

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

DISCOVERY AFRICA LIMITED

Notes:

FOR THE CURRENT QUARTER THIS CONSOLIDATED STATEMENT OF CASHFLOWS REFLECTS THE CASHFLOWS OF BOTH DISCOVERY AFRICA LIMITED ('DISCOVERY') AND ARGOSY MINERALS LIMITED ('ARGOSY') FOLLOWING THE 88.64% ACQUISITION OF ARGOSY SHARES DURING THE PREVIOUS QUARTER BY DISCOVERY.

ABN

50 147 324 847

Quarter ended ("current quarter")

31 MARCH 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (9 months) \$A
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(141,484)	(383,335)
(b) development	-	-
(c) production	-	-
(d) administration	(300,711)	(1,335,954)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10,660	291,311
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7(a) Other (Refunds)	23,047	86,750
Net Operating Cash Flows	(408,488)	(1,341,228)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/farmins	(128,416)	(128,416)
(b) equity investments	(11,988)	(45,030)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	139,132	143,693
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	605,000
1.12 Other	-	-
Net investing cash flows	(1,272)	575,247
1.13 Total operating and investing cash flows (carried forward)	(409,760)	(765,981)

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1.13	Total operating and investing cash flows (brought forward)	(409,760)	(765,981)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	(42,673)
	Net financing cash flows	-	(42,673)
	Net increase (decrease) in cash held	(409,760)	(808,654)
1.20	Cash at beginning of quarter/year to date	* 1,695,601	* 2,093,300
1.21	Exchange rate adjustments to item 1.20	(9,481)	(8,286)
1.22	Cash at end of quarter	1,276,360	1,276,360

*Section 1.20 includes cash acquired as part of the acquisition of Argosy amounting to \$59,130.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	120,176
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Employment costs, and consultancy fees, paid to director related entities during the March 2014 quarter in relation to both Discovery Africa Limited and Argosy Minerals Limited.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 24 March 2014 the Company issued 10,000,000 fully paid ordinary shares as part consideration for the acquisition of 100% of the issued capital in Hatua Resources (T) Limited as per the announcement made on 17 March 2014. Hatua holds 4 exploration licences located in Tanzania, which are prospective for Graphite.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	440
4.2 Development	-
4.3 Production	-
4.4 Administration	845
Total	1,285*

* Included in this amount is expenditure carried out by the previous Directors, amounting to \$1.13 million to 9 April 2014 (as announced on 16 April 2014) and does not include any refunds received to date.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	327	146
5.2 Deposits at call	799	1,550
5.3 Bank overdraft	-	-
5.4 Other – Bank Guarantee	150	-
Total: cash at end of quarter (item 1.22)	*1,276	*1,696

*Current quarter reconciliation of cash includes both Discovery and Argosy balances.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	PL 6753/2012	-	100%
		PL 7211/2012	-	100%
		PL 8526/2012	-	100%
		PL 8528/2012	-	100%

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	172,734,698	172,734,698	FP	FP
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000,000	10,000,000	Deemed issue price of \$0.03 (3 cents)	Deemed issue price of \$0.03 (3 cents)
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
	43,998,005	43,998,005	\$0.20	23 December 2016
	12,500,000		\$0.09	13 June 2017
	5,000,000		\$0.09	30 November 2018
7.8 Issued during quarter	1,100,000		\$0.20	23 December 2016
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2014

Company Secretary

Print name: MELANIE LEYDIN

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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