DISCOVERY africa

GRAPHITE IN TANZANIA

March 2014

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Exploration Targets: It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context in this presentation. The potential quantity and grade of resource targets are conceptual in nature since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

BACKGROUND – PROPOSED HATUA ACQUISITION

- Discovery Africa Limited ("DAF") announced on 30 January 2014 that we executed a Memorandum of Agreement ("MOA") for the proposed acquisition of up to 80% of the issued capital in Hatua Resources (T) Limited ("Hatua")
- Hatua holds the rights to four exploration licenses located near Nachingwea in Tanzania, which are prospective for Graphite
- Hatua conducted reconnaissance mapping and sampling exercises over an extended period which identified high grade seams of graphite
- Under the MOA, DAF acquired three months to end April 2014 to carry out due diligence on the licenses and Hatua
- A due diligence team conducted an on site due diligence on the four licenses during February
- Following below is an overview of the Tanzania project and the on site findings of the due diligence team

HIGHLIGHTS

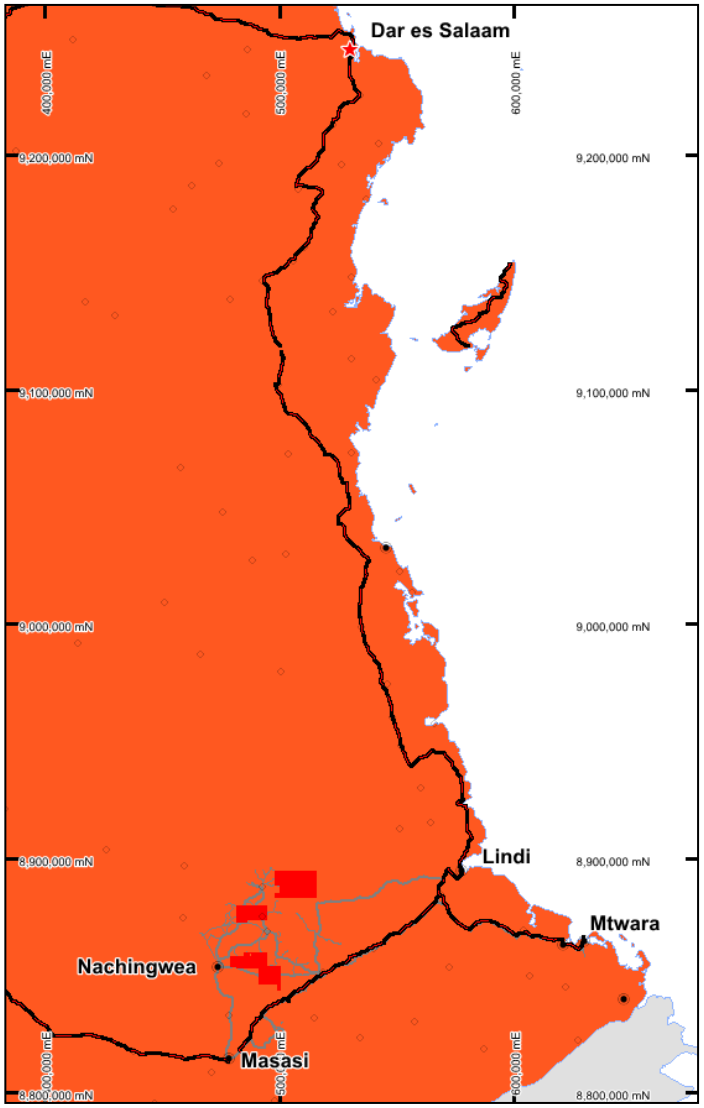
Highly prospective tenements – with significant exploration upside	• Tenement position – 416km² with walk up drill targets
Outcropping course flake graphite schist – with grades between 6% and up to 49.9% Graphitic Carbon	• Abundant outcropping graphite • Ranging from disseminated to very high grade coarse grade graphite across a number of tenements
Access to clean title and simple Tanzanian company structures	• Vendors have 100% fully owned Tanzanian Subsidiaries – no debt, clean structure
Tanzanian Jurisdiction	• Politically stable • Access to infrastructure – roads and ports • In country support if required

TANZANIA

- Politically stable, multi-party democracy
- English and Swahili speaking
- British Common Law System
- Mineral enriched geology
- Well-established mining and mining services industry, and good infrastructure
- Competitive tax rates

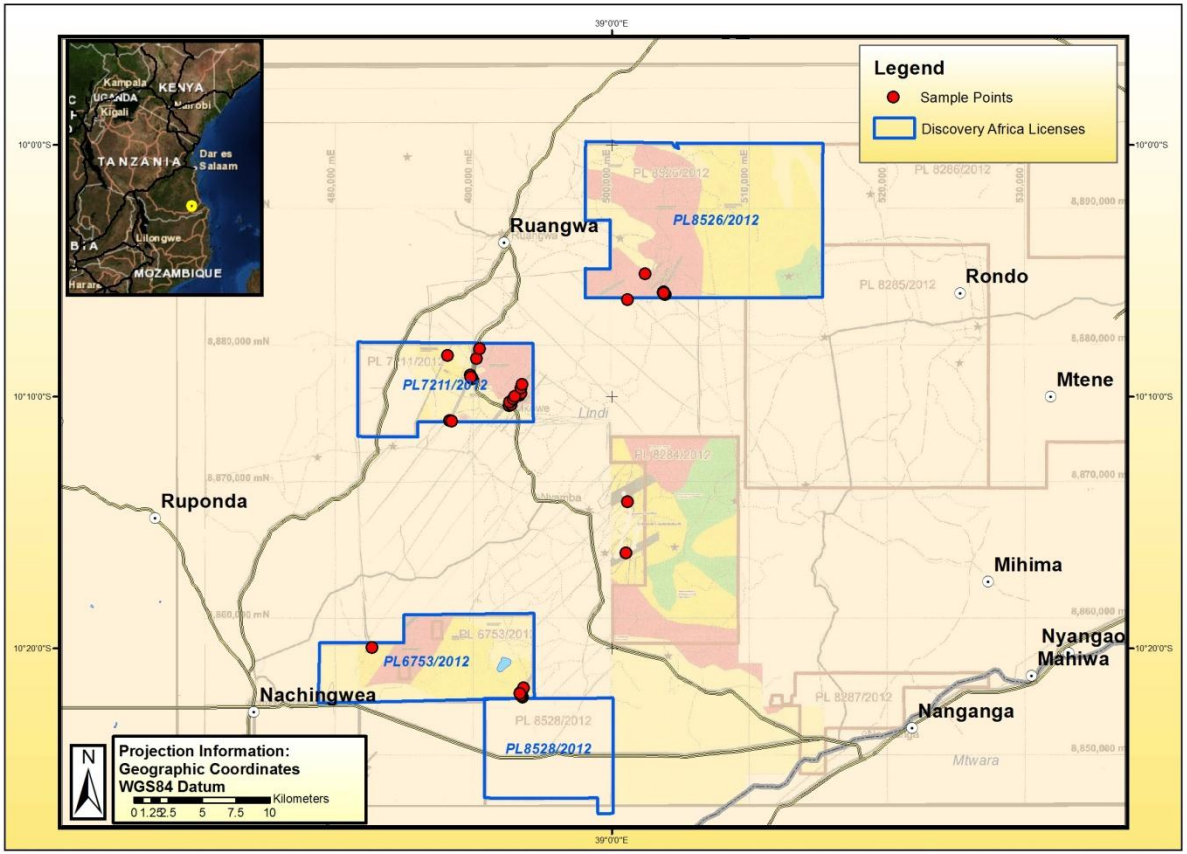
TANZANIA

- Good access via mainly sealed roads from Lindi and Mtwara (180km)
- Upgraded Airport at Mtwara 2hr flight to Dar es Salaam
- Port facilities at Mtwara – Sea Containers



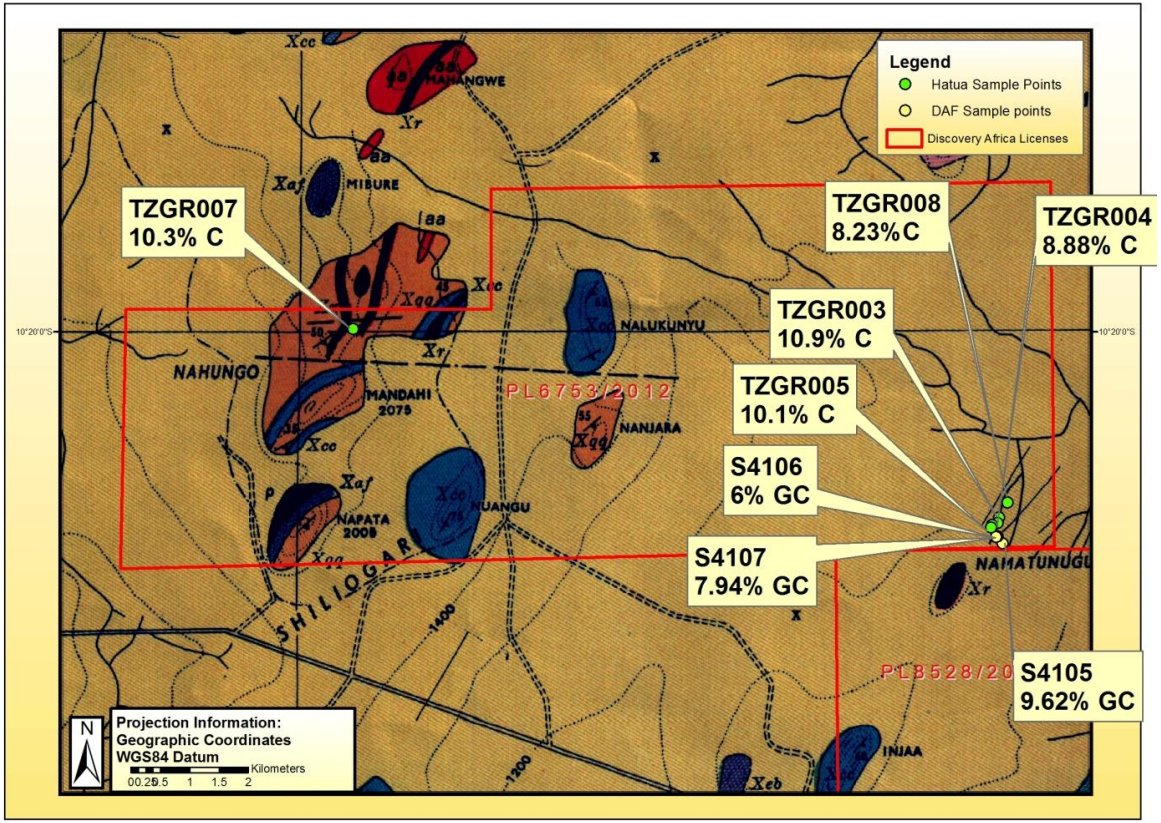
NACHINGWEA GRAPHITE PROPERTIES

- 4 licenses with over 400km² land area
- Outcropping graphite identified and sampled at numerous localities, as indicated on the map
- 2 graphite units identified at Injaa Hill,
- 4 graphite units mapped along strike at Mkowe
- Multiple graphite units mapped at Mandaware
- Large prospective footprint over the graphite prospective Mozambique mobile belt



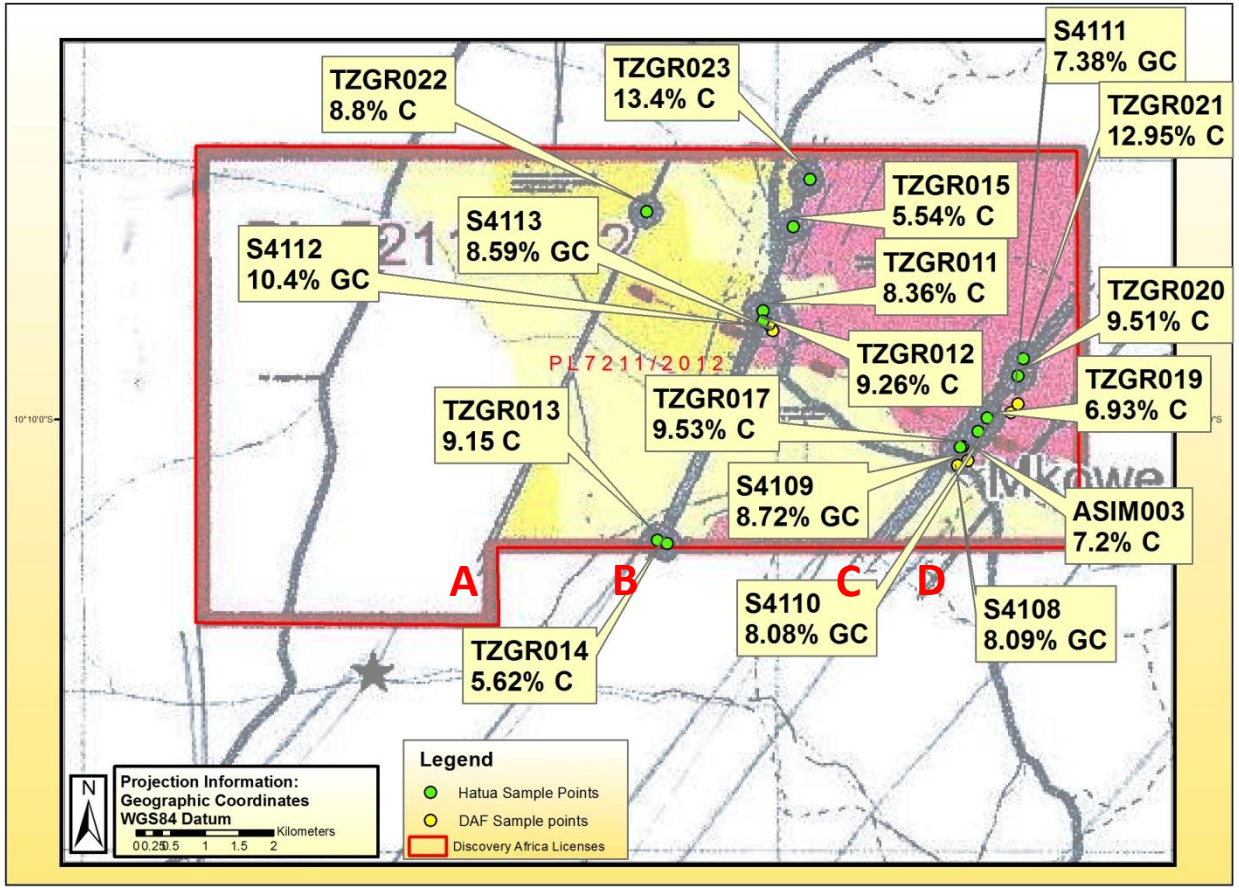
INJAA HILL – PL6753

- 800 x 150m Sub cropping graphitic schist identified
- Open to the northeast and southwest under shallow cover
- New western graphite bands previously not mapped
- Trenching to the west of Injaa Hill has exposed graphitic schists under shallow cover
- Injaa Hill comprises a mix of medium grained graphite-quartz schists.
- West of Injaa Hill artisanal miners exploring for gemstones have encountered additional buried course grained graphitic schist



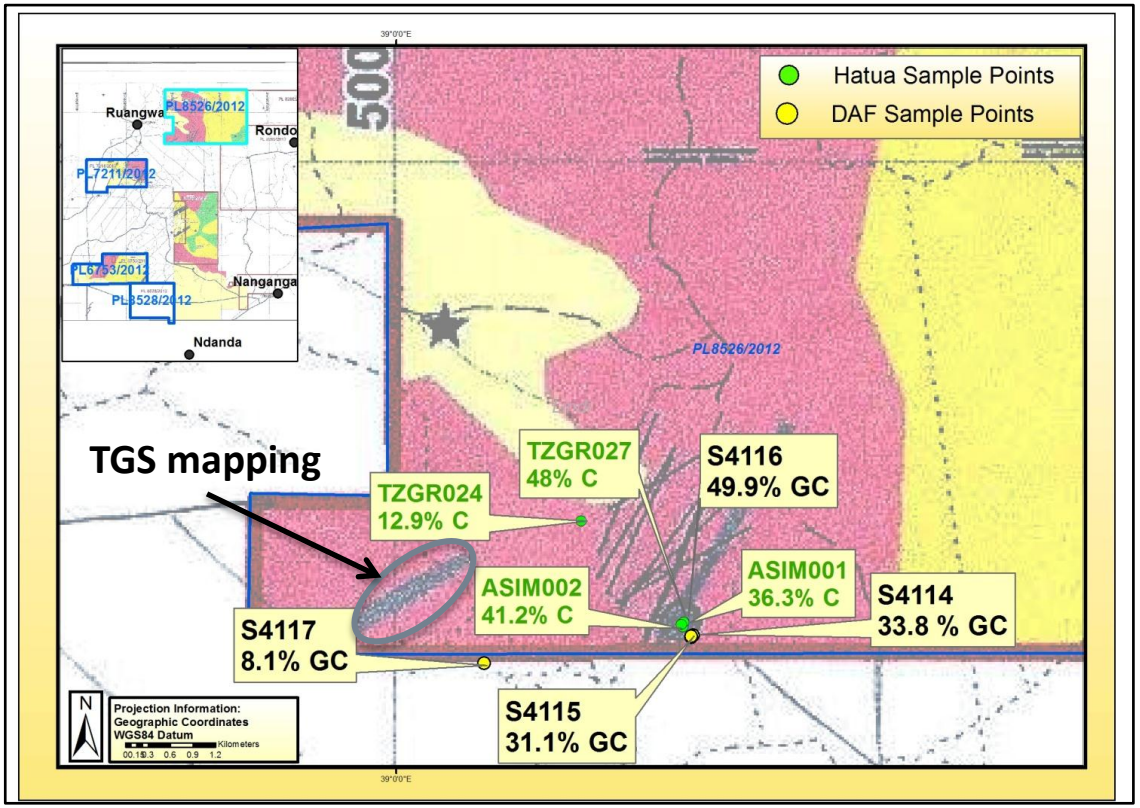
MKOWE DISTRICT – PL7211

- Graphite units show good continuity along strike across the license area
- Unit “A” identified over strike of 6.3km and 62m width
- Unit “B” strike of 6.2km and 140m to 200m wide
- Unit “C” strike of 4.9km and 190m width
- Unit “D” identified over strike of 2.9km and >50m width`



MANDARAWE DISTRICT – PL8526

- Early reconnaissance mapping identified high grade seams of graphite
- Tanzanian Geological Survey (TGS) has mapped thicker graphitic schist in the southwest of the license (in grey) - that is yet to be evaluated
- Rock chip samples from the high grade graphitic seams have yielded assays from 31.1 to 49.9% GC
- Multiple graphite bands have been identified from traversing creeks



DAF ON SITE DUE DILIGENCE – FEBRUARY 2014

- During February 2014 a due diligence team conducted a field visit,
- The purpose of the field visit was to:
- Review of the project by DAF management and an independent Competent Person
- Replicate the rock chip samples reported by Hatua
- Review and compare the rock chip samples with independent laboratory assay results
- Visit the outcrop positions mapped by Hatua Resources
- Investigate the styles of mineralization and presentation of Hatua results to DAF
- Investigate the logistic situation in the event of further exploration work

Typical country during the dry season. Rock are generally only seen on the small hills and ridges.

DAF ON SITE DUE DILIGENCE – FEBRUARY 2014

- Outcomes of the field investigation
- Some 13 samples were extracted from areas which have been sampled previously by Hatua resources
- The four license areas were visited and various graphitic bearing outcrops were sampled
- The samples were taken by the Competent Person and exported to SGS Laboratories in Johannesburg
- Results were reported and compares favourable to the Hatua results as follows

Typical country during the wet season. Outcrops are covered with vegetation and alternate methods will be used to identify the geological structures

ANALYTICAL SAMPLING RESULTS - COMPARISON TABLE

DISCOVERY AFRICA DUE DILIGENCE SAMPLING					HATUA RESOURCES SAMPLING		
Date	Sample Number	Graphitic Carbon %	Total Carbon %	Licence	Date	Sample Number	Total Carbon %
Feb-14	S4105	9.6	10.6	**Injaa Hill - PL6753**	Jun-12	TZGR003	10.9
Feb-14	S4106	6.0	6.3	**Injaa Hill - PL6753**	Jun-12	TZGR004	8.9
Feb-14	S4107	7.9	8.3	**Injaa Hill - PL6753**	Jun-12	TZGR005	10.1
				Injaa Hill - PL6753	Sep-12	TZGR007	10.4
				Injaa Hill - PL6753	Sep-12	TZGR008	8.2
Feb-14	S4108	8.1	8.7	**Mkowe - PL7211**	Oct-12	TZGR011	8.4
Feb-14	S4109	8.7	9.0	**Mkowe - PL7211**	Oct-12	TZGR012	9.3
Feb-14	S4110	8.1	9.5	**Mkowe - PL7211**	Oct-12	TZGR013	9.2
Feb-14	S4111	7.4	8.2	**Mkowe - PL7211**	Oct-12	TZGR014	5.6
Feb-14	S4112	10.4	11.2	**Mkowe - PL7211**	Oct-12	TZGR015	5.5
Feb-14	S4113	8.6	9.1	**Mkowe - PL7211**	Oct-12	TZGR017	9.5
				Mkowe - PL7211	Oct-12	TZGR018	9.0
				Mkowe - PL7211	Oct-12	TZGR019	6.9
				Mkowe - PL7211	Oct-12	TZGR020	9.5
				Mkowe - PL7211	Oct-12	TZGR021	13.0
				Mkowe - PL7211	Oct-12	TZGR022	8.8
				Mkowe - PL7211	Oct-12	TZGR023	13.4
Feb-14	S4114	33.8	34.0	**Mandarawe - PL8526**	Aug-12	Asim001	36.4
Feb-14	S4115	31.1	32.8	**Mandarawe - PL8526**	Aug-12	Asim002	41.2
Feb-14	S4116	49.9	52.0	**Mandarawe - PL8526**	May-13	TZGR027	48.1
Feb-14	S4117	8.1	9.0	**Mandarawe - PL8526**	May-13	TZGR024	13.0

CONCLUDING RESULTS

The field due diligence performed by the DAF due diligence team was successful due to:

- Hatua sample point locations were verified
- DAF confirmed that the local geological mapping presented by Hatua are correct and representative
- Analytical results from SGS work indicated that the carbon content from the Hatua analysis and the carbon content and more importantly the graphitic carbon content of the DAF samples are within limits
- The due diligence team established a relationship with local site representatives and assessed the environment and logistics for future exploration activities
- It was confirmed with the Assistant Commissioner for Minerals licensing and Mineral Rights Management that the 4 PL licenses are in good standing. Written confirmation has been requested and is currently being awaited.

Competent Person's Statement

The details contained in the document that pertains to exploration results, ore and mineralisation is based upon information compiled by Mr Oscar Van Antwerpen, Mr Antwerpen is a Fellow of the Australian Institute of Geoscientists and is a Consultant to Discovery Africa. Mr Antwerpen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Antwerpen has consented to the inclusion in the report of the matters based on the information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Rock chip samples were obtained from fresh insitu outcrops, • The samples were taken as single point entities in order to characterize the graphitic content of the material, • Samples are representative but were located to where outcrops were available, • No standards nor field duplicates were utilized in the process,
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling has been performed,
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling has been performed,
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• The rock chip sample lithologies were described as well as the host rock, • The rock chip samples were obtained to characterize the material and

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	cannot be regarded as qualitative, rather quantitative,
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The sample material was packed by the CP Person, transported to SGS Laboratories in Johannesburg. • Material were crushed, split and were then assayed by means of XRF and carbon and graphitic carbon content determined by means of Leco,
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The samples were assayed by SGS for Total Carbon (TGC) (CSA05V%), LECO Total Carbon (CSA 01V), Whole rock analysis using borate fusion XRF (XRF 79V) and base metals by potassium pyrosulphate fusion XRF (XRF77R), • SGS as per the norm inserted blanks and duplicates during the process,
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All SGS analytical results are stored in an Acces Database situated on the Minrom Server located in the Centurion Office, Pretoria. • Regular updates are performed,
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The sample points were obtained by using a Garmin 60CSx, xy accuracy is within 7 meters with the elevation being less accurate • Datum utilized WGS 84 zone 37

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The rock chip samples were obtained form available outcrops, • Outcrops in the area is mostly covered by weathered material, • The spot samples were distributed across the tenement areas, • No resource estimation could be performed,
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Sample points were located in areas where the outcrop were available yielding a non-regular sample pattern • Samples were obtained from three of the four exploration areas,
Sample security	• *The measures taken to ensure sample security.*	• All the sample material were extracted and obtained by the Minrom Consulting Representative. • Samples were packed, sealed and transported to South Africa by Minrom and were submitted to SGS in person, • Normal chain of custody protocols were performed,
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No drilling has been performed,

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary

Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*
		• The local head of the community were well informed with regards to the process and progress of the exploration,
		• The following licenses are under investigation and total 421.4 square kilometers:
		•
		  • PL 8528/2012, Erasto S Njozi (100%), Graphite, Granted 2012/12/24, Expiry 2016/12/23
		  • PL 6753/2012, Hatua Resources (T) Limited (100%), All minerals other than building matter, Granted 2012/08/10, Expiry 2016/08/09
		  • PL 7211/2012 Mitchell Group (T) Limited (100%), Gold

Criteria	JORC Code explanation	Commentary
		Granted 2012/01/20, Expiry 2016/01/19 • PL 8526/2012 Jabari Resources (T) Limited (100%) Graphite, Granted 2012/12/24 Expire 2016/12/23
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Apart from Hutua Resources no substantive exploration activities have been conducted on the area.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The majority of the mineralization is hosted in graphitic schist bearing layers, interbedded with resistant quartz lenses, • The layers are continuous in strike with the majority of the layers striking in a north east, south western direction with the dip towards the North West. • In specific areas the schist's are more amphibolite rich, • An in depth investigation of the regional and local geology will follow during the planned exploration activities,
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no drilling has taken place,
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of*	• The information obtained from the samples can be regarded as single point data and no averages, weighted averages are being reported,

Criteria	JORC Code explanation	Commentary
	such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The mineralization unites investigated is fairly thin. The thickness of the graphite zones ranges between 0.2 metres and 1 metre. The thickness could only be determined in a few areas due to the scarcity of outcrop and dense vegetation cover, • The strike extent of the layers are however significant,
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to figure 1 for the locality of the licenses and the sample points
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All rock chip samples obtained from the investigation area were submitted for analysis,
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No further information has been compiled to date,
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Discovery Africa is currently busy scoping an exploration program that will concentrate on: • Sourcing of satellite images, • Obtain governmental magnetic data, • Perform aerial geophysics to identify graphitic targets and lateral extensions, • Based on the outcomes of the geophysics survey drill targets will be identified, • Drilling of graphitic layers will be performed, • Resource estimation will be conducted,