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31 July 2014

QUARTERLY ACTIVITIES REPORT JUNE 2014

Discovery Africa Limited (ASX:DAF) ("the Company"), is an Australian based mineral exploration company that is focused on the exploration and development of Kitgum Graphite Project in Uganda, Nachingwea Graphite Project in Tanzania and Brandberg Lithium Project in Namibia.

Exploration Activities

EL 1025 Kitgum Graphite Project (Uganda)

In the previous quarter, the Company announced it had entered into an agreement to purchase the remaining 75% of the shares held in Consolidated African Resources Limited through the execution of a Share Sale Agreement (refer to ASX announcement on 4 April 2014). The acquisition involved the Company paying \$100,000 to the vendor and issuing 18,500,000 ordinary shares, which are to remain in escrow for 12 months. A further \$100,000 is to be paid to the vendor in 6 months following the execution of the Share Sale Agreement (October 2014).

A valuation was provided by Minnelex Pty Ltd as arranged by the previous board, a copy of which was included in the ASX announcement dated 4th April 2014.

The current Directors are still conducting due diligence enquiries and reviewing the technical data on this area to determine future direction.

EL 1173 (Uganda)

The Company also announced on 4th April 2014 (refer to ASX Announcement on 4 April 2014) that it had entered into a Tenement Sale Agreement (TSA) whereby the Company acquired EL 1173, located in Uganda adjacent to the existing Kitgum Project (above). The Company paid US \$25,000 and issued 9,500,000 fully paid ordinary shares as consideration for the tenement, with a further US \$75,000 to be paid 12 months following the execution of the TSA (April 2015).

A valuation was provided by Minnelex Pty Ltd as arranged by the previous board, a copy of which was included in the ASX announcement dated 4th April 2014.

Along with the above tenement, the current Directors are still conducting due diligence enquiries and reviewing the technical data on this area to determine future direction.

Area 51 – Erongo Graphite Project – (Namibia)

The Erongo Graphite Project (Area 51) is located in Namibia and is owned 100% by Argosy Minerals Limited (ASX: AGY). At 30th June 2014, Discovery Africa was a 76.22% shareholder of AGY. However on 14th July 2014, Discovery Africa's interest in Argosy reduced to 29.55%, and ceased being a subsidiary of Discovery Africa Ltd.



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Nachingwea Graphite Project – (Tanzania)

On 30 January 2014, the Company executed a Memorandum of Agreement ('MOA') for the proposed acquisition of up to 80% of the issued capital in Hatua Resources (T) Limited ('Hatua'), a Tanzanian incorporated Company that holds the rights to four exploration licenses located in Tanzania, which are prospective for Graphite.

The Projects are located in South-East Tanzania and comprise 4 licenses over three project areas which are in close proximity and cover approximately 416km².

On 17 March 2014, the Company announced that it had renegotiated the acquisition terms to acquire 100% of the Tanzanian Graphite Project with the payment of a further \$100,000 and the issue of 10,000,000 ordinary shares to the vendors.

The current Directors have reviewed the technical data on this area and determined that it warranted further development. The Company therefore announced on 8th July 2014 that fieldwork at the Nachingwea Graphite projects in south east Tanzania had commenced.

Earlier field works had identified significant widths and strike lengths of outcropping medium, to coarse flake graphite mineralisation over multiple target areas. The Company will progress the advancement of these projects in 2014 with the commencement of trenching and sampling programs across prospective areas. The Nachingwea project is well placed with access to existing infrastructure associated with the developing gas industry at Mtwara port facility some 180km along sealed roads to the east.

Initial field work will focus on completing tranches at variable spacing across the outcropping graphite mineralisation. The samples will be submitted for analysis to determine the grade range of the graphite mineralisation. In addition a number of larger samples will be gathered from at least three styles of mineralisation already identified from within the project area and submitted for benchtop metallurgical flotation testwork and sizing analysis.

After the results are received the Company is confident it will have generated sufficient quality zones of graphite mineralisation that will justify drill testing in the current dry season.

Brandberg Lithium Project – (Namibia)

The Brandberg Lithium Project is located some 60 kilometres South West of the town of Uis in Namibia. The Project comprises of six Mining Claims registered over the area known as the Karlowa Pegmatite Valley.

In the previous quarter Minrom was engaged to map the six claims to delineate and characterise the pegmatite zonation and more importantly to locate lithium bearing mineralisation within the pegmatite.

Phase 1 of the program commenced on 20 January 2014 including Geographic Information System Assessment, Field Mapping and Sampling.

The new Directors are conducting due diligence enquiries and reviewing technical data on this area with a view to determining the future direction.



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Myanmar Project

In February 2013, Discovery Africa acquired an option to acquire a 100% interest in Horizon Mines, which holds six exploration applications which are prospective for copper/gold mineralisation in Myanmar.

Discovery Africa is currently awaiting the grant of these exploration licenses.

Changes to the Board

On 10th April 2014, a General Meeting was held whereby the appointments of Peter Lloyd, Graham Walker and Frank Knezovic were approved by members and effective immediately. Prior to the General Meeting, Kevin Nichol, Ian Lovett, Danie van den Bergh and Phillip Thick resigned as directors.

As a result the new Board of Directors consists of the following:

Mr Peter Lloyd

Mr Lloyd, a lawyer by profession, is a founding member of Argosy Minerals Limited and has been involved in mining exploration for over 25 years. He has extensive experience in corporate life and has been involved in projects in Canada, United States of America, Eastern Europe, Africa, New Caledonia and Australia.

Mr Frank Knezovic

Frank Knezovic is a lawyer and co-founding director of legal firm Nova Legal. Mr Knezovic has for more than 15 years advised public and private companies, directors, corporate advisors, broking firms, insolvency practitioners and financial services providers on a broad range of corporate and commercial matters.

Mr Knezovic has extensive experience in advising on capital raisings (both IPO and post-IPO) asset acquisitions and disposals, takeovers, mergers and acquisitions, corporate reconstructions and insolvency, directors' duties, general corporate and commercial advice, and regulatory and strategic advice. Mr Knezovic has advised many companies and advisers (local, national and international) on a number of significant M&A, cross border acquisitions/divestments and capital raising transactions.

Mr Knezovic is currently also a non-executive director of Argosy Minerals Limited and White Canyon Uranium Limited. He is a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

During the quarter Mr Frank Knezovic was subsequently appointed as Non-Executive Chairman.



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Mr Graham Walker

Prior to Mr Walker's 37.5 years of business experience in real estate, he was a Bank Manager. Mr Walker is currently the manager and director of a leading real estate franchisee in Western Australia which attained top office in Western Australia for 23 years and have achieved top Principal award. He is also presently a director of 3 companies with 20 years' experience as Chairman & Director of public companies.

Other Matters

The Company also announced to the market on 24th April that it had commenced Federal Court Proceedings seeking final relief against Kevin Nicol and Danie van den Bergh, two of the previous directors of Discovery Africa Ltd, in the form of damages and equitable compensation for breaches of Common Law and Statutory duties owed to the Company.

Details of the proceedings are provided in ASX Announcement dated 24 April 2014.

Subsequent to the quarter end, the Company changed the management of its share registry to Automatic Registry Services

The Company also appointed Ranko Matic as the Company Secretary, with Melanie Leydin subsequently resigning and changed their Registered address to Level 1, 12 Kings Park Road, West Perth WA 6005.

For further information:

Ranko Matic
Company Secretary



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Appendix A - Discovery Africa Ltd's Interest in Mining Tenements

Below is a listing of mining tenements held by the Company as at the end of the June 2014 quarter:

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
PL 6753/2012 ¹	Tanzania	100%		-
PL 7211/2012 ¹	Tanzania	100%		-
PL 8526/2012 ¹	Tanzania	100%		-
PL 8528/2012 ¹	Tanzania	100%		-
EL 1025	Uganda	100%	75%	
EL 1173	Uganda	100%	100%	
Area 51 ²	Namibia	76.22% ³		

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

² Interest in mining tenement held through 76.22% shareholding in Argosy Minerals Limited, an ASX listed public company, as at 30th June 2014. However the Company's ownership in Argosy Minerals decreased from 76.22% to 29.55% due to an issue of shares by Argosy 10th July 2014.