



DiscovEx Resources Limited

2023 ANNUAL REPORT

ABN 61 115 768 986



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CORPORATE DIRECTORY

DIRECTORS

Heath Hellewell - Non-Executive Chairman
Toby Wellman - Managing Director
David Morgan - Non-Executive Director
Kim Massey - Non-Executive Director

REGISTERED OFFICE

Unit 1, Ground Floor, 72 Kings Park Road
West Perth, WA 6005
Telephone: (08) 9380 9440

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

AUDITORS

PKF Perth
Level 4, 35 Havelock Street
West Perth, WA 6005

SHARE REGISTRY

Automic Group
Level 5, 191 St Georges Terrace
Perth, WA 6000
Telephone: 1300 288 664

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: DCX

BANK

Westpac Banking Corporation
St Georges Terrace
Perth, WA 6005

CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to report that over the past 12 months the Company has continued with its dedicated strategy of innovative, disciplined, and systematic exploration over its portfolio of large-scale exploration projects. Our exploration activities remain concentrated in Western Australia.

In Queensland our Joint Venture partner Carnaby Resources continues to grow the exciting Greater Duchess Copper Gold Project, where DiscovEx retains a 17.5% ownership over certain key project tenements.

Your management team led by Managing Director Toby Wellman have remained focussed on progressing our highest priority projects whilst at the same time have successfully realised the latent value of non-core tenement positions through the divestment of these surplus assets.

The Board and management team are strongly motivated and committed to delivering quality, long-term results and will continue to advance our key projects in a measured and systematic manner. Our focus remains on generating quality exploration targets and drilling them, we aim to do this in the most capital efficient way possible, whilst not forgoing the scientific rigour that is typically required for a meaningful mineral discovery.

The business of mineral exploration is challenging, not only requiring the dedication of our team but also the ongoing support of shareholders. I would like to thank our shareholders for this support as company-wide we continue to strive for the best possible outcomes for our shareholders and all stakeholders in the areas in which we operate.

Yours sincerely

Heath Hellewell
Chairman

DIRECTORS' REPORT

Your directors present the following report on DiscovEx Resources Limited (the Company) and the entities it controlled (Group) during or at the end of the financial year ended 30 June 2023.

INFORMATION ON DIRECTORS

The directors of the Company at any time during or since the end of the financial year are;

Mr Heath Hellewell

Non-Executive Chairman - Appointed 11 March 2021

Mr Hellewell joined the Company after senior executive roles at Capricorn Metals Ltd (ASX:CMM), Doray Minerals Limited and Independence Group NL (ASX:IGO) and exploration roles at Resolute Mining Limited (ASX:RSG) and DeBeers Australia Pty Ltd. Mr Hellewell joined IGO in 2000 prior to the Company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana gold deposit.

Following the discovery of the Andy Well gold deposits in 2010, Doray Minerals was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal and in 2014 Mr Hellewell was the co-winner of the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

In 2016 Mr Hellewell was instrumental in the acquisition of the Karlawinda Gold Project to form Capricorn Metals Ltd (ASX: CMM). Mr Hellewell is currently an independent Non-Executive Director of Core Lithium Ltd (ASX:CXO) and Duketon Mining Limited (ASX:DKM).

Mr Hellewell holds an interest in 173,518,480 shares of the Company and 9,000,000 unlisted options.

Mr Toby Wellman

Managing Director - Appointed Technical Director 1 December 2019 and Managing Director 23 April 2021

Mr Wellman has more than 20 years' experience across exploration, development and production geology with exposure to varied mineralisation styles and commodities including gold, copper, lead, zinc, lithium and cobalt.

During his career, Mr Wellman made a significant contribution to the development of the Andy Well and Deflector Projects in WA as Senior Development Geologist and Senior Geologist for gold producer Doray Minerals. He was an integral part of the exploration team that discovered the Judy and Suzy deposits at Andy Well.

Other roles included senior geological positions for Boliden Minerals AB, where Mr Wellman led the targeting team that identified the Ravlidan Norra polymetallic deposit in Kristineberg, Northern Sweden and as Exploration Manager for Mont Royal Resources (ASX: MRZ).

Mr Wellman holds an interest in 36,571,429 shares of the Company and 39,000,000 unlisted options.

Mr David Morgan

Non-Executive Director - Appointed 20 March 2012

Mr Morgan is a mining executive and a qualified mining engineer and mechanical engineer with more than 35 years' experience in the mining industry in Australia and Africa. He has previously held a number of executive development and mine operations roles involving project engineering, maintenance and contract earthmoving for companies such as Rio Tinto, Macmahon and WMC Resources.

He was General Manager Operations for Equigold in Queensland where he was responsible for the management of the Mt Rawdon Gold Mine, including being a key member of the build and commissioning team. He was General Manager Mining and Metallurgy for Sundance Resources' Mbalam Iron Ore Project in Cameroon where he oversaw the completion of a PFS on a \$3.3 billion Direct Shipping Ore and Itabirite project for that company, including the delivery of 10 years of JORC compliant, high grade Ore Reserves and the establishment of project metallurgical and processing parameters.

INFORMATION ON DIRECTORS (CONT)

Mr Morgan is a Chartered Professional Engineer (CPEng), a Member of the Institution of Engineers Australia (MIEAust), a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and holds a Graduate Membership of the Australian Institute of Company Directors (GAICD). He is also currently a Non-Executive Director of Strickland Metals Ltd (ASX:STK)

Mr Morgan was Managing Director of the Company from 26 April 2018 until 1 December 2019.

Mr Morgan holds an interest in 35,966,677 shares of the Company and 7,000,000 unlisted options.

Mr Kim Massey

Non-Executive Director - Appointed 11 March 2021

Mr Massey is the Chief Executive Officer of Capricorn Metals Ltd and was appointed to the DiscovEx board following the completion of the Lighthouse Resources acquisition and the substantial investment of Capricorn Metals Ltd in the share placement in March 2021.

Mr Massey brings a wealth of corporate, financial, markets and industry experience to the role. He was previously Chief Financial Officer of Australian gold producer Regis Resources Ltd (ASX:RRL) for 10 years, until May 2019. Mr Massey oversaw Regis Resources' financial and corporate activities and had responsibilities in investor relations, business development and strategy. He was an integral part of the financing and development of the Duketon gold projects for Regis. Given the high profile of his previous role, he is well known to the relevant sections of equity and debt markets in Australia. Mr Massey is a qualified Chartered Accountant.

Mr Massey does not hold any shares or options in the Company.

The directors have been in office to the date of this report unless otherwise stated.

COMPANY SECRETARY

Ms Nerida Schmidt has held the position of Company Secretary for the Company and its subsidiaries since 1 August 2020.

Ms Schmidt has more than 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.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

During the year the principal activity of the Group consisted of mineral exploration and evaluation in relation to its gold and base metals mineral resources in WA. The Company continued its exploration and evaluation activities at the Sylvania Project in the Pilbara region and the Edjudina Gold Project in the southern Laverton district in WA. On 30 June 2022, Midas Minerals Limited exercised its option to purchase the Newington Gold Project and in early July 2022 the Company received consideration of \$70,000 cash and 2,693,639 Midas shares valued at \$498,323. Apart from these transactions, there were no significant changes in the nature of the activities of the Group during the year.

OPERATING AND FINANCIAL REVIEW

Operating Results

The net loss of the Group for the financial year after provision for income tax was \$628,926 (2022: \$818,127) which includes mineral exploration expenditure impaired amounting to \$104,111 (2022: \$453,066).

Financial Performance

During the year ended 30 June 2023 the Group's net cash position increased by \$255,401 due to cash inflows from capital raising and disposal of listed securities.

Financial Position

At year end the Group had a cash balance of \$1,823,408 (2022: \$1,568,007), no corporate debt and minimal non-discretionary long-term commitments. The net assets of the Group increased from \$7,641,395 at 30 June 2022 to \$9,878,216 at 30 June 2023 predominantly as a result of increased exploration balances. Total liabilities amounted to \$398,269 (2022: \$493,274) and were limited to trade and other payables, lease liabilities and employee benefit provisions.

Strategy

The focus of the Group during the financial year was the ongoing exploration and evaluation activities at its Sylvania gold and base metals project south-west of Newman in WA and the Edjudina Gold Project in the Southern Laverton region of WA. The Newington Gold Project was sold to Midas Minerals Limited with the sale proceeds received in July 2022.

For the year ended 30 June 2024 the Group plans to continue exploration and evaluation of the WA-based Sylvania gold and base metals project and the Edjudina gold project whilst continuing to assess potential new project opportunities as they arise.

OPERATING AND FINANCIAL REVIEW (CONT)

Operations Overview

During the reporting period, the Company continued its greenfield exploration strategy with AC drilling campaigns completed at both the Sylvania and Edjudina Projects. In addition to these drilling campaigns, geophysics and soil sampling was continued across the project portfolio, to generate additional targets for future drill testing.

The Newington Gold Project north of Southern Cross in WA was divested to Midas Minerals Limited (ASX:MM1) in June 2022 with the consideration received in July 2022.

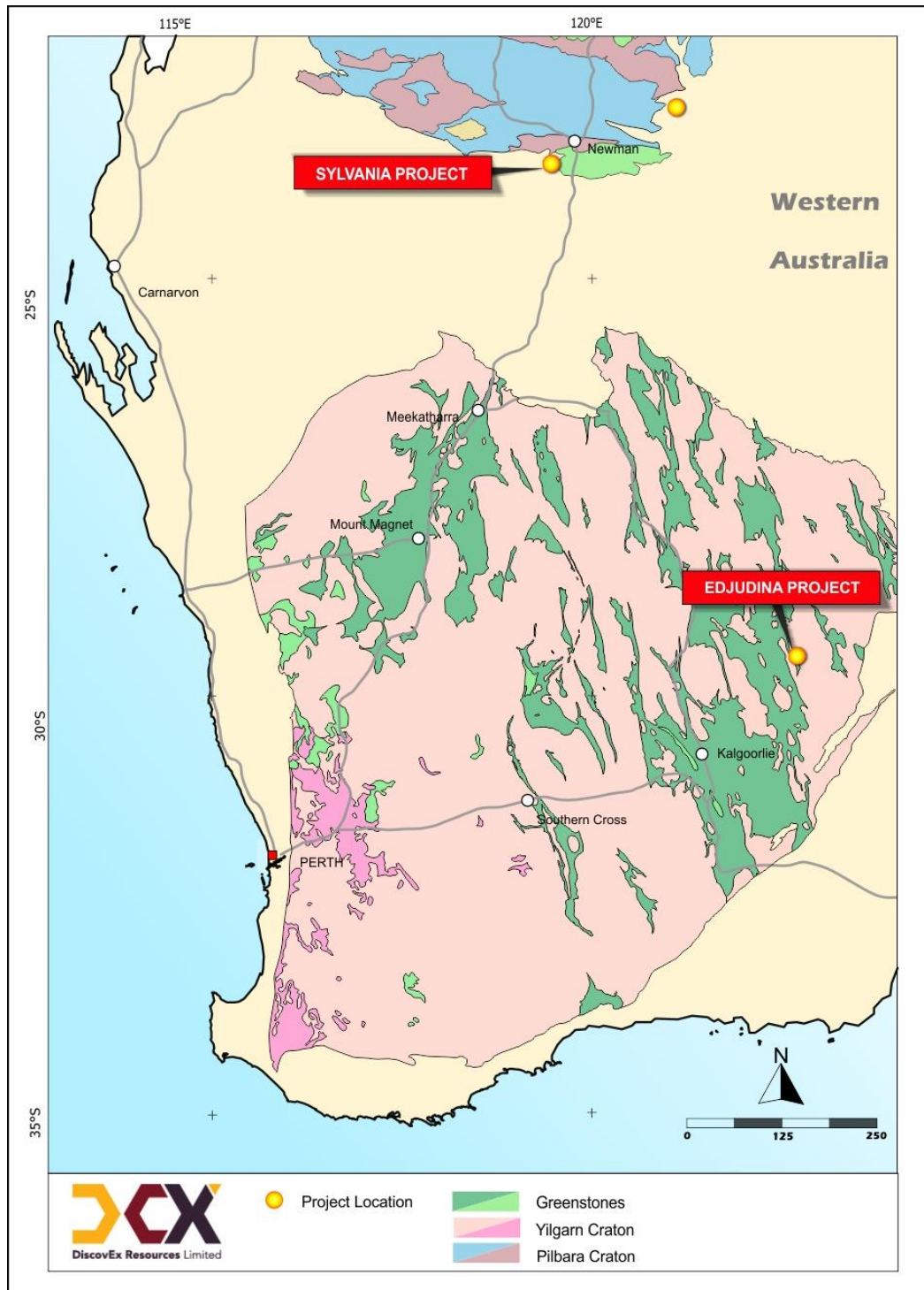


Figure 1: Project Locations within Western Australia

OPERATING AND FINANCIAL REVIEW (CONT)

Exploration and Evaluation

Sylvania Gold and Base Metals Project – Newman, WA

The Sylvania Project consists of fifteen granted exploration licences and three exploration licence applications (which includes 3 tenements subject to a 90/10 Joint Venture) that cover a total of 2,143km² located in the Pilbara Region of Western Australia and are centred nearby the giant Iron Ore hub of Newman. Importantly, the Sylvania Project's proximity to Newman and having both a major bitumen highway and gas pipeline adjacent to and within the tenure, provide excellent baseline infrastructure options for future project development.

In addition, the Sylvania Project is situated immediately to the west (approximately 60km) of one of Western Australia's newest, large-scale gold mine developments operated by Capricorn Metals Ltd at Karlawinda. The Karlawinda Project contains a Mineral Resource estimate of 97.4Mt @ 0.7g/t Au for 2.23Moz (Indicated – 80.4Mt @ 0.7g/t Au for 1.88Moz and Inferred – 17Mt @ 0.6g/t Au for 0.35Moz) and poured its first gold in 2021 (Refer ASX: CMM announcement 27 July 2023 – Quarterly Exploration and Annual Resource/Reserve Update).

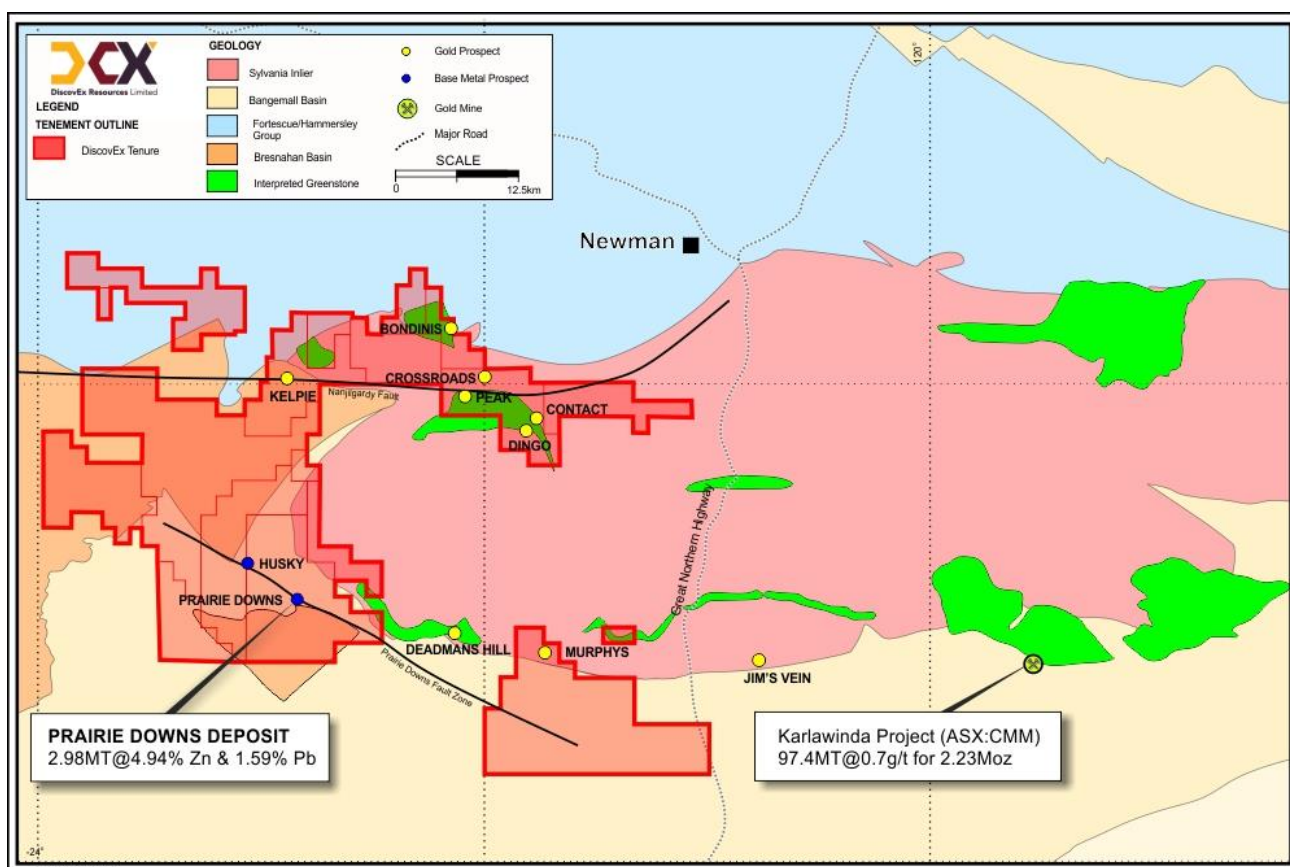


Figure 2: DiscovEx tenement holdings at the Sylvania Project

Aircore Drilling

Activities included the completion of drilling activities at multiple prospect areas including Peak, Dingo, Bondinis, Carneys and Hilditch. A total of 109 holes for 6,060m were completed with the program representing the first ever drilling completed in the area specific for gold and base metals.

OPERATING AND FINANCIAL REVIEW (CONT)

Significant gold results included 4m@76ppb Au (SYAC005) and 4m@68ppb Au (SYAC040) (refer ASX announcement 23 September 2022 "Sylvania Exploration Update"), which have highlighted a number of key structures which may potentially influence gold deposition within the Archaean basement and Fortescue-age rocks. Drilling also provided much needed and very useful information with respect to the complex regolith regime in the Northern Sylvania Dome. This information has enabled DiscovEx to prioritise a number of recently generated geochemical targets, including the high priority Contact prospect, for future drilling programs once the relevant heritage and statutory approvals can be obtained.

In addition, a number of significant base metal intersections were returned including 1m@0.15% Ni and 0.03% Co (SYAC067) and 4m@0.11% Ni (SYAC064) from a previously unrecognised older Archaean ultramafic unit, and 4m@0.12% Cu (SYAC092) and 4m@0.26% Zn (SYAC091) from weathered chert and dolerite within the Fortescue sequence.

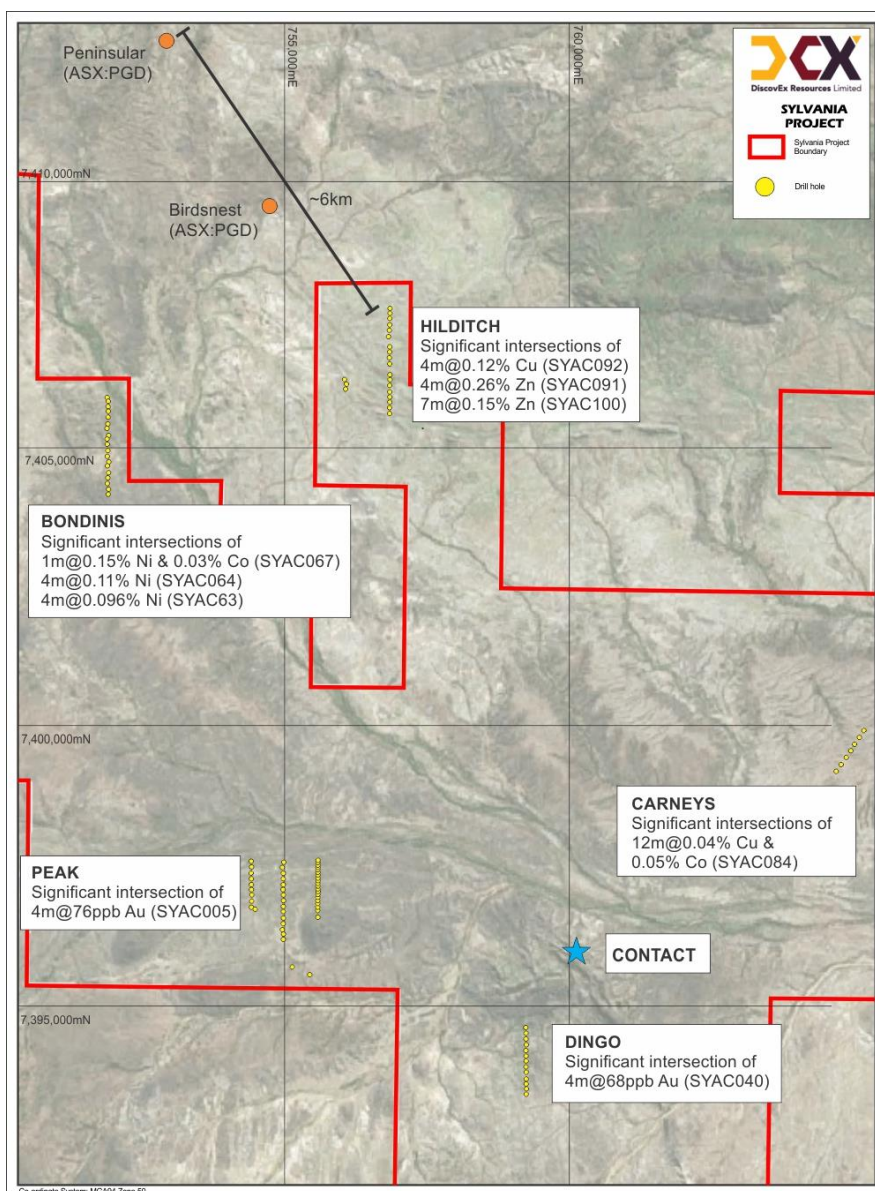


Figure 3: Drillhole locations from aircore drilling program at Sylvania