

# **DGO Gold Limited**

**ABN 96 124 562 849**

**Annual Report for the financial year ended 30 June 2017**

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## Corporate Directory

<b>Directors:</b>	Mr. E. Eshuys (Executive Chairman) Mr. M. J. Ilett (Director) Mr. R. C. Hutton (Non-Executive Director)
<b>Company secretary and chief financial officer</b>	Mr. M. J. Ilett
<b>Registered office and principal administrative office:</b>	27 General Macarthur Place Redbank Qld 4301  P.O. Box 294 Carole Park Qld 4300 Telephone: + 61 7 3381 5368 Facsimile: + 61 7 3381 5365
<b>Share registry:</b>	Link Market Services Limited Level 15, ANZ Building 324 Queen Street BRISBANE QLD 4000  Postal Address: GPO Box 2537 BRISBANE QLD 4001 Telephone: 1300 554 474 Telephone: + 61 2 8280 7454 (overseas) Facsimile: + 61 2 8280 0303
<b>Auditors:</b>	BDO Audit Pty Ltd Level 10 12 Creek Street BRISBANE QLD 4000 Telephone: + 61 7 3237 5999 Facsimile: + 61 7 3221 9227
<b>Lawyers:</b>	McCullough Robertson Lawyers Level 11, Central Plaza Two 66 Eagle Street BRISBANE QLD 4000 Telephone: + 61 7 3233 8888 Facsimile: + 61 7 3229 9949
<b>Stock exchange listings:</b>	DGO Gold Limited shares are quoted on ASX Limited (ASX Code: DGO).
<b>Website:</b>	<a href="http://www.dgogold.com.au">www.dgogold.com.au</a>
<b>ABN:</b>	96 124 562 849

## Directors' report

The Directors of DGO Gold Limited ("the Company", "DGO") submit herewith the annual report of DGO Gold Limited and its subsidiary Yandan Gold Mines Pty Ltd ("Consolidated Entity" or "Group") for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Information about Directors and the Company Secretary

The names and particulars of the Directors and the Company Secretary of the Company during or since the end of the financial year are:

#### **Mr. Eduard Eshuys BSc, FAusIMM, FAICD** *(Executive Chairman)*

Eduard, aged 72 is a geologist with several decades of exploration experience in Australia. His successes as Joseph Gutnick's exploration director are well known. In the late 1980s and early 1990s he led the teams that discovered the Plutonic, Bronzewing and Jundee gold deposits, and the Cawse Nickel Deposit. He has also had involvement in the Maggie Hays and Mariners nickel discoveries in the 1970's. More recently he was the Managing Director and CEO of St Barbara Limited from July 2004 to March 2009. During this time St Barbara Limited grew substantially as a gold producer.

During the past three years Mr. Eduard Eshuys has also served as director of Apex Minerals NL (Receivers and Managers Appointed)(In Liquidation) from 19 April 2012 to date.

Mr. Eduard Eshuys joined the Company on 15 July 2010 as Executive Chairman with responsibility for the corporate governance, exploration activities, administration, board conduct and leadership. As Chairman he will ensure that the Company maintains a well-balanced, suitably qualified, focused and motivated management team working for the benefit of all shareholders. Mr. Eduard Eshuys is a member of the Remuneration and Nomination Committee.

#### **Mr. Ross C. Hutton B. Eng (Min), MAusIMM** *(Non-Executive Director)*

Ross, aged 69, is a Mining Engineer with over 45 years' experience in the minerals industry ranging from mining to project management in technical and executive management roles. He has worked in corporate and consultative roles managing activities from feasibility studies to operations both in Australia and internationally. He was appointed Non-Executive Director on 5 April 2007. Hutton is the Chairman of the Audit Committee and Remuneration and Nomination Committee.

During the past three years Mr. Ross C. Hutton has also served as Non-Executive Director Kagara Limited (in Liquidation) from 2003 to date, Non-Executive Director Apex Minerals Limited (Receivers and Managers Appointed)(In Liquidation) (in Liquidation) from 19 April 2012 to 3 December 2012 and Non-Executive Director Mungana Goldmines Limited from 17 July 2009 to 24 October 2014.

#### **Mr. Michael J. Ilett BBus(Accy), GradDipAdvAcctg, GradDipCorpGov, MBA, ACIS, CPA, CA** *(Director, Company Secretary and Chief Financial Officer)*

Michael, aged 51, is a Chartered Accountant and a member of Chartered Institute of Company Secretaries in Australia. In 2003, Mr. Michael J. Ilett was awarded the MBA Medallion from the Queensland University of Technology and in 2004 was awarded the J. S. Goffage Prize from Chartered Secretaries Australia Limited. Michael has over 25 years' commercial experience and was the former Company Secretary and Chief Financial Officer for Gold Aura Limited and Union Resources Limited. He has provided a key role in the listing of exploration companies on the ASX, capital raisings, corporate governance, administration and the dual listing of an Australian public company on the Alternative Investment Market (AIM). Michael Ilett was appointed as a Director and a member of the Remuneration and Nomination Committee and Audit Committees on 20 July 2015.

### Principal activities

The Consolidated Entity's principal activities in the course of the financial year were to consider a number of opportunities to acquire or joint venture exploration tenements with particular emphasis on gold, copper and zinc exploration.

The Group made tenement applications for gold located in Sediment Hosted Gold Deposits (SHGD) based on research undertaken by the Company with CODES at the University of Tasmania. The research has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

### Operating Results

The net loss from operations of the Consolidated Entity for the year ended 30 June 2017 was \$201,964 (2016: net loss \$871,690).

## Review of operations

The Group is maintaining its focus on exploration for sediment hosted gold deposits (SHGD) in Australia incorporating research from CODES and other leading consultants to refine its exploration strategy. The strategy is using SHGD analogues of world class gold deposits and the peak ages of gold deposition to target Australian sedimentary basins, supported by the research conducted over the past decade at CODES at the University of Tasmania, which has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

Research in conjunction with CODES has also lead to the development of a sediment hosted copper-cobalt exploration strategy focused on the Stuart Shelf and Adelaide Fold Belt in South Australia based on CODES copper-cobalt mineralisation model developed in the Central African (Zambia – DRC) Copper Belt (CACB).

DGO now holds tenure covering a total of 7,044km<sup>2</sup> (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. Further details of the tenement holdings are contained in table 1 in unaudited additional information.

## Sediment Hosted Gold in the Black Flag Group of the Eastern Goldfields, WA

DGO has established four areas of tenure in the Black Flag Group in the Eastern Goldfields of Western Australia, Ora Banda, Black Flag, Mt Edwards and Lake Randall JV (see Figure 1), in areas where Black Flag Group (BFG) sediments are largely covered by overburden or transported younger sediments and consequently remain to be effectively explored. The discovery of Invincible by Gold Fields Australia in 2012 on the edge of Lake Lefroy at Kambalda, St Ives and Baloo by Sirius Resources NL in 2016 has confirmed the prospectivity of the BFG sediments.

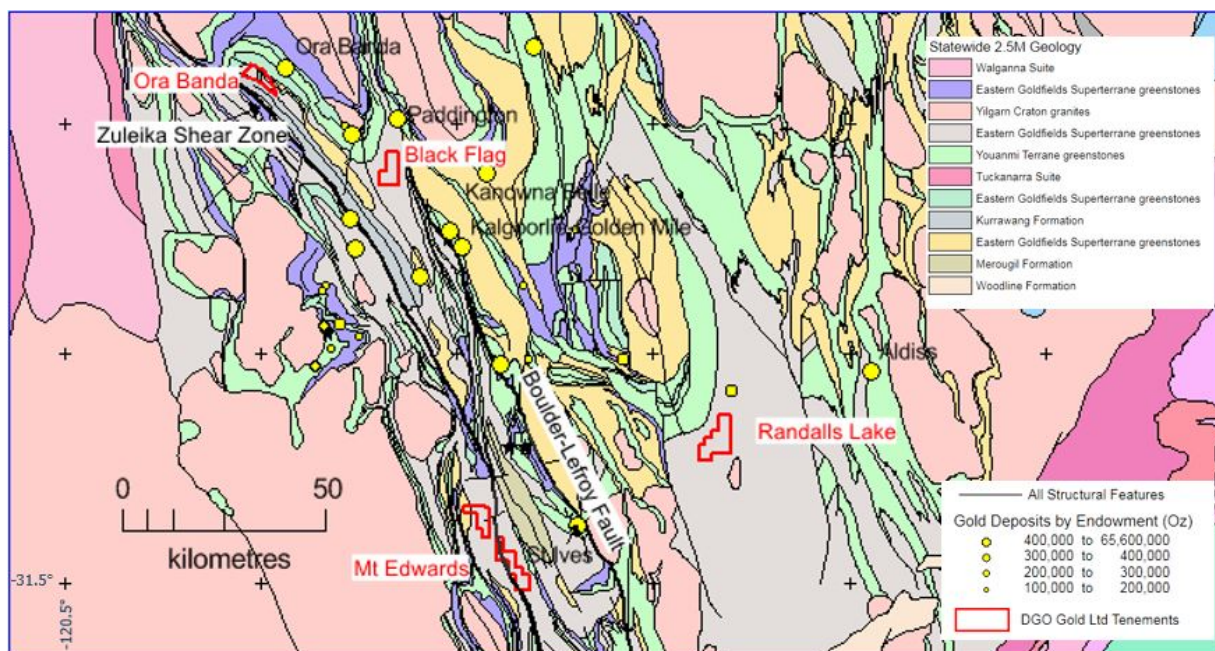


Figure 1: Eastern Goldfields Projects Geological Setting

## Ora Banda

Review of geophysical and past exploration data over the Ora Banda tenements has identified a drill target associated with a sequence of the Orinda Sill within Black Flag Group sediments that has been faulted by the interpreted west south-west extension of the Slippery Gimlet / Ora Banda Fault that produced high density, high grade shoots at the Enterprise Deposit (1.22Moz) within the Mt Pleasant Sill to the north east.

Limited previous wide spaced vertical aircore / RAB drilling (on 320m by 160m and 160m by 80m spacing) through shallow surficial recent sediments in the north west of the holdings returned a better intersection of 12m at 41.2g/t from 48m (to EOH) to the north west of the identified target area (see Figure 2).

Closer spaced RC drilling in the vicinity of this intersection, consisting of 9 holes on an 80m by 80m spacing drilled to 150m depth at 60° to the south, returned a peak intersection of 1m at 0.42g/t from 72m in strongly weathered dolerite. The aircore drilling, which generally ranged from 50m to 70m deep, also returned a number of anomalous intersections within the area of the identified target, including 4m at 1.1g/t from 36m and 4m at 0.5g/t from 36m.

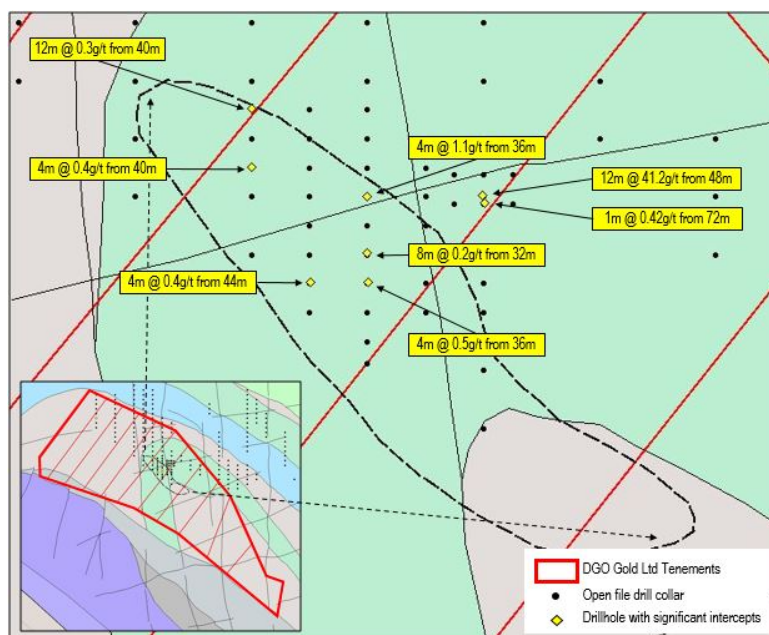


Figure 2: Ora Banda Previous Exploration Data over Geology

Northern Star Limited's (ASX: NST) Paradigm discovery, which has returned recent drill results of 10m at 54.3g/t from 165m and 15m at 15.2g/t from 72m (see NST ASX announcement dated 14 November 2016: "More strong drilling results extend high grade Paradigm discovery to 1km long"), is located approximately 15km to the south of the Ora Banda tenements.

### Black Flag

Past exploration over the Black Flag tenements, located 30 kilometers north west of Kalgoorlie, consisted of broad spaced lines of predominantly shallow aircore drilling, identifying an anomalous gold zone that extends for over 3.0km of strike. Drilling by DGO in December 2016 to test a section of this target zone consisted of three RC holes (BFRC0001 - BFRC0003 for a total of 438m) which returned two broad shallow interesting gold zones, being 40m at 0.2g/t from 20m in BFRC0001 and 52m at 0.2g/t from 60m in BFRC0002 (see Figure 3).

The Black Flag tenements are dominated by the felsic-intermediate and sedimentary White Flag Formation to the west and the sediments of the Talbot Formation to the east, divided by the north northwest trending Abattoir Shear Zone.

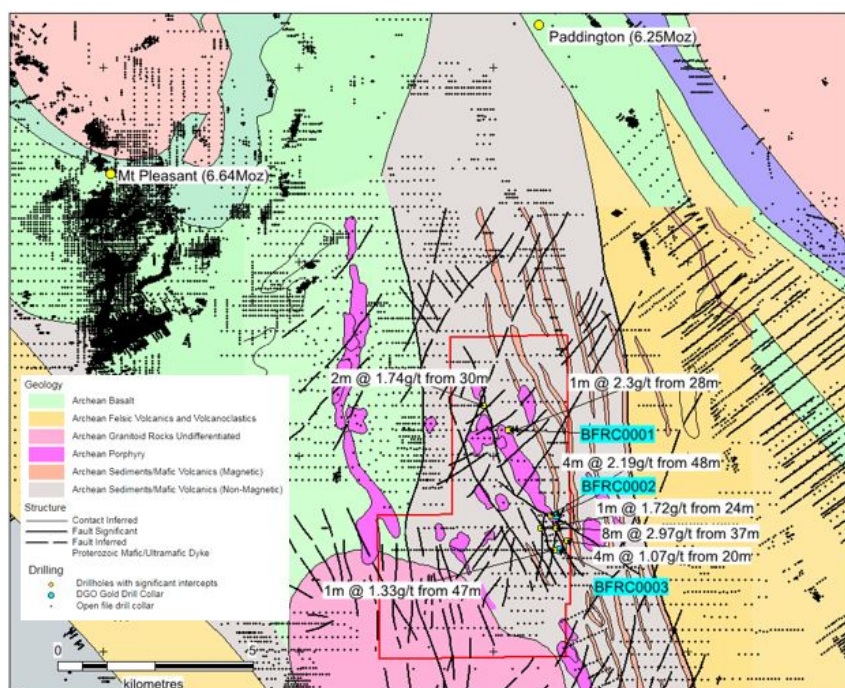


Figure 3 – Black Flag Geological Interpretation, Regional Setting with all Previous Drilling



An updated review and interpretation of geophysical data incorporating the data from DGO's three RC holes has identified several high priority target areas based on cross cutting structures proximal to quartz feldspar porphyries and adjacent to anomalous gold mineralisation from historic shallow drilling (see Figure 4).

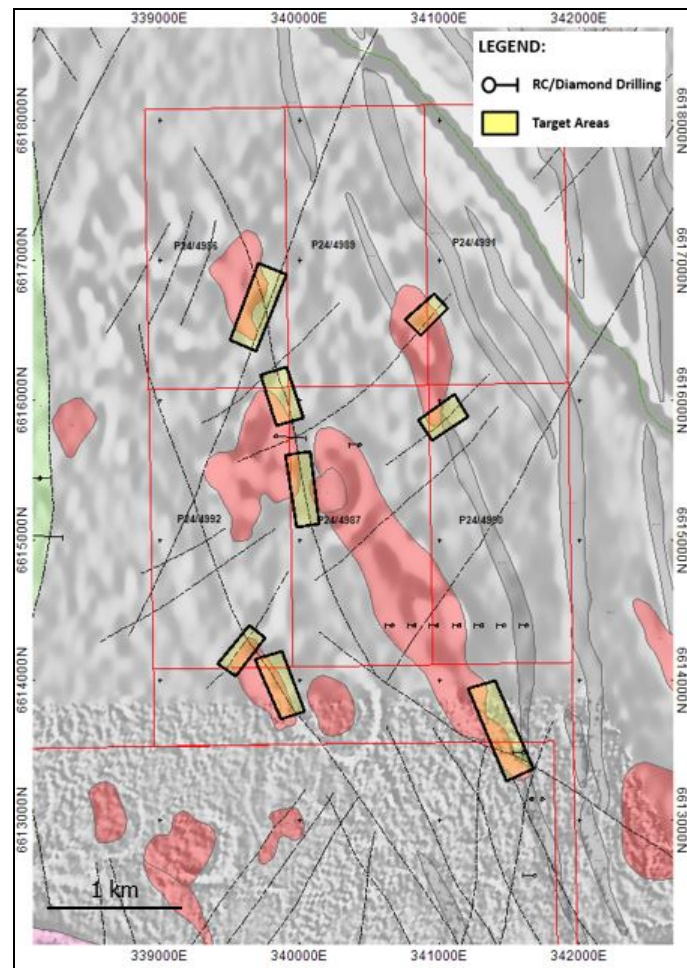


Figure 4: Black Flag Tenements with Identified High Priority Targets showing Previous RC and Diamond Drilling

#### **Sediment Hosted Gold and Copper-Cobalt, Yerrida Basin, WA**

DGO's exploration licence holdings in the Yerrida Basin, located about 100 km north of Meekatharra in Western Australia, cover an area of 1,655km<sup>2</sup> divided into the Johnson Cairn Target and the Maralooou Target (see Figure 5). The Yerrida Basin is prospective for sediment hosted gold and base metal (Cu, Co, Zn, Ni) mineralization (Juderina, Johnson Cairn and Maralooou Formations) based on the long term research by CODES at the University of Tasmania.

The base of the Maralooou Formation has been identified as a high priority target due to its stratigraphic and lithological similarity to the host sequence of the high grade copper mineralisation at the Monty and Degruusa deposits. Past exploration activity has also identified base metal occurrences, including Cu, Pb, Zn, Co, Ni, plus precious metal occurrences within the Maralooou Formation.

Areas adjacent to the Goodin Inlier have also been identified as prospective for sediment hosted (Central African Copper Belt style) copper – cobalt mineralisation based on the mineralisation model developed by CODES.

#### **Goodin West**

An exploration licence application has been lodged at Goodin West (see Figures 5 and 6) based on the areas prospectivity for sediment hosted (Central African Copper Belt style) copper – cobalt mineralisation. The application area covers Johnson Cairn and Juderina Formation sediments in contact with the western margin of the Goodin Inlier, with the contact offset by a series of west-northwest – east-southeast trending faults. Review of regional geophysical datasets has identified two potential basement highs beneath the sedimentary basin within the area of the application. Alluvial gold and gold nuggets have been recovered from areas adjacent to the Goodin West tenement application.

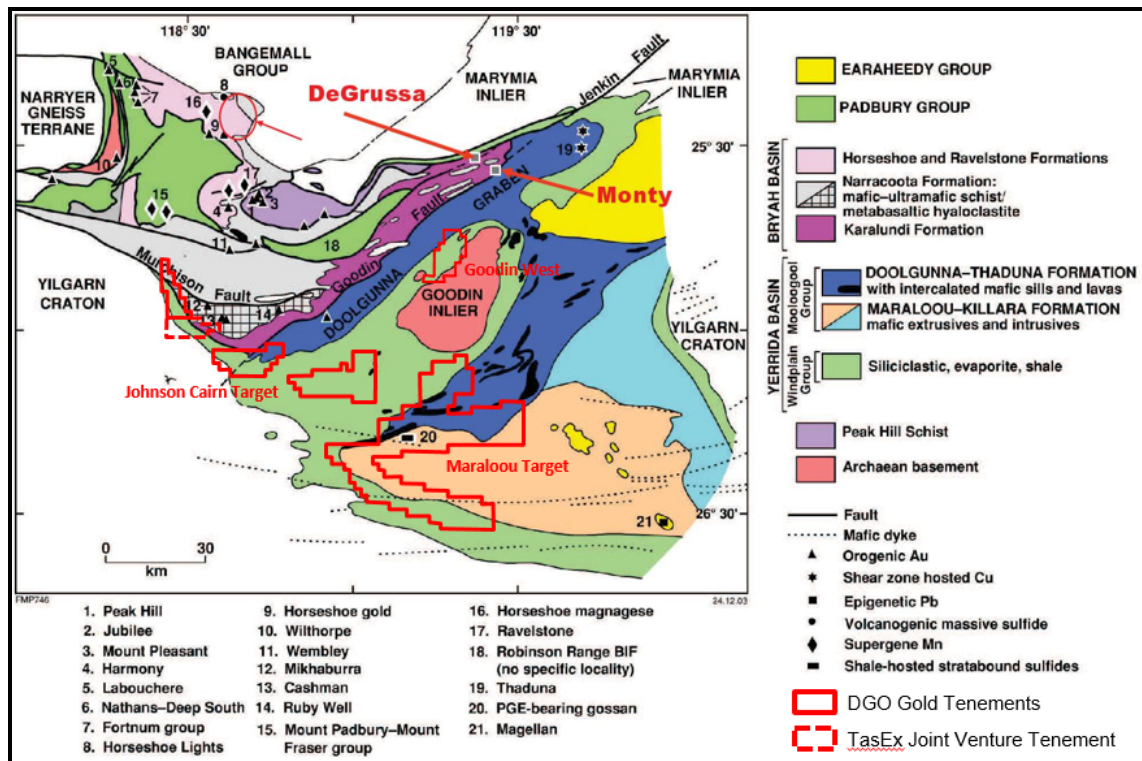


Figure 5: Yerrida / Bryah Basin Geology with DGO's Holdings

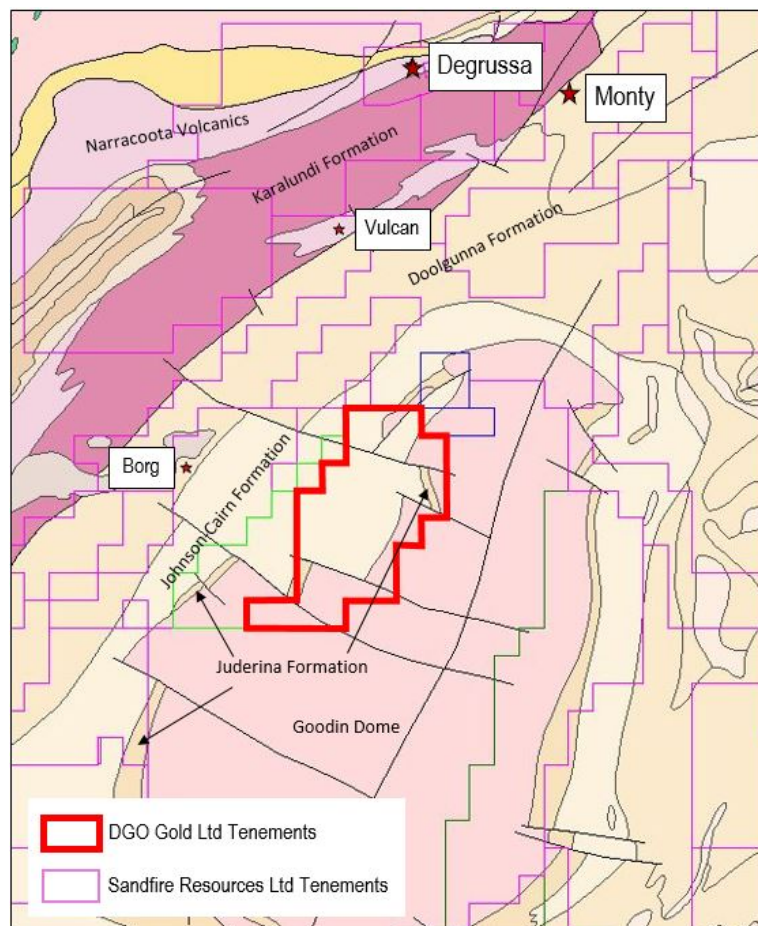


Figure 6: Goodin West Geological Setting



## Maralooou Target

Analysis, processing and interpretation of geological and geophysical data over the Maralooou Target tenements has identified an interpreted cobalt prospective horizon in the south east and north east portions of DGO's holdings (see Figure 7). This interpretation incorporated exploration data from the past +30 years, including regional surface sampling (stream sediment, soil and rock chip) by RGC Exploration Pty Ltd (RGC) in the 1990's, a series of wide spaced stratigraphic drill holes carried out by Australian Consolidated Mines Ltd (ACM) over a +45km strike to the east of DGO's south eastern exploration licence (E51/1753) during the early 1980's and a single stratigraphic diamond drill hole, drilled to a depth of 503m, by CRA Exploration (CRA) in 1985 in the eastern portion of E51/1752.

RGC's exploration returned anomalous copper and cobalt from rock chip sampling in areas adjacent to DGO's south eastern (E51/1753) and eastern (E51/1750) tenements including 0.3% Cu and 0.64% Co from Diamond Well 9 and 0.19% Co at Diamond Well 6, confirming the presence of cobalt mineralisation within the Maralooou Formation adjacent to the lower contact with the Juderina Formation.

Recent drill testing by Riva Resources Limited (ASX: RIR) to the east of DGO's holdings, designed to follow up the historic ACM drilling, identified the Bubble Well Member, which Riva described "as extensively brecciated, altered, replaced and mineralised" and is potentially a prospective horizon for gold and copper-cobalt mineralisation. The single diamond hole drilled by CRA within E51/1752 tested a gravity anomaly and intersected volcanics, which included basalt with minor shale interbeds, associated with the Narracoota/Killara Formation, which hosts the Degrussa and Monty high grade copper deposits to the north.

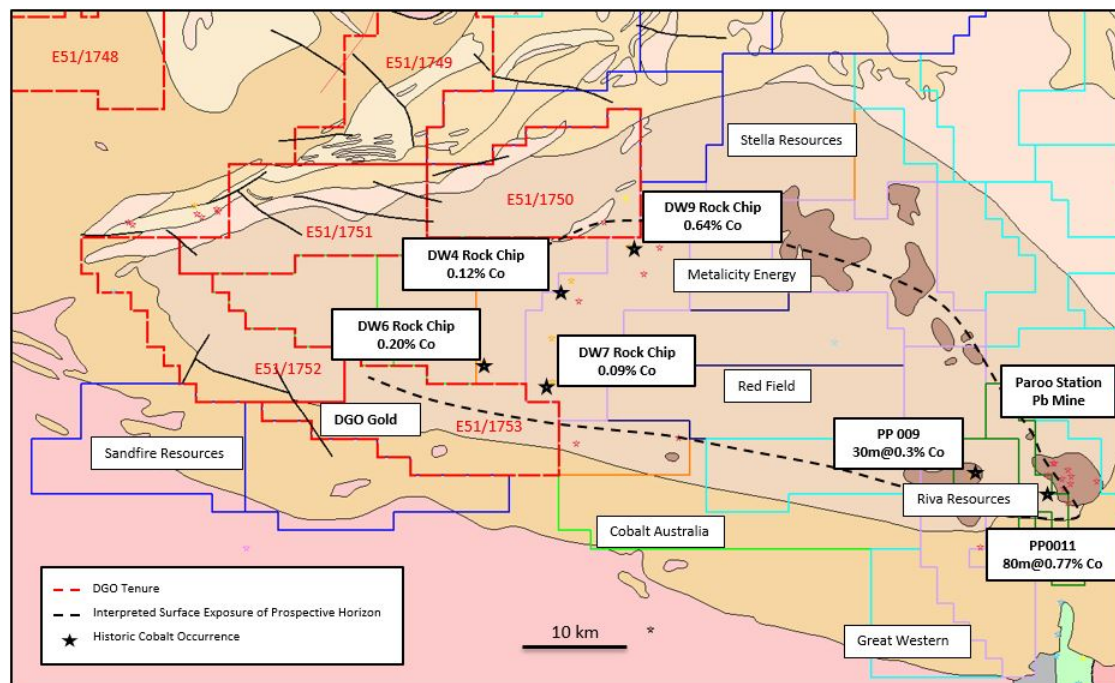


Figure 7: Yerrida Basin Maralooou Formation with Interpreted Cobalt Prospective Horizon

An updated geophysical / geological interpretation of the Maralooou Target area completed towards the end of the period incorporating all historic exploration and recent adjacent exploration activity completed has identified:

- a series of sediment hosted copper-cobalt targets associated with the basal contact of the Maralooou Formation with the Juderina Formation (or equivalent) and the interpreted presence of the Bubble Well Member (green polygons) (see Figure 8), and
- updated the previously identified VHMS targets associated with mafic lithologies of the Narracoota / Killara Formations at or adjacent to the basal contact of the Maralooou Formation (yellow polygons).

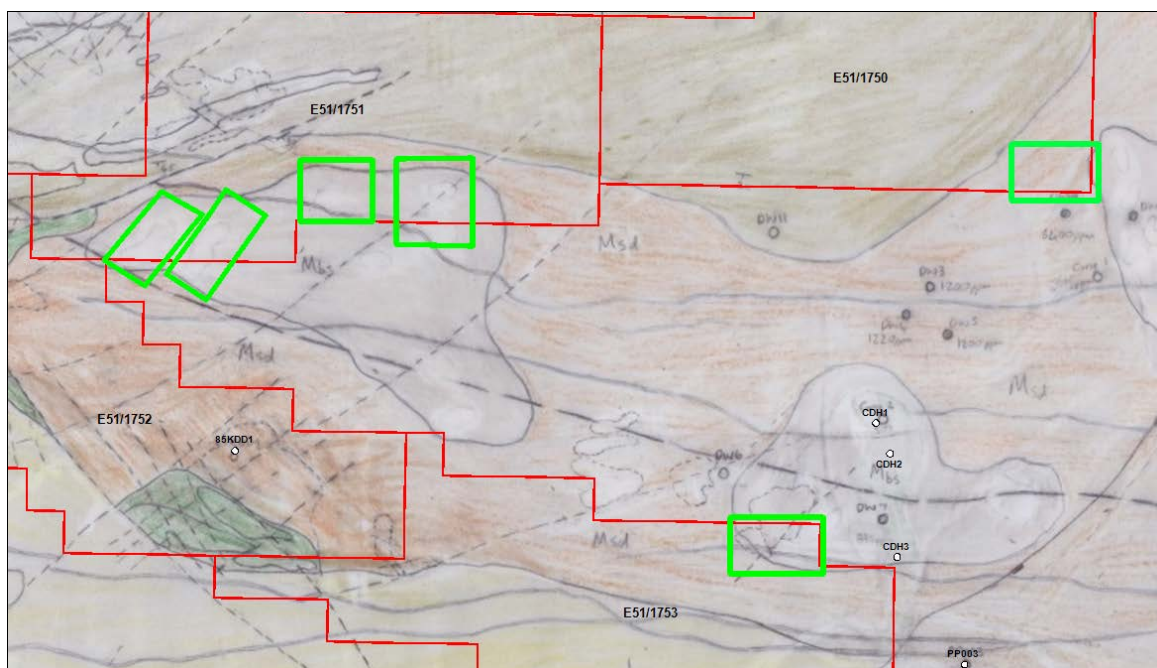


Figure 8: Maraloou Target Tenements with Identified Sedex Cu-Co Target Zones

#### **Sediment Hosted Copper-Cobalt, Stuart Shelf and Adelaide Fold Belt, SA**

DGO has lodged applications for five (5) exploration licences in South Australia over areas considered prospective for sediment hosted (Central African Copper Belt style) copper – cobalt mineralisation covering a combined area of 3,622 km<sup>2</sup>. The applications are divided into the Stuart Shelf tenements (Bookaloo North and Bookaloo South) and the Adelaide Fold belt tenements (Blinman, Carrieton and Wirrabara). Research by CODES at the University of Tasmania, including the identification of the prospective Tapley Hill Formation (shale), assisted DGO in identifying areas prospective for copper – cobalt mineralisation under recent sedimentary cover. The Tapley Hill Formation is an organic rich black shale which typically overlies sandstones / clastic sediments above the basement, a setting which correlates very well with the copper-cobalt mineralisation model developed in the Central African (Zambia – DRC) Copper Belt (CACB) by CODES.

The Bookaloo North and Bookaloo South exploration licence applications on the Stuart Shelf are located 30km south west and 45km south respectively of the Mt Gunson copper – cobalt mine. The Mt Gunson copper – cobalt mine, located about 135km north of Port Augusta, is a historic mining centre with production of approximately 145,000 tonnes of copper and a current JORC 2012 compliant resource of 20.8Mt at 1.0% Cu and 0.05% Co (see Torrens Mining Limited website <http://torrensmine.com.au>). This resource is within two deposits, MG14 and Windabout, hosted within the Tapley Hill Formation dolomitic black shale which unconformably overlies the Pandurra Formation “Redbed” clastic sediments (“basement high”). The Mt Gunson deposits are situated at the northern margin of a north east trending graben filled with basalts of the Gawler Range Volcanics (GRV).

Both applications contain Tapley Hill Formation sediments in contact with the Pandurra Formation and north east trending magnetic lineaments, whilst copper prospects and occurrences have been identified to the east of the Bookaloo North application. Review of previous drilling within and adjacent to the Bookaloo North application has identified a redox boundary, seen as crucial ground preparation for the footwall sandstone hosted ores that are important elements of Central African Copper Belt type systems, proximal to the contact between the Tapley Hill Formation and the Pandurra Formation. The historical drilling indicates that this contact zone is likely to be at explorable depths of <200m throughout the application area.

At Bookaloo South two prospective areas have been identified where the upper contact of the Pandurra Formation and/or the basal contact of the Tapley Hill Formation are present under cover adjacent to cross cutting north east magnetic lineaments similar to those at Mt Gunson. Review of historical RC holes in these areas have confirmed the presence of this stratigraphic position at depths of <100m.

A detailed compilation and review of geochemistry from the drilling completed within the Bookaloo North and Bookaloo South tenement applications is to be completed as the next phase of evaluation work. This will be particularly constructive in the prospective areas at Bookaloo South where historical drilling has been completed in areas of shallow basement proximal to the north east trending magnetic lineaments.

## **Changes in state of affairs**

During the financial year, the Company and Yandan Gold Mines Pty Ltd received a total of \$503,511 (before fee) in tax refunds relating to the 2015 and 2016 research and development activities. Out of this amount, a total of \$260,429 relating to 2015 financial year has been recognised as other income in the 2017 year. This amount was included as receivable as at 30 June 2016.

The \$243,082 research and development tax offset relating to 2016 financial year was treated as deductible offset against the carrying value of exploration and evaluation assets amounting to \$68,127 and the remaining balance of \$174,955 as other income for the year ended 30 June 2017.

On 2 February 2017 the Company announced that it had entered in to a joint venture with a private consortium, Romardo Gold (WA) Pty Ltd over the Lake Randall area in the Eastern Goldfields of Western Australia. Lake Randall consists of an exploration licence application ELA15/1573, covering an area of 53km<sup>2</sup>, located about 10km south south west of the Randalls Gold Mine and 80km south east of Kalgoorlie.

DGO elected to proceed with the TasEx Joint Venture over E51/1590, having met the Minimum Expenditure requirement by the first anniversary date, and is in the process of issuing fully ordinary DGO shares, subject to execution of a 12 month voluntary escrow agreement, as consideration for reimbursement of TasEx's previous exploration expenditure (being \$48,767).

On 22 June 2017 the Company issued 2,898,666 fully paid ordinary shares at an issue price of \$0.25 (25 cents) and 2,898,666 free attaching options exercisable at \$0.40 on or before 30 June 2020 pursuant to the non-renounceable entitlement offer.

On 26 June 2017, the Company completed a placement of a total of 869,593 fully paid ordinary shares at an issue price of \$0.25 (25 cents) per share and 869,593 free attaching options exercisable at \$0.40 on or before 30 June 2020 to Ginga Pty Ltd in its capacity as trustee for the Thomas G Klinger Family Trust.

At the date of this report there are 9,565,527 fully paid ordinary shares 3,768,259 options exercisable at \$0.40 on or before 30 June 2020 on issue

Other than above there was no significant change in the state of the affairs of the consolidated entity during the financial year.

## **Subsequent Events**

On 1 August 2017, the Company issued a Notice of General Meeting seeking shareholder approval for the placement of 698,162 fully paid ordinary shares at an issue price of 25 cents per share and 698,162 free attaching options exercisable at 40 cents per share on or before 30 June 2020 to various shareholders pursuant capital raising agreements contained within non-renounceable entitlement offer announced on the ASX on 29 May 2017.

## **Health and Safety Policy**

The Company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

## **Environmental regulations**

The Company is subject to the particular and significant environmental regulation under the law of the Commonwealth or of a state or Territory relating to the tenements that are granted. So far as the Directors are aware, there have been no material breaches of the Group's licenses and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

## **Dividends**

No dividends have been paid or proposed since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

## **Shares under option or issued on exercise of options**

At the date of this report, a total of 3,768,259 options exercisable at \$0.40 on or before 30 June 2020 (DGOAI) are on issue.

## Indemnification of Directors, Officers and Auditors

During the financial year, the Company paid a premium in respect of Directors' and Officers' Insurance insuring the Directors and Officers of the Company against a liability incurred as a Director and Officer to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an Officer or auditor of the Company or of any related body corporate against a liability incurred by such an Officer or auditor.

## Directors' meetings

The following table sets out the number of Board of Directors' Meetings (including Directors' approvals requiring circulating resolutions), Remuneration & Nomination Committee Meetings and Audit Committee Meetings held during the financial year and attendance at such meeting by each Director and member of the committee.

Directors	Board of Directors		Remuneration & Nomination Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr. E. Eshuys	11	11	1	1	-	-
Mr. R. C. Hutton	11	11	1	1	2	2
Mr. M. J. Ilett	11	11	1	1	2	2

(i) Mr. E. Eshuys is not a member of the Audit Committee.

## Directors' security holdings

The following table sets out each Director's direct and indirect interest and relevant interest in fully paid ordinary shares in the Company as at the date of this report:

Directors	Fully paid ordinary shares Number (i)	Mt Coolon Mines Trust holding (ii)	Total shares held (beneficial interest)	Relevant Interest
Mr. E. Eshuys	1,231,757	-	1,231,757	1,231,757
Mr. R. C. Hutton (i)	489,673	69,753	559,426	559,426
Mr. M. J. Ilett	49,271	-	49,271	49,271

(i) Fully ordinary shares held excluding those held in the Mt Coolon Gold Mines Trust (MCGMT)

(ii) The MCGMT holds 69,753 fully paid ordinary shares in the Company. Mr. R. C. Hutton holds a beneficial interest of approximately of 30% in the MCGMT and a relevant interest in all the shares in MCGMT.

The following table sets out each Director's direct and indirect interest and relevant interest in options in the Company as at the date of this report:

Directors	Options
Mr. E. Eshuys (i)	351,244
Mr. R. C. Hutton (i)	40,000
Mr. M. J. Ilett (i)	16,424

(i) The options are exercisable at \$0.40 cents exercisable on or before 30 June 2020 and were issued pursuant to the Entitlement Offer on 22 June 2017.

## Remuneration report

The Remuneration Report, which forms part of the Directors' Report, sets out the information about the remuneration of the Group's key management personnel and relevant Group executives for the financial year ended 30 June 2017. The term key management personnel relate to those persons having the authority and responsibility for planning, directing and controlling the activities of the consolidated entity directly or indirectly including any director (whether executive or



otherwise) of the consolidated entity. The prescribed details for each person covered by this remuneration report are detailed below under the following headings: -

- A. Key management personnel and relevant group executives' details
- B. Remuneration policy for key management personnel
- C. Relationship between remuneration policy and company performance
- D. Remuneration of the key management personnel and relevant group executives
- E. Key terms of employment contracts

#### **A. Key management and relevant group executives' details**

The following persons acted as directors of the Company during or since the end of the financial year:

- Mr. E. Eshuys (Executive Chairman) appointed on 15 July 2010;
- Mr. R. C. Hutton (Non-Executive Director) appointed on 5 April 2007;
- Mr. M. J. Ilett (Executive Director, Company Secretary and Chief Financial Officer) who was appointed on 5 April 2007 and was appointed as an Executive Director on 20 July 2015.

Mr. R. C. Hutton who retires by rotation will be eligible to be re-elected as a Director at the next Annual General Meeting.

#### **B. Remuneration policy for key management personnel**

The Board of Directors is responsible for determining and reviewing compensation arrangements for key management personnel. The Remuneration and Nomination Committee makes recommendations to the Board on performance and remuneration of the key management personnel.

##### **Executive Remuneration**

Contracts for services for the executive members of the key management personnel are reviewed on a regular basis to ensure that they properly reflect the duties and responsibilities of the individuals concerned. The executive remuneration is based on a number of factors including length of service, relevant market conditions, knowledge and industry experience, organisational experience, performance of the Company and competitive factors within the industry. There is no guaranteed pay increases included in senior executives' contracts. The executives are not entitled to any retirement benefits other than those provided for under the key terms of the employment contracts as outlined below.

The Company has formulated a set of criteria for the performance review of the key executives. During the financial year, the Remuneration and Nomination Committee held a performance review for the Chairman, Non-Executive Directors and senior executives and recommendations were made to and adopted by the Board. The senior executives consisting of Mr. E. Eshuys and Mr. M. J. Ilett have the opportunity to participate in executive decision making and make regular reports to the Board. The senior executives have an understanding of the Company's financial position, strategies, operations and risk management policies and an undertaking of their respective rights, duties, responsibilities, and the roles of board and senior executives.

##### **Directors**

The Directors' Fees are reviewed on a regular basis against industry benchmarks. The Directors received no equity-based payments during the year. Other than compulsory payments made under the superannuation guarantee legislation there have been no retirement benefits provided to the Directors.

#### **C. Relationship between remuneration policy and company performance**

The performance of the Company is considered in setting remuneration policy. DGO Gold Limited's performance in the exploration industry will be dependent upon the Company meeting the following corporate objectives:-

- conducting exploration that discovers major gold and base metal deposits;
- seeking long term cash flow and profitability through the development of its tenements; and
- actively pursuing acquisition opportunities in the Drummond Basin and elsewhere.

The table below sets out summary information about the Consolidated Entity's earning and movements in shareholders wealth for the five years to 30 June 2017:

Description	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Interest revenue and other income	178,854	261,995	3,299	4,346	358,973
Loss for the year from continuing operations	(201,964)	(871,690)	(741,521)	(346,363)	
Loss for the year from discontinued operations	-	-	(235,785)	(4,286,147)	
Net loss before tax	(201,964)	(871,690)	(977,306)	(4,636,316)	(5,581,860)
Net (loss)/profit after tax	(201,964)	(871,690)	(977,306)	(4,632,510)	(5,103,895)
Share price at start of year (i)	20 cents	20 cents	20 cents	30 cents	80 cents
Share price at end of year (i)	23.5 cents	20 cents	20 cents	20 cents	30 cents
Share-based payments	-	-	-	100,000	-
Return of capital	-	-	-	-	-
Basic profit/(loss) per share (i)	(3 cents)	(15 cents)	(20 cents)	(122 cents)	(217 cents)
Diluted profit/(loss) per share (i)	(3 cents)	(15 cents)	(20 cents)	(122 cents)	(217 cents)

- (i) The calculation of the basic loss per share and share price has been made on the basis of the 100:1 share consolidation that was approved by shareholders on 17 September 2015 applied to all the financial years in the comparison table.

#### D. Remuneration of key management personnel

The following table provides information about the remuneration of the Consolidated Entity's key management personnel during the 30 June 2017 year:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation			
2017	\$	\$	\$	\$	\$	\$	\$	\$
<b>Executive chairman</b>								
Mr. E. Eshuys	100,000	-	-	-	9,500	-	-	109,500
<b>Non-executive directors</b>								
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	-	49,275
<b>Executive director and Company Secretary</b>								
Mr. M. J. Ilett (ii)	45,000	-	-	85,050	4,275	-	-	134,325
<b>Total</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>85,050</b>	<b>18,050</b>	<b>-</b>	<b>-</b>	<b>293,100</b>

- (i) Short-term employee benefits includes \$85,050 representing consulting fees (net of Goods and Services Tax) paid to Kaus Australis Pty Ltd a related party of Mr. M. J. Ilett.

The following table provides information about the remuneration of the Consolidated Entity's directors and senior management during the 30 June 2016 year:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation			
2016	\$	\$	\$	\$	\$	\$	\$	\$
<b>Executive chairman</b>								
Mr. E. Eshuys	100,000	-	-	-	9,500	-	-	109,500
<b>Non-executive directors</b>								
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	-	49,275
Mr. B. K. Mutton (i)	2,250	-	-	-	214	-	-	2,464
<b>Executive director and Company Secretary</b>								
Mr. M. J. Ilett (ii), (iii)	43,125	-	-	80,088	4,097	-	-	127,310
<b>Total</b>	<b>190,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,086</b>	<b>-</b>	<b>-</b>	<b>288,549</b>

- (i) Mr. B. K. Mutton resigned as a non-executive director on 20 July 2015.  
(ii) Mr. M. J. Ilett was appointed a director on 20 July 2015.  
(iii) Short-term employee benefits includes \$80,088 representing consulting fees (net of Goods and Services Tax) paid to Kaus Australis Pty Ltd a related party of Mr. M. J. Ilett.

There were no bonuses or share based payments granted a compensation for the current or prior financial year.

## Key management personnel equity holdings

Fully paid ordinary shares of DGO Gold Limited held directly or indirectly at end of financial year:

	Balance at beginning of year	Result of 100:1 consolidation	Granted as compensation	Received on exercise of options	Net other change	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.	No.
<b>2017</b>								
Mr. E. Eshuys (i), (ii)	863,284	-	-	-	368,473	1,231,757	1,231,757	-
Mr. R. C. Hutton (i)	470,599	-	-	-	40,000	510,599	559,426	-
Mr. M. J. Ilett (i)	32,847	-	-	-	16,424	49,271	49,271	-
<b>2016</b>								
Mr. E. Eshuys (iii), (iv)	66,327,322	663,284	-	-	200,000	863,284	863,284	-
Mr. R. C. Hutton (iii), (iv)	33,565,339	335,599	-	-	135,000	470,599	519,426	-
Mr. M. J. Ilett (iv)	1,284,627	12,847	-	-	20,000	32,847	32,847	-

- (i) The Directors participated in the Entitlements Issue which resulted in the issue of 351,244 fully paid ordinary shares at an issue price of \$0.25 per share to related parties of Mr. E. Eshuys, 40,000 fully paid ordinary shares to a related party of Mr. R. C. Hutton and 16,424 ordinary shares to related parties of Mr. M. J. Ilett
- (ii) A related party of Mr. E. Eshuys acquired 17,229 fully paid shares on market.
- (iii) On 14 October 2015 the Company made a placement of 140,000 fully paid ordinary shares (on a post consolidation basis) at an issue price of \$0.30 per share to Resource Surveys Pty, a related party of Mr. E. Eshuys and 75,000 fully paid ordinary shares (on a post consolidation basis) at an issue price of \$0.30 per share to Sheratan Pty Ltd, a related party of Mr. R. C. Hutton.
- (iv) On 13 November 2015 the Company issued a total of 60,000 fully paid ordinary shares at an issue price of \$0.25 per share to Resource Surveys Pty, a related party of Mr. E. Eshuys, 60,000 fully paid ordinary shares (on a post consolidation basis) at an issue price of \$0.25 per share to Sheratan Pty Ltd, a related party of Mr. R. C. Hutton and 20,000 fully paid ordinary shares (on a post consolidation basis) at an issue price of \$0.25 per share to Rincewind Pty Ltd, a related party of Mr. Michael Ilett as part of a share purchase plan.
- (v) The balance of Mr. R. Hutton holds a 30 per cent beneficial interest in the MCGMT being 20,926 fully paid ordinary shares. The relevant interest for Mr. R. C. Hutton includes the total of 69,753 shares held indirectly through the MCGMT.

Unlisted options of DGO Gold Limited held directly or indirectly at end of financial year:

	Balance at beginning of year	Granted as compensation	Net other change	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.
<b>2017</b>						
Mr. E. Eshuys (i)	-	-	351,244	351,244	351,244	-
Mr. R. C. Hutton (i)	-	-	40,000	40,000	40,000	-
Mr. M. J. Ilett (i)	-	-	16,424	16,424	16,424	-

- (i) The Directors participated in the Entitlements Issue which resulted in the issue of 351,244 free attaching options to related parties of Mr. E. Eshuys, 40,000 free attaching options to a related party of Mr. R. C. Hutton and 16,424 free attaching options to related parties of Mr. M. J. Ilett. The options are exercisable at \$0.40 cents exercisable on or before 30 June 2020.

## E. Key terms of employment contracts

### Contracts for services of key management personnel

Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature.

#### Mr. E. Eshuys

The Company has entered into an agreement with Mr. E. Eshuys pursuant to which Mr. E. Eshuys has agreed to act in the capacity as an Executive Chairman and provided geological services to the Company. The key terms of the agreement are as follows:-

- Annual Fee of \$100,000 per annum plus superannuation obligations under the superannuation guarantee.
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent.
- Entitled to any accrued long service leave on retirement or termination.
- Termination due to resignation: Mr. E. Eshuys is required to provide one (1) months' notice and be paid the equivalent of one (1) month's fees for the provision of geological services together with accrued long service leave;
- Termination due to company notice: The Company is required to provide three (3) months' notice and make a payment equivalent of three (3) month's fee for the provision of geological services in lieu of notice together with accrued long service leave; and
- Termination due to change in control: In the event that a party acquires more than 50% of the Company and Mr. E. Eshuys is terminated, he shall be entitled total remuneration payable in respect of the equivalent of one (1) month's fees for the provision of geological services together with any accrued long service leave.

### **Mr. R. C. Hutton**

The Company has entered into an agreement with Mr. R. C. Hutton pursuant to which Mr. R. C. Hutton has agreed to act in the capacity as a Non-Executive Director of the Company. The key terms of the agreement are as follows:-

- Annual Director's Fees: \$45,000 per annum plus superannuation obligations under the superannuation guarantee payable on a monthly basis for the provision of services as a Non-Executive Director.
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent;
- Consulting Fees: \$175 per hour (exclusive of GST) for each hour worked and invoiced on projects approved by the Board, other than for work that forms part of his Director's duty, to a maximum amount of \$5,000 per month (excluding GST) unless otherwise agreed by the Company;
- Termination due to resignation: Mr. R. C. Hutton is required to provide one (1) months' notice and be paid one (1) month's Director's Fees during this notice period;
- Termination due to company notice: The Company is required to provide three (3) months' notice and make a payment of four (4) month's Director's Fees in lieu of notice; and
- Termination due to change in control: In the event that a party acquires more than 50% of the Company and Mr. R. C. Hutton is terminated, he shall be entitled total remuneration payable in respect of four (4) months' Directors' fees.

### **Mr. M. J. Ilett**

The Company has entered into an agreement with Kaus Australis Pty Ltd dated 1 July 2010 pursuant to which Mr. M. J. Ilett has agreed to provide certain consultancy services to the Company and be appointed as the Company Secretary. The key terms of the agreement are as follows:-

- Annual Director's Fees: \$45,000 per annum plus superannuation obligations under the superannuation guarantee payable on a monthly basis for the provision of services as a Director.
- Consulting fee for Chief Financial Officer and Company Secretarial services charged at rate of \$175 per hour (exclusive of GST) invoices through Kaus Australis Pty Ltd;
- Outgoings: Provision to reimburse Kaus Australis Pty Ltd for all reasonable and necessary expenses incurred by it or Mr. M. J. Ilett in the performance of the services under the agreement;
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent;
- No annual leave or long service leave accrued;
- Termination due to Company notice: The Company is required to provide three (3) months' notice and make a payment equal to the invoices for services provided in the preceding three (3) months prior to the date of the company notice event; and
- Termination due to change in control: In the event that a party acquires more than 50% of the Company and the services of Kaus Australis Pty Ltd is terminated, Kaus Australis Pty Ltd shall be entitled total remuneration payable in respect of three (3) months' invoice equal to the invoices for services provided in the preceding three (3) months prior to the date of the change in control event.

### **F. Other transactions and other balances with key management personnel and their related parties.**

During the financial year a total of \$85,050 (net of GST) was paid to Kaus Australis Pty Ltd a related party of Mr. Michael Ilett for CFO and Company Secretarial Services.

Exploration Drill Rigs Pty Ltd, a company related to Mr. Michael Ilett and Mr. Ross Hutton, provides the DGO Gold Ltd with a registered office, outgoings, telephone, electricity and receptionist services for a total of \$19,637 per annum excluding goods and services tax.

End of audited remuneration report

### **Non-audit services**

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.



### Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the Annual Report.

The directors' report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

### Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes 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.

### Shares under options

Unissued options of shares of Company under option at the date of the report are outlined in the following table:

Date options granted	Balance at beginning of year	No of options issued	Expiry date	Exercise price per share	Balance at end of the year
	No.	No.		\$	No.
22 June 2017	-	2,898,666	30 June 2020	\$0.40	2,898,666
26 June 2017	-	869,593	30 June 2020	\$0.40	869,593
<b>Total</b>	-	<b>3,768,259</b>		<b>\$0.40</b>	<b>3,768,259</b>

On behalf of the Directors



Eduard Eshuys  
Executive Chairman  
Brisbane, 23 August 2017

## Auditor's independence declaration



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Australia

### DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF DGO GOLD LIMITED

As lead auditor of DGO Gold Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DGO Gold Limited and the entity it controlled during the period.

A handwritten signature in dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

**T R Mann**  
Director

**BDO Audit Pty Ltd**

Brisbane, 23 August 2017

## Consolidated statement of profit and loss and other comprehensive income for the financial year ended 30 June 2017

	Note	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<b>Continuing operations</b>			
Interest income		3,899	1,566
Other income – government grant		174,955	260,429
Occupancy cost		(19,637)	(19,527)
Depreciation expenses	10	(5,161)	(6,694)
Employee benefit expenses		(12,540)	(34,752)
Directors' fees		(68,490)	(78,443)
Consultants and contractor expenses		(97,693)	(92,828)
Administration expenses		(109,683)	(169,536)
Finance cost		-	(11)
Loss on sale of fixed assets		-	(4,730)
Impairment of available for sale financial assets		(30,851)	(569,149)
Exploration and evaluation expenditure		(36,763)	(158,015)
Loss before tax from continuing operations		(201,964)	(871,690)
Income tax (expense)/benefit			-
Loss for the year from continuing operations		(201,964)	(871,690)
<b>LOSS FOR THE YEAR</b>		(201,964)	(871,690)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified as profit and loss</i>			
Change in fair value of available for sale financial assets		-	(269,149)
Reclassification adjustments – impairment of available-for-sale financial assets		-	569,149
Income tax on other items of other comprehensive income		-	-
Other comprehensive income for the year net of tax		-	300,000
<b>Total comprehensive loss for the year</b>		(201,964)	(571,690)
From continuing and discontinued operations			
Basic loss per share (cents per share)	17	(3)	(15)
Diluted loss per share (cents per share)	17	(3)	(15)
From continuing operations			
Basic loss per share (cents per share)	17	(3)	(15)
Diluted loss per share (cents per share)	17	(3)	(15)

Notes to the financial statements are included on pages 23 to 40.

## Consolidated statement of financial position as at 30 June 2017

	Note	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<b>Current assets</b>			
Cash and cash equivalents	7	959,279	365,668
Trade and other receivables	8	29,305	279,567
Assets classified as held for sale	9	50,000	80,851
<b>Total current assets</b>		<b>1,038,584</b>	<b>726,086</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	13,644	18,805
Exploration and evaluation expenditure	11	549,932	151,393
<b>Total non-current assets</b>		<b>563,576</b>	<b>170,198</b>
<b>Total assets</b>		<b>1,602,160</b>	<b>896,284</b>
<b>Current liabilities</b>			
Trade and other payables	12	118,164	91,923
Provisions –pertains to annual leave	13	7,877	7,877
<b>Total current liabilities</b>		<b>126,041</b>	<b>99,800</b>
<b>Total liabilities</b>		<b>126,041</b>	<b>99,800</b>
<b>Net assets</b>		<b>1,476,119</b>	<b>796,484</b>
<b>Equity</b>			
Issued capital	14	21,232,367	20,350,768
Reserves	15	300,652	300,652
Accumulated losses	16	(20,056,900)	(19,854,936)
<b>Total equity</b>		<b>1,476,119</b>	<b>796,484</b>

Notes to the financial statements are included on pages 23 to 40.



**Consolidated statement of changes in equity  
for the financial year ended 30 June 2017**

	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Option premium reserve</b>	<b>Share revaluation reserve</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2015	20,204,243	(18,983,246)	300,652	(300,000)	1,221,649
Loss for the year	-	(871,690)	-	-	(871,690)
Other comprehensive income	-	-	-	300,000	300,000
<b>Total comprehensive income</b>	-	(871,690)	-	300,000	(571,690)
Issue of shares	162,500	-	-	-	162,500
Share issue costs	(15,975)	-	-	-	(15,975)
	146,525	-	-	-	146,525
<b>Balance at 30 June 2016</b>	<b>20,350,768</b>	<b>(19,854,936)</b>	<b>300,652</b>	<b>-</b>	<b>796,484</b>
Balance at 1 July 2016	<b>20,350,768</b>	<b>(19,854,936)</b>	<b>300,652</b>	<b>-</b>	<b>796,484</b>
Loss for the year	-	(201,964)	-	-	(201,964)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	(201,964)	-	-	(201,964)
Issue of shares	942,065	-	-	-	942,065
Share issue costs	(60,466)	-	-	-	(60,466)
	881,599	-	-	-	881,599
<b>Balance at 30 June 2017</b>	<b>21,232,367</b>	<b>(20,056,900)</b>	<b>300,652</b>	<b>-</b>	<b>1,476,119</b>

Notes to the financial statements are included on pages 23 to 40.

## Consolidated statement of cash flows

### for the financial year ended 30 June 2017

		Year ended 30/06/17 \$	Year ended 30/06/16 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(356,268)	(471,253)
Interest and other costs of finance paid		-	(11)
Payments for exploration and evaluation activities		(36,763)	(158,015)
Receipt of research and development tax rebate		435,384	-
Net cash (used)/generated by operating activities	21	42,353	(629,279)
<b>Cash flows from investing activities</b>			
Interest received		3,899	1,566
Proceeds from sale of property, plant and equipment		-	31,818
Proceeds from sale of shares		-	600,000
Payment for acquisition of shares		-	(100,000)
Receipt of research and development tax rebate for exploration assets		68,127	-
Payments for exploration and evaluation activities		(457,205)	(142,208)
Net cash generated/(used) by investing activities		(385,179)	391,176
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		942,065	162,500
Payment for share issue costs		(5,628)	(15,975)
Net cash generated by financing activities		936,437	146,525
<b>Net increase in cash and cash equivalents</b>		593,611	(91,578)
<b>Cash and cash equivalents at the beginning of the financial year</b>	7, 21	365,668	457,246
<b>Cash and cash equivalents at the end of the financial year</b>	7, 21	959,279	365,668

Notes to the financial statements are included on pages 23 to 40.

## Notes to the financial statements

### for the year ended 30 June 2017

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## 1. General information

DGO Gold Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the code DGO), incorporated in Australia and operating in Queensland. DGO Gold Limited's registered office and its principal place of business are as follows:

**Registered office**

27 General Macarthur Place  
Redbank Qld 4301

**Principal place of business**

27 General Macarthur Place  
Redbank Qld 4301

The Groups' principal activity in the course of the financial year was to consider opportunities to acquire or joint venture gold exploration tenements with particular emphasis on gold based on research undertaken with the University of Tasmania on sediment hosted gold deposits in Australia.

The consolidated financial statements of DGO Gold Limited and its subsidiary (collectively, the Group) were authorised for issue by the Directors on 23 August 2017.

## 2. New accounting standards for application in future periods

Accounting standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

*AASB 9: Financial Instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018).*

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives and the irrevocable election to recognise gains and losses on investment in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

Although it is anticipated that the adoption of AASB 9 may have an impact of the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

*AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)*

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

The main changes introduced by the new Standard include:

- Recognition of a right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- Inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Group has not yet made a detailed assessment of the impacts of applying the new standard. Although it is anticipated that the adoption of AASB 16 may have an impact of the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

### 3. Significant accounting policies

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board's other authoritative pronouncements.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements and notes of the Group also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

#### New Accounting Standards and Interpretations

The Group adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2017. There were no material impacts on the financial statements of the Group as a result of adopting these standards.

#### Basis of preparation

The financial report has been prepared on the basis of historical cost, except for assets classified as held for sale that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

##### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and controlled by the Company (its subsidiary) (referred to as 'the Group' in these financial statements). Control is based on whether the investor has power over the investee, exposure, or rights, to variable returns from its involvement in the investee, and the ability to use its power over the investee to affect the amount of the returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

##### (b) Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Because of the nature of the operations, exploration companies, such as DGO Gold Limited, find it necessary on a regular basis to raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. At the date of this financial report, the ability of the group to execute its currently planned exploration and evaluation activities requires the group to raise additional capital with the next 18 months.

DGO Gold Limited has successfully completed a capital raising in June 2017 raising \$881,599 (net of share issue costs).

The directors have concluded as a result of the requirement to raise funds in the future there exists a material uncertainty that may cast significant doubt regarding the group's and the company's ability to continue as a going concern and therefore, the group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current financial position of the Company, the directors have a reasonable expectation that the group and the company will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

**(c) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(d) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

**(e) Financial assets**

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (when the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one



or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale- equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flow from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises a retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **(f) Exploration and evaluation assets**

An exploration and evaluation asset shall only be recognised in relation to an area of interest if the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Capitalised exploration and evaluation expenditure is also written off in circumstances where the Board has made a determination in consideration of external indicators of impairment.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. 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.

#### **(g) Impairment of tangible and intangible assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Exploration and evaluation are assessed for impairment when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in the previous years.

## **(h) Income tax**

### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

The current tax asset is calculated by reference to the estimated Research and Development tax refunds relating to eligible research and development activities (R&D tax refunds) during the financial year. The Company and the Group are expecting to receive research and development tax offset with respect to its research and development activities.

### Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

### Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

**(i) Leased assets**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(j) Property, plant and equipment**

Land and buildings are measured at an historical cost basis. Depreciation on buildings is charged to profit or loss. Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

**(k) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**(l) Revenue**

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase or development of assets, including

exploration and evaluation activities, are deducted from the carrying value of the asset unless the asset has previously been written off in which case it is taken to income in profit or loss.

#### *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.

### **(m) Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black Scholes method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

### **(n) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## **4. Critical accounting judgements and estimates**

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Impairment of assets and exploration and evaluation expenditure

The Company determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At each reporting date management assesses the impairment triggers based on their knowledge and judgement.

## 5. Business and geographical segments

The Group operates predominately in one business segment being the evaluation and exploration of mineral deposits in sediment hosted gold deposits in Australia.

## 6. Income taxes

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Loss from continuing operations	(201,964)	(871,690)
Income tax benefit calculated at 27.5% (FY 2016: 30%) (i)	55,540	261,507
Tax effects of amounts which are not assessable/ (deductible) in calculating taxable income	(627,401)	(233,929)
Deferred tax assets not brought to account	571,861	(27,578)
Total tax benefit	-	-

- (i) The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (FY 2016: 30%) payable by Australian corporate entities on taxable profits under Australian tax law.

### Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account:

- Share issue costs
- Tax losses revenue

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
-Share issue costs	16,829	7,963
-Tax losses revenue	5,880,059	6,482,545
	5,896,888	6,490,508

### Recognised deferred tax assets and liabilities

#### Deferred tax assets

- Tax losses revenue
- Accruals
- Employee entitlements

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Tax losses revenue	145,959	27,862
Accruals	5,871	18,332
Employee entitlements	2,166	2,363

#### Deferred tax liabilities:

- Exploration and evaluation expenditure
- Prepayments

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Exploration and evaluation expenditure	(151,231)	(45,418)
Prepayments	(2,765)	(3,139)
	-	-

No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future. The Company and consolidated group are not in a tax consolidated group.

## 7. Cash and cash equivalents

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Cash at Bank	959,279	365,668

## 8. Trade and other receivables

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<u>Current</u>		
Prepayments	10,054	10,463
Government Grants (i)	-	260,429
Goods and services tax receivable	19,251	8,675
	<u>29,305</u>	<u>279,567</u>

## 9. Assets classified as held for sale

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<b>Available for sale investments carried at fair value</b>		
Quotes shares – Talisman Mining Limited (i)	50,000	80,851
	<u>50,000</u>	<u>80,851</u>

- (i) During the 2016 financial year, the Company acquired 212,766 quoted shares in Talisman Mining Limited for the consideration of \$100,000. The Directors have determined that the fair value of the shares in Talisman Mining Limited was \$50,000 as at 30 June 2017 which has been based on the quoted price of the Talisman Mining Limited shares as at that date. The resulting \$30,851 (2006:\$19,149) difference between the consideration and fair value as on acquisition have been recorded as an impairment expense.

The directors have made the decision to sell the available for sale investments in the next 12 months and as a result of this decision, the Talisman Mining Limited shares have been classified as Assets classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## 10. Property, plant and equipment

	Motor vehicles at cost \$	Leasehold and freehold improvements at cost \$	Furniture at cost \$	Other plant and equipment at cost \$	Total \$
<b>Cost</b>					
Balance at 1 July 2016	38,568	3,506	13,670	142,957	198,701
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2017	<u>38,568</u>	<u>3,506</u>	<u>13,670</u>	<u>142,957</u>	<u>198,701</u>
<b>Accumulated depreciation</b>					
Balance at 1 July 2016	(26,106)	(3,010)	(8,674)	(142,106)	(179,896)
Depreciation expense	(3,280)	(327)	(994)	(560)	(5,161)
Disposals	-	-	-	-	-
Balance at 30 June 2017	<u>(29,386)</u>	<u>(3,337)</u>	<u>(9,668)</u>	<u>(142,666)</u>	<u>(185,057)</u>
Net book value as at 30 June 2017	<u>9,182</u>	<u>169</u>	<u>4,002</u>	<u>291</u>	<u>13,644</u>
	Motor vehicles at cost \$	Leasehold and freehold improvements at cost \$	Furniture at cost \$	Other plant and equipment at cost \$	Total \$
<b>Cost</b>					
Balance at 1 July 2015					
Additions	96,945	3,506	13,670	142,957	257,078
Derecognised on disposal of subsidiary	(58,377)	-	-	-	(58,377)
Balance at 30 June 2016	<u>38,568</u>	<u>3,506</u>	<u>13,670</u>	<u>142,957</u>	<u>198,701</u>
<b>Accumulated depreciation</b>					
Balance at 1 July 2015	(43,910)	(2,683)	(7,680)	(140,758)	(195,031)
Depreciation expense	(4,025)	(327)	(994)	(1,348)	(6,694)
Disposals	21,829	-	-	-	21,830
Balance at 30 June 2016	<u>(26,106)</u>	<u>(3,010)</u>	<u>(8,674)</u>	<u>(142,106)</u>	<u>(179,896)</u>
Net book value as at 30 June 2016	<u>12,462</u>	<u>496</u>	<u>4,996</u>	<u>851</u>	<u>18,805</u>



The following useful lives are used in the calculation of depreciation:

Leasehold and freehold improvements	10 – 40 years
Motor vehicles	5 – 12 years
Furniture	10 – 20 years
Other plant and equipment	3 – 25 years

## 11. Exploration and evaluation expenditure

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<u>Gross carrying amount balance:</u>		
Balance at beginning of financial year	151,393	-
Additions	466,666	151,393
Balance at end of the financial year	618,059	151,393
<u>Grant Revenue from research and development tax offset applied to exploration and evaluation expenditure</u>		
Balance at beginning of financial year	-	-
Research and development tax offset	(68,127)	-
Balance at end of financial year	(68,127)	-
Net book value at end of financial year (i)	549,932	151,393

- (i) The exploration and evaluation expenditure for the Group represents capitalised costs of exploration areas of interest carried forward as an asset in accordance with the accounting policy set out in note 3 (f). The ultimate recoupment of the exploration and evaluation expenditure in respect of the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect to each relevant area of interest is not charged to the income statement until a mining operation is ready for commencement or when tenements are relinquished.

## 12. Trade and other payables

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Trade payables (i)	93,383	27,388
Other – accrued expenses	21,350	61,108
Other – PAYG payable	3,431	3,427
	118,164	91,923

- (i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.

## 13. Provisions

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<u>Current</u>		
Employee benefits (i)	7,877	7,877
	7,877	7,877

- (i) The Group's current employee benefits are represented by provisions for annual leave totalling \$7,877. The average number of employees during the current financial year was 1 employee.

## 14. Issued capital

Fully paid ordinary shares  
2017: 9,565,527 (2016: 5,797,268)

### Fully paid ordinary shares

Balance at beginning of financial year  
Issue of shares under entitlements offer  
Issue of shares under private placements  
Issue of shares under share purchase plan  
Share issue costs  
Balance at end of financial year

Year ended 30/06/17 \$	Year ended 30/06/16 \$
21,232,367	20,350,768
20,350,768	20,204,243
724,667	-
217,398	64,500
-	98,000
(60,466)	(15,975)
21,232,367	20,350,768

### Number of shares held

Balance as at beginning of the year  
Result of a 100:1 share consolidation  
Issue of shares under entitlements offer  
Issue of shares under private placements  
Issue of shares under a share purchase plan  
Balance as at the end of the year

Year Ended 30/06/17 No.	Year Ended 30/06/16 No.
5,797,268	519,021,975
-	(513,831,707)
2,898,666	-
869,593	215,000
-	392,000
9,565,527	5,797,268

### Share options on issue as at 30 June 2017

A total of 3,768,259 options exercisable at \$0.40 on or before 30 June 2020 (DGOAI) are on issue.

### Capital Management

Management controls the capital of the group in order to fund its operations and continue as a going concern. The Group does not have any externally imposed capital requirements.

## 15. Reserves

Option premium reserve (i)

Year ended 30/06/17 \$	Year ended 30/06/16 \$
300,652	300,652
300,652	300,652

(i) The option premium reserve is a result of options being provided to directors.

## 16. Accumulated losses

Balance at beginning of financial year  
Net loss attributable to members of the parent entity  
Balance at end of financial year

Year ended 30/06/17 \$	Year ended 30/06/16 \$
19,854,936	18,983,246
201,964	871,690
20,056,900	19,854,936

## 17. Loss per share

	Year ended 30/06/17 Cents per share	Year ended 30/06/16 Cents per share
<b>Basic (loss) per share from continuing and discontinued operations (i)</b>		
Total basic (loss) per share	(3)	(15)
Total diluted (loss) per share	(3)	(15)
<b>Basic (loss) per share from continuing operations (i)</b>		
Total basic (loss) per share	(3)	(15)
Total diluted (loss) per share	(3)	(15)

- (i) The calculation of the basic loss per share from continuing and discontinued operations for the year ended 30 June 2017 has been made on the basis of the 100:1 share consolidation that was approved by shareholders on 17 September 2016. (note 14).

### Basic (loss) per share from continuing and discontinued operations

The net (loss) and weighted average number of ordinary shares used in the calculation of basic (loss) per share from continuing and discontinued operations are as follows:

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Net (loss)	(201,964)	(871,690)
(Loss) used in the calculation of basis (loss) per share from continuing operations and discontinued operations	(201,964)	(871,690)
	Year Ended 30/06/17 No.	Year Ended 30/06/16 No.
Weighted average number of ordinary shares used in the calculation of basic (loss) per share	5,880,654	5,625,668

### Basic (loss) per share from continuing operations

The net (loss) and weighted average number of ordinary shares used in the calculation of diluted (loss) per share from continuing operations are as follows:

	Year Ended 30/06/17 No.	Year Ended 30/06/16 No.
Weighted average number of ordinary shares used in the calculation of diluted (loss) per share	5,880,654	5,625,668
	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Net (loss)	(201,964)	(871,690)
(Loss) used in the calculation of diluted (loss) per share from continuing operations	(201,964)	(871,690)

## 18. Dividends

There were no dividends paid or proposed during the current or previous financial year.

## 19. Commitments

various state government departments require holdings of mining tenement to pay rent, rates and to meet minimum exploration expenditures. The Group can apply to relinquish its mining tenements at any time thereby extinguishing its obligations to meet its rental obligations and minimum exploration expenditure on the mining tenements. Any variations

to the terms of the current and future tenement holdings, the granting of new tenements and changes at renewal or expiry, will change the minimum exploration expenditures relating to the tenements.

The expected outlays which can be extinguished at any time which arise in relation to granted tenements inclusive are as follows:-

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<u>Exploration and evaluation expenditure</u>		
No longer than 1 year	1,145,195	299,520
Longer than 1 year and not longer than 5 years	3,020,195	808,860
Longer than 5 years	-	156,300
	<b>4,165,390</b>	<b>1,264,680</b>

## 20. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2017 %	2016 %
<b>Parent entity</b>			
DGO Gold Limited (i),(ii)	Australia		
<b>Subsidiaries</b>			
Yandan Gold Mines Pty Ltd (i),(ii)	Australia	100	100

- (i) The parent and the subsidiaries are not within a tax consolidated group.  
(ii) There are no significant restrictions of the ability of the Group to use any of the Group's assets to settle the liabilities of the Group.

## 21. Notes to the statement of cash flows

### (a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Cash and cash equivalents	959,279	365,668

### Reconciliation of (loss)/profit for the period to net cash flows from operating activities

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Net (loss) for the year	(201,964)	(871,690)
Interest income	(3,899)	(1,566)
Depreciation	5,161	6,694
Loss on sale of asset	-	4,730
Impairment quoted securities	30,851	569,149
<i>Decrease/(increase) in assets:</i>		
Trade and other receivables	(2,281)	2,618
Prepayments	409	2,706
Government grant receivable	260,429	(260,429)
<i>(Decrease)/increase in liabilities:</i>		
Trade and other payables	(46,353)	(81,491)
Net cash from operating activities	<b>42,353</b>	<b>(629,279)</b>

## 22. Contingent liabilities and contingent assets

The Directors are not aware of any contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements.

## 23. Financial instruments

### (a) Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Group. The Group's activities include exposure to market risk, fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. Risk management is carried out under the direction of the Board of Directors.

There have been no substantive changes to the Group's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods to measure them from previous periods throughout these financial statements.

### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

### (c) Market price risk

The Group is involved in the exploration and development of mining tenements for base metals including gold and copper. Revenue associated with metal sales, and the ability to raise funds through equity and debt are dependent upon the commodity price for resources.

### (d) Interest rate risk

There is a limited amount of interest rate risk relating to the cash and cash equivalents that the company holds in deposits. The Group will be exposed to further interest rate risk if it intends to borrow funds in the future for acquisition and development.

### (e) Credit risk management

The maximum credit risk equals the carrying amount of the financial assets as recognised in the Statement of Financial Position.

### (f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Due to their short term nature, the carrying amounts of financial assets and financial liabilities approximate the fair values.

### (g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by monitoring forecast and actual cash flows and working capital and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

### (h) Cash flow and interest rate risk

The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

### (i) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group includes equity attributable to equity holders of the parent, comprising of issued capital, reserves and accumulated losses as disclosed in notes 14, 15 and 16 respectively. The Group operates its exploration and evaluation activities through its wholly owned subsidiary. None of the Group's entities are subject to externally imposed capital requirements. The Group intends to use a variety of capital market issues to meet anticipated funding requirements. The Group currently has no short-term or long-term borrowings. The Group does not have any unused credit facilities.

### Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	

Available held for sale

Quoted securities in Talisman Mining Limited	50,000	-	-	50,000
	50,000	-	-	50,000

2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	

Available-for-sale financial assets

Quoted securities in Talisman Mining Limited	80,851	-	-	80,851
	80,851	-	-	80,851

There were no transfers between level 1 and 2 in the period.

**Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on undiscounted cash flows and detail the Group's exposure to liquidity and interest rate risk as at 30 June 2016 and 30 June 2017:

2017	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 + years	Total
		\$	\$	\$	\$	\$	
<u>Financial assets</u>							
Non-interest bearing	-	19,251	-	-	-	-	19,251
Variable interest rate instrument	0.62	959,279	-	-	-	-	959,279
		978,530	-	-	-	-	978,530
<u>Financial liabilities</u>							
Non-interest bearing		84,814	33,350	-	-	-	118,164
		84,814	33,350	-	-	-	118,164

2016	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5 + years	Total
		\$	\$	\$	\$	\$	
<u>Financial assets</u>							
Non-interest bearing	-	-	269,104	-	-	-	269,104
Variable interest rate instrument	0.94	365,668	-	-	-	-	365,668
		365,668	269,104	-	-	-	634,772
<u>Financial liabilities</u>							
Non-interest bearing		27,388	64,535	-	-	-	91,923
		27,388	64,535	-	-	-	91,923



## 24. Key management personnel compensation

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Short-term employee benefits	275,050	270,463
Post-employment benefits	18,050	18,086
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<b>293,100</b>	<b>288,549</b>

## 25. Related party transactions

### (a) Equity interests in related parties

#### Equity interest in subsidiary

Details of the percentage of ordinary shares held in the subsidiary are disclosed in note 20 to the financial statements.

### (b) Transactions with key management personnel

#### Key management personnel compensation

The aggregate compensation made to key management personnel are disclosed in note 24 of the financial statements and details of the compensation made to key management personnel has been provided in the Remuneration Report which forms part of the Directors' Report. Included in the Remuneration Report includes a payment of \$85,050 (net of GST) for CFO and Company Secretarial Services to Kaus Australis Pty Ltd a related party of Mr. Michael Ilett.

#### Other related party transactions

Exploration Drill Rigs Pty Ltd, a company related to Mr. Michael Ilett and Mr. Ross Hutton, provides the Company with a registered office, outgoings, telephone, electricity and receptionist services for a total of \$19,637 per annum excluding goods and services tax.

## 26. Parent entity disclosures

The parent entity in the Group is DGO Gold Limited which was incorporated in Brisbane, Australia on 5 April 2007.

### Financial position

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Current assets	1,037,914	697,273
Non-current assets	424,145	18,817
<b>Total assets</b>	<b>1,462,059</b>	<b>716,090</b>
Current liabilities	126,041	96,963
Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>126,041</b>	<b>96,963</b>
Issued capital	23,384,080	22,502,481
Accumulated losses	(22,348,714)	(22,184,006)
Option Premium Reserve	300,652	300,652
<b>Total equity</b>	<b>1,336,018</b>	<b>619,127</b>
<b>Total equity and liabilities</b>	<b>1,462,059</b>	<b>716,090</b>

**Financial performance**

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Loss for the year	(164,708)	(1,048,514)
Other comprehensive income	-	300,000
Total comprehensive (loss)	(164,708)	(748,514)

**27. Remuneration of auditors**

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
<b>Auditor of the parent entity</b>		
Audit and review of financial statements	41,200	40,000

The auditor of DGO Gold Limited is BDO Audit Pty Ltd. There are no other services provided by BDO.

**28. Events after the reporting date**

On 1 August 2017, the Company issued a Notice of General Meeting seeking shareholder approval for the placement of 698,162 fully paid ordinary shares at an issue price of 25 cents per share and 698,162 free attaching options exercisable at 40 cents per share on or before 30 June 2020 to various shareholders pursuant capital raising agreements contained within non-renounceable entitlement offer announced on the ASX on 29 May 2017.

## Directors' declaration

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
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.
4. The remuneration disclosures included in pages 12 to 16 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2017, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Eduard Eshuys  
Executive Chairman  
Brisbane, 23 August 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of DGO Gold Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of DGO Gold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial 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 are independent of the Group 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* (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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material uncertainty related to going concern

We draw attention to Note 3 (b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Recoverability of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>Refer to notes 4 and 11 in the financial report</p> <p>The Group carries exploration and evaluation assets totalling \$549,932 as at 30 June 2017 in relation to the application of the Group's accounting policy for exploration and evaluation assets, as set out in note 3(f).</p> <p>The recoverability of exploration and evaluation asset is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the total balance (34% of total assets); and</li> <li>• The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') in light of any indicators of impairment that may be present.</li> </ul>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessing and evaluating management's assessment that no indicators of impairment existed</li> <li>• Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing</li> <li>• Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects and held discussions with directors of the Group as to their intentions and strategy</li> <li>• Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.</li> </ul>

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors 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 ability of the group 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 Group or to cease operations, or has 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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.





## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of DGO Gold Limited, for the year ended 30 June 2017, 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.

**BDO Audit Pty Ltd**

A handwritten signature in dark ink, appearing to read 'T R Mann', is written over a faint, stylized 'BDO' logo.

**T R Mann**  
Director

Brisbane, 23 August 2017

## Unaudited additional ASX and other information as at 8 August 2017

### Number of holders of equity securities

9,565,527 fully paid ordinary shares are held by 534 individual shareholders. All issued ordinary shares carry one vote per share. There is not a market buyback occurring.

### Distribution of holders of equity securities

	Fully paid Ordinary Shares	%
100,001 and Over	7,377,616	77.13
50,001 to 100,000	808,097	8.45
10,001 to 50,000	903,041	9.44
5,001 to 10,000	189,650	1.98
1,001 to 5,000	189,150	1.98
1 to 1,000	97,973	1.02
Total	<b>9,565,527</b>	<b>100.00</b>
Holding less than a marketable parcel	<b>415</b>	

### Twenty largest shareholders of quoted equity securities

Line item	Ordinary shareholders	A/C Designation	Fully paid ordinary shares	
			Number	Percentage
1	NATIONAL NOMINEES LIMITED		1,729,500	18.08
2	GINGA PTY LTD		1,401,838	14.66
3	CAIRNGLEN INVESTMENTS P/L	WOODFORD SUPER FUND	1,237,500	12.94
4	RESOURCE SURVEYS PTY LTD	<SUPERANNUATION FUND A/C>	840,787	8.79
5	CAIRNGLEN INVESTMENTS PTY LTD		497,588	5.20
6	SCINTILLA STRATEGIC INVESTMENTS LIMITED		449,517	4.70
7	SHERATAN PTY LTD	R & M SUPERANNUATION FUND	325,000	3.40
8	RESOURCE SURVEYS PTY LTD	RESOURCE SURVEYS S/F	210,000	2.20
9	MR BRICE KENNETH MUTTON & MRS GAI MUTTON	<BRICE MUTTON SUPER FUND A/C>	202,820	2.12
10	RESOURCE SURVEYS PTY LTD	RESOURCE SURVEYS S/F	133,430	1.39
11	GEE NOMINEES PTY LTD	<THE GEE A/C>	130,000	1.36
12	MR RHETT ANTHONY JOHN MORSON		116,041	1.21
13	GEE NOMINEES PTY LTD	<G & A ESHUYS S/F A/C>	103,595	1.08
14	BM CAPITAL MANAGEMENT PTY LTD	<BM CAPITAL MGT S/F A/C>	99,050	1.04
15	MR TREVOR NEIL HAY		93,752	0.98
16	MR JOSEPH BANDIZIOL		90,160	0.94
17	BACTALL PTY LIMITED	<SUPERANNUATION FUND A/C>	90,000	0.94
18	ROSS CLIVE HUTTON & MARIE JEAN HUTTON	R & M SUPERANNUATION	88,013	0.92
19	OCTIFIL PTY LTD		79,584	0.83
20	SHERATAN PTY LTD	<R AND M SUPER FUND A/C>	76,300	0.80
	<b>Total</b>		<b>7,994,475</b>	<b>83.58</b>
	<b>Balance of register</b>		<b>1,571,052</b>	<b>16.42</b>
	<b>Grand total</b>		<b>9,565,527</b>	<b>100.00</b>

## Substantial shareholders

Ordinary shareholders	Fully Paid Shares Number
CAIRNGLEN INVESTMENTS PTY LTD	1,738,838
LION NOMINEES PTY LTD	1,684,500
GINGA PTY LTD	1,401,838
EDUARD ESHUYS (i)	1,231,757
ROSS HUTTON (i)	559,426
<b>TOTAL</b>	<b>6,616,359</b>

(i) These are shares in which the Director's individually hold a relevant interest or hold an interest through a related party.

## Tenements held

The following table details the list of mineral tenements granted and under application:

		Tenements - Granted	Tenements - Applications	Area (km2)
Western Australia				
	Mt Edwards	E15/1465, 1488, 1514		81
	Ora Banda	P24/4946 - 4956		22
	Black Flag	P24/4986 - 4992, E24/197		32
	Mallina	E47/3327 - 3329		245
	Yerrida Basin	E51/1590, 1729, 1730, 1748 - 1753	E51/1833	1,655
	Lake Randall JV		E15/1573	53
	<i>Sub-Total</i>			2,088
South Australia				
	Mt Barker	EL5770, EL5812, EL5946		328
	Dawson	EL5737, EL5876, EL5877	E2017/00091	861
	Yerelina	EL5813		145
	Bookaloo		E2017/00049, E2017/00050	1,469
	Blinman		E2017/00051	626
	Carrieton		E2017/00052	772
	Wirrabara		E2017/00053	755
	<i>Sub-Total</i>			4,956
	<b>TOTAL</b>			<b>7,044</b>

## Competent person statement

Exploration or technical information in this release has been prepared by Mr. Ian Prentice BSc, who is a consultant to DGO Gold Limited and a Member of the Australian Institute of Mining and Metallurgy. Mr. Prentice has sufficient experience which is relevant to the style of mineralisation 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. Prentice consents to the report being issued in the form and context in which it appears.