



ASX ANNOUNCEMENT – DISCOVEX RESOURCES LIMITED

30 July 2020

June 2020 Quarterly Activities Report

Highlights

- **Edjudina Project**
 - Single metre re-split samples from DCX maiden target definition drilling at Hornet confirm the potential for a major new gold discovery: -
 - **HOAC012: 2m @ 3.0 g/t Au** from 50m (End of Hole, includes 1m@5.3g/t Au)
 - **HOAC032: 7m @ 1.4 g/t Au** from 40m (End of Hole, includes 3m@2.8g/t Au)
 - **HOAC026: 1m @ 3.4 g/t Au** from 54m
 - Soil sampling program at the Hornet Prospect highlights several new areas that require follow-up investigation.
- **Newington Project**
 - Ground truthing of identified soil anomalies completed.
- **Additional Funding**
 - Proceeds from disposal of listed securities provides additional funding of \$430k.
 - Share placement subsequent to end of Quarter raises further \$1.507m increasing gross cash balance to approximately \$2.3m.
- **Change of Company Secretary**
 - Effective 1 August 2020, Ms Nerida Schmidt appointed as Company Secretary.

Putting the Explore back into Modern Exploration

EXPLORATION AND EVALUATION

EDJUDINA GOLD PROJECT

Single metre re-split sampling, completed following DCX's maiden target definition AC drilling programme at Hornet, has confirmed the high-grade gold mineralisation present in several end of hole intersections is within weathered, primary bedrock. Panning of these intervals produced fine-grained visible gold providing evidence that the mineralisation may be in-situ and potentially amenable to conventional processing. Subsequent cyanide leach testing confirmed the amenability of the identified mineralisation to conventional methods of gold extraction with cyanide leach assay returning comparable, often better results than the fire assay equivalent.

Overview

The Edjudina Project is situated within the southern portion of the Laverton District, about 700km north-east of Perth, which hosts numerous major gold deposits, including AngloGold Ashanti's Sunrise Dam (> 12 Moz Au), Saracen Mineral Holdings' Carosue Dam (>2 Moz Au) and Matsa Resources' Red October Project (>0.5 Moz Au).

The project covers a strike extent of over 70km within the Linden Terrain east of the Pinjin Fault over a north-northwest trending sequence of prospective greenstone, gneisses and granites and is immediately along strike from Matsa Resources' Fortitude gold project (>385,000oz Au), which it continues to actively explore and expand.

Previous work on the Edjudina tenure, mostly during the 1980's and 1990's, included soil sampling, geophysics (both airborne and ground-based), air core (AC) drilling and minimal reverse circulation (RC) drilling. Several gold-in-soil anomalies were identified during previous exploration programs, in particular at two prospect locations, Hornet and Phantom. Both areas of soil anomalism were the subject of shallow AC drilling to the base of weathered rock and both demonstrated significant, lateral and strike extensive, unexplained transition gold anomalies. Much of this exploration effort was undertaken at a time when the gold price was less than US\$300/oz and therefore the hurdles to mining were much higher than today, with gold prices currently around US\$1,900.

The extended project includes four granted exploration tenements (E31/1134, E31/1150, E39/1765 and E39/1882), for a total of 590km² of drastically underexplored, and highly prospective tenure.

Drilling

Single metre re-split sampling of intervals greater than 100ppb Au from the recent aircore drilling programme at the Hornet Prospect was completed during the Quarter. The best of the returned intersections included 2m @ 3.0g/t Au from 50-52m within hole HOAC012 with 1m @ 5.3g/t Au from 51-52m and 7m @ 1.4g/t Au from 40-47m within hole HOAC032 which included 3m @ 2.8g/t Au from 42-45m. Most significantly, both these mineralised intervals are at the end of the drillhole. These results, along with geological observations made at the time of re-sampling, confirmed that the bottom of hole intersections, for example those in HOAC012 and HOAC032, are from primary bedrock (field observations indicate these

are biotite altered gneiss and granitoids). In addition, a gold panning exercise conducted in the field on an approximate 2kg sub-sample from the intervals from HOAC012 and HOAC032, produced several dozen small gold pieces (less than 0.5mm in diameter). The fact that free gold was present in these samples provides DCX with further confidence that these intervals are primary in nature and that the mineralisation is potentially amenable to conventional gold processing methods.

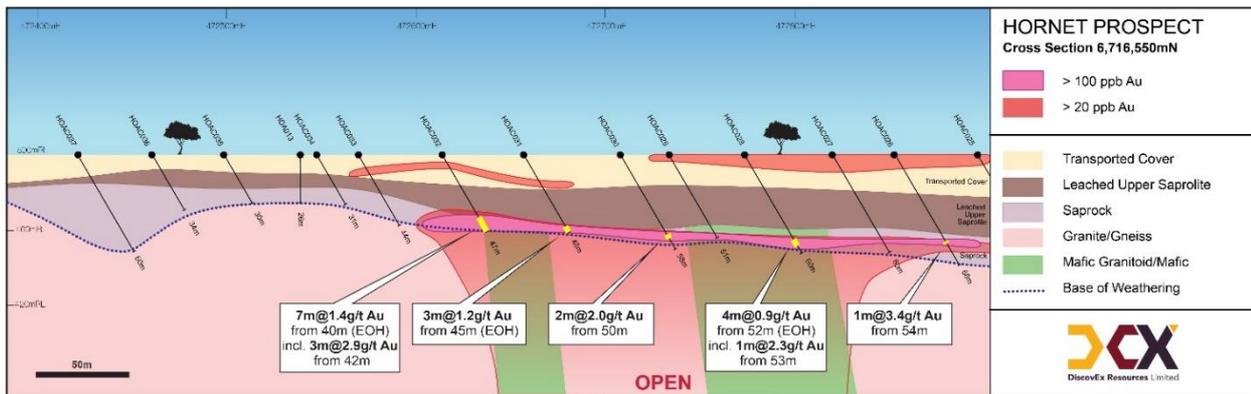


Figure 1: Hornet West section 6,716,550mN

Soil Sampling

At least three generations of soil sampling have been conducted at various spacing on a number of regions within the broader Edjudina Project tenure. Much of this sampling is considered by DCX to have been largely ineffective due to the sample media chosen for sampling. DCX considers that any samples that are coarser than the 175-micron fraction (-80 mesh) are too coarse to provide an adequate signal to noise ratio to be effective at discriminating anomalies from background. Much of the sampling around the Hornet prospect, completed in the late 1990's, was using the 2mm fraction and therefore largely ineffective. Sampling by DCX highlighted this lack of anomaly discrimination at Hornet and provided numerous opportunities for further expansion, both at Hornet and more regionally. Figure 2 below provides a compiled representation of the surface geochemical footprint at Hornet and highlights numerous target areas that have been undrilled or drilled at a spacing that renders them effectively untested. The contouring is based upon data normalisation using percentiles. Each individual dataset, including top of hole drill assay data, was normalised to each individual dataset by dividing the data into percentiles for Au. Several large consistent trends were identified and will be infilled and further defined prior to subsequent drill testing.

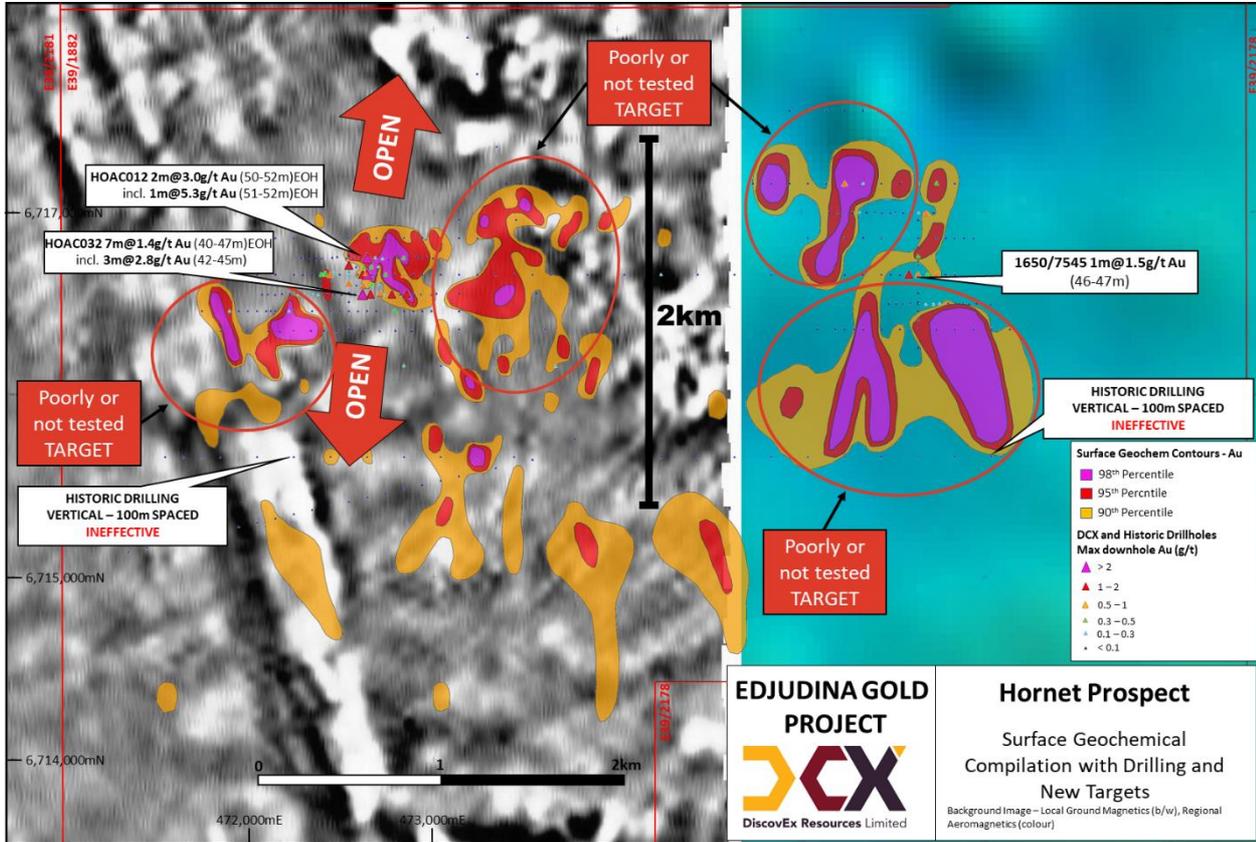


Figure 2: Surface sampling compilation across the Hornet Prospect showing numerous, large, untested or poorly tested anomalies.

Future activities

An infill/extensional AC program was completed at Hornet West within the quarter, with all results released subsequent to the end of the quarter (refer ASX announcement 23 July 2020). RC/diamond drilling is planned to follow up this drilling in the September quarter. This drilling will be partly funded by the WA Government Exploration Incentive Scheme (EIS). In conjunction with the proposed drilling, a regional soil sampling program has been planned to progress the Company's more regional conceptual target areas.

NEWINGTON GOLD PROJECT

Following the successful identification of eight high priority Au anomalies (Figure 3) from the soil sampling program completed within the previous quarter, a field reconnaissance and data investigation exercise was undertaken to confirm and rank each soil anomaly.

Ground mapping of all anomalies was completed with the most significant anomaly both in terms of gold tenor and dimensions being the Hawthorn Prospect (Anomaly B). On ground mapping has identified a series of banded iron/chert units that have been structurally disrupted and rotated indicating an area of structural complexity and potential increased mineralised fluid flow.

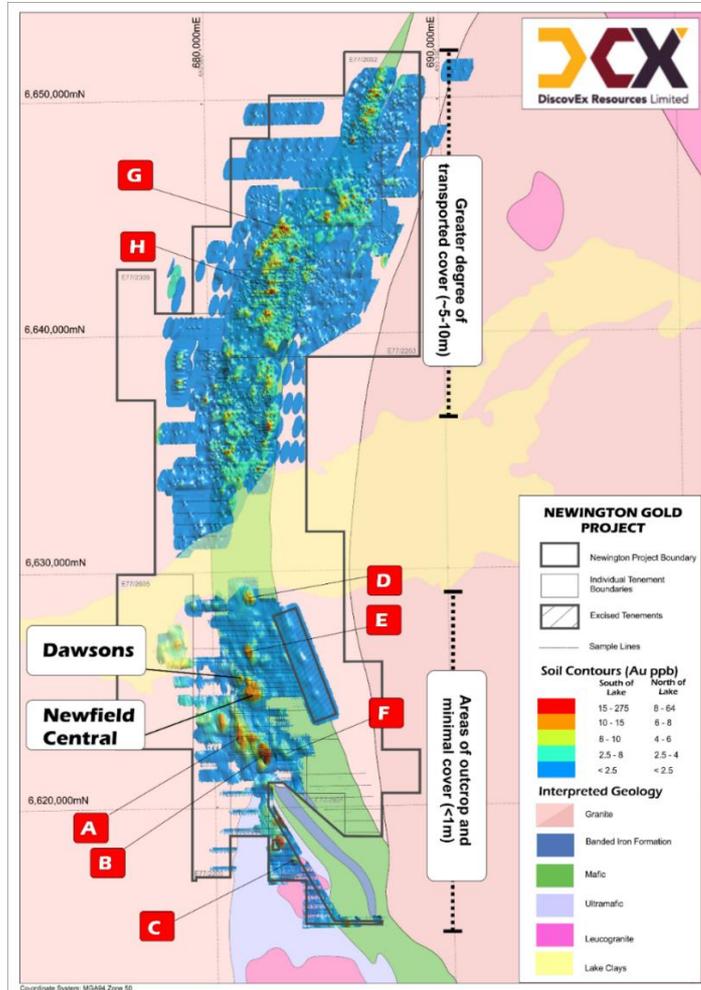


Figure 3: Newington Project contoured geochemical sampling data (including historic and recent sampling) with identified targets shown by red boxes.

Overview

Since the mid 1990's, much of the activity in the project area had been focussed on the development and operation of the high-grade Newfield/Carterton mining centre where 33koz @ 22.7g/t Au was produced[^] between 2001-2005. Prior to the definition of the gold deposit, soil sampling was able to delineate the surface footprint of the Newfield Central and Dawsons Lodes, highlighting the ability of the technique to identify prospective areas. The bulk of the historical soil and auger sampling was completed prior to the mid-1990's with the DiscovEx soil program representing the first regionally extensive exploration effort since that time.

Future activities

Future drill targets have been defined based on the soil sampling results and the mapping exercise, with programs to be executed once all government compliance approvals have been granted and drilling machinery becomes available.

[^] The 2001-2005 production records were sourced from the Newfield Resources Limited Prospectus lodged with ASX on 27 April 2012 and Newfield Central Pty Ltd records (refer SMD ASX announcement 11 April 2019).

CORPORATE

DISPOSAL OF LISTED SECURITIES

In June, the Company secured net proceeds of \$430,659 following the sale of its shareholding in ASX listed Carnaby Resources Limited (ASX:CNB). The shares were acquired in April 2019 as part of the sale to Carnaby of the Company's southern hub tenure near Mt Isa in Queensland. The Company retains a 17.5%, free-carried interest in the tenements which form part of Carnaby's Tick Hill Project, retaining exposure to the exploration potential of the area.

The proceeds of this share sale are being utilised to fund further exploration at the Company's Edjudina and Newington Projects.

SHARE PLACEMENT

Subsequent to the end of the June Quarter, the Company successfully completed a share placement raising A\$1,507,219 (before costs) to assist with its ongoing exploration at both the Edjudina and Newington Gold Projects in Western Australia.

The Placement, undertaken in a single tranche, comprised 231,879,874 fully-paid ordinary shares issued at \$0.0065 per share to sophisticated and professional clients of JP Equity Partners, the lead manager for the Placement, and some existing major shareholders of the Company utilising the Company's available placement capacity under Listing Rules 7.1 (136,186,748 shares) and 7.1A (95,693,126 shares). The shares were issued on 9 July 2020.

As part of the capital raising fee, DCX is proposing to issue 20,000,000 options to JP Equity Partners with an exercise price of \$0.013 and expiry date 2 years from the date of issue. The issue of these options will be subject to shareholder approval to be sought at a General Meeting to be held on 20 August.

ISSUE OF SHARES FOR TENEMENT ACQUISITION

In April the Company satisfactorily completed the due diligence process on the tenements the subject of an 80/20 joint venture with Crest Investment Group Limited (Crest). The joint venture comprises an interest in eight tenements predominantly along strike and to the south of DCXs' existing 80% owned Edjudina Gold Project, in the southern Laverton District of Western Australia.

Under the terms of the Agreement, DiscovEx paid Crest \$25,000 in cash and issued \$25,000 in DCX shares as consideration for the transaction. A total of 7,352,941 shares were issued at a price of \$0.0034 per share, being the 5-day VWAP up to the date of agreement to issue the shares. The shares were issued under the Company's available Listing Rule 7.1.

Following the payment of the consideration, DiscovEx has the right to earn up to 80% of the Project tenure by completing the minimum expenditure for each tenement as required by the Department of Mines and maintaining the tenements in good standing for a period of 2 years from execution.

Under the terms of the JV agreement, DiscovEx is to free carry Crest to a Decision to Mine whereby the parties are obliged to contribute pro-rata or dilute as per standard formulae to 5% thence automatically to a 1% Gross Revenue Royalty on any mineral product produced with the Royalty to begin only after the equivalent of 200,000oz Au has been produced. DiscovEx may buy out the Crest interest after a Decision to Mine has been made for 80% of the NPV of that interest with Crest to retain the 1% royalty.

CASH RESERVES AND CASHFLOW DISCLOSURES

As at 30 June 2020, DiscovEx had cash reserves of \$910K, no corporate debt and minimal long-term commitments. As detailed above, subsequent to the end of the Quarter the Company raised a further \$1.507m via a share placement taking the Company's gross cash position to approximately \$2.3m.

Operating cash outflows for the Quarter included payments for exploration and evaluation activities of \$414K. As set out in item 6.1 of the Company's June Quarter Appendix 5B, payments to related parties consisted of remuneration paid to executive and non-executive directors of \$56K and payments to director related entities for the provision of geological consultancy services of \$63K.

CHANGE OF COMPANY SECRETARY

Effective 1 August 2020 Ms Nerida Schmidt will assume the position of Company Secretary for the Company and its subsidiaries.

Ms Schmidt has 30 years' professional experience as the CFO and company secretary of a number of ASX, TSX and AIM listed companies in a variety of industries.

She holds a Bachelor of Commerce from the University of Western Australia, is a Certified Practising Accountant and a Fellow of Finsia. She is also a Chartered Secretary and holds a Graduate Diploma in Company Secretarial Practice.

Mr Paul Bridson will continue to provide services to the Company as Chief Financial Officer.

TENEMENTS

In accordance with ASX Listing Rule 5.3.3, details of the tenements held, tenement movements and farm-in and farm-out arrangements during and at the end of the Quarter are set out in Appendix 1 to this report.

SHAREHOLDER INFORMATION

As at 30 June, DiscovEx had 964,284,202 fully-paid ordinary shares on issue and approximately 1,268 shareholders. The top 20 shareholders held approximately 34% of the Company's shares.

The Company also had 139,228,213 unlisted options on issue exercisable at prices between 1.35 cents and 3.15 cents and expiring in August 2021, May 2022, September 2022, December 2022 and December 2023.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Toby Wellman who is a Member of The Australasian Institute of Mining and Metallurgy (MAAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Wellman is the Executive Technical Director and Exploration Manager of DiscovEx Resources Limited and consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

This announcement is authorised for release by the Board of DiscovEx Resources Limited.

For further information please visit: www.discovexresources.com.au or contact:

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APPENDIX 1 – Additional Information Required under Listing Rule 5.3.3

Mining tenements held at the end of the Quarter and their location:

Tenement	Status	% Ownership
Monument Gold Project – Laverton, WA		
E39/1846	Granted	100%
E39/1866	Granted	100%
E39/2024	Granted	100%
E39/2035	Granted	100%
E39/2036	Granted	100%
P39/5456	Granted	100%
P39/5457	Granted	100%
P39/5519	Granted	100%
P39/5837	Granted	100%
P39/5855	Granted	100%
P39/5880	Granted	100%
P39/5899	Granted	100%
P39/5910	Granted	100%
P39/6051	Granted	100%
P39/6052	Granted	100%
P39/6053	Granted	100%
Edjudina Gold Project – Laverton, WA		
E31/1150	Granted	80%
E31/1134	Granted	80%
E39/1765	Granted	80%
E39/1882	Granted	80%
Newington Gold Project – Southern Cross, WA		
E77/2602	Granted	100%
E77/2604	Granted	100%
E77/2605	Granted	100%

The Company also retains a 17.5% interest in the following tenements near Mt Isa, Queensland: EPM9083, EPM11013, EPM14366, EPM14369, EPM17637, EPM18223, EPM18980, EPM19008, EPM25435, EPM25439, EPM25853 and EPM25972.

Mining tenements acquired during the Quarter and their location:

A 100% interest in tenements P39/6051, 6052 and 6053 located within the Monument Gold Project area were acquired during the Quarter.

Mining tenements disposed of during the Quarter and their location:

Nil

Tenements held in farm-in or farm-out agreements at the end of the Quarter:

Farm-in Agreements

Under the terms of the farm-in agreement with Newfield Resources Limited, DiscovEx has the right to earn up to 85% of the Newfield Project comprising tenements M77/422 and M77/846. Refer to the ASX Announcement dated 11 April 2019.

Under the terms of the option agreement with Gateway Projects Pty Ltd the Company has purchased a 12-month Right to Purchase the Carterton Gold Project comprising tenement E77/2309. In April 2020 the Company extended this Right for a further 12 months. Refer to the ASX Announcements dated 11 April 2019 and 7 April 2020.

Under the terms of the farm-in agreement with private vendors, DiscovEx has the right to earn up to 80% of tenements within the Newington Project including E77/2200, E77/2326, E77/2558, E77/2263 and P77/4397. Refer to the ASX Announcement dated 24 September 2019.

Under the terms of the JV agreement with Crest Investment Group Limited, DiscovEx has the right to earn up to 80% of tenements within the Edjudina Project including E28/2884, E31/1187, E31/1198, E31/1227, E39/2102, E39/2126, P31/2126 and P31/2125. Refer to the ASX announcements dated the 13 March 2020 and 15 April 2020.

Farm-out Agreements

Nil.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the Quarter:

Refer to JV agreement with Crest Investment Group Limited detailed above.