



DISCOVERY
africa

Discovery Africa Limited

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4 April 2014

Kitgum Project Acquisition Update

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: 191,234,698 ordinary shares

DAFO: 43,998,005 20c listed options

DAFAK: 12,500,000 9c unlisted options

DAFAL: 5,000,000 9c unlisted options

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.

The Directors of Discovery Africa Limited ('Discovery', 'DAF' or 'the Company') provide the following update on the acquisition of the Kitgum Graphite Project. As advised on 28 January 2014, the Company 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.

Terms of Acquisition

Following the ASX Announcement of 19 February 2014, the Board of Discovery has successfully negotiated the terms for the acquisition of the remaining 75% of the Kitgum Project, as contemplated in the original Heads of Agreement. The Board has agreed to the following as consideration through a Share Sale Agreement ('SSA') with the vendors:

- Upon execution of the SSA, the Company will pay \$100,000 cash to the vendors;
- Upon execution of the SSA, the Company will issue 18,500,000 fully paid ordinary shares to the vendors with the shares being placed into voluntary escrow for a period of 12 months from this day.
- 6 months following execution of the SSA, the Company will pay \$100,000 cash to the vendors.

The final acquisition terms allow the Company to immediately own 100% of the project and to carry out its proposed activities now with full ownership.

The agreement also contains warranties and indemnities consistent with the nature of the agreement.

Acquisition of the Kitgum Project is a significant step in executing the strategy of the company to acquire and develop attractive projects in Africa.

For further information:

Kevin Nichol
Managing Director

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