

Quarterly Activities Report Quarter ended 31 December 2017

Highlights

- ✓ DGO Gold's focus is on the discovery of **sediment hosted gold** and **copper-cobalt deposits** in Australia across the **Pilbara**, the **Eastern Goldfields**, and the **Yerrida Basin** of Western Australia and the **Adelaide Fold Belt** and **Stuart Shelf** in South Australia. Granted and application exploration licences now total **9,694km²**
- ✓ **In the Pilbara**, mapping and sampling of sparse **conglomerate** outcrop over a strike length of 4km at the base of the **Mount Roe Basalt** identified hydrothermal alteration including oxidised sulphides in the basal breccias with gold traces, in the west part of the Mallina tenement, **E47/3327**
- ✓ DGO expanded its Pilbara sediment hosted gold tenement holding to **5,003km²** with 13 additional exploration licence applications (covering 2,103km²) focused on the Hardey, Tumbiana and Jeerinah Formations of the **Fortescue Group** sediments with age and lithological analogues to the **Witwatersrand Basin** of South Africa.
- ✓ **Strong gold targets identified** within the new Pilbara exploration licence applications north of Mount Tom Price, Western Australia, are highlighted by elevated radiometrics within the applications and gold mineralisation delineated in neighbouring tenements. This provides strong support for the prospectivity of the virtually untested upper units of the Fortescue Group including the Jeerinah Formation.
- ✓ Additional tenement application covering 269km² was also lodged over prospective copper-cobalt target areas in Stuart Shelf of South Australia.
- ✓ The Company's South Australian granted and exploration licence applications now total 2,848km² over sediment hosted copper-cobalt and gold targets.

EXPLORATION ACTIVITIES

PILBARA SEDIMENT HOSTED GOLD EXPLORATION

Mallina, Pilbara, Western Australia

Mallina is located 75 kilometers east of Purdy's Reward and eight kilometers south west of Loudens Patch where gold nuggets in conglomerate underlying the Mount Roe Basalt have been reported by the Artemis Resources Limited (ASX: ARV) / Novo Resources (TSX: NVO) joint venture and De Grey Mining Limited (ASX: DEG) respectively.

Conglomerate at the base of the Mount Roe Basalt has been mapped on the eastern flank of a broadly north – south trending ridge (Figure 1) in the western area of E47/3327. The Mount Roe Basalt caps the ridge and dips at 10-25 degrees to the west so the basal contact which hosts the prospective conglomerate horizon is largely obscured by basalt scree or alluvium. Sporadic outcrops of the conglomerate have been observed over a strike length of at least four kilometers within E47/3327.



Figure1: Ridge of Mount Roe Basalt – eastern scarp looking south – E47/3327

In outcrop the conglomerate at the base of the Mount Roe Basalt is weakly to moderately foliated with sub-rounded to sub-angular coarse-grained clasts of quartz, chert, chlorite-sericite schist and possible basalt within a ferruginous and chloritic groundmass (Figure 2).



Figure 2: Outcropping Conglomerate/Breccia at Base of Mount Roe Basalt
– *western side of E47/3327*

A suite of five rock samples were collected across the conglomerate/basalt contact for analysis at the Centre for Excellence in Ore Deposits (CODES) of the University of Tasmania, under a research agreement between the Company and CODES.

The examination of the samples identified ferruginous and gossanous breccias with angular and brecciated clasts in a ferruginous matrix at the base of the vesicular Mount Roe Basalt (Figure 3). Laser-ICPMS analysis of pyrite detected minor gold in the gossanous breccia samples and a correlation between gold and lead. The oxidised pyrite in the breccia is thus hydrothermal, not detrital and lead isotope results indicate that the pyrite mineralisation has an age of **around 2800-2900 Ma**, similar to pyrite in the Witwatersrand reefs. This demonstrates that the mineralisation at the base of the Mount Roe Basalt is not detrital or secondary, and has an age similar to the age of the Witwatersrand reefs.

The laser ablation results also show that the mineralising fluid at the base of the Mount Roe Basalt carried a gold signature. Further work on the breccia/conglomerate unit is warranted to delineate sites favourable to the accumulation and concentration of gold.

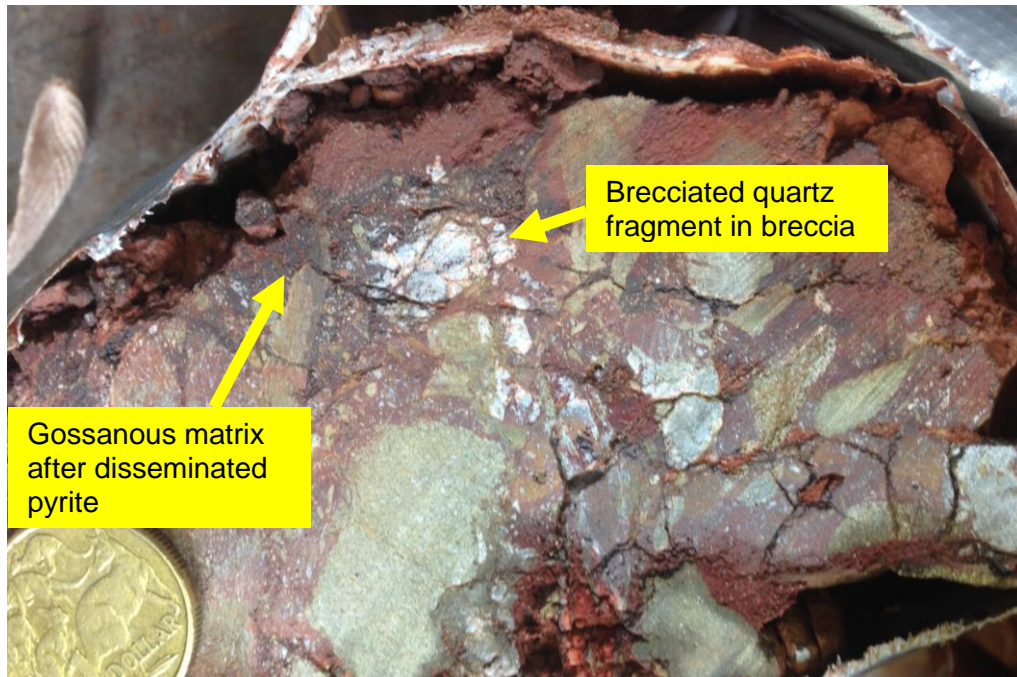


Figure 3: Gossanous Breccia at Base of Mount Roe Basalt

Two other areas within E47/3327 have been identified with potential for the location of Mount Roe Basalt as a consequence of the important discovery of gold nuggets in the vicinity of outcropping conglomerate eight kilometers to the northeast, at Loudens Patch (Figure 4)

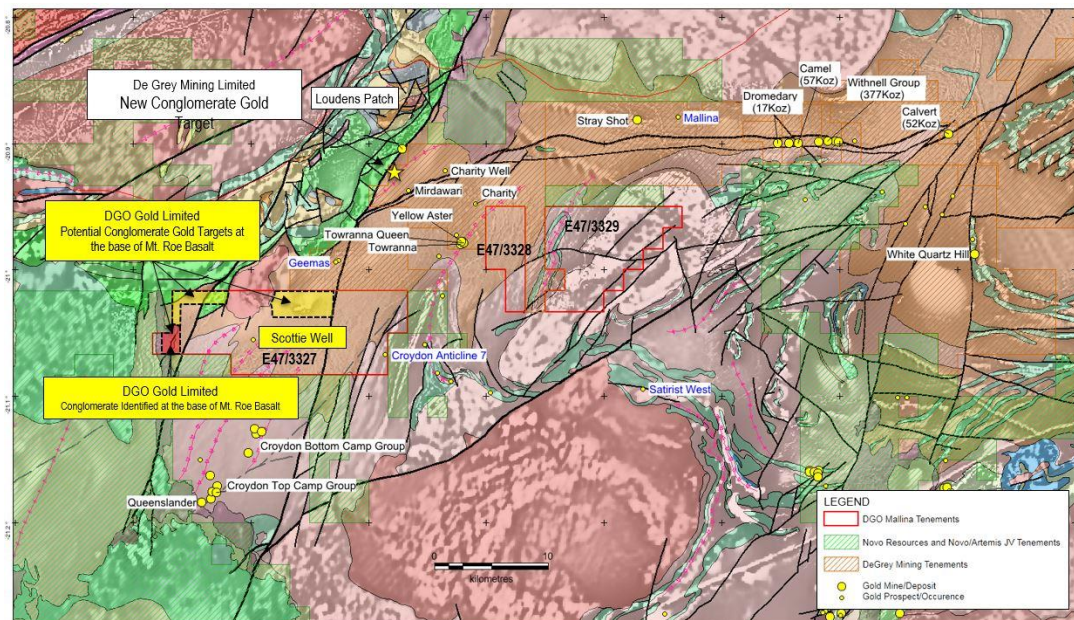


Figure 4: DGO Mallina Tenure with Significant Gold Deposits / Occurrences and Targets

Prospecting at Scottie Well in E47/3327, reported in the September Quarter, recovered two gold nuggets (14g and 1g) where past exploration outlined a gold in soil anomaly over an area of approximately two square kilometers (Figure 5). Further metal detecting in this area

failed to recover additional nuggets but the soil anomaly remains a priority target for structurally controlled hydrothermal gold mineralisation in the basement Mallina Formation metasediments. A Program of Works Approval was granted by the Department of Mines, Industry Relations and Safety (DMIRS) to facilitate drilling and ground disturbing activities at Scotties Well and the conglomerate/breccia targets at the base of the Mount Roe Basalt on E47/3327. Further exploration in this area will be progressed once the compilation and evaluation of past exploration data, government geological and geophysical data and academic research data has been completed on the large tenement holding the Company has taken up in the Pilbara of Western Australia.

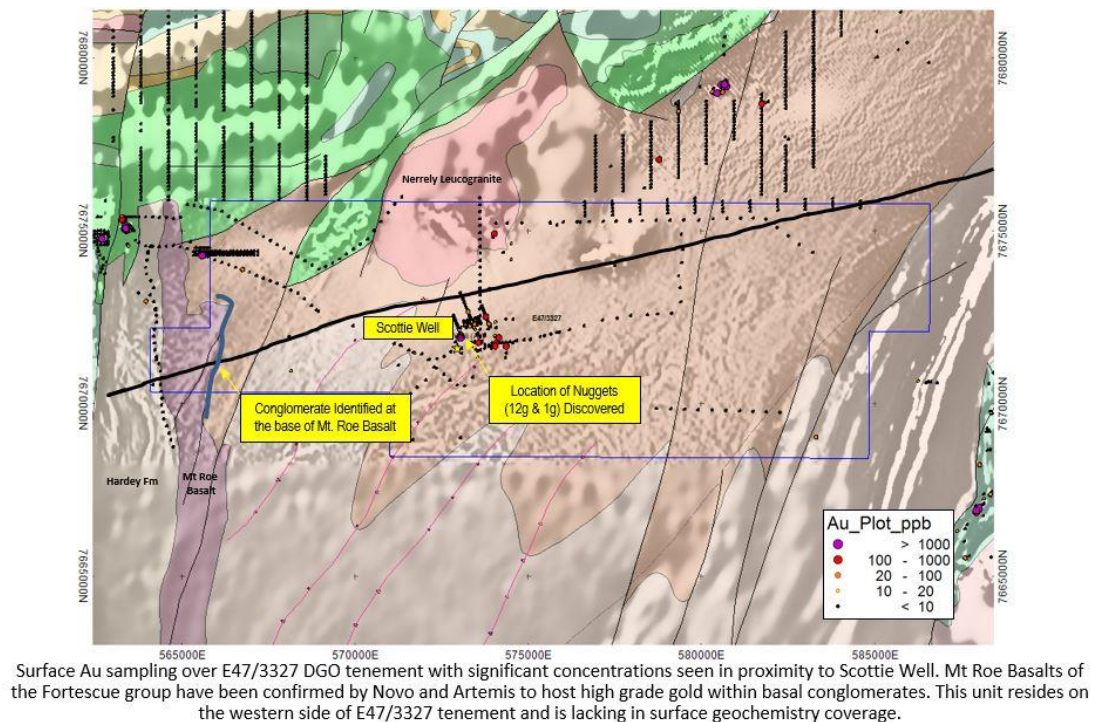


Figure 5: E47/3327 Soil Geochemistry over Geology

Fortescue Group Tenement Applications, Pilbara, Western Australia

The Novo-Artemis gold nugget discovery at Purdy's Reward south of Karratha WA are associated with the Mount Roe Basalt and conglomerate at the base of the Fortescue Group. The Mount Roe Basalt and the overlying Hardey Formation, Tumbiana Formation and the Jeerinah Formation overlap in geological age with the Witwatersrand Basin 2700-3000 Ma (see Figures 6 and 7). **The Hardey, Tumbiana and the lower part of the Jeerinah Formations** appear to have sedimentary components suitable for the development of sequence boundaries similar to those at which the gold "reefs" occur within the Witwatersrand Basin sediments. These Formations are the focus of the company's research and review of past exploration results and all government geological, geophysical and geochemical data across the Pilbara.

The Witwatersrand gold "reefs" are associated with distinctive thin conglomerate and sandstone horizons which occur at specific positions within the mid to upper part of the basin sediments.

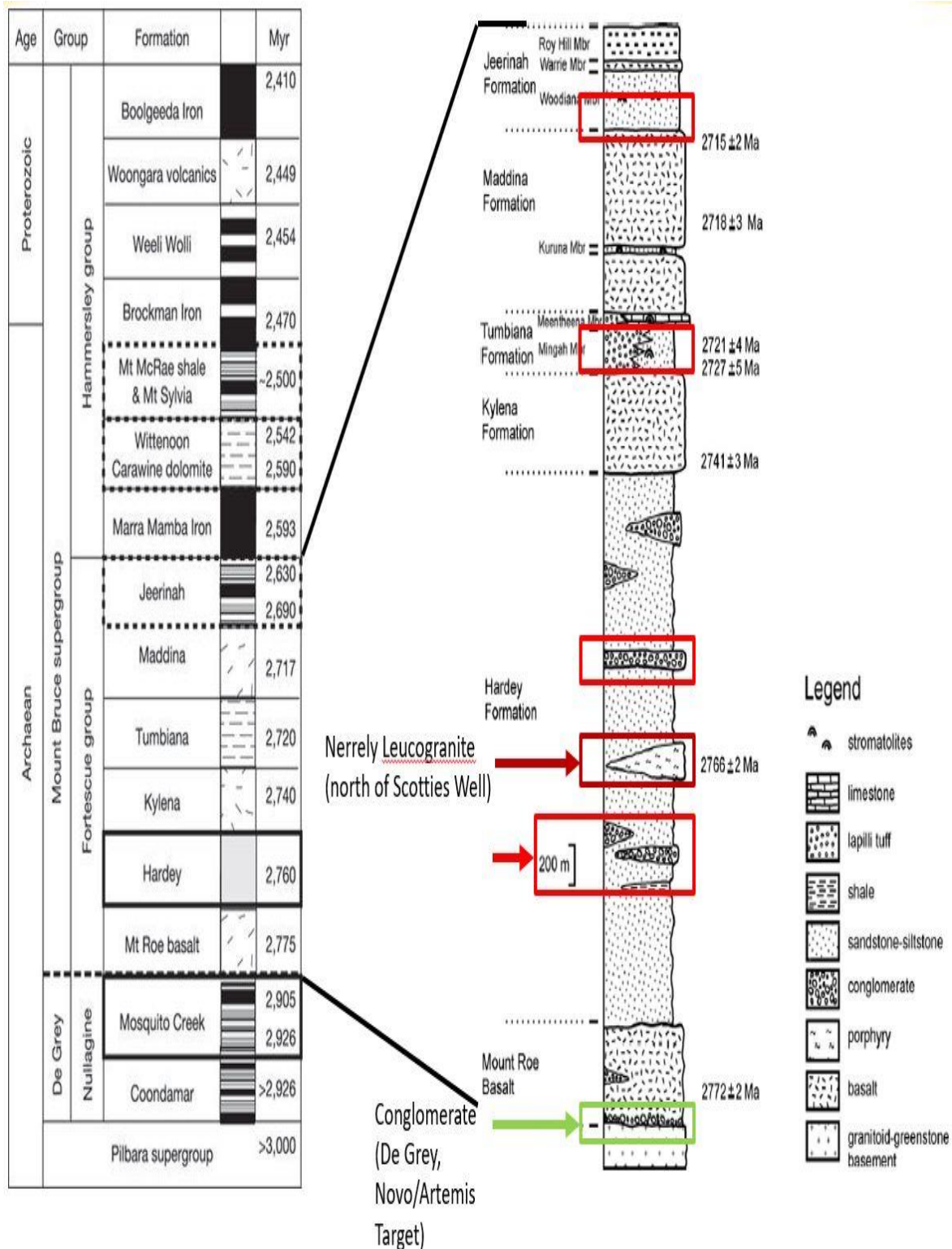


Figure 6: Fortescue Group Stratigraphic Column

As reported in the September Quarter, 13 exploration licence applications that cover 2,655km² of the upper portions of the Fortescue Group (see Figure 8) were lodged as a consequence of a literature review and comparison of the Fortescue Group of the Pilbara with the Witwatersrand Basin of South Africa.

During the December Quarter the Company lodged a further 13 exploration licence applications covering 2,103km² over areas covering and peripheral to mapped Tumbiana and Jeerinah Formations (Figure 8).

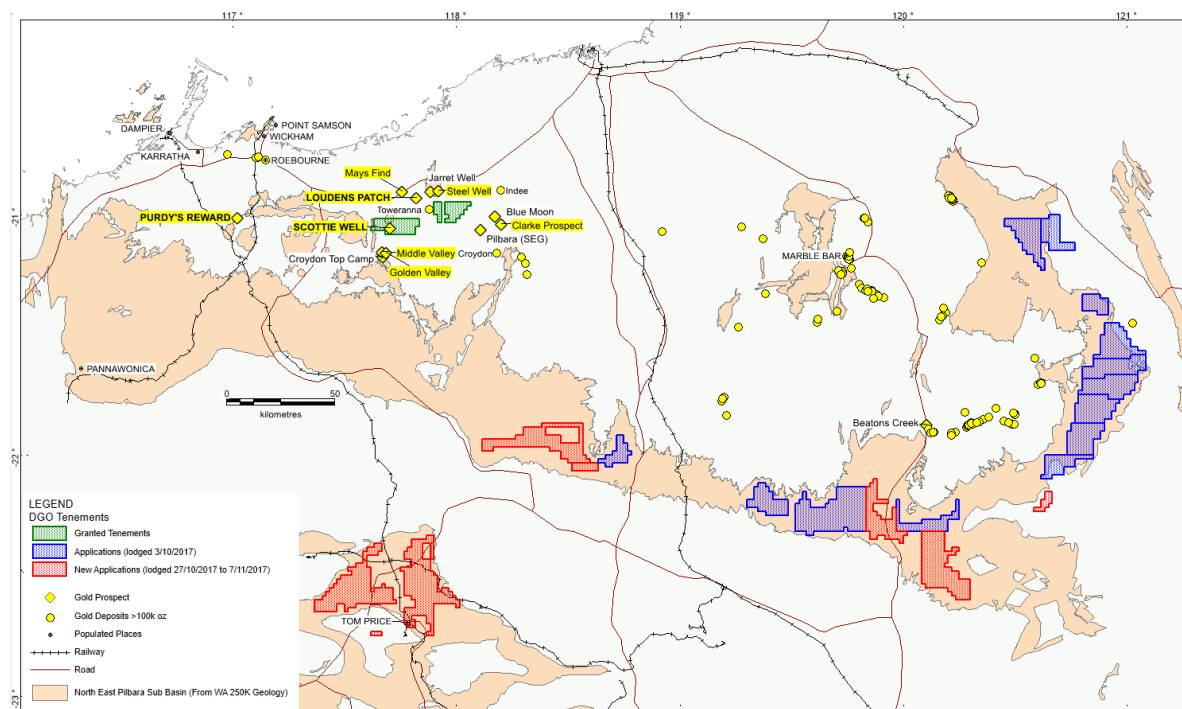


Figure 8: DGO Pilbara Exploration Licence Applications (at 29 January 2018)

DGO now has 26 exploration licence applications in the Pilbara region covering a total of 4,758km².

Compilation of open file past exploration data and geological literature research is well advanced over many of these application areas to prioritise the tenement applications and define targets for follow up exploration. This intensive data review will allow the Company to accelerate the granting of and exploration on the priority tenements.

One emerging priority target is to the north of the township of Tom Price covered by exploration licence applications E47/3898 to E47/3900. Initially attracted by strong radiometric responses (Figure 9) of the targeted upper units of the Fortescue Group the review of past exploration identified significant gold mineralisation in the Fortescue Group meta-volcanics and meta-sediments of the Pyradie Formation immediately to the west and east of DGO's applications, E47/3898 (Figure 10) and E47/3900 (Figure 11) respectively. Within the DGO's tenements potential extensions to the known gold mineralisation in the prospective Pyradie Formation are overlain by possibly thin Bunjinah Formation meta-volcanics along the axis of an anticlinal structure. Scant soil sampling and no drilling has

been conducted to test the Pyradie Formation or the base of the equally prospective base of the Jerrinah Formation which flank the tenements.

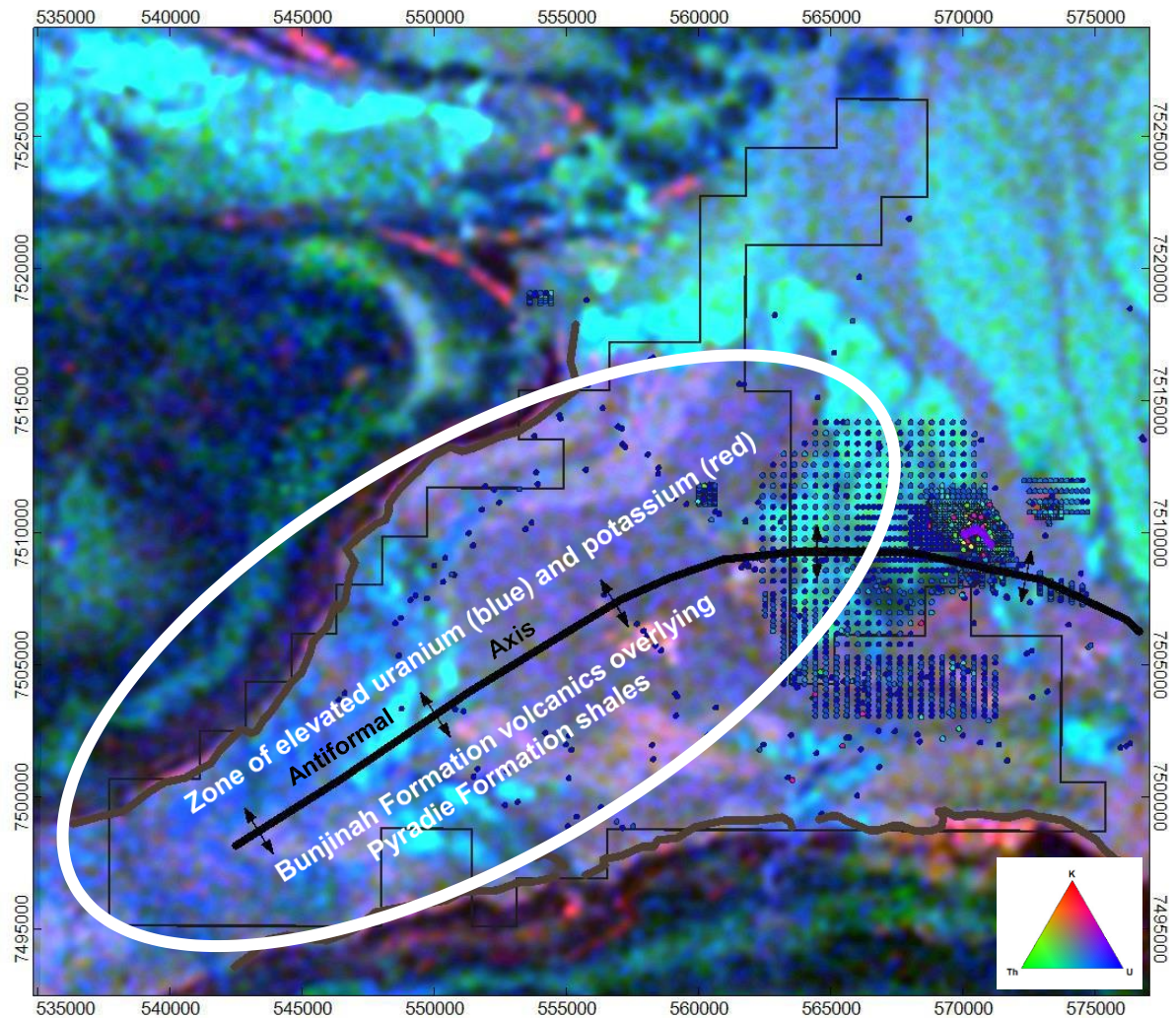


Figure 9: E47/3898 Ternary Radiometrics and Gold Soil Geochemistry

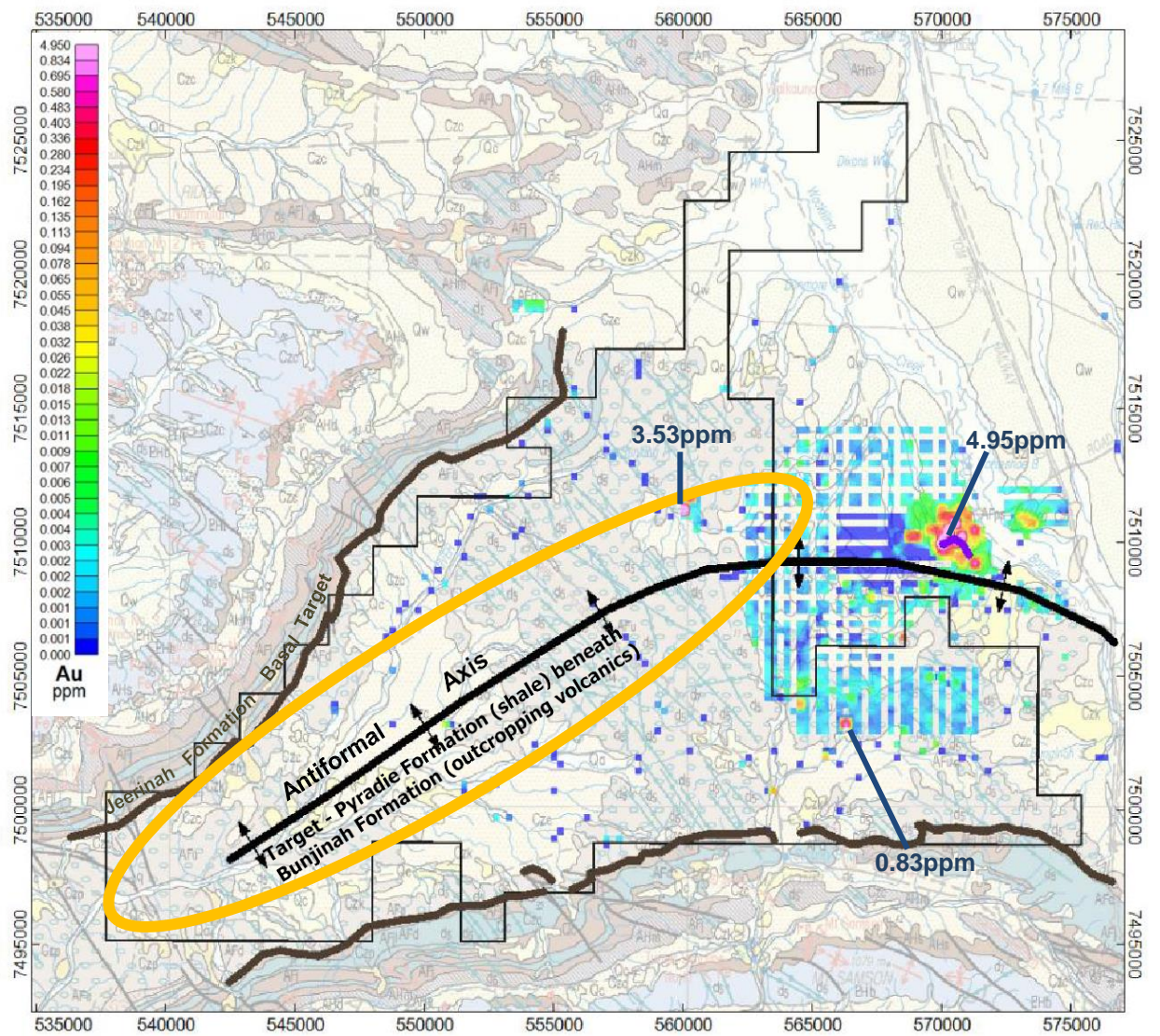


Figure 10: E47/3898 Geology, Structure and Soil Geochemistry – MAXIMUM GOLD

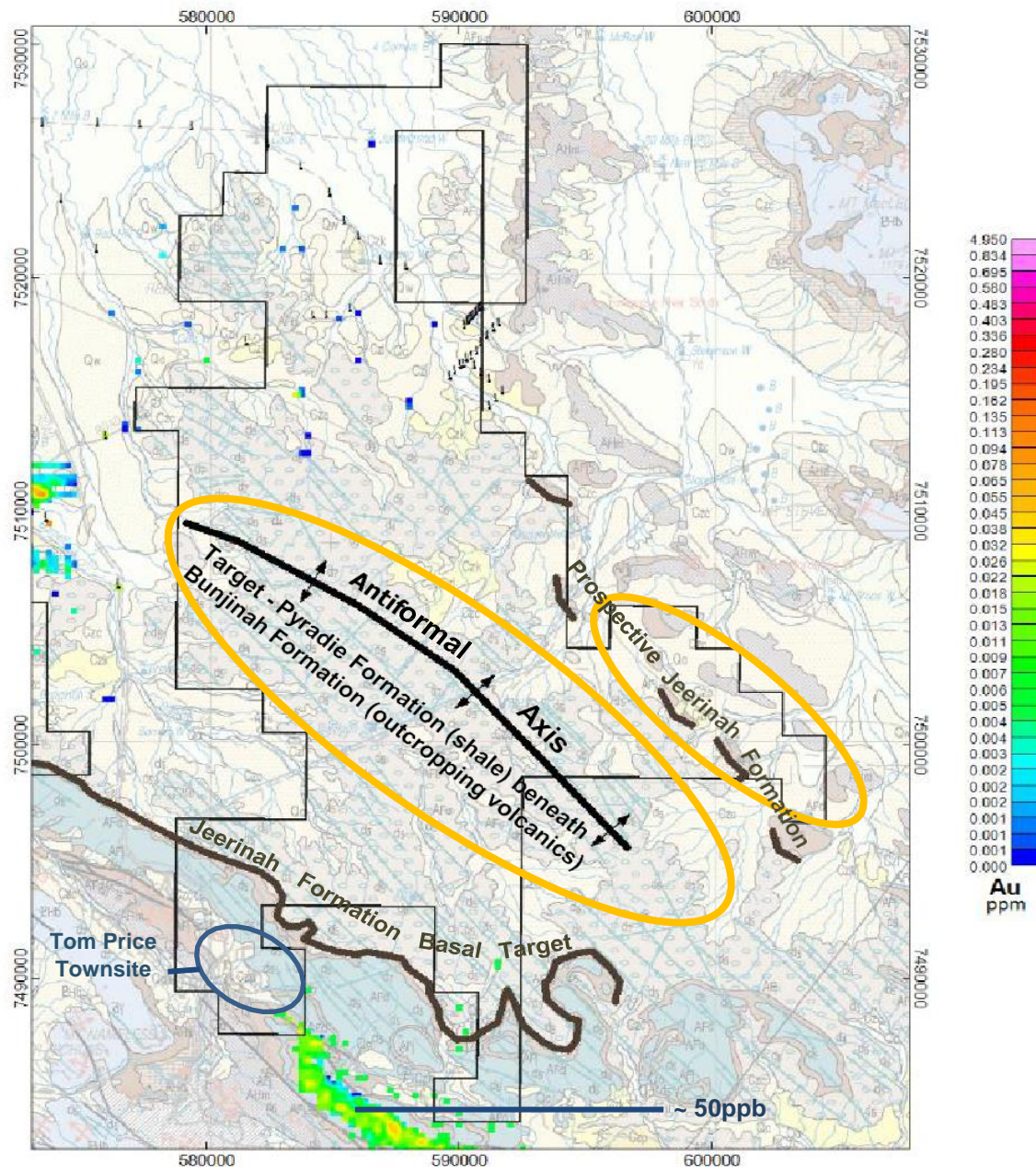


Figure 11: E47/3900 Geology, Structure and Soil Geochemistry – MAXIMUM GOLD

This gold mineralisation in the Pyradie Formation in the Mount Tom Price area coupled with recent discoveries in the Hardy Formation provide strong support that the upper units of the Fortescue Group, which are time equivalents of units which host substantial gold mineralisation in the Witwatersrand Basin, are also prospective yet remain virtually untested.

Eastern Goldfields Western Australia

DGO holds four areas in the Black Flag Group meta-sediments in the Eastern Goldfields of Western Australia. The Ora Banda and Black Flag tenements in the Northern Black Flag area and the Mt Edwards and Lake Randall JV in the Southern Black Flag area (Figure 12) were acquired to test for sediment hosted gold mineralisation.

The discovery of the multi-million ounce Invincible Deposit in the St Ives camp by Goldfields Limited in 2012 highlighted the untested prospectivity of the Black Flag Group sediments and the potential for sedimentary hosted gold deposits in the Eastern Goldfields.

The Invincible gold mineralisation is hosted largely in Black Flag Group, a steep south-west dipping package of mudstone/siltstone-sandstone-quartz-greywacke-conglomerate-volcaniclastic breccia. Two main styles of mineralisation are evident with the majority of the gold contained in hydrothermal breccia veining hosted in steeply dipping, shears confined to the finer grained mudstone/siltstone units and lesser gold in flat dipping, extensional quartz veining in the sandstone-quartz-greywacke-conglomerate units.

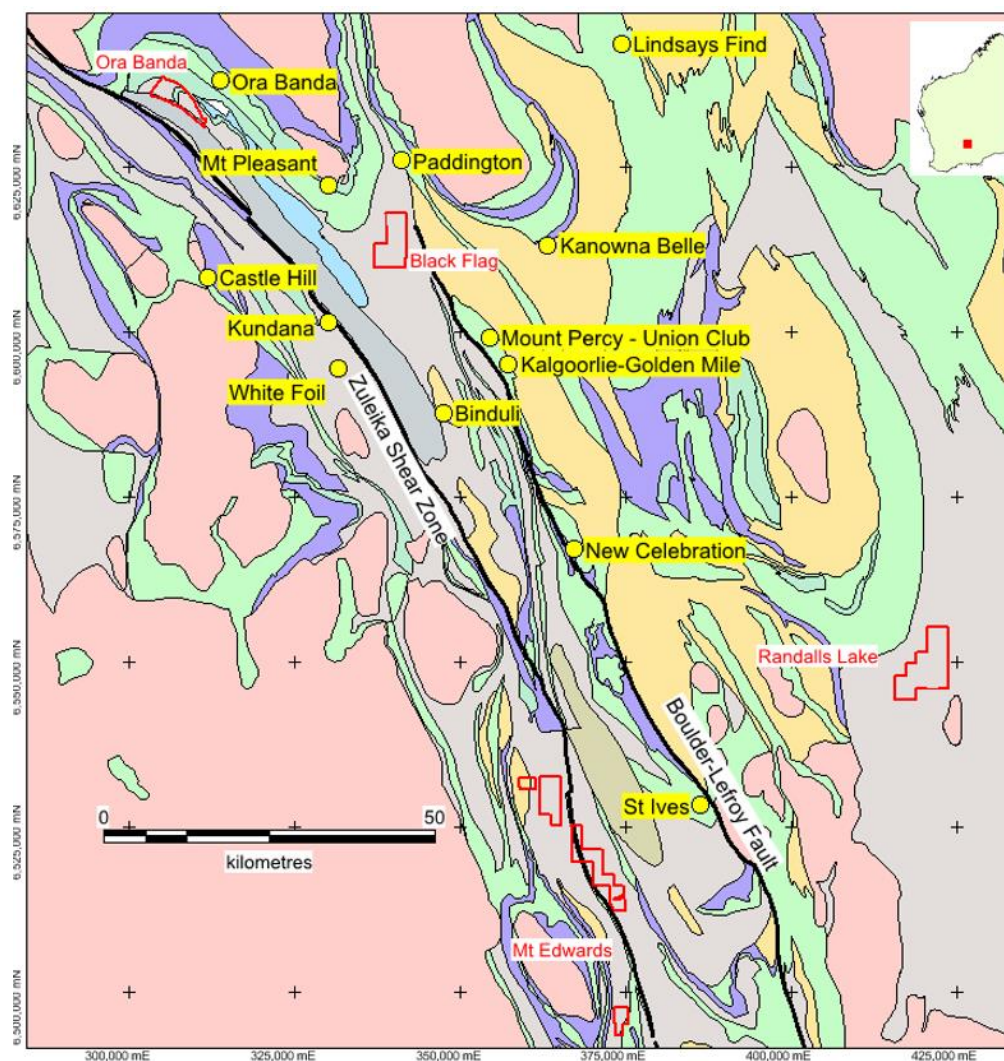


Figure 12: DGO Tenure – Black Flag Group, Eastern Goldfields, Western Australia

The Ora Banda tenement area is the most advanced exploration target of the Eastern Goldfields projects. It consists of 11 contiguous prospecting licences (P24/4946 to P24/4956) that cover a combined area of 21.8km² located approximately 50 kilometres north-west of Kalgoorlie.

The project covers a folded sequence of Black Flag Group sediments and intermediate to felsic volcanics, the north-west trending unconformable contact with the conglomerates and sandstones of the Kurrawang Formation in the south west and the layered gabbroic Orinda Sill along the north east margin of the tenement group.

The regionally significant north-west striking Zuleika Shear is located approximately 4.0 kilometres to the south west of the tenement group. A syncline sub parallel to the Zuleika Shear extends through the central and northern portion of the tenements.

The regolith in the region of the tenement group consists of alluvial / colluvial deposits or duricrust, with no evidence of outcrop other than limited subcrop in the north east.

Past exploration, since 2001, included vertical RAB/aircore drilling which defined a +1.0kilometre long by more than 250 metres wide gold anomaly, highlighted by an intersection of 12 metres at 41.2g/t Au from 48 metres to EOH.

Detailed geological and geophysical review indicates that this gold anomaly is associated with an apparent fold closure within the Orinda Sill intersected by the ENE/EW trending Slippery Gimlet/Ora Banda Fault system (Figure 13). A coincident magnetic low (interpreted alteration zone?) broadly parallels the trend of the extension of the Slippery Gimlet/Ora Banda Fault system through the Orinda Sill.

Follow up RC drilling is warranted to test the RAB/aircore defined gold anomaly. A program of up to 22 holes on a total of five 160 metres spaced traverses has been proposed with holes drilled to a depth of 175 metres at 60 degrees to the north. A DMIRS approved Program of Work (PoW) is in place for this drilling.

Drill testing of the Ora Banda tenements has the potential to identify significant gold mineralisation within the under explored Black Flag Group sediment sequence and the associated faulted Orinda Sill.

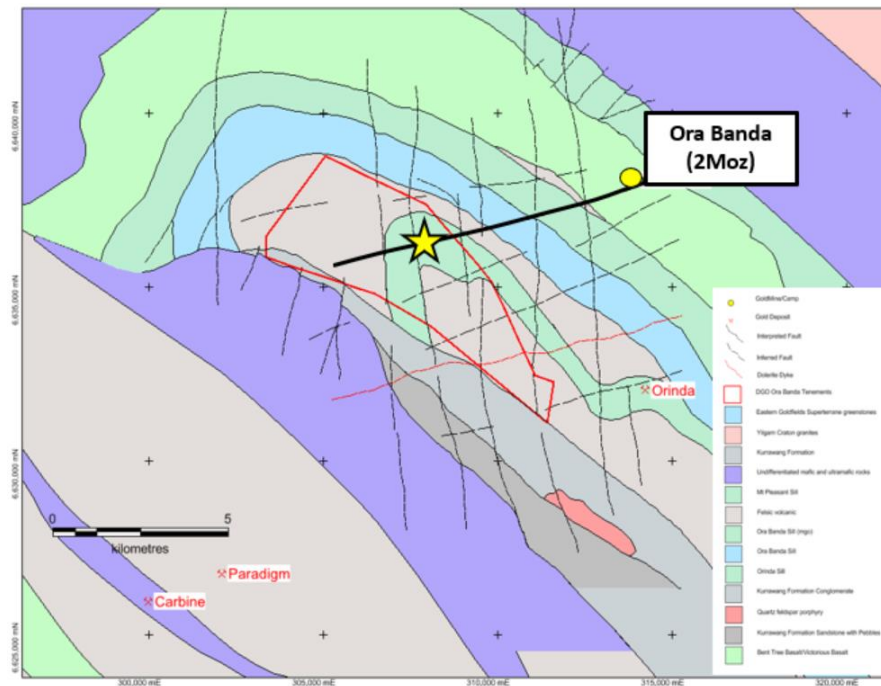


Figure 13: DGO's Ora Banda Target on Slippery Gimlet Fault Trend

Data compilation and review of historical exploration is progressing on other Eastern Goldfields projects in conjunction with monitoring of recent company activity and exploration developments in adjacent areas to prioritise DGO's exploration programs.

South Australia

DGO's South Australia tenements cover potential sediment hosted base metal and gold targets in the Stuart Shelf and Adelaide Fold Belt identified from work by DGO and its consultants, under the research agreement with CODES at the University of Tasmania.

Target commodities include cobalt/copper on the recently granted Bookaloo tenement (EL6030) and at the Wirrabara exploration licence application (E2017/00053) and copper/gold at Dawson (ELs 5737, 5876, 5877, 6036), Mt Barker (ELs 5770, 5812, 5946) and Yerelina (EL5813).

This exploration is designed to identify structural and/or stratigraphic targets prospective for copper/gold mineralisation based on a modified Central African Copperbelt and the Zechstein of Europe model. During 2017 a further targeting exercise was carried out based on the outcomes of the ARC/AMIRA project P544 pertaining to the potential for stratiform sediment-hosted Cu deposits in this region and during the Quarter an addition exploration licence was submitted over 269km² at Pernatty to explore for potential copper/gold mineralisation.

Total area under granted licences and application in South Australia is 2,848km².

Historical exploration data compilations and review is in progress.

LAND HOLDINGS

DGO now holds tenure covering a total of 79,694km² (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenements.

	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
Fortescue Group		E45/5029 - 5035, E46/1203 – 1208 E46/1228 – 1234 E47/3898 – 3901 E47/3909	4758
Yerrida Basin	E51/1590, 1729, 1730, 1748 - 1753	E51/1833	1655
Lake Randall JV	E15/1573		53
<i>Sub-Total</i>			6846
South Australia			
Mt Barker	EL5770, EL5812, EL5946		328
Dawson	EL5737, EL5876, EL5877, EL6036		861
Yerelina	EL5813		145
Bookaloo	EL6030		490
Wirrabara		E2017/00053	755
Pernatty		E2017/00245	269
<i>Sub-Total</i>			2848
TOTAL			9694

Table 1: DGO Tenement Holdings as at 29 January 2018

CORPORATE

On 16 November 2017 DGO held its Annual General Meeting and all resolutions were approved by a show of hands.

During the quarter DGO received an income tax refund of \$234,032 relating to its 2017 research and development activities.

At the date of this report there are 4,168,736 exercisable at \$0.40 on or before 30 June 2020 and 10,561,374 fully paid ordinary shares on issue.

A handwritten signature in black ink, appearing to read 'E. Eshuys', is positioned above the name and title of the Executive Chairman.

Eduard Eshuys
EXECUTIVE CHAIRMAN

DGO Gold

DGO's exploration strategy is focused on the search for major sediment-hosted gold deposits in Australia. The company holds exploration land positions in the Pilbara WA, The Eastern Goldfields, WA, and the Adelaide Geosyncline in SA covering 9,694km².

The company's strategy, led by veteran gold geologist, Executive Chairman Eduard Eshuys is based on the extensive research of Distinguished Professor Ross Large, former Head of the Centre for Excellence in Ore Deposits (CODES) of the University of Tasmania. Professor Large is a member of DGO's specialist consultant team that includes Professor Neil Phillips, former head of Minerals at CSIRO and a specialist in Witwatersrand basin gold mineralisation, Dr Stuart Bull a sedimentary basin specialist and Barry Bourne of Terra Resources, a highly experienced mineral exploration geophysicist.

Research undertaken by CODES has identified a concentration of the world's major gold deposits during several distinct geological time frames coinciding with periods of higher than normal concentration of gold in the oceans. DGO's landholdings have been acquired in favourable locations in sedimentary basins of analogous geological age.

Competent person statement

*Exploration or technical information in this release has been prepared by **Mr. David Hamlyn**, who is a part time employee of DGO Gold Limited and a Member of the Australian Institute of Mining and Metallurgy. Mr. Hamlyn 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. Hamlyn consents to the report being issued in the form and context in which it appears.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

DGO Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(572)	(789)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(70)	(144)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Other (research and development tax offset)	234	234
Net Operating Cash Flows		(407)	(695)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (i)	-	-
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of Mt Coolon Gold Mines Pty Ltd)	-	-
Net investing cash flows		(2)	(2)
1.13	Total operating and investing cash flows (carried forward)	(409)	(697)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(409)	(697)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	215
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (exercise of option)	69	79
1.19	Other (share issue costs)	(15)	(80)
	Net financing cash flows	54	214
	Net increase (decrease) in cash held	(355)	(483)
1.20	Cash at beginning of quarter/year to date	831	959
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	476	476

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.2 Aggregate amount of payments to the parties included in item 1.2	80
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	130
4.2 Development	-
4.3 Production	-
4.4 Administration	124
Total	254

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	476	331
5.2 Deposits at call	-	500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	476	831

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	EL 3036	Mt Grainger tenement	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter	-	-	-	-
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	10,561,374	10,561,374	N/A	N/A
7.4	Changes during quarter				
	(a) Increases through issues	197,685	197,685	\$0.40	\$0.40
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues				
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	4,168,736	-	<i>Exercise Price</i> \$0.40	<i>Expiry date</i> 30 June 2020
7.8	Issued during quarter	197,685	-	\$0.40	30 June 2020
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)	-	-	-	-
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31/01/2018
(Company Secretary)
Print name: Michael J Ilett

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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