



DISCOVERY
africa

Discovery Africa Limited

ACN 147 324 847 ABN 50 147 324 847

Level 4, 100 Albert Road, South Melbourne VIC 3205

Phone: (03) 9692 7222

Fax: (03) 9077 9233

30 April 2014

MARCH 2014 QUARTERLY ACTIVITIES REPORT

Board of Directors

Peter Lloyd (Director)

Frank Knezovic (Director)

Graham Walker (Director)

Company Secretary

Melanie Leydin

Quarterly Share Price Activity

Low \$0.036

High \$0.071

Close \$0.036

Securities on Issue:

DAF: 200,734,698 ordinary shares

DAFO: 43,998,005 20c listed options

DAFAK: 12,500,000 9c unlisted options

DAFAL: 5,000,000 9c unlisted options

The Directors of Discovery Africa Limited ('DAF', 'the Company' or 'Discovery') provide the following review of activities for the March 2014 quarter.

EXPLORATION ACTIVITIES

Graphite Project (Uganda – Kitgum Graphite) – EL 1025

During the quarter, the Company executed a Heads of Agreement ("HOA") with the shareholders of Consolidated African Resources (Uganda) Limited ('CARL') in relation to Exploration Licence 1025 ('EL 1025') located near Kitgum in Uganda, Africa. The HOA allowed Discovery to purchase up to 100% in CARL. (Refer to ASX announcement on 28 January 2014).

A field visit was carried out on the Exploration area with details of this visit released to the ASX on 19 February 2014.

Subsequent to the end of quarter, the Company acquired the remaining 75% of the shares held in Consolidated African Resources Limited through the execution of a Share Sale Agreement (refer to ASX announcement on 4 April 2014).

The Directors are currently reviewing technical data on this area with a view to determining the future exploration activities.

Namibia – Erongo Graphite Project (Area 51)

The Erongo Graphite Project (Area 51) located in Namibia is owned 100% by Argosy Minerals Limited (ASX: AGY) of which Discovery is an 76.22% shareholder of AGY.

During the quarter the Company completed drilling of the first three boreholes. Fifteen samples from the three boreholes were identified for the analytical testing. The sample analytical results received from SGS Laboratories announced on 28 March 2014.

The Geophysical IP results from Area "C" will now be studied before a decision made on the future exploration program.

Tanzanian Graphite Project

On 30 January 2014, the Company announced 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.

The Company paid an initial amount of \$50,000 cash to acquire 3 months to carry out due diligence on the licences and Hatua.

The Projects are located in South-East Tanzania and comprise 4 licences over three project areas which are in close proximity and cover approximately 416km².

On 17 March 2014, the Company announced that it had renegotiated the acquisition terms to acquire 100% of the Tanzanian Graphite Project.

The Directors are currently reviewing technical data on this area with a view to determining the future exploration activities.

Namibia – Brandberg Lithium Project

The Brandberg Lithium Project is located some 60 kilometres South West of the town of Uis in Namibia. The Project comprises of six Mining Claims registered over the area known as the Karlowa Pegmatite Valley.

During the quarter Minrom was engaged to map the six claims to delineate and characterise the pegmatite zonation and more importantly to locate lithium bearing mineralisation within the pegmatite.

Phase 1 of the program commenced on 20 January 2014 including Geographic Information System Assessment, Field Mapping and Sampling.

The Directors are currently reviewing technical data on this area with a view to determining the future exploration activities.

Myanmar Project

In February 2013, Discovery Africa acquired an option to acquire a 100% interest in Horizon Mines, which holds six exploration applications which are prospective for copper/gold mineralisation in Myanmar.

Discovery is currently awaiting the grant of these exploration licences.

Corporate

Board of Directors

Receipt of Shareholder Requisition Notice

On 17 February 2014, Discovery announced that it had received proposed resolutions from Sunbreaker Holdings Pty Ltd <Lloyd Super Fund A/c>, an entity associated with Mr Peter Lloyd, who holds greater than 5% voting power. The resolutions proposed are as follows:

1. Appointment of Director – Mr Peter Lloyd
2. Appointment of Director – Mr Graham Walker
3. Appointment of Director – Mr Frank Knezovic
4. Removal of Director – Mr Kevin Nichol
5. Removal of Director – Mr Ian Lovett
6. Removal of Director – Mr Danie van den Bergh

The Company called a general meeting of shareholders for 10 April 2014 where it put these resolutions to the shareholders.

Subsequent to the end of the quarter Messrs Nichol, Van den Bergh, Lovett and Thick resigned as Directors of the Board.

As a result of the general meeting, the new Board of Directors consists of the following:

Mr Peter Lloyd

Mr Lloyd, a lawyer by profession, is a founding member of Argosy Minerals Limited and has been involved in mining exploration for over 25 years. He has extensive experience in corporate life and has been involved in projects in Canada, United States of America, Eastern Europe, Africa, New Caledonia and Australia.

Mr Frank Knezovic

Frank Knezovic is a lawyer and co-founding director of legal firm Nova Legal. Mr Knezovic has for more than 15 years advised public and private companies, directors, corporate advisors, broking firms, insolvency practitioners and financial services providers on a broad range of corporate and commercial matters.

Mr Knezovic has extensive experience in advising on capital raisings (both IPO and post-IPO) asset acquisitions and disposals, takeovers, mergers and acquisitions, corporate reconstructions and insolvency, directors' duties, general corporate and commercial advice, and regulatory and strategic advice. Mr Knezovic has advised many companies and advisers (local, national and international) on a number of significant M&A, cross border acquisitions/divestments and capital raising transactions.

Mr Knezovic is currently also a non-executive director of Argosy Minerals Limited and White Canyon Uranium Limited. He is a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

Mr Graham Walker

Prior to Mr Walker's 37.5 years of business experience in real estate, he was a Bank Manager. Mr Walker is currently the manager and director of a leading real estate franchisee in Western Australia which attained top office in Western Australia for 23 years and have achieved top Principal award. He is also presently a director of 3 companies with 20 years' experience as Chairman & Director of public companies.

Future Funding

The Company's current Board are cognisant of the current cash balances and the funding requirements to meet ongoing working capital of the Company.

At the end of the March 2014 quarter the Company held consolidated cash balances of \$1,276,000 as reported in the Appendix 5B, accompanying this report. On 16 April 2014, the newly appointed Board announced that the cash balance of the Company, inherited from the previous board, as at the 15 April 2014 was \$142,573.

Since the 15 April 2014 announcement and to the date of this report there has been no further expenditure by the Company and the new Board has secured the refund of approximately \$125,000 representing 50% of future expenditure committed by the former directors on or about 7 April 2014, prior to their resignation on 9 April 2014. Discussions for the return of further monies are ongoing and further updates will be provided at such later date.

The Directors are working towards securing short term funding for working capital requirements and are liaising with the major shareholders who are willing to support the Company. The Company believes it will be able to raise sufficient cash to fund its activities for the current quarter.

The Directors note that the Company is an exploration Company and as such does not have a stable source of income which is a situation that has not changed since it was first admitted to the ASX. The Company expects to have negative operating cash flows in future quarters due to its status as a mineral explorer and therefore the Company will be reliant upon the continued support of the investment community whilst in this exploration phase.

Discovery's Interest in Mining Tenement

Below is a listing of mining tenements held by the Company as at the end of the March 2014 quarter:

Mining Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
PL 6753/2012 ¹	Tanzania	100%	100%	-
PL 7211/2012 ¹	Tanzania	100%	100%	-
PL 8526/2012 ¹	Tanzania	100%	100%	-
PL 8528/2012 ¹	Tanzania	100%	100%	-
EL 1025 ²	Uganda	25%	25%	

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

² Interest in mining tenement held through 25% shareholding in Consolidated African Resources Limited, a Ugandan incorporated Company.

Discovery Africa Limited
30 April 2014

ASX Announcement
March 2014 Quarterly Report

There were no exploration licences disposed of during the March 2014 quarter

For further information:

Frank Knezovic
Director