Discovery Africa Limited
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19 February 2014

Kitgum Graphite Project Update - Graphite Grades of up to 25.3%

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

The Directors of Discovery Africa Limited ('Discovery', 'DAF' or 'the Company') provide the following update on the due diligence recently carried out on the Kitgum Graphite Project. As advised on 28 January 2014, the Company has executed a Heads of Agreement ("HOA") with Consolidated African Resources (Uganda) Limited ('CARL') in relation to Exploration Licence 1025 ('EL 1025'), located near Kitgum in Uganda, Africa. The HOA allows Discovery to purchase up to 100% of CARL.

Due Diligence Highlights :

- **Grades of up to 25.3% graphite with 9 out of 16 samples containing above 10% Total Graphitic Carbon (TGC)**
- **Visible Graphite cited during the recent field trip along the 18km, 1km wide graphitic trend**
- **The project exhibits scale potential as it is largely open within the tenement and has not been drill tested to determine depth extents**
- **Welcoming locals willing to assist with exploration activities**
- **Interim results received assisting with the definition of drill targets**

A recent field visit was carried out on the Exploration area which is highly prospective for Graphite where twenty nine exploration pits from 3 prospect areas were dug by local labourers. Graphite mineralisation hosted in gneiss was encountered in 23 of the 29 pits which extend 3.5km along strike and 1.5km across strike (refer Figure 3.). Only a small section of the 18km long graphitic mineralised trend was examined as part of this Due Diligence trip. The pits were an average depth of 2.5m with the geological samples showing visible signs of flake graphite particles in the gneissic host rock.

The due diligence team also interacted with the welcoming locals who encouraged the geological activities in the area. Especially the District Offices consisting of the Chairman LCIII, the elders and people of Lochomo village.
The observed results of the pitting so far indicate that the graphite deposit is extensive. Geophysical tests such as EM conductivity have been highly recommended due to the electrical properties of graphite. The Company is currently reviewing all interim results received in order to define a full geophysical EM survey and subsequent identification of drilling targets.

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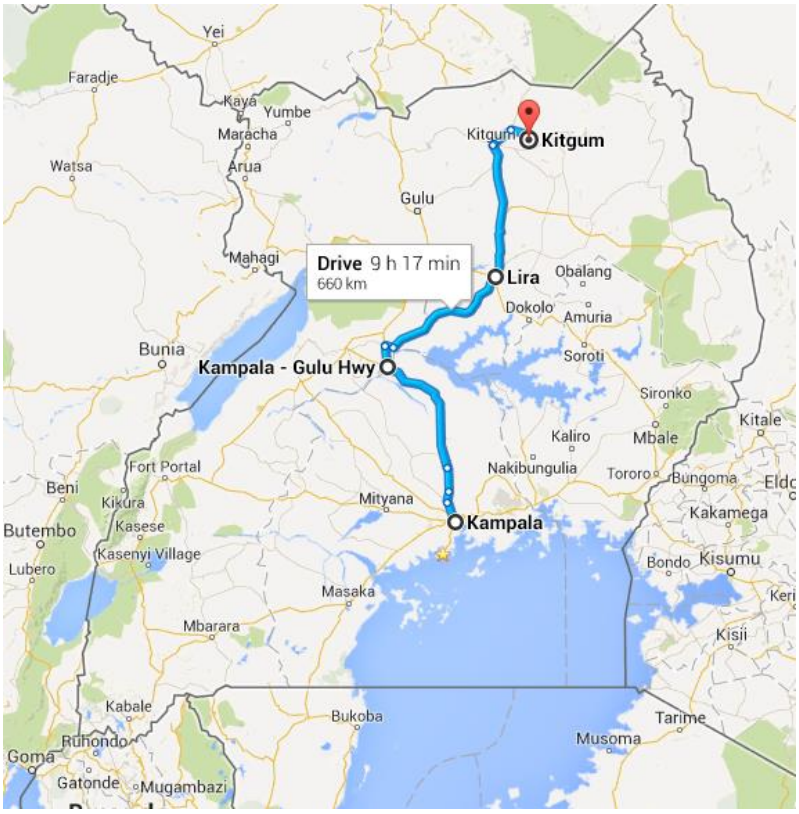

Figure 1: Location of Kitgum Town

Figure 2: The team with local leaders and diggers

The following table summarises the data of the pits visited:

Sample No.	Pit No.	Pit Depth (m)	East	North	RI	TGC (%)	Description
JJ1	-	-	570618	381582	1365	10.03	Graphite in oxidised outcrop
JJ2	-	-	570204	381619	1381	10.43	Graphite from bottom 3.4m of pit
JJ3	-	-	570119	381590	1389	8.24	Graphite from 0.5m
JJ4	2	4.2	570154	381478	1388	2.03	Low graphite from oxidised gneiss
JJ5	3	4.2	570181	381385	1384	4.73	Highly weathered gneiss
JJ6	-	-	570238	381535	1383	6.86	Highly weathered gneiss
JJ7	26	3.8	568421	381374	1471	13.9	Highly weathered gneiss
JJ8	27	4.6	568362	381368	1476	7.21	Moderately mineralised, weathered graphite gneiss
JJ9	14	2.8	568383	381265	1479	12.03	Well mineralised, highly weathered bed.
JJ10	12	1.9	568335	381393	1480	9.74	Vein like graphite in brecciated gneiss. Locally very high grade
JJ11	18	2.5	568344	381626	1468	25.3	High grade graphite in layers & veins
JJ12	17	2.6	568415	381549	1473	0.39	Low grade gneiss
JJ13	25	2	572450	379313	1469	15.07	Vein & disseminated graphite
JJ14	22	2.8	572413	379004	1522	15.57	Vein & disseminated graphite
JJ15	23	3.5	572103	378983	1491	11.5	Disseminated graphite in gneiss
JJ16	24	2.8	572000	378943	1476	15.23	Disseminated graphite in oxidised gneiss

Table 1: Summary of data from pits visited

Note:

1. Datum: WGS:84
2. Zone: 36N
3. TGC analysis is the result of average 3 assay results from 3 splits from the same sample
4. Analysis completed by SGS for Total Graphitic Carbon (TGC) (Method CSA05V%)

Samples are to be submitted to SGS Laboratories for further assaying and metallurgical testing.

Next stages of exploration

Below is a list of the proposed stages of exploration which will be conducted on the Kitgum Graphite project for 2014 with an indicative timetable:

- Geological reconnaissance including Astor imaging and interpretation of government magnetic data – 17 February to end March,
- Airborne geophysical program mobilisation – April to May
- Airborne geophysical program completion– June
- Mobilisation of drilling rigs and crews (waiting for the dry season to increase mobility) - June
- Commencement of Drilling program – July
- Resource declaration– 4th Quarter 2014

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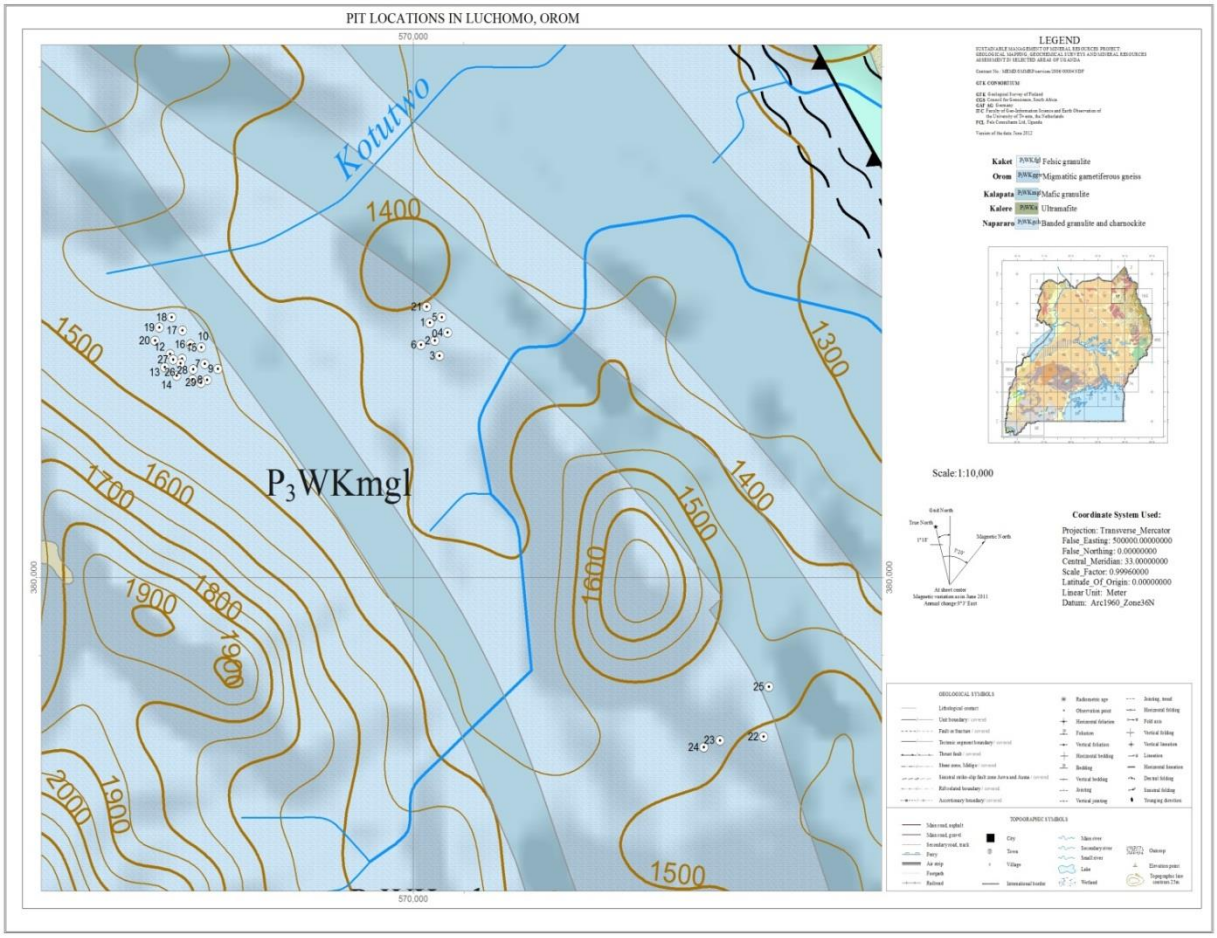

Figure3: Geological map showing pits

Acquisition terms

Details of the HOA are set out below:

- Upon execution of the HOA, DAF has acquired 25% of the issued capital of CARL.
- DAF will commit to spending a minimum of US$264,000 in order to achieve JORC compliant certification on EL 1025 ('Phase 2').
- Upon completion of Phase 2, DAF will be issued a further 50% of the issued capital of CARL.
- The final 25% of CARL can be purchased by Discovery Africa on an agreed fair market value, which will be determined by both parties.

The Board of Discovery Africa is proud to announce that the Kitgum Project satisfies the strategy of the company and the Company is able to secure this project. Discovery Africa is further of the fullest intention to complete all requirements to achieve a 100% holding in CARL.

For further information:

Kevin Nichol
Managing Director

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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, the Tanzanian Graphite Project and the Brandberg Lithium Project in Namibia.

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 Brendan Cummins, Mr Cummins is a Member of the Australian Institute of Geoscientists and is a Consultant to Discovery Africa. Mr Cummins 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 Cummins has consented to the inclusion in the report of the matters based on the information in the form and context in which it appears

Figure 4: Graphite layers in exploration pit

1 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 taken from pits • Pits ranges in depth from 1.7m to 4.7 with an average depth of 3.0m • Pits have an average width of 1.5m • The samples have been taken as composites from the pits combing 4 samples taken the walls of the pits that have been combined into one sample for analysis • The samples are representative but selective of mineralised gneissic material only. The samples do not include any potentially barren material that may or may not have been encountered in the pit.
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).*	• Not applicable, DAF has not completed any drilling on the property
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.*	• Not applicable, DAF has not completed any drilling on the property
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.*	• Rockchip samples from the pits were described in basic terms – lithology and degree of weathering

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.*	
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 16 composite sample gathered in the field were pulverised and split into three 50 gram pulps that were then assayed – thus each of the 16 sample site has three assays from the same composite sample • The three assays have been averaged in Table 1 within the main text of this release
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 Graphitic Carbon (TGC) (CSA05V%), LECO Total Carbon (CSA01V), Whole rock analysis using borate fusion XRF (XRF79V) and base-metals by potassium pyrosulphate fusion XRF (XRF77R) • TGC is the most appropriate method to analyse for graphitic carbon and it is total analysis • SGS inserted its own standards and blanks and completed its own QAQC • DAF did not insert any standards or blanks and is relying on the QAQC completed by SGS for accuracy • DAF completed three analysis for each sample which shows that SGS has acceptable precision
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.*	• The data has been manually updated into a master spreadsheet which is appropriate for this early stage in the exploration program
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.*	• A handheld GPS was used to identify the positions of the pits in the field • The handheld GPS has an accuracy of +/- 5m • The datum is used is WGS84 zone 36

Criteria	JORC Code explanation	Commentary
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	
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 pits were excavated from three general locations within EL1025 separated by 1.5km across strike and 3.5km along strike (refer to Figure 3.) • At each sample locality the pits extend 400 to 500m along strike and 200 to 300m across strike • At each sample locality the pits were dug in close proximity to each other on a local grid pattern approximately 100m apart • The grid pattern is not considered regular but determined by local topographic constraints • The assay results show good local continuity between the mineralisation/graphitic gneissic bands between pits and are thus representative on a local scale • On a larger tenement scale additional sampling and mapping is required to determine the extents and continuity of the mineralisation. • The project is considered too early stage for Resource Estimation
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.*	• Pits were designed to sample across a small section of the known strike of the mineralisation • Additional sampling and mapping is required to fully understand the mineralisation in relation to controlling structures or
Sample security	• *The measures taken to ensure sample security.*	• The samples were taken under the supervision of an experienced geologist and DAF Executive Chairman Danie van den Bergh. • The samples were transferred under DAF supervision from Uganda directly to RSA where they were personally delivered to SGS laboratories. • Chain of custody protocols were observed to ensure the samples were not tampered with post sampling and until delivery to the laboratory for analysis
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Not applicable, DAF has not completed any drilling on the property

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 exploration work was completed on tenement EL1025 which is an active Exploration license in Uganda. EL1025 was granted on the 8/9/2012 and expires on the 8/8/2015. It is held 100% by vendors Consolidated African Resources Ltd and has the rights for graphite and other minerals. • It has an area of 323km2 • Traditional landowners and Chiefs of the affected villages were supportive of the recently completed sampling program.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No substantive exploration activities for graphite have been carried out on the EL1025 • The vendors (Consolidated African Ltd) of the property have undertaken a maiden program of pitting and sampling utilising the services of consultants TMTMining. • The program included the digging and sampling of 29 pits • The work was completed between Dec/Jan 2013/2014 • The results are not reportable under JORC 2012
Geology	• *Deposit type, geological setting and style of mineralisation.*	The deposit type is described as gneiss hosted flaky graphite. The mineralisation is hosted within rocks of Rom Mountain that are granulite or retrograde granulite facies, regionally metamorphosed rocks belonging to the Karamoja Group. The regional strike is to the NNW. The following descriptions of the rock types within the tenement are based mainly on observations reported by Department of Geological Survey and Mines, Entebbe. Over 95% of the exposures within the tenement comprise 3 main rock types that include alternating sequences of: • Graphitic gneiss. • Quartzo-felspathic rocks and, • Acid to intermediate pyroxene and hornblende granulites.

Criteria	JORC Code explanation	Commentary
		Less common rock types include: • Amphibolites and basic pyroxene granulites which form several outcrops in the Lochomo pitting area. • Intermediate medium to coarse grained hornblende bearing gneisses, uncommon in both areas. • Graphitic or graphite poor gneisses with a bright green diopsidic pyroxene. • Gneiss with abundant coarse orange garnets from one locality at Lochomo.
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, DAF has not completed any drilling on the property
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 such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Simple averaging has been used on the 16 samples. • Each sample assay was generated from the averaging of 3 samples split from the same crushed and pulervised orginal sample.
Relationship between mineralisation	• *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*	• Due to the potentially large strike length of the mineralisation the pit sampling program has been selective and pit sampling has only assessed the local grade distribution of the graphitic zones from surface to shallow

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	*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').*	depths <4.7m). • Further additional widespread surface sampling, mapping and drilling is required to understand the geometry of the graphite mineralisation
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 3 that shows the location of the pits
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 practised to avoid misleading reporting of Exploration Results.*	• All rockchip samples have been reported
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.*	• Further work will include surface and aerial geophysical surveys utilising EM techniques • Satellite image acquisition and interpretation • Further surface sampling techniques that may include pitting and trenching with mapping • Initial metallurgical testwork – flotation and particle sizing • Data compilation and analysis, target generation and ranking prior to drilling