



31 January 2020

## December 2019 Quarterly Report

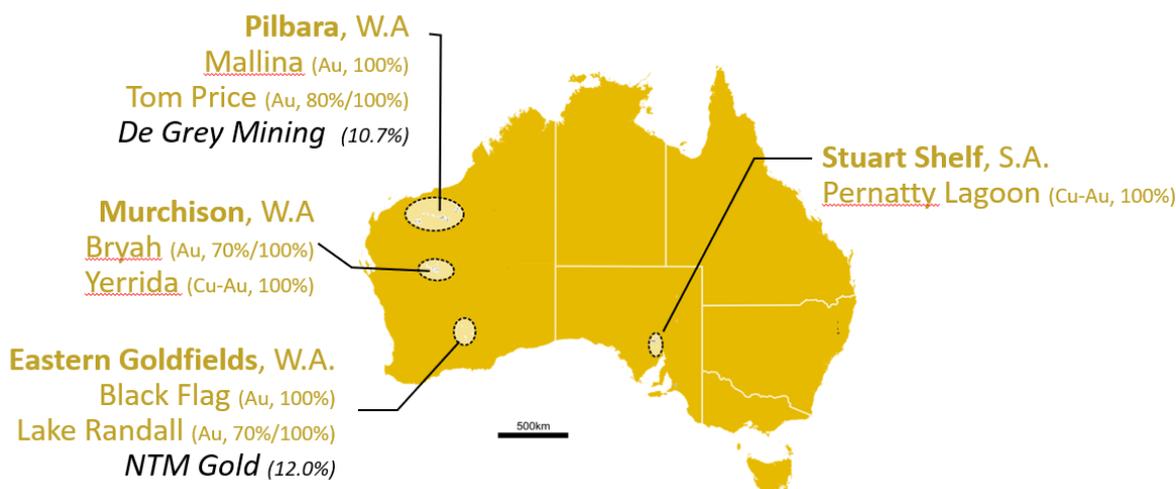
# DGO advances two-pronged strategy to profit from gold exploration in WA

**DGO Gold Limited (ASX:DGO)** is pleased to report on what has been a successful quarter for the Company as it advances its strategy of building a portfolio of strategic investments in the West Australian gold exploration sector. These investments include projects owned directly by DGO as well as DGO's stakes in ASX-listed companies with prospective gold exploration projects. In both cases, the emphasis is on creating wealth for DGO shareholders by capitalising on the substantial difference between the relatively low cost of gold discovery and the significantly higher valuations applied to growing inventories by the market.

## Highlights

- **DGO's 12% stake in NTM Gold (ASX: NTM) continues to deliver with further high-grade results at Hub and a 48% increase in NTM's share price over the quarter**
- **De Grey Mining (ASX: DEG), in which DGO has a 10.7% stake, announced new high-grade discoveries at Hemi and Antwerp and further high-grade results at Mallina**
- **Drilling at the Black Flag project (DGO 100%) 20km north of Kalgoorlie delivered significant results of 12m @ 3.2 g/t Au from 116m and 8m @ 2.2 g/t from 60m.**
- **A Zambian Copper Belt-style target identified at Pernatty Lagoon, Stuart Shelf SA (DGO 100%) and land access approvals for a drilling program progressing.**
- **Interpretation of a ground gravity survey at Lake Randall (DGO 70 – 100%) 50km east of St Ives WA identified 14 targets similar to the large granite-associated Granny Smith deposit and the banded iron formation-associated Mt Belches-style gold deposits.**
- **Airborne electromagnetic (EM) and magnetic survey at Bryah (DGO 70 – 100%) north of Meekatharra WA identified nine EM anomalies along an anticlinal structure adjacent to an extensive and well-known gold nugget field, Judge's Find.**

## DGO Investments



## Brownfield Investments

### Investment in De Grey Mining Limited (DGO 10.7%)

During the quarter, DGO committed to contribute \$500,000 (subject to DEG shareholder approval) as part of De Grey's \$5 million capital raising, maintaining its position as De Grey's largest shareholder with approximately 10.7% of the ordinary shares of De Grey (prior to the exercise of options).

De Grey raised \$5 million in new equity and continued its active program of discovery and resource drilling. Significant results include the discovery of new high-grade zones of mineralisation at Mallina with assays such as 10m @ 3.1g/t Au from 53m (DEG ASX announcement, 11 November 2019) and the discovery of high-grade mineralisation at Hemi and Antwerp with drilling results such as 43m @ 3.7g/t from 36m and 6m @ 10.7g/t from 4m respectively (DEG ASX announcement, 17 December 2019).

### Investment in NTM Gold Limited (DGO 12.0%)

DGO increased its investment in NTM Gold by \$410,000 through participation in a \$3.4 million capital raising, maintaining its position as NTM's largest shareholder with approximately 12.0% of the ordinary shares of NTM (prior to the exercise of options).

NTM Gold raised \$3.4 million in new equity during the quarter and continued its discovery program along its Mertondale land position. Significant recent results at Hub including 10m @ 6.0g/t from 85m (NTM ASX announcement, 15 January 2020) and 6m @ 12.9g/t from 63m (NTM ASX announcement, 23 October 2019) continue to show the potential of the under-explored Mertondale Shear Zone.

The investments in NTM and De Grey continue to meet, and exceed, DGO's brownfields gold discovery investment criteria of low finding cost (<\$20 per ounce), potential for scale (>3 million ounces) and upside optionality (long term resources growth well beyond 3 million ounces)

## **Brownfield Exploration**

### **Black Flag, Eastern Goldfields, W.A (DGO 100%)**

Black Flag is located 20km northwest of Kalgoorlie in Western Australia's Eastern Goldfields.

During the quarter, DGO drilled 2009 metres of RC and diamond core to test extensions of the mineralised structural corridor extending from Horizon Minerals Limited's (HZR) Teal Well mine site, through First Au Limited's (FAU) Gimlet gold resource project and into DGO's Black Flag tenements.

The drilling has outlined an extensive sheared alteration zone undercover with pervasive silica±chlorite±carbonate±sericite alteration and gold mineralisation associated with disseminated sulphide, pyritic stringers and quartz veining within the sequence of intermediate volcanics of the Black Flag Group. Significant results received during the quarter include:

- 12m @ 3.2g/t from 116m (BFRD0005)
- 8m @ 2.2g/t Au from 60m (BFRC0014)

The combination of these mineralised intersections, the extensive alteration identified, the area's structural complexity and proximity to both the Zuleika Shear Zone and the Abattoir Fault provides increasing evidence that Black Flag hosts a significant mineralised system.

Refer DGO's announcements on 22 October 2019, 8 November 2019, and 30 January 2020.

### **Lake Randall, Eastern Goldfields, W.A (DGO 70-100%)**

DGO Holds 230km<sup>2</sup> of untested, prospective terrain under shallow lake and transported sediment cover 50km east of Kambalda and 7km south of Silverlake Resources' Mt Belches Mining Centre. The Lake Randall target was generated as a result of a comprehensive review for sediment hosted gold mineralisation in the Eastern Goldfields of Western Australia by Dr. Douglas Haynes who has been involved in a number of important mineral discoveries in Australia and Africa.

During the quarter DGO completed the interpretation of a ground gravity survey to define drill targets. Fourteen targets were defined with potential to host granite-associated Granny Smith style, and banded iron formation-associated Mt Belches-style, gold mineralisation beneath the lake sediments. DGO is currently preparing applications to obtain government and heritage approvals to conduct an aircore drilling program to test these targets.

Refer DGO's ASX announcement on 28 January 2020.

## **Greenfield Exploration**

### **Pernatty Lagoon, Stuart Shelf, SA (DGO 100%)**

The Stuart Shelf contains BHP's world class Olympic Dam copper-gold-uranium mine, and a number of other copper-gold deposits including Oz Minerals' Prominent Hill and Carapateena.

DGO's stratiform sediment-hosted copper/gold discovery strategy, conducted in conjunction with research at the Centre for Ore Deposits and Earth Sciences (CODES) at the University of Tasmania, is based on models from the Zambian Copper Belt (ZCB). The targeting program has delineated a ZCB style target at Pernatty Lagoon in transition zone sediments between the outcropping Woocalla Dolomite and the deeper-basin Tapley Hill shales. Additionally, geophysical studies have identified partially coincident gravity and magnetic responses that are typical of IOCG deposits and prospects elsewhere on the Stuart Shelf underlying the younger rocks.

During the quarter DGO expanded its land holding on the Stuart Shelf through being awarded a competitive exploration licence application (ELA 2019/137) and an additional application (ELA 2019/147), submitted an application for the South Australian government's Accelerated Discovery Initiative, and progressed land access approvals for a drilling program.

Refer DGO's ASX announcement on 19 November 2019.

### **Bryah, Murchison, WA (DGO 70-100%)**

Bryah is located 60km north of Meekatharra, adjacent to Judge's Find, an area of known gold nugget occurrences where surface mining for gold has occurred for some time although the source of this alluvial gold is unknown. The area is prospective for sediment-hosted gold which is thought to be controlled by thrust-fault bounded, anticlinal structures at the contact of the Juderina Sandstone and Johnson Cairn Formation black shales.

During the quarter DGO completed the interpretation of a 170 line kilometre combined helicopter time domain electromagnetic (Xcite™ HTDEM) and magnetic survey. The results of the survey were received in October and showed nine EM anomalies along an anticlinal structure bounded by thrust faults adjacent to Judge's Find. These are compelling drill targets and DGO now has the required approvals to conduct a reverse circulation drilling program scheduled for February.

Refer DGO's ASX announcement on 21 October 2019.

### **Yerrida, Murchison, WA (DGO 100%)**

Yerrida is located in the Yerrida Basin, south of the DeGrussa copper-gold mine. DGO's detailed data review and analysis has confirmed that the Yerrida Basin is prospective for both DeGrussa style copper-gold mineralisation and stratiform sediment-hosted copper deposits analogous to the world-class Zambian Copper Belt.

During the quarter DGO completed the interpretation of a 560 line kilometre combined helicopter time domain electromagnetic (Xcite™ HTDEM) and magnetic survey. The results of the survey were received in October and identified seven EM anomalies in stratigraphic positions equivalent to the formations which host the DeGrussa and Monty copper/gold deposits. A further EM anomaly lies adjacent and parallel to a copper and gold geochemical anomaly identified by previous explorers. This target has geological characteristics analogous to Zambian Copper Belt deposits.

Refer DGO's ASX announcement on 21 October 2019.

### **Mallina, Pilbara, WA (DGO 100%)**

DGO's Mallina tenements adjoin De Grey Mining's Pilbara Gold Project and share a similar geological and structural setting to De Grey's tenements which host substantial structurally controlled gold resources.

The DGO tenement package incorporates over 30km's of strike length of a major ENE-trending structure that parallels the Mallina Shear Zone (MSZ). A NE trending splay is associated with a 20km strike length gold anomaly that defines the Scotties Well target.

During the quarter, DGO continued to progress approvals for a widely spaced aircore drilling program to evaluate a series of large (2 x 1km) elevated gold-in-soil anomalies which broadly correspond with the interpreted position of the ENE shear. These gold anomalies together with the historic gold anomaly and gold nugget locality that defines the Scotties Well target, present a large 16 kilometre long target of elevated gold over a structurally complex area.

### **Tom Price, Pilbara, WA (DGO 80-100%)**

DGO's land position covers a large, 70 km long regional anticlinal structure, with the Pyradie Formation outcropping in the central zone of the structure and interpreted to lie below younger units on the limbs. Previous exploration of the structure identified anomalous gold mineralization up to 2.8 g/t gold in rock chip samples of siliceous chert units assigned to the Pyradie Formation (IGO ASX announcement 28 July 2003).

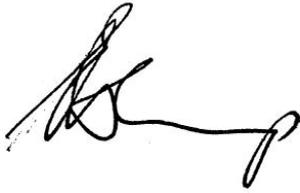
During the quarter DGO progressed land access approvals for future work programs.

### **Yarmana West, Eastern Goldfields, W.A (DGO 100%)**

Interpretation of geophysical datasets has identified greenstones to the west of the Yamarna Belt. This represents the under-explored Deleta Greenstone Belt covered by younger sediments. During the quarter DGO progressed the grant of these applications.

## **Corporate**

- Cash as at 31 December 2019 - \$2.8 million
- At the end of the quarter, the Company had 35,196,362 fully paid shares, 842,175 40c unlisted options, 10,042,129 \$1 unlisted options and 3,100,000 performance rights on issue.



**Eduard Eshuys**  
**Executive Chairman**

**Competent person statement**

*Exploration or technical information in this release has been prepared by **David Hamlyn**, who is the General Manager - Exploration 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.*

**DGO GOLD**

DGO's strategy is to build a portfolio of Western Australian gold discovery opportunities primarily through strategic equity investment and also through tenement acquisition and joint ventures. DGO seeks to identify and invest in gold discovery opportunities that meet three key criteria:

**Low-finding cost** – Brownfield gold discovery opportunities where finding costs are assessed to be comparable to the brownfields average of \$20 per ounce.

**Potential for scale** – Initial resource potential of greater than 3 million ounces, required to support successful development.

**Upside Optionality** – Potential for long term resource growth well beyond 3 million ounces and potential for upside surprise via either a world class discovery (+5 million ounces) or substantial high grade mineralization.

DGO holds strategic gold and copper/gold exploration land positions in Western Australia and South Australia where it would expect to participate as a funded joint venture partner or shareholder by way of equity exchange.

The Company's exploration strategy is led by veteran gold geologist, Executive Chairman, Eduard Eshuys, supported by a specialist consultant team comprising, Professor Ross Large AO, former head of the Centre for Ore Deposits and Earth Sciences (CODES), Professor Neil Phillips, former head of Minerals at CSIRO and a specialist in Witwatersrand basin gold mineralization, Dr Stuart Bull, a sedimentary basin and Zambian Copper Belt specialist, and Barry Bourne of Terra Resources, a highly experienced mineral exploration geophysicist.

## Appendix I: Recent Announcements Relating to Exploration Activities During the Quarter

Date	Title
30 Jan. 2020	Black Flag Follow-up Drilling
28 Jan. 2020	Drilling targets identified below the lake east of St Ives
19 Nov. 19	Copper targets identified at Pernatty Lagoon
8 Nov. 19	Further significant drilling results at Black Flag
22 Oct. 19	Significant drilling results at Black Flag
21 Oct. 19	EM survey Defines Priority Gold Targets at Bryah
21 Oct. 19	EM Survey Defines Copper/Gold Targets at Yerrida

## Appendix II: DGO Gold Tenement Holdings

Project	Location	Tenement Number	Interest at Beginning of Quarter	Interest at End of Quarter
Lake Randall	WA	E15/1573 <sup>1</sup>	30	30
		E25/584 <sup>2</sup>	100	100
Black Flag	WA	E24/197,	100	100
		P24/4986-4992	100	100
Mallina	WA	E47/3327-3329	100	100
		E47/4267, 4270 <sup>2</sup>	100	0
		E47/4316, 4316 <sup>7</sup>	0	100
Tom Price	WA	E47/3898, 3900 <sup>2</sup>	100	100
		E47/3629, 3651, 3716 <sup>4</sup>	0	0
Bryah	WA	E51/1590 <sup>5</sup>	51	51
		E51/1729	100	100
Yerrida	WA	E51/1730, 1748-1753	100	100
		E51/1833, 1897,	100	100
		E51/1920 <sup>3</sup> , 1921 <sup>3</sup>	100	100
		E51/1725, 1726 <sup>6</sup>	0	0
Yamarna West	WA	E38/3343, 3344 <sup>2</sup>	100	100
Pernatty Lagoon	SA	EL 6145, 6302	100	100
		EL 6030, 6436 <sup>3</sup> , 6303	100	100
		ELA 2019/137 <sup>2</sup>	0	100
		ELA 2019/147 <sup>2</sup>	0	100

<sup>1</sup> Farm-in and Joint Venture with Romardo Gold WA Pty Ltd – DGO earning up to 70%

<sup>2</sup> Tenement application – on grant 100% DGO

<sup>3</sup> Tenements granted during the quarter

<sup>4</sup> Farm-in and Joint Venture with Forge Resources Swan Pty Ltd – DGO earning 80% gold rights only

<sup>5</sup> Farm-in and Joint Venture with TasEx Geological Services Pty Ltd – DGO earning 90%

<sup>6</sup> Option to Purchase with Middelen Pty Ltd – DGO 100% on exercise of Option

<sup>7</sup> Tenement applications replacing E47/4267, 4270 – on grant 100% DGO

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

DGO Gold Limited

**ABN**

96 124 562 849

**Quarter ended ("current quarter")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (three months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,069)	(1,600)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(159)	(377)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		64
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,227)</b>	<b>(1,896)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(15)	(149)
(b) tenements (see item 10)		
(c) investments		(4,335)
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (three months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide detail if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(15)</b>	<b>(4,484)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		2,000
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(23)	(106)
3.5 Proceeds from borrowings		2,500
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(23)</b>	<b>4,394</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,082	4,803
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,227)	(1,896)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(15)	(4,484)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(23)	4,394
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2,817</b>	<b>2,817</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,817	4,082
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (term deposit)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,817</b>	<b>4,082</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

107

Director fees, expense reimbursements and consultancy fees.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (credit card)

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

2,500

2,500

30

0

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Unsecured credit card limit \$30,000 and loans of \$2.5m from DGO shareholders.

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	562
9.2	Development	
9.3	Production	
9.4	Staff costs (included in 9.1 & 9.5)	
9.5	Administration and corporate costs	488
9.6	Other (provide details if material)	
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>1,050</b>

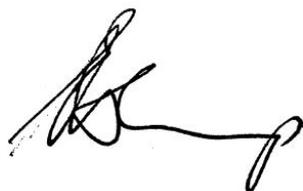
10. Project	Location	Tenement Number	Economic Entity's Interest at Beginning of Quarter	Economic Entity's Interest at Quarters End
Mallina	WA	E47/4315, 4316 <sup>1</sup>	0	100
Yerrida	WA	E51/1920, 1921 <sup>2</sup>	100	100
Bookaloo	SA	EL 6436 <sup>3</sup>	100	100
		ELA 2019/137 <sup>1</sup>	0	100
		ELA 2019/147 <sup>1</sup>	0	100

<sup>1</sup> Tenement application – on grant 100% DGO

<sup>2</sup> Tenements granted during the Quarter

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
Executive Chairman

Date: .31 January 2020.....

Print name: .....Edward Eshuys.....

### 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources

**Mining exploration entity and oil and gas exploration entity quarterly report**

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and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.