



DISCOVERY
africa

UPDATE ON BRANDBERG LITHIUM PROJECT IN NAMIBIA

1 October 2014

The board of Discovery Africa Limited (ASX: DAF) (**Company**) changed on 10 April 2014 and shortly thereafter the new Directors of the Company commenced a Company wide review, including a review of all projects.

As part of that evaluation, the Company sought advice from its lawyers in Namibia as to the validity and enforceability of the Memorandum of Understanding (**MOU**) and the Heads of Agreement (**HOA**) entered into by the Company and Jaco de Klerk, in respect of the Brandberg Lithium Project in Namibia (**Project**).

The Company's lawyers have advised that both the MOU and the HOA both contravene various material provisions of and prohibitions under, the Namibian *Minerals Act, 1992*. Further, the Company's lawyers advise that both the MOU and the HOA are most likely invalid (and a nullity), but in any event are unenforceable.

Based on this advice, the Company, has no and never had any, legal rights to the Project, including no right to conduct any exploration or other work on the Project and had no reasonable basis for expending Company funds on the Project.

In light of the advice, the Company cannot and will not proceed any further with the Project. Additionally, the Company is now investigating the decisions and actions of the former directors, in entering into the MOU and HOA and the significant expenditure of Company funds on the Project.

For further information:

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Company Secretary