



DISCOVERY  
africa

29 April 2019

## QUARTERLY ACTIVITIES REPORT MARCH 2019

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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. The Cue Gold Project was relinquished in the September 2018 quarter.

#### **Pinyalling Gold Project**

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.

During the quarter the Company completed a high level interpretation and review of open file aeromagnetic data over the Pinyalling Project area and immediate surrounds to delineate structural trends and zones of potential interest.

Historical geological mapping was referenced to aid the interpretation as well as review of reported mineral occurrences (via the Department of Mining Industry Regulation & Safety's MINEDEX database).

While mafic and BIF units were mapped by previous works, there is no clear magnetic signature / textural difference apparent which could be mapped in the interpretation, other than the higher magnetic amplitude displayed by the granites in the NW portion of the Project area. Several local/discrete higher magnetic units have been interpreted and may require field checking, as to any evidence for related rock types.

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Known mineralisation in the region has a general structural fabric either in ~NW-SE or ~NE-SW direction, or subtle/local strike changes different to broader structural trends. Therefore the targeting criteria focused on structural trends of potential interest and any presence of local complexity/fault junctions and potential demagnetisation/alteration.

Based on these criteria, seven (7) target zones were defined.

Target zones are shown on Figure 1, with a brief comment on each target zone provided below:

- Target 1 – Broader apparent demagnetised zone, possible structural complexity, ~NE-SW fault.
- Target 2 – Possible local ~E-W trending demagnetised zone following ~WNW-ESE faults, possible structural complexity, local/discrete higher magnetic unit also present.
- Target 3 – Apparent local demagnetised zone immediately SW of a higher magnetic unit, faults apparent both ~NE-SW and ~WNW-ESE. ~NE-SW fault looks dominant.
- Target 4 – Local demagnetised zone, fault junction/probable structural complexity – faults intersecting ~WNW-ESE, ~NE-SE and ~ENE-WSW. Situated immediately west of the soil sampling anomaly. ~NE-SW fault looks dominant.
- Target 5 – Local demagnetised zone, fault junction/probable structural complexity – faults intersecting ~N-S and ~ENE-WSW.
- Target 6 – Possible local demagnetised zone and structural complexity immediately north of a Proterozoic (remanent magnetic) dyke. ~NE-SW and ~WNW-ESE/NW-SE faults.
- Target 7 – Possible local demagnetised zone and structural complexity, ~NE-SW fault looks dominant. Linear high magnetic unit present immediately to the west.

The Company will now consider planning a work programme to test these target areas and also follow up results from the 2018 soil sampling programme. Field inspection of the targets may include preliminary soil sampling to ascertain the presence of any gold anomalism.

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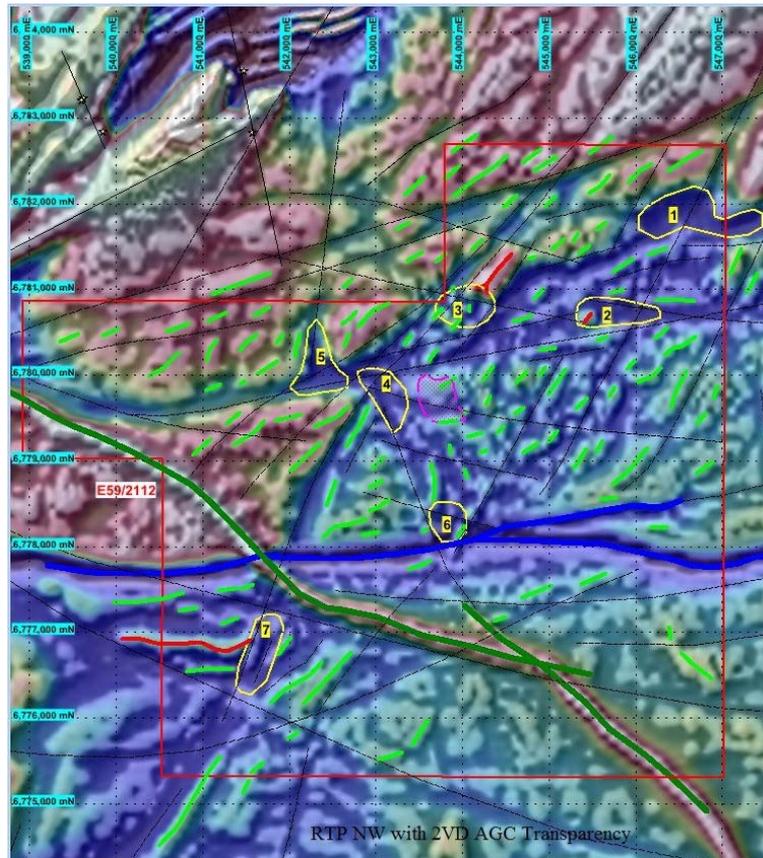


Figure 1. Structural Interpretation on aeromagnetic image (RTP NW shade with 2VD AGC transparency)

### Other

The Company continues to work 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.





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## **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.

## **Investments**

As at 31 March 2019, DAF holds 250,000 shares in Argosy Minerals Ltd, valued at approximately \$22,500 (as at 23/04/2019).

**ENDS**

### **For further information:**

Peter Lloyd, Director

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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 31 March 2019:

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

<sup>1</sup> Interest in mining tenement held by Bruce Robert Legendre.

### **Competent Person's Statement**

*The information in this announcement that relates to Exploration Results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr Bill Oliver, a consultant to Discovery Africa Ltd and director of Billandbry Consulting Pty Ltd. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

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## 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")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	4
1.2 Payments for		
(a) exploration & evaluation	-	(4)
(b) development	-	-
(c) production	-	-
(d) staff costs	(21)	(162)
(e) administration and corporate costs	(42)	(262)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
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	16	7
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(46)</b>	<b>(414)</b>
<b>2. Cash flows from investing activities</b>		
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	533	987
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(46)	(414)
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Reclassification of amounts held in trust	-	(86)
<b>4.7</b>	<b>Cash and cash equivalents at end of period</b>	<b>487</b>	<b>487</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	487	533
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>487</b>	<b>533</b>

**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**

21

NIL

Director's remuneration 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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$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)	-
<b>9.7 Total estimated cash outflows</b>	<b>130</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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
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: 29 April 2019

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.