



Zeta Pit

ASX ANNOUNCEMENT

Discovery Metals Limited

Blumont Transaction Update

The Company wishes to inform shareholders that Blumont Group (SGX:A33) (**Blumont**) has this morning released the attached announcement on the SGX. The announcement relates to funding arrangements for Blumont's transaction with Discovery Metals Limited as announced to ASX on 19 September 2013.

ASX/BSE: DML

MARKET CAPITALISATION

Shares on Issue	560m
Share Price	A\$0.079
Market Cap	US\$44.2m
Cash in bank (8/10)	~US\$19.6m
Debt	US\$153.9m

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BOARD OF DIRECTORS

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John Shaw

Managing Director
Brad Sampson

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Ribson Gabonowe
Niall Lenahan
Russell Luxford
Jeremy Read

Company Secretary
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DISCOVERY METALS LIMITED

Discovery Metals Background

Discovery Metals is an ASX/BSE listed copper exploration and production company focused on the emerging Kalahari Copperbelt in north-west Botswana. The Company is a copper producer at its 100% owned Boseto Copper Project.

The Kalahari Copperbelt sediment-hosted mineralisation of the Boseto Copper Project is similar in style to the well-known and large deposits of the Central African Copperbelt of Zambia and the Democratic Republic of the Congo.

Discovery Metals has prospecting licences covering approximately 26,150 km² in Botswana.

Further information on the Company including Mineral Resources and Ore Reserves is available on our website: www.discoverymetals.com

For further information on this release and Discovery Metals Limited, please contact:

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Developing a new
copper frontier

BLUMONT

博诺有限公司

BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)

(Incorporated in the Republic of Singapore)

PROPOSED ISSUE OF UP TO US\$200 MILLION IN PRINCIPAL AMOUNT OF REDEEMABLE CONVERTIBLE BONDS TO PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.

1. INTRODUCTION

The board of directors (the “**Board**”) of Blumont Group Ltd. (the “**Company**”) wishes to announce that it has on 17 October 2013 entered into a binding term sheet (the “**Bond Term Sheet**”) with Platinum Partners Value Arbitrage Fund L.P. (“**PPVAF**”), under which the Company shall issue up to US\$200 million in principal amount of redeemable convertible bonds (the “**Bonds**”) to PPVAF.

2. PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are as follows:

(a) Subscription for and issue of Bonds

The Bonds shall be issued in four equal tranches of a principal amount of US\$50 million each. PPVAF shall subscribe for the first two tranches of Bonds (each, a “**Mandatory Tranche**”), subject to satisfaction and/or waiver of the Mandatory Tranche Conditions (as defined below) in the following manner: (a) the initial Mandatory Tranche within five Business Days of the satisfaction and/or waiver of the Mandatory Tranche Conditions applicable thereto (the “**Initial Completion Date**”); and (b) the subsequent Mandatory Tranche at a time which PPVAF shall, acting in its sole discretion, determine, provided that such time shall be within six calendar months of the Initial Completion Date.

The third and fourth tranches of the Bonds shall be subscribed for and issued by mutual consent of the Company and PPVAF.

The dates for the completion of the issuance of the subsequent tranches of Bonds (other than the initial Mandatory Tranche) shall collectively be referred to as the “**Subsequent Completion Dates**”, and together with the Initial Completion Date, the “**Completion Dates**” (each, a “**Completion Date**”).

For the purposes of the Bond Term Sheet, a “**Business Day**” means a day, not being a Saturday, Sunday or a gazetted public holiday in Singapore, on which commercial banks are open for business in Singapore.

(b) Interest

Interest is payable on the Bonds at a rate of 8% per annum, payable on a semi-annual basis. PPVAF may elect to receive payment of interest by way of the issue and allotment of new ordinary shares in the Company (the “**Interest Shares**”) at an issue price of S\$0.40 per Interest Share (the “**Issue Price**”).

(c) Conversion

Subject to the terms and conditions of the Term Sheet, the Bonds may be converted into ordinary shares of the Company (the “**Conversion Shares**”) at the sole election of PPVAF during the last five Business Days of each calendar month (the “**Conversion Period**”), provided that such conversion shall occur on or prior to the Maturity Date (as defined

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below). Such conversion shall be conditional upon, *inter alia*, the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) of the listing and quotation of the Conversion Shares to be issued upon conversion of the Bonds.

The conversion price for each Conversion Share (“**Conversion Price**”) shall be equal to the lower of:

- (i) S\$0.40 (“**Fixed Conversion Price**”); and
- (ii) 90% of the average of the lowest volume weighted average price per ordinary share in the capital of the Company (each, a “**Share**”) in any three non-consecutive market days during the 10 market days immediately preceding the relevant conversion date of the Bonds (the “**Pricing Period**”),

provided however that the Conversion Price, at all times, shall not be lower than S\$0.20.

For each month during the Conversion Period, PPVAF may only convert up to 1/12th of the aggregate principal amount of Bonds that have been issued if the Shares are trading at or below the Fixed Conversion Price during the Pricing Period.

(d) Mandatory Tranche Conditions

PPVAF’s obligation to subscribe for the Mandatory Tranches shall be conditional upon, *inter alia*, the following being satisfied or waived (collectively, the “**Mandatory Tranche Conditions**”):

- (i) the results of PPVAF’s legal and financial due diligence investigations on the Company based on publicly available information being reasonably satisfactory to PPVAF;
- (ii) the lifting by the SGX-ST of its declaration of the Shares as a “designated security”;
- (iii) the closing price per Share on the market day immediately preceding the relevant Completion Date being a minimum of S\$0.20;
- (iv) the daily volume weighted average price per Share for the 10 consecutive market days immediately preceding the relevant Completion Date being a minimum of S\$0.20;
- (v) the approval of the shareholders of the Company (the “**Shareholders**”) for the issue of the Bonds, the Conversion Shares and the Interest Shares;
- (vi) the approval of the SGX-ST for the listing and quotation of the Conversion Shares and the Interest Shares on the SGX-ST, such approval to be in terms acceptable to PPVAF;
- (vii) there being no material adverse change in the business, properties, operations, financial condition, results of operations or prospects of the Company and its subsidiaries, taken as a whole, occurring at any time between the date of the Bond Term Sheet and the Initial Completion Date; and
- (viii) there being no material breach by the Company of its representations, warranties, covenants and indemnities contained in the final definitive subscription agreement for the Bonds (the “**Bond Subscription Agreement**”) that would adversely affect the value of the Bonds or the Conversion Shares.

(e) Maturity Date

Unless previously converted or earlier redeemed at the option of PPVAF, the Bonds shall be redeemed in full by the Company on the date (the “**Maturity Date**”) falling 24 months from the relevant Completion Date at 100% of the Issue Price.

(f) Early Redemption

Upon notice of redemption by PPVAF at any time on or after the first anniversary of the date of issue of the relevant Bonds, the Company shall redeem the relevant Bonds at 100% of the aggregate Issue Price of such Bonds together with all accrued interest due up to the date of actual redemption of the Bonds. The Company shall make payment within 90 days of receipt of the notice of redemption.

(g) Security

As continuing security for the due redemption of the Bonds, the Company shall provide PPVAF as collateral all securities owned by the Company and/or its subsidiaries in Discovery Metals Limited (ASX:DML), Celsius Coal Limited (ASX:CLA), Cokal Limited (ASX:CKA), Kidman Resources Limited (ASX:KDR) and Powerlite Ventures Limited until all outstanding Bonds have been either converted or redeemed.

(h) PPVAF’s Undertaking

PPVAF undertakes that it shall at no time during the term of the Bond Subscription Agreement convert any tranche of Bonds into Shares where such conversion would result in PPVAF become a controlling shareholder of the Company (as defined in the Listing Manual of the SGX-ST).

3. RATIONALE FOR AND INTENDED USE OF PROCEEDS

The objective of the issuance of the Bonds is to enable the Company to fund its proposed investment in Discovery Metals Limited, as well as to advance its strategic focus on investing in diversified mineral and energy resources assets globally and for working capital purposes.

The estimated net proceeds from the issuance of the Bonds, assuming full subscription of all the Bonds, is approximately US\$188 million (after deducting for estimated fees and expenses of approximately US\$12 million). The net proceeds are intended to be used by the Company as follows:

Purpose	Amount (US\$ million)	Percentage of net proceeds
Subscription for convertible bonds to be issued by Discovery Metals Limited	100	53%
Investments in the mineral and energy resources sector	50 - 60	27% - 32%
Working capital	28 - 38	15% - 20%

The intended use of proceeds outlined above is an estimate only and the Company will update Shareholders on this when the terms of the final definitive documentation to be entered into in relation to the Bonds are finalised.

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4. BACKGROUND ON PPVAF

PPVAF is a multi-strategy hedge fund established and registered in the Cayman Islands with assets under management in excess of US\$700 million and is managed by Platinum Partners (the “**Firm**”). The Firm is a New York based investment management group with more than US\$1 billion in assets under management. The Firm was founded in 2003 by Mr. Mark Nordlicht, an investor with over twenty years of experience in asset management. The Firm manages a number of funds, including PPVAF. The other principal of PPVAF is Mr. Uri Landesman, who is Managing General Partner and President of PPVAF.

PPVAF was identified and introduced to the Company by Fairfax Securities Corporation (DBA Jett Capital Advisors LLC) (the “**Arranger**”). The Company shall pay to the Arranger a fee equal to 5% of the aggregate proceeds received by the Company from the subscription of the Bonds. The fee payable to the Arranger shall be paid in cash, or at the election of the Arranger, by way of the issue and allotment of Shares at an issue price of S\$0.40 per Share.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company (each, a “**Director**”) (other than in his capacity as a Director or Shareholder) or controlling shareholders of the Company (other than in its capacity as a Shareholder) has any interest, direct or indirect, in the Bonds.

6. TRANSACTION SUBJECT TO FINALISATION OF LEGAL AGREEMENTS

While the Bond Term Sheet is expressed to have legal binding effect, the above terms are subject to PPVAF and the Company entering into the Bond Subscription Agreement (and any ancillary documents) within the period of 21 days from the date of the Bond Term Sheet.

The Company and PPVAF are in the process of finalising the terms of the final definitive documentation to be entered into in relation to the Bonds. **Shareholders should note that there is no certainty that such documentation will be agreed upon and entered into. The Company will update Shareholders in due course and will make appropriate announcements at the relevant time. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests, and to exercise caution when dealing in the Shares.**

BY ORDER OF THE BOARD
Blumont Group Ltd.

James Hong Gee Ho
Executive Director

17 October 2013