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QUARTERLY ACTIVITIES REPORT MARCH 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

Activity during the Quarter ending 31 March 2017 was focussed on assessing new projects and negotiating the acquisition of the Cue and Pinyalling Gold Projects.

Nachingwea Graphite Project

The Nachingwea Graphite Project is located in southeast Tanzania. The region has access to high quality infrastructure including access via mainly sealed roads from the coastal towns of Lindi and Mtwara, which also boast an airport and deepwater port facilities.

Discovery Africa currently retains PL10253/2014. No activity occurred in the Quarter ended 31 March 2017.

The company has not made any final decision on its strategy for the Project, pending further review.

Post Quarter Developments - Acquisition of Gold Projects

Subsequent to the end of the quarter, 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.



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

The Company will now focus on these Projects with an aim to increase the overall value proposition of the Company and ensure it is best placed to deliver value and upside potential for all its shareholders.

Legal Proceedings

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

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. A mediation conference has been listed for Wednesday, 26 July 2017.

Investments

In accordance with its prior position, shares held by DAF in Argosy Minerals Ltd (Argosy) were sold down during the financial year, in order to providing valuable funding for the company.

No shares were disposed of during the March Quarter, and as at 31 March 2017 DAF held 7.2m shares in Argosy. Since the end of the Quarter, 2.2 million shares have been sold realising approximately \$172,346. At the date of this report DAF holds 5 million shares in AGY, valued at approximately \$350,000.

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 28 April 2017:

Mining Tenement	Location	Beneficial Percentage held
PL10253/2014 ¹	Tanzania	100%
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.

² Interest in mining tenement held by Bruce Robert Legendre.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

DISCOVERY AFRICA LIMITED

ABN

50 147 324 847

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(15)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(17)	(201)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Net GST (paid)/refunded	(1)	(4)
1.9 Net cash from / (used in) operating activities	(17)	(217)
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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	424
	(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	-	424

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	1,021	797
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(17)	(217)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	424
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	1,004	1,004

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	920	937
5.2 Call deposits	84	84
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,004	1,021

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	

Mining exploration entity and oil and gas exploration entity quarterly report

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

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

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NIL			
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: 28th April 2017
(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.