

## Brownfield Investments Still Delivering; Value Not Fully Reflected in Share Price

### DOGO's Differentiated Strategy

DOGO differentiates itself from exploration companies by leveraging its extensive gold discovery experience and comprehensive research to invest in the highest potential gold discovery opportunities. These investments take the form of direct ownership of highly prospective greenfield targets or by taking influential positions in high potential exploration companies. DOGO's goal is to create shareholder value by capitalising on the significant margin between the cost of discovery and the value attributed to resources by the market.

### Market Undervalues Brownfield Investments in DOGO Share Price and Gives Greenfield No Value

The underlying value of the brownfield ASX-listed investments (De Grey Mining, Dacian Gold, and Yandal Resources) is not reflected in the DOGO Gold share price by a significant margin. The underlying value of the ASX-listed investments is \$4.69 per DOGO share, compared to DOGO's share price of \$3.58, a **31% undervaluation**. This undervaluation rises to 35% when adding in DOGO's cash (less corporate expenses). **The underlying value of the DEG investment alone is A\$4.33.**

Furthermore, the current share price attributes no value to the highly prospective greenfield exploration portfolio.

### DOGO's Brownfield Investments Continue to Deliver

DOGO's investments in ASX-listed De Grey Mining (DEG: 15.8% ownership), Yandal Resources (YRL: 14.3%) and Dacian Gold (DCN: 6.4%) continue to deliver robust exploration results and show further potential. In particular, the underlying performance of DEG and YRL has been strong recently, reflecting this exploration success.

### Greenfield Exploration Showing Promise

DOGO continues to explore across multiple targets in Western Australia and South Australia for gold and copper. The Pernatty opportunity in SA looks extremely promising, with the initial drilling showing strong similarities to Zambian Copper Belt-style deposits. Mellina in WA has commenced a 140 hole 8,000m programme. Bryah and Yerrida in WA have intersected results that require follow-up drilling.

### Valuation Range A\$4.82 –A\$6.52: More Brownfield Upside; Free Option on Greenfield Exploration

We see substantial potential value in the greenfield programme given DOGO management's geological experience and track record in finding new deposits. The greenfield portfolio sits in highly prospective regions.

The value being attributed to DOGO by the market effectively gives the DOGO shareholder a discounted entry to DEG, investments in YRL and DCN for free as well as complete 'free option' on the greenfield portfolio.

We have increased our valuation range to A\$4.82–\$6.52 (vs. our range at initiation in March 2021 of A\$3.26–A\$5.35) resulting from the increase in the share prices and consensus valuations for the listed brownfield investments.

Key Risk to DOGO is the performance of the underlying Brownfield investments.

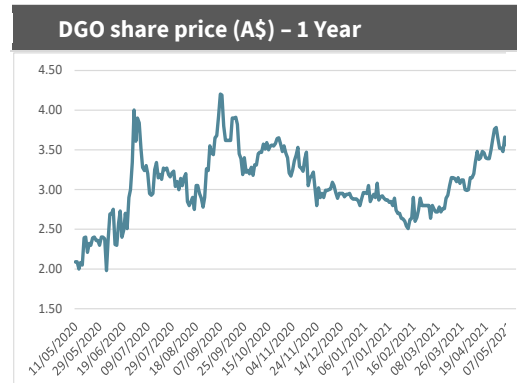
## DOGO Gold Limited

DOGO Gold Limited's (DOGO) vision is to build a portfolio of gold discovery opportunities including high potential brownfield gold investments and large-scale greenfield discovery opportunities to provide leverage to the gold price and achieve substantial growth in shareholder value.

[www.dogogold.com.au](http://www.dogogold.com.au)

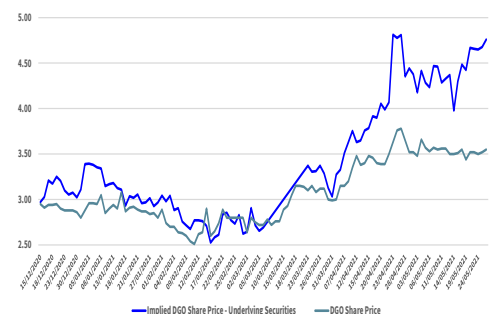
Stock	ASX: DOGO
Price	A\$3.58
Market cap	A\$263m
Valuation (per share)	A\$4.82–A\$6.52

Next steps	
Ongoing	Greenfield drilling programme
Ongoing	YRL Exploration, DEG Resource Definition



Source: FactSet.

### DOGO Share Price v Value of Listed Investments



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## Exhibit 1 – Company summary

**DGO Gold Limited**

DGO.AX

Year end 30 June

**MARKET DATA**

<b>Price</b>	\$	<b>3.58</b>
52 week high / low	A\$	4.20 / 1.98
<b>Valuation (diluted)</b>	A\$	<b>6.52</b>
<b>Market Capitalisation</b>	A\$m	<b>263</b>
<b>Enterprise Value</b>	A\$m	<b>252</b>
Shares on issue (basic)	m	73.6
Options / Performance shares	m	15.7
Other equity	m	
Potential shares on issue (diluted)	m	<b>89.3</b>

<b>INVESTMENT FUNDAMENTALS</b>	<b>\$AUD</b>	<b>FY19A</b>	<b>FY20E</b>	<b>FY21E</b>	<b>FY22E</b>
Reported NPAT	\$m	-5.0	-0.1	-8.4	-3.8
Underlying NPAT	\$m	<b>-5.0</b>	<b>-0.1</b>	<b>-8.4</b>	<b>-3.8</b>
EPS Reported (undiluted)	¢	-6.8	-0.1	-11.5	-5.2
<b>EPS Underlying (undiluted)</b>	¢	<b>-6.8</b>	<b>-0.1</b>	<b>-11.5</b>	<b>-5.2</b>
Underlying EPS growth	%		1.0	-87.1	0.5

P/E Reported (undiluted)	x	nm	nm	nm	nm
<b>P/E Underlying (undiluted)</b>	<b>x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

Operating cash flow / share	¢	-0.1	-0.1	-0.4	-0.5
<b>Price to operating cash flow</b>	<b>x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

<b>Free cash flow</b>	<b>\$m</b>	<b>-8.6</b>	<b>-15.4</b>	<b>-37.4</b>	<b>-11.7</b>
Free cash flow per share	¢	0.0	0.0	-0.1	0.0
<b>Price to free cash flow</b>	<b>x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>Free cash flow yield</b>	<b>%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Book value / share	¢	147.9	76.0	122.2	141.6
<b>Price to book (NAV)</b>	<b>x</b>	<b>2.4</b>	<b>4.7</b>	<b>2.9</b>	<b>2.5</b>

NTA / share	¢	0.15	0.76	1.22	1.42
<b>Price to NTA</b>	<b>x</b>	<b>24.2</b>	<b>4.7</b>	<b>2.9</b>	<b>2.5</b>

Year end shares	m	73.6	73.6	73.6	73.6
<b>Market cap (Spot)</b>	<b>\$m</b>	<b>263.3</b>	<b>263.3</b>	<b>263.3</b>	<b>263.3</b>

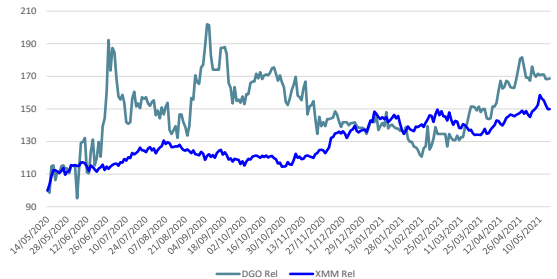
Net debt/(cash)	\$m	-4.8	-11.3	-11.1	-17.5
<b>Enterprise value</b>	<b>\$m</b>	<b>258.5</b>	<b>252.0</b>	<b>252.2</b>	<b>245.8</b>

<b>EV/EBITDA</b>	<b>x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>
<b>EV/EBIT</b>	<b>x</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>	<b>nm</b>

Net debt / Enterprise Value	x	-0.02	-0.04	-0.04	-0.07
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<b>Brownfield Discovery Equity Investments</b>	<b>Ownership %</b>
De Grey Mining	15.8%
Dacian Gold	6.4%
Yandal	14.3%

<b>Greenfield Discovery Opportunities</b>	<b>Location</b>	<b>Ownership %</b>
Mallina	Pilbara, W.A	100%
Pernatty	Stuart Shelf, S.A	80-100%
Bryah	Murchison, W.A	70-100%
Yerrida	Murchison, W.A	100%
Lake Randall	Eastern Goldfields, W.A	70-100%
Yilgarn Exploration Ventures	Yilgarn, W.A	40%
Black Flag	Eastern Goldfields, W.A	100%
Deleta	Eastern Goldfields, W.A	100%

**12-month Relative Performance versus S&P/ASX 300 Metal & Mining**


<b>PROFIT AND LOSS \$Am</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
<b>Sales</b>	-	-	-	-
<b>COGS</b>	-	-	-	-
<b>Gross profit</b>	-	-	-	-
Other income	0.0	-	0.1	0.1
Other operating costs	(5.1)	(3.2)	(8.3)	(3.7)
<b>EBITDA</b>	<b>(5.1)</b>	<b>(0.1)</b>	<b>(8.2)</b>	<b>(3.6)</b>
Depreciation & amortisation	(0.0)	(0.2)	(0.2)	(0.2)
<b>EBIT</b>	<b>(5.1)</b>	<b>(0.3)</b>	<b>(8.4)</b>	<b>(3.8)</b>
Net interest exp	0.1	0.2	(0.0)	0.0
Impairments / Associates	-	-	-	-
<b>Pretax Profit</b>	<b>(5.0)</b>	<b>(0.1)</b>	<b>(8.4)</b>	<b>(3.8)</b>
Tax expense	-	-	-	-
<b>NPAT</b>	<b>(5.0)</b>	<b>(0.1)</b>	<b>(8.4)</b>	<b>(3.8)</b>
<b>BALANCE SHEET \$Am</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
Cash	4.8	11.5	11.2	17.7
Trade & other receivables	0.3	0.4	0.4	0.4
Inventory	-	-	-	-
<b>Current assets</b>	<b>5.1</b>	<b>11.9</b>	<b>11.6</b>	<b>18.0</b>
Investments in associates	4.6	39.9	66.3	66.3
Exploration & PPE	1.4	5.2	13.0	20.9
<b>Non current assets</b>	<b>6.0</b>	<b>45.2</b>	<b>79.3</b>	<b>87.2</b>
<b>Total Assets</b>	<b>11.2</b>	<b>57.1</b>	<b>90.9</b>	<b>105.2</b>
Trade and other payables	0.3	0.8	0.8	0.8
Lease liabilities	-	0.1	0.1	0.1
Provisions	0.0	0.1	0.1	0.1
<b>Current liabilities</b>	<b>0.3</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
Lease liabilities	-	0.2	0.1	0.1
<b>Non current liabilities</b>	<b>-</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Total Liabilities</b>	<b>0.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>
Issued capital	35.9	76.8	114.0	132.1
Reserves	0.7	4.9	10.1	10.1
Accumulated losses	(25.7)	(25.8)	(34.3)	(38.1)
<b>Total Equity</b>	<b>10.9</b>	<b>55.9</b>	<b>89.9</b>	<b>104.2</b>
<b>CASH FLOW \$Am</b>	<b>FY19A</b>	<b>FY20E</b>	<b>FY21E</b>	<b>FY22E</b>
Payments to suppliers and employees	(0.6)	(1.1)	(2.9)	(3.6)
Exploration	(0.1)	(0.1)	(0.2)	(0.0)
Other income	-	0.1	(0.0)	(0.0)
<b>Total Operating Cash Flow</b>	<b>(0.7)</b>	<b>(1.1)</b>	<b>(3.1)</b>	<b>(3.7)</b>
Interest & Dividends received	0.0	0.0	(0.0)	0.0
R&D rebate	0.8	0.3	0.1	0.1
Proceeds from sale of shares	0.0	-	0.5	-
Payments for plant and equipment	(0.0)	(0.1)	(0.1)	(0.1)
Payments for exploration and evaluation	(1.9)	(3.3)	(7.9)	(8.0)
Fair value adjustment	(6.8)	(0.1)	-	-
Payments for investment in associates	-	(11.0)	(26.9)	-
Payments for deposits	(0.0)	(0.0)	-	-
<b>Total Investing Cash Flow</b>	<b>(7.9)</b>	<b>(14.3)</b>	<b>(34.3)</b>	<b>(8.0)</b>
Proceeds from loans payable	-	2.5	-	-
Payments for loans payable	-	(2.5)	-	-
Proceeds from issues of equity / option	12.0	23.1	37.2	18.1
Payment for share issue costs	(0.2)	(0.7)	-	-
Finance costs	-	(0.3)	(0.1)	-
Principal paid on lease liabilities	-	(0.1)	(0.1)	-
Interest paid on lease liabilities	-	(0.0)	(0.0)	-
<b>Total Financing Cash Flow</b>	<b>11.8</b>	<b>22.1</b>	<b>37.1</b>	<b>18.1</b>
<b>Net increase in cash</b>	<b>3.2</b>	<b>6.7</b>	<b>(0.3)</b>	<b>6.4</b>

Source: DGO, MST Access.

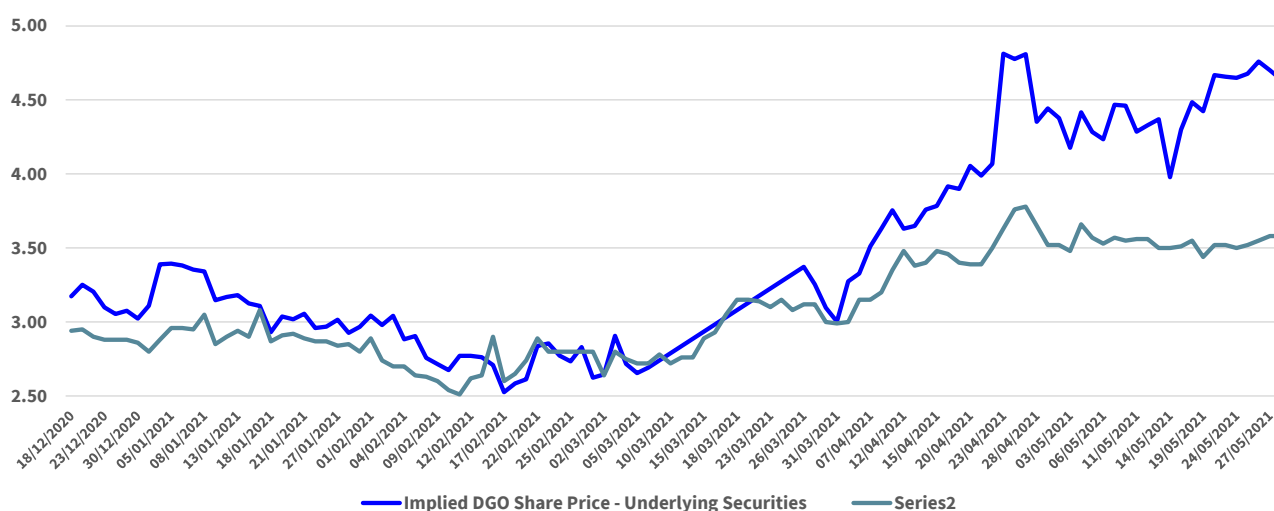
## Significant Gap Between DGO Shares and Value of Underlying Listed Investments; Free Option on Greenfield Discovery

DGO's share price is currently trading **below the value of the underlying investments in listed companies** De Grey Mining, Dacian Gold and Yandal Resources and cash by some A\$1.11 per share (31%).

### Underlying Investment Gap Has Widened – Strong Opportunity in DGO

**The difference between the value of DGO's underlying investments on a per DGO share basis and the DGO share price has widened significantly over the last 2 months** (see Exhibit 2), as DGO's price has not kept pace with the substantial performance of DEG and YRL. A significant opportunity exists in DGO.

Exhibit 2 – Difference in underlying investment value and DGO share price (\$A per DGO Share)



Source: Fact Set

Furthermore, the current share price attributes **no value to the highly prospective greenfield exploration portfolio**. We see substantial potential value in the greenfield programme given DGO's management's geological experience and track record in finding new deposits. The greenfield portfolio sits in highly prospective regions.

**The value being attributed to DGO by the market effectively gives the DGO shareholder a discounted entry to DEG, investments in YRL and DCN for free as well as complete 'free option' on the greenfield portfolio.**

### Strategic Value in Underlying Listed Investments

We see significant strategic value in the underlying listed investments, with the holding in DEG being of particular significance.

#### 15.8% Holding in DEG – Any Corporate Interest Positions DGO as the Key Shareholder

DGO's 15.8% holding in DEG represents a substantial strategic holding.

DEG's key focus is the resource definition at Hemi. The maiden resource estimate for Hemi consensus estimate is a 4-7moz by brokers covering DEG, with a high estimate at ~8moz. With a resource of this size, the asset has strong potential to attract the attention of larger gold producers looking to increase their resource base in an outstanding geographical position with a low operating cost base.

DGO's 15.8% interest in DEG therefore has the potential for this parcel to be valued inclusive of a takeover premium.

## DKO's Brownfield Investments Continue to Deliver

Subsequent to our initiation on 16 March 2021, De Grey Mining (DEG) and Yandal Resources (YRL) have continued with extensive drilling programmes and have had continued success. Results of those programmes are detailed below.

### De Grey update

DKO owns 15.8% of DEG (market capitalisation \$2.02bn). DEG's primary focus is the 100%-owned Mallina Gold Province (MGP) in the Pilbara region of WA. MGP is a large-scale, high-value, near surface gold province, with the key focus the Hemi discovery. The Hemi mineralisation extends approximately 3.5km east-west. All zones at Hemi remain open.

De Grey has 8 rigs drilling on Hemi now. The focus on the Crow and Aquila deposits is resource definition drilling, with De Grey aiming to announce an updated and significantly upgraded resource on Hemi by Q2CY2021. In addition, further exploration drilling is being conducted on the Falcon, Eagle and Diucon deposits to continue to demonstrate the potential to rapidly add to the gold endowment at Hemi in a cost-effective manner.

### Crow and Aquila – resource definition drilling

Drilling results continue to expand the resource potential at the Crow and Aquila deposits. Key results are as follows:

#### Crow

- 25.0m @ 12.1g/t Au including 6.0m @ 44.9g/t Au from 178m
- 48.7m @ 2.8g/t Au including 6m @ 9.3g/t Au from 201m and 7.3m @ 5.4g/t Au from 231m.

#### Aquila

- 11m @ 10.5g/t Au including 1m @ 105.5g/t Au
- 44m @ 2.0g/t Au including 4m @ 6.4g/t Au
- 57m @ 1.4g/t Au from 117m

### Falcon, Eagle and Diucon – exploration success

De Grey has also been drilling the Hemi region, identifying new gold-bearing prospects at Falcon, Diucon and Eagle.

#### Falcon

Drilling results at Falcon have been positive, extending the depth and strike of mineralisation. Wide gold has also been extended near surface in the north of Falcon proximal to the Aquila zone. Highlights include:

- 45m @ 1.5g/t Au from 175m
- 41m @ 2.2g/t Au from 61m
- 25m @ 1.2g/t Au from 148m

Depth extensions include:

- 63.7m @ 1.5g/t Au from 263.3m

Resource definition drilling include:

- 50m @ 3.9g/t Au from 56m
- 70m @ 2.4g/t Au from 144m

#### Diucon

The Diucon prospect, west of Crow and Aquila, has mineralised strike at approximately 900m and remains open at depth beneath sediments to the west. Significant results are as follows:

- 2m @ 12.6g/t Au from 187m
- 19.0m @ 4.4g/t Au from 194m
- 17m @ 5.7g/t Au from 282m

#### Eagle

The Eagle prospect has mineralised strike at approximately 600m and remains open north, west and at depth. Significant results are as follows:

- 61m @ 2.6g/t Au from 116m including 6m @ 13.4g/t Au from 142m.

## Yandal Resources update

### DGO increases investment in Yandal Resources

DGO increased its holding in Yandal Resources on 7 April 2021 (current share price: A\$0.59; market capitalisation: A\$58m) from 8.69% to 14.26%. DGO has paid a weighted average price of \$A0.477 for the YRL holding. The increased holding in YRL reflects DGO's growing confidence in YRL's asset base and its exploration programme.

### Yandal's drilling delivers results

Since our initiation report on 16 March 2021, Yandal has been delivering consistent and outstanding exploration results across its three assets (Gordons Dam, Mt McClure and Ironstone Well & Barwidgee discoveries). The strong drilling results have been well received by the market, with Yandal's stock price increasing  $\approx$  40% over the past quarter. The company is preparing a number of follow up drilling programs that are highly prospective.

Highlights of the drilling campaign include:

#### **Gordons Dam** (near Kalgoorlie)

*Paleochannel Discovery:* Drilling targeting primary gold mineralisation beneath the Gordons Dams paleochannel discovery.

##### Primary zone

- 2m @ 10.83g/t Au from 118m to end-of-hole including 1m @ 20.68g/t from 118m
- 2m @ 11.10g/t Au from 73m including 1m @ 20.41g/t from 73m).

##### Oxide zone

- 19m @ 2.86g/t Au from 36m including 1m @ 38.07g/t from 37m
- 9m @ 3.78g/t Au from 31m including 1m @ 23.01g/t from 32m
- 5m @ 5.85g/t Au from 38m including 1m @ 26.28g/t from 38m.

*Malone Prospect:* Encouraging results have been finding multiple new zones of high-grade bedrock gold mineralisation. Highlights include:

- 7m @ 1.16g/t Au from 80m including 3m @ 1.48g/t at end-of-hole.

*Star of Gordon Project:* provide a new high-priority target. Extensive shallow historic workings in the prospect area close to an operating mine. YRL will now explore for extensions at depth.

- 8m @ 4.69g/t Au from 15m including 1m @ 13.29g/t
- 10m @ 2.53g/t Au from 27m including 1m @ 8.56g/t
- 5m @ 2.44g/t Au from 21m including 1m @ 4.68g/t

#### **Mt McClure** (20km from Bronzewing)

Confirmation and extension drilling has returned highly encouraging results from multiple prospects adjacent to and beneath historic open pit mines.

##### *HMS Sulphur Prospect*

- 11m @ 2.56g/t Au from 73m including 1m @ 12.24g/t from 83m
- 6m @ 1.61g/t Au from 36m including 1m @ 5.35g/t from 39m.

##### *Parmelia Deeps Prospect*

- 2m @ 4.81g/t Au from 178m
- 2m @ 5.22g/t from 206m including 1m @ 7.13g/t.

##### *Challenger Prospect*

- 5m @ 3.56g/t Au from 84m including 1m @ 10.58g/t from 85m
- 6m @ 2.53g/t Au from 81m including 1m @ 8.95g/t from 82m
- 19m @ 1.27g/t Au from 39m including 1m @ 5.38g/t from 54m
- 6m @ 2.75g/t Au from 54m including 1m @ 10.06g/t.

The strong drilling results have been well received by the market, with the stock price increasing  $\approx$  50% over the past month. **The company is preparing a number of follow up drilling programs.**

## Greenfield Exploration Showing Promise

### DGO's greenfield strategy balances risk and reward

DGO is currently spending less than 5% of market cap annually on its greenfield exploration. The amount of spend appropriately balances the risk and reward of greenfield exploration, which has a lower probability of success, but significant potential upside. As seen with the example of De Grey Mining, greenfield exploration success can be 'company making'.

DGO has built large land positions in strategic locations that meet three key selection criteria:

- **prospectivity:** geological analogue to world-class, sediment hosted deposits
- **potential for scale:** potential for 3 million ounces plus
- **proximity to infrastructure:** close to existing processing plants.

DGO's greenfield portfolio in WA and SA focuses predominantly on gold but also has significant potential copper prospects in Murchison (WA) and Pernatty (SA). DGO's understanding of geology that reflects characteristics of existing large deposits and trends and its depth of expertise underpins the enormous exploration potential within the portfolio.

### A brief look at the key greenfield opportunities

#### Stuart Shelf, SA

##### **Pernatty**

Pernatty continues to be a promising opportunity, with DGO's geological expert/consultant identifying similarities with Zambian Copper Belt-style deposits. The recent drilling program consisted of 44 holes for 3,773m as a 'proof of concept' campaign, with follow up activities planned. Drilling at each of the three target areas, 30-40km apart, intersected copper-cobalt-silver mineralisation including:

- 1m @ 2% copper equivalent (CuEq) (0.82% Cu, 0.1% Co, & 19.7g/t Ag) from 75m within 4m @ 0.8% CuEq (0.41% Cu, 0.04% Co, & 10.6g/t Ag) from 73m
- 1m @ 1% CuEq (0.95% Cu, 0.01% Co, & 4.5g/t Ag) from 76m within 6m @ 0.5% CuEq (0.36% Cu, 0.01% Co, & 3.3g/t Ag) from 73m.

**The drilling programme has confirmed the potential for Zambian style model of copper mineralisation** in this area of the Stuart Shelf. DGO's strategic landholding of greater than 100km strike of the target zone puts it in a strong position to identify significant copper mineralisation in follow up drilling

#### Pilbara, WA (gold)

##### **Mallina**

- Mallina tenements adjoin De Grey's Mallina Gold province in close proximity to DEG's 524koz Toweranna Resource, and share a similar geological and structural setting.
- **A 140 hole, 8000m, air core drilling program has commenced at Mallina.**
- The drilling will test gold targets associated with the Millindina intrusives

#### Eastern Goldfields, WA (gold)

##### **Lake Randall**

- During the quarter, Lefroy Exploration (ASX:LEX) intersected 60m at 5.22g/t Au and 0.38% Cu from 112m to end of hole at Burns), 15km west of DGO's Lake Randall. Mineralisation is associated with a large felsic intrusion which does not outcrop.
- These results have led to DGO prioritising the drilling of intrusive-associated Granny Smith style targets at Lake Randall and air core drilling is expected to commence this quarter.

## Murchison, WA (gold and base metals)

### **Bryah**

- The Bryah diamond drilling has highlighted the potential for VHMS mineralisation within the Juderina formation.
- VHMS typically contain zinc, copper, silver and gold mineralisation.
- The drill core is being processed and drilling activities are continuing.

### **Yerrida**

- In Q4 CY2020, DGO completed a follow-up drilling program of 1,913m of air core drilling in 37 holes testing VHMS targets identified in August.
- Key highlights included 132m @1.3g/t Ag and gold mineralisation up to 2m @9.2g/t Au.
- Diamond drilling is planned to test gold bearing mineralisation on the upper contact of the mafics adjacent to a fault.

## Yilgarn, WA (gold)

### **Yilgarn Exploration Ventures (40% DGO)**

- Results from drilling the machine learning predicated target at Mt Magnet North JV were received during Q1 CY2021.
- Results identify a mineralisation system up to 2.5km long in the location predicted by SensOre's propriety machine learning/AI technology.
- Follow up drilling commenced in April and assays for the program are awaited.

## Valuation: Significant Gap Between DGO Share Price and Value of Underlying Listed Investments; Free Option on Greenfield Discovery

### Valuation Scenarios – We See Valuation Upside No Matter How We Cut it

There are a number of ways to look at a valuation of DGO (see Exhibit 3).

Exhibit 3 – Summary of various valuation scenarios making up our range of A\$4.82–A\$6.52

Scenario	Components	Valuation
<b>Scenario 1: Core brownfield</b>	Base-case underlying brownfield investments (using current share prices) + cash	<b>\$4.82</b>
<b>Scenario 2: Upside brownfield plus base-case greenfield</b>	Upside-case brownfield investments (using consensus valuations) + cash +base-case greenfield valuation (using comparable transaction/technical value)	<b>\$5.91</b>
<b>Scenario 3: Upside brownfield plus upside greenfield</b>	Upside-case brownfield investments (using consensus valuations) + cash + upside-case greenfield valuation (assuming a resource is defined at 500,000 oz and applying market multiples for WA gold explorers)	<b>\$6.52</b>

Source: MST Access.

### Scenario 1: Core brownfield valuation of \$4.82 – valuing underlying brownfield investments (using current share prices) + cash

This valuation methodology is simple. We take the current market value of DGO’s listed brownfield investments plus cash on hand at 31 March 2021 and attribute zero value to the greenfield in order to calculate the core underlying valuation of DGO.

Exhibit 4 shows the value of the investments in De Grey Mining, Dacian Gold and Yandal Gold. The underlying value of the investments plus the cash on hand is greater than the share price of DGO, therefore showing that the market is not fully attributing the value of underlying investments and attributing zero value to the greenfield exploration assets.

Exhibit 4 – Scenario 1 – Core valuation: DGO’s brownfield investments and cash

Valuation of Brownfield Projects	A\$m DGO	Value	A\$ Value Per DGO Share	A\$ Current Underlying	DGO Shares Owned (m)*
De Grey Mining DEG		\$318.6	\$4.33	1.57	203,577,703
Dacian Gold DCN		\$18.3	\$0.25	0.29	64,058,546
Yandal Resources YRL		\$7.9	\$0.11	0.59	13,374,769
<b>Total Brownfield Value</b>		<b>\$344.7</b>	<b>\$4.69</b>		
Cash at 31 March 2021		\$13.5	\$0.18		
Less Corporate Expenses		-\$3.6	-\$0.05		
<b>DGO Underlying Value</b>		<b>\$354.6</b>	<b>\$4.82</b>		
DGO Market Cap		\$263.3	\$3.58		
Market attributing to DGO Greenfield Asset		-\$91.3	-\$1.24		
<b>Upside %</b>			<b>34.7%</b>		

\*Includes DCN shares ascribed in Cap Raising, to be approved at EGM

Source: Factset, DGO.



## Scenario 2: Upside brownfield plus base-case greenfield valuation of \$5.91 – valuing brownfield with consensus valuations and greenfield with comparable transaction/technical value

MST does not cover De Grey Mining, Dacian Gold or Yandal Resources. In order to attain a ‘market’ valuation on the underlying investments, we have obtained, where available, the broker consensus valuations in the market and applied those valuations to DGO’s shareholding to attain a valuation that reflects the broker valuations.

Yandal Resources does not have any publicly available broker valuations, so we have used the underlying share price for this investment – in other words, this portion of the valuation is the same as the base-case scenario.

Exhibit 5 shows the consensus broker valuation, with the key driver being an average valuation of De Grey Mining of A\$1.62 vs the closing share price on 28 May 2021 of A\$1.57.

Exhibit 5 – Scenario 2 – Upside valuation for DGO’s brownfield investments plus base-case greenfield valuation

Valuation of Brownfield Projects	A\$m Value Broker	A\$ Value Per DGO Share	\$A Broker Val Per Underlying Share
De Grey Mining DEG	\$329.8	\$4.48	1.62
Dacian Gold DCN	\$28.8	\$0.39	0.45
Yandal Resources YRL	\$7.9	\$0.59	0.59
<b>Total Brownfield Value</b>	<b>\$366.5</b>	<b>\$5.47</b>	
Cash at 31 March 2021	\$13.5	\$0.18	
Less Corporate Expenses	-\$3.6	-\$0.05	
<b>Brownfield Plus Cash</b>	<b>\$376.36</b>	<b>\$5.60</b>	
DGO Market Cap	\$263.3	\$3.58	
<b>Upside from Broker Valuations</b>	<b>\$113.0</b>	<b>\$2.02</b>	
<b>Upside %</b>		<b>56.4%</b>	

Valuation of Greenfield Projects	CSA Weighted Valuation	Value Per Share
Stuart Shelf	\$6,500,000	\$0.09
<b>Total Greenfield Valuation</b>	<b>\$23.2</b>	<b>\$0.31</b>

Total Valuation	A\$m Value DGO Investment	A\$ Value Per Share DGO
Brownfield Valuation	\$366.5	\$5.47
Greenfield Valuation	\$23.2	\$0.31
Cash less Corp Exp at 31 March 2021	\$9.8	\$0.13
<b>Total Valuation</b>	<b>\$399.5</b>	<b>\$5.91</b>
DGO Market Cap	\$263.3	\$3.58
<b>Upside Valuation Potential</b>	<b>\$136.2</b>	<b>\$2.33</b>
<b>Upside %</b>		<b>65.2%</b>

Source: Factset, CSA Global Consultants, DGO, MST estimates.

**Scenario 3: Upside brownfield plus upside greenfield (the ‘what-if’ scenario) valuation of \$6.52 – upside-case brownfield (using consensus) + upside-case greenfield (assuming resource definition)**

DGO’s underlying strategy is to define brownfield and greenfield assets and exploit the difference between the cost of finding resources and the multiple which the market pays for those resources.

The average multiple is A\$135 per resource ounce.

For the purposes of the ‘what-if’ analysis, we assume that DGO initially defines a resource of 500,000oz. Based on this assumption and the multiples applied to WA gold explorers, a 500,000oz resource would be worth \$0.92 per share. Exhibit 6 shows the valuation based on this assumption. We have assumed that DGO would utilise its current cash balance to define the resource.

Exhibit 6 – Scenario 3 – Upside valuation for DGO’s brownfield investments plus upside-case greenfield valuation

Valuation of Brownfield Projects	A\$m Broker	A\$ Value Per DGO	\$A Broker Val Per Underlying Share
De Grey Mining DEG	\$329.8	\$4.48	1.62
Dacian Gold DCN	\$28.8	\$0.39	0.45
Yandal Resources YRL	\$7.9	\$0.59	0.59
<b>Total Brownfield Value</b>	<b>\$366.5</b>	<b>\$5.47</b>	
Cash at 31 March 2021	\$13.5	\$0.18	
Less Corporate Expenses	-\$3.6	-\$0.05	
<b>Brownfield Plus Cash</b>	<b>\$376.36</b>	<b>\$5.60</b>	
DGO Market Cap	\$263.3	\$3.58	
<b>Upside from Broker Valuations</b>	<b>\$103.2</b>	<b>\$2.02</b>	
<b>Upside %</b>		<b>56.4%</b>	

EV/ Resource WA Explorers and Developers Average	Valuation A\$m	A\$ Value Per DGO Share
500,000oz Resource value at \$135 per resource ounce	\$67.5	\$0.92
<b>Total Greenfield Valuation</b>	<b>\$67.5</b>	<b>\$0.92</b>

Total Valuation	A\$m Value DGO Investment	A\$ Value Per Share DGO
Brownfield Valuation plus Cash (less Corp Expenses)	\$376.4	\$5.60
Greenfield Valuation	\$67.5	\$0.92
<b>Total Valuation</b>	<b>\$443.9</b>	<b>\$6.52</b>
DGO Market Cap	\$263.3	\$3.58
<b>Upside Valuation Potential</b>	<b>\$180.5</b>	<b>\$2.94</b>
<b>Upside %</b>		<b>82.0%</b>

Source: Factset, CSA Global Consultants, Gold Nerds, MST estimates.

## Positive Catalysts for the Share Price

### Key drivers of share price upside

#### Brownfield investment share price appreciation

The share prices of DGO investments De Grey, Dacian Gold and Yandal are driven by exploration success, resource definition and gold production. Share price appreciation for these companies is the key driver of DGO's share price. DGO is most leveraged to De Grey Mining.

#### New brownfield investments

DGO's highly skilled management and technical teams have a track record of investing in brownfield investments that have appreciated in price. New brownfield investments would be seen as a positive for DGO.

#### Greenfield drilling success

DGO is spending around \$8m per annum on greenfield drilling. The drilling is high risk, but high reward. Discovery of new deposits would be a strong driver of the share price.

#### Greenfield resource definition

The key value driver for greenfield is resource definition. WA explorers' and developers' resources are valued highly by the market and would add significant value to DGO.

#### Capital raisings due to successful drilling

As an explorer, DGO is leveraged to drilling success. Drilling success would require further capital to be raised to fund further drilling and resource definition. Capital raisings for these purposes would be seen as a positive by the market.

### Other potential share price catalysts

#### Gold price increase

As a gold-leveraged investment, increased gold prices would be positive for DGO.

#### Other metals discovery

Several of DGO's deposits have opportunities for the discovery of other metals than gold, particularly copper. Such discoveries would be a positive for DGO.

#### Corporate interest

DGO's strong portfolio may attract corporate interest.

## Risks to the Share Price and Valuation

### Key risks to the share price

#### Brownfield investment share price decline

The share prices of DGO investments De Grey, Dacian Gold and Yandal are driven by exploration success, resource definition and gold production. A decline in the share prices of these three companies is the key risk to DGO's share price. DGO is most leveraged to De Grey Mining.

#### Lack of new brownfield investments

A key driver of DGO's share price has been its investment in brownfield projects. Lack of definition of further investments is a risk to DGO's share price.

#### Lack of greenfield drilling success

DGO is spending around \$8m per annum on greenfield drilling. The drilling is high risk, and may lead to few discoveries. Lack of success with drilling is a key risk to DGO's share price.

#### No greenfield resource definition

The key value driver to greenfield is resource definition. WA explorers' and developers' resources are valued highly by the market. Delay in greenfield resource definition is a key risk to the share price.

### Other potential risks to the share price

#### Gold price decrease

As a gold-leveraged investment, decreased gold prices would be negative for DGO.

#### Capital raisings due to lack of drilling success

Greenfield drilling consumes cash, and lack of success may require the company to raise further capital to look at riskier targets.

#### Increased drilling costs

There is a lot of exploration activity in the gold sector. Pressure has increased on obtaining rigs and operators. Increased drilling costs are a risk to DGO and may accelerate the need to raise capital.

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