



DISCOVERY
africa

Discovery Africa Limited

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22 January 2014

DECEMBER 2013 QUARTERLY ACTIVITIES REPORT

Board of Directors

Kevin Nichol (Managing Director)

Danie Van Den Bergh (Executive Chairman)

Ian Lovett

Philip Thick

Company Secretary

Melanie Leydin

Quarterly Share Price Activity

Low \$0.026

High \$0.06

Close \$0.045

Securities on Issue:

DAF: 162,734,698 ordinary shares

DAFO: 42,898,005 20c listed options

DAFAK: 12,500,000 9c unlisted options

DAFAI: 1,100,000 20c unlisted options

DAFAL: 5,000,000 9c unlisted options

Market Capitalisation as at 21 Jan 2014:

\$11,554,164

Highlights:

Discovery Africa Limited ("Discovery" or "the Company") provides the following highlights for the December 2013 quarter:

- Executed an exclusive Option Agreement providing the Company with approximately 3 months to 31 March 2014 to complete due diligence on Exploration Licence 1025, located in Kitgum in Uganda, Africa.
- Closed the Offer made to shareholders of Argosy Minerals Limited (ASX: AGY) which holds the Area 51 Graphite Project in Namibia. At the end of the quarter the Company held 88.64% of the shares on issue in AGY.
- Completed the initial exploration activities on the Area 51 Graphite Project in Namibia as detailed in this report.
- Executed a Memorandum of Understanding with respect to the proposed acquisition of six Mining Claims in Namibia which are highly prospective for Lithium.



Figure 1: Graphite Sample taken from Area 51 site

New Graphite Project (Uganda – Kitgum Graphite)

During the quarter, the Company executed an exclusive Option Agreement ('Option') providing the Company with approximately 3 months to 31 March 2014 to complete due diligence on Exploration Licence 1025, located near Kitgum in Uganda, Africa. The Exploration Licence is highly prospective for Graphite and the Company is excited with this opportunity.

Below is a map showing the location of the project near the town of Kitgum, Uganda:



Figure 2: Location map of Kitgum Graphite Project, Uganda

Kitgum town is accessed by the Kampala-Gulu-Kitgum highway which is a 332km drive. The Rom Mountains are located in Orom sub-country which is 73km from Kitgum and Lochomo village is a further 27km from Orom trading centre. The roads in the sub-country are passable.

The location of the first exploration site was accessed via a footpath through the lower slopes of the mountain range.

The cost of the option is USD\$50,000. The first payment of USD\$25,000 will be paid immediately and the final USD\$25,000 will be paid at the conclusion of the due diligence phase.

The Company has agreed to a site visit with the vendor to begin the due diligence. Exploration due diligence will begin on or about 10 January 2014 when a DAF geological team will be on site. The initial USD\$25,000 paid to the vendor will be used to provide DAF with the following:

- Full access to the mine site EL1025
- Engage and pay for local labour recruitment, to dig pits where directed to obtain samples
- Pay for local management services to supervise the pitting and trenching program
- Provide hand tools to diggers
- Rental costs for vehicles including drivers
- Pay for security guards throughout the mine visit
- Provide maps and geological data already sourced
- Organise hotel accommodation for all representatives

More details will be provided following this visit.



Figure 3: Graphite layers in exploration pit



Figure 4: Topographical map showing project strike (in red) over the mountain area

Area 51 Graphite Project

Below is a map showing the location of the Area 51 Graphite Project in Namibia:

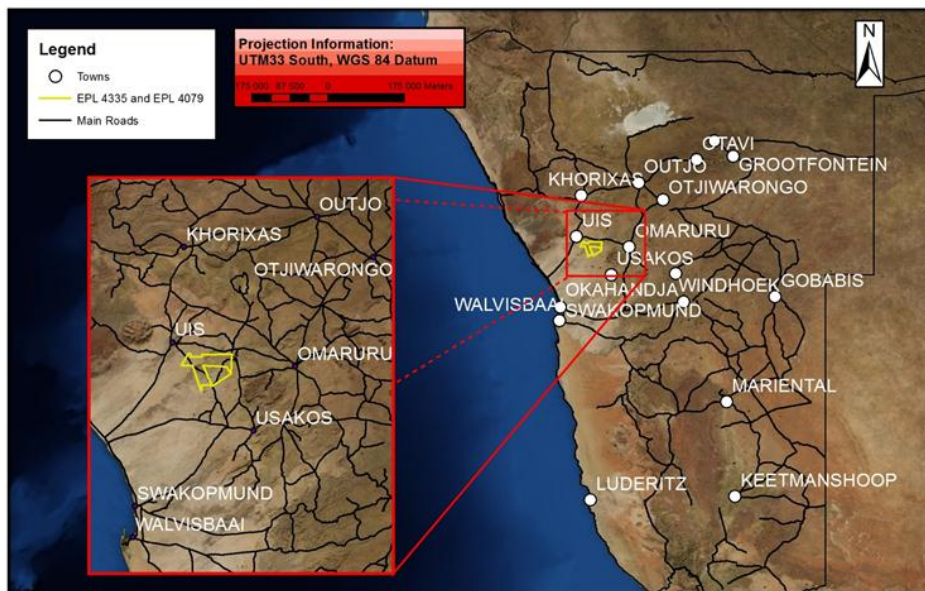


Figure 5: Location Map of the Area 51 Graphite Project in Namibia

The following exploration activities were carried out during the quarter on the Area 51 Project, which is owned by Argosy Minerals Limited (ASX Code: AGY):

- Geological mapping exercise has now completed;
- The geophysics program was completed by mid-December 2013;
- Both the initial geology and geophysics results indicate both higher and lower grade areas which will provide the Company with defined drilling targets;
- A Drilling contractor was appointed with the first 10 Diamond drill holes to begin in January 2014; and
- The strike length of the outcropping formation area is approximately 5 kilometres.



Figure 6: Outcropping formation at Area 51 Graphite Project

Figure 6 represents the typical outcropping formation which occurs extensively over the project area and hosts the Graphite in marble.

The following is an indicative timetable in relation to the commencement of drilling at the Area 51 Project:

Date	Activity
18 January 2014	Site Establishment
20 January 2014	Drilling to commence
12 February 2014	Proposed completion of drilling
7 March 2014	Proposed receipt of core analysis

It is advised that the first 1,000 metres drilling will include 10 holes for an average depth of 100 metres each. Results from these drill holes will determine the extent of a drilling program.

Lithium Project

During the quarter, the Company entered into a Memorandum of Understanding (**'MOU'**) with respect to the acquisition of six Mining Claims in Namibia which are highly prospective for Lithium. Under the terms of the MOU, the Company will:

- Conduct due diligence over a period of 12 months, commencing in the second week of January 2014, pursuant to completion of an Environmental Management Program, if required; and
- Within 12 business days from execution of the MOU and when the Company is satisfied that the licences are in good standing, pay the sum of \$25,000 in cash to the vendors.

Further details on these Mining Claims will be provided once due diligence has been completed.

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 is currently awaiting the grant of these exploration licences.

Longreach Project

Discovery previously held the Longreach Project which consisted of one (1) EPC and three (3) EPCAs approximately 3,241.2km² and is located in Central Queensland, near the township of Longreach 716 km west of Gladstone.

Following a review of the project and depth of the coal, the Company has decided to relinquish these projects during the quarter.

For further information:

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About Discovery Africa Limited

Discovery Africa Limited ("Discovery" or "the Company") is an Australian public company that is focused on the exploration and development of the Kitgum Graphite Project in Uganda, Area 51 Graphite Project in Namibia and the New Lithium Project in Namibia.