



DISCOVERY
africa

29 October 2018

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2018

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 (via an option to purchase a 100% interest in the project).

The Company provides the following update for the Quarter;

Exploration Activities

Gold Projects (Western Australia)

In April 2017, DAF executed a Heads of Agreement (HOA) with Bruce Robert Legendre, granting the Company a one-year option period to purchase a 100% interest in the Cue and Pinyalling Gold Projects in Western Australia.

This option period was extended in April 2018 for a further 6 months, and in October 2018 it was extended for a further 12 months in respect of the Pinyalling Gold Project, with key terms of the Agreement remaining similar.

Pinyalling Gold Project

The Pinyalling Project consists of Exploration Licence 59/2112 covering 18 blocks (54km²) 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 is planning to conduct further interpretation of the initial soil and auger sampling program results (as reported in previous periods) to determine where additional sampling may be required, to test extensions to the anomalous gold detected in surface sampling, and in parallel, the Company will review and rank the targets generated at the Pinyalling Project from the reprocessed aerial magnetic data.

Cue Gold Project

During the Quarter, the Company advised that the Cue Gold Project tenements – Prospecting Licence 20/2088 and Prospecting Licence 20/2089, which the Company had an exclusive option to purchase a 100% interest in these tenements, have been surrendered by the tenement owner, and as such, the Company no longer has an interest in these two tenements.



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Prior to the Cue Project tenements being surrendered, the Company continued works on the Project via the Prospecting Agreement with Southern Cross Prospecting ("SCP"), granting SCP the right to enter the Cue Gold Project tenements in order to prospect for gold, and to retain ownership of any gold won, subject to a tribute of 10% of all gold recovered being paid to the Company.

In the September 2018 Quarter, a sum of \$4,251 was received in respect of the Company's 10% share of gold recovered on the tenements during the period.

Other

The Company is proactively working to identify and review other new projects or asset acquisition opportunities, to enhance its project portfolio 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.

Legal Proceedings

The Company continued legal proceedings during the Quarter against former directors, Mr Kevin Nichol (Mr Nichol) and Mr Danie Van den Bergh (Mr Van den Bergh) as previously disclosed.

The Company is also pursuing legal proceedings against Mr Phillip Thick and Mr Peter Avery and solicitors, CBP Pty Ltd.

On 26 March 2018, a court mandated mediation occurred. The parties were unable to resolve the matter. The Company continues to pursue its claims.

Investments

As at 30 September 2018, DAF holds 250,000 shares in Argosy Minerals Ltd, valued at approximately \$50,000 (as at 24/10/2018).

ENDS

For further information:

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Appendix A: Discovery Africa Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 30 September 2018:

Mining Tenement	Location	Beneficial Percentage held
EL59/2112 ¹	Western Australia	0% (option to purchase 100%)

¹ Interest in mining tenement held by Bruce Robert Legendre.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

DISCOVERY AFRICA LIMITED

ABN

50 147 324 847

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4	4
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(40)	(40)
(e) administration and corporate costs	(93)	(93)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Net GST (paid)/refunded	(11)	(11)
1.9 Net cash from / (used in) operating activities	(139)	(139)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	987	987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	(139)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Reclassification of amounts held in trust	(86)	(86)
4.7	Cash and cash equivalents at end of period	762	762

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	762	903
5.2	Call deposits	-	84
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)	762	987

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

40

NIL

Balance of 17/18 director's fees paid during the quarter.

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

NIL

NIL

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	130

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL10253/2014 (Tanzania)	Interest in Project being relinquished	100	100
	PL20/2088	Surrendered	100	0
	PL20/2089	Surrendered	100	0
10.2 Interests in mining tenements and petroleum tenements acquired or increased	NIL			

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.

Sign here:



(Company secretary)

Date: 29th October 2018

Print name: Alan Edward Thomas

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.