DiscovEx Resources Limited

(Formerly Syndicated Metals Limited)

2020 ANNUAL REPORT

ABN 61 115 768 986

CONTENTS

CORPORATE DIRECTORY

DIRECTORS
Peter Langworthy (Non-Executive Chairman)
Bradley Drabsch (Managing Director)
Toby Wellman (Technical Director)
David Morgan (Non-Executive Director)

REGISTERED OFFICE
Suite 5, 56 Kings Park Road
West Perth, WA 6005
Telephone: (08) 9380 9440

SOLICITORS
Gilbert + Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace
Perth, WA 6000

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

SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

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

BANK
Westpac Banking Corporation
1257 Hay Street
West Perth, WA 6005

CHAIRMAN’S REPORT

Dear Shareholders,

I am pleased to report that, over the past 12 months, DiscovEx Resources (previously Syndicated Metals) has continued to build and explore its portfolio of large-scale gold exploration projects in world-class Western Australian Archaean greenstone belts.

The Company has also restructured its executive management team and is now led by two highly experienced exploration professionals, Bradley Drabsch and Toby Wellman. These two gentlemen bring with them over 35 years of exploration experience, the majority of which has been focused on gold projects within Western Australia.

The continued strength of the gold sector, due in part to worldwide macro-economic factors, has led to a surge in investor interest in exploration, particularly centered in Western Australia. DiscovEx has positioned itself ideally with its portfolio of high-quality exploration projects and seeks to take advantage of the current market conditions with the discovery of major gold systems in our own backyard.

Exploration activities this year have been focused at the newly consolidated Newington Gold Project in the Southern Cross region and more recently, the enigmatic Edjudina Gold Project on the periphery of the Laverton Belt. Both these projects present an opportunity for the company to make substantial new discoveries in areas hitherto largely discounted by modern explorers yet within regions endowed with millions of ounces of gold and numerous very large gold mines.

Our innovative, yet tried and true systematic approach to exploration is yielding positive results at both projects and we hope to continue that success into the next period.

As further quality opportunities arise, DiscovEx intends to expand its presence in this world-class gold district.

DiscovEx remains focused on utilizing its funding in the most efficient manner, committing as much as possible to in-ground activities and limiting the administrative burden for shareholders.

The Board and management team are strongly motivated and committed to delivering quality, long-term results to all of our shareholders and will continue to advance both of our key projects in a measured and systematic manner.

I would like to conclude by taking this opportunity to once again thank all of our shareholders, our employees, contractors and supporters for ongoing faith in our team and our approach and I look forward to delivering successful outcomes into next year.

Yours sincerely

Peter Langworthy
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 2020.

INFORMATION ON DIRECTORS

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

Peter Langworthy **Non-Executive Chairman** (Appointed 20 March 2012)

Mr Langworthy is a geologist with a career spanning more than 32 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMin Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair Nickel Project, and three years with Talisman Mining as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until its eventual $3.3B acquisition by Xstrata. Mr Langworthy was an Executive and Non-Executive Director of Capricorn Metals Ltd (formerly Malagasy Minerals Limited) from July 2013 to 8 November 2018 and previously held non-executive directorships with Northern Star Resources Limited, Talisman Mining Limited, Falcon Minerals Limited and Pioneer Resources Limited. Mr Langworthy was appointed as a Non-Executive Director of Silver Mines Limited in June 2016 and was appointed Managing Director of Gateway Mining Limited in March 2018.

Mr Langworthy holds an interest in 25,398,240 shares of the Company and 3,625,000 unlisted options.

Bradley Drabsch **Managing Director** (Appointed 1 December 2019)

Mr Drabsch is a mining executive and experienced geologist who has worked in a wide range of commodities and roles globally. He was until September 2019, Managing Director of ASX-listed Trek Metals Limited (ASX: TKM) where he led the restructure and recapitalisation of Zambezi Resources into Trek and brought the Kroussou zinc-lead project in Gabon into the company.

Mr Drabsch is a founding director of Centrepeak Resources Group Pty Ltd, a niche resources investment company which sold the Karlawinda Gold Project into ASX-listed gold developer Capricorn Metals (ASX: CMM). He was appointed as a Technical Director for ASX listed High Grade Metals (ASX: HGM) on 3 April 2019.

He previously held roles as Exploration Manager for gold producer Doray Minerals and explorers Duketon Mining Ltd (ASX: DKM) and Montezuma Mining Co. Ltd (now Element 25 Ltd, ASX: E25). He spent many years as a Senior Exploration Geologist for Independence Group and before that worked in a range of geological roles for companies including BHP Billiton, Ivanhoe Mines, St Barbara Mines and Strike Mining.

He is a Fellow of the Society of Economic Geologists and a Member of the Australian Institute of Geoscientists.

Mr Drabsch holds an interest in 12,500,000 shares of the Company and 25,250,000 unlisted options.

INFORMATION ON DIRECTORS (CONT)

Toby Wellman **Executive Director/Exploration Manager** (Appointed 1 December 2019)

Mr Wellman has more than 19 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 12,500,000 shares of the Company and 25,250,000 unlisted options.

David Morgan **Non-Executive Director** (Appointed 20 March 2012)

Mr Morgan is a mining engineer and mechanical engineer with 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 building, commissioning and management of the Mt Rawdon Gold Mine. 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.

Mr Morgan is 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).

Mr Morgan was Managing Director of the Company from 26 April 2018 until 1 December 2019. Mr Morgan holds an interest in 18,466,677 shares of the Company and 8,250,000 unlisted options.

Robert Cooper **Non-Executive Director** (Appointed 4 May 2015, Resigned 1 December 2019)

Mr Cooper is a mining engineer with more than 27 years' industry experience, having held leadership roles across a diverse range of metalliferous commodities, both in Australia and overseas. He has a broad foundation of operating and technical experience in both underground and open pit operations. His career has been defined by a very strong health and safety improvement focus combined with a track record in delivering successful volume and cost outcomes through improvements in operational efficiency. He has previously held leadership positions with BHP Billiton as General Manager of Leinster Nickel Operations within Nickel West and Asset President of Ekati Diamonds in Canada, and with Discovery Metals as General Manager - Operations in Botswana and as General Manager - Development in their Brisbane office.

Mr Cooper is currently the CEO of Round Oak Minerals Pty Limited (formerly CopperChem Limited) a 100% owned subsidiary of Washington H Soul Pattinson & Company Limited which was formerly a substantial shareholder of the Company. Mr Cooper was appointed as a Non-Executive Director of ASX-listed company, Novonix Limited (formerly Graphitecorp Limited) in October 2016 and was a Non-Executive Director of Verdant Minerals Limited (formerly Rum Jungle Resources Limited) from July 2016 to June 2019.

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

COMPANY SECRETARY

Effective 1 August 2020 Ms Nerida Schmidt assumed 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.

The previous Company Secretary, Mr Paul Bridson continues to provide services to the Company as Chief Financial Officer. Mr Bridson is a Chartered Accountant and Chartered Secretary with more than 30 years accounting and finance experience, including more than 25 years in the resources industry. He was formerly Chief Financial Officer and Company Secretary for an unlisted public gold exploration company and prior to that role fulfilled the same role with ASX listed exploration company Avalon Minerals Ltd. Prior to these roles he was Financial Controller for Gindalbie Metals Ltd and has also held site based finance positions with various other WA based mining and mine service companies. Mr Bridson is a Member of the Institute of Chartered Accountants and Governance Institute of Australia. He holds a Bachelor of Commerce degree from the University of Western Australia.

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 acquired the Edjudina Gold Project in the southern Laverton district in WA in November 2019 and extended its Newington Gold Project near Southern Cross, also in WA. 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

<u>Operating Results</u>

The net loss of the Group for the financial year after provision for income tax was $4,586,630 (2019: loss $39,957) which includes mineral exploration expenditure impaired and written off amounting to $3,777,623 (2019: $1,307,358).

<u>Financial Performance</u>

During the year ended 30 June 2020 the Group's net cash position increased by approximately $400,000 due to proceeds from capital raisings and disposal of listed securities exceeding the cash outflows for exploration and evaluation and administrative expenses.

<u>Financial Position</u>

At year end the Group had a cash balance of $909,506 (2019: $511,590), no corporate debt and minimal non-discretionary long-term commitments. The net assets of the Group decreased from $4,176,349 at 30 June 2019 to $1,464,620 at 30 June 2020 predominantly as a result of exploration write-offs and impairments. Total liabilities amounted to $179,701 (2019: $174,165) and were limited to trade and other payables and employee benefit provisions.

<u>Strategy</u>

The focus of the Group during the financial year was the ongoing exploration and evaluation activities at its Newington Gold Project near Southern Cross in WA and the assessment of the Monument Gold Project in the Laverton region of WA. Ongoing new project assessment culminated in the acquisition of the Edjudina Gold Project in the Southern Laverton region of WA in November 2019.

OPERATING AND FINANCIAL REVIEW (CONT)

For the year ended 30 June 2021 the Group plans to continue exploration and evaluation of the WA-based Edjudina and Newington Gold Projects whilst maintaining a regime of potential new project assessment.

Operations Overview

During the reporting period, the Company continued its review of WA-based gold opportunities to compliment the Newington and Monument Gold Projects, ultimately culminating in the Company securing a second major land-holding in the Laverton Gold District of WA, with the purchase of an 80% interest in the highly prospective Edjudina Gold Project from Gateway Mining Limited (ASX: GML). The acquisition comprised four granted tenements covering approximately 280km^2.

During the March Quarter the Company completed its maiden drilling program at the Edjudina Project and acquired a further eight tenements (~310km^2) via an 80/20 joint venture with Crest Investment Group Limited. A soil sampling program at the Hornet Prospect highlighted several new areas that require follow-up investigation.

At the Newington Gold Project near Southern Cross, the Company completed a maiden 12-hole Reverse Circulation (RC) drill program intersecting high-grade gold and confirming key mineralised structures. A follow-up RC drilling program was completed at Newington with final assay results returning high-grade gold. Extensional drilling at the Newfield Central Prospect intersected the mineralised structure north of previous drilling.

A soil sampling program identified eight priority targets with ground truthing of these soil anomalies then being completed.

In September 2019, a new farm-in agreement was signed covering a strategic tenement package immediately adjacent to the high-grade Newington Gold Project. The farm-in secured all tenements in the immediate vicinity of the high-grade Newfield Prospect and gives the Company the right to earn up to 80% of the new land package through staged milestones.

Exploration and Evaluation

Edjudina Gold Project – Laverton District, WA

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). (Figure 1).

The project includes nine granted exploration tenements (E28/2884, E31/1134, E31/1150, E31/1187, E39/1765, E39/1882, E39/2102, E39/2126 and P31/2126) and seven application exploration tenements (E31/1198, E39/2181, E39/2186, E39/2178, E39/2182, E31/1227 and P31/2125) for a total of 855km^2 of underexplored, and highly prospective tenure.

Acquisition Terms (Gateway Mining)

In November 2019, the Company purchased an 80% interest in the Edjudina Project, previously held by Gateway Mining Limited (ASX: GML). The acquisition of the Edjudina Gold Project has given DiscovEx a significant position in a highly prospective, yet under-explored area of the prolific Laverton District with a strong pipeline of highly promising exploration targets and opportunities.

OPERATING AND FINANCIAL REVIEW (CONT)

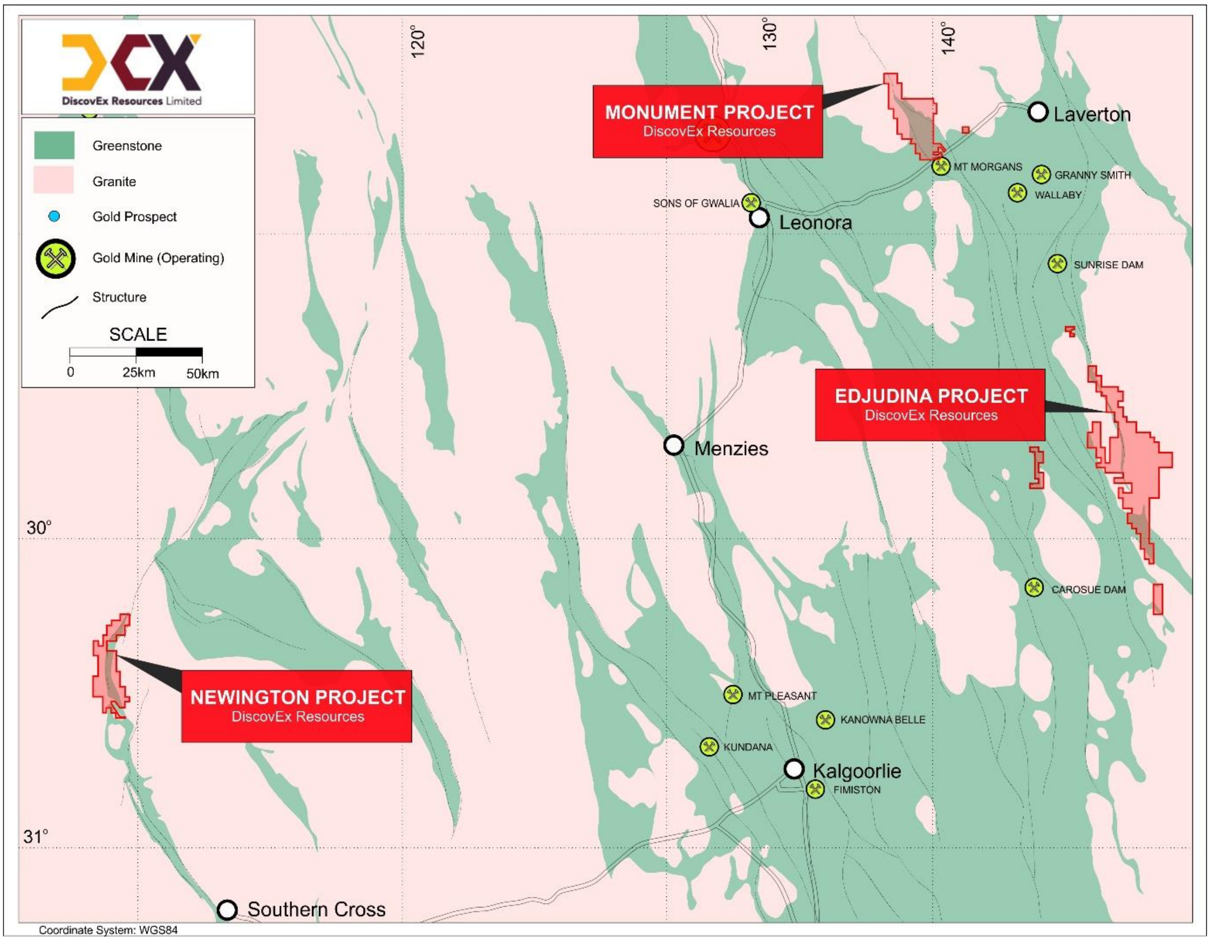

Figure 1: Regional location of the Edjudina Gold Project

Under the terms of the purchase agreement signed with Gateway Projects WA Pty Ltd, a wholly-owned subsidiary of Gateway Mining Limited, DiscovEx acquired an 80% interest in the four exploration tenements comprising the Edjudina Gold Project. The key terms of the Agreement comprised:

- Payment to Gateway Projects of $250,000 in consideration comprising $50,000 cash and $200,000 in DCX shares (26,315,789 shares at $0.0076 per share being the 5-day VWAP up to the date of execution of the agreement);
- DCX granting Gateway Projects a 1.5% royalty on future production greater than 200,000oz of gold or equivalent; and
- DCX and Gateway Projects entering into a joint venture with respect to the Edjudina Gold Project. DiscovEx will manage the joint venture and Gateway Projects will be free carried until a decision to mine.

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).

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 (Figure 2). 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 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.

OPERATING AND FINANCIAL REVIEW (CONT)

Acquisition of additional tenure (Crest Investment Group)

In March the Company also completed an 80/20 joint venture agreement with Crest Investment Group Limited (Crest) comprising an interest in eight tenements predominantly along strike and to the south of DCXs' existing 80% owned Edjudina Gold Project (Figure 2), 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 at a price of $0.0034 per share, being the 5-day VWAP up to the date of execution of the agreement, were issued. The shares were issued under the Company's available Listing Rule 7.1 capacity at the time and were issued without shareholder approval.

DiscovEx has the right to earn up to 80% of the Project tenure by ensuring the minimum expenditure for each tenement, as required by the DMIRS, is met and maintain the tenements in good standing for a period of 2 years from execution.

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 commence 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.

Drilling

During the March Quarter, DCX completed its maiden aircore drilling program at both the Hornet East and Hornet West Prospects, comprising a total of 98 holes for 4,963m. Holes were planned to follow up historic soil anomalies and wide spaced aircore drilling results that had defined areas of broad gold anomalism within a poorly understood granitoid complex. The area is obscured by relatively thick cover consisting of a paleochannel to depths of 20-25m, below which a further 10-15m of leached upper saprolite exists. There is often an elevated gold response (up to 100ppb) immediately below the base of the paleochannel before a sharp change into pallid clays. A variable thickness (5-20m) of lower saprolite exists below this, before all holes intersected granitoid lithologies upon blade refusal.

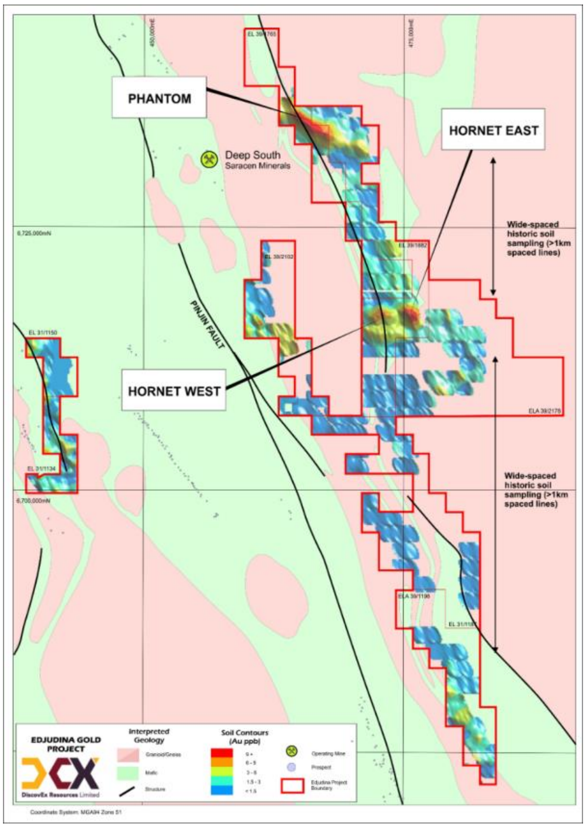

Figure 2: Edjudina Project showing contoured soils

OPERATING AND FINANCIAL REVIEW (CONT)

Hornet West

Strong gold mineralisation was intersected at the Hornet West Prospect following the completion of 68 holes for 3,318m. The aircore drilling was completed on 40m centres to best define the cross-strike continuity of the mineralised trend with results returned of (Figures 3, 4, 5 and 6):

- **7m @ 1.8g/t Au** in hole HOAC032 from 47m, including **2m @ 2.9g/t Au** and
- **4m @ 1.7g/t Au** in hole HOAC012 from 48m, including **1m@5.3g/t Au** and
- **4m @ 1.2g/t Au** in hole HOAC028 from 52m.

The higher tenor gold results were hosted within a mafic granitoid/gneiss with drilling confirming a mineralised footprint of +200m (north to south) by 300m (east to west). Mineralisation remains open to the north and south with historic drilling ineffectual.

The significance of the drill intersections confirmed soil sampling as being an applicable medium to vector into bedrock mineralisation, despite up to 25m of transported cover being present. Further surface sampling will be conducted in order to systematically cover the prospective trends across the entire project area. In addition, the size and continuity of the anomaly defined at the Phantom Prospect to the north (Figure 2) provides encouragement that future drilling will return success.

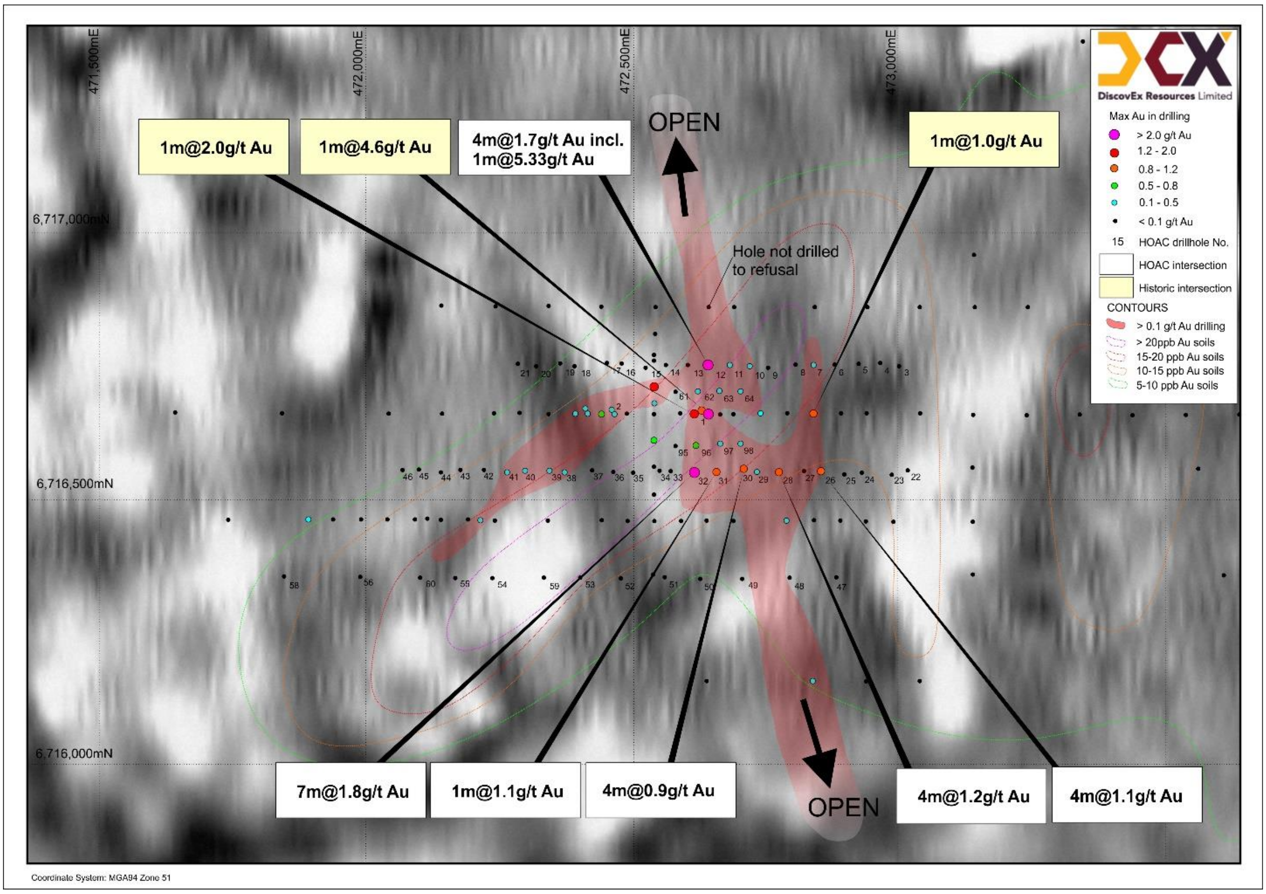

Figure 3: Hornet West Prospect completed drilling (TMI_RTP_1VD magnetics background)

OPERATING AND FINANCIAL REVIEW (CONT)

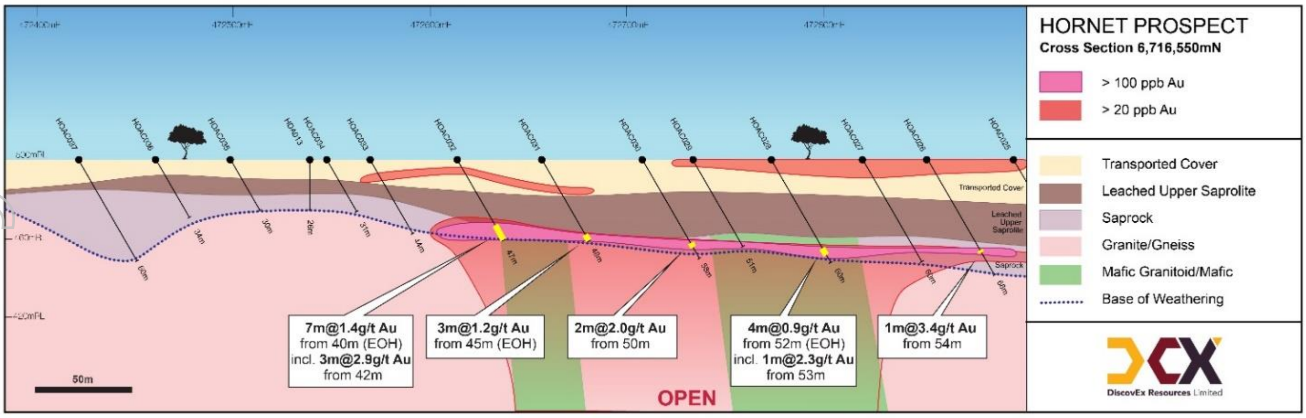

Figure 4: Hornet West section 6,716,550mN

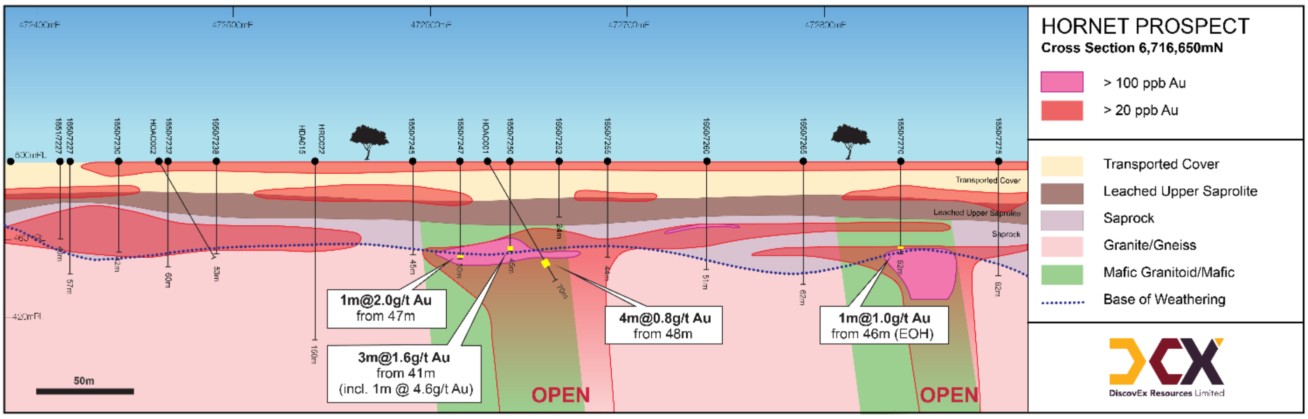

Figure 5: Hornet West section 6,716,650mN

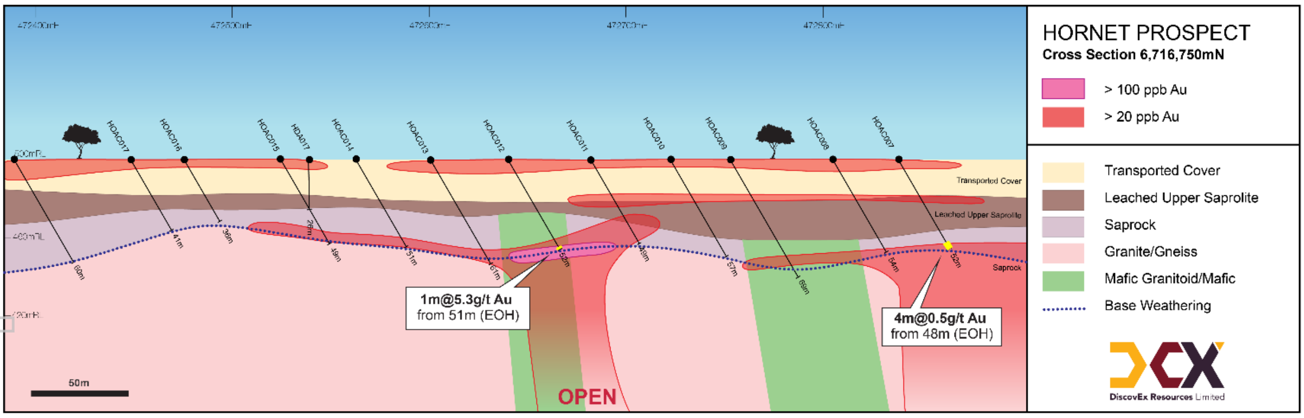

Figure 6: Hornet West section 6,716,750mN

Hornet East

30 holes for 1,645m were completed at Hornet East (approx. 2km east of Hornet West) with a best intersection of **3m @ 0.6g/t Au** from 60m (HOAC078). The mineralisation was again intersected at the bottom of hole and was returned within a mafic granitoid/gneissic host rock. Hole HOAC077 also returned an elevated gold result at the bottom of hole **1m @ 0.2g/t Au**. Mineralisation is lower tenor than that intersected at Hornet West however, does confirm the prospectivity of the area as a secondary target.

Refer to the Company's ASX Announcement dated 14 April 2020 for full details of the drilling program. The Company is not aware of any new information or data that materially affects the information in that announcement.

OPERATING AND FINANCIAL REVIEW (CONT)

Re-split sampling

Single metre re-split sampling, completed following the maiden target definition AC drilling programme at Hornet, 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.

Single metre re-split sampling was conducted on intervals greater than 100ppb Au. The best of the returned intersections included:

- **2m @ 3.0g/t Au** in hole HOAC012 from 50-52m with **1m @ 5.3g/t Au** from 51-52m and
- **7m @ 1.4g/t Au** in hole HOAC032 from 40-47m 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).

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 the Company with further confidence that these intervals are primary in nature and that the mineralisation is potentially amenable to conventional gold processing methods.

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. 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 7, 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.

OPERATING AND FINANCIAL REVIEW (CONT)

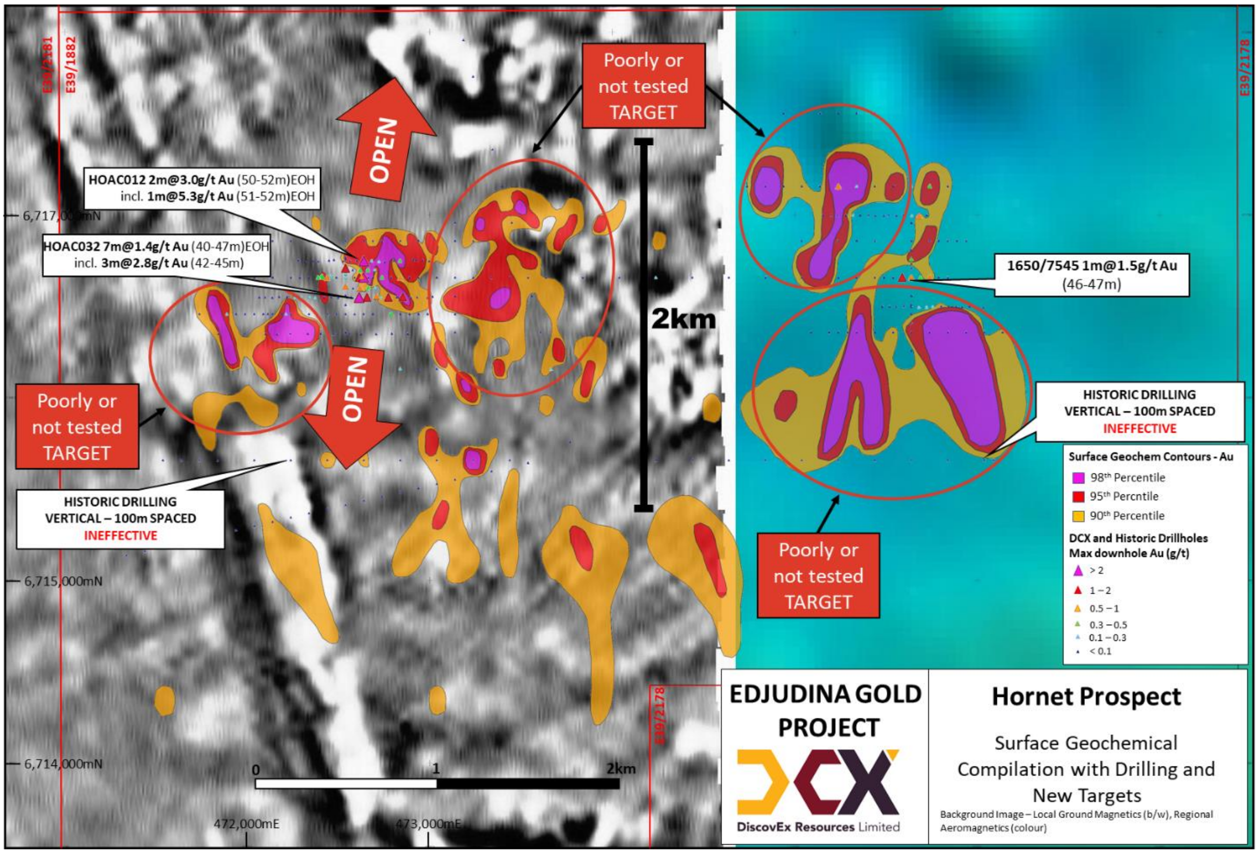

Figure 7: Surface sampling compilation across the Hornet Prospect showing numerous, large, untested or poorly tested anomalies.

Future activities

An infill/extensional AC program was completed at Hornet West during the June quarter, with all results released subsequent to the end of the quarter (refer ASX announcement 23 July 2020). RC/diamond drilling to follow up this drilling is planned 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.

OPERATING AND FINANCIAL REVIEW (CONT)

Newington Gold Project – Southern Cross, WA

The Newington Gold Project is situated at the northern end of the Southern Cross Belt, 380km east of Perth (Figure 8). The Southern Cross Greenstone Belt is highly prospective, with nearby deposits including Ramelius Resources' (ASX: RMS) 1.7Moz Edna May Gold Mine, as well as its recently acquired 1Moz Tampia Hill Gold Project and 500,000oz Marda Gold Project.

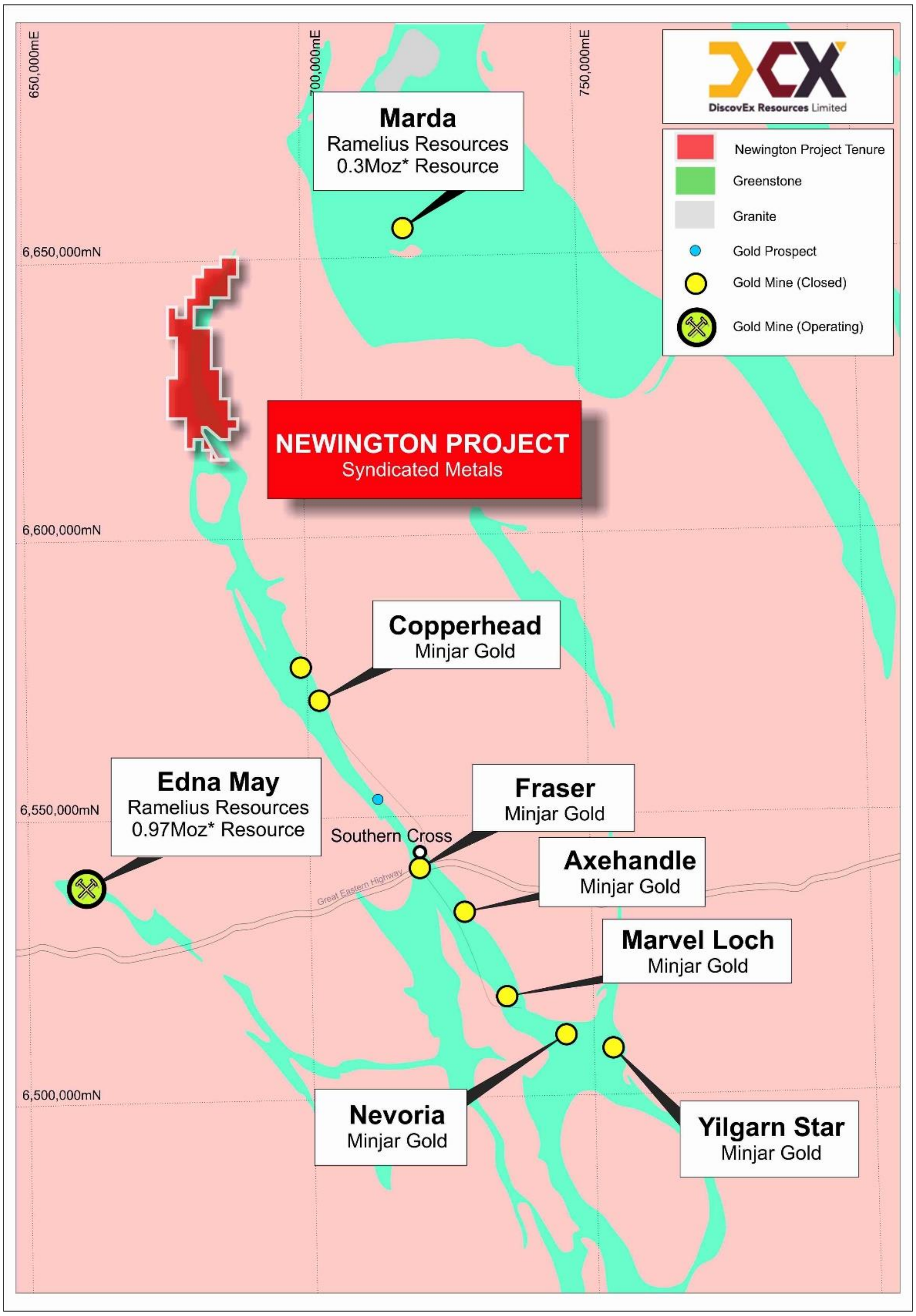

Figure 8: Regional location of the Newington Gold Project

Maiden RC Drilling Program

In July 2019, the Company commenced a maiden 12-hole Reverse Circulation (RC) drilling program at Newington, targeting extensions to the previously mined Newfield Central deposit, which delivered total production of 32,366oz at an average recovered head grade of 24.5g/t[4], and extensions to the Dawsons and Newfield East prospects.

OPERATING AND FINANCIAL REVIEW (CONT)

This initial program of targeted RC drilling was conducted as part of the Farm-in Agreement with Newfield Resources Limited under which DiscovEx can earn up to 85% of the Newfield Project (refer ASX Announcement 11 April 2019).

The drilling was designed to test for near-surface extensions to the mineralised structures around known gold prospects and also to identify the potential for additional high-grade trends in the vicinity of those prospects.

This maiden drilling program confirmed and extended the high-grade mineralisation reported from historical drilling at the emerging Dawsons Prospect, encountered broad zones of shallow gold mineralisation at the Newfield East Prospect and confirmed extensions of the main mineralised structure at the Newfield Central Prospect (Figure 9).

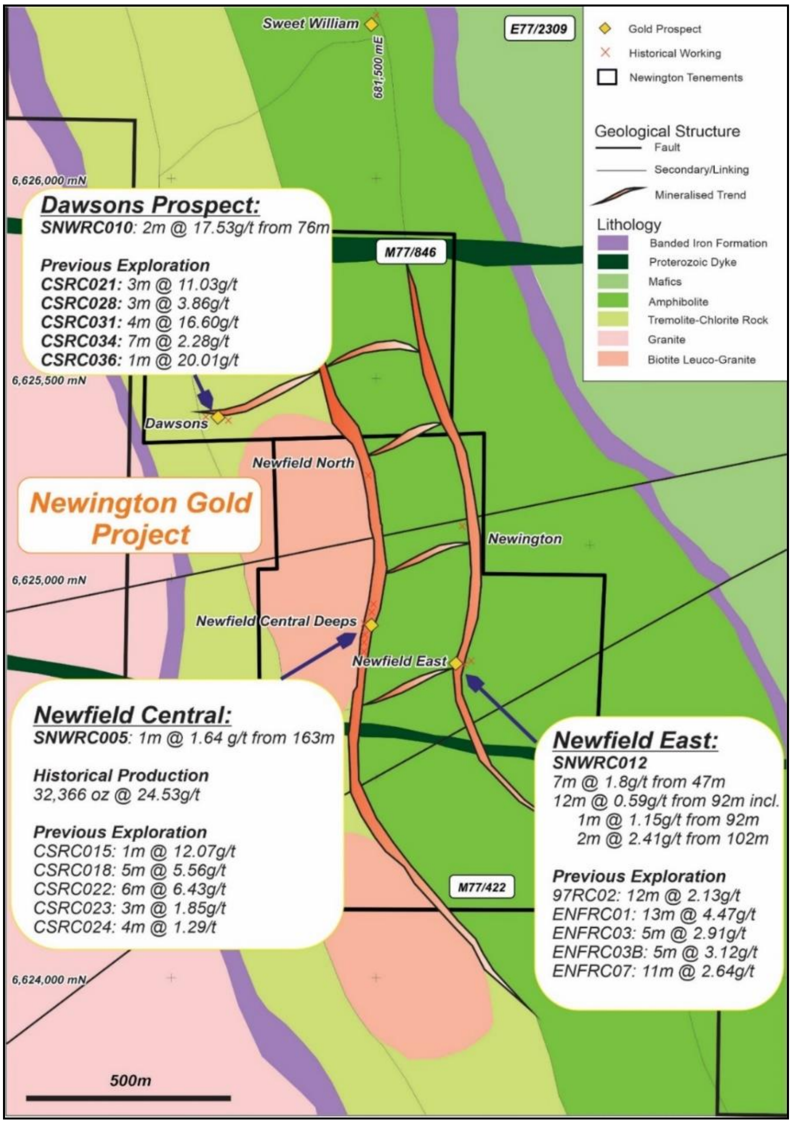

Figure 9: Newfield Project – Key Prospects

The drilling program clearly demonstrated the high-grade tenor of the Newington Project and also that the mineralised structures identified at the three prospects remain open and prospective for high-grade gold in all directions. Detailed results are summarized below.

OPERATING AND FINANCIAL REVIEW (CONT)

Dawsons Prospect

Two holes were drilled at the Dawsons prospect. Hole SNWRC010 intersected high-grade gold mineralisation consistent with historical drilling results (Figure 10). Best results from Dawsons include:

- **2m @ 17.5g/t Au** in hole SNWRC010 from 76m
- **3m @ 11.0g/t Au** in hole CSRR021 from 51m [1]
- **4m @ 16.6g/t Au** in hole CSRC031 from 83m (incl. 2m @ 30.0g/t Au) [1]
- **1m @ 20.0g/t Au** in hole CSRC036 from 105m [1]

[1] The previous drilling results were sourced from the DMIRS open file databases and Newfield Central Pty Ltd records (refer DCX ASX announcement 11 April 2019)

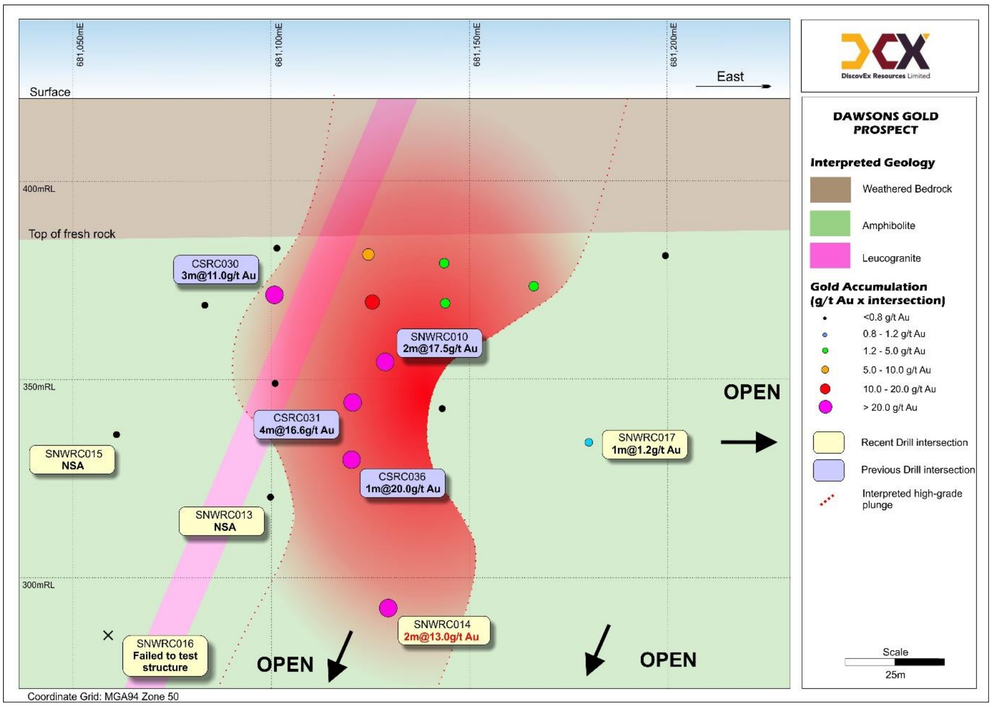

Figure 10: Dawsons Long Section (looking north)

Hole SNWRC011 was drilled as a first-pass test targeting the step-out position to the east of the known mineralisation. The hole intersected laminated quartz vein and, despite only returning an anomalous gold assay, clearly demonstrates the continuation of the structure to the east.

Newfield East Prospect

One hole (SNWRC012) was drilled underneath the poorly defined Newfield East prospect and intersected multiple mineralised zones (Figure 11). This result is consistent with previous historical drilling and confirms that the mineralisation continues and remains open at depth. Best results from Newfield East include:

- **7m @ 1.8g/t Au** in hole SNWRC012 from 47m and **12m @ 0.6g/t Au** from 92m, incl **1.0m @ 1.2g/t** and **2m @ 2.4g/t**
- **4m @ 2.7g/t Au** in hole 97RC02 from 29m, and **12m @ 2.1g/t Au** from 56m [2]
- **13m 4.5g/t Au** in hole ENFRC01 from 8m [2]
- **5m @ 3.1g/t Au** in hole ENFRC03 from 16m [2]
- **5m @ 2.9g/t Au** in hole ENFRC03B from 12m [2]
- **11m @ 2.6g/t Au** in hole ENFRC07 from 18m [2]
- **9m @ 1.0g/t Au** in hole 21 from 21m [2]

[2] The previous drilling results were sourced from the DMIRS open file databases and Newfield Central Pty Ltd records (refer DCX ASX announcement 11 April 2019).

OPERATING AND FINANCIAL REVIEW (CONT)

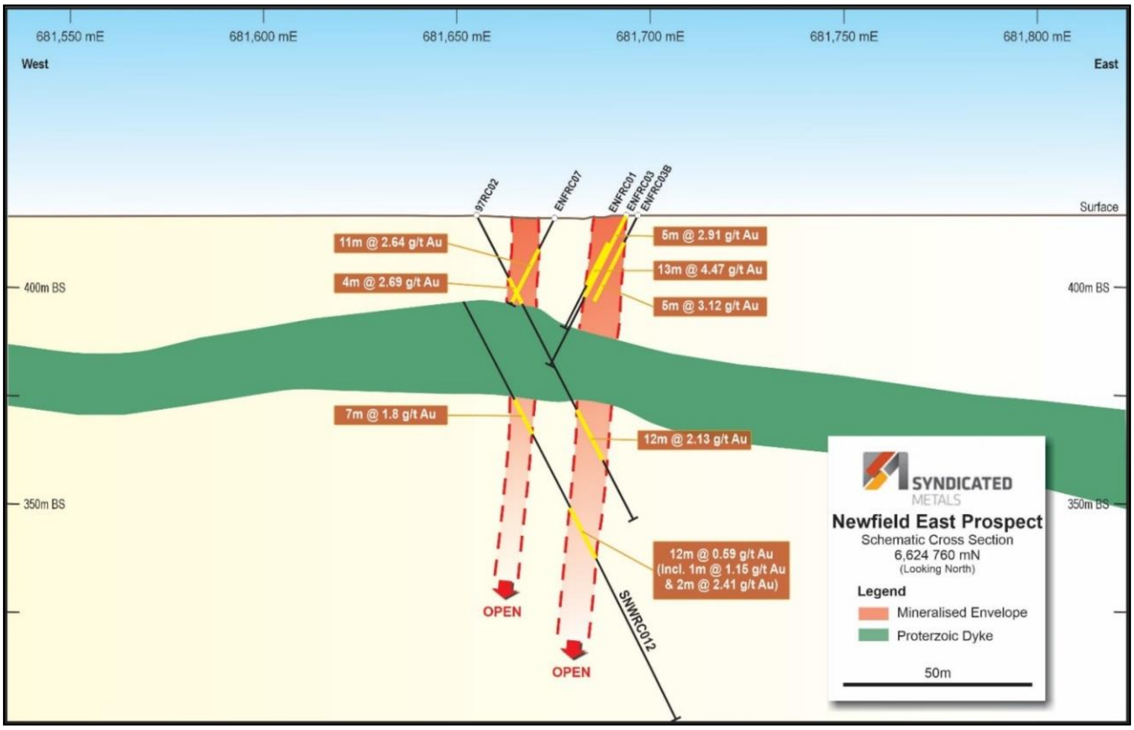

Figure 11: Newfield East Cross-Section (looking north)

Newfield Central Prospect

The Newfield Central Gold Deposit has been the focus of previous mining activities that targeted a high-grade laminated quartz reef hosting a significant amount of coarse gold (Figure 12). As is typical with this style of gold mineralisation, the recovered production gold grades were significantly higher than the gold grades reported by exploration drilling.

Historical drilling is summarised in Table 1.

Table 1 – Newfield Central Historical Drilling Results [3]

Prospect	Hole ID	Width (m)	g/t Au
Newfield Central Historical Drilling Intercepts within the 2001 – 2005 Mined Void	CSRC001	2.0	15.32
	CSRC002	3.0	17.41
	CSRC004	1.0	2.58
	CSRC005	5.0	4.91
	CSRC006	2.0	3.84
	CSRC009	0.55	45.2
	CSRC010	8.0	6.93
	CSRC011	0.65	4.03
	CSRC012	1.5	17.72
	CSRC013	2.5	11.76
	97RC010	3.0	21.14

[3] *The previous drilling results were sourced from the DMIRS open file databases and Newfield Central Pty Ltd records (refer DCX ASX announcement 11 April 2019).*

As a first-pass test to understand the broader controls of the mineralised system at Newfield Central, a total of nine shallow RC holes were drilled to test for extensions of the laminated quartz vein (Figure 12).

OPERATING AND FINANCIAL REVIEW (CONT)

Hole SNWRC005 was drilled beneath the high-grade shoot to the north of the old workings to test for the potential continuation of the mineralised structure at depth. The hole intersected the laminated quartz vein that hosts the Newfield Central mineralisation and returned a notable gold assay within a well-developed laminated quartz vein of **1m @ 1.6g/t Au** in hole SNWRC005 from 163m.

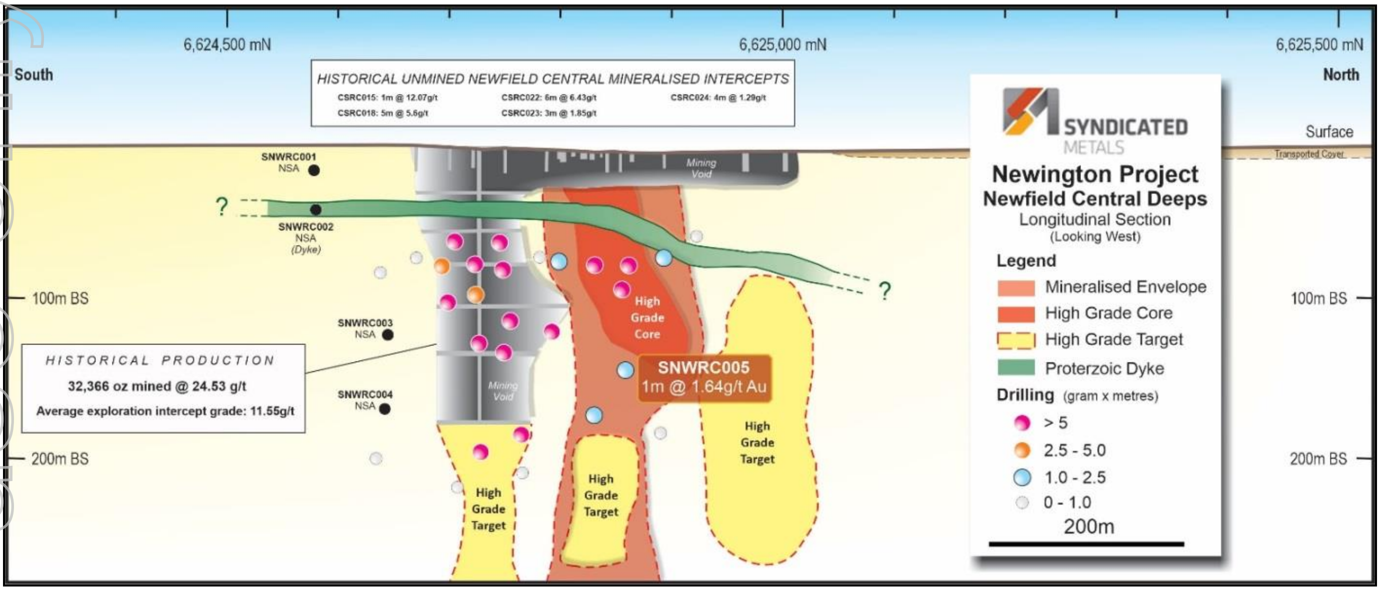

Figure 12: Newfield Central Long Section (looking west)

Four holes (SNWRC001 – SNWRC004) were drilled to the south of the old workings as targeted step-out holes. All four holes intersected the mineralised structure but only returned anomalous assays for gold. The southern extension will be further tested in future programs for potential repeat lodes similar to the Newfield Central lode.

A further four holes (SNWRC006 – SNWRC009) were drilled north of the old workings and north of the high-grade shoot and under transported cover. Interpretation of the geological results showed that, to the north of the old workings and un-mined high-grade shoot, the Newfield Central mineralised structure has been offset towards the east and therefore remains untested at this stage.

Farm-In Agreement

In September 2019, the Company secured a strategic addition to its landholding at the Newington Gold Project after executing a farm-in agreement with private interests for a 33km^2 land package contiguous with the Newington tenements (Figure 13).

Importantly, the newly acquired ground covers extensions of the prospective greenstone-granite contact along strike from two of the key gold prospects at Newington.

The agreement further enhanced DiscovEx's commanding position in this highly prospective yet-under-explored portion of the world-class Yilgarn Craton with the addition of immediate walk-up drilling targets and other promising gold exploration targets and opportunities.

OPERATING AND FINANCIAL REVIEW (CONT)

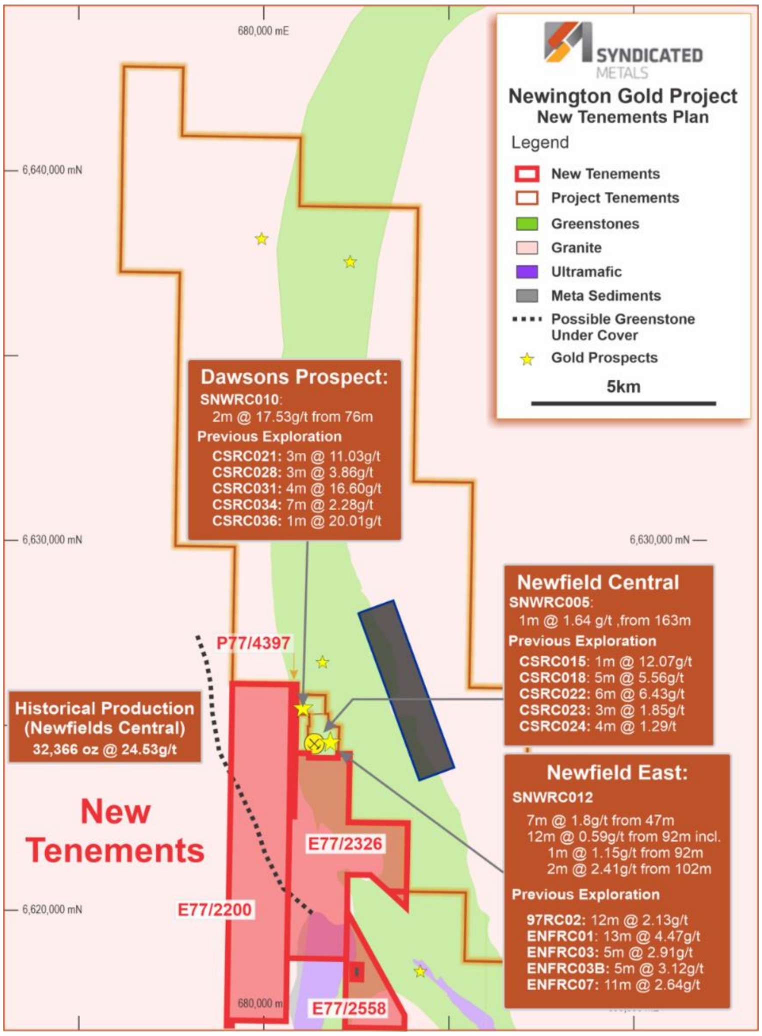

Figure 13: Location of New Tenements at the Newington Gold Project[4]

[4] The previous drilling results and production records were sourced from the DMIRS open file databases and Newfield Central Pty Ltd records (refer SMD ASX announcement 11 April 2019). For the recent drilling results refer to SMD ASX announcement dated 23 August 2019)

The new farm-in tenements (Southern Tenement Package) comprise E77/2200, E77/2326, E77/2558 and P77/4397 (Figure 13).

Acquisition Terms

Under the terms of the farm-in agreement DiscovEx has the right to earn up to 80% of the tenements through:

- Completion of staged farm-in exploration expenditure of $550,000 over four years;
- Completing a minimum of 2,000m of drilling staged over the farm-in period; and
- Maintaining the tenements in good standing for the duration of the farm-in period.

At the completion of the 80% farm-in, a joint venture will be formed and DCX will sole fund all future exploration work and study until a decision to mine. At a decision to mine, the minority 20% JV partner can elect to either:

- Contribute to the project development under industry standard joint venture terms, or
- Convert their interest into a Net Smelter Royalty of 1.5% for gold products and 2% for all other non-gold commodity products, calculated in accordance with industry practices, for all products extracted or recovered from the tenements.

OPERATING AND FINANCIAL REVIEW (CONT)

Follow-up RC Drilling

In September 2019, the Company commenced an 18-hole Reverse Circulation (RC) drilling program at Newington, with final results returned in November 2019. The results confirmed the high-grade potential at the Dawsons prospect and the broad-scale nature of the mineralisation at the Newfield Central and Newfield East prospects. They have also provided confidence that larger analogues may be present regionally and have established the foundation for a systematic regional exploration campaign planned to commence shortly.

To date, DiscovEx has focused on confirming the potential for extensions to the known mineralisation at the Dawsons and Newfield Central and East prospects (Figure 14).

Drilling and interpretation of the geology at these prospects has confirmed their individual prospectivity and demonstrated that the northern portion of the Southern Cross Greenstone Belt can replicate the exploration success to the south. Significant mining operations in the area (both existing and historic) include Edna May (Ramelius Resources) and the Marvel Loch and Yilgarn Star Projects (Minjar Gold) (Figure 8).

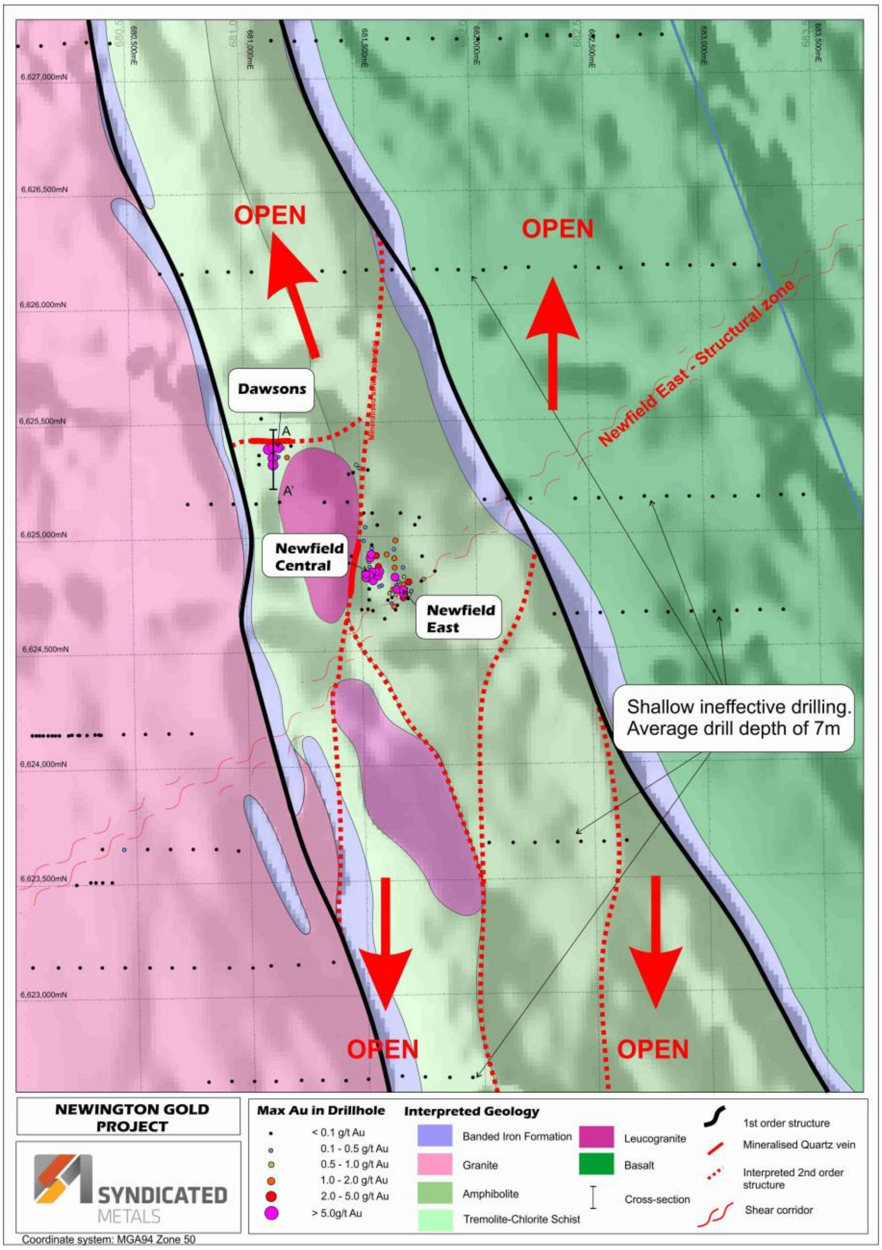

Figure 14: Newfield Project Area

OPERATING AND FINANCIAL REVIEW (CONT)

Soil sampling program

A soil sampling program was completed at the Newington Project during the March Quarter. The collection of 2,552 samples on various spacings has generated significant new anomalies and potential drill targets outside the known areas of mineralisation within the project. This was achieved by infilling areas identified historically (100 x 50m sample density) and extending into areas with no sampling coverage (400m x 100m sample density).

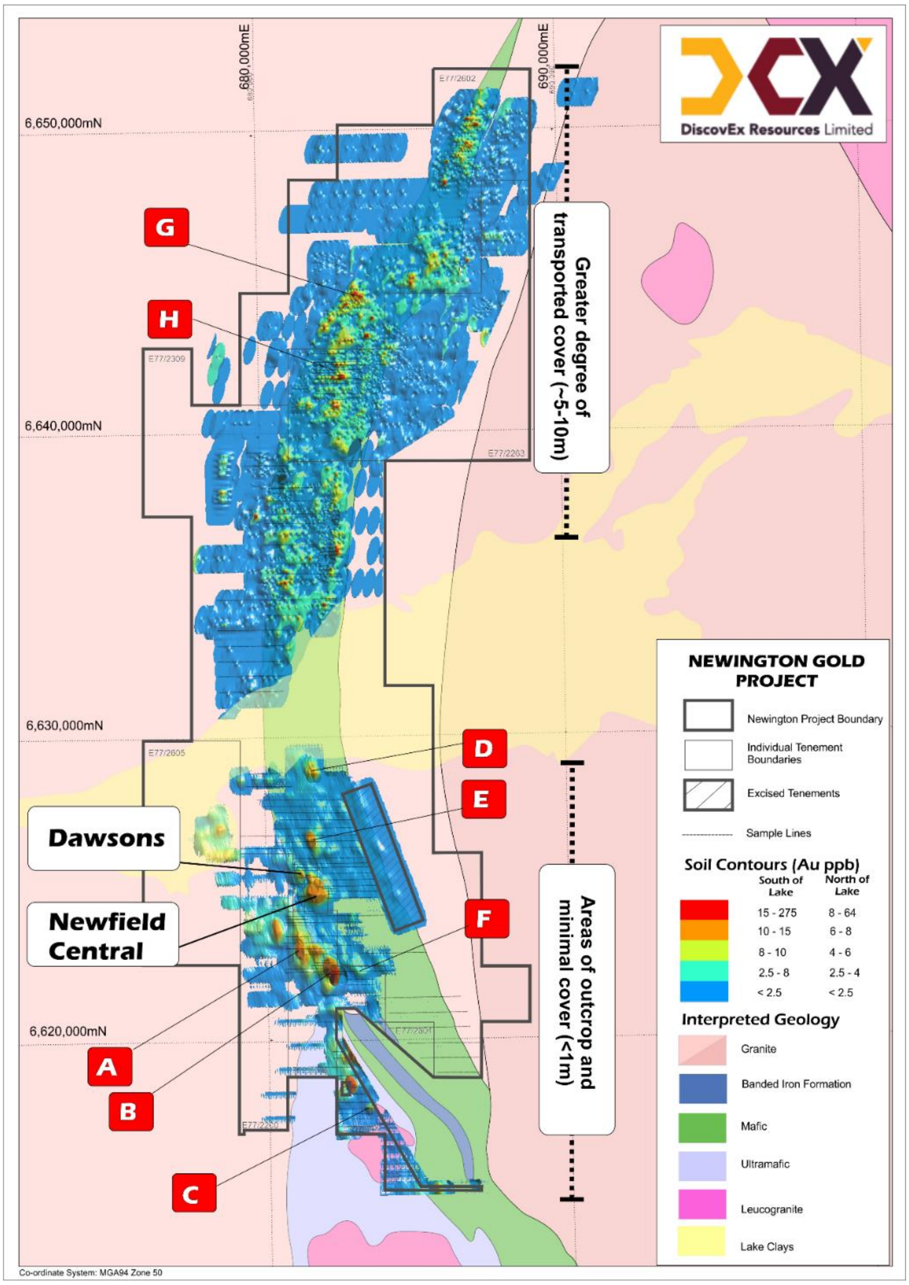

Figure 15: Newington Project contoured geochemical sampling data (including historic and recent sampling) with identified targets shown by red boxes.

OPERATING AND FINANCIAL REVIEW (CONT)

Numerous anomalous trends were generated in areas that have had little to no historic investigation. Similar scale targets, consistent with those anomalies generated at Newfield Central and Dawsons historically, have been produced creating a great opportunity for DiscovEx to build on its pipeline of targets. The most significant gold anomalies were located immediately south (Target B) and north (Targets D and E) of Newfield Central, potentially identifying the strike continuation of the host structure.

The geology (banded iron/ultramafic contact), structural complexity (potential fold hinge proximal to an internal granite) and geochemical anomalism at Target B is of particular interest. The dimensions and tenor (up to 1.7g/t Au in historic auger sampling[5]), of the gold response, are similar to that seen at Newfield Central and together with an elevated pathfinder anomaly (As, Te) makes this an attractive target.

Refer to the Company's ASX Announcement dated 7 April 2020 for full details of the soils program. The Company is not aware of any new information or data that materially affects the information in that announcement.

Future activities

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

Option Extension

In April 2020, the Company elected to extend the option period with respect to exploration licence E77/2309, under an option agreement executed in 2019 with Gateway Mining Limited and Omni Projects Pty Ltd (refer SMD ASX Announcement 11 April 2019). The option is now exercisable on or before 11 April 2021.

Monument Gold Project – Laverton, WA

The Monument Gold Project comprises a 288km^2 tenement package located approximately 55km west of Laverton in the world-class Laverton gold district of WA. The Project is located within the Laverton Tectonic Zone, a major mineralised domain within WA's Goldfields region which hosts numerous multi-million ounce, Tier-1 gold deposits such as Sunrise Dam (+10Moz), Wallaby (+8Moz), Granny Smith (+2Moz) and Lancefield (+2Moz).

The package comprises 18 granted tenements and 7 applications situated immediately to the north-west of the 2.8Moz Mount Morgans Gold Operation, owned by Dacian Gold Limited (ASX: DCN) (refer Figure 16).

In September 2018, the Company announced a maiden Inferred Mineral Resource for the Korong deposit of 855,000 tonnes grading 1.8g/t Au for 50,000 ounces of contained gold (refer ASX announcement dated 10 September 2018 for full details of the Inferred Mineral Resource calculation).

During the year, the Company continued the review of exploration strategies at the project. The aim of this work was, firstly, to establish the optimal combined exploration methodologies for the two mineralisation styles and, secondly, to develop funding options to support the Project and maximize value for shareholders.

On 25 August 2020, the Company announced that it had entered into a binding and exclusive Heads of Agreement with Six Sigma Metals Limited (ASX: Si6) whereby Six Sigma has been granted an option to acquire a 100% interest in the Monument Gold Project. Si6 has paid an up-front option fee of $25,000 cash and $50,000 in Si6 shares. Si6 has a 12-month option and due diligence period. Full details of the transaction terms are included in the ASX announcement dated 25 August 2020.

OPERATING AND FINANCIAL REVIEW (CONT)

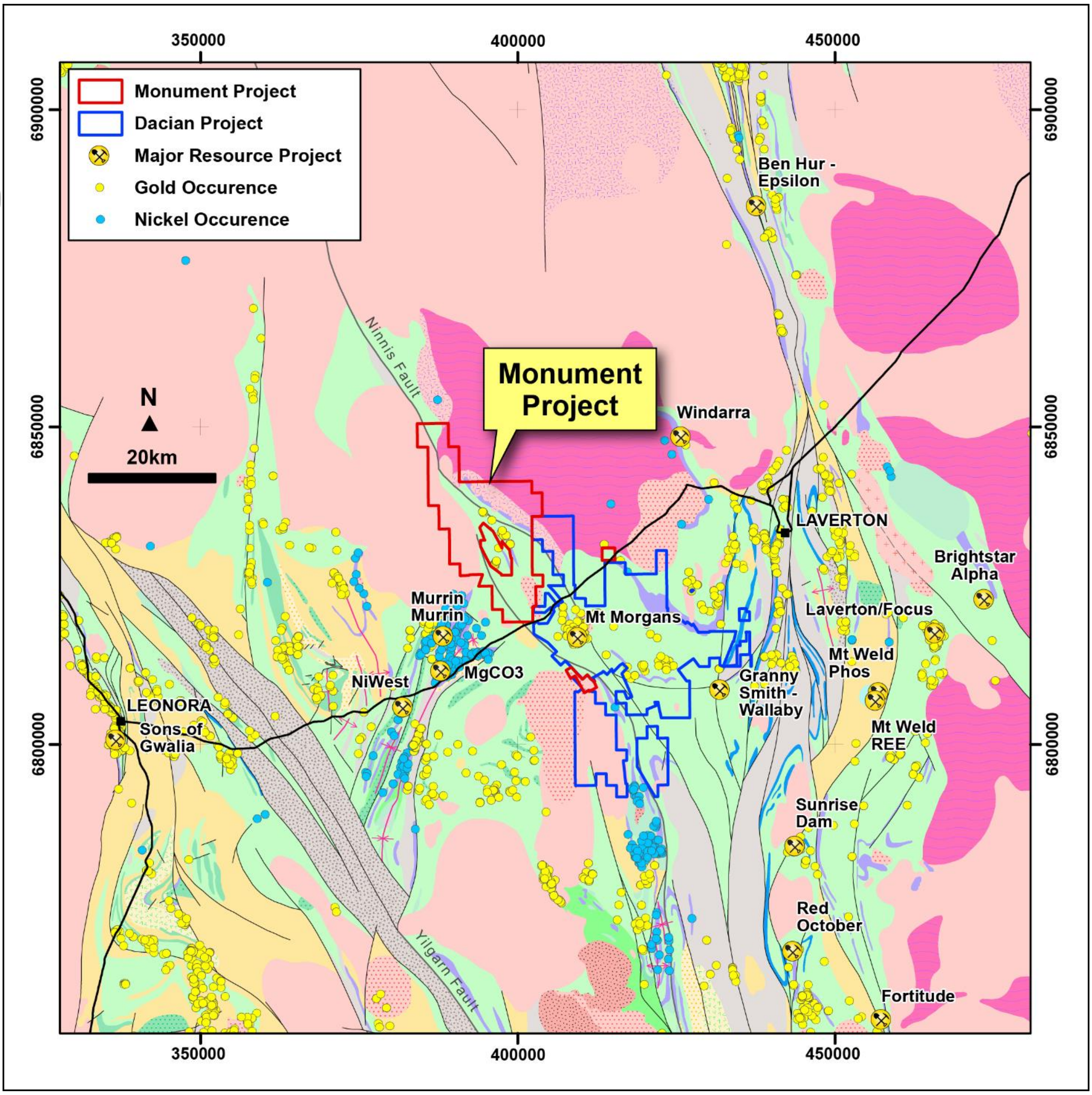

Figure 16: Monument Project tenement Location

Southern Hub / (Fountain Range) – Mt Isa, Queensland

The Fountain Range Project consists of 12 EPM tenements covering approximately 293km² of tenure 100km south-east of Mt Isa in North Queensland.

During the prior year, the Company completed the sale of an 82.5% interest in its Southern Hub exploration tenements in North-West Queensland to ASX-listed explorer Carnaby Resources (ASX: CNB). DiscovEx retains a 17.5% free-carried interest in these tenements.

Other Projects

Syndicated Royalties Pty Ltd (a 100% owned subsidiary of DiscovEx) holds a 2% NSR royalty over metals extracted from tenement EPM13870 held by Hammer Metals Limited (ASX: HMX).

OPERATING AND FINANCIAL REVIEW (CONT)

Mineral Resources

The Company currently has an Inferred Mineral Resource on the Korong deposit at the Monument Gold Project near Laverton in WA. The Resource comprises 855,000 tonnes grading 1.8g/t for 50,000 ounces of contained gold. The Korong Mineral Resource was announced in September 2018 and has not changed during the reporting period.

Mineral Resource Governance Arrangements

The Company ensures that all Mineral Resource calculations are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed by competent qualified geologists and overseen by the Exploration Manager. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource estimates are prepared by qualified Competent Persons and further verified by the Company's technical staff. If there is a material change in the estimate of a Mineral Resource the estimate and supporting documentation is reviewed by a suitably qualified independent Competent Person.

Approval of Mineral Resource Statement

The Company reports its Mineral Resources on an annual basis in accordance with the JORC Code 2012 Edition. The Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by competent and qualified professionals and is reviewed by the Company's technical staff.

The Mineral Resource Estimate for the Korong deposit was prepared by Mr Matthew Karl BSc/MSc. Mr Karl is a full-time employee of Mining Plus Pty Ltd and acted as an independent consultant on the Korong Deposit Mineral Resource estimation. Mr Karl is a competent person as defined under the 2012 JORC Code and consented to the inclusion of the Statement in the form and context in which it appears in the Resource announcement dated 10 September 2018.

Tenements

Western Australia – Edjudina Gold Project

At the Edjudina Gold Project in the southern Laverton region the Company has an 80% interest in tenements E31/1134, E31/1150, E39/1765 and E39/1882. The Company is earning up to 80% of tenements E31/1187, E28/2884, E39/2102, E39/2126 and P31/2126 as well as three applications. The Company has applications pending in its own name over four additional tenements.

Western Australia – Newington Gold Project

At the Newington Gold Project near Southern Cross the Company is farming-in to tenements M77/422 and M77/846 held by Newfield Resources Limited. The Company also has an option over the nearby tenement E77/2309 held by Gateway Resources Limited. The Company is also earning up to an 80% interest in tenements E77/2200, E77/2326, E77/2558, P77/4397 and E77/2263 held by private interests. The Company holds tenements E77/2602, E77/2604 and E77/2605 in its own right.

Western Australia – Monument Gold Project

The Company's current tenement holding at the Monument Gold Project near Laverton consists of 100% ownership in 18 granted tenements and applications over a further 7 tenements. The tenements are held by 100% owned subsidiary, Monument Exploration Pty Ltd.

Queensland

The Company retains a 17.5% interest in 12 tenements south of Mt Isa that were sold to Carnaby Resources Limited in the prior period.

OPERATING AND FINANCIAL REVIEW (CONT)

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Toby Wellman who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) 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 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.

The information in this release that relates to the Estimation and Reporting of Mineral Resources has been compiled by Mr Matthew Karl BSc/MSc. Mr Karl is a full-time employee of Mining Plus Pty Ltd and has acted as an independent consultant on the Korong Deposit Mineral Resource estimation. Mr Karl is a Member of the Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geologists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken 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 Karl consents to the inclusion in this report of the contained technical information relating to the Mineral Resource Estimation in the form and context in which it appears.

Corporate

Capital raising – $1m share placement

In September, the Company completed a capital raising of A$1.0 million (before costs) to underpin expanded exploration programs across its key WA gold projects. The funds raised allowed DiscovEx to re-commence drilling at the Newington Project, building on the strong results reported in the Company's maiden drilling program.

The capital raising was undertaken at an issue price of 0.8 cents per share, and comprised a strongly supported share placement to sophisticated and professional clients of Perth-based JP Equity Partners, as well as some long-standing major shareholders of the Company, raising $950,000, and an additional $50,000 share placement to the Company's Directors.

Details of Share Placement

The Placement was undertaken in two tranches. 118,873,093 fully-paid ordinary shares were issued to sophisticated and professional clients of JP Equity Partners and some existing major shareholders of the Company under the Company's available placement capacity under Listing Rules 7.1 and 7.1A to raise $950,984. The shares were issued on 6 September 2019.

The balance of the Placement shares (6,250,000 shares) were issued to companies associated with directors Peter Langworthy, David Morgan and Robert Cooper, also at an issue price of 0.8 cents per share raising $50,000.

Offer of Free Unlisted Options

Investors who participated in the Placement were entitled to apply for 1 free unlisted option for every 2 shares issued to them under the Placement. On 9 December the Company issued 62,561,547 unlisted options with an exercise price of 2 cents each and an expiry date of 9 December 2022. The options were issued under the Prospectus dated 28 November 2019 following shareholder approval obtained at the Company's AGM.

New Management Team

In December, the Company appointed experienced geologists and mining executives Bradley Drabsch as Managing Director and Toby Wellman as Executive Technical Director and Exploration Manager.

Both Mr Drabsch and Mr Wellman are highly regarded and experienced geologists with a strong track record of exploration success in WA's major gold districts. Both are Directors of Centrepeak Resources Group Pty Ltd (CRG), which purchased the Karlawinda Gold Project from Independence Group in 2015. CRG ultimately sold the project to Capricorn Metals Limited (ASX: CMM) becoming one of its major shareholders. With Karlawinda as its sole asset, CMM now has a market capitalisation of over $650M.

OPERATING AND FINANCIAL REVIEW (CONT)

As part of the management change, David Morgan stepped down as Managing Director, remaining on the Board as a Non-Executive Director. Following the appointment of the new Directors, long serving Non-Executive Director, Rob Cooper, resigned from the Board to focus on his role as CEO of Round Oak Minerals Pty Ltd.

Annual General Meeting

The Company's 2019 Annual General Meeting was held on 14 November 2019. All 15 resolutions received strong support and were passed on a show of hands.

Issue of Shares for Acquisition of Edjudina Gold Project

As detailed above, on 26 November, the Company issued 26,315,789 shares at $0.0076 per share to Gateway Projects WA Pty Ltd as partial consideration for the purchase of an 80% interest in the Edjudina Gold Project.

Change of Registered and Principal Office

In December the Company's registered office changed to Suite 5, 56 Kings Park Road, West Perth WA 6005.

Change of Company Name and ASX Ticker

Following the receipt of shareholder approval on 17 March 2020 and ASIC approval on 20 March 2020, the Company changed its name from Syndicated Metals Limited to DiscovEx Resources Limited. The Company's new website and email contact address changed to the following:

www.discovexresources.com.au
info@discovexresources.com.au

Capital raising - $700K share placement

In February 2020, the Company successfully completed a share placement of A$700,000 (before costs) to underpin exploration programs across its key WA gold projects.

The capital raising, which was undertaken at an issue price of 0.5 cents per share, was conducted in two tranches. 120,000,000 fully-paid ordinary shares were issued to sophisticated and professional clients of JP Equity Partners and some existing major shareholders of the Company under the Company's available placement capacity under Listing Rules 7.1 and 7.1A to raise $600,000. The shares were issued on 4 February 2020.

The balance of the Placement shares (20,000,000 fully paid ordinary shares) were issued to entities associated with the Company's new directors Bradley Drabsch and Toby Wellman, following shareholder approval obtained at the General Meeting held on 17 March 2020, also at an issue price of 0.5 cents per share to raise $100,000.

General Meeting

The Company held a General Meeting of shareholders on 17 March 2020. All eight resolutions received strong support and were passed on a poll.

Issue of Incentive Options

Following shareholder approval obtained on 17 March 2020, the Company issued 48,000,000 options across three equal tranches to the Company's new directors, Bradley Drabsch and Toby Wellman. Tranches 2 and 3 are subject to various vesting conditions. Refer to the Company's announcement dated 22 November 2019 and the Remuneration Report for full details of the options.

Directors Fee Reductions

In response to the unprecedented market and social changes that occurred during the year, along with an acknowledgement that capital markets may be adversely affected, the Company's Directors reduced their fees in order to assist the Company through this period.

Non-Executive Directors fees were reduced to zero for the period April to June and the Managing Director and Technical Director remuneration was reduced by 50% and 20% respectively.

OPERATING AND FINANCIAL REVIEW (CONT)

Issue of Shares for Tenement Acquisition

In April 2020, the Company 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 capacity.

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 DMIRS 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.

Disposal of Listed Securities

In July 2019, the Company secured net proceeds of $206,186 following the sale of its shareholding in ASX listed Minotaur Exploration Limited (ASX:MEP). The shares were acquired in July 2018 as part of the sale to Minotaur of the Company's northern hub tenure near Mt Isa in Queensland.

In June 2020, 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.

Change of Company Secretary

Subsequent to the end of the period and effective 1 August 2020 Ms Nerida Schmidt assumed 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 continues to provide services to the Company as Chief Financial Officer.

Covid-19 Response

The Covid-19 pandemic had no material impact on the Company's activities. The Company adjusted its field based activities to comply with logistical and personnel movement requirements.

As discussed above, in response to the initial market uncertainty and social changes that occurred, the Company's Directors reduced their fees for the period April to June and all overheads were reviewed to further reduce costs where possible.

OPERATING AND FINANCIAL REVIEW (CONT)

Factors and Business Risks Affecting Future Business Performance

The following factors and business risks could have a material impact on the Company's ability to deliver its strategy:

Access to funding

The Company's ability to continue to explore and evaluate its projects is contingent upon its ability to source timely access to additional equity funding as it is required.

Commodity demand and pricing

The Company is exposed to adverse global demand for commodities and/or adverse commodity price movements. This could affect the Company's ability to raise equity to fund its activities.

Tenure risks

The Company is exposed to loss of its tenure holding if it is unable to meet its tenement commitments due to lack of funding to do so.

Operational risks

The Company is exposed to several operational risks including unsuccessful exploration efforts, environmental issues and health and safety issues.

Significant Changes in the State of Affairs

During the reporting period the Company issued 125,123,093 shares at $0.008 per share via a share placement to raise $1,000,985. The Company issued a further 140,000,000 shares at $0.005 per share via a share placement to raise $700,000.

The Company issued 26,315,789 shares at a deemed issue price of $0.0076 per share to Gateway Projects WA Pty Ltd as partial consideration for the purchase of the Edjudina Gold Project.

The Company issued a further 7,352,941 shares at a deemed issue price of $0.0034 per share to Crest Investment Group Limited as partial consideration for an additional tenement package adjoining the Edjudina Gold Project.

The Company disposed of its shareholding in Minotaur Exploration Limited (ASX: MEP) for $206,000 and its shareholding in Carnaby Resources Limited (ASX: CNB) for $431,000. Both shareholdings were acquired in the prior period as a result of the disposal of the Company's Northern Hub and Southern Hub projects in Queensland.

In the opinion of the directors, other than as outlined in this report, there were no other significant changes in the state of affairs of the Group that occurred during the 2020 financial year.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been paid or declared since the start of the financial year and no dividend is recommended.

EVENTS SUBSEQUENT TO REPORTING DATE

On 3 July 2020, the Company announced that it had raised $1,507,219 via a share placement at $0.0065 per share to sophisticated and professional clients of JP Equity Partners and some existing major shareholders of the Company. The share placement was undertaken within the Company's Listing Rule 7.1 and 7.1A capacities with the shares being issued on 9 July 2020. Part of the lead manager fee payable to JP Equity Partners comprised 20,000,000 unlisted options with an exercise price of 1.3 cents and expiry date of 20 August 2022. These options were issued on 20 August 2020 following shareholder approval.

On 25 August 2020, the Company announced that it had entered into a binding and exclusive Heads of Agreement with Six Sigma Metals Limited (ASX: Si6) whereby Six Sigma has been granted an option to acquire a 100% interest in the Company's Monument Gold Project. Si6 has paid an up-front option fee of $25,000 cash and $50,000 in Si6 shares. Si6 has a 12-month option and due diligence period. Full details of the transaction terms are included in the ASX announcement dated 25 August 2020.

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Company up to 30 June 2020, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above matters, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity, in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than likely developments contained in the Operating and Financial Review, further information on likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as the directors believe that inclusion of such information is likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION

The Group's operations are regulated by the requirements of the WA Department of Mines, Industry Regulation and Safety environmental regulations. The Company has complied with all of these requirements.

MEETINGS OF DIRECTORS

During the financial year meetings of directors were held and the number of meetings attended by each director during the year is shown below. A number of Circular Resolutions also received approval and these are also included below:

	Board Meetings & Circular Resolutions		Audit & Risk Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
P J Langworthy	10	10	2	2	1	1
B J Drabsch	8	8	-	-	-	-
T Wellman	8	8	-	-	-	-
D B Morgan	13	13	2	2	1	1
R J Cooper	5	5	2	2	1	1

INDEMNIFYING OFFICERS

During the financial year, the Group paid insurance premiums (inclusive of fees and charges) in respect of Directors' and Officers' liability insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against Officers in their capacity as Officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

SHARE OPTIONS

Unissued shares under options

As at the reporting date, the unissued ordinary shares of the Company under unlisted options are as follows:

Grant date	Expiry date	Exercise price (cents)	Quantity
11/10/2017	30/08/2021	2.26	5,333,331
11/10/2017	30/08/2021	2.34	5,333,334
11/10/2017	30/08/2021	3.12	3,000,001
25/10/2018	9/09/2022	1.35	1,666,666
25/10/2018	9/09/2022	1.58	1,666,667
25/10/2018	9/09/2022	1.80	1,666,667
20/05/2019	20/05/2022	3.00	10,000,000
9/12/2019	9/12/2022	2.00	62,561,547
17/03/2020	1/12/2023	1.70	16,000,000
17/03/2020	1/12/2023	2.25	16,000,000
17/03/2020	1/12/2023	3.15	16,000,000
			139,228,213

If exercised, each option entitles the holder to one fully paid ordinary share in the Company at any time up until the expiry date. As at the reporting date no shares had been issued as a result of the exercise of options.

Shares issued on the exercise of options

There were no ordinary shares issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

– All non-audit services are reviewed and approved by Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
– The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid to PKF for non-audit services provided during the year ended 30 June 2020:

Taxation Services	$4,170

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF PKF

There are no officers of the Company who are former partners of the Group's auditors, PKF.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2020 has been received and is included in the financial report.

REMUNERATION REPORT - AUDITED

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Remuneration policy

The remuneration policy of DiscovEx Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of DiscovEx Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

– The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
– All key management personnel receive a base salary (which is based on industry experience and comparable rates for similar industry roles), superannuation and share based payments, apart from the Managing Director who is paid an all-inclusive monthly fee under a consultancy agreement.
– The Board of Directors' review key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive. The board may, however, exercise its discretion in relation to approving incentives and share based payments. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Under the Company's Employee Equity Incentive Plan, if in the opinion of the Board a participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or any of its subsidiaries, then the Board may, in its absolute discretion determine that:

- all of the participant's incentives have lapsed; or
- all shares held by the participant (or their nominee), as a result of the exercise of incentives as of the date of such determination will be bought back and cancelled by the Company (subject to the passage of a special resolution of shareholders), and until then will be subject to a transfer restriction.

The key management personnel receive a superannuation contribution, which for the year ended 30 June 2020 was 9.50%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and either expensed through the statement of profit or loss or capitalised to exploration and evaluation costs on the statement of financial position as appropriate. Share based payments are valued using the Black-Scholes or binomial methodologies.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

REMUNERATION REPORT - AUDITED

PRINCIPLES OF COMPENSATION

Company performance, shareholder wealth and Director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives by the issue of share based payments to the Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Executive Contractual Arrangements

Details of executive contractual arrangements including major provisions of the agreements relating to remuneration are detailed below. The agreements provide for participation in the Employee Equity Incentive Plan.

Mr P J Langworthy - Chairman

Mr Langworthy is engaged under a service agreement. The term of the agreement is continuous and contains no termination notice period requirements or benefits. Chairman's fees are $66,000 per annum. Fees covering the period April to June 2020 were waived in line with the Company's cost reduction response to the COVID-19 situation.

Mr B J Drabsch - Managing Director

Mr Drabsch is engaged for 3 days per week under a consultancy services agreement and is paid an all-inclusive monthly fee of $12,000, plus long-term incentives in the form of unlisted options. The term of the agreement is continuous with a termination notice period of 3 months by either party. Fees covering the period April to June 2020 were reduced by 50% in line with the Company's cost reduction response to the COVID-19 situation.

Mr T Wellman - Technical Director

Mr Wellman is engaged on a full-time basis under an executive service agreement and is paid $190,000 per annum inclusive of superannuation. The term of the agreement is 3 years, unless extended by shareholders, with a termination notice period of 3 months. Upon demotion due to operational matters of the Company the executive may give 1 month's notice and will be entitled to 6 months base salary and superannuation. Fees covering the period April to June 2020 were reduced by 20% in line with the Company's cost reduction response to the COVID-19 situation.

Mr D B Morgan - Managing Director

Mr Morgan was engaged as Managing Director from 26 April 2018 until 1 December 2019 under an executive service agreement and was paid a base salary of $220,000 per annum plus statutory superannuation of 9.5%. From 1 December 2019, Mr Morgan has been engaged under a service agreement as a Non-Executive Director with fees of $31,000 per annum plus statutory superannuation of 9.5%. The term of the agreement is 3 years unless extended by shareholders and contains no termination notice period requirements or benefits. Fees covering the period April to June 2020 were waived in line with the Company's cost reduction response to the COVID-19 situation.

Additional Information

The earnings of the Group and the factors that are considered to affect total shareholders return for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
Sales revenue	Nil	Nil	Nil	Nil	Nil
Profit/(loss) after income tax	(4,586,630)	(39,957)	(5,367,978)	1,075,112	(7,080,625)
Share price at financial year end ($)	$0.009	$0.004	$0.006	$0.017	$0.006
Total dividends declared (cents per share)	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents per share)	(0.55)	(0.01)	(0.85)	0.18	(1.70)

REMUNERATION REPORT - AUDITED

Remuneration of Directors and key management personnel (cont)

Remuneration of Directors and key management personnel
Details of the remuneration of Directors and key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of DiscovEx Resources Limited:

- Peter Langworthy – Non-Executive Chairman
- Bradley Drabsch – Managing Director (appointed 1 December 2019)
- Toby Wellman – Technical Director (appointed 1 December 2019)
- David Morgan – Managing Director to 1 December 2019, Non-Executive Director from 1 December 2019
- Robert Cooper – Non-Executive Director (resigned 1 December 2019)

For the year ended 30 June 2020

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments		Proportion of remuneration linked to fixed component	Proportion of remuneration linked to long term incentive
	Directors Fees $	Salary and Fees $	Superannuation $	Options $	Total $		
Directors							
P J Langworthy	49,500	-	-	-	49,500	100%	-
B J Drabsch	66,000	-	-	29,230	95,230	69%	31%
T Wellman	-	92,542	8,791	29,230	130,563	78%	22%
D B Morgan*	10,333	107,702	9,690	1,441	129,166	99%	1%
R J Cooper**	12,917	-	1,227	-	14,144	100%	-
Total	**138,750**	**200,244**	**19,708**	**59,901**	**418,603**		

* Effective 1 December 2019 Mr Morgan transitioned from Managing Director to Non-Executive Director. Mr Morgan received no termination payments other than accrued annual leave entitlements totalling $16,035 included in the salary figure in the above table.
** Mr Cooper resigned effective 1 December 2019.

For the year ended 30 June 2019

	Short-Term Benefits		Post-Employment Benefits	Share-Based Payments		Proportion of remuneration linked to fixed component	Proportion of remuneration linked to long term incentive
	Directors Fees $	Salary and Fees $	Superannuation $	Options $	Total $		
Directors							
P J Langworthy	64,352	-	-	2,727	67,079	96%	4%
D B Morgan	-	220,000	20,900	18,075	258,975	93%	7%
R J Cooper	30,746	-	2,921	1,817	35,484	95%	5%
Total	**95,098**	**220,000**	**23,821**	**22,619**	**361,538**		

REMUNERATION REPORT – AUDITED

Shareholdings of key management personnel
The movement during the reporting year in the number of shares in DiscovEx Resources Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2020	Balance at 1 July 2019	Granted as compensation	Bought/ (Sold)	Held upon termination	Balance at 30 June 2020
Directors					
P J Langworthy	24,148,240	-	1,250,000	-	25,398,240
B J Drabsch	-	-	12,500,000	-	12,500,000
T Wellman	-	-	12,500,000	-	12,500,000
D B Morgan	15,966,677	-	2,500,000	-	18,466,677
R J Cooper*	1,580,000	-	2,500,000	(4,080,000)	-
	41,694,917	**-**	**31,250,000**	**(4,080,000)**	**68,864,917**

2019	Balance at 1 July 2018	Granted as compensation	Bought/ (Sold)	Held upon termination	Balance at 30 June 2019
Directors					
P J Langworthy	24,148,240	-	-	-	24,148,240
D B Morgan	15,966,677	-	-	-	15,966,677
R J Cooper	1,580,000	-	-	-	1,580,000
	41,694,917	**-**	**-**	**-**	**41,694,917**

* Mr Cooper resigned effective 1 December 2019.

Option holdings of key management personnel

2020	Balance at 1 July 2019	Issued*	Expired	Held upon termination	Balance at 30 June 2020**
Directors					
P J Langworthy***	3,000,000	-	-	-	3,000,000
B J Drabsch***	-	24,000,000	-	-	24,000,000
T Wellman***	-	24,000,000	-	-	24,000,000
D B Morgan***	7,000,000	-	-	-	7,000,000
R J Cooper	2,000,000	-	-	(2,000,000)	-
	12,000,000	48,000,000	-	(2,000,000)	58,000,000

* Issue of Incentive Options to Directors as approved by shareholders at the Company's GM on 17 March 2020.
** Of the above options, 26,000,000 are vested and exercisable.
*** Mr Langworthy (625,000 Options), Mr Drabsch (1,250,000 options), Mr Wellman (1,250,000 options) and Mr Morgan (1,250,000 options) also hold free options issued pursuant to the share placement announced on 2 September 2019. These options are not part of director remuneration.

2019	Balance at 1 July 2018	Issued*	Expired	Held upon termination	Balance at 30 June 2019**
Directors					
P J Langworthy	3,000,000	-	-	-	3,000,000
D B Morgan	2,000,000	5,000,000	-	-	7,000,000
R J Cooper	2,000,000	-	-	-	2,000,000
	7,000,000	5,000,000	-	-	12,000,000

* Issue of Incentive Options to Managing Director approved by shareholders at the Company's AGM on 25 October 2018.
** Of the above options, 10,333,333 are vested and exercisable and 1,666,667 do not vest until 26 October 2019.

REMUNERATION REPORT - AUDITED

Options and rights over equity instruments granted as compensation
A total of 48,000,000 options were granted over ordinary shares in the Company as compensation to key management personnel during the reporting period. No options have been granted since the end of the financial year.

Exercise of options granted as compensation
No options were exercised by key management personnel during the reporting period.

Terms and conditions of options granted as compensation
The terms and conditions relating to grants of options in the current period are as follows:

Grant date	Number of instruments	Exercise Price (cents)	Vesting date	Expiry date
Options granted on 17 March 2020	16,000,000	1.70	17/03/2020	01/12/2023
Options granted on 17 March 2020	16,000,000	2.25	01/12/2020	01/12/2023
Options granted on 17 March 2020	16,000,000	3.15	01/06/2022	01/12/2023
Total	48,000,000			

Options - Valuation methodology
The Black Scholes option pricing model was used in the valuation of the options which is suitable for options without market based vesting conditions which can be exercised at any time following vesting and up to the expiry date.

The key assumptions used in the model included, an underlying share price of $0.004, share price volatility of 126%, a risk free interest rate of 0.63% and a dividend yield of nil. The fair value per option at grant date was $0.0025 (16,000,000 options), $0.0023 (16,000,000 options) and $0.0021 (16,000,000 options).

Signed in accordance with a resolution of the Board of Directors.

Bradley Drabsch
Managing Director

10 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF DISCOVEX RESOURCES LIMITED (FORMERLY SYNDICATED METALS LIMITED)

In relation to our audit of the financial report of DiscovEx Resources Limited (formerly Syndicated Metals Limited) for the year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

10 SEPTEMBER 2020
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found on the Company's website at http://www.discovexresources.com.au/index.php/corporate-governance/, under the section marked "Corporate Governance".

The following governance-related documents can also be found on the Company's website at the Corporate Governance page:

DiscovEx Resources Limited Constitution

Charters
Board
Nomination Committee
Audit and Risk Committee
Remuneration Committee

Policies and Procedures
Whistleblower Protection Policy
Process for Performance Evaluation
Policy and Procedure for Selection and (Re) Appointment of Directors
Induction Program
Procedure for the Selection, Appointment and Rotation of External Auditor
Code of Conduct (summary)
Diversity Policy (summary)
Policy on Continuous Disclosure (summary)
Compliance Procedures (summary)
Shareholder Communication and Investor Relations Policy
Securities Trading Policy
Risk Management Policy

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue			
Interest income	3	3,645	12,164
Gain on disposal of listed securities	3	61,741	-
Gain on disposal of non-current asset held for sale		-	34,173
Listed shares received for asset disposal		-	666,667
Proceeds from relinquishment of Barbara Copper Project royalty		-	460,000
Sundry income		60,240	127,189
		125,626	1,300,193
Expenses			
Administration expenses		(433,171)	(483,322)
Occupancy expenses	4	(41,278)	(45,665)
Depreciation expense	4	(3,666)	(7,100)
Employee benefits expense	4	(107,290)	(238,919)
Exploration expenditure written off	4	(774,833)	(483,268)
Exploration expenditure impairment	4	(3,002,790)	(824,090)
Loss on fair value of financial assets		(313,590)	(56,929)
Share based payments	4,17	(59,901)	(24,438)
		(4,736,519)	(2,163,731)
Loss before income tax expense		**(4,610,893)**	**(863,538)**
Income tax benefit	5	24,263	823,581
Loss for the period		**(4,586,630)**	**(39,957)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(4,586,630)**	**(39,957)**
Basic profit/(loss) per share (cents)	25	(0.55)	(0.01)
Diluted profit/(loss) per share (cents)	25	(0.55)	(0.01)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	6	909,506	511,590
Financial assets at fair value through profit or loss	16	70,000	958,911
Trade and other receivables	7	43,562	73,997
TOTAL CURRENT ASSETS		**1,023,068**	**1,544,498**
NON CURRENT ASSETS			
Property, plant and equipment	8	10,516	13,177
Exploration and evaluation costs	9	610,737	2,792,839
TOTAL NON CURRENT ASSETS		**621,253**	**2,806,016**
TOTAL ASSETS		**1,644,321**	**4,350,514**
CURRENT LIABILITIES			
Trade and other payables	10	171,158	163,417
Provisions	11	8,543	10,748
TOTAL CURRENT LIABILITIES		**179,701**	**174,165**
TOTAL LIABILITIES		**179,701**	**174,165**
NET ASSETS		**1,464,620**	**4,176,349**
EQUITY			
Issued capital	12	28,157,930	26,342,930
Share based payments reserve	13	255,040	195,139
Accumulated losses		(26,948,350)	(22,361,720)
TOTAL EQUITY		**1,464,620**	**4,176,349**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2019	**26,342,930**	**195,139**	**(22,361,720)**	**4,176,349**
Loss for the period	-	-	(4,586,630)	(4,586,630)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(4,586,630)	(4,586,630)
Transactions with owners, recorded directly in equity				
Issue of share capital	1,925,985	-	-	1,925,985
Share issue costs	(110,985)	-	-	(110,985)
Fair value of options issued	-	59,901	-	59,901
	1,815,000	59,901	-	1,874,901
Balance at 30 June 2020	**28,157,930**	**255,040**	**(26,948,350)**	**1,464,620**

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2018	**26,195,890**	**150,719**	**(22,321,763)**	**4,024,846**
Loss for the period	-	-	(39,957)	(39,957)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(39,957)	(39,957)
Transactions with owners, recorded directly in equity				
Issue of share capital	150,000	-	-	150,000
Share issue costs	(2,960)	-	-	(2,960)
Fair value of options issued	-	44,420	-	44,420
	147,040	44,420	-	191,460
Balance at 30 June 2019	**26,342,930**	**195,139**	**(22,361,720)**	**4,176,349**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Interest received		4,124	11,685
Payments to suppliers and employees		(589,049)	(796,696)
Payments for exploration and evaluation		(1,243,247)	(715,074)
Sundry income		3,857	83,332
R&D income tax benefit		24,263	874,125
Government stimulus measures		19,707	-
Income tax paid		-	(50,544)
Net cash used in operating activities	15	(1,780,345)	(593,172)
Cash flows from investing activities			
Purchase of plant and equipment		(9,924)	(2,385)
Purchase of tenements		(85,000)	-
Refunds of security deposits		49,083	23,058
Proceeds from disposal of listed securities		637,062	-
Proceeds from disposal of Northern Hub tenements		-	125,000
Proceeds from relinquishment of Barbara Copper Project royalty		-	460,000
Net cash from investing activities		591,221	605,673
Cash flows from financing activities			
Proceeds from issue of shares		1,700,985	-
Capital raising costs		(113,945)	-
Net cash from financing activities		1,587,040	-
Net increase in cash		397,916	12,501
Cash and cash equivalents at 1 July		511,590	499,089
Cash and cash equivalents at 30 June	6	909,506	511,590

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

DiscovEx Resources Limited (the "Company") is a company domiciled and incorporated in Australia and listed on the Australian Securities Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in mineral exploration activity.

New, revised or amending Accounting Standards and Interpretations adopted
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
The adoption of AASB 16 did not have a significant impact on the Group as the Group had only a short-term office lease (less than 12 months) as at the beginning of the reporting period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Basis of Preparation and Going Concern Basis
The accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as appropriate for for-profit entities. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue in accordance with a resolution of the Directors on 10 September 2020. The Directors have the power to amend and reissue the financial statements.

Basis of Measurement
The consolidated financial statements have been prepared on an accruals basis and are based on historical cost except for certain financial instruments which are fair valued through the profit or loss.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

Functional and Presentation Currency
These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Principles of Consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of DiscovEx Resources Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. DiscovEx Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Principles of Consolidation (cont)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the chief operating decision makers, being the Board. The Board is responsible for the allocation of resources to operating segments and assessing their performance.

Significant Accounting Policies

(a) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(a) Income tax (cont)
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

DiscovEx Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(b) Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at reporting date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(b) Exploration and evaluation expenditure (cont)
A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Rehabilitation, Restoration and Environmental Costs
Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs will include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the restoration of the site, when relevant.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has been incurred as at the reporting date. Increases due to additional environmental disturbance (to the extent that it relates to the development of an asset) are capitalised and amortised over the remaining lives of the mines.

Annual increases in provision relating to the change in the present value of the provision are accounted for in earnings. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from sale of assets or from plant clean-up at closure.

(c) Revenue Recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(d) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for expected losses of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the allowance for expected losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected losses.

(e) Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture	15 - 30%
Plant and equipment	25 - 50%
Vehicles	20 - 30%
Computer equipment	25 - 33%

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(f) Property, Plant and Equipment (cont)
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

(g) Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(h) Trade and Other Creditors
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee Benefits
(i) Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year
Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation
Contributions are made by the Company to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Share-based payments
Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, options over shares or performance rights that are provided to employees in exchange for the rendering of services.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(i) Employee Benefits (cont)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. All changes in the liability are recognised in profit or loss.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Fair Value Measurement

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST where applicable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

(i) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(n) Investments and other financial assets (cont)

(ii) Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(o) Issued Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(p) Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(q) New Standards and Interpretations Not Yet Adopted
The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The Group has assessed the potential impact on the financial statements from the adoption of these standards and interpretations and the effects are not material on the Group's profit or loss.

AASB No.	Title	Issue Date	Application Date (Annual reporting periods beginning on or after)
2018-6	Amendments to Australian Accounting Standards – Definition of a Business	Dec 2018	1 Jan 2020
2018-7	Amendments to Australian Accounting Standards – Definition of Material	Dec 2018	1 Jan 2020
2019-1	Amendments to Australian Accounting Standards – References to the Conceptual Framework	May 2019	1 Jan 2020
2019-5	Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	Nov 2019	1 Jan 2020
2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	Mar 2020	1 Jan 2022
2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Jun 2020	1 Jan 2022

(r) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(s) Interests in Joint Arrangements

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Company recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(v) Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Use of Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a loss of $4,586,630 for the year ended 30 June 2020 (2019: loss $39,957). Included within this loss was the impairment and write off of exploration expenditure of $3,777,623 (2019: $1,307,358).

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing its mineral properties. As announced on 3 July 2020, the Company raised a further $1,507,219 via a share placement at 0.65 cents per share.

The accounts have been prepared on the basis that the Company can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business. The Directors believe that they will continue to be successful in securing additional funds through equity issues as and when the need to raise working capital arises.

Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the employee options is determined by a valuation using the Black-Scholes option pricing model, using the assumptions detailed in Note 17. The fair value of the performance rights issued in prior periods was determined by a valuation using a binomial model.

Classification of Investments

The Company has decided to classify investments in listed securities as financial assets at fair value through profit or loss. These securities are accounted for at fair value. Any increments or decrements in their value at year end are charged or debited to the statement of profit or loss and other comprehensive income.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT)

Critical Accounting Judgements, Estimates and Assumptions (cont)

Exploration and Evaluation Costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since expenditures are expected to be recouped as noted above. Such capitalised expenditure is carried at reporting date at $610,737.

Impairment of Exploration and Evaluation Assets and Investments in Subsidiaries

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Economic factors that have an impact on the operations and carrying values of assets and liabilities.

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of products offered, customers, supply chain, staffing and geographic regions in which the Company operates.

Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 3: REVENUE FROM CONTINUING OPERATIONS	2020 $	2019 $
Operating activities		
Interest received	3,645	12,164
Gain on disposal of listed securities	61,741	-

NOTE 4: EXPENSES		
Depreciation expense	12,585	18,653
less capitalised in exploration and evaluation	(8,919)	(11,553)
	3,666	7,100
Share based payments	59,901	24,438
Employee benefits expenses		
Salaries and on-costs	272,516	332,628
Superannuation	19,708	23,821
less capitalised in exploration and evaluation	(184,934)	(117,530)
	107,290	238,919
Exploration expenditure written off	774,833	483,268
Exploration expenditure impairment	3,002,790	824,090
Occupancy expenses	41,278	45,665

NOTE 5: INCOME TAX (EXPENSE)/BENEFIT

The prima facie tax payable on the operating loss is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on operating loss before income tax at 27.5% (2019: 27.5%)	(1,267,996)	(237,473)
Effect of non-deductible expenses/non-assessable income	4,233	12,174
Increase/(decrease) in deferred tax balances not brought to account	1,263,763	225,299
Research and development tax concession refund	(24,263)	(874,125)
Income tax incurred from tax consolidation	0	50,544
Income tax benefit	(24,263)	(823,581)

The income tax benefit for the current year relates to the receipt of a refundable tax offset for research and development expenditure incurred in the reporting period ended 30 June 2019.

The following deferred tax balances have not been recognised:

Deferred Tax Assets at 27.5% (2019: 27.5%):

Carry forward revenue losses	6,647,019	6,185,396
Carry forward capital losses	93,252	-
Capital raising costs	34,215	19,852
Provisions and accruals	6,474	6,943
Fair value impairment of investments	-	15,655
Other	-	98,472
	6,780,960	6,326,318

NOTE 5: INCOME TAX (EXPENSE)/BENEFIT (CONT)

The tax benefits of the above Deferred Tax Assets will only be obtained if:

a. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
b. the Company continues to comply with the conditions for deductibility imposed by law; and
c. no changes in income tax legislation adversely affect the Company in utilising the benefits.

	2020 $	2019 $
Deferred Tax Liabilities at 27.5% (2019: 27.5%):		
Exploration and evaluation costs	11,160	652,908
Investments	8,250	-
Accrued interest income	-	132
Prepayments	2,567	-
	21,977	653,040

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

Tax consolidation legislation
The Company and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2016. The accounting policy on implementation of the legislation is set out in Note 1. The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement the wholly-owned subsidiaries reimburse the Company for any current income tax payable by the Company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and will therefore be recognised as a current tax-related receivable by the Company when they arise. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by the Company.

NOTE 6: CASH AND CASH EQUIVALENTS

	2020	2019
Cash on hand	300	300
Cash at bank	909,206	311,290
Term deposits	-	200,000
	909,506	511,590

	2020 $	2019 $
NOTE 7: TRADE & OTHER RECEIVABLES		
Accrued interest receivable	-	480
GST receivable	4,108	4,259
Trade debtors	30,120	4,243
Security deposits	-	53,000
Prepayments	9,334	12,015
	43,562	73,997

There are no assets in trade & other receivables that are past due or with expected credit losses.

	2020 $	2019 $
NOTE 8: PROPERTY, PLANT & EQUIPMENT		
Plant and equipment at cost	205,586	205,586
Less: accumulated depreciation	(205,477)	(204,888)
	109	698
Furniture at cost	98,136	98,136
Less: accumulated depreciation	(98,136)	(98,136)
	-	-
Computer equipment at cost	75,438	65,514
Less: accumulated depreciation	(65,031)	(61,368)
	10,407	4,146
Vehicles at cost	153,887	153,887
Less: accumulated depreciation	(153,887)	(145,554)
	-	8,333
Total plant and equipment	10,516	13,177

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are as follows:

	Plant and equipment $	Furniture $	Computer equipment $	Vehicles $	Total $
Carrying amount at 30 June 2018	**2,074**	**5,307**	**5,099**	**18,336**	**30,816**
Net additions	-	-	1,014	-	1,014
Depreciation expense	(1,376)	(5,307)	(1,967)	(10,003)	(18,653)
Carrying amount at 30 June 2019	**698**	**-**	**4,146**	**8,333**	**13,177**
Net additions	-	-	9,924	-	9,924
Depreciation expense	(589)	-	(3,663)	(8,333)	(12,585)
Carrying amount at 30 June 2020	**109**	**-**	**10,407**	**-**	**10,516**

Of the total depreciation expense, $8,919 (2019: $11,553) is capitalised to exploration and evaluation costs.

	2020 $	2019 $
NOTE 9: EXPLORATION AND EVALUATION COSTS		
Exploration expenditure capitalised	**610,737**	**2,792,839**
Movement in carrying value:		
Balance at 1 July	2,792,839	3,247,081
Exploration expenditure capitalised during the year	1,595,521	853,116
Exploration expenditure written off during the year	(774,833)	(483,268)
Exploration expenditure impaired during the year	(3,002,790)	(824,090)
Balance at 30 June	610,737	2,792,839

The value of the exploration expenditure is dependent upon:

- The continuance of the rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

During the period the Company acquired an 80% interest in the Edjudina Gold Project from Gateway Projects WA Pty Ltd. The Company subsequently extended its landholding at Edjudina via a farm-in agreement with Crest Investment Group Limited. As at reporting date the Company had not met it's earn-in requirements on these tenements and a total of $92,461 was written off.

Also during the period, the Company extended its landholding at the Newington Gold Project near Southern Cross in WA, via a farm-in agreement with private interests. As at reporting date the Company had not met its earn-in requirements on these tenements and the tenements acquired in the prior period from Newfield Resources Limited and Gateway Mining Limited and a total of $627,222 (2019: $345,073) was written off.

Further, the Company raised a provision for impairment totaling $2,998,373 (2019: $726,740) in relation to the Monument Gold Project near Laverton in WA given that the Company is not currently actively exploring this area.

Minor costs of $4,417 (2019: $88,182) related to the disposal of the Southern Hub area in Queensland were also impaired.

A further amount of $55,150 was written off in relation to project assessment activities and tenement application expenses for tenements that are yet to be granted to the Company.

	2020 $	2019 $
NOTE 10: TRADE & OTHER PAYABLES		
Trade and other payables	74,296	92,293
Accruals	96,862	70,728
GST Payable	-	396
	171,158	163,417

	2020 $	2019 $
NOTE 11: PROVISIONS		
Current		
Provision for annual leave	8,543	10,748

NOTE 12: ISSUED CAPITAL

		2020 Shares	2019 Shares	2020 $	2019 $
(a)	**Share capital**				
	Fully paid ordinary shares	964,284,202	665,492,379	29,151,111	27,225,126
	Less: capital issue costs	-	-	(993,181)	(882,196)
		964,284,202	665,492,379	28,157,930	26,342,930

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	Value $
	Balance at 30 June 2018	**635,492,379**		**26,195,890**
20/05/2019	Issue of shares for Newfield Resources farm-in	30,000,000	0.005	150,000
	Less: capital issue costs	-	-	(2,960)
	Balance at 30 June 2019	**665,492,379**		**26,342,930**
06/09/2019	Share placement – Tranche 1	118,873,093	0.008	950,985
26/11/2019	Share placement – Tranche 2	6,250,000	0.008	50,000
26/11/2019	Issue of shares for Gateway Projects farm-in	26,315,789	0.0076	200,000
04/02/2020	Share placement – Tranche 1	120,000,000	0.005	600,000
17/03/2020	Share placement – Tranche 2	20,000,000	0.005	100,000
16/04/2020	Issue of shares for Crest Investment Group farm-in	7,352,941	0.0034	25,000
	Less: capital issue costs	-	-	(110,985)
	Balance at 30 June 2020	**964,284,202**		**28,157,930**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. These shares have no par value.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets for in-specie distributions.

NOTE 12: ISSUED CAPITAL (CONT)

The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date. Capital includes accumulated profits and fair value reserve.

The Group encourages employees to be shareholders through the issue of free options or performance rights. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

	2020 $	2019 $
(e) Capital Risk Management		
Cash and cash equivalents	909,506	511,590
Less: Total liabilities	(179,701)	(174,165)
Net cash and cash equivalents	729,805	337,425
Total equity	1,464,620	4,176,349
Debt to equity ratio at 30 June	12.27%	4.17%

Management of Share Capital
The Directors primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the Group.

Unissued shares under options
As at the reporting date, the unissued ordinary shares of DiscovEx Resources Limited under unlisted options are as follows:

Grant date	Expiry date	Exercise price (cents)	Quantity
11/10/2017	30/08/2021	2.26	5,333,331
11/10/2017	30/08/2021	2.34	5,333,334
11/10/2017	30/08/2021	3.12	3,000,001
25/10/2018	9/09/2022	1.35	1,666,666
25/10/2018	9/09/2022	1.58	1,666,667
25/10/2018	9/09/2022	1.80	1,666,667
20/05/2019	20/05/2022	3.00	10,000,000
9/12/2019	9/12/2022	2.00	62,561,547
17/03/2020	1/12/2023	1.70	16,000,000
17/03/2020	1/12/2023	2.25	16,000,000
17/03/2020	1/12/2023	3.15	16,000,000
			139,228,213

If exercised, each option entitles the holder to one fully paid ordinary share in the Company at any time up to expiry date. As at the reporting date no shares had been issued as a result of the exercise of options.

	2020 $	2019 $
NOTE 13: SHARE BASED PAYMENTS RESERVE		
Balance at 1 July	195,139	150,719
Share based payments during the period – refer to Note 17	59,901	44,420
Balance at 30 June	255,040	195,139

The share based payment reserve represents the unexpired portion of expense of options on issue.

NOTE 14: AUDITORS REMUNERATION

Audit and review of financial reports	24,850	25,550
Other services - taxation	4,170	8,100
	29,020	33,650

NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations with loss from ordinary activities after income tax.

Loss for the period	(4,586,630)	(39,957)
Adjustment for:		
Depreciation	3,666	7,100
Exploration expenditure written off	774,833	483,268
Exploration expenditure impairment	3,002,790	824,090
Share based payments	59,901	24,438
Loss on fair value of investment	313,590	56,929
Payments for exploration and evaluation	(1,357,683)	(671,583)
Listed entity shares received for asset disposals	-	(1,015,840)
Sale of non-current asset held for sale	-	400,000
Non-operating activities		
Purchase/(disposal) of tenements	85,000	(125,000)
Net gain on disposal of listed securities	(61,741)	-
Proceeds from relinquishment of royalty	-	(460,000)
(Increase)/decrease in accrued interest	479	(479)
(Increase)/decrease in prepayments	2,681	(560)
(Increase)/decrease in trade debtors	(25,726)	1,447
Increase/(decrease) in accruals and trade creditors	10,700	(84,472)
Increase/(decrease) in provision for employee entitlements	(2,205)	7,447
Net cash flow used in operating activities	(1,780,345)	(593,172)

Refer to Note 27 for details in regard to non-cash investing and financing activities.

NOTE 16: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed ordinary shares – designated at fair value through profit or loss	70,000	958,911
	70,000	958,911

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	958,911	-
Additions	-	1,015,840
Disposals	(575,321)	-
Revaluation increments/(decrements)	(313,590)	(56,929)
Closing fair value	70,000	958,911

Refer to Note 20 for further information on fair value measurement.

NOTE 17: SHARE BASED PAYMENTS

Number and weighted average exercise prices of share options

The following table illustrates the total number, weighted average exercise prices, and movement in share options issued and/or expired during the year:

	2020		2019	
	Number of options No.	**Weighted average exercise price (cents)**	**Number of options No.**	**Weighted average exercise price (cents)**
Outstanding at 1 July	28,666,666	2.50	13,666,666	2.48
Issued during the year	48,000,000	2.37	15,000,000	2.53
Expired during the year	-	-	-	-
Outstanding at 30 June	76,666,666	2.42	28,666,666	2.50
Exercisable at 30 June	**44,666,666**	**2.22**	**26,999,999**	**2.55**

A total of 17,666,667 options vested during the period. Further details are contained in the Share Options section of the Directors' Report.

Terms and conditions of options

The terms and conditions relating to grants of options in the current period are as follows;

Grant date/employees entitled	Number of instruments	Exercise price (cents)	Fair value $	Contractual life of options (years)	Vesting date
Options granted to Directors - 17 Mar 2020	16,000,000	1.70	39,237	3.7	17/03/20
Options granted to Directors – 17 Mar 2020	16,000,000	2.25	36,655	3.7	01/12/20
Options granted to Directors – 17 Mar 2020	16,000,000	3.15	33,482	3.7	01/06/22
Total	48,000,000		109,374		

Options - Valuation methodology

The Black Scholes option pricing model was used in the valuation of the options which is suitable for options without market based vesting conditions which can be exercised at any time following vesting and up to the expiry date.

The key assumptions used in the model for the options issued to the Directors included, an underlying share price of $0.004, share price volatility of 126%, a risk free interest rate of 0.63% and a dividend yield of nil. The fair value per option at grant date was $0.0025 (16,000,000 options), $0.0023 (16,000,000 options) and $0.0021 (16,000,000 options).

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense were as follows:

	2020 $	2019 $
Options issued	59,901	24,438
	59,901	24,438
Reconciliation		
Options issued to key management personnel	59,901	24,438
Options issued to Newfield Resources Ltd as partial consideration for farm-in to Newfield Gold Project	-	19,982
Fair value of options issued	59,901	44,420

NOTE 18: COMMITMENTS FOR FUTURE EXPENDITURE

The Group has commitments for future expenditure in respect of its tenements. Commitments are as follows:

	2020 $	2019 $
Tenement commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
- within one year	750,320	255,140
- one to five years	3,603,280	539,820
	4,353,600	794,960

Tenement commitments are only valid if the tenement remains held by the Group. Should the Group decide not to retain the tenure the corresponding commitment for that tenement lapses. The Company does not hold some of the tenements at the Newington & Edjudina Projects in its own name as it is yet to earn its interest in these tenements, however the farm-in and option agreements signed with the vendors, require the Company to keep the tenements in good standing. As there is a contractual commitment in place the Company has recognised the costs required to meet the commitments on these tenements and these commitments are included in the table above.

	2020	2019
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
- within one year	-	29,462
- one to five years	-	3,449
	-	32,911

The prior year operating lease commitments related to the lease of the Company's former Perth office premises, which expired in January 2020, and minor office equipment.

NOTE 19: FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

NOTE 19: FINANCIAL INSTRUMENTS (CONT)

a) Market Risk

(i) Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 180 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits at interest rates maturing over 30-180 day rolling periods.

	Carrying Amount 2020 $	Carrying Amount 2019 $
Profile		
At the reporting date the interest rate profile of the Company's and the Group's interest bearing financial instruments was:		
Variable rate instruments		
Cash and cash equivalents	909,206	311,290
Fixed rate instruments		
Cash and cash equivalents	-	200,000

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis is performed on the same basis for 2019.

	100bp Increase $	100bp Decrease $
30 June 2020		
Cash and cash equivalents	9,092	(9,092)
	9,092	(9,092)
30 June 2019		
Cash and cash equivalents	5,115	(5,115)
	5,115	(5,115)

(ii) Foreign currency risk

The Group is not exposed to currency risk and at reporting date the Company and the Group hold no financial assets or liabilities which are exposed to foreign currency risk.

(iii) Other market price risk

Other market price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Group is not exposed to other market price risk and at reporting date the Company and the Group hold no financial assets or liabilities which are exposed to other market price risk.

NOTE 19: FINANCIAL INSTRUMENTS (CONT)

(iv) Commodity price risk

The Group operates in the resources industry and is in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

b) Credit Risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any expected credit losses, represents the Group's maximum exposure to credit risk.

	Carrying Amount 2020 $	Carrying Amount 2019 $
Exposure to credit risk		
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:		
Cash and cash equivalents	909,506	511,590
Other receivables	-	-
	909,506	511,590

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	<6 months	6-12 months	1-2 Years	2-5 Years	>5 Years
30 June 2020							
Trade and other payables	171,158	171,158	171,158	-	-	-	-
	171,158	171,158	171,158	-	-	-	-
30 June 2019							
Trade and other payables	163,417	163,417	163,417	-	-	-	-
	163,417	163,417	163,417	-	-	-	-

Fair values versus carrying amounts

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 20: FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Fair value hierarchy

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability.

Consolidated 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value	70,000	-	-	70,000
	70,000	-	-	70,000

Consolidated 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value	958,911	-	-	958,911
	958,911	-	-	958,911

There were no transfers between levels during the financial year.

NOTE 21: INTERESTS IN CONTROLLED ENTITIES

Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in Note 1.

Name	**Country of Incorporation**	**Class of Shares**	**Equity Holding %***		**Investment $**	
			2020	**2019**	**2020**	**2019**
Monument Exploration Pty Ltd	Australia	Ordinary	100	100	250,000	250,000
Syndicated Royalties Pty Ltd	Australia	Ordinary	100	100	1	1
					250,001	250,001

* Percentage of voting power is in proportion to ownership.

Incorporation of controlled entities

Monument Exploration Pty Ltd was incorporated on 12 December 2014 and was purchased by DiscovEx Resources (formerly Syndicated Metals) on 31 August 2016.

Syndicated Royalties Pty Ltd was incorporated on 12 April 2010.

NOTE 22: SEGMENT REPORTING

The Group operates in the mineral exploration industry. For management purposes the Group is organised into one main operating segment which involves the exploration of minerals. All of the Group's activities are interrelated and financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon an analysis of the Group as one segment. The financial results and financial position from this segment are largely equivalent to the financial statements of the Group as a whole.

NOTE 23: RELATED PARTY DISCLOSURE

	2020 $	2019 $
(a) Key management personnel compensation		
The key management personnel compensation comprised:		
Post-employment benefits	19,708	23,821
Short term employment benefits	338,994	315,098
Share based payments	59,901	22,619
	418,603	361,538

(b) Individual directors' and executives' compensation disclosure

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(c) Loans to key management personnel

There were no loans to key management personnel during or at the end of the year.

(d) Transactions with related parties

During the period the Company received invoices totalling $198,523 (2019: $124,663) from OMNI GeoX Pty Ltd, a director-related entity of Mr Peter Langworthy, for the provision of geological consultancy services. As at reporting date a total of $3,443 (2019: $55,131) was payable to OMNI GeoX.

The Company also received invoices totalling $22,000 from Geocopter Pty Ltd, a director-related entity of Mr Bradley Drabsch, and $39,416 from Toby Wellman for the provision of geological consultancy services incurred prior to their appointments as Directors of the Company.

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 24: PARENT ENTITY INFORMATION

Information for DiscovEx Resources Limited	2020 $	2019 $
Current assets	1,269,698	1,282,909
Total assets	1,644,320	4,100,535
Current liabilities	179,701	174,165
Total liabilities	179,701	174,165
Issued capital	28,157,930	26,342,930
Share based payments reserve	255,040	195,139
Accumulated losses	(26,948,350)	(22,611,699)
Total shareholder's equity	1,464,620	3,926,370
Net loss before income tax expense/benefit of the parent entity	(4,360,914)	(863,538)
Total comprehensive loss of the parent	(4,336,652)	(39,957)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity and its subsidiaries are not party to deeds of cross guarantee under which each company guarantees the debts of the others.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except that investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 25: EARNINGS PER SHARE

Loss for the period	(4,586,630)	(39,957)
Loss used in calculating basic and diluted profit/(loss) per share	(4,586,630)	(39,957)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	837,029,069	638,862,242
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	837,029,069	638,862,242
	Cents	**Cents**
Basic earnings per share	(0.55)	(0.01)
Diluted earnings per share	(0.55)	(0.01)

Refer to Note 17 and the Director's Report for details of options that have been taken into account in the calculation of dilutive potential ordinary shares.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

The Group is unaware of any contingent assets or liabilities that may have a material impact on the Company's financial position.

NOTE 27: NON-CASH INVESTING AND FINANCING ACTIVITIES

	2020 $	2019 $
Shares issued for purchase of 80% interest in Edjudina Gold Project from Gateway Projects WA Pty Ltd	200,000	-
Shares issued for farm-in to Crest Investment Group Limited	25,000	-
Minotaur Exploration Limited shares received upon disposal of northern hub tenure in Queensland	-	309,173
Carnaby Resources Limited shares received upon disposal of southern hub tenure in Queensland	-	666,666
Dreadnought Resources Limited shares received for services	-	40,000
Shares issued for farm-in to Newfield Resources Limited	-	150,000
Options issued for farm-in to Newfield Resources Limited	-	19,982
	225,000	1,185,821

During the period the Company issued 48,000,000 incentive options to the new Directors appointed on 1 December 2019. The options were issued in three equal tranches with exercise prices of 1.70 cents, 2.25 cents and 3.15 cents. Refer to Note 17 for full details of the options issued.

NOTE 28: DIVIDENDS

There were no dividends paid or declared during the financial year.

NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

On 3 July 2020, the Company announced that it had raised $1,507,219 via a share placement at $0.0065 per share to sophisticated and professional clients of JP Equity Partners and some existing major shareholders of the Company. The share placement was undertaken within the Company's Listing Rule 7.1 and 7.1A capacities with the shares being issued on 9 July 2020. Part of the lead manager fee payable to JP Equity Partners comprised 20,000,000 unlisted options with an exercise price of 1.3 cents and expiry date of 20 August 2022. These options were issued on 20 August 2020 following shareholder approval.

On 25 August 2020, the Company announced that it had entered into a binding and exclusive Heads of Agreement with Six Sigma Metals Limited (ASX: Si6) whereby Six Sigma has been granted an option to acquire a 100% interest in the Company's Monument Gold Project. Si6 has paid an up-front option fee of $25,000 cash and $50,000 in Si6 shares. Si6 has a 12-month option and due diligence period. Full details of the transaction terms are included in the announcement dated 25 August 2020.

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Company up to 30 June 2020, and therefore it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above matters, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity, in future years.

NOTE 30: COMPANY DETAILS

The registered office and principal place of business of the company is Suite 5, 56 Kings Park Road, West Perth, Western Australia, 6005.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, notes and additional disclosures included in the Directors' Report and designated as audited, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001;

   (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Group; and

   (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

____

Bradley Drabsch
Managing Director

10 September 2020

Advisory • Audit
Business Solutions

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DISCOVEX RESOURCES LIMITED (FORMERLY SYNDICATED METALS LIMITED)

Report on the Financial Report

Opinion

We have audited the accompanying financial report of DiscovEx Resources Limited, formerly Syndicated Metals Limited, (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of DiscovEx Resources Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2020 the carrying value of exploration and evaluation assets was $610,737 (2019: $2,792,839) and the total impairment recognised during the year was $3,002,790, as disclosed in Note 9.
 	
The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1(b) with the nature of critical estimates and judgements relating to this balance outlined in Note 2. This is considered to be a key audit matter due to the significant judgement required:
 	
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
 	
• in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  ○ whether areas of interest meet the recognition conditions for an asset; and
  ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our work included, but was not limited to, the following procedures:
	
	• to assess indicators of impairment and analyse the correctness of the impairment charge made during the year we performed the following:
	  ○ assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
	  ○ holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	  ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
	
	• considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	
	• testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
	
	• assessing the appropriateness of the related disclosures in Note 9.

2. Equity based payments

Why significant

For the year ended 30 June 2020 the value of equity based payments vested totalled $59,901, as disclosed in Note 17.

The consolidated entity's accounting judgement and estimates in respect of equity based payments is outlined in Note 2. This is considered to be a key audit matter due to the significant judgement required in relation to:

- the valuation method used in the model; and
- the assumptions and inputs used within the model.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- reviewed management's valuation of options issued, including:
  - assessing the appropriateness of the valuation method used; and
  - assessing the reasonableness of the assumptions and inputs used within the valuation model.
- reviewed board meeting minutes and Australian Securities Exchange (ASX) announcements as well as enquired of relevant personnel to ensure all equity based payments had been recognised;
- assessed the allocation and recognition to ensure reasonable; and
- assessed the appropriateness of the related disclosures in Note 2 and Note 17.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this other information in the financial report and based on the work we have performed on the other information that we obtained prior the date of this auditor's report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of DiscovEx Resources Limited for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

SHANE CROSS
PARTNER

10 SEPTEMBER 2020
WEST PERTH,
WESTERN AUSTRALIA

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The Company presents the following additional information included in accordance with the listing requirements of the Australian Securities Exchange:

Shareholders
Distribution of shareholders as at 28 August 2020:

	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	43	4,450
1,001 – 5,000	44	140,935
5,001 – 10,000	68	604,741
10,001 – 100,000	507	28,658,544
100,001 and over	813	1,166,755,406
	1,475	**1,196,164,076**

There are 460 shareholders holding unmarketable parcels (being a minimum $500 parcel at $0.008 per unit) totalling 11,680,711 shares.

The Company has no substantial shareholders as at the date of this Report.

Unlisted Options
As at the date of this report, the unissued ordinary shares of DiscovEx Resources Limited under options are as follows:

Expiry date	Exercise price (cents)	Quantity	Number of Holders
30/08/2021	2.26	5,333,331	5
30/08/2021	2.34	5,333,334	5
30/08/2021	3.12	3,000,001	4
09/09/2022	1.35	1,666,666	1
09/09/2022	1.58	1,666,667	1
09/09/2022	1.80	1,666,667	1
20/05/2022	3.0	10,000,000	1
09/12/2022	2.0	62,561,547	65
01/12/2023	1.70	16,000,000	2
01/12/2023	2.25	16,000,000	2
01/12/2023	3.15	16,000,000	2
20/08/2024	1.30	1,000,000	1
20/08/2022	1.30	20,000,000	8
		160,228,213	

Voting Rights
The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

Unlisted options do not carry the right to vote until such time as they are exercised and converted to ordinary shares.

Restricted Securities
On 20 May 2020, 30,000,000 fully paid ordinary shares and 10,000,000 unlisted options with an exercise price of 3 cents and an expiry date of 20 May 2022 were released from voluntary escrow. The shares and options were issued to Newfield Resources Limited in accordance with the farm-in agreement over the Newfield Gold Project as announced on 20 May 2019.

A further 26,315,789 fully paid ordinary shares were released from voluntary escrow on 26 May 2020. The shares were issued to Gateway Projects WA Pty Ltd in accordance with the acquisition of an 80% interest in the Edjudina Gold Project as announced on 26 November 2019.

On-market Buy-back
There is no on-market buy-back currently being undertaken.

Twenty Largest Shareholders as at 28 August 2020

Name	**Number of Ordinary Fully Paid Shares Held**	**% of Issued Ordinary Capital Held**
Nero Resource Fund Pty Ltd	30,769,231	2.57
Newfield Resources Limited	30,000,000	2.51
Gateway Projects WA Pty Ltd	26,315,789	2.20
Harmanis Holdings Pty Ltd	24,000,000	2.01
Blamnco Trading Pty Ltd	20,000,000	1.67
Hawkestone Resources Pty Ltd	20,000,000	1.67
Bowman Gate Pty Ltd	19,184,615	1.60
E&E Hall Pty Ltd	19,000,000	1.59
Strickland Consulting Pty Ltd	17,000,000	1.42
Jericho Exploration Pty Ltd	15,814,907	1.32
Sun Metals Corporation Pty Ltd	13,600,000	1.14
Gecko Resources Pty Ltd	13,000,000	1.09
Mr Bradley James Drabsch	12,500,000	1.05
Nedlands Nominees Pty Ltd	12,500,000	1.05
Mr Toby Wellman	12,500,000	1.05
Mr Bin Liu	12,387,935	1.04
Summatus Pty Ltd	12,000,000	1.00
Saroda Holdings Pty Ltd <Sciarrone Family S/F A/C>	11,402,381	0.95
Slam Consulting Pty Ltd	11,000,000	0.92
Saroda Holdings Pty Ltd <Sciarrone Family A/C>	10,917,534	0.91
	343,892,392	**28.76**

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Lease Name	Percentage Held	Status	Current Area	Area Unit
DiscovEx Resources Limited – South Laverton, WA					
Edjudina Gold Project					
E39/1765	Edjudina	80%	Granted	7,768	Hectares
E39/1882	Edjudina	80%	Granted	10,750	Hectares
E31/1150	Edjudina	80%	Granted	1,790	Hectares
E31/1134	Edjudina	80%	Granted	2,374	Hectares
E28/2884	Edjudina	-	Farm-in to 80%	3,562	Hectares
E31/1187	Edjudina	-	Farm-in to 80%	12,510	Hectares
E39/2102	Edjudina	-	Farm-in to 80%	6,266	Hectares
E39/2126	Edjudina	-	Farm-in to 80%	626	Hectares
P31/2126	Edjudina	-	Farm-in to 80%	185	Hectares
DiscovEx Resources Limited – Southern Cross, WA					
Newington Gold Project					
M77/422	Newfield	-	Farm-in commenced	86	Hectares
M77/846	Woongaring Hills	-	Farm-in commenced	39	Hectares
E77/2309	Kawana	-	Option exercised	12,700	Hectares
E77/2200	Mount Jackson	-	Farm-in to 80%	1,459	Hectares
E77/2326	Mount Jackson	-	Farm-in to 80%	1,113	Hectares
E77/2558	Mount Jackson	-	Farm-in to 80%	280	Hectares
P77/4397	Mount Jackson	-	Farm-in to 80%	49	Hectares
E77/2263	Mount Jackson	-	Farm-in to 80%	4,446	Hectares
E77/2602	Kawana	100%	Granted	5,338	Hectares
E77/2604	Kawana	100%	Granted	346	Hectares
E77/2605	Kawana	100%	Granted	2,368	Hectares
Monument Exploration Pty Ltd – Laverton, WA					
Monument Gold Project					
E39/1846	Bernie Bore	100%	Granted	1	Block
E39/1866	Monument	100%	Granted	69	Blocks
P39/5519	Korong South	100%	Granted	20	Hectares
E39/2024	Bernborough	100%	Granted	1	Block
E39/2035	North Well	100%	Granted	10	Blocks
E39/2036	Farnham	100%	Granted	18	Blocks
P39/5456	Marionette	100%	Granted	120	Hectares
P39/5457	McKenzie Bore	100%	Granted	170	Hectares
P39/5837	Waihi North	100%	Granted	155	Hectares
P39/5855	Korong	100%	Granted	72	Hectares
P39/5880	Mt Morgans	100%	Granted	122	Hectares
P39/5899	Fleming Bore	100%	Granted	199	Hectares
P39/5910	Mt Morgans	100%	Granted	200	Hectares
P39/6051	Monument	100%	Granted	120	Hectares
P39/6052	Monument	100%	Granted	138	Hectares
P39/6053	Monument	100%	Granted	201	Hectares
P39/6054	Monument	100%	Granted	146	Hectares
E39/2139	Monument	100%	Granted	301	Hectares

Tenement	Lease Name	Percentage Held	Status	Current Sub-blocks	Area (km^2)
DiscovEx Resources Limited – Mt Isa, Qld					
Fountain Range Project (Southern Hub)					
EPM 14366	Bushy Park	17.5%	Granted	8	26
EPM 14369	Dronfield	17.5%	Granted	5	16
EPM 17637	Revenue	17.5%	Granted	1	3
EPM 18223	Bronzewing Bore	17.5%	Granted	3	10
EPM 18980	Mayfield	17.5%	Granted	7	22
EPM 19008	Duchess	17.5%	Granted	12	38
EPM 25435	Mt Erle #1	17.5%	Granted	21	67
EPM 25439	Mt Erle #2	17.5%	Granted	5	16
EPM 25853	Southern Hub Extended	17.5%	Granted	9	29
EPM 9083	Burke River	17.5%	Granted	19	61
EPM 11013	Monastery	17.5%	Granted	1	3
EPM 25972	Duchess North	17.5%	Granted	2	6

Notes regarding interests in tenements
(1) 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.
(2) 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.
(3) Under the terms of the farm-in agreement with private vendors, DiscovEx has the right to earn up to 80% of tenements E77/2200, E77/2326, E77/2558, E77/2263 and P77/4397 within the Newington Project. Refer to the ASX Announcement dated 24 September 2019.
(4) 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 granted tenements E28/2884, E31/1187, E39/2102, E39/2126 and P31/2126 and applications E31/1198, E31/1227 and P31/2125. Refer to the ASX announcements dated the 13 March 2020 and 15 April 2020.
(5) An interest in the Company's Southern Hub (Fountain Range) tenure was sold to Carnaby Resources Limited during the prior period. Carnaby acquired an 82.5% interest in the tenements with DiscovEx retaining a 17.5% free carried interest up to a Decision to Mine.
(6) Monument Exploration Pty Ltd is a 100% owned subsidiary of DiscovEx Resources Limited.