Discovery Africa Limited

ACN 147 324 847

Annual report for the year ended 30 June 2020

Contents

Directors	Peter Lloyd (Non-Executive Director) Graham Walker (Non-Executive Director) Jerko Zuvela (Non-Executive Director)
Company secretary	Alan Thomas
Registered office	18 Sangiorgio Court Osborne Park WA 6017 Ph : (08) 6165 4000
Principal place of business	18 Sangiorgio Court Osborne Park WA 6017 Ph : (08) 6165 4000
Share register	Automic Registry Services Level 2 267 St Georges Terrace Perth WA 6000
Auditor	Rothsay Auditing Level 1, Lincoln House 4 Ventnor Avenue West Perth WA 6005
Bankers	National Australia Bank Ltd First Floor 1238 Hay Street West Perth WA 6005
Stock exchange listing	Discovery Africa Limited shares are listed on the Australian Securities Exchange (ASX code: DAF)
Website	www.discoveryafrica.com.au

The directors of Discovery Africa Limited ("the Company") present their report, together with the financial statements, for the year ended 30 June 2020.

Directors

The following persons were directors of Discovery Africa Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Lloyd (Non-Executive Director)
Mr Graham Walker (Non-Executive Director)
Mr Jerko Zuvela (Non-Executive Director)

Information on current directors

Name:	Mr Peter Lloyd
Title:	Non-Executive Director
Qualifications:	Bachelor of Law
Experience and expertise:	Peter Lloyd, a lawyer by profession, is a founding member of Argosy Minerals Limited and has been involved in mining exploration for over 25 years. He has been involved in projects in United States of America, Eastern Europe, Africa, New Caledonia and Australia.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Interests in shares:	18,123,257 (2019: 18,123,257) fully paid ordinary shares
Interests in options:	5,000,000 (2019: 5,000,000) unlisted options

Name:	Mr Graham Walker
Title:	Non-Executive Director
Experience and expertise:	Prior to Mr Walker's 45 years of business experience in real estate, he was a Bank Manager. Mr Walker is currently the manager and director of a leading real estate franchisee in Western Australia which attained top office in Western Australia for 23 years and have achieved top Principal award. He is also presently a director of 3 companies with 25 years' experience as Chairman & Director of public companies.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Interests in shares:	9,275,000 (2019: 9,275,000) fully paid ordinary shares
Interests in options:	5,000,000 (2019: 5,000,000) unlisted options

Name:	Jerko Zuvela
Title:	Non-Executive Director (appointed 24 November 2015)
Experience and expertise:	Mr Jerko Zuvela has over 25 years' experience in Australia and internationally, during which time he has held senior executive positions in public listed and unlisted companies. Mr Zuvela is a Chartered Professional (Geology) Member of the Australian Institute of Mining and Metallurgy.
Other current directorships	Argosy Minerals Limited (ASX: AGY) (appointed 17 July 2014)
Former directorships (in last 3 years)	Nil
Interests in shares:	Nil (2019: Nil) fully paid ordinary shares
Interests in options	5,000,000 (2019: 5,000,000) unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Alan Thomas holds a Bachelor of Business degree from Curtin University and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 35 years of experience in finance and administration, predominately in the accounting profession.

Principal activities

The principal activity of the Company during the year was gold exploration, with a focus in Australia. There were no significant changes in the nature of the Company's principal activities during the year ended 30 June 2020.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The net profit for the Company after providing for income tax amounted to $1,608,044 (30 June 2019: Loss of $750,273). The net profit is arrived at after including the net proceeds from settlement of a legal dispute of $1.85 million as discussed below.

Corporate

In August 2019, the Company finalised a placement of 10,000,000 fully paid ordinary shares at 1 cent each, raising $100,000 to assist with on-going working capital.

In May 2020, the Company finalised a further placement of 10,000,000 fully paid ordinary shares at an average price of 1.268 cents per share, raising approximately $126,832, together with 10,000,000 free attaching options exercisable at 3.2 cents each on or before 30 April 2023. The funds from the placement will be used to assist with the review of and potential acquisition of new projects or asset acquisition opportunities, exploration works at the Pinyalling Gold Project, and for general working capital requirements.

Legal Proceedings

On 26 June 2019 the Company announced that the ongoing legal proceedings against former directors, Mr Kevin Nichol, Mr Danie Van den Bergh, Mr Phillip Thick and Mr Peter Avery, and solicitors, CBP Pty Ltd were resolved, with no admission of liability, by a payment to the Company of $2 million and mutual releases between all parties.

During the year ended 30 June 2020, the Company received net funds of $1.85 million in settlement of the legal dispute, thereby finalising the matter in full.

Exploration

Pinyalling Gold Project

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 Pinyalling Gold Project 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, with key terms of the Agreement remaining similar.

In October 2019, the Company entered into an agreement with Bruce Robert Legendre to acquire 100% interest in the Pinyalling Gold Project tenement for a cash consideration of $5,000.

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 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 during 2019, and conducted works to consider an appropriate work programme to test the target areas identified from the geophysical review, and also follow up anomalous results obtained from the earlier soil sampling programme. Field inspection of the targets are planned to include preliminary soil sampling to ascertain the presence of any gold anomalism.

In addition, the Company has 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

Although the Company has been impacted by the COVID-19 crisis, the Directors continue to review mineral project opportunities and conduct 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.

Other

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.

Appendix A: Discovery Africa Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 24 August 2020:

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

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

On 25 September 2020, the Company entered into an agreement with Bruce Robert Legendre to acquire 100% interest in the Warriedar Gold Project tenement for a cash consideration of $5,000.

No other matters or circumstances have arisen since 30 June 2020 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

As the Company is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of the Company's securities.

In the opinion of the Directors, it would prejudice the interests of the Company to provide additional information, beyond that which is reported in this Annual Report, relating to likely developments in the operations of the Company and the expected results of those operations in financial years subsequent to 30 June 2020.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

		Board Meetings	
Director	**Circular Resolutions**	**Number Eligible to attend**	**Number Attended**
Peter Lloyd	2	3	3
Graham Walker	2	3	3
Jerko Zuvela	2	3	3

The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

Shares under option

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Expiry date	Exercise price	Number under option
6 December 2018*	6 December 2021	$0.032	20,000,000
20 May 2020*	30 April 2023	$0.032	10,000,000
10 August 2020*	30 April 2023	$0.032	1,000,000
			31,000,000

*Options are unlisted

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

A Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the General Meeting, held in August 2011, where the shareholders approved an aggregate remuneration of $350,000.

Executive remuneration

The Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

A Principles used to determine the nature and amount of remuneration (continued)

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and adds additional value to the executive.

The long-term incentives ('LTI') includes long service leave and share-based payments. The Nomination and Remuneration Committee intends to revisit the long-term equity-linked performance incentives specifically for executives at the end of each financial year.

Company performance and link to remuneration

Remuneration packages do not include performance-based components. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders. Further information has not been disclosed as it is commercially confidential.

Voting of Remuneration Report at 2019 Annual General Meeting

The 2019 Remuneration Report was voted for, without any commentary or discussion, at the 2019 Annual General Meeting, on a show of hands with proxy votes for of 21,033,442 (71.58%), 7,198,428 votes at Chairman's discretion (24.50%) and 1,150,648 votes against (3.92%).

B Details of remuneration

Details of the remuneration paid to each key management personnel of the Company is set out in the following table.

2020	Directors' Fee	Short-term Consulting Fees	Non-Cash	Share Based Payments	Post-employment Superannuation	Total
	$	$	$	$	$	$
Peter Lloyd	40,000	-	-	-	-	40,000
Graham Walker	27,273	-	-	-	-	27,273
Jerko Zuvela	50,000	-	-	-	-	50,000
	117,273	-	-	-	-	117,273

2019	Directors' Fee[1]	Short-term Consulting Fees	Non-Cash	Share Based Payments	Post-employment Superannuation	Total
	$	$	$	$	$	$
Peter Lloyd	40,000	125,000	-	39,000	-	204,000
Graham Walker	27,273	-	-	39,000	-	66,273
Jerko Zuvela	50,000	-	-	39,000	-	89,000
	117,273	125,000	-	117,000	-	359,273

[1] All director fees were paid to entities controlled by each director, and accordingly included any statutory superannuation entitlement.

C Share based compensation

No share based compensation occurred during the year ended 30 June 2020.

During the financial year ended 30 June 2019, 20,000,000 unlisted options were issued to Directors and the Company Secretary in accordance with the Company's Notice of Annual General Meeting dated 29 October 2018. The fair value of the options granted is $156,000 as calculated using the Black-Scholes option valuation methodology and which has been recognised as a share based payment in the Statement of Profit or Loss and Other Comprehensive Income during the financial year 30 June 2019.

D Service agreements

During the year ended 30 June 2017, the Company entered into letter agreements with all Directors, whereby they are entitled to annual directors fees as follows:

Peter Lloyd	Up to $50,000 including statutory superannuation
Graham Walker	Up to $35,000 including statutory superannuation
Jerko Zuvela	Up to $50,000 including statutory superannuation

In addition, Peter Lloyd had entered into an employment arrangement with the Company in respect of executive services performed. Under the agreement, the Company would pay him a gross package of $125,000 p.a. commencing 1 July 2017. The agreement was subsequently terminated on 30 June 2019.

No termination benefits are payable under the agreements.

E Shareholdings of key management personnel

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2020	Balance at the start of the year	Received as part of Remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Peter Lloyd	18,123,257	-	-	-	18,123,257
Graham Walker	9,275,000	-	-	-	9,275,000
Jerko Zuvela	-	-	-	-	-
	27,398,257	-	-	-	27,398,257

2019	Balance at the start of the year	Received as part of Remuneration	Additions	Other	Balance at the end of the year
Ordinary shares					
Peter Lloyd	18,123,257	-	-	-	18,123,257
Graham Walker	9,275,000	-	-	-	9,275,000
Jerko Zuvela	-	-	-	-	-
	27,398,257	-	-	-	27,398,257

F Option holdings of key management personnel

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2020	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
Options over ordinary shares					
Peter Lloyd	5,000,000	-	-	-	5,000,000
Graham Walker	5,000,000	-	-	-	5,000,000
Jerko Zuvela	5,000,000	-	-	-	5,000,000
	15,000,000	-	-	-	15,000,000

2019	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
Options over ordinary shares					
Peter Lloyd	-	5,000,000	-	-	5,000,000
Graham Walker	-	5,000,000	-	-	5,000,000
Jerko Zuvela	-	5,000,000	-	-	5,000,000
	-	15,000,000	-	-	15,000,000

G Loans to key management personnel

No loans existed during the year and as at reporting date between the Company and with key management personnel.

H Loans from key management personnel

No funds were advanced to the Company by the Directors or their related parties during the year ended 30 June 2020.

I Other transactions with key management personnel

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2020 **$**	**2019** **$**
Amounts outstanding at reporting date		
Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i) Payables	58,636	59,573

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company did not maintain an insurance policy which indemnifies the directors or officers of the Company in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Company.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

There are no officers of the Company who are former audit partners of Rothsay Auditing.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Lloyd
Non-Executive Director
29 September 2020

ROTHSAY
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Phone (08) 9486 7094 www.rothsayresources.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the audit of Discovery Africa Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- **no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and**
- **no contraventions of any applicable code of professional conduct in relation to the audit.**

Rothsay Auditing

Daniel Dalla
Partner
29 September 2020

Discovery Africa Limited
30 June 2020
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue			
Revenue from continuing operations	2(a) / 2(b)	1,936,446	8,778
Expenses			
Administration expenses		(3,623)	(9,525)
Litigation costs	2(c)	(95,065)	(206,950)
Corporate expenses		(39,742)	(51,674)
Employment expenses		(117,273)	(242,273)
Exploration and evaluation expenditure written off		-	(16,783)
Professional fees		(72,699)	(75,846)
Share based payments	14	-	(156,000)
Profit/(loss) before income tax expense		1,608,044	(750,273)
Income tax benefit/(expense)	4	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Discovery Africa Limited		1,608,044	(750,273)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Profit/(loss) on the revaluation of financial assets, net of tax	9	(5,974)	(40,326)
Other comprehensive income for the year, net of tax		(5,974)	(40,326)
Total comprehensive income/(loss) for the year		1,602,070	(790,599)
		Cents	**Cents**
Basic earnings cents per share	5	0.84	(0.42)
Diluted earnings cents per share	5	0.84	(0.42)

The accompanying notes form part of these financial accounts

Discovery Africa Limited
30 June 2020
Statement of Financial Position as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	6	2,177,289	334,102
Trade and other receivables	8	1,886	93,088
Other financial assets	9	14,158	20,132
Total current assets		2,193,333	447,322
Non-current assets			
Capitalised exploration and evaluation expenditure	10	40,178	21,456
Total non-current assets		40,178	21,456
Total assets		2,233,511	468,778
Liabilities			
Current liabilities			
Trade and other payables	11	95,117	159,287
Total current liabilities		95,117	159,287
Total liabilities		95,117	159,287
Net assets		2,138,394	309,491
Equity			
Issued capital	12(a)	12,464,453	12,237,620
Reserves	13(b)	798,161	804,135
Accumulated losses	13(a)	(11,124,220)	(12,732,264)
Total equity		2,138,394	309,491

The accompanying notes form part of these financial accounts

Statement of Changes in Equity for the year ended 30 June 2020

	Issued Capital $	Accumulated Losses $	Reserves $	Total equity $
Balance at 1 July 2019	12,237,620	(12,732,264)	804,135	309,491
Profit after income tax expense for the year	-	1,608,044	-	1,608,044
Other comprehensive income for the year net of tax	-	-	(5,974)	(5,974)
Total comprehensive income for the year	-	1,608,044	(5,974)	1,602,070
Transactions with owners in their capacity as owners:				
Issue of shares	226,833	-	-	226,833
Issue of options	-	-	-	-
Total contributions by owners	226,833	-	-	226,833
Balance as at 30 June 2020	12,464,453	(11,124,220)	798,161	2,138,394

	Issued Capital $	Accumulated Losses $	Reserves $	Total equity $
Balance at 1 July 2018	12,237,620	(11,981,991)	688,461	944,090
Profit after income tax expense for the year	-	(750,273)	-	(750,273)
Other comprehensive income for the year net of tax	-	-	(40,326)	(40,326)
Total comprehensive income for the year	-	(750,273)	(40,326)	(790,599)
Transactions with owners in their capacity as owners:				
Issue of options	-	-	156,000	156,000
Total contributions by owners	-	-	156,000	156,000
Balance as at 30 June 2019	12,237,620	(12,732,264)	804,135	309,491

The accompanying notes form part of these financial accounts

Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers		(227,873)	(571,293)
Payments for exploration and evaluation		(18,722)	(6,875)
Interest received		10,648	4,526
Royalty income		-	4,252
Net proceeds from settlement of legal dispute		1,852,301	-
Net cash provided by/(used in) operating activities	6(b)	1,616,354	(569,390)
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares		226,833	-
Net cash provided by financing activities		226,833	-
Net increase/(decrease) in cash and cash equivalents		1,843,187	(569,390)
Cash and cash equivalents at the beginning of the financial year		334,102	903,492
Cash and cash equivalents at the end of the financial year	6(a)	2,177,289	334,102

The accompanying notes form part of these financial accounts

NOTE 1. GENERAL INFORMATION

The financial report covers Discovery Africa Limited and is presented in Australian dollars, which is the Company's functional and presentation currency.

The Company previously prepared the financial reports incorporating its controlled entity, Hatua Resources (Tanzania) Ltd. However this subsidiary has been dormant for some years and was relinquished in the year ended 30 June 2019.

Discovery Africa Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 29 September 2020.

The notes to the financial statements are organised into the following sections:

(a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2. Profit from continuing operations
3. Segment information
4. Income tax expense
5. Profit/(loss) per share

(b) **Financial Risk Management:** Provides information about the Company's exposure and management of various financial risks and explains how these affect the Company's financial position and performance:

Notes

6. Cash and cash equivalents
7. Financial risk management

(c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

8. Trade and other receivables
9. Other financial assets
10. Exploration and evaluation expenditure
11. Trade and other payables

(d) **Capital Structure:** This section outlines how the Company manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

12. Contributed equity
13. Reserves and accumulated losses
14. Share based payments

(e) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Company:

Notes

15. Key management personnel disclosures & related party transactions
16. Remuneration of auditors
17. Commitments for expenditure
18. Contingencies
19. Events occurring after reporting period
20. Summary of significant accounting policies
21. Critical accounting judgements, estimates and assumptions

NOTE 1. GENERAL INFORMATION (continued)

1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Discovery Africa Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs

The financial statements of Discovery Africa Limited also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

For the year ended 30 June 2020, the Directors have reviewed all new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

New and Amended Standards and Interpretations adopted

For the year ended 30 June 2020, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

As a result of new or amended standards which became applicable for the current reporting period, the Company has adopted AASB 16 *Leases* from 1 July 2019. The impact of the adoption of AASB 16 on the Company's financial statements is disclosed below.

AASB 16 Leases - Impact of Adoption

Because the Company has no other lease agreements in place, the Company's adoption of AASB 16 from 1 July 2019 has resulted in no material changes in accounting policies and has not had a material impact on the amounts presented in the Company's financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted

There have been no new Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, which has not been early adopted by the Company for the annual reporting period ended 30 June 2020.

NOTE 2. PROFIT FROM CONTINUING OPERATIONS

Profit/(loss) from continuing operations before income tax includes the following items of revenue and expenses.

	2020 $	2019 $
(a) Revenue		
Royalty income	-	4,252
Interest revenue	10,648	4,526
	10,648	8,778

NOTE 2. PROFIT FROM CONTINUING OPERATIONS (CONTINUED)

	2020 $	2019 $
(b) Significant Income		
Proceeds from settlement of legal dispute	1,925,798	-
(b) Significant Expenses		
Litigation costs	95,065	206,950

NOTE 3. SEGMENT INFORMATION

Identification of reportable operating segments

The Company operates predominately in one business segment, which is the exploration for gold, and predominately in one geographical area which is Western Australia. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The Company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

NOTE 4. INCOME TAX EXPENSE

	2020 $	2019 $
Reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	1,608,044	(750,273)
Tax at the statutory tax rate of 27.5%	442,212	(206,325)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of exploration expenditure	(5,149)	2,725
Effect of legal settlement proceeds not assessable	(529,594)	-
Effect of other timing differences	28,243	25,211
Effect of deferred tax assets not brought into account	64,288	178,389
Income tax attributable to operating loss	-	-
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	1,114,068	1,110,250

The benefit of these losses has not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Company derives taxable income. The benefits will only be realised if:

(a) The Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
(b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and
(c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

NOTE 5. PROFIT / (LOSS) PER SHARE

	2020 $	2019 $
Profit/(loss) after income tax attributable to the owners of Discovery Africa Limited	1,608,044	(750,273)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	192,237,430	182,234,698
Weighted average number of ordinary shares used in calculating diluted earnings per share	192,237,430	182,234,698
	Cents	**Cents**
Basic earnings per share	0.84	(0.42)
Diluted earnings per share	0.84	(0.42)

Potential ordinary shares, being options granted, are not dilutive and therefore does not affect the earnings per share.

NOTE 6. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position, as follows:

	2020 $	2019 $
Cash at bank	2,177,289	334,102

Refer to Note 7 for the Company's financial risk management on cash.

(b) Reconciliation of Operating Profit / (Loss) After Income Tax to Net Cash Flow From Operations

	2020 $	2019 $
Profit/(loss) after income tax expense for the year	1,608,044	(750,273)
Adjustments for:		
Share based payments	-	156,000
Exploration and evaluation expenditure written-off	-	16,783
Changes in assets and liabilities:		
Trade and other receivables	91,202	223,204
Exploration & evaluation	(18,722)	(6,875)
Trade and other payables	(64,170)	(208,229)
Net cash provided by/(used in) operating activities	1,616,354	(569,390)

NOTE 7. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Interest rate risk

The Company's cash and cash equivalents are held in current accounts and short term deposits, and are therefore subject to interest rate risk.

An increase/decrease in interest rates on cash at bank of 100 basis points (1.00%) would have a favourable/adverse effect on profit before tax of $19,478 per annum (2019: $7,556). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTE 7. FINANCIAL RISK MANAGEMENT (continued)

	2020 1 year or less $	**2019** 1 year or less $
Non-derivatives		
Non-interest bearing		
Trade and other payables	95,117	159,287
Total non-derivatives	95,117	159,287

Fair value of financial instruments

The following tables detail the Company's fair values of financial instruments categorised by the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Other financial assets - shares in listed entities	14,158	-	-	14,158
Total assets	14,158	-	-	14,158

2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Other financial assets - shares in listed entities	20,132	-	-	20,132
Total assets	20,132	-	-	20,132

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 8. TRADE AND OTHER RECEIVABLES

	2020 **$**	**2019** **$**
Funds held in trust [1]	-	74,202
GST receivable	1,886	18,886
	1,886	93,088

[1] The funds held in trust were received by the Company subsequent to 30 June 2019 as part of the settlement of the legal dispute between the Company and its former directors and solicitors. Refer to Note 21.

NOTE 9. OTHER FINANCIAL ASSETS

	2020 **$**	**2019** **$**
Shares in listed entities	14,158	20,132

NOTE 9. OTHER FINANCIAL ASSETS (continued)

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2020 $	2019 $
Opening fair value	20,132	60,458
Revaluation increments/(decrements)	(5,974)	(40,326)
Closing fair value	14,158	20,132

Refer to Note 7 for further information on financial instruments.

Investments are recorded at fair value at the date of purchase, being consideration paid plus transaction costs and are brought to account to market valuation at balance date. These investments are classified as other financial assets on the basis they are not held for short term profit making. Movement in the fair value is recorded in the financial assets reserve.

NOTE 10. EXPLORATION AND EVALUATION EXPENDITURE

	2020 $	2019 $
Exploration and evaluation	40,178	21,456

Reconciliations
Reconciliations of the written down values at the beginning & end of the current & previous financial year are set out below:

	2020 $	2019 $
Balance at 1 July	21,456	31,365
Expenditure during the year	18,722	6,874
Write-off of exploration expenditure	-	(16,783)
Balance at 30 June	40,178	21,456

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

NOTE 11. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	15,480	87,287
Other payables	79,637	72,000
	95,117	159,287

Refer to Note 7 for further information on financial instruments.

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 12. CONTRIBUTED EQUITY

(a) Issued Capital

	2020 Shares	2019 Shares	2020 $	2019 $
Fully paid ordinary shares	202,234,698	182,234,698	12,464,453	12,237,620
	202,234,698	182,234,698	12,464,453	12,237,620

Year ended 30 June 2020	Issue Price	Fully Paid Ordinary Shares	$
Balance as at 1 July 2019		182,234,698	12,237,620
Issue of shares via placement (Aug 2019)	$0.010	10,000,000	100,000
Issue of shares via placement (May 2020)	$0.013	10,000,000	126,833
Balance as at 30 June 2020		202,234,698	12,464,453

Year ended 30 June 2019

There were no changes to issued capital.

(b) Options

The following unlisted options were on issue during the year ended 30 June 2020.

Exercise price	3.2c	3.2c
Expiry date	6 December 2021	30 April 2023
Opening balance	20,000,000	-
Issued during the year	-	10,000,000
Expired during the year	-	-
Exercised during the year	-	-
Closing balance	20,000,000	10,000,000

The following unlisted options were on issue during the year ended 30 June 2019:

Exercise price	9c	3.2c
Expiry date	30 November 2018	6 December 2021
Opening balance	5,000,000	-
Issued during the year	-	20,000,000
Expired during the year	(5,000,000)	-
Exercised during the year	-	-
Closing balance	-	20,000,000

(c) Share buy-back

There is no current on-market share buy-back.

(d) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

NOTE 12. CONTRIBUTED EQUITY (continued)

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

NOTE 13. RESERVES AND ACCUMULATED LOSSES

	2020 $	2019 $
13a Accumulated Losses		
Accumulated losses at the beginning of the year	(12,732,264)	(11,981,991)
Net profit/(loss) for the year	1,608,044	(750,273)
Accumulated Losses at the end of the year	(11,124,220)	(12,732,264)
13b Reserves		
Financial assets reserve	101,627	107,601
Option reserve	696,534	696,534
	798,161	804,135

	Financial assets $	Options $	Total $
Balance at 1 July 2018	147,927	540,534	688,461
Revaluation of financial assets	(40,326)	-	(40,326)
Issue of options	-	156,000	156,000
Balance at 30 June 2019	107,601	696,534	804,135
Revaluation of financial assets	(5,974)	-	(5,974)
Balance at 30 June 2020	101,627	696,534	798,161

Financial assets reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets.

Option reserve
The reserve is used to recognise the value of option equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 14. SHARE BASED PAYMENTS

Year ended 30 June 2020

There were no share based payments made during the year.

Year ended 30 June 2019

On 6 December 2018, 20,000,000 unlisted options were issued to Directors and the Company Secretary in accordance with the Company's Notice of Annual General Meeting dated 29 October 2018.

During the year ended 30 June 2019, $156,000 was expensed as a share based payment.

NOTE 14. SHARE BASED PAYMENTS (continued)

The fair value of these options granted was calculated by using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	3.2 cents
Weighted average life of the options (years)	3 years
Weighted average underlying share price (cents)	1.6 cents
Expected share price volatility	100%
Risk-free interest rate	2.60%
Expiry date	6 December 2021
Fair value per option (cents)	0.78 cents

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES & RELATED PARTY TRANSACTIONS

Directors
The following persons were directors of Discovery Africa Limited during the financial year:
- Mr Peter Lloyd
- Mr Graham Walker
- Mr Jerko Zuvela

Other key management personnel

There were no other persons who had authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year.

Remuneration

Refer to the audited remuneration report regarding remuneration paid to key management personnel during the year ended 30 June 2020.

Transactions with related parties

Disclosures relating to transactions with related parties are set out in the remuneration report of the directors' report.

Loans to key management personnel

No loans existed during the year and as at reporting date between the Company and with key management personnel.

Loans from key management personnel

No funds were advanced to the Company by the Directors or their related parties during the year ended 30 June 2020.

NOTE 16. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Rothsay Auditing, the auditor of the Company:

	2020 $	2019 $
Audit services – Rothsay Auditing		
Audit or review of the financial statements	26,700	27,000

NOTE 17. COMMITMENTS FOR EXPENDITURE

(a) Exploration and evaluation assets

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements.

	2020 $	2019 $
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	10,000	10,000
One to five years	30,000	30,000
	40,000	40,000

(b) Option agreements

The Company had entered into an option agreement to acquire 100% ownership of tenement EL 59/2112. The option was exercised by the Company in October 2019 by the payment of $5,000 with gross royalty of 1% payable on all metals mined from the tenement.

NOTE 18. CONTINGENCIES

The Company had no contingent assets or liabilities as at 30 June 2020.

NOTE 19. EVENTS OCCURING AFTER REPORTING PERIOD

No matters or circumstances have arisen since 30 June 2020 that has affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Financial Assets

Initial Recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial assets can be subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (debt instruments)
- fair value through other comprehensive income (equity instruments only – no recycling); or
- fair value through profit or loss,

based on the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The Company has financial assets at amortised cost being cash and cash equivalents and trade and other receivables. Furthermore, the Company has listed investments in the form of ordinary shares. As permitted under AASB 9, the Company has irrevocably elected to recognise all fair value movements after initial recognition in other comprehensive income through the financial assets reserve in equity.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the financial assets reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The depreciation rates used for each class of depreciable assets are:

Plant and office equipment	6.67% to 100%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

At each reporting date the directors review each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest. Where it is determined that the costs incurred on an area of interest will not be recovered through sale or future development and exploitation of the resource the directors will write off costs to the profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Share-based payments

Equity-settled share-based compensation benefits are provided to executives.

Equity-settled transactions are awards of shares, or options over shares that are provided to executives in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the executives to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or executive, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or executive and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company’s operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Company re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Discovery Africa Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial report is presented in Australian dollars, which is Discovery Africa Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Leases

The Company assesses at the start of a contract whether or not it contains a lease, by deciding if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company currently uses a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

i) *Right-of-use assets*
The Company recognises right-of-use assets at the start of the lease and are measured at costs, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ii) *Lease liabilities*
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) *Short-term leases and leases of low-value assets*
The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTE 21. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs

The Company has capitalised exploration and evaluation costs, net of impairments recognised, in accordance with AASB 6 Exploration for and evaluation of mineral resources. The Company assesses impairment at each reporting date by evaluating conditions specific to the Company and its areas of interest that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the assets is determined.

Discovery Africa Limited
30 June 2020
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Lloyd
Non-Executive Director
29 September 2020

ROTHSAY
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P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DISCOVERY AFRICA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Discovery Africa Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Cash and cash equivalents	***How our Audit Addressed the Key Audit Matter***
The Company's cash and cash equivalents make up close to 100% of total assets by value and are considered to be the key driver of the Company's operations. We do not consider cash and cash equivalents to be at a high risk of significant misstatement or to be subject to a significant level of judgement. However due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.	Our procedures over the existence and valuation of the Company's cash and cash equivalents included but were not limited to: • Documenting and assessing the processes and controls in place to record cash transactions; • Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and • Agreeing valuations to third party sources; • Agreeing significant financial assets to independent third party confirmations. We have also assessed the appropriateness of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2020.

In our opinion the remuneration report of Discovery Africa Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DISCOVERY AFRICA LIMITED (continued)

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 29 September 2020

Daniel Dalla
Partner

Discovery Africa Limited
30 June 2020
Shareholder information

The shareholder information set out below was applicable as at 25 August 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of Ordinary Shares	Number of holders of Unlisted Options
1 to 1,000	130	-
1,001 to 5,000	269	-
5,001 to 10,000	226	-
10,001 to 100,000	368	-
100,001 and over	185	9
	1,178	9
Holding less than a marketable parcel	695	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

		Ordinary Shares	
		Number held	% of total shares held
1	Sunbreaker Holdings Pty Ltd <Lloyd Super Fund A/c>	16,786,546	8.30
2	Stevsand Holdings Pty Ltd <Formica Horticultural A/c>	15,697,772	7.76
3	TCH Holdings Pty Ltd <The Travis Investment A/c>	7,000,000	3.46
4	Mrs Dihna Nada Zuvela	6,180,836	3.06
5	Mr Steven Marin Zuvela <Taez A/c>	5,119,560	2.53
6	Mr Leigh Duncan McLarty	5,010,000	2.48
7	Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker <Walker Super Fund A/c>	4,775,000	2.36
8	Mr Michael John Tidy	4,645,991	2.30
9	Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker	4,100,000	2.03
10	Nambia Pty Ltd <The Anthon Family S/F A/c>	3,720,003	1.84
11	Westoria Resources Investments Limited	3,333,333	1.65
12	Stevsand Pty Ltd	3,029,468	1.50
13	Davco Group Pty Ltd	3,000,000	1.48
14	Cahami Pty Ltd <Cahami Super Fund A/c>	2,909,887	1.44
15	Mrs Taisa Alexandra Zuvela	2,780,440	1.37
16	Mr Adrian Jon Maller & Mrs Dina Julie Maller <The Maller Super Fund A/c>	2,559,224	1.27
17	Dr John Tomasich	2,500,000	1.24
18	Mrs Annette Lee O'Keeffe	2,500,000	1.24
19	Osmosis Holdings Pty Ltd <Dickson Super Fund A/c>	2,500,000	1.24
20	Mr Peter James Rosher & Mrs Katherine Anne Rosher <P & K Rosher S/F A/c>	2,500,000	1.24
		100,648,060	49.79

Unquoted equity securities

	Number on issue	Number of holders
Options exercisable at $0.032 (3.2 cents) on or before 6 December 2021	20,000,000	4
Options exercisable at $0.032 (3.2 cents) on or before 30 April 2023	11,000,000	5

Substantial holders

Substantial holders in the Company based on notices lodged are set out below:

	Date of Notice	Number held	% of total shares issued
Mr Peter Lloyd and associated entities	8 October 2013	18,123,257	9.03
Mr Steven Formica and associated entities	30 May 2018	15,747,772	8.64

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Discovery Africa Limited
30 June 2020
Corporate Governance Statement

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. Good corporate governance structures encourage companies to create value through entrepreneurism, innovation, development and exploration and provide accountability and control systems commensurate with risks involved.

Good corporate governance will evolve with the changing circumstances of a Company and must be tailored to meet these circumstances. Discover Africa Limited is a junior mining and exploration Company.

The Company's Board and management are committed to a high standard of corporate governance practices, ensuring that the Company complies with the Corporations Act 2001, Australian Securities Exchange (ASX) Listing Rules, Company Constitution and other applicable laws and regulations.

On March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). Discovery Africa Limited has reviewed and updated its corporate governance practices to adopt the 3rd Edition Recommendations.

The table below sets out the Company's position as at 29 September 2020 with regards to its compliance with the 3rd Edition Recommendations:

	PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
	Recommendation	**Discovery Africa Limited Current Practice**
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted The Directors have adopted a Corporate Governance Policy which includes details on the operation and role of the Board and directors. A copy of this is contained within their Corporate Governance is available on the Company's website – www.discoveryafrica.com.au
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director: and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non-independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted Directors have entered into written letter agreements with the Company setting out the terms of their appointments, including their director fee entitlements.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted The responsibilities of the Company Secretary are contained within the Corporate Governance Policy document.
1.5	A listed entity should: (a) have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy (c) disclose at end of reporting period how objectives are being achieved via:	Partially Adopted The Company has adopted a Diversity Policy, a copy of which is available on the Company's website – www.discoveryafrica.com.au. Although it provides that the Board is to set specific objectives, they have yet to be set. There are no immediate plans to set these measurable objectives.

	(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entities most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 0% - Women in whole organisation: 0%
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Adopted The Company does not currently have a performance evaluation policy. It is the Company's intention to eventually develop and adopt a process for periodic board and director evaluations. An evaluation has not taken place within the financial period.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Not Adopted. The Company does not currently have an executive performance evaluation policy as the Company does not currently have any executives. It is the Company's intention to eventually develop and adopt a process for periodic senior executive evaluations. An evaluation has not taken place within the financial period.
	PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE	
	Recommendation	**Discovery Africa Limited Current Practice**
2.1	The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by a independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination and Remuneration Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Nomination Committee Charter is available on the Company's website – www.discoveryafrica.com.au.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted

		The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Graham Walker – Independent Jerko Zuvela – Independent (b) n/a n/a (c) Graham Walker – appointed 10 April 2014 – 77 months Jerko Zuvela – appointed 24 November 2014 – 70 months
2.4	A majority of the Board of a listed entity should be independent directors.	Adopted. There are two directors considered to be independent – Graham Walker and Jerko Zuvela. Therefore two thirds of the board is considered independent.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Not adopted. Peter Lloyd is the current Chairman of the Company. There is currently no appointed CEO in the Company.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted. The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.
	PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	
	Recommendation	**Discovery Africa Limited Current Practice**
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code of conduct or a summary of it.	Not Adopted. The Company does not have a specific Copy of Code of Conduct, however directors' required conduct is contained within the Company's Corporate Governance Policy document. The Company intends to develop and adopt a Code of Conduct in the near future.
	PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
	Recommendation	**Discovery Africa Limited Current Practice**
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board;	Not Adopted The role of the audit committee is currently undertaken by the full board. The Company has adopted an Audit Committee Charter which is published on the Company's website – www.discoveryafrica.com.au. The Board follows the Audit Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.

	And disclose: (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Adopted
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Adopted
	PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
	Recommendation	**Discovery Africa Limited Current Practice**
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Not Adopted. The Company currently does not have a written Continuous Disclosure Policy, however it is the Company's intention to develop and adopt a policy in the short term.
	PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS	
	Recommendation	**Discovery Africa Limited Current Practice**
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted Refer to the Company's Corporate Governance page on its website – www.discoveryafrica.com.au.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Not Adopted

		The Company does not have a Shareholder Communication strategy, however intends to develop a policy in the short term.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Adopted The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
	PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
	Recommendation	**Discovery Africa Limited Current Practice**
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, And disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not Adopted The Company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole board. The Board reviews risk on a regular basis and adopts mitigation processes as required.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Not Adopted. The Board reviews risk on a regular basis, however has not developed a formal risk management framework. A review has not taken place in the reporting period.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or	Not Adopted The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis. Internal controls are reviewed on an annual basis.

	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Not Adopted. The Company does not have a sustainability policy.
	PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY	
	Recommendation	**Discovery Africa Limited Current Practice**
8.1	The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Not Adopted. The Company does not have a Remuneration Committee. The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Nomination and Remuneration Committee Charter which is published on the Company's website – www.discoveryafrica.com.au. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Adopted. This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable