



## QUARTERLY ACTIVITIES REPORT JUNE 2016

Discovery Africa Limited (ASX: DAF) ("the Company"), is an Australian based mineral exploration company with a 100% interest in the Nachingwea Graphite Project in Tanzania.

The Company provides the following update for the Quarter;

### Exploration Activities

#### **Nachingwea Graphite Project**

The Nachingwea Graphite Project is located in southeast Tanzania. The region has access to high quality infrastructure including access via mainly sealed roads from the coastal towns of Lindi and Mtwara, which also boast an airport and deepwater port facilities.

The Company advised during the Quarter that four of the Nachingwea Project tenements – PL7211/2012, PL8526/2012, PL8528/2012 and PL6753/2012 were relinquished. These prospecting licences were granted for four year terms and were due to expire during 2016.

Discovery Africa currently retains PL10253/2014.

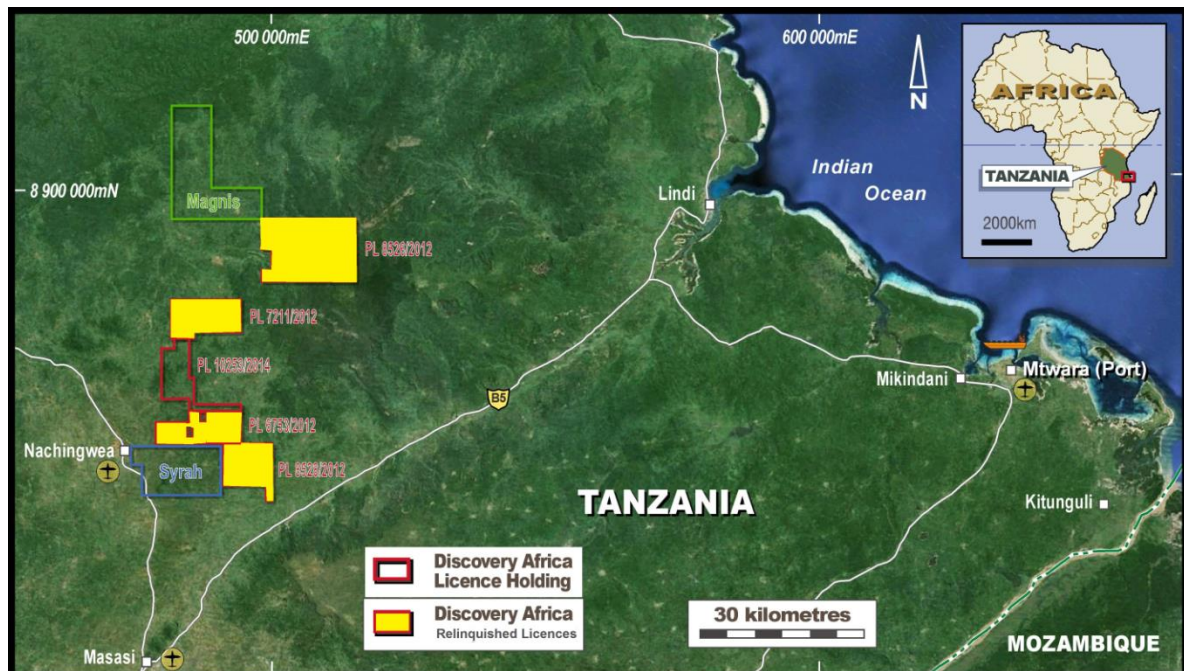


Figure 1. Project Location Map showing current DAF Prospecting Licence (red outline) and relinquished Prospecting Licences (in yellow).



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The company has not made any final decision on its strategy for the Project, pending further review. The Company will also consider market interest and funding opportunities for the project.

## **Other Projects/Opportunities**

The Company is proactively working to identify and review new project or asset acquisition opportunities, to enhance its project portfolio and increase the overall value proposition of DAF. The Company will also consider other mineral commodities to ensure it is best placed to deliver value and upside potential for all its shareholders.

## **Legal Proceedings**

The Company continued legal proceedings during the Quarter, following the Federal Court of Australia judgment delivered on 23 December 2015, in relation to the Company's application for summary judgment against former directors, Mr Kevin Nichol (Mr Nichol) and Mr Danie Van den Bergh (Mr Van den Bergh) in relation to payments made to them on the eve of tendering their resignations as directors of Discovery Africa.

The Company intends to enforce the judgments against Mr Nichol and Mr Van den Bergh, however the Company was notified that Mr Nichol and Mr Van den Bergh lodged separate appeals against the judgement.

## **Next Steps**

Mr Nichol and Mr Van den Bergh have not complied with the orders to make the payments pertaining to the judgement. As the Company has not received any payments to date, it will now enforce the judgments, including but not limited to seeking orders from the Court to appropriate the frozen assets of Mr Nichol and Mr Van den Bergh.

The Company will also:

1. be seeking orders for payment of interest on the judgement sum and will make an application to recover its legal costs associated with the summary judgment; and
2. continue to pursue its further claims against Mr Nichol, Mr Van den Bergh, Mr Thick, Mr Avery and its former solicitors, CBP Pty Ltd trading as Collin Biggers & Paisley.

## **Other**

The Company is continuing to investigate the decisions and actions of its former directors in entering into an MOU and HOA, and the significant expenditure of Company funds on the Brandberg Lithium Project in Namibia.



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## Corporate

The Company capitalised from its investment portfolio of ASX-listed shareholdings, and in order to improve its cash position, advised that it had made a total capital realisation of \$897,111 (less brokerage fees and GST) via the recent part-sale of its investment holding in Argosy Minerals Limited (AGY).

The Company sold 27,336,311 shares it held in AGY, via on-market transactions during the Quarter, and still holds an interest in 22,663,689 AGY shares.

## Key Objectives for September 2016 Quarter

- ✦ The Company will continue its actions to enforce judgement against Mr Nichol and Mr Van den Bergh to recover the amounts from the assets frozen by the Federal Court of Australia.
- ✦ The Company will consider its strategy at the Nachingwea Graphite Project to ensure it enhances and increases the overall value proposition of the Company;
- ✦ The Company will consider new business opportunities to enhance the Discovery Africa asset portfolio.

**ENDS**

### **For further information:**

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## Appendix A: Discovery Africa Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 30 June 2016:

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
PL6753/2012	Tanzania	0%		100%
PL7211/2012	Tanzania	0%		100%
PL8526/2012	Tanzania	0%		100%
PL8528/2012	Tanzania	0%		100%
PL10253/2014 <sup>1</sup>	Tanzania	100%		

<sup>1</sup> Interest in mining tenement held through 100% shareholding in Hatua Resources (Tanzania) Limited, a Tanzanian incorporated Company.