



ASX ANNOUNCEMENT – DISCOVEX RESOURCES LIMITED

29 July 2022

June 2022 Quarterly Activities Report

Highlights

- **Sylvania Project**
 - Multiple targets defined by soil sampling at the Contact Prospect.
 - Option executed with Rio Tinto for iron ore rights.
 - AC drilling commenced at Peak, Dingo, Bondinis and Hilditch Prospects.
- **Edjudina Project**
 - Geochemical soil sampling identifies exceptional gold target at Spartan.
- **Newington Project**
 - Midas Minerals executes Option Agreement to acquire DiscovEx's interests.
- **Carnaby JV – Greater Duchess Project**
 - JV partners Carnaby Resources Limited (ASX: CNB) continue exploration activities at the Greater Duchess JV Project.
- **Corporate**
 - Successful Rights Issue and Shortfall placement completed subsequent to the end of the quarter, to raise approximately \$2.94M (before costs).

Putting the Explore back into Modern Exploration

EXPLORATION AND EVALUATION

DiscovEx Resources Limited (“**DiscovEx**” or the “**Company**”) continued its greenfield exploration approach within the quarter with activities progressing at the Sylvania and Edjudina Projects.

Further drilling and geophysical activities continued at the Greater Duchess Project (QLD), within the Joint Venture (“JV”) between Carnaby Resources Limited (ASX: CNB or “Carnaby”) and DiscovEx. DiscovEx holds a 17.5% interest in the Greater Duchess tenements and is free carried through to a decision to mine.

Additional corporate activities were also completed within the quarter, with the divestment of the Newington Project to Midas Minerals Limited (ASX:MM1) as well as the execution of an Option Agreement with Rio Tinto Limited (ASX:RIO) for the sale of the iron ore rights on selected tenements within the Sylvania Project.

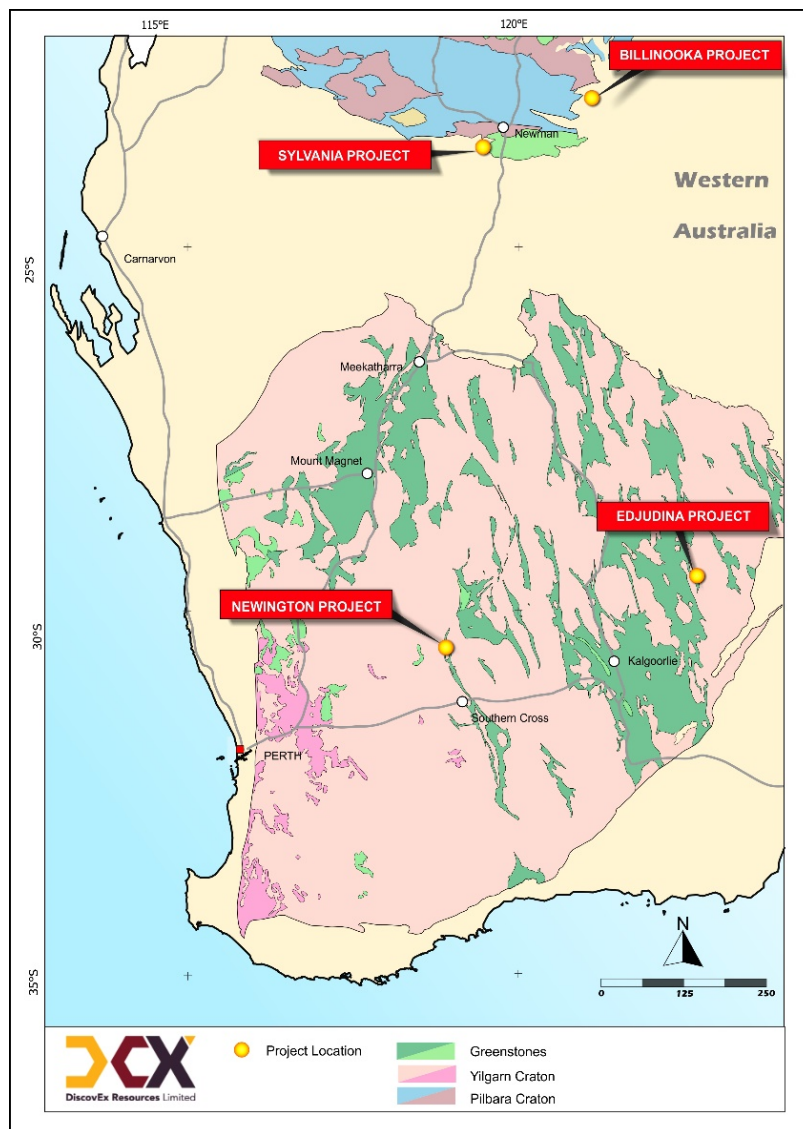


Figure 1: DiscovEx Resources Limited Project locations

SYLVANIA PROJECT

Quarterly activities were focussed on preparation for the Company's maiden AC drilling program at the Sylvania Project inclusive of line clearance and logistics. Drilling has now started subsequent to the end of the quarter with an estimated 6,000m proposed. This is anticipated to take approximately 3 weeks to complete with results to be released when assays become available. In addition to the drilling, geological mapping and ongoing soil sampling continued (refer previous announcements – 23/05/2022 “New geochemical anomalies light up Sylvania Project” and 25/10/2021 “Positive geochemical results received from Sylvania Project”) (**Figure 2**).

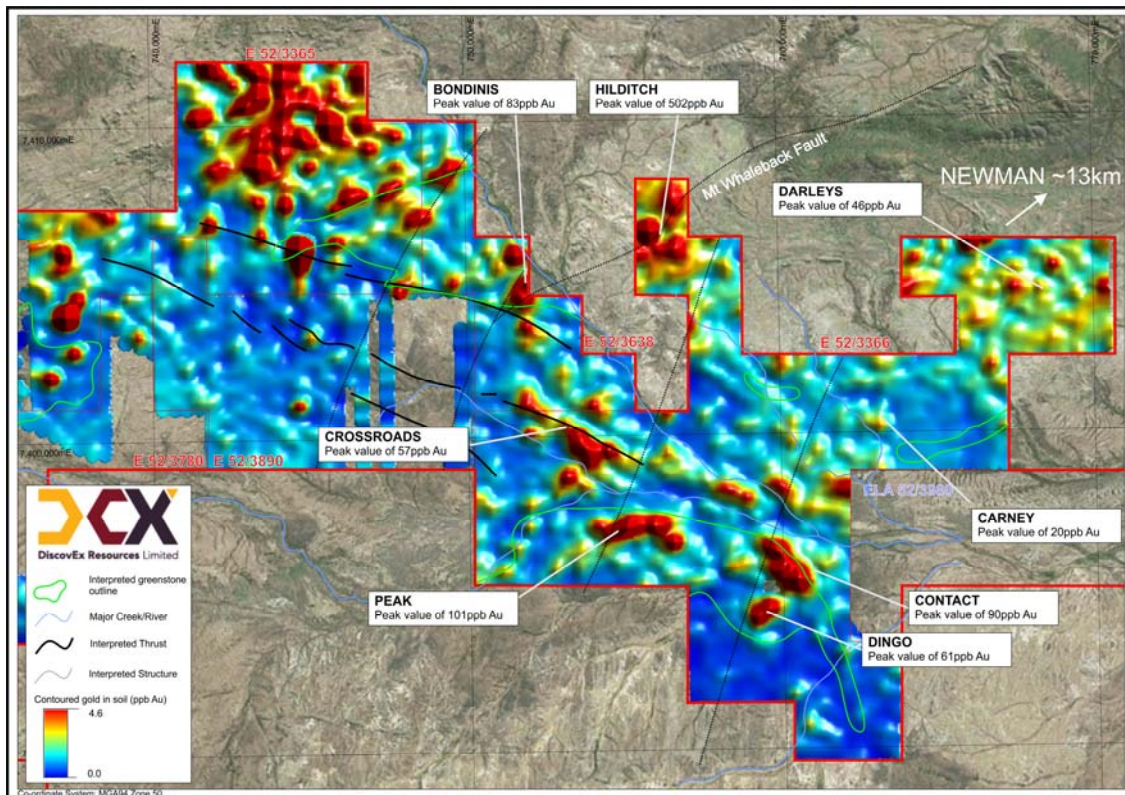


Figure 2: The Sylvania Project showing gridded soil sampling results

Soil sampling programs were designed to test a north-west trending sequence of prospective volcanic sediments, fine-grained mafics and banded iron formation which form part of the Sylvania inlier, an area identified as being Archaean in age and prospective for gold mineralisation. Much of the area is exposed in outcrop or subcrop, with detailed mapping identifying numerous quartz veins and pegmatites spatially located at the contact between mafics and sediments, likely representing a structurally controlled north-west trending contact zone. In addition to this large-scale structural trend, numerous north-east structures were also mapped that truncate lithology and potentially represent a larger fluid pathway network

controlling mineralised fluid flow. The anomalous gold results returned from this most recent survey have generated multiple anomalous trends coincident with these north-east trending structural breaks, with three individual zones of +10ppb Au anomalous returned over a strike length of approximately 2km. The best result returned included a single sample with a grade of 90.2ppb Au (0.09g/t Au), sampled from an outcropping quartz vein. In addition to the elevated Au geochemistry, multiple pathfinder elements were also returned including elevated arsenic (up to 84ppm), silver (0.38g/t) and antimony (up to 2.2ppm).

In addition to the ongoing exploration activities, two binding Option Agreements were executed with Rio Tinto Exploration Pty Ltd, a wholly owned subsidiary of the global metals and mining group Rio Tinto Limited (ASX:RIO) to acquire 100% of the iron ore rights of four tenements. The Option Agreements will allow Rio Tinto to explore and investigate potential development opportunities within the tenements, inclusive of the Spearhole detrital iron ore deposit (refer previous announcements – 03/05/2022 Option Agreements executed with Rio Tinto for the sale of Iron Ore rights at Sylvania”). The Agreements include potential total consideration up to \$9.3M, inclusive of option extension fees and option exercise payments, plus a royalty on future production.

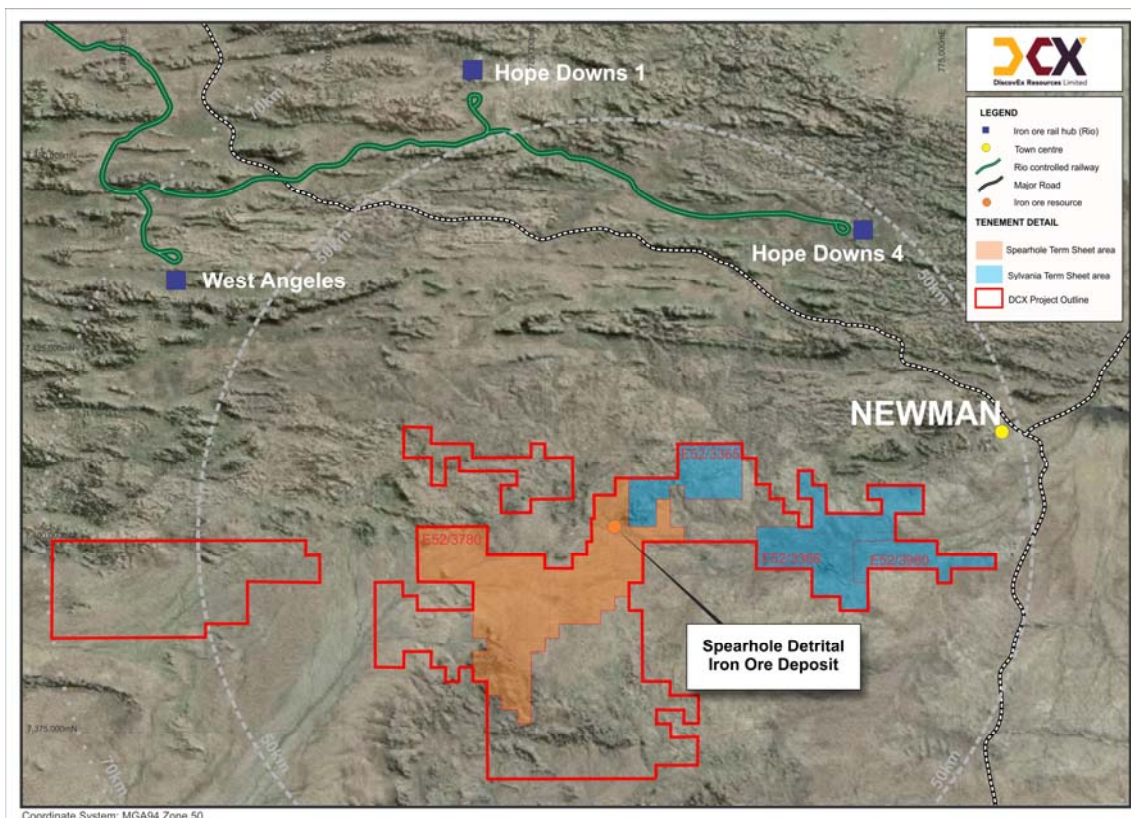


Figure 3: Location of DCX Sylvania Project relative to surrounding Rio Tinto infrastructure

Future Activities

AC drilling began on the 21/07/2022 with these activities estimated to continue for 3 weeks. A review of all results will be completed once received. Additional requested heritage surveys remain pending with a start date yet to be confirmed.

EDJUDINA PROJECT

Spartan Prospect

Multiple soil sampling programs were completed at the Edjudina Project, focussing on areas east and south of Hornet. As part of these programs, a highly prospective, large-scale surface gold anomaly was identified, now known as the Spartan anomaly. The newly defined gold trend is characterised by a 1.3km long >50ppb gold in soil anomaly with a peak value of 0.54g/t Au, within a broader 1.8km long >25ppb anomaly. Sample spacing has now been completed on 100 x 100m centres with significant results returned including **108ppb Au, 110ppb Au, 120ppb Au, 124ppb Au, 171ppb Au, 241ppb Au, 244ppb Au and 544ppb Au** (*refer previous announcements – 05/05/2022 “Surface Sampling defines exceptional target at Edjudina” and 21/07/2022 “Infill Surface Sampling upgrades Spartan Anomaly”*) (**Figure 3**).

The continuity and consistency of results within the anomaly is extremely encouraging, particularly considering the background gold-in-soil levels at Edjudina are generally in the order of ~2-3ppb Au. Results of this tenor and scale defined in a greenfields exploration environment are not common and the Company is extremely excited to progress the exploration efforts towards a first-pass AC drilling program.

Together with the infill sampling, a regional program (east, south and north of Spartan) was also completed, with samples collected on 400 x 200m centres. This program was designed to test various N-S and NE-SW trending structures identified from geophysics (magnetics), that were interpreted as having a spatial association with the defined anomaly. Of particular interest is a large flexure in a N-S trending structure, likely caused by multiple intrusive bodies located to the south and west. This trend appears to change orientation around and in between these individual intrusives, potentially providing greater opportunity for structural dilation and associated mineralisation to occur.

Future Activities

A gravity survey is scheduled to begin in early August, with generated data to be used in the ongoing interpretation of the project-scale geology. A heritage survey has also been proposed for the area, anticipated to be completed in the first week of August.

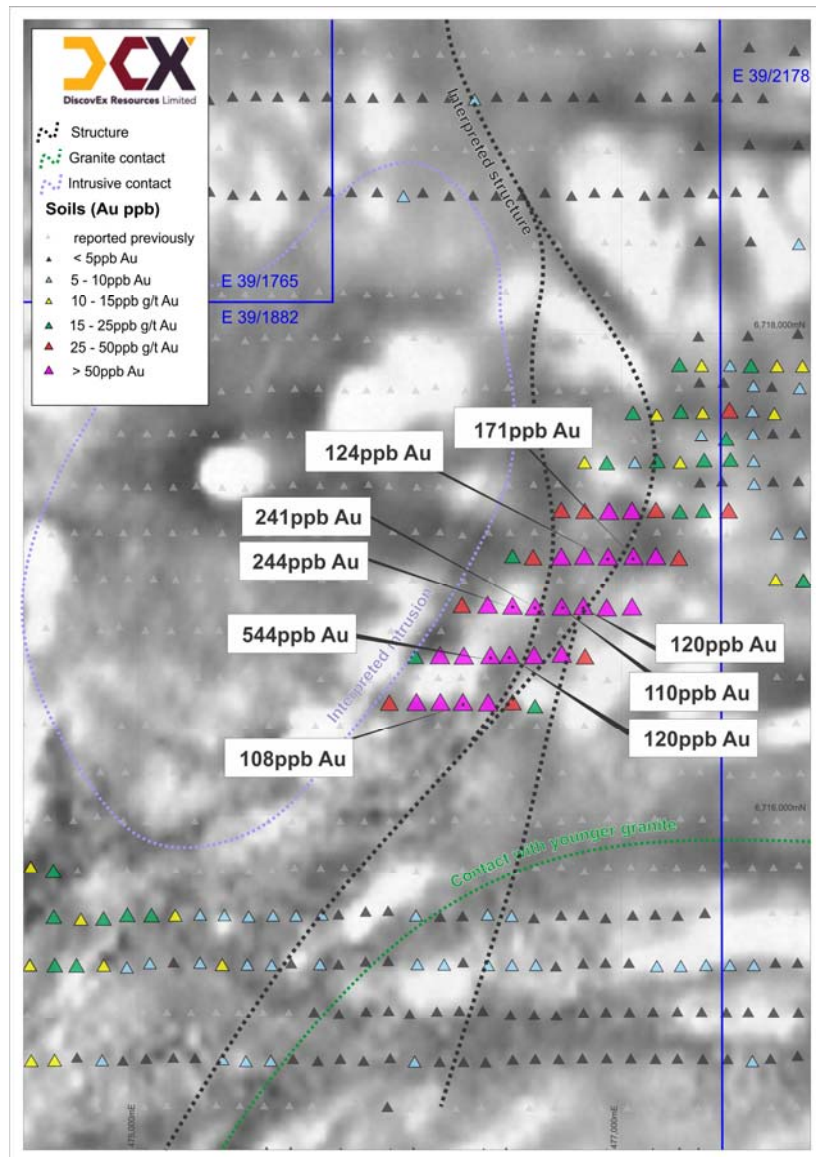


Figure 4: Detailed view of Spartan anomaly showing significant results from the latest infill program.

NEWINGTON PROJECT

On the 30/06/2022, Midas Minerals Limited (ASX:MM1) exercised the Option Agreement with DiscovEx for the purchase of the Company's rights to the Newington Project. All payments have been made and include:

- Midas initial payment of \$30,000 for a 90-day Option commencing on 1 April 2022;
- Consideration on exercise of the Option of \$70,000 cash and 2,693,639 Midas shares;

OTHER INTERESTS

Free Carried Interests - Carnaby Resources

The Greater Duchess Copper Gold Project, held by Carnaby Resources Limited (ASX:CNB or “**Carnaby**”) contains several tenements that are subject to a 17.5% free-carried interest by DiscovEx and are held under a Joint Venture (“**JV**”) between the two parties. Carnaby are required to solely fund all costs in connection with the activities of the JV, inclusive of exploration and development until a Decision to Mine (“**DTM**”).

Following the presentation to the JV committee of a positive Definitive Feasibility Study (“**DFS**”) and a DTM is made, Carnaby will have a first right of refusal to acquire DiscovEx’s interest, equal to the fair market value. If Carnaby does not elect to acquire this interest, DCX may either contribute or dilute. If DiscovEx’s interest is diluted to less than 5%, Carnaby must acquire DiscovEx’s interest for fair market value of the remaining interest.

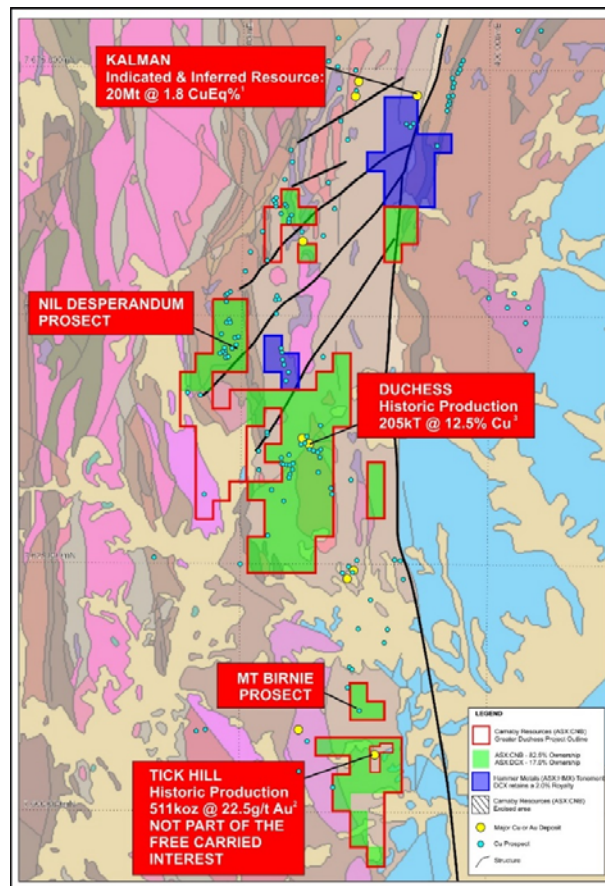


Figure 5: DiscovEx tenement interests in Queensland within Carnaby Resources Ltd and Hammer Metals Ltd.

1. Refer Hammer Metals announcement dated the 27th September 2016 (Kalman Resource Update).
2. Forrestal P.J. et al, 1998 (Tick Hill Gold Deposit).
3. Blake D.H. et al, 1994 BMR Bulletin 219

The free carried interest includes 12 tenements, covering an area of approximately 293km² and is located approximately 100km south-east of Mt Isa in North Queensland. In addition to the Carnaby interest, DiscovEx also holds a 2% royalty over Hammer Metals Ltd (ASX: HMX) held tenement EPM13870, which contains a portion of the Kalman Deposit including the down-plunge extent. Tenement locations are shown in **Figure 5**.

Equity Positions

The Company currently has a portfolio of ASX listed stocks, listed below:

Midas Minerals Ltd (ASX:MM1): DiscovEx holds 2,693,639 shares in ASX listed Midas Minerals Ltd. This equity position was established following the sale of the Newington Project, executed on the 30th of June 2022.

Six Sigma Metals (ASX:SI6): DiscovEx holds 40,697,675 shares in ASX listed Six Sigma Metals. This equity position was established following the sale of the Monument Project, executed on the 23rd of August 2021.

Dreadnought Resources Limited (ASX:DRE): DiscovEx holds 10,000,000 shares in ASX listed Dreadnought Resources.

OreCorp Limited (ASX:ORR): DiscovEx holds 184,615 shares in ASX listed OreCorp Limited. This equity position was established following the sale of various tenements in the Edjudina region of Western Australia, executed on the 17th of December 2020.

Solstice Minerals Limited (ASX:SLS): DiscovEx holds 18,563 shares in ASX listed Solstice Minerals Limited. This equity position was established following an in-specie distribution to existing OreCorp shareholders on the 1st of May 2022.

CORPORATE

Rights Issue and Changes to Capital Structure

Subsequent to the end of the quarter the Company issued 733,904,022 fully paid ordinary shares pursuant to the Prospectus in respect to the 2 for 7 non-renounceable rights issue at \$0.004 to raise up to \$2,935,616 (before costs) announced to ASX on 20 June 2022.

The Company's capital structure after issue of these securities is now as follows:

Quoted Securities	Number
Fully paid ordinary shares (DCX)	3,302,568,098

Unquoted Securities	Number
Unlisted Options EXERCISE PRICE \$0.0135 EXPIRING 9 SEPTEMBER 2022	1,666,666
Unlisted Options EXERCISE PRICE \$0.0158 EXPIRING 9 SEPTEMBER 2022	1,666,667
Unlisted Options EXERCISE PRICE \$0.0180 EXPIRING 9 SEPTEMBER 2022	1,666,667
Unlisted Options EXERCISE PRICE \$0.03 EXPIRING 20 MAY 2022	10,000,000
Unlisted Options EXERCISE PRICE \$0.02 EXPIRING 9 DECEMBER 2022	62,561,547
Unlisted Options EXERCISE PRICE \$0.017 EXPIRING 1 DECEMBER 2023	16,000,000
Unlisted Options EXERCISE PRICE \$0.0225 EXPIRING 1 DECEMBER 2023	16,000,000
Unlisted Options EXERCISE PRICE \$0.0315 EXPIRING 1 DECEMBER 2023	8,000,000
Unlisted Options EXERCISE PRICE \$0.013 EXPIRING 20 AUGUST 2024	1,000,000
Unlisted Options EXERCISE PRICE \$0.013 EXPIRING 20 AUGUST 2022	20,000,000
Unlisted Options EXERCISE PRICE \$0.00725 EXPIRING 14 OCTOBER 2025	25,750,000
Unlisted Options EXERCISE PRICE \$0.0095 EXPIRING 14 OCTOBER 2025	25,750,000

CASH RESERVES AND CASHFLOW DISCLOSURES

As at 30 June 2022, DiscovEx had cash reserves of \$1.568M, no corporate debt and minimal long-term commitments. Subsequent to quarter end the Company received \$2,935,616 (before costs) pursuant to the 2 for 7 non-renounceable rights issue at \$0.004 announced to ASX on 20 June 2022

Operating cash outflows for the Quarter included payments for exploration and evaluation activities of \$486K. As disclosed in item 6.1 of the Company's Appendix 5B, payments to related parties totalled \$94K for the quarter and consisted of remuneration paid to executive and non-executive directors in line with their service and employment agreements.

Project Expenditure

Project	Expenditure (\$A'000)
Edjudina	170
Newington	107
Sylvania	209
TOTAL	486

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 2022, DiscovEx had 2,568,664,076 fully-paid ordinary shares on issue and 1,837 shareholders. The top 20 shareholders held approximately 47% of the Company's shares.

The Company also had 190,061,547 unlisted options on issue exercisable at prices between 0.725 cents and 3.15 cents and expiring in May 2022, August 2022, September 2022, December 2022, December 2023, August 2024 and October 2025 (see listing above).

The forward-looking statements in this announcement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this announcement. Forward looking statements generally (but not always) include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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
Edjudina Gold Project – Laverton, WA		
E28/2884	Granted	80%
E31/1187	Granted	80%
E31/1198	Granted	80%
E31/1227	Granted	80%
E39/2102	Granted	80%
E39/2126	Granted	80%
P31/2126	Granted	80%
P31/2125	Granted	80%
E39/1765	Granted	80%
E39/1882	Granted	80%
E39/2178	Granted	100%
E39/2182	Granted	100%
E39/2181	Granted	100%
E39/2186	Granted	100%
E39/2334	Application	100%
E39/2344	Application	100%
Sylvania Project – Newman, WA		
E52/3780	Granted	90%
E46/1341	Granted	100%
E46/1342	Granted	100%
E52/3365	Granted	100%
E52/3366	Granted	100%
E52/3638	Granted	100%
E52/3748	Granted	100%
E52/3784	Granted	100%
E52/3888	Granted	100%
E52/3890	Granted	100%
E52/3911	Granted	100%
E52/3995	Granted	100%
E52/3996	Application	90%
E52/3997	Application	90%
E52/3884	Application	100%
E52/3887	Application	100%
E52/3889	Application	100%

E52/3980	Application	100%
Gullewa Gold Project – Gullewa, WA		
E59/2584	Granted	100%
E59/2732	Application	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:

Tenement E59/2732 was applied for on the 29/06/2022 and is contained within the Gullewa Project.

Mining tenements disposed of during the Quarter and their location:

All tenements within the Newington Project were divested to Midas Minerals Limited within the quarter. This included the relative interests in M77/422, M77/846, E77/2309, E77/2200, E77/2326, E77/2558, E77/2602, E77/2263, E77/2604, E77/2605, E77/2770 and P77/4397.

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

Farm-in Agreements

Edjudina: Under the terms of the JV agreement with Crest Investment Group Limited, DiscovEx owns 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. This interest was earned on the 14th April 2022.

Farm-out Agreements

Nil.

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

Nil.