



DISCOVERY africa

29 January 2016

QUARTERLY ACTIVITIES REPORT DECEMBER 2015

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

Legal Proceedings

The Company advised that on 23 December 2015, the Federal Court of Australia delivered judgment in relation to the Company's application for summary judgment against former directors, Mr Kevin Nichol (Mr Nichol) and Mr Danie Van den Bergh (Mr Van den Bergh) in relation to payments made to them on the eve of tendering their resignations as directors of Discovery Africa.

The Federal Court of Australia made the following orders:

1. Mr Nichol holds the amount of \$274,005.78 on trust for Discovery Africa.
2. Mr Nichol is indebted to Discovery Africa in the amount of \$274,005.78.
3. Mr Van den Bergh holds the amount of \$162,666 on trust for Discovery Africa.
4. Mr Van den Bergh is indebted to Discovery Africa in the amount of \$162,666.
5. Judgment be entered against Mr Nichol in favour of Discovery Africa in the amount of \$274,005.78.
6. Judgment be entered against Mr Van den Bergh in favour of Discovery Africa in the amount of \$162,666.
7. Mr Nichol and Mr Van den Bergh pay Discovery Africa's costs.
8. The parties be at liberty to apply to the Court on the question of interest.

The Company intends to enforce the judgments against Mr Nichol and Mr Van den Bergh, who were required to comply with the orders above by 28 January 2016, however the Company has been notified that Mr Nichol and Mr Van den Bergh have separately lodged appeals against the judgement.

Next Steps

Mr Nichol and Mr Van den Bergh have not complied with the orders to make the payments pertaining to the judgement. As the Company has not received any payments to date, it will now enforce the judgments, including but not limited to seeking orders from the Court to appropriate the frozen assets of Mr Nichol and Mr Van den Bergh.

The Company will also:

1. be seeking orders for payment of interest on the judgement sum and will make an application to recover its legal costs associated with the summary judgment; and



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- continue to pursue its further claims against Mr Nichol, Mr Van den Bergh, Mr Thick, Mr Avery and its former solicitors, CBP Pty Ltd trading as Collin Biggers & Paisley.

Exploration Activities

Nachingwea Graphite Project

The Nachingwea Graphite Project is located in southeast Tanzania and comprises five granted tenements covering approximately 520km². The region has access to high quality infrastructure including access via mainly sealed roads from the coastal towns of Lindi and Mtwara, which also boast an airport and deepwater port facilities (see Figure 1).

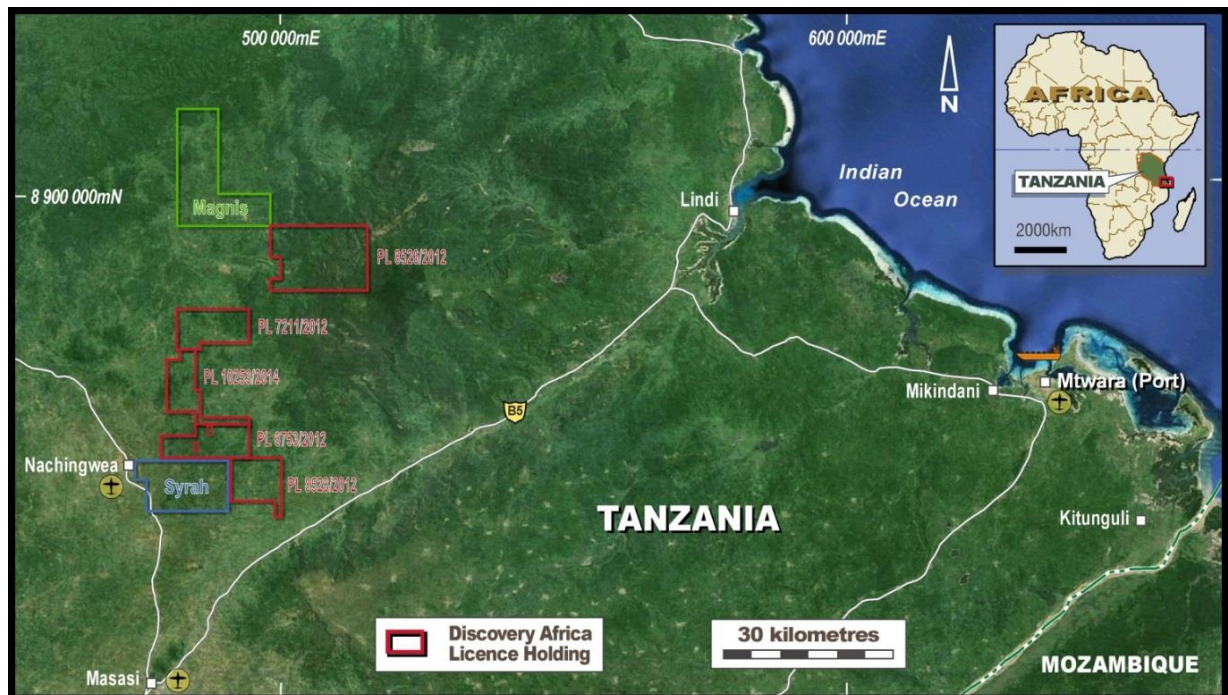


Figure 1. Location Map showing Nachingwea townsite, Mtwara port facility and DAF granted Prospecting Licences in relation to Magnis (green) and Syrah (blue).

The Company has a dominant tenement position at Nachingwea located between and adjacent graphite projects held by Syrah, Magnis and IMX Resources, which will allow a consolidated approach to exploration of the entire project area and cements DAF's position as an emerging graphite explorer in Tanzania.

The Project substantially overlays the graphite prospective Mozambique Mobile Belt, with graphitic schist located both within and surrounding the Project. The prospect areas within the project tenements are highly prospective for graphite mineralisation, including outcrops of graphitic schist identified at numerous localities. At the Injaa Hill prospect area, outcrops of graphitic schist have been mapped by the Geological Survey of Tanzania.



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Other

The Company is continuing to investigate the decisions and actions of its former directors in entering into an MOU and HOA, and the significant expenditure of Company funds on the Brandberg Lithium Project in Namibia.

Corporate

The Company held its Annual General Meeting on 26 November 2015, and all resolutions presented at the meeting were carried/approved.

Key Objectives for March 2016 Quarter

- The Company will continue its actions to enforce judgement against Mr Nichol and Mr Van den Bergh to recover the amounts from the assets frozen by the Federal Court of Australia.
- The Company will consider its strategy at the Nachingwea Graphite Project to ensure it enhances and increases the overall value proposition of the Company;
- The Company will consider new business opportunities to enhance the Discovery Africa asset portfolio.

ENDS

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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 Jerko Zuvela. Mr Zuvela is a Member of the Australasian Institute of Mining and Metallurgy (Chartered Professional) and 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 Zuvela is a Director of Discovery Africa Limited and has consented to the inclusion in the report of the matters based on the information in the form and context in which it appears.



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Appendix A: Discovery Africa Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 31 December 2015:

| Mining Tenement | Location | Beneficial Percentage held | Interest acquired/farm-in during the quarter | Interest disposed/farm-out during the quarter |
|---------------------------|-----------------|-----------------------------------|---|--|
| PL6753/2012 ¹ | Tanzania | 100% | | |
| PL7211/2012 ¹ | Tanzania | 100% | | |
| PL8526/2012 ¹ | Tanzania | 100% | | |
| PL8528/2012 ¹ | Tanzania | 100% | | |
| PL10253/2014 ¹ | Tanzania | 100% | | |

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