



DISCOVERY  
africa

## ASX Announcement

7 April 2017

# Discovery Africa secures WA Gold Projects

Discovery Africa Limited (ASX: DAF - "Discovery Africa" or "Company") is pleased to announce that it has executed a Heads of Agreement (HOA) with Bruce Robert Legendre ("BRL"), granting the Company a one-year option period to purchase a 100% interest in the Cue and Pinyalling Gold Projects in Western Australia.

The Cue Project comprises two contiguous tenements – Prospecting Licence 20/2088 (196 hectares) and Prospecting Licence 20/2089 (39 hectares), located immediately to the north of the Cue township. Cue is located 650km north of Perth on the Great Northern Highway. The Cue Project area is readily accessible by vehicle via numerous roads and tracks.

The Pinyalling Project consists of Exploration Licence 59/2112 covering 18 blocks (54km<sup>2</sup>) and is about 400km northeast of Perth. Access is via the Great Northern Highway from Perth to Paynes Find-Yalgoo road. This road gives access to the Pinyalling Mining Centre, about 30km west of Paynes Find.

The Company's near-term strategy to advance the Projects is:

- Review and assess historical exploration works and results from the Cue and Pinyalling Projects;
- The Company will conduct a reconnaissance site visit and provide the results of this and the historical data review in a future announcement; and
- Conduct preliminary exploration works targeting infill auger works, follow up mapping of drill targets, and subsequent drilling of selected targets.

### Summary Terms of the Heads of Agreement

Discovery Africa has executed the Heads of Agreement with BRL whereby Discovery Africa agrees to accept an option to purchase 100% equity in the Cue and Pinyalling Projects – Exploration Licence 59/2112 and Prospecting Licences 20/2088 and 20/2089.

The key terms of the Agreement are:

- Discovery Africa shall be granted an Option for a period of one (1) year to purchase, at any time during that period, 100% of the Projects for A\$30,000 plus GST and a gross royalty of 1% on all metals economically mined from the Projects.
- Discovery Africa shall make a non-refundable payment to BRL of \$15,000 cash plus GST as the option fee.
- Discovery Africa will manage all exploration, development and mining activities at the Projects.

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- Discovery Africa can elect to terminate the HOA prior to exercising the 'Option to Purchase' the Projects.

The Company will now focus on these Projects with an aim to increase the overall value proposition of the Company and ensure it is best placed to deliver value and upside potential for all its shareholders.

**ENDS**

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