30 January 2018

QUARTERLY ACTIVITIES REPORT DECEMBER 2017

Discovery Africa Limited (ASX: DAF) ("the Company"), is an Australian based mineral exploration company with an interest in three projects - the Cue and Pinyalling Gold Projects in Western Australia (via an option to purchase a 100% interest in both projects) and the Nachingwea Graphite Project in Tanzania (100% interest).

The Company provides the following update for the Quarter;

Exploration Activities

Gold Projects (Western Australia)

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

The Cue Project comprises two contiguous tenements – Prospecting Licence 20/2088 (196 hectares) and Prospecting Licence 20/2089 (39 hectares), located immediately to the north of the Cue township. Cue is located 650km north of Perth on the Great Northern Highway. The Cue Project area is readily accessible by vehicle via numerous roads and tracks.

The Pinyalling Project consists of Exploration Licence 59/2112 covering 18 blocks (54km²) and is about 400km northeast of Perth. Access is via the Great Northern Highway from Perth to Paynes Find-Yalgoo Road. This road gives access to the Pinyalling Mining Centre, about 30km west of Paynes Find.

Further details on the acquisition of these Projects are contained in the Company's announcement dated 7 April 2017.

Pinyalling Gold Project

Following exploration field works conducted during the previous Quarter, comprising a soil and auger sampling programme targeting historical soil sampling anomalies - where the works programme aimed to verify the location of the historical soil surveys, confirm historical results by taking repeat samples and use auger sampling to compare any variation between surface and sub-surface samples.

A total of 57 samples were collected during the field work programme, comprising 19 coarse fraction (>2mm) soil samples, 19 fine fraction (<2mm) soil samples, and 19 auger samples. In general, the majority of the auger samples sampled material similar to that observed in the soil sampling.

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During the Quarter, the Company received the sample analysis results, which are detailed in Tables 1 and 2 below.

The Company reviewed the sample analysis data and reported one soil sample returned a value >10ppb Au, being 45ppb Au in the fine fraction (sample PSF018) and 30ppb AU in the coarse fraction (sample PSC018). The corresponding auger sample PA005 returned 11ppb Au. Adjacent auger samples PA004 and PA003 returned anomalous results of 6ppb and 15ppb Au respectively.

Table 1: Soil Sampling Results

Site ID	Easting (MGA z50)	Northing (MGA z50)	Sample ID +2mm fraction	Au (ppm)	Sample ID - 2mm fraction	Au (ppm)
PS001	544510	6779190	PSC001	-0.001	PSF001	0.002
PS002	544525	6779100	PSC002	-0.001	PSF002	0.002
PS003	544510	6779000	PSC003	-0.001	PSF003	0.003
PS004	544525	6778900	PSC004	-0.001	PSF004	0.001
PS005	544522	6778800	PSC005	-0.001	PSF005	-0.001
PS006	544420	6779210	PSC006	0.001	PSF006	0.002
PS007	544470	6779225	PSC007	0.002	PSF007	0.003
PS008	544415	6779280	PSC008	-0.001	PSF008	0.002
PS009	544475	6779310	PSC009	-0.001	PSF009	0.002
PS010	544520	6779290	PSC010	-0.001	PSF010	0.002
PS011	544525	6779395	PSC011	-0.001	PSF011	0.001
PS012	544470	6779400	PSC012	-0.001	PSF012	0.002
PS013	544420	6779400	PSC013	-0.001	PSF013	0.003
PS014	544370	6779400	PSC014	-0.001	PSF014	0.002
PS015	544370	6779500	PSC015	0.001	PSF015	0.003
PS016	544420	6779500	PSC016	0.002	PSF016	0.003
PS017	544475	6779495	PSC017	0.001	PSF017	0.003
PS018	544520	6779505	PSC018	0.030	PSF018	0.045
PS019	544520	6779600	PSC019	0.004	PSF019	0.007

Table 2: Auger Sampling Results

Sample ID	Easting (MGA z50)	Northing (MGA z50)	Au (ppm)
PA001	544320	6779495	0.002
PA002	544370	6779495	0.007
PA003	544420	6779495	0.015
PA004	544470	6779495	0.006
PA005	544520	6779495	0.011

Sample ID	Easting (MGA z50)	Northing (MGA z50)	Au (ppm)
PA006	544520	6779400	ISS
PA007	544470	6779400	0.004
PA008	544420	6779400	0.001
PA009	544370	6779400	ISS
PA010	544270	6779400	0.003
PA011	544270	6779300	-0.001
PA012	544370	6779300	0.002
PA013	544420	6779300	-0.001
PA014	544470	6779300	-0.001
PA015	544520	6779300	-0.001
PA016	544470	6779200	0.003
PA017	544420	6779200	0.002
PA018	544370	6779200	0.001
PA019	544320	6779200	-0.001

The Company will conduct further interpretation of the results to determine where further sampling may be required, to test extensions to the anomalous gold detected in surface sampling, and in parallel, the Company will review and rank the targets generated at the Pinyalling Project from the reprocessed aerial magnetic data.

Nachingwea Graphite Project

The Nachingwea Graphite Project is located in southeast Tanzania. In July 2017, the Company resolved to relinquish its interest in this Project and the remaining tenement PL10253/2014.

Legal Proceedings

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

As previously noted, in February 2017 the company received an amount of $187,819 into its solicitor's trust account in part satisfaction of summary judgements awarded against Mr Van den Bergh in December 2015.

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

Investments

During the quarter no further shares held by DAF in Argosy Minerals Ltd (Argosy) were sold.

As at 31 December 2017 DAF held a remaining 250,000 shares in Argosy, valued at approximately $98,000 (as at 30/1/2018).

ENDS

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Appendix A: Discovery Africa Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 31 December 2017:

Mining Tenement	Location	Beneficial Percentage held
PL10253/2014 [1]	Tanzania	100%- in process of being relinquished
PL20/2088 [2]	Western Australia	0% (option to purchase 100%)
PL20/2089 [2]	Western Australia	0% (option to purchase 100%)
EL59/2112 [2]	Western Australia	0% (option to purchase 100%)

[1] Interest in mining tenement held through 100% shareholding in Hatua Resources (Tanzania) Limited, a Tanzanian incorporated. This tenement is in the process of being relinquished.
[2] Interest in mining tenement held by Bruce Robert Legendre.

Competent Person's Statement
The information in this announcement that relates to Exploration Results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr Bill Oliver, a consultant to Discovery Africa Ltd and director of Billandbry Consulting Pty Ltd. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practices for drilling, logging, sampling, assay methods including quality assurance and quality control measures as detailed in Appendix 1.

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Appendix 1. The following tables are provided to ensure compliance with the JORC Code (2012) requirements for the reporting of Exploration Results for the Pinyalling Project.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil sampling was carried out at a 100m x 50m spacing. Material was taken from below the surface and samples taken by sieving through a 2mm sieve and retaining the coarse (>2mm) and fine (<2mm) fraction. • Auger sampling was carried out on a 100m x 50m spacing overlapping the soil sampling grid. Handheld tools were used to dig below the surface to collect material which was then sieved through a 2mm sieve with the fine (<2mm) fraction retained for assaying. • Samples are believed to be as representative as is required at this early stage of exploration based on sample size collected and method utilised. • Standard lab preparation and sub sampling techniques used.

Criteria	JORC Code explanation	Commentary
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was carried out at the Pinyalling Project.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling was carried out at the Pinyalling Project.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling was carried out at the Pinyalling Project.
Sub-sampling techniques	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube*	• Standard lab preparation and sub sampling techniques used. • Appropriate protocols used for reconnaissance sampling.

Criteria	JORC Code explanation	Commentary
and sample preparation	*sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Auger and soil samples were analysed by ALS Laboratory in Perth (a quality certified laboratory). • Samples were pulverised so that they passed an 85 micron sieve then analysed by fire assay and ICP-AES. • These assay methods are considered appropriate for the metals being investigated.
Verification of sampling	• *The verification of significant intersections by either independent or alternative*	• No verification has been completed as only primary data used. • Data is compiled directly from laboratory certificates into datasheets

Criteria	JORC Code explanation	Commentary
and assaying	*company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data..*	compiled by consultant geologists. Verification against field notes and spatial checks utilising GIS software are completed.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All samples are located with a handheld GPS and an accuracy of +/- 5m. • Grid used for the samples is MGA94 Zone 50. • Topographic control is provided by publically available data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing aimed to verify historic data. • First pass sampling not appropriate for Mineral Resources.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have*	• Soil sampling grid was oriented to match a historical sampling grid. • Orientation of underlying mineralisation is unknown at this time.

Criteria	JORC Code explanation	Commentary
	introduced a sampling bias, this should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• All samples were submitted directly to the lab by the Competent Person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• None completed to date.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• E59/2112 is held by Bruce Legendre. Discovery Africa Ltd has an Option Agreement with Mr Legendre, for a period of one (1) year, to purchase, at any time during that period, 100% of E59/2112. • All tenements are granted and a Heritage Agreement is in place with the Yamatji Marlpa Corporation.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration was completed by Capricorn Resources, Equatorial Gold, Thundelarra Exploration and West Peak Iron.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Pinyalling Project is located in the Murchison Province of the Yilgarn Craton and sits at the south-eastern end of the Yalgoo Singleton greenstone belt. Most of the tenement covers poorly exposed, or totally covered, greenstone stratigraphy and granitoid which has not been explored using modern methods. • Target mineralisation at the Pinyalling Project is orogenic lode-gold mineralisation prevalent across the Yilgarn Craton. Similar gold deposits in the region include the Minjar mine, the Rothsay mine and the Fields Find / Baron Rothschild prospect.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling was carried out at the Pinyalling Project.
		• All geochemical data is included in Appendices 1 and 2.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any*	• No data aggregation or metal equivalents have been used.

Criteria	JORC Code explanation	Commentary
	reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling was carried out at the Pinyalling Project.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Maps and appropriate plans are included in this document.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results are tabulated in Appendices 1 & 2 and shown on figures in this document.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock*	• Substantial open file data including historical exploration reports by companies listed above, along with open file geophysical and Landsat data.

Criteria	JORC Code explanation	Commentary
	characteristics; potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• As detailed in the report.

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+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

DISCOVERY AFRICA LIMITED

ABN	**Quarter ended ("current quarter")**
50 147 324 847	31 December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(2)	(13)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(141)	(238)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other – Net GST (paid)/refunded	9	15
1.9	**Net cash from / (used in) operating activities**	**(133)**	**(234)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	398
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**398**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,487	1,190
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(133)	(234)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	398
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,354**	**1,354**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,250	1,373
5.2	Call deposits	104	114
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,354**	**1,487**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	NIL
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	NIL
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	NIL
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

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

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30th January 2018

(Company secretary)

Print name: Alan Edward Thomas

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.