

SUPREME COURT OF NEW SOUTH WALES
DISCOVERY METALS LIMITED (ASX:DML)
SHAREHOLDER CLASS ACTION

This notice is an important document which may affect your legal rights. **You should read this notice carefully** and, if you do not understand any part of it, you may wish to seek legal advice in relation to its content.

1. The Discovery Metals Shareholder Class Action

On 2 August 2017, a class action was commenced in the Supreme Court of New South Wales by Alan Smith on his own behalf and behalf of the all persons who are “Group Members”, as defined below in section 2 of this notice. The action is against KPMG Financial Advisory Services (Australia) Pty Ltd (ACN 007 363 215) (**KPMG Advisory**) and relates to an expert valuation of Discovery Metals Limited (**DML**) prepared by the KPMG Advisory in November 2012.

The valuation was commissioned by the DML board to support a recommendation to shareholders in respect of an off-market takeover bid made in October 2012 by Cathay Fortune Investment Limited.

The Plaintiff alleges in the further amended statement of claim filed in the New South Wales Supreme Court, proceedings no 2017/00234966, that he and other Group Members suffered loss and damage as a result of KPMG Advisory:

- making misleading or deceptive statements within the meaning of section 670A(1)(h) of the *Corporations Act 2001* (Cth) in its Report which supplemented DML’s target statement released to the ASX on 23 November 2012; and
- breaching its duty of care to the Plaintiff and Group Members in forming and expressing the opinion that the takeover offer of \$1.70 per share made by Cathay Fortune Investment Limited was not fair and reasonable.

KPMG Advisory denies these allegations and is defending the class action.

2. Who are the “Group Members”?

The Supreme Court of New South Wales has ordered that this notice be published for the information of persons who might be members of the class on whose behalf the action is brought and may be affected by the action. You are a member of the class (**Group Member**) if you:

- held shares in DML in the period between 23 November 2012 and 15 February 2013 and continued to hold shares in DML after 15 February 2013 for a period of time;
- have suffered loss or damage by or resulting from the conduct of KPMG Advisory alleged in the further amended statement of claim;
- are not those persons listed in s 159(2) of the *Civil Procedure Act 2005* (NSW);
- are not Cathay Fortune Corporation, China-Africa Development Fund or CF Fortune Investment Limited, and are not related entities of those companies, within the meaning of section 9 of the *Corporations Act 2001* (Cth); and
- were not a director of DML at the relevant time, or any companies related to any director of DML.

If you are unsure whether or not you are a class member, you should contact Piper Alderman by email at discoverymetals@piperalderman.com.au or seek your own legal advice without delay.

3. What is a class action?

A class action is an action that is brought by one person (“the Plaintiff”) on his or her own behalf and on behalf of a group of people (“Group Members”) against another person (“the Defendant”) where the Plaintiff and the Group Members have similar claims against the Defendant.

Group Members in a class action **are not** individually responsible for the legal costs associated with bringing the class action. In a class action, only the Plaintiff is responsible for the costs.

Group Members are bound by any judgment or settlement entered into in the class action unless they have opted out of the proceeding. This means that:

- if the class action is successful, Group Members may be eligible for a share of any settlement monies or Court-awarded damages;
- if the class action is unsuccessful, Group Members are bound by that result; and
- regardless of the outcome of the class action, Group Members will not be able to pursue their claims against the Defendant in separate legal proceedings unless they have opted out.

4. Will you be liable for legal costs if you remain a Group Member?

You will **not become liable for any legal costs** simply by remaining as a Group Member for the determination of the common questions. However:

- if the preparation or finalisation of your personal claim requires work to be done in relation to issues that are specific to your claim, you will need to engage a solicitor to do that work for you. Piper Alderman will be in a position to provide that service. A copy of the terms on which Piper Alderman are acting in the class action may be obtained from them on request; and
- if any compensation becomes payable to you as a result of any order, judgment or settlement in the class action, the Court may make an order that some of that compensation be used to help pay a share of the costs which are incurred by the Plaintiff in running the class action but which are not able to be recovered from the KPMG Advisory, referred to as a “common fund order”. Be advised, the Plaintiff intends to make an application to the Court for this type of order prior to any distribution to Group Members is made in the proceedings.

Class actions are often settled out of court. If this occurs in the class action, you may be able to claim from the settlement amount without retaining a lawyer.

5. If you wish to remain a Group Member

If you are a Group Member then you will be bound by the outcome of the class action unless you “opt out”. If the class action is successful, you will be entitled to share in the benefit of any order, judgment or settlement in favour of the Plaintiff and Group Members (in some cases you may have to satisfy certain conditions before your entitlement arises.). If the action is unsuccessful or is not as successful as you might have wished, you will not be able to sue on the same claim in any other proceedings.

If you wish to remain a Group Member there is **nothing you need to do** at the present time. The Plaintiff will continue to bring the proceeding on your behalf up to the point where the Court determines those questions that are common to the claims of the Plaintiff and the Group Members. However, you are invited to contact the Plaintiff’s lawyers, Piper Alderman by email (detailed below) and register as a group member so that future notices about the class action can be sent to your

preferred address, if you would like to do so. However, you are not obliged to do so if you wish to remain a Group Member.

6. If you do not wish to remain a Group Member

If you do not wish to remain a Group Member you must “opt out” of the class action. If you opt out you will not be bound by or entitled to share in the benefit of any order, judgment or settlement in the class action, but you will be at liberty to bring your own claim against KPMG Advisory, provided that you issue Court proceedings within the time limit applicable to your claim. If you wish to bring your own claim against KPMG Advisory, you should seek your own legal advice about your claim and the applicable time limit **prior** to opting out.

If you wish to opt out of the class action you **must** do so by completing an “Opt-Out Notice” in the form shown below (Form 115.v2 UCPR 58.2 of the Supreme Court’s approved forms), then returning it to the Registrar of the New South Wales Supreme Court at the address on the form.

IMPORTANT: the Notice must reach the Registrar by no later than 60 days from date of notice otherwise it will not be effective.

Each Group Member wishing to opt out should fill out a separate form. If you are opting out on behalf of a company or business please provide your name, the name of the company or business and your position within the company or business (e.g. director or partner).

7. Where can you obtain copies of relevant documents?

Copies of relevant documents, including the further amended statement of claim and the defence may be obtained by:

- contacting Piper Alderman on: discoverymetals@piperalderman.com.au; or
- inspecting them between 9am and 5pm at one of the offices of Piper Alderman, contact details for which are available from www.piperalderman.com.au.

Please consider the above matters carefully. If there is anything of which you are unsure, you should contact Piper Alderman by email on: discoverymetals@piperalderman.com.au or seek your own legal advice. You should not delay in making your decision.

Piper Alderman
21 November 2017

OPT OUT NOTICE

COURT DETAILS

Court	Supreme Court of New South Wales
Division	Equity
List	Equity General
Registry	Supreme Court Sydney
Case number	2017/00234966

TITLE OF PROCEEDINGS

Plaintiff	Alan Smith
Defendant	KPMG Financial Advisory Services (Australia) Pty Ltd ACN 007 363 215

FILING DETAILS

Filed for
.....
(Name of person opting out of representative proceedings)

Legal representative
.....
(If applicable)

#Legal representative reference
.....
(If applicable)

Contact name and telephone
Contact email

OPT OUT NOTICE

Name of person opting out
Address of person opting out

I,, a group member in these representative proceedings, opt out of the proceedings.

I understand that in opting out:

- 1 I forego the right to share in any relief obtained by the representative party in the representative proceedings;
- 2 I am not entitled to receive any further notification about the conduct or disposition of the proceedings; and
- 3 To the extent that I have a claim against the defendant, any limitation period suspended by the commencement of the representative proceedings has recommenced to run.

SIGNATURE

Signature of legal representative

Signature of or on behalf of person
opting out if not legally represented

Capacity

.....
(eg solicitor, authorised officer of person opting out, person
opting out)

Date of signature

NOTICE TO PERSON OPTING OUT

You must, within the time specified in the notice to group members:

- 1 file this form in the registry of the court at the address below, or in the manner provided in the notice to group members; and
- 2 serve a copy of this form on the representative party at the address, or in the manner provided, in the notice to group members.

REGISTRY ADDRESS

Street address	Supreme Court of NSW Law Courts Building, Queen's Square 184 Phillip Street Sydney NSW 2000
Postal address	Supreme Court of NSW GPO Box 3 Sydney NSW 2001
Telephone	1300 679 272