

Discovery Africa steps up graphite exploration in Tanzania, Uganda and Namibia

✘ Discovery Africa Ltd ('DAF', ASX: DAF) is actively expanding its graphite asset portfolio. Two weeks ago, DAF announced that it had signed a memorandum of understanding (MOU) to acquire an 80% stake in Hatua Resources ('Hatua'), which has a large graphite property in Tanzania. Hatua holds four promising exploration licenses for graphite, covering 416 square kilometers in an area featuring a graphitic outcrop schist formation measuring 800 m. X 150 m. Just days prior to the Hatua MOU, DAF announced that it had signed another memorandum of understanding to acquire all of Consolidated African Resources (CARL) which owns an exploration license in the vicinity of Kitgum, in Uganda, said to conceal another very favorable graphite deposit. Indeed, on February 18, the company announced that it has discovered graphite at grades of up to 25.3% at the Kitgum project as part of its due diligence exploration. Nine out of 16 samples were found to have graphitic carbon levels of up to 10. DAF will continue the program and expects to complete geological reconnaissance before the end of March and the airborne geophysical program by June in order to start drilling in July. Should the program proceed on schedule, DAF will be able to announce its resource before the end of the year.

Discovery Africa had previously focused on coking coal; now, it has shifted more attention to developing the aforementioned Kitgum Project in Uganda, Area 51 Graphite Project in Namibia, the Tanzanian Graphite Project and the new Lithium Project in Namibia. DAF's interest in Hatua may well have been prompted by the latter's proximity to tenements struck by Syrah Resources (ASX: SYR) at the latter's Nachingwea Project, aiming to improve the mineralization potential already

observed while adding new targets. Nachingwea covers an area of about 30 square kilometers and it is located some 325 kilometers north of Syrah's highly prospective Balama graphite-vanadium project in Mozambique.

The project is also well linked to roads and infrastructure, readily accessible from the coastal areas. In addition, by focusing on the new Tanzanian property, DAF is targeting a type of graphite that differs from Canadian and European varieties. Syrah's experience in Mozambique at Balama is indicative. The resource at Balama is rich in volume and it is of a consistently high grade, medium to coarse flake variety of graphite that should be readily upgraded to purity levels of 94%. The Balama graphite deposit offers an important geological advantage in that most of it rises above ground and can be seen. Syrah says that it has not had to drill a single hole to determine that Balama is a very significant deposit, the variety of which can command high prices in world markets as it is suitable for use in the new Li-ion batteries that are expected to drive demand for electric transportation.

DAF is also developing a graphite project in Namibia at the Erongo graphite project. In 2013, DAF hired the mineral resource company, Minrom, to define the graphite distribution hosted in the Karibib Marble (Karibib is an area of Namibia home to the 'Karibib Marble and Granite Works', rich in some of the best marble deposits in Africa), Minrom has already started work and is expected to deliver analytical results by the start of summer 2014.