



DISCOVERY
africa

30 July 2020

QUARTERLY ACTIVITIES REPORT JUNE 2020

Discovery Africa Limited (ASX: DAF) ("the Company"), is an Australian based mineral exploration company with an interest in the Pinyalling Gold Project in Western Australia.

The Company provides the following update for the Quarter;

Exploration Activities

Pinyalling Gold Project

The Company owns a 100% interest in the Pinyalling Gold Project tenement in Western Australia.

The Pinyalling Project consists of Exploration Licence 59/2112 covering 18 blocks (54km²) and is located ~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 carried out further consideration in response to the *Plan for Our Parks* initiative, covering the *Proposed Thundelarra National Park - Class A - FNA 15020*, which affects the Company's tenement, and if declared a Class A reserve, may impact the Company's ability to conduct further exploration works within the tenement. Whilst there is uncertainty in regard to the governments' actions on this matter, the Company will reconsider its plans and proposed exploration activities at the Project.

New Project Opportunities

During the Quarter, although impacted by the COVID-19 crisis, the Company continued to review mineral project opportunities and conducted due diligence over several projects that may complement the Company's current activities. These due diligence reviews and associated negotiations continue. Following completion of any successful project due diligence exercise and pending strategy to progress, the Company will consider any such opportunities and advance as and where required to progress with such project or projects.

Covid-19

The Company continues to take appropriate safety measures and actions to protect our staff and business operations, including precautions advised and regulated by the Australian Government. First and foremost, our priority is the health, safety and wellbeing of our staff, partners and community, and as such, the Company is actively monitoring the Covid-19 situation.

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DISCOVERY africa

Corporate

On 19 May 2020, the Company completed a capital raising whereby a total of 10,000,000 Shares and 10,000,000 Options were issued to sophisticated and professional investors using its existing placement capacity available under ASX Listing Rule 7.1 (comprising 6,335,205 Shares at an issue price of 1.25 cents per Share and 10,000,000 Options) and Listing Rule 7.1A (comprising 3,664,795 Shares at an issue price of 1.3 cents per Share). A total of \$126,832 was raised at an average issue price of 1.268 cents per Share, plus one (1) free attaching unlisted option ("Option") for every one (1) new Share issued (the "Placement"). The Options are exercisable at 3.2 cents each on or before 30 April 2023.

There were no mining production and development activities conducted during the Quarter.

Due to the impact of the COVID-19 pandemic and the desire of the Company to conserve costs in this uncertain period, there were no field exploration activities conducted on the Pinyalling Gold Project during the Quarter.

A total of \$7,954 was expended during the Quarter on due diligence costs for potential new projects.

As outlined in the attached Appendix 5B (section 6.1), during the Quarter, no payments were made to related parties and their associates. Director fee payments for the previous two quarters have been accrued and may be paid in the next quarter.

Schedule of Tenements

The schedule of tenements held by the Company at the end of the Quarter is shown below. No tenements were acquired or disposed during the Quarter.

Mining Tenement	Location	Beneficial Percentage held
EL59/2112	Western Australia	100%

ENDS

This announcement has been authorised by the Directors of the Company.

For further information:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DISCOVERY AFRICA LIMITED

ABN

50 147 324 847

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	(113)
	(e) administration and corporate costs	(23)	(132)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Others		
	(a) Net GST (paid) / refunded	1	19
	(b) Settlement proceeds from legal dispute	-	1,852
1.9	Net cash from / (used in) operating activities	(19)	1,636
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(5)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(8)	(15)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(8)	(20)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	127	227
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	127	227

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,077	334
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(19)	1,636
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	127	227

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,177	2,177

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,177	2,077
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,177	2,077

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(19)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(8)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(27)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,177
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,177
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	80.63
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.