



DISCOVERY  
africa

## Discovery Africa Limited

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30 January 2014

## Proposed Acquisition New Graphite Projects

### Board of Directors

Danie Van Den Bergh (Executive Chairman)

Kevin Nichol (Managing Director)

Philip Thick (Non-Executive Director)

Ian Lovett (Non-Executive Director)

### Company Secretary

Melanie Leydin

### 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') advise that they have executed a Memorandum of Agreement ('MOA') for the proposed acquisition of up to 80% of the issued capital in Hatua Resources (T) Limited ('Hatua'), a Tanzanian incorporated Company that holds the rights to four exploration licences located in Tanzania, which are prospective for Graphite.

### Highlights

- The Projects are highly prospective for graphite mineralisation including outcrops of coarse flake graphitic schist identified at numerous localities
- The tenements cover 416 km<sup>2</sup> and are along strike from Syrah Resources' Nachingwea Project in Tanzania
- The Projects are located in Tanzania, a politically stable, English speaking country recognised as an African jurisdiction that has many advantages over other countries in the region, being a preferred destination for exploration and mining investment

### The Projects

The Projects are located in South-East Tanzania and comprise 4 licences over three project areas which are in close proximity and cover approximately 416km<sup>2</sup>. In addition the region has 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.

The Projects substantially overlay the graphite prospective Mozambique Mobile Belt with graphitic schists located both within and surrounding the Projects. At the Injaa Hill project area outcrops of graphitic schist have been mapped by the Geological Survey of Tanzania extending 800m x 150m and represent near term targets ready for trenching and drilling. Early reconnaissance mapping identified high grade seams of graphite in the other project areas

The Company's due diligence will further assess the results of previous exploration programs carried out on the Projects area with the aim of increasing the potential of mineralisation previously identified on the Projects and to define additional targets.



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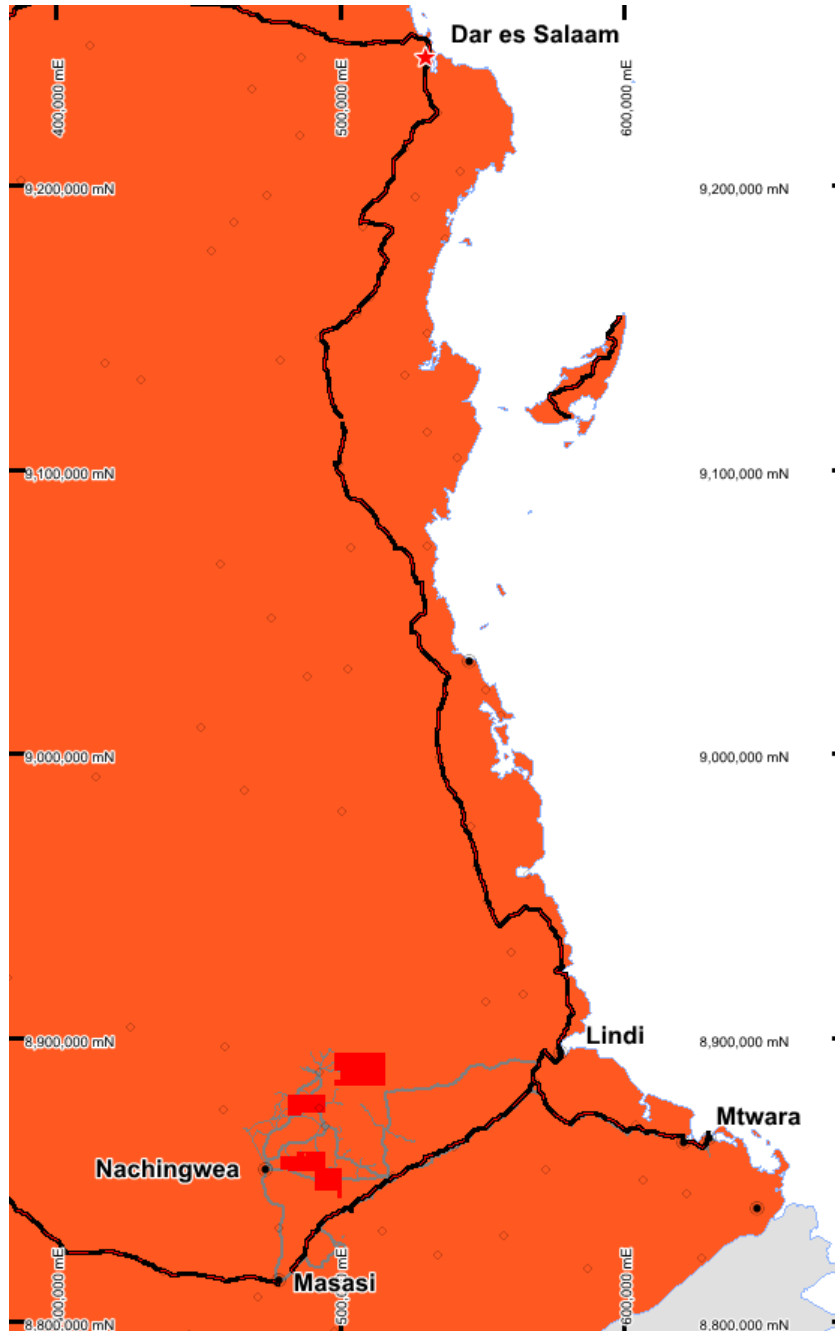


Figure 1. Location map of the large graphite tenement package (red solid outlines) to be acquired by Discovery Africa showing proximity of major infrastructure.



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### Acquisition terms

The consideration to be paid under the MOA are as follows:

- The Company will pay an initial amount of \$50,000 cash to acquire 3 months to carry out due diligence on the licences and Hatua.
- If the Company resolves to continue with the proposed acquisition following the due diligence period, a further cash payment of \$50,000 will be paid along with the issue of \$300,000 worth of DAF shares.
- Following the spend of \$500,000 on exploration licences, DAF will earn a right to a 50% interest in the issued capital of Hatua.
- Following the spend of a further \$1,000,000 on exploration licences, DAF will earn a further right of 30% interest in the issued capital of Hatua.

More details will be provided following the completion of due diligence on the licences and Hatua.

### For further information:

**Kevin Nichol**  
**Managing Director**

Email: [kevin@baru.com.au](mailto:kevin@baru.com.au)

### 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 new Lithium Project in Namibia.