



DISCOVERY
africa

UPDATE ON UGANDAN GRAPHITE PROJECT

28 October 2014

Discovery Africa Limited (ASX:DAF) ("the Company"), is pleased to announce that the Directors have successfully negotiated with the vendor of the Kitgum Graphite Project to terminate and unwind the acquisition of this project.

EL 1025 Kitgum Graphite Project (Uganda)

On the 4th April 2014, the Company announced it had entered into an agreement to purchase the remaining 75% of the shares held in Consolidated African Resources Limited (CONSAF). The acquisition involved the Company paying \$100,000 to the vendor and issuing 18,500,000 ordinary shares (at a deemed price of 3.6cents per share). A further \$100,000 was to be paid to the vendor in the 6 months following the execution of the Share Sale Agreement. This amount has not been paid.

This was an amendment to the original agreement, under which the Company had acquired 25% of CONSAF for the sum of AUD50,000. The Company had rights to acquire a further 50% of CONSAF, by expending up to AUD264,000 on exploration on the tenement. No shares were to be issued in the Company.

The amended agreement, including the issue of 18,500,000 shares, was negotiated by the former Directors, at a time when their removal was being sought at a Shareholders Meeting.

The Company has come to an agreement with the vendor, Mr John Cross, to terminate and unwind the transaction and all its related agreements. All shares in CONSAF have been transferred back to Mr Cross by the Company.

The Board is pleased to advise that the Company will receive back the previously issued 18,500,000 ordinary shares. These shares will be held by Capital & Corporate Advisors Pty Ltd as bare trustee for Discovery Africa Ltd.

For further information:

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CFO/Company Secretary