire transfer, or other electronic method of settlement to the bank account designated in advance by the Company, and such fund is immediately and freely available to the Company (including but not limited to, outward transfer).

**PRC** means the People's Republic of China; for the purposes of this Agreement, excluding Hong Kong, Macao Special Administrative Region and Tai Wan.

**Taxes** means tax, taxes, tax payments, fees, contributions, withholdings and levies of any nature in all forms that are levied, charged, estimated by or payable to tax authorities.

**Business Day** means, for an obligation to be performed or a matter to be undertaken in Hong Kong, the day when the Hong Kong banks open for business (except for Saturday or Sunday); for an obligation be performed or a



matter be undertaken in the PRC, means the day when the PRC banks open for business (except for Saturday or Sunday).

**Termination Day** means the five hundred and fortieth (540th) day after the Execution Date.

**Force Majeure Event** means any earthquake, blizzard, fire, flood, war or other major events, or natural or human-caused disasters after the Execution Date that are unforeseeable (or foreseeable but not reasonably avoidable), beyond the reasonable control of any Party and prevent any Party from fully or partially performing its obligations under this Agreement.

**Proposed Transaction** has the meaning given under Recital (D).

**ASIC** means the Australian Securities and Investments Commission

**ASX** means the Australian Securities Exchange

1.2 In this Agreement, unless the context requires otherwise, the following principles of interpretation apply:

- (a) A reference to any contract, agreement or document shall include any variation, supplement or replacement of such contract, agreement or document;
- (b) Unless the meaning of the text clearly indicates otherwise, a clause, section, schedule or annexure is a reference to a clause, section, annexure or schedule of this Agreement;
- (c) A reference to “including” shall be interpreted as being of no limitation, meaning “including but not limited to”.
- (d) The headings are for convenience only and do not affect the interpretation of this Agreement.
- (e) A reference to laws, regulations or other regulative documents and applicable laws shall include their amended versions afterwards.

## 2. Subscription

### 2.1 Subscription and Issuance

Subject to the terms and conditions of this Agreement, the Investor agrees to subscribe for the Investor Subscription Shares from the Company for the Investor Subscription Price on the Completion Date, and the Company agrees to issue the Investor Subscription Shares to CADFund Liantuo in accordance with designation of the Investor.

## 2.2 Conditions

Clause 2.1 does not come into effect and is not legally binding until all the following conditions are satisfied:

- (a) Successful Acquisition has been achieved and the Total Acquisition Consideration does not exceed US\$ XXXX (XXXX) or its equivalent in Australian dollars;
- (b) The Company (as the borrower) and China Development Bank Hong Kong Branch (as the lender) has signed the legally binding loan agreement for the purposes of the Acquisition, where the total amount of the loan is US\$ XXXX (XXXX) and the term is XXXX (XXXX) years;
- (c) The authorised share capital of the Company are no less than XXXX (XXXX) ordinary Shares;
- (d) The Company has issued to CF International the CF International Subscription Shares equal to 75% of all issued Shares of the Company after the completion of the Proposed Transaction, and CF International has paid the CF International Subscription Price in cash; and
- (e) Before the Shareholders' Agreement comes into effect, CF International does not question nor challenge the validity and binding effect of the Shareholders' Agreement, and CF International does not claim that it is not prepared to be bound by the Shareholders' Agreement after it comes into effect (this will not affect the right of CFC, CF International and the Investor (and its wholly-owned subsidiaries) to agree unanimously to revise the terms of the Shareholders' Agreement).

## 2.3 Termination

If any of the conditions under Clause 2.2 is not satisfied on or before the Termination Day, this Agreement will terminate automatically without any notice given by any Party.

## 3. Completion

### 3.1 Investor's Obligation to Complete

If any of the following events occurs on or before the Completion Date, the Investor will not be bound to complete on the Completion Date:

- (a) (Material Adverse Effect) the occurrence of any event to the Company with Material Adverse Effect;
- (b) (Insolvency) the Company is insolvent or in liquidation;

- (c) (Warranties) any warranty made by the Company under this Agreement is false or misleading in any material aspects; or
- (d) (Regulatory approval) the Acquisition does not have all the approvals from the government with jurisdiction and the Stock Exchange (if applicable).

### 3.2 Notices

- (a) If any Party proposes not to perform its obligation to complete in reliance on Clause 3.1, such Party must notify the other Party in writing before the Completion Date that it decides not to proceed with the Completion and must specify the relevant events it relies upon; and
- (b) If any Party at any time becomes aware of any fact or situation that may result in the occurrence of any of the events listed under Clause 3.1, it shall immediately notify the other Parties in writing about such fact or situation.

### 3.3 Termination

If any event under Clause 3.1 occurs, any Party has the right to immediately terminate this Agreement. Unless specified otherwise in this Agreement, the Parties are thereby automatically released from performing any of their obligations under this Agreement.

### 3.4 Payment of Investor Subscription Price

Unless the Investor does not have the obligation to complete under Clause 3.1, the Investor must, on the Completion Date, pay the Investor Subscription Price in cash to the bank account opened with the China Development Bank (or its branches) and designated by the Company in advance.

### 3.5 Completion

The Completion for the Investor Subscription Shares under this Agreement shall be concluded by exchanging documents electronically on the Completion Date. After the Completion, the organization structure of the Company will be changed to the structure set forth in Chart 2 of Schedule 2 on the Completion Date.

- (a) The Investor shall submit the application for the Investor Subscription Shares to the Company by using the form set forth in Schedule 3.
- (b) Subject to the performance of the payment obligation by the Investor under Clause 3.4, upon the receipt of the Investor Subscription Price in full amount, the Company shall immediately issue the Investor Subscription Shares to the Investor and include the name of the Investor in the shareholder register of the Company as the holder of the Investor Subscription Shares, and shall simultaneously deliver to the Investor:

- (i) the officially executed share certificate of the Investor Subscription Shares;
- (ii) a certified copy of the resolution of the shareholders of the Company approving the Proposed Transaction;
- (iii) a certified copy of the resolution of the Board of Directors of the Company approving (1) the application of the Investor to subscribe for the Investor Subscription Shares; and (2) the issuance of the Investor Subscription Shares to the Investor;
- (iv) the certification dated on the Completion Date and issued by the Board of Directors of the Company, confirming that all the conditions under Clause 2.2 have been satisfied on the Completion Date and none of the events under Clause 3.3 that may result in the termination of the Proposed Transaction has occurred (or have obtained the waiver in writing from the Investor); and
- (v) a certified copy of the updated shareholder register of the Company.

### 3.6 Simultaneous Performance

In respect of the Completion procedure:

- (a) the obligations of the Parties under this Agreement are independent; and
- (b) all the actions required to be performed will be deemed to have occurred simultaneously on the Completion Date.

## 4. **Capital Reduction Scheme**

### 4.1 Capital Reduction

If the offer period has expired and the aggregated number of DML shares acquired from the Acquisition is less than 100% whilst the Board of Directors of the Company decides to discontinue the Acquisition, the Company, if requested by the shareholders, must within five (5) Business Days upon receipt of such request, commence the necessary proceedings to reduce its then issued capital (which may take the form of capital reduction or share buy-back) to return the corresponding portions of capital to CADFund Liantuo and CF International in proportion to their respective holdings, such proceedings to include without limitations, to call directors' meeting to pass the relevant resolutions and to give notice for shareholders' meeting per the relevant procedures (as required by the relevant Law). Such capital reduction must be conducted on the basis of the consideration actually paid for all the DML shares acquired and the costs determined per clause 13.1 of this Agreement ("Actual Acquisition Expenses").

The amount of capital to be reduced by the Company per this clause 4.1 = Total Acquisition Consideration – Actual Acquisition Expenses.

4.2 Share Percentage after Capital Reduction

After the completion of the capital reduction under Clause 4.1 of this Agreement, the share percentages between CADFund Liantuo and CF International remains 25% and 75% respectively.

5. **Warranties and Undertakings**

5.1 Warranties and Undertakings by Company to Investor

The Company gives warranties set out in Schedule 4 to the Investor on the Execution Date and Completion Date. Unless otherwise specified in this Agreement (including but not limited to Schedule 5), every aspect of each warranty is true, accurate and not misleading.

5.2 Undertakings by Company to Investor

The Company undertakes, before the Completion:

- (a) If any matter or event (including, but not limited to, the circumstances listed below) occurs on any day between the Execution Date and the Completion Date (including the Completion Date), resulting or possibly resulting in any material aspect of any warranty being unrealizable, untrue, misleading or inaccurate during the above period, the Company undertakes to immediately notify the Investor in writing of all the relevant circumstances and investigate such matters or events in accordance with the possible requirements reasonably raised by the Investor and bear the relevant reasonable costs:
- (i) the declaration, payment or any dividends distribution or other distributions;
  - (ii) the engagement or participation in any commercial activities or transactions beyond the regular scope of business, or commercial activities or transactions that do not realize the full value, are not based on normal commercial terms and fair dealing, or keep price or conditions in favour of the Company;
  - (iii) any Damages, harms or losses that have Material Adverse Effect on the assets, operation outcomes or the current business of the Company, no matter whether such damages, harms or losses are covered by insurance;
  - (iv) any capital expenditures or capital commitments (no matter whether through purchase, lease, lease with an option to purchase or other means) exceeding HK\$ 1 million (1,000,000), or any disposal of any fixed assets with total value exceeding the budget of the Company;
  - (v) the purchase, sale, transfer or disposal of any portion of properties or assets;

- (vi) the assumption or guarantee of any debts, obligations or liabilities (except those debts, obligations or liabilities that occur during the regular business operation of the Company );
  - (vii) failure to pay off debts to the creditors during the regular business operations;
  - (viii) the discharge, reduction or write-off of any debts owed by any debtor to the Company for the consideration that is less than the book value ;
  - (ix) any material change in assets and liabilities shown in the financial reports, or serious decline of net value of the tangible assets of the Company calculated based on the assessment result used in financial reports; and
  - (x) any facts or circumstances that may have Material Adverse Effect to any capacity of the Company to operate its current or expected business.
- (b) (1) Subject to the compliance with applicable laws and Stock Exchange requirements, the Company shall share with the Investor the Acquisition-related project information, project analysis, working plans and agendas and other materials in order to ensure that the Investor fully participates in the Acquisition; (2) if any event occurs that may have a material effect on the Acquisition and the Company, the Company shall notify the Investor of such event in due course; (3) upon the reasonable request of the Investor, the Company shall hold meetings in order to provide the Investor with full understanding of the Company's condition and the Acquisition.
- (c) If the Acquisition is to be undertaken by way of a Takeover Bid, the Company must not dispose of any shares of DML it holds without the consent of the Investor and CADFund Liantuo, which shall be reasonably granted by the Investor and CADFund Liantuo, from the day when the Takeover Bid is unconditional until the first day after the Investor (CADFund Liantuo) acquires the Investor Subscription Shares.
- (d) After the execution of this Agreement (and this Agreement is not terminated due to any reason), the Company may submit the bidder statement and/or scheme documents to DML, ASIC or ASX only after the Investor has reviewed such statements or documents.

The Company undertakes to go through the relevant registration process at the Hong Kong companies registry on the day when the Completion is finished in order to register CADFund Liantuo as the holder of the Investor Subscription Shares, and within ten (10) Business Days after the Completion Date, to register the Articles of Association approved by the Board of Directors and reflecting the Shareholders Agreement.

### 5.3 Warranties by the Investor

The Investor makes the following warranties to the Company on the Execution Date, and these warranties will be deemed to have been renewed by the Investor on the Completion Date (unless the dates of making such warranties are specified otherwise in this Agreement):

- (a) The Investor (including CADFund Liantuo) is an independent legal person duly incorporated, validly existing and with no record for violation under the laws of its place of establishment or incorporation.
- (b) As of the Completion Date, the Investor has obtained all necessary confirmation, filings, verifications, approvals and registrations (if applicable) from the National Development and Reform Commission, Ministry of Commerce, State Administration of Foreign Exchange of the PRC, and/or their local agencies relating to the Acquisition to enable the Party to legally and effectively sign and execute this Agreement.
- (c) The Investor has obtained all necessary internal and external authorisations to sign this Agreement and perform its rights and obligations under this Agreement.
- (d) The execution of this Agreement and/or performance of its obligations hereunder (i) does not violate its business license, articles of association or other similar organizational or constitutional documents; (ii) does not violate any applicable laws or any other binding laws, regulations or requirements of regulatory authorities, or the approvals of any government or regulatory authorities; (iii) does not violate or result in the violation of any other contracts, agreements or arrangements to which it is a party, does not constitute a default under such contracts or violation of any binding unilateral undertakings or warranties, or give the right to any third party of filing a lawsuit or other legal proceedings against the Investor; and (iv) does not violate any judgments or arbitral awards, or requirements or decisions of any government or regulatory authorities.
- (e) No one has the right to take any action or initiate or threaten to initiate any legal proceeding that will involve the Investor in liquidation, bankruptcy, insolvency, or any aspect of management of its assets or business by a designated liquidation committee or administrator.
- (f) There is no pending litigation, arbitration or other judicial or administrative proceedings which will affect Investor's performance of its obligations under this Agreement.
- (g) If any matter or event occurs on any day between the Execution Date and the Completion Date (including the Completion Date), resulting or possibly resulting in any major aspect of any warranties being unrealizable, untrue, misleading or inaccurate during the above period, the Investor shall immediately notify the Company in writing of all the relevant

circumstances and investigate and remedy such matters or events in accordance with the possible requirements reasonably raised by the Company and at its own costs.

- (h) Unless due to the execution of this Agreement, the Investor (including its Affiliates) does not acquire (including being presumed or deemed to have acquired by relevant applicable laws and listing rules) any Relevant Interest in DML shares for any other reasons (including actions, acting in concert arrangements or events).
- (i) Unless agreed by the Company, the Investor will not acquire, individually or jointly with others, any Relevant Interest in DML shares.
- (j) The Investor has not and will not conduct any activity that may lead to the breach by the Company of the laws and listing rules of any jurisdiction involved in and relevant to the Acquisition.
- (k) For the purposes of satisfying the requirement of timely, accurate, appropriate and adequate disclosure under applicable laws and listing rules, the information provided by the Investor, does not have material omissions, errors, or misleading aspects.
- (l) Upon Successful Acquisition, the Investor has the obligation to irrevocably share 25% of the Total Acquisition Consideration through payment of the Investor Subscription Price in accordance with this Agreement.

#### 5.4 Reliance on Warranties

Each Party has entered into this Agreement in reliance on the warranties provided by the other Parties under this Agreement (in addition to other matters). Every warranty is deemed as a separate warranty and (unless specified otherwise) not be subject to reference to or inference from any other warranties or other terms under this Agreement.

#### 5.5 Restatement

Each Party further warrants to the other Parties that, on the Execution Date and the Completion Date, every warranty given by each Party under Clause 5 is true, accurate and not misleading in all major aspects.

#### 5.6 Consequences of untrue warranty

If on any date identified under Clause 5.5 of this Agreement any material aspect of any warranty is found to have been incorrect or misleading or has caused any misleading effect, such breach will constitute a material breach by such Party under this Agreement.

#### 5.7 Breach of Warranties



If one Party, on the Execution Date and the Completion Date, discovers that any warranty was false or contrary to the actual situation or misleading when provided or will be false or inconsistent with the actual situation or misleading on the Completion Date, and such false, inconsistent or misleading content will have the Material Adverse Effect, the non-defaulting Party may provide the other Parties with written notification of its intent to terminate this Agreement. Upon such notification, this Agreement will be terminated without affecting the rights and remedies of the Party giving such notification under this Agreement and applicable laws. The failure of the Party giving the notification to exercise such rights will not constitute a waiver of the other rights relating to other breach of any warranties by the other Party under this Agreement.

#### 5.8 Effect of Disclosed Warranties

To avoid any doubt, notwithstanding agreed otherwise in this Agreement:

- (a) If the Company, through this Agreement (including Schedule 5) on the Execution Date and other written forms acknowledged by the Investor before the Completion Date, has disclosed to the Investor the facts or circumstances that may breach any warranty by Clause 12 of this Agreement, and the Investor does not claim that such situations constitutes an inaccurate or misleading warranty under Clause 3.1(c), then insofar as such disclosed facts or events are concerned:
  - (i) the Company is not liable for any claim initiated by the Investor against the Company for breach of warranties (except for fraud); and
  - (ii) the Investor cannot, in accordance with Clause 3.1(c), refuse to perform any of the obligations of Completion (except for fraud).
- (b) Within the following scope, the Company is not liable for any claim initiated by the Investor with respect to the breach of warranties by the Company:
  - (i) any matters which the Investor has given specific written waivers or exemptions; or
  - (ii) such claims are related to the performance or non-performance at the request of or approval by the Investor after the Execution Date.

#### 5.9 Knowledge and Belief

Any representation, warranty or undertaking made by any Party on the basis of its knowledge, information, belief or awareness is made on the basis that the Party has, in order to establish that the relevant representation, warranty and undertaking are accurate and not misleading in any material respects, made all reasonable enquiries to its officers, managers and employees who could reasonably be expected to have information relevant to matters to which the statement relates.

5.10 Exclusion of liability by the Company

Subject to any applicable laws and other than the warranties and undertakings under this Clause 5, the Company declares that it does not provide any other warranties, representations and undertakings (whether express, implied, written, oral, incidental, statutory or in other any form) under this Agreement. The Company further excludes any liability related to such matters to the maximum extent permitted by laws.

6. **Rights and Obligations**

After the Completion Date, if (i) any warranty by any Party of this Agreement is false, inaccurate or misleading when provided or renewed, (ii) any Party breaches any of its undertakings, or (iii) any Party breaches any of its obligations under this Agreement, as to any and all the non-defaulting Party's losses, Damages, fees, expenses (including reasonable attorneys' fees) or liabilities incurred therefrom, the defaulting Party shall compensate the non-defaulting Party keep such Party harmless and agree to immediately defend against claims and compensate for it.

7. **Confidentiality**

- 7.1 Subject to Clause 7.3, no Party may, without the written consent of the other Party, release any announcement or conduct any other forms of communication regarding this Agreement.
- 7.2 Subject to Clause 7.1 and 7.3, each Party shall keep any information received or gained from the other Party due to the execution of this Agreement (or any agreements, contracts or documents signed under this Agreement) in confidence and shall not disclose or use such information, including:
- (a) Terms of this Agreement or any other agreements, contracts or documents signed under this Agreement;
  - (b) The contents or matters of any negotiation related to this Agreement;
  - (c) Any other matter including business, finance or other matters related to DML (including future plans and objectives).
- 7.3 The disclosure and use of the information under the following events are not forbidden by Clause 7.1 and 7.2:
- (a) Disclosure or use required by applicable laws, rules and regulations of regulatory authorities or Stock Exchange, or for the purposes of obtaining necessary approvals.
  - (b) Disclosure or use required for any Party to obtain all the interests under this Agreement.

- (c) Disclosure or use required by any judicial or arbitral process under this Agreement or other agreements, contracts or documents executed under this Agreement, or disclosure reasonably required by the tax authorities regarding matters related to the taxes of disclosing the Party.
- (d) Disclosure by any Party to its professional consultants, investors or lenders, provided that the disclosing party has the obligation to procure such professional consultants or other related persons to comply with Clause 7.2as if they were Parties to this Agreement (including, but not limited to, the signing of appropriate confidentiality agreements);
- (e) Information known by the public without any breach of this Agreement.

However, prior to the disclosure or use of any information in accordance with Clause 7.3, the relevant Party shall timely notify the other Party of such disclosures and uses in order to provide sufficient opportunities to the other Party to defend against such disclosures or uses, or agree upon the time and content of such disclosures or uses.

## 8. **Default**

- 8.1 The following conducts constitute default: (i) one Party fails to perform or fully perform its obligations under this Agreement or intentionally prevent the other Party from exercising its rights under this Agreement; or (ii) any warranty and representation of a Party is false or inaccurate in any substantial aspect.
- 8.2 If one Party suffers any Damage due to the default of another Party, the defaulting Party shall compensate the other Party for such Damage (including, but not limited to, interests payable or lost and attorneys' fees) and prevent the other Party from suffering any Damage. Notwithstanding the above, the fact that one Party receives compensations for Damages shall not restrict such Party from exercising other rights and remedies under this Agreement and applicable laws (i.e., seeking injunctions).
- 8.3 If the Investor fails to fully and timely pay the Investor Subscription Price under this Agreement, resulting in the failure of the Company to complete the Acquisition or to suffer any Damage accordingly, the Investor shall compensate all direct and indirect Damages incurred by the Company.
- 8.4 The Parties agree that, for the purposes of this Agreement, the Investor and CADFund Liantuo are deemed to be one entity. The Investor and CADFund Liantuo cannot make separate claims for the same entitlement under any provision of this Agreement. For the avoidance of any doubt, CADFund Liantuo is only entitled to make a claim against the Company for any breach by the Company of 5.2(c).

9. **Termination**

9.1 This Agreement will be automatically terminated upon occurrence of any of the following events:

- (a) Termination under Clause 2.3;
- (b) Termination under Clause 3.3;
- (c) Terminated under Clause 5.7; and
- (d) Termination by written consent of the Parties.

9.2 Consequences of Termination

If this Agreement is terminated under any of the provisions of Clause 9.1, it will not affect one Party's ability to exercise other rights, powers or remedies under the applicable laws:

- (a) Except for any obligation related to Clause 7 "Confidentiality" and Clause 13.1 "Cost, Expenses and Tax", any Party's obligation under this Agreement shall be released, and
- (b) Any Party shall maintain the right to file any claim against the other Parties for default prior to the termination of this Agreement.

10. **Governing Law and Dispute Resolution**

10.1 This Agreement is governed, interpreted and performed under the laws of Hong Kong.

10.2 Arbitration

- (a) If a dispute cannot be resolved by friendly negotiation within thirty (30) after one Party formally proposes to the other Party to resolve such dispute, such dispute shall be finally submitted for arbitration for resolution under the UNCITRAL Arbitration Rules (and possible revision of the remaining parts of this clause) effective as of the submission date.
- (b) The designated arbitration tribunal is the Hong Kong International Arbitration Centre.
- (c) The venue for arbitration is Hong Kong.
- (d) Any such arbitration must be conducted by the Hong Kong International Arbitration Centre in accordance with its then effective arbitration procedures, including provisions contained thereof other than the UNCITRAL Arbitration Rules, effective as of the arbitration date by the Hong Kong International Arbitration Centre.
- (e) The language used in arbitration process is Chinese.

(f) All arbitration expenses will be borne by the Parties in accordance with the arbitration award.

(g) Notwithstanding the Parties' agreement to the aforesaid clauses to submit disputes to arbitration, the Parties confirm that, the Party whose rights are infringed will be entitled to seek interim or permanent injunction or indemnifications or other remedies in similar forms from any court with relevant jurisdiction.

10.3 Any Party, for itself or assets, may claim exemption over any litigation, enforcement, retention (to assist enforcement before any awards or otherwise), or other legal proceedings within any jurisdiction, or such Party or its assets enjoy such exemption in such jurisdiction (whether claimed or not), such Party irrevocably agrees that, to the maximum extent permitted by the law of such jurisdiction, it will not make such claim and will irrevocably waive such exemption.

11. **Assignment**

No Party shall be entitled to assign its rights or obligations under this Agreement without prior written consents of other Parties.

12. **Notices**

12.1 Any notice under this Agreement shall be made in Chinese and sent to the following addresses or fax numbers (as the case may be):

The **Investor** and or **CADFund Liantuo**:

Address: F10, East Tower, Chemsunny World Trade Center, No. 28 Fuxingmennei Street, Xicheng District, Beijing,

Postcode: 100031

Contact: LIU Ningchuan

Telephone: 010-59892870 Fax: 010-59892897

The **Company**:

Address: Room 4403, Jinmao Building, No. 88 Shiji Dadao, Shanghai Postcode: 200121

Contact: ZHANG Zhenhao

Telephone: 021-50491188 Fax: 021-50499598

Or (as the case may be), notice must be sent to other addresses or fax numbers later provided by the relevant Party to the other Parties by written notice in accordance with this Clause.

12.2 Notice may be delivered in person or by facsimile or prepaid postage. If the Notice is delivered by facsimile (a delivery report of the fax number is required to prove completion and of the delivery and that it is non-stop), then the delivery date is the second Business Day of the delivery destination location; if the notice is delivered by mail, then the delivery date is seventy-two (72) hours after delivery (according to the postmark date); if it is delivered in person (according to the delivery certification), then the notice shall be deemed as delivered as of the moment of delivery.

13. **Miscellaneous**

13.1 Costs, Expenses and Tax

- (a) If the Acquisition is completed, expenses (including resulting taxes) regarding the engagement of agencies, previous feasibility studies, and other costs incurred by the Parties for the purpose of the Acquisition shall, as approved by the Parties, be calculated as the prophase cost of the Company's Investment.
- (b) On the Termination date or before the Successful Acquisition, the Parties shall bear all expenses incurred due to drafting, negotiating, revising, finalizing, signing and performing of this Agreement and other transaction documents (including, but not limited to, expenses for hiring an agent).

13.2 Force Majeure

- (a) If any Party is unable to fully or partially perform its obligations under this Agreement due to a Force Majeure Event, such Party will be exempt from performing such obligations within the scope of influence of such Force Majeure Event, unless otherwise stipulated by law.
- (b) The Party affected by the Force Majeure Event may cease the performance of its obligations under this Agreement within the scope of the influence and duration of such Force Majeure Event. Such affected Party must use commercially reasonable efforts to eliminate any obstacles caused by the Force Majeure Event and to mitigate any Damages to the extent it is possible to do so. Upon written consents of the Parties, the term of this Agreement may be extended corresponding to the duration of Force Majeure Event.
- (c) If a Force Majeure Event occurs following a Party's delay in performing or the failure to perform its obligations under this Agreement, then such Party is not exempted from performing its obligations.
- (d) The Party claiming Force Majeure Event must promptly inform the other Party of such circumstances in order to minimize the Damages of the other Party, and provide the other Party with adequate written proof of the occurrence of such Force Majeure Event. The

Parties shall immediately negotiate in order to determine possible solutions for such circumstances.

- (e) If a Force Majeure Event persists continuously without interruption for over ninety (90) days, resulting in the inability of any Party to perform any of its major obligations during such period, then the other Party may terminate this Agreement in accordance with Clause 9.1.

### 13.3 Entire Agreement

This Agreement, including the appendices and schedules (if any), constitutes and contains the entire agreement among the Parties with respect to the Proposed Transaction of this Agreement, and will supersede any previous oral or written negotiations, consultations and agreements among the Parties. This Agreement may not be altered, changed, amended or supplemented without written documents executed by all Parties related to the relevant agreements. Each Party acknowledges and agrees that the other Party makes no declarations, warranties or arrangement of any nature other than which has been specified in this Agreement. This Agreement shall come into force, or have other binding force, on one Party upon execution by each Parties' duly authorized Representative.

### 13.4 Severability

If any clause(s) in this Agreement is deemed invalid or unenforceable, such clause(s) ( in its invalid or unenforceable extent) will be deemed to no longer possess legal effect, and will be deemed excluded from this Agreement, while the effectiveness of the remaining clauses in this Agreement will remain unaffected. The Parties shall take all the reasonable efforts, using effective or enforceable clauses, to replace the invalid or unenforceable clause in order to obtain a similar effect which such invalid or unenforceable clause was meant to provide.

### 13.5 Waiver

- (a) Any delay or failure to perform rights, powers or obligations under this Agreement shall not remove such rights or remedies, and shall not be interpreted as a waiver nor alteration of such rights or remedies, nor restrict the Party from exercising such rights or remedies in the future. Any independent or partial performance of any rights or remedies shall not impede the further performance of such or other rights or remedies.
- (b) One Party's rights and remedies under or according to this Agreement may be accrued; the Party may exercise such rights and remedies at any time reasonably considered to be proper. Such rights and remedies will supplement legal rights and remedies provided by the related laws.

### 13.6 Variation

The variation of this Agreement is valid only upon the execution of written documents by all the Parties or their Representatives.

13.7 Counterparts

This Agreement can be signed by the Parties in counterparts. Each counterpart is original, and all the counterparts together consist of one original document.

13.8 Language

This Agreement is drafted in Chinese.

13.9 Number of Original Copies

This Agreement is written in six (6) copies and each Party keeps two (2) copies.

13.10 Effectiveness and Termination

This Agreement comes into force on the Execution Date.

13.11 Other Documents

For the purposes of this Agreement, each Party shall undertake all reasonably necessary activities and sign all other documents and agreements and undertake other activities.



IN WITNESS WHEREOF, this Agreement has been duly executed by the authorised representative of each Party on 22 October, 2012.

**Investor**

**CHINA-AFRICA DEVELOPMENT FUND**

[Signature of HU, Zhirong]

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Name: HU, Zhirong

Position: Vice President

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorised representative of each Party on 22 October, 2012.

**Company**

**CATHAY FORTUNE INVESTMENT LIMITED**

[Signature of ZHANG, Zhenhao]

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Name: ZHANG, Zhenhao

Position: Director

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorised representative of each Party on 22 October, 2012.

**Investor's Wholly-Owned Subsidiary in Hong Kong**  
**CHINA-AFRICA LIANTUO MINING CO., LIMITED**

**[Signature of XUE, Fenghui]**

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Name: XUE, Fenghui  
Position: Director

**Schedule 1: Acquisition Announcement**

**Schedule 2: Company Organisational Chart**

Chart 1: Company organisational chart as of the Execution Date

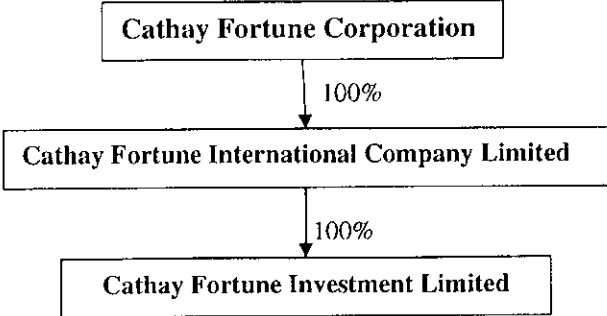
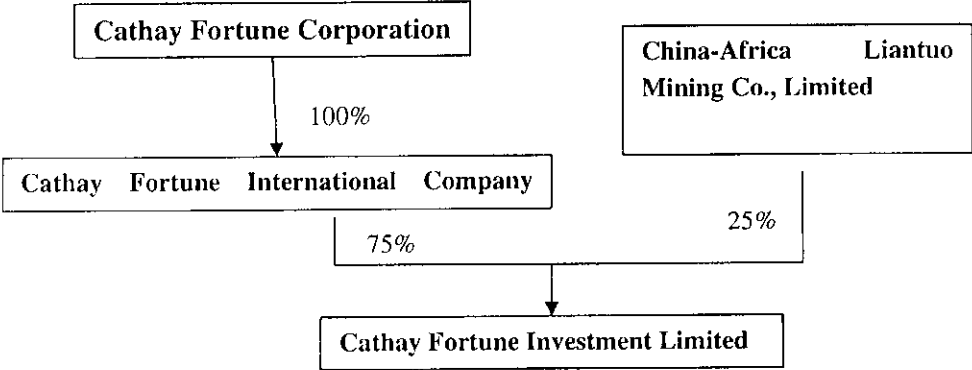


Chart 2: Company organisational chart after the Completion



**Schedule 3: Share Subscription Application Form for Investor (Clause 3.5(a))**

SHARE SUBSCRIPTION APPLICATION

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TO: CATHAY FORTUNE INVESTMENT LIMITED ("COMPANY")

To whom it may concern:

Application for the issuance of shares in accordance with the Subscription Agreement dated 22 October, 2012 ("Subscription Agreement")

China-Africa Liantuo Mining Co., Limited ("Subscriber"):

- (a) hereby applies to the Company for the issue of [amount] of ordinary shares in its authorised shares ("Subscription Shares");
- (b) agrees to pay the Investor Subscription Price upon completion in accordance with the Subscription Agreement ; and
- (c) agrees to be bound by articles of association of the Company.

The terms used but not defined in this Shares Subscription Application have the meanings given under the Subscription Agreement.

SIGNED BY \_\_\_\_\_ as the )  
 authorised representative of China- )  
 Africa Liantuo Mining Co., Limited in )  
 front of the witness below: )  
 )  
 ..... )  
 signature of witness )  
 )  
 )  
 ..... )  
 Name of witness (print) )  
 )  
 )  
 )  
 )

.....  
 by signing this Application, the  
 signatory warrants that he/she has the  
 official authorisation to represent  
 China-Africa Liantuo Mining Co.,  
 Limited to sign this application letter.

## Schedule 4: Representations and Warranties

The Company hereby represents and warrants as follows:

1 Authorization and Capacity

1.1 Capacity

- (a) It is an independent legal person duly incorporated, validly existing and with no record of any breach of laws of its place of incorporation, and has legally obtained all necessary approvals for all the business operations in accordance with any applicable law.
- (b) It has the power to sign and execute this agreement and has obtained all necessary consents and authorizations.

2 Liabilities and Encumbrance

- (a) The Company does not have any unpaid loans or debts or any of the following events: (1) an event which may cause default of the agreements regarding loans or debts; or (2) an event which will result in any Encumbrance due to loans or debts, or warranties, indemnities or other obligations of the Company which may turn into enforceable events.
- (b) There is no an Encumbrance on the assets of the Company, and there are no agreements, contracts, arrangements or obligations which may establish any Encumbrance. Once the Investor Subscription Shares are issued to the Investor, they will not have any Encumbrance.

3 Business

The Company has been operating in its normal course of business. There is no business or affiliated transaction carried on by the Company that may cause the Material Adverse Effect on its existence, operation, performance of its obligations or the Completion of the Acquisition.

4 Accuracy of the Materials Disclosed to the Investor

4.1 To the best knowledge and belief of the Company, the following information, which have been provided directly or indirectly (through its agent) by the Company to the Investor and/or its professional consultants on the Execution Date, is true, accurate and not misleading in all material aspects:

- (a) This Agreement and Shareholders' Agreement; and
- (b) Any documents and written information related to the Acquisition and/or negotiation relating to the Acquisition provided by the Company (including CFC) to the Investor.

4.2 There is no material information or fact that has not been fully and properly disclosed to the Investor, such information or fact being which the Investor would reasonably consider to have a Material Adverse Effect on the Proposed Transaction or any Party or the Company.

## 5 Compliance

To the best knowledge and belief of the Company, the Company has been in compliance with all the applicable laws and its articles of association, in respect of its business and any material aspects of its operation, on and from the date of its establishment, and there was no any unsettled, expected or forthcoming investigation, inquiry, order, writ, ruling or judgment (including any notice or notification by the related governmental agencies for such actions).

## 6 Litigation

To the best knowledge and belief of Company, there was no actual, pending or threatened legal, judicial, administrative litigation, arbitration or proceedings in any form against or related to the Company, nor was there any fact or event that may lead to any legal, judicial, administrative litigation, arbitration or proceedings in any form, nor was there any pending or unenforced judgment, writ or ruling against the Company.

## 7 Insolvency

7.1 There was no occurrence of de-registration, winding-up or bankruptcy of the Company (or other proceedings in accordance with which the business of the Company will be terminated and the assets of the Company to be allocated among creditors and/or shareholders or investors), nor order or request (whether by creditors, shareholders, the Company or other persons) for such proceedings, nor have there been any resolutions or meetings designating a liquidation group, receiver or other similar organization or person; and to the knowledge of the Company, no event has occurred which may cause any such proceedings or litigation in accordance with the applicable laws.

7.2 The Company is solvent, and has the capacity to pay all debts when they become due.

7.3 The Company did not cease to pay any debt which has become due and payable, or ceased to pay any debt which has become due and payable due to actual or expected financial difficulties, or has started negotiation with one or more creditors with the expectation of reorganising or restructuring any debt.

7.4 The Company did not declare to delay the payments for any debt which has become due and payable.

7.5 No expropriation, seizure, confiscation, detainment, enforcement or other similar judicial proceeding has been commenced against any properties or Shares of the Company.



7.6 No management staff of the Company is aware of any events which has already caused or will cause any insolvency event as set out in Clause 8.

8 Taxes

8.1 The Company has paid all the Taxes, and is not required to pay any penalties, additions to tax, fines or interest related to the Taxes.

8.2 The Company is not involved in any dispute related to the Taxes.

9 Employee

To the best knowledge and belief of the Company, the Company was not in breach of any employment laws.

10 No Material Adverse Effect between the Execution Date and the Completion Date

On and from the Execution Date, the Company has been operating in its normal course of business, and no change has occurred which may have a Material Adverse Effect on the Company.

11 Priority right arrangements

On the Completion Date, no one has any pre-emptive right or other similar rights for the Investor Subscription Shares.

**Schedule 5: Disclosure letter**

**CATHAY FORTUNE INTERNATIONAL COMPANY LIMITED**  
*(Shareholder)*

*and*

**CHINA-AFRICA LIANTUO MINING CO., LIMITED**  
*(Shareholder)*

**of**

**CATHAY FORTUNE INVESTMENT LIMITED**  
*(Company)*

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# **Shareholders' Agreement**

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22 October 2012

(NOTE: Translated from the Chinese version signed on 22 October 2012.)

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This SHAREHOLDERS' AGREEMENT ("**Agreement**") is executed between the following two parties on October 22, 2012 in the Hong Kong Special Administrative Region of the People's Republic of China ("**PRC**");

**Cathay Fortune International Company Limited (鸿商产业国际有限公司)**, a limited liability company established under the Law of Hong Kong with its registered legal address at 4<sup>th</sup> Floor, Zhaoying Business Building, 151-155 Queen's Road Central, Hong Kong ("**Party A**" or "**Shareholder**");

*and*

**China-Africa Liantuo Mining Co., Limited (中非联拓矿业有限公司)**, a limited liability company established under the Law of Hong Kong with its registered legal address at Rooms 2201-03, 22/F., World-Wide House, 19 Des Voeux Road Central, Hong Kong ("**Party B**" or "**Shareholder**");

(In this Agreement, the parties are referred to individually as a "**Party**" or jointly as the "**Parties**")

#### **WHEREAS**

- (A) Cathay Fortune Corporation (鸿商产业控股集团有限公司, "**CFC Group**"), a private investment holding company established and existing under the Law of the PRC is mainly engaged in investment in mineral resources.
- (B) Discovery Metals Limited ("**DML**"), a public company listed on the Australian Securities Exchange (ASX: DML) and the Botswana Stock Exchange (BSE: DML). The major assets of DML are its 100% indirectly owned mineral resources assets located in Botswana, Africa.
- (C) CFC Group proposes to undertake the Acquisition through Cathay Fortune Investment Limited ("**CF Investment**" or "**Company**") in order to obtain control over the mineral resources in Botswana.
- (D) For the purpose of (C), CF Investment and China-Africa Development Fund (中非发展基金有限公司, "**CADFund**"), a company established and existing under the Law of the PRC, have executed the Subscription Agreement on the Execution Date. Under the Subscription Agreement, after the CADFund completes the share subscription, CFC Group will hold 75% equity stake in CF Investment through Party A and CADFund will hold 25% equity stake in CF Investment through Party B.

- (E) The Parties agree to define their respective rights and obligations as the shareholders of CF Investment under this Agreement.

On this basis, the Parties agree as follows:

## 1 DEFINITIONS AND INTERPRETATIONS

### 1.1 DEFINITIONS

In this Agreement, unless the context indicates otherwise, the following terms and expressions shall have the meanings as set out below:

<b>Acquisition</b>	means the proposed acquisition of DML, which is listed on the Australian Securities Exchange (“ASX”), by the Company in order to acquire at least more than XXXX% of the Relevant Interest in DML shares.
<b>Acquisition Completion</b>	means that CF Investment has successfully acquired more than 51% of the Relevant Interest in DML directly or indirectly through the Acquisition.
<b>Affiliate</b>	means, with respect to a Person (primary Person), any Person directly or indirectly Controlled by the primary Person, any Person Controlling the primary Person, and any Person that is Controlled by the same Person that Controls the primary Person, including without limitations, the controlling shareholder, parents, children and spouses of the primary Person.
<b>Articles of Association</b>	means the Article of Association of CF Investment.
<b>Board</b>	means the Board of Directors of CF Investment.
<b>Company Business</b>	has the meaning given to such term in Clause 2.
<b>CDB</b>	means China Development Bank or its branch(es).
<b>CDB Loan</b>	means the loan facility to be entered into between CF Investment (as the borrower) and CDB (as the lender) for the purpose of the Acquisition for the amount of USD XXXX and a term of XXXX years.

**Confidential  
Information**

has the meaning given to such term in Clause 13.

**Control**

means, in respect of any Person, the right of direct or indirect control with respect to such Person over the following matters (or entering into agreements or acquiring options for such matters):

- (i) affairs of the Person;
- (ii) entitlement to over 50% of the voting rights attached to the issued shares in the capital of such Person, exercisable on the shareholders' meetings;
- (iii) the right to determine the main composition of the board of directors or management committee or other similar organizations; or
- (iv) the right to direct the management of such Person by other means;

for the purposes of this Agreement, any change of Control of the Investor on any level of its shareholding structure will not be deemed as a change of Control, as long as China Development Bank directly or indirectly controls the Investor.

**Damage**

means any and all losses (including value deduction), liabilities, legal actions, lawsuits, penalties, expenses (including reasonable attorneys' fees) or compensation for damages, no matter whether any third party claim is involved.

**DML**

has the meaning set out in Recital (B) to this Agreement.

**LIBOR**

means, for the purposes of the calculation of LIBOR under this Agreement:

- i the average Interest Settlement Rate estimated by the British Banks' Association in USD over six (6) months as displayed on the appropriate Reuters screen two (2) business days prior to the calculation of LIBOR (accurate to the fourth digit after the decimal point). If said screen is substituted or the service ceases, other reasonable screen or service, as agreed by the Parties after negotiation, shall be



used as basis for the Interest Settlement Rate in USD over six (6) months; or

- ii if the LIBOR set out in (i) cannot be obtained, the average of the deposit interest rate in USD over six months will be the figure as enquired by CDB to the major banks of the London Interbank Market (Barclays, Citibank, HSBC or other banks as agreed by the Parties) two (2) business days prior to the calculation of LIBOR (accurate to the fourth digit after the decimal point).

For the purposes of this definition, "business day" means the day on which the London commercial banks and the foreign exchange market process payment and settlement are open for official business (including foreign exchange transaction and foreign currency deposit).

<b>Disclosing Party</b>	has the meaning given to such term in Clause 13.1.
<b>Disposal</b>	means, insofar as the Shares under this Agreement are concerned, to deal with or dispose of the relevant legal or beneficial interest of the Shares by way of sale, transfer, assignment, trust, transfer (proxy) of voting right or any other methods. For the avoidance of doubt, the Disposal of the Shares does not include a change of Control over the direct holders of the Shares.
<b>Effective Date</b>	means the date on which Party B is officially registered as a shareholder of CF Investment.
<b>Force Majeure Event</b>	means any earthquake, blizzard, fire, flood, war or other major events, or natural or human-caused disasters after the Effective Date that are unforeseeable (or foreseeable but not reasonably avoidable), beyond the reasonable control of any Party and prevent any Party from fully or partially performing its obligations under this Agreement.
<b>Hong Kong</b>	means the Hong Kong Special Administrative Region of the PRC.
<b>CF Investment</b>	has the meaning set out in the Recitals (C) to this Agreement.

<b>Person</b>	means any individual, partner, limited liability company, joint venture, enterprise, company, institute, joint stock company, trust, unincorporated organization or other similar entity.
<b>Law</b>	means all currently effective laws and legislations, including laws, regulations, resolutions, decisions, government decrees, orders and other legislative, judicial or administrative documents.
<b>Receiving Party</b>	has the meaning given to such term in Clause 13.1.
<b>Representative</b>	means the administrative staff, director, shareholder, officer, employee, agent, consultant, advisor and other representative of any Person or other Person who operates, manages or controls any Person.
<b>Shares</b>	means the shares of CF Investment issued from time to time, including ordinary shares and preferred shares, and the equivalent of such shares.
<b>Party B Transfer Shares</b>	has the meaning given to such term in Clause 8.1.
<b>Party A Transfer Shares</b>	has the meaning given to such term in Clause 8.2.
<b>Stock Exchange</b>	means the ASX and the Botswana Stock Exchange.
<b>Execution Date</b>	means the date when the authorised Representative of the last Party executes this Agreement; such date is specified on the cover page and the first page of this Agreement.
<b>Subscription Agreement</b>	means the share subscription agreement executed by CF Investment and CADFund (as Investor) on the Execution Date, under which CF Investment agrees to issue to CADFund or its designated wholly owned subsidiary (that is, Party B) such number of Shares to be equal to 25% of CF Investment's then all issued Shares.
<b>USD</b>	means US dollar, the official currency of the United States of America.

**Relevant Interest** has the meaning given to such term under Section 9, Part 1.2, Chapter 1 of the Corporations Act 2001 (Cth).

## 1.2 INTERPRETATION

- (a) All Provisions or Schedules referred hereto are the provisions or schedules of this Agreement.
- (b) The headings are for convenience only and do not affect the meaning or interpretation of this Agreement.
- (c) The Business Day referred hereto means: i) for an obligation or matter to be undertaken in Hong Kong, the day when the Hong Kong banks open for business (except for Saturday and Sunday); and ii) for an obligation or matter to be undertaken in the PRC, the day when the PRC banks open for business (except for Saturday and Sunday).
- (d) For the purposes of this Agreement, the PRC referred hereto shall not include the Macau Special Administrative Region, the Hong Kong Special Administration Region, and Taiwan.

## 2 BUSINESS PURPOSE

The Parties agree that CF Investment is the sole special purpose vehicle for the Parties to cooperate on the Acquisition, which can only carry out the Acquisition and its related affairs and hold and manage DML Shares after the Acquisition (“**Company Business**”). CF Investment shall not conduct any other business without prior written approval of the Parties.

## 3 EFFECTIVENESS

Once executed, the Agreement shall not be changed or altered without the consent of the Parties, and it will come into effect automatically on the Effective Date and will be legally binding on the Parties.

## 4 CORPORATE GOVERNANCE STRUCTURE

The Parties agree to use their best endeavors to amend the existing Articles of Association per this Agreement as soon as practicable after the Execution Date.

#### **4.1 CAPITAL REDUCTION**

The Parties acknowledge and agree that they shall provide necessary shareholder approvals to facilitate the capital reduction by CF Investment under the Subscription Agreement when CF Investment undertakes the capital reduction under Clause 4 of the Subscription Agreement.

#### **4.2 BOARD – COMPOSITION AND APPOINTMENT**

- (a) The Board consists of four (4) directors, from which Party A is entitled to appoint, remove and replace three (3) directors; and Party B is entitled to appoint, remove and replace one (1) director.
- (b) Notwithstanding Clause 4.2(a), a Shareholder will cease to be entitled to appoint Directors if such Shareholder holds less than 10% of then issued Shares of the Company.

#### **4.3 CHAIRPERSON**

The Chairperson of the Board shall be appointed by Party A from their nominee Directors.

#### **4.4 UNANIMOUS APPROVAL**

If Party B holds more than 15% of the Shares, Party B's appointed Director will have (and only have) veto right on the Board resolutions on the following matters:

- (a) amendments to the Articles of Association;
- (b) change(s) to the corporate name of CF Investment;
- (c) consideration and approval of significant investments and the financing of CF Investment (excluding the Acquisition conducted by CF Investment and the investments and financing of which the total annual amount does not exceed 30% of the total assets of CF Investment for the previous year and which do not require Party B to provide new capital injection or any form of guarantee).
- (d) issuance of new Shares or the listing of Shares;
- (e) CF Investment's plan for profit distribution and loss recovery;
- (f) increase or decrease of the authorised capital of CF Investment;

- (g) merger, split and change of corporate forms of CF Investment;
- (h) changes to Company Business;
- (i) CF Investment's provision of external loan and guarantee and any disposal and recombination of material assets (including material assets held by CF Investment and any of its immediate subsidiaries; for example, the mineral resources in Botswana 100% indirectly held by DML; any assets exceeding 30% of the total assets of CF Investment in the previous year are deemed as material assets) and/or 5% or more than 5% of the core assets (that is, more than 5% of the Shares of DML (including its successors or surviving entities in other forms) and corresponding option interests (including legal and beneficial interests), and the assets of similar nature and equal value that the Company will acquire in the future); and
- (j) termination or dissolution of CF Investment.

#### **4.5 SIMPLE MAJORITY**

Except for the items set out in Clause 4.4, all matters that arise in the course of CF Investment's Company Business that require the resolution of the Board shall be approved by a simple majority. Notwithstanding Clause 4.4, the Parties agree that the following matters can be approved by the simple majority of the Board:

- (a) securities arrangements referred to in Clause 9.
- (b) eligible issuance or listing of Shares, which means, after the Acquisition Completion:
  - (i) if CF Investment fails to achieve the number of shares required to privatise or delist DML, then the price of the newly issued Shares is a fair price, or the "projected rate of return" calculated by the estimated issuing price is no less than the compound annual return rate calculated by using six-month LIBOR during the Share holding period plus 5.42%; or
  - (ii) if CF Investment succeeds in privatisation and delisting of DML, then the price of the newly issued Shares or the estimated issuing price in the Share listing program is a fair price, or the "expected rate of return" calculated by the projected listing price is no less than a compound annual return rate of 10%;

The “expected rate of return” referred to in Clause 4.5(b) means the annualised rate of return calculated in accordance with the following formula:

$$\sqrt[t]{\frac{(\text{number of Shares subscribed by Party B}) * (\text{price of newly issued Shares or projected listing price}) + (\text{distributed dividends})}{(\text{subscription price})}} - 1$$

Note:

- (1) t = days that Party B actually holds Shares /365;
- (2) “number of Shares subscribed by Party B” means the number of “Investor Subscription Shares ”referred to in the Subscription Agreement (including changes in the number of Shares as a result of merger, split, subscription or placement after Party B becomes the holder of the Shares);
- (3) ”subscription price” means the “Investor Subscription Price” referred to in the Subscription Agreement and the sum of payments made by Party B for the acquisition of Shares afterwards (including without limitation, by way of subscription or allotment of Shares);
- (4) “distributed dividends” means all cash dividends received by Party B from the Shares it holds as of the date when the subject matter is submitted to the Board for resolutions.

## 5 RELATED PARTY TRANSACTION

If a transaction proposed between the Company and a Shareholder and/or its Affiliates requires approval on the Board or Shareholders meeting, the directors appointed by such Shareholder or the Shareholder (as the case may be) shall withdraw from voting. The amended Articles of Association shall specify the voting procedures of related party transactions in accordance with this Clause 5, unless the Parties (including their Affiliates) agree otherwise.

## 6 RIGHT TO KNOW

The Article of Association will stipulate the following items:

- (a) Each Party has the right to access and make a copy of the Article of

Association, Board resolutions and financial statement of CF Investment.

- (b) CF Investment shall have the obligation to provide the quarterly (if available) semiannual and annual financial statements of CF Investment and DML to both Parties no later than thirty (30) days after receiving the relevant statements before DML is delisted. The annual audited financial statement shall be provided within ten (10) days after the audited statement is released. After DML is delisted, Part A will procure CF Investment to obtain the quarterly (if available) semiannual and annual financial statements from DML and provide such financial statements to Party B within five (5) days after obtaining them.
- (c) Each Party is entitled to review the accounts of CF Investment through the process set out in the internal financial rules of CF Investment. Each Party shall make a written request to the Board at least fifteen (15) days before exercising such right (such request shall not be unreasonably denied by the Board). Such request shall provide in detail the specific information of the persons designated to review the account of CF Investment, the categories of the financial information proposed for review and any other information required to be described in detail under the internal financial rules of CF Investment. The Board shall not deny any such request from either Party.
- (d) After DML is delisted from the Stock Exchange, each Party has the right to audit DML to the extent permitted by the applicable Law at its own cost.

## **7 DML BOARD AND MANAGEMENT AND AFFILIATED PROJECT COMPANIES**

The Parties agree that after the Acquisition Completion, if CF Investment has the right to appoint (or agree to nominate) every four (4) directors and/or senior managers (four (4) directors in aggregate if not appointed or nominated at once), Party B is entitled to appoint (or actually nominate) one director or senior manager (at Party B's discretion, save that for every three (3) directors appointed (or actually nominated) by Party A, Party B is entitled to nominate at least one (1) director). If the directors or senior managers are appointed through nomination, Party A and Party B shall procure CF Investment (or other voting entities it controls directly or indirectly) to vote in favor of each other Party's nominees.

## 8 DISPOSAL OF SHARES

- (a) The Parties agree that the Shares they hold respectively will only be Disposed in the manner specified under this Clause 8;
- (b) If any third party proposes to purchase the Shares from one Party, such Party shall notify the other Party in due course regardless of whether it intends to sell the Shares to such third party. In any event, such Party shall notify the other Party no later than ten (10) days after it receives the purchase offer from a third party; and
- (c) The transfer of Shares from one Party to any of its wholly owned subsidiaries or other wholly owned subsidiaries of the ultimate controlling Person of such Party at the time of the execution of this Agreement will not be restricted by this Clause. Such subsidiaries shall execute appropriate documents before or at the time of the Shares transfer to effectively become a party to this Agreement.

### 8.1 PRE-EMPTION OF PARTY A

If Party B proposes to fully or partially Dispose of its Shares to a third party ("**Party B Transfer Shares**"), Party A has a pre-emptive right over the Party B Transfer Shares.

### 8.2 PRE-EMPTION OF PARTY B

If Party A proposes to entirely or partially Dispose its Shares to a third party ("**Party A Transfer Shares**"), Party B has a pre-emptive right over the Party A Transfer Shares.

### 8.3 EXERCISE OF PRE-EMPTION

A Party ("**Remaining Shareholder**") must exercise its pre-emptive right in accordance with the following terms and conditions:

- (a) If a Party ("**Disposing Party**") intends to fully or partially Dispose of its Shares to any third party, or a third party proposes to fully or partially purchase the Shares held by the Disposing Party:
  - (i) the Disposing Party must provide a notice in writing ("**Written Disposal Notice**") to the Remaining Shareholder, setting out the full details of the terms of the proposed Disposal of Shares to the third party, including without limitation, the number of the Shares to be disposed of, price per Share, warranties offered, completion deadline, and basic



information and contact details of the third party.

- (ii) The Written Disposal Notice, once sent, will constitute an offer by the Seller to Dispose of the relevant Shares to the Remaining Shareholder on the same terms and conditions as set out in the Written Disposal Notice. The Written Disposal Notice cannot be withdrawn unless a waiver is obtained from the Remaining Shareholder.
  
- (b) If the Disposing Party complies with the procedure set forth in Clause 8.3(a) and the Remaining Shareholder does not give any written notice indicating its intent to exercise its pre-emptive right within thirty (30) days after the receipt of the Written Disposal Notice, the Remaining Party will be deemed to have agreed with the transfer of Shares from the Disposing Party to the third party. If the Remaining Shareholder confirms with the Disposing Party that it will exercise its pre-emptive right within the said 30-day period (such confirmation cannot be withdrawn once issued), the Disposing Party must sell the Shares to the Remaining Shareholder. The Remaining Shareholder must complete the Disposal of Shares in accordance with the terms and conditions as set out in the Written Disposal Notice (including without limitation the completion deadline). Otherwise the Disposing Party is entitled to sell the Shares that are proposed to be Disposed of to a third party after the proposed deadline of completion.
  
- (c) Subject to Clauses 8.3(a) and 8.3(b), if one Party does not exercise its pre-emptive right (as to Party B, it also includes the tag along right and priority right of sale), the Seller shall be entitled to fully or partially transfer its Shares to any third party, provided that the terms of such transfer shall be no more favorable than the terms set out in the notice given to the other Party.

#### **8.4 TAG ALONG RIGHT OF PARTY B**

- (a) If Party B does not exercise the pre-emptive right under Clause 8.2, Party B has the option to require such third party to purchase the Shares from the Parties in accordance with their respective percentages of Shares in CF Investment on the same price and conditions such third party offers to purchase the Party A Transfer Shares (depending on specific arrangement of the transfer of Shares proposed by Party B, this includes without limitation the Shares of Party A or any entity from CFC Group that directly or indirectly holds Shares in CF Investment then). The number of Shares Party B may choose to require such

third party to purchase will be calculated as follows:

Party B Transfer Shares proposed to be purchased by third party \* (ratio of shares in CF Investment held directly or indirectly by Party B / (ratio of shares in CF Investment held directly or indirectly by Party A + ratio of shares in CF Investment held directly or indirectly by Party B)).

If Party B chooses to exercise its tag along right under this Clause and the third party is unable or it is not feasible for them to directly purchase or hold the Shares sold by Party B, Party A may choose to purchase the Shares sold by Party B on the same price and terms, otherwise Party A must not transfer the Party A Transfer Shares to the third party.

- (b) If Party B chooses to exercise the tag along right, it shall give irrevocable written notice to Party A and the third party within thirty (30) days after the receipt of the Written Disposal Notice, indicating that it proposes to exercise its tag along right. Once Party B exercises its tag along right, Party A shall procure the third Party to purchase the Party B's salable Shares calculated under this Clause.
- (c) For the avoidance of doubt, if there is a change of Control to Party B at any level, Party B will not enjoy the tag along right for its shares under this Clause 8.4 starting from the date when the Control has actually changed.
- (d) Subject to Clause 8.4(c), Party B's tag along right is not limited by the number of occurrences of the transfer of Shares by Party A.
- (e) For the avoidance of doubt, subject to Clause 15.2 of this Agreement, if Party B transfers its Shares to any third party other than Party B's wholly owned subsidiaries under Clause 8 of this Agreement, such third party, as the transferee, will not enjoy Party B's tag along right under this Clause 8.4 of the transferred Shares.

## **8.5 PRIORITY RIGHT OF SALE OF PARTY B**

- (a) Notwithstanding Clause 8.4:
  - (i) If the Party A Transfer Shares to a third party will result in the decrease of the percentage of Shares held by Party A directly or indirectly in CF Investment to fall below 50%; or

- (ii) There is a change of control to Party A at any level;

Party B has the priority right to sell its entire Shares to a third party on the same price and terms as those offered for Party A Transfer Shares (if triggered by the event set out in Clause 8.5(a)(i)), or for the Share price calculated based on the third party agreed purchase price of Shares reflecting Party A's holding percentage in the Company (if triggered by the event set out in Clause 8.5(a)(ii)), otherwise Party A shall not transfer to the third party any Shares it hold directly or indirectly. If Party B chooses to exercises its priority right of sale and the third party is unable or it is infeasible for them to directly purchase or hold the Shares sold by Party B, Party A may choose to purchase the Shares sold by Party B on the same price and terms. Otherwise Party A must not transfer Party A Transfer Shares to the third party.

- (b) If Party B chooses to exercise the priority right of sale, it shall give irrevocable written notice to Party A and the third party within thirty (30) days after the receipt of the Written Disposal Notice, indicating that it intends to exercise its priority right of sale.
- (c) For the avoidance of doubt, if there is a change of Control to Party B at any level, Party B will not enjoy the priority right of sale for its shares under this Clause 8.5 starting from the date when the Control has actually changed.
- (d) For the avoidance of doubt, subject to Clause 15.2 of this Agreement, if Party B transfers its Shares to any third party other than Party B's wholly owned subsidiaries set forth under Clause 8 of this Agreement, such third party, as the transferee, will not enjoy Party B's priority right of sale of the transferred Shares under this Clause 8.5.

## **8.6 RIGHTS OF PARTY B POST PARTIAL DISPOSAL OF SHARES**

If Party B has only partially transferred the Shares in CF Investment over to a third party or its Affiliates, Party B is still entitled to the relevant rights over the balance of Shares which it holds as per the provisions of this Agreement (including the relevant limitations), including without limitation, the tag along right and priority right of sale.

## **9 LOAN FACILITY AND GUARANTEE**

To satisfy the security arrangements required for the CDB Loan, the Parties agree that, after the Acquisition Completion and subject to CDB's then specific requirements:

- (a) each Party will mortgage all their directly or indirectly held Shares to CDB;
- (b) the Parties agree to support CF Investment to mortgage to CDB all the DML shares it acquires from the Acquisition;
- (c) Parties will negotiate with CDB and procure CDB to agree to allow the Parties to share the responsibility for the loan guarantee in proportion to their respective percentages of Shares in CF Investment and release Party A's credit line accordingly. Subject to the internal management rules of CDB and Party B, Party B will not be responsible for any default liability if CDB does not accept the guarantee provided by Party B; and
- (d) if CDB does not accept the guarantee provided by Party B under the above (c), Party B shall not unreasonably refuse to provide the guarantee and shall actively take actions to seek approvals for such guarantee when CF Investment needs Party B to use its Shares in CF Investment to provide such guarantee in order for CF Investment to complete the Acquisition or undertake financing activities for the purpose of reasonably increasing the value of DML after the Acquisition Completion.

## **10 REPRESENTATIONS AND WARRANTIES**

### **10.1 REPRESENTATIONS, WARRANTIES AND PROMISES**

On the Execution Date, each Party gives the following representations and warranties to the other Parties:

- (a) it is duly incorporated and validly existing under the Law of the jurisdiction of its incorporation and is in good standing;
- (b) it has all the proper and effective power and authorisation required to enter into this Agreement and perform its obligations under this Agreement;
- (c) once executed, this Agreement cannot be modified without the consent of the Parties, and will come into effect and become binding upon the Parties from the Execution Date, and can be enforced against the Parties according to its terms. During its existence, this Agreement will not:
  - (i) breach any corporate document of such Party or result in the non-performance of such document;

- (ii) result in any breach, non-performance, mediation, termination or early expiration of the agreements under which such Party is bound;
  - (iii) require such Party to obtain consent or give notice under any agreement under which it is bound, or grant any governmental agency or Person the right to raise any objection to any transaction proposed under this Agreement; or
  - (iv) breach any applicable Law or order, judgment or decree of any relevant governmental agency with administrative right over this Party; and
- (d) it has obtained all necessary governmental consents, approvals and qualifications required for the execution and performance of the Agreement;
- (e) it is not involved in any receivership, liquidation or dissolution proceedings, or has any issue that could initiate such proceedings;
- (f) neither Party has any undisclosed facts or situations related to its affairs, the disclosure of which is reasonably expected to affect the other Party's decision to the execute this Agreement (if applicable); and
- (g) to the best of its knowledge, no actual or potential litigation, arbitration, administrative or criminal proceedings or other third party claim against such Party exists that is likely to give rise to any Material Adverse Effect against the performance of this Agreement by such Party.

The Parties also undertake that, during the existence of this Agreement, they will have all the proper and valid powers and authorisations (including appropriate governmental approvals and qualifications) required for the performance of their obligations under this Agreement. If the breach of any of the warranties described under the above Clause (c) occurs to any Party ("Affected Party") after the Effective Date, the Affected Party must notify the other Party within ten (10) Business Days.

## **10.2 RELIANCE**

Each Party acknowledges that the other Party's execution and performance of this Agreement is in reliance on the representations and warranties given in Clause 10.1.

## **11 TERMINATION, DEFAULT AND INDEMNIFICATION**

### **11.1 TERM**

This Agreement comes into force on the Effective Date, and will remain in force unless early terminated under Clause 11.2.

### **11.2 TERMINATION**

Unless otherwise agreed in this Agreement, this Agreement can be terminated for any of the following events:

- (a) Both Parties agree to terminate this Agreement in writing;
- (b) One Party no longer holds any Share for any reason;
- (c) If any Party materially breaches its obligations under this Agreement (including without limitation its representations, warranties and undertakings) and does not remedy such breach within fourteen (14) days after receipt of the other Party's written notice, this Agreement can be terminated immediately upon the other Party's written notice;
- (d) If this Agreement cannot be performed due to a Force Majeure Event under Clause 12, this Agreement may be terminated immediately upon any Party's written notice;
- (e) If the Company cannot continue its business due to the failure of any Party to carry out its obligations under this Agreement or its breach of the representations, warranties and undertakings under Clause 10, this Agreement may be terminated immediately upon the other Party's written notice; and
- (f) If any Party is bankrupt, has entered into liquidation or dissolution procedures or its business is suspended, this Agreement may be terminated immediately upon the other Party's written notice.

### **11.3 CONSEQUENCES OF TERMINATION**

If this Agreement is terminated according to clause 11.2, this Agreement will cease to have any legal effect, unless clause 11.5 applies. No Party shall be liable to the other Party for this termination except for the relevant liability resulting from any breach of any of the provisions in this Agreement.

## **11.4 DEFAULT**

- (a) Any of the following acts will constitute a default: (i) one Party fails to perform or fully perform its obligations under this Agreement or intends to deliberately hinder the other Party from exercising its rights under this Agreement, and failed to initiate action to eliminate such hindrance within five (5) days after receipt of the other Party's written notice (such written notice must reasonably set forth the nature of such default in detail), and failed to eliminate such hindrance within fifteen (15) days after receipt of the other Party's written notice; or (ii) one Party's representation and warranty is materially misleading or inaccurate.
- (b) If one Party suffers any Damages from the default of this Agreement by any Party, the defaulting Party must compensate the other Party for such Damages (including without limitation, interest paid and legal costs) and hold the Party harmless. Notwithstanding the above provision, the indemnification that one Party receives shall not restrict such Party from exercising other rights and remedies under this Agreement and applicable the Law.

## **11.5 CONTINUE TO BE EFFECTIVE**

Any rights and obligations arising from the breach of this Agreement before the expiration or termination of this Agreement will remain in full effect and continue to be effective after the expiration or termination of this Agreement.

## **12 FORCE MAJEURE**

### **12.1 EXEMPTION OF OBLIGATIONS**

If any Party is prevented from performing all or part of its obligations under this Agreement due to a Force Majeure Event, that Party will be exempt from performing such obligations within the scope of the influence of such Force Majeure Event, unless otherwise stipulated by Law.

### **12.2 SUSPENSION OF PERFORMANCE AND COMMERCIALY REASONABLE EFFORTS**

Any Party affected by Force Majeure Event may cease performance of its obligations under this Agreement within the scope of the influence and duration of the Force Majeure Event. Such Party must use commercially reasonable efforts to eliminate any obstacles caused by Force Majeure Event and mitigate any resulting damages to the

extent it is possible to do so. Upon written consents of the Parties, the term of this Agreement may be extended corresponding to the duration of Force Majeure Event.

### **12.3 DELAY OR FAILURE IN PERFORMANCE OF OBLIGATIONS**

If a Force Majeure Event occurs following one Party's delay or failure to perform its obligations under this Agreement, then such Party is not exempted from performing of its obligations.

### **12.4 NOTICE**

Any Party claiming a Force Majeure Event shall immediately notify the other Party of such event in order to mitigate the Damages suffered by the other Party to the lowest degree and provide sufficient written proofs to the other Party regarding such Force Majeure Event. The Parties shall promptly negotiate with each other to determine the appropriate solution.

### **12.5 RIGHT TO TERMINATE**

If any Party fails to perform any major obligation during the period when a Force Majeure Event continues for more than ninety (90) days, the other Party may terminate this Agreement in accordance with Clause 11.2(d).

## **13 CONFIDENTIALITY**

### **13.1 OBLIGATIONS OF CONFIDENTIALITY**

Any Party ("**Receiving Party**") shall keep in confidence the confidential information and proprietary information that it may obtain regarding the business of other Party ("**Disclosing Party**"). Such information shall include, without limitation, information with respect to the new product, plan of product, design of product, customer, technology, computer code, business secret, pricing mechanism, know-how, invention, technique, procedure, algorithm, chart, document, business opportunity, process and convention, as well as information that shall be deemed in good faith as confidential based on its nature and/or the disclosing occasion ("**Confidential Information**"). Both Parties agree that, unless otherwise specified expressly in this Agreement, the Agreement relating to this Acquisition and its relevant clauses and conditions, execution and performance, as well as the information relating to the business of one Party and marked as confidential information by that Party, shall be deemed as Confidential Information. No Party shall disclose the relationship between the Parties under this Agreement to any third party without the prior consent of the other Party or



the prior notice of the intent to disclose to such other Party in order for it to review such disclosure and propose reasonable objections.

Besides the obligation to keep in strictest confidence the other Party's Confidential Information, both Parties shall take all reasonable precautionary measures to prevent the disclosure of Confidential Information of the other Party without authorisation as well as the sharing of any or all Confidential Information with any third party for any reason, unless such disclosure and sharing are required under the Law, court orders or requests by governmental agencies, entities or other authorities with jurisdiction. Without any limit to the obligations under this clause, each Party agrees to strictly limit the internal circulation of Confidential Information on a need-to-know basis, under which the Confidential Information shall only be disclosed to those personnel having been informed of the confidential nature of such information and has agreed to abide by the confidentiality clause of this Agreement. The circulation of Confidential Information shall be relevant to the performance of this Agreement and measures shall be implemented to assure that such circulation is bounded hereby. Each Party shall require its employees and Affiliates who perform the relevant services contemplated under this Agreement to undertake similar confidentiality obligations as those undertaken by such Party. The covenant of keeping the information in confidence will remain in effect after the termination of this Agreement.

### **13.2 EXCEPTIONS**

Both Parties understand that the above-mentioned restrictions shall not apply to any part of Confidential Information if the Receiving Party can prove the situations below: (a) The Receiving Party has already known the information prior to the undertaking of the confidentiality obligations; (b) the information is obtained from any third party who is lawfully in possession of such information and without violating any contractual or legal obligations undertaken by the Disclosing Party regarding such information; (c) the information has entered into or become part of the public domain without any fault of the Receiving Party; (d) the information is independently discovered or developed by the Receiving Party or its employees; (e) the disclosure of the information is required by Law or the disclosing rules of the stock exchange where the Receiving Party is listed or the administrative or judicial authorities. However, the Receiving Party shall notify the Disclosing Party immediately upon the receipt of the notification of disclosure so that the Disclosing Party has the opportunity to take other legal remedies to keep such information in confidence; or (f) the disclose of the information is authorised in writing by the Disclosing Party.

### **13.3 USE AND PROPERTY**

The Receiving Party agrees that it shall not use Confidential Information for the benefit of itself or any third party except that such use is in accordance with the clauses and conditions of this Agreement. All the Confidential Information shall remain as the assets of the Disclosing Party. Upon the termination for any reason or the expiration of this Agreement, the Receiving Party shall immediately return to the Disclosing Party or destroy, at the request of the Disclosing Party, all the originals or copies of the materials containing or expressing Confidential Information in any form, including without limitation, computer code, disk, drawing, technical requirement, manual and other printed or copied materials (including information stored in the machine readable mediums).

### **14 RELATIONSHIP WITH ARTICLES OF ASSOCIATION**

Insofar as the Parties are concerned, this Agreement shall prevail to the maximum extent permitted by applicable the Law, if there is any conflict or inconsistency between the Agreement and Articles of Association.

### **15 GENERAL**

#### **15.1 RELATIONSHIP BETWEEN PARTIES**

The relationship between the Parties is independent and contractual. No Party shall be entitled to, nor express to be entitled to any power, rights or authorities to bind on the other Party or represent or in the name of the other Party to undertake or create any express or implied obligations or responsibilities. Nothing in this Agreement shall be interpreted to create any employment, franchise or agency relationship between the Parties. With respect to all the issues relating to this Agreement, no Party or its Representative or Affiliate will become the Representative of, or represent, the other Party due to the meaning or application of the obligations or responsibilities arising from employment relationship. Any Party shall indemnify the other Party to prevent it from suffering any Damages if, under any relevant Law, the performance of this Agreement by the employees of this Party results in or intends to result in any liability or obligation to the other Party

#### **15.2 ASSIGNMENT**

No Party shall be entitled to assign its rights or obligations under this Agreement without prior written consent by the other Party. Notwithstanding the above agreement,

one Party may assign any rights or obligations under this Agreement to its wholly owned subsidiaries after notifying the other Party in writing.

### 15.3 WAIVER

Any waiver of any clause of this Agreement shall be invalid, unless the Party giving such waiver agrees in writing. Any failure or delay in performance of any right, power or privilege under this Agreement shall not be interpreted as the waiver thereof. Any independent or partial exercise shall not restrict the further exercise of such right, power or privilege or performance of any other rights, powers or privileges. No clauses or conditions of this Agreement shall be deemed as making a waiver in accordance with ordinary trading or industry practice.

### 15.4 NOTICE

(a) Notice or other correspondence to be made under this Agreement shall be in writing and in Chinese, and shall be sent to the other Party by means of courier, registered airmail, facsimile or email with confirmation of receipt in the following way (or to such other person or address that any Party informs the other Party in the same way):

(i) If sent to Party A:

Address: Room 4403, Jinmao Building, No. 88 Shiji Dadao, Shanghai 200121

Attention: ZHANG, Zhenhao

Facsimile: +86 21 5049 9598

Email: zhangzh@cfc-group.cn

(ii) If sent to Party B:

Address: 10<sup>th</sup> Floor, East Tower, Kaichen World Trade Centre, No. 28  
Fuxingmen Neidajie, Xicheng District, Beijing 200121

Attention: LIU, Ningchuan

Telephone: 010-59892870

Facsimile: 010-59892897

Email: liuningchuan@cadfund.com

- (b) Notice or other correspondence shall become effective as of the date of delivery to the address in the way under Clause 15.4(a).

#### **15.5 GOVERNING LAW**

This Agreement is governed by and construed under the Law of Hong Kong.

#### **15.6 DISPUTE RESOLUTION**

- (a) If a dispute cannot be solved through friendly negotiation within thirty (30) days after one Party formally proposes so to the other Party, such dispute shall eventually be submitted for arbitration under the UNCITRAL Arbitration Rules (and possible revisions per the rest part of this Clause) that is effective as of the submission date.
- (b) The designated arbitral tribunal is the Hong Kong International Arbitration Centre.
- (c) The venue for arbitration is Hong Kong.
- (d) Any such arbitration must be conducted by the Hong Kong International Arbitration Centre in accordance with its then effective arbitration procedures, including provisions contained thereof other than the UNCITRAL arbitration rules.
- (e) The language used in arbitration is Chinese.
- (f) All arbitration costs (including legal costs) are borne by the Parties in accordance with the arbitration award.
- (g) Notwithstanding they have agreed in the aforesaid clauses to submit their disputes to arbitration, the Parties confirm that the Party whose rights are infringed will be entitled to seek interim or permanent injunctions or indemnifications or other remedies in similar forms from any court with relevant jurisdiction, subject to any applicable Law of the relevant jurisdiction.
- (h) If any Party, for itself or its assets, may claim exemption over any litigation, enforcement, retention (to assist enforcement, before any awards or otherwise) or other legal proceedings in any jurisdiction, or such Party or its assets enjoy such exemption in such jurisdiction (whether claimed or not), such Party irrevocably agrees that, to the maximum extent permitted by the Law of such

jurisdiction, it will not make such claim and will irrevocably waive any such exemption.

#### **15.7 SEVERABILITY**

If any clause in this Agreement is decided to be unenforceable by a court or other dispute resolution organisation with jurisdiction, such clause should be carried out to the largest extent permitted by Law in order to fully realize the purpose of such clause, and the rest of clauses in this Agreement remains effective. If the unenforceability of the aforesaid clauses will result in the failure to achieve the fundamental purpose of this Agreement, this Agreement shall be ineffective for all.

#### **15.8 ENTIRE AGREEMENT; VARIATION**

This Agreement, including all the appendices and schedules (if applicable) hereto, constitutes and contains the entire agreement between the Parties with respect to the issues under this Agreement, and shall supersede all previous oral or written discussions, negotiations and agreements between the Parties. This Agreement cannot be altered, changed, amended or supplemented without written documents executed by all Parties related to the relevant agreements. Each Party acknowledges and agrees that the other Party makes no material declarations, warranties or arrangements of any nature other than those specified in this Agreement. This Agreement shall come into force, or have other binding force after it has been executed by each Party's duly authorized Representative.

#### **15.9 NON-DISCLOSURE**

- (a) Subject to Clause 13, no Party shall publicly disclose the relationship or level of involvement of the Parties under this Agreement or in the Acquisition without prior written consent by the other Party.
- (b) Notwithstanding Clause 15.9(a), both Parties understand and acknowledge that the execution of this Agreement will trigger the obligations of disclosure pursuant to applicable Law as well as the listing rules of the Stock Exchange. The Parties agree that any Party bearing the obligation of disclosure shall notify the other Party before the relevant disclosure is made and there is no need to obtain the other Party's consent as to the disclosure of this Agreement. Besides, such Party shall undertake all liabilities resulting in or arising from inappropriate disclosures.

#### **15.10 ACQUISITION COSTS**

- (a) Post the Acquisition Completion, the costs incurred by the Parties (including CFC Group and CADFund) for the Acquisition, including those costs and expenses incurred in connection with engaging consultants, and preliminary feasibility study (including the associated taxes) and other Acquisition related costs, will be counted as the preliminary costs incurred by CF Investment, upon confirmation by the Parties.
- (b) The aforesaid costs and expenses arrangements do not prevent any Party from seeking indemnifications from the other Party pursuant to Clause 11.4 of this Agreement.

#### **15.11 LANGUAGE**

This Agreement is prepared in Chinese and executed in four (4) original copies. Each Party will keep two (2) copies.

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorised representative of each Party on 22 October, 2012.

**Party A**

**CATHAY FORTUNE INTERNATIONAL COMPANY LIMITED**

[Signature of ZHANG, Zhenhao]

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Name: ZHANG, Zhenhao  
Title: Director

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorised representative of each Party on 22 October, 2012.

**Party B:**

**CHINA-AFRICA LIANTUO MINING CO., LIMITED**

[Signature of XUE, Fenghui]

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Name: XUE, Fenghui  
Title: Director