DGO Gold Limited

ABN 96 124 562 849

Annual Report for the financial year ended 30 June 2018

DGO Gold Limited

TABLE OF CONTENTS

DGO Gold Limited

Corporate Directory

Directors:	Mr. E. Eshuys (Executive Chairman) Mr. M. J. Ilett (Non-Executive Director) Mr. R. C. Hutton (Non-Executive Director) Mr. J. B. Parncutt AO (Non-Executive Director)
Company secretary	Mr. Mark Licciardo Ms. Lisa Deramond
Chief Financial Officer	Ms. C. Jupp
Registered office and principal administrative office:	L17 41 Exhibition St Melbourne Vic 3000 Telephone: + 61 3 9133 6251
Share registry:	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
Auditors:	BDO Audit Pty Ltd Level 10 12 Creek Street BRISBANE QLD 4000 Telephone: + 61 7 3237 5999 Facsimile: + 61 7 3221 9227
Stock exchange listings:	DGO Gold Limited shares are quoted on ASX Limited (ASX Code: DGO).
Website:	www.dgogold.com.au
ABN:	96 124 562 849
Corporate Governance Statement	https://www.dgogold.com.au/investorcentre_corporategovernance.html

DGO Gold Limited

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 2018. 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 and until the date of this report are set out below:

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

Eduard, aged 73 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.

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. Eduard Eshuys has not been a director of any other listed company in the last three years.

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

Ross, aged 70, 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. Ross is the Chairman of the Audit Committee and Remuneration and Nomination Committee.

Ross has not been a director of any other listed company in the last three years.

Mr Jeffrey (Bruce) Parncutt AO, BSc, MBA *(Non-Executive Director)*

Bruce, aged 67, is Chairman of investment banking group Lion Capital, a member of The Australian Ballet Board, The University of Melbourne Campaign Board, and the University of Melbourne Centre for Positive Psychology Strategic Advisory Board, and a Trustee of the Helen MacPherson Smith Trust. His career spans over 40 years in investment management, investment banking and stock broking.

Previous roles include: Managing Director of McIntosh Securities, Senior Vice President of Merrill Lynch, Director of Australian Stock Exchange Ltd, President of the Council of Trustees of the National Gallery of Victoria, Board Member and Chairman of the NGV Foundation, member of the Felton Bequest Committee, Council member of Melbourne Grammar School, and Director of a number of listed public companies, including Acrux Ltd, Praemium Limited and Stuart Petroleum Ltd.

Bruce was recognised as Officer in the Order of Australia in the 2016 Queen's Birthday Honours List for distinguished service to the community as a philanthropist (particularly in arts and education) and as an advocate and supporter of charitable causes, and to business and commerce. Mr. Bruce Parncutt was appointed Non-Executive Director on 23 May 2018 and is a member of the Audit Committee and Remuneration and Nomination Committees.

During the past three years Mr Bruce Parncutt has also served as a director of Acrux Limited from 1 May 2012 to 9 December 2016.

Information about Directors and the Company Secretary (continued)

Mr. Michael J. Ilett BBus(Accy), GradDipAdvAcctg, GradDipCorpGov, MBA, ACIS, CPA, CA *(Non- Executive Director)*

Michael, aged 52, 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. Michael has been Company Secretary of the Company from 5 April 2007 until his resignation on 31 August 2018.

Michael has not been a director of any other listed company in the last three years.

Joint Company Secretaries

Mr Michael J Ilett whose skills, qualifications and expertise are set out under the previous paragraph, was the Company Secretary until 31 August 2018.

Mr. Mark Licciardo B Bus(ACC), Grad Dip CSP, FGOA, FCIS, FAICD *(Company Secretary)*

Mark is the founder and Managing Director of Mertons Corporate Services. Mark has extensive experience working with Boards of high profile ASX listed companies in the areas of corporate governance, accounting and finance and company secretarial practice. Mark is a director of various ASX listed public and private companies, a former Chairman of the Governance Institute of Australia Victorian division and Melbourne Fringe Festival and former company secretary of Top 50 ASX listed companies Transurban Group and Australian Foundation Investment Company Limited. Mark was appointed joint Company Secretary with Lisa Deramond on 31 August 2018.

Ms. Lisa Deramond BSc, LLB, GradDip CSP, FGIA, FCIS, GAICD (*Company Secretary)*

Lisa is a senior company secretarial, governance professional and lawyer. She has worked in the manufacturing, membership, retail, mining and education sectors. She is Chair of the Presentation College Windsor Board and has experience as director of other not for profit entities. Lisa was appointed joint Company Secretary with Mark Licciardo on 31 August 2018.

Review of Operations

The Principal Activities of the year focused on:

- Identifying and evaluating, ASX listed gold exploration companies with substantial land holdings and or resources within established goldfields and or provinces.
- Evaluating the past exploration data, government and research data with the objective of enhancing the value the Company's extensive land holdings in the Pilbara, Yerrida Basin and Eastern Goldfields of Western Australia, and the Adelaide Geosyncline and Stuart Shelf of South Australia.
- Conducting and supporting research at CODES at University of Tasmania, particularly the gold, copper and cobalt content of pyrites, that are associated with sediment hosted gold mineralisation in the Pilbara, Yerrida Basin of Western Australia and the Tapley Hill formation in South Australia.

Investment Activities

The Company embarked on identifying and evaluating investment opportunities by researching 90 ASX listed Australian gold explorers with a focus on Australia and particularly Western Australia.

Companies which had substantial land holdings in established gold fields or provinces, strong experienced management and a stable shareholder base were prioritised for further study. This resulted in 7 companies of interest of which De Grey Mining Limited was the standout with substantial potential for significant increased resources at a modest discovery and evaluation cost per ounce. An investment of $5 million in De Grey resulted in the DGO Gold securing a 7% interest along with options that would increase DGO's interest to 10% on a fully diluted basis. The purpose of the funding is to support De Grey's focus on increasing its gold resources and to conduct research on the gold mineralisation in the Pilbara.

DGO Gold Limited

Directors' report

Sediment Hosted Gold Discovery

The Company completed comprehensive data compilation and evaluation of its extensive land holdings in Western Australia and South Australia including reviews of past exploration data, interpretation of airborne magnetic/ radiometric and gravity data, and research of academic literature applicable and government geological survey data. This research work has generated substantial targets at this point in the Pilbara, Yerrida Basin, and the Murchison in Western Australia. Work is ongoing in South Australia.

Research and Development

The Company has continued to conduct its research engagement with CODES at the University of Tasmania. The objective of the research is to target the discovery of world class sediment hosted gold, copper and cobalt mineralisation in the sedimentary basins of Australia. Detailed sampling of pyrite hosted by sediments is followed by laser ablation analysis of the gold copper and cobalt contents of the pyrite. The geological age of the sediments/ basins is also an important element in focusing the ongoing research.

In particular, extensive sampling of favourable sedimentary diamond core has occurred at the Western Australian and South Australian central core libraries.

Operating Results

The total loss from operations of the Consolidated Entity for the year ended 30 June 2018 was $611,890 (2017: net loss $201,964).

Changes in state of affairs

During the financial year, the Company and Yandan Gold Mines Pty Ltd received a total of $234,033 (before fees) in tax refunds relating to the 2017 research and development activities.

On 7 September 2017, through a private placement, the Company issued 698,162 fully paid ordinary shares at an issue price of $0.25. Attached to these shares were 698,162 options exercisable at $0.40 on or before 30 June 2020. On 4 April 2018, the Company issued 1,250,000 fully paid ordinary shares at an issue price of $0.80. During the year 3,585,726 $0.40 options were exercised, raising $1,434,291.

At the date of this report there are 21,645,002 fully paid ordinary shares 880,695 options exercisable at $0.40 on or before 30 June 2020 and 6,545,587 options exercisable at $1.00 on or before 31 December 2021 on issue.

The head office and registered office was moved to Level 17, 41 Exhibition St Melbourne 3000 in July 2018.

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

Subsequent Events

The Company announced an issue of 6,545,587 fully paid ordinary shares at an issue price of $0.75 per share and 6,545,587 free attaching options exercisable at $1 per share on or before 31 December 2021 to various shareholders pursuant to a non-renounceable entitlement offer announced on the ASX on 4 July 2018.

On 11 July 2018 DGO Gold Limited was issued with 25 million shares at $0.20 per share, 12,500,000 options exercisable at $0.25 by 30 November 2019, and 12,500,000 options exercisable at $0.30 by 30 May 2021 in De Grey Mining Limited under the terms and conditions of the Share Subscription Agreement with De Grey Mining Limited dated 22 May 2018.

Health and Safety Policy

The Company is committed to maintaining a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations and has appropriate policies in place.

Environmental regulations

The Company is subject to 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 license conditions 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 880,695 options exercisable at $0.40 on or before 30 June 2020 (DGOAI) and 6,545,587 options exercisable at $1.00 on or before 31 December 2021 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	
	Invited to attend	Attended	Invited to attend	Attended	Invited to attend	Attended
Mr. E. Eshuys (i)	24	24	2	2	-	-
Mr. R. C. Hutton	24	24	2	2	2	2
Mr. M. J. Ilett	24	24	2	2	2	2
Mr J. B. Parncutt (ii)	2	2	-	-	-	-

(i) Mr. E. Eshuys is not a member of the Audit Committee.
(ii) M J. B. Parncutt became a director on 23 May 2018.

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)	Indirect holdings	Total shares held (beneficial interest)	Relevant Interest
Mr. E. Eshuys	2,308,259	-	2,308,259	2,308,259
Mr. R. C. Hutton (i) (ii)	489,673	69,753	510,599	559,426
Mr. M. J. Ilett	86,303	-	86,303	86,303
Mr J. B. Parncutt	3,510,375		3,510,375	3,510,375

(i) Fully ordinary shares held excluding those held in 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	40c Options	$1 Options
Mr. E. Eshuys (ii)	-	680,268
Mr. R. C. Hutton (i)	40,000	-
Mr. M. J. Ilett (ii)	-	20,608
Mr J. B. Parncutt (ii)	-	1,170,125

(i) 40c options - 40,000 of the options held by Mr R. C. Hutton are exercisable at $0.40 cents on or before 30 June 2020 and were issued pursuant to the Entitlement Offer on 22 June 2017.
(ii) $1 options all other options are exercisable at $1 on or before 31 December 2021 and were issued pursuant to the Entitlement Offer on 6 July 2018.

Mr. J. B. Parncutt and Mr. M Ilett will be eligible to be re-elected as Directors at the next Annual General Meeting.

Remuneration report (Audited)

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 2018. The term 'key management personnel' relates 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 covered in this report
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
F. Other transactions and other balances with key management personnel and their related parties

A. Key management personnel covered in this report

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

- Mr. E. Eshuys (Executive Chairman)
- Mr. R. C. Hutton (Non-Executive Director)
- Mr. J. B. Parncutt (Non-Executive Director) – appointed 23 May 2018
- Mr. M. J. Ilett (Executive Director, Company Secretary)- resigned as Company Secretary on 31 August 2018 and became a Non-Executive Director on the same day.

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 are 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 understanding of their respective rights, duties, responsibilities, and the roles of board and senior executives.

DGO Gold Limited

Directors' report
Remuneration report (Audited)

Non-executive director remuneration

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-

- acquiring gold and base metal exploration businesses and seeking to create shareholder value through prospect delineation, joint venture and sale or successful exploration
- seeking shareholder value growth through investment in exploration ventures and companies.

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder's wealth for the five years to 30 June 2018:

Description	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Interest revenue and other income	4,294	178,854	261,995	3,299	4,346
Loss for the year from continuing operations	(611,890)	(201,964)	(871,690)	(741,521)	(346,363)
Loss for the year from discontinued operations	-	-	-	(235,785)	(4,286,147)
Net loss before tax	(611,890)	(201,964)	(871,690)	(977,306)	(4,636,316)
Net (loss)/profit after tax	(611,890)	(201,964)	(871,690)	(977,306)	(4,632,510)
Share price at start of year (i)	23.5 cents	20 cents	20 cents	20 cents	30 cents
Share price at end of year (i)	66.5 cents	23.5 cents	20 cents	20 cents	20 cents
Share-based payments	-	-	-	-	100,000
Return of capital	-	-	-	-	-
Basic profit/(loss) per share (i)	(5 cents)	(3 cents)	(15 cents)	(20 cents)	(122 cents)
Diluted profit/(loss) per share (i)	(5 cents)	(3 cents)	(15 cents)	(20 cents)	(122 cents)

(i) The calculation of the basic loss per share and share price adjusted for the 100:1 share consolidation that was approved by shareholders on 17 September 2015.

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 2018 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			
2018	$	$	$	$	$	$	$	$
Executive chairman								
Mr. E. Eshuys	100,000	-	-	-	9,500	15,489	-	124,989
Non-executive directors								
Mr. J. B. Parncutt (ii)	-	-	-	-	-	-	-	-
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	-	49,275
Executive director and Company Secretary								
Mr. M. J. Ilett (i)	45,000	-	-	75,000	4,275	-	-	124,275
Total	**190,000**	**-**	**-**	**75,000**	**18,050**	**15,489**	**-**	**298,539**

(i) Short-term employee benefits include $75,000 representing consulting fees (net of Goods and Services Tax) paid to Kaus Australis Pty Ltd a related party of Mr. M. J. Ilett.
(ii) Appointed as Non-Executive Director on 23 May 2018

DGO Gold Limited

Directors' report

Remuneration report (Audited)

The following table provides information about the remuneration of the Consolidated Entity's directors and senior management 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	$	$	$	$	$	$	$	$
Executive chairman								
Mr. E. Eshuys	100,000	-	-	-	9,500	-	-	109,500
Non-executive directors								
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	-	49,275
Executive director and Company Secretary								
Mr. M. J. Ilett (i)	45,000	-	-	85,050	4,275	-	-	134,325
Total	**190,000**	**-**	**-**	**85,050**	**18,050**	**-**		**293,100**

(i) Short-term employee benefits include $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.

There were no bonuses or share based payments granted as 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	Granted as compensation	Received on exercise of options	Net other change (ii)	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.
2018							
Mr. E. Eshuys (i)	1,231,757	-	351,244	44,990	**1,627,991**	1,627,991	-
Mr. J. B. Parncutt (i)	1,934,500 (iii)	-	405,750	-	**2,340,250**	2,340,250	-
Mr. R. C. Hutton	559,426	-	-	-	**559,426**	559,426	-
Mr. M. J. Ilett (i)	49,271	-	16,424	-	**65,695**	65,695	-
2017							
Mr. E. Eshuys	863,284	-	-	368,473	**1,231,757**	1,231,757	-
Mr. R. C. Hutton	519,426	-	-	40,000	**559,426**	559,426	-
Mr. M. J. Ilett (i)	32,847	-	-	16,424	**49,271**	49,271	-

(i) Exercise of options at exercise price of 40 cent per share acquired on 6 June 2018.

(ii) These are equity transactions with KMP other than those granted as remuneration which have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(iii) Shares held upon appointment as director on 23 May 2018.

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.
2018						
Mr. E. Eshuys	351,244	-	(351,244)	**-**	-	-
Mr. R. C. Hutton	40,000	-	-	**40,000**	40,000	-
Mr. M. J. Ilett	16,424	-	(16,424)	**-**	-	-
Mr J. B. Parncutt (i)	405,750	-	(405,750)	**-**	-	-

(i) Options held upon appointment as director on 23 May 2018.

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 Executive Chairman 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 Executive Chairman 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 Executive Chairman 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;
- No annual leave or long service leave accrued;
- 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. J. B. Parncutt

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

- No Director's Fee is to be paid
- No annual leave or long service leave accrued;
- Outgoings: Provision to reimburse Lion Capital Management Pty Ltd for all reasonable and necessary expenses incurred by it or Mr. J. B. Parncutt 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 change in control: In the event that a party acquires more than 50% of the Company and the services of Lion Capital Management Pty Ltd is terminated, Lion Capital Management 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.

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 $75,000 (net of GST) (2017: $85,050) was paid to Kaus Australis Pty Ltd a related party of Mr. Michael Ilett for Company Secretarial Services. During the year, the Company paid $5,200 (net of GST) (2017: nil) for CFO Services to Lion Capital Management Pty Ltd a related party of Mr. J. B. Parncutt.

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 $18,450 during the year (2017: $19,637) excluding goods and services tax.

Lion Capital Management Pty Ltd, a company related to Mr. J B Parncutt, provided DGO Gold Ltd with an office, outgoings, telephone, electricity, director travel expenses, Executive Assistant and Analyst services for a total of $54,899 (2017: nil) in 2018 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 27 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 14 of the Annual Report.

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.

DGO Gold Limited

Directors' report

Remuneration report (Audited)

Shares under options

Unissued ordinary shares

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	No of options exercised	Balance at date of report	No of shares issued from exercising options
	No.	No.		$	No.	No.	No.
22 June 2017	2,898,666	698,162	30 June 2020	$0.40	2,716,133	880,695	2,716,133
26 June 2017	869,593	-	30 June 2020	$0.40	869,593	-	869,593
6 July 2018	-	6,545,587 (i)	31 December 2021	$1.00	-	6,545,587	-

(i) Issued after year end on 6 July 2018

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

On behalf of the Directors

Eduard Eshuys
Executive Chairman
Melbourne, 12 September 2018

Auditor’s independence declaration

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
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 2018, 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.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 12 September 2018

DGO Gold LImited

Consolidated statement of profit or loss and other comprehensive income
for the financial year ended 30 June 2018

	Note	Year ended 30/06/18 $	Year ended 30/06/17 $
Continuing operations			
Interest income		4,294	3,899
Other income – government grant		-	174,955
Occupancy cost		(21,222)	(19,637)
Depreciation expenses	10	(7,097)	(5,161)
Marketing cost		(3,995)	(12,540)
Employee benefit expenses		(7,612)	(12,540)
Directors' fees		(59,672)	(68,490)
Consultants and contractor expenses		(102,674)	(97,693)
Administration expenses		(241,633)	(109,683)
Impairment of available for sale financial assets		-	(30,851)
Exploration and evaluation expenditure		(172,279)	(36,763)
Loss before tax from continuing operations		(611,890)	(201,964)
Income tax (expense)/benefit		-	-
Loss for the year from continuing operations		(611,890)	(201,964)
LOSS FOR THE YEAR		(611,890)	(201,964)
Other comprehensive income			
Items that may be reclassified as profit and loss			
Change in fair value of available for sale financial assets		10,638	-
Income tax on other items of other comprehensive income		-	-
Other comprehensive income for the year net of tax		10.638	-
Total comprehensive loss for the year		(601,252)	(201,964)
Loss per share			
Basic and diluted loss per share (cents per share)	17	(5)	(3)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes

DGO Gold LImited

Consolidated statement of financial position
as at 30 June 2018

	Note	Year ended 30/06/18 $	Year ended 30/06/17 $
Current assets			
Cash and cash equivalents	7	1,625,441	959,279
Trade and other receivables	8	572,322	29,305
Assets classified as held for sale	9	60,638	50,000
Total current assets		2,258,401	1,038,584
Non-current assets			
Property, plant and equipment	10	16,611	13,644
Exploration and evaluation expenditure	11	1,642,437	549,932
Total non-current assets		1,659,048	563,576
Total assets		3,917,449	1,602,160
Current liabilities			
Trade and other payables	12	510,436	118,164
Provisions	13	15,489	7,877
Total current liabilities		525,925	126,041
Total liabilities		525,925	126,041
Net assets		3,391,524	1,476,119
Equity			
Issued capital	14	23,749,024	21,232,367
Reserves	15	311,290	300,652
Accumulated losses	16	(20,668,790)	(20,056,900)
Total equity		3,391,524	1,476,119

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

DGO Gold LImited

Consolidated statement of changes in equity
for the financial year ended 30 June 2018

	Issued capital	Accumulated losses	Option premium reserve	Share revaluation reserve	Total
Consolidated	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2016	**20,350,768**	**(19,854,936)**	**300,652**	**-**	**796,484**
Loss for the year	**-**	**(201,964)**	**-**	**-**	**(201,964)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**(201,964)**	**-**	**-**	**(201,964)**
Transactions with owners in their capacity as owners					
Issue of shares	**942,065**	**-**	**-**	**-**	**942,065**
Share issue costs	**(60,466)**	**-**	**-**	**-**	**(60,466)**
	881,599	**-**	**-**	**-**	**881,599**
Balance at 30 June 2017	**21,232,367**	**(20,056,900)**	**300,652**	**-**	**1,476,119**
Balance at 1 July 2017	**21,232,367**	**(20,056,900)**	**300,652**	**-**	**1,476,119**
Loss for the year	**-**	**(611,890)**	**-**		**(611,890)**
Other comprehensive income	**-**	**-**	**-**	**10,638**	**10,638**
Total comprehensive income for the period	**-**	**(611,890)**	**-**	**10,638**	**(601,252)**
Transactions with owners in their capacity as owners					
Issue of shares	**2,608,833**	**-**	**-**	**-**	**2,608,833**
Share issue costs	**(92,176)**	**-**	**-**	**-**	**(92,176)**
	2,516,657	**-**	**-**	**-**	**2,516,657**
Balance at 30 June 2018	**23,749,024**	**(20,668,790)**	**300,652**	**10,638**	**3,391,524**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows for the financial year ended 30 June 2018

	Note	Year ended 30/06/18 $	Year ended 30/06/17 $
Cash flows from operating activities			
Payments to suppliers and employees		(452,177)	(356,268)
Payments for exploration and evaluation activities		(172,279)	(36,763)
Receipt of research and development tax rebate		-	435,384
Net cash (used)/generated by operating activities	**21**	**(624,456)**	**42,353**
Cash flows from investing activities			
Interest received		4,294	3,899
Receipt of research and development tax rebate for exploration assets		234,033	68,127
Payments for plant and equipment		(10,064)	-
Payments for exploration and evaluation activities		(1,226,312)	(457,205)
Payments for deposits		(483,827)	-
Net cash generated/(used) by investing activities		**(1,481,876)**	**(385,179)**
Cash flows from financing activities			
Proceeds from issues of equity securities		2,608,833	942,065
Payment for share issue costs		(151,796)	(5,628)
Proceeds from share application monies		315,456	-
Net cash generated by financing activities		**2,772,493**	**936,437**
Net increase in cash and cash equivalents		**666,162**	**593,611**
Cash and cash equivalents at the beginning of the financial year		**959,279**	**365,668**
Cash and cash equivalents at the end of the financial year	**7**	**1,625,441**	**959,279**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements
for the year ended 30 June 2018

Notes to the financial statements

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
L17 41 Exhibition St
Melbourne Vic 3000

Principal place of business
L17 41 Exhibition St
Melbourne Vic 3000

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 12 September 2018.

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).

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

The Group has evaluated the impact adoption of this standard and determined there will be no material impacts in the current reporting period.

The Group anticipates that the investment in De Grey Mining Limited completed on 11 July 2018 will be carried at fair value through other comprehensive income.

<u>*AASB 16 Leases*</u>
This standard and its consequential amendments are currently 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. This means that for all leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease.

The Group has evaluated the impact adoption of this standard. Upon adoption of this standard, it is the Group's intention to transition using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated.

Based on the transition approach and the entity's current leasing arrangements the entity has determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

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.

DGO Gold LImited

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 2018. 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 and investment 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 successfully completed a capital raising in July 2018 raising $4,909,190 in a 1 for 2 non-renounceable entitlement offer for ordinary shares at an offer price of $0.75 with 1 new option for every new shared issued. These options are exercisable at $1 on or before 31 December 2021. The funding was used to subscribe to complete the placement in De Grey Mining.

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.

3. Significant accounting policies (continued)

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.

The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(e) Financial assets

<u>Available for Sale (AFS) financial assets</u>
Listed shares 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.

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.

<u>Effective interest method</u>
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'.

<u>Loans and receivables</u>
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.

<u>Impairment of financial assets</u>
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.

3. Significant accounting policies (continued)

(e) Financial assets (continued)

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.

3. Significant accounting policies (continued)

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

<u>Current tax</u>
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.

<u>Deferred tax</u>
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 Group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>
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.

3. Significant accounting policies (continued)

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

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.

(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.

3. Significant accounting policies (continued)

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 30/06/18 $	Year ended 30/06/17 $
Loss from continuing operations	(611,890)	(201,964)
Income tax benefit calculated at 27.5% (2017: 27.5%)	168,270	55,540
Tax effects of amounts which are not assessable/ (deductible) in calculating taxable income	44,774	(627,401)
Deferred tax assets not brought to account	(213,044)	571,861
Total tax benefit	-	-

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

Unrecognised deferred tax balances

	Year ended 30/06/18 $	Year ended 30/06/17 $
The following deferred tax assets have not been brought to account:		
-Share issue costs	30,422	16,829
-Tax losses revenue	6,929,140	5,880,059
	6,959,562	5,896,888

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.

Recognised deferred tax assets and liabilities

	Year ended 30/06/18 $	Year ended 30/06/17 $
Deferred tax assets		
Tax losses revenue	428,741	145,959
Accruals	24,989	5,871
Employee entitlements	4,259	2,166
Deferred tax liabilities:		
Exploration and evaluation expenditure	(451,670)	(151,231)
Prepayments	(6,319)	(2,765)
Deferred tax liability	-	-

7. Cash and cash equivalents

	Year ended 30/06/18 $	Year ended 30/06/17 $
Cash at Bank	1,625,441	959,279

8. Trade and other receivables

	Year ended 30/06/18 $	Year ended 30/06/17 $
Current		
Prepayments	22,979	10,054
Deposits (i)	483,827	-
Goods and services tax receivable	65,516	19,251
	572,322	29,305

(i) In May 2018 the Company paid a $250,000 deposit for an upcoming placement in De Grey Mining Limited. The shares under this placement were issued on 11 July 2018. Refer Note 28 for further details.

The remaining $233,827 relates to refundable prepayments of rent for the first year of the term of exploration licences applied for in Western Australia.

(ii) At 30 June 2018 there were no receivables that were past due or impaired.

9. Assets classified as held for sale

	Year ended 30/06/18 $	Year ended 30/06/17 $
Available for sale investments carried at fair value		
Quotes shares – Talisman Mining Limited (i)	60,638	50,000
	60,638	50,000

(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 $60,638 as at 30 June 2018 ($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 difference between the consideration and fair value as on acquisition has been recorded as movement in other comprehensive income of $10,638 in 2018.

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.

DGO Gold LImited

10. Property, plant and equipment

Cost	Motor vehicles at cost $	Leasehold and freehold improvements at cost $	Furniture at cost $	Other plant and equipment at cost $	Total $
Balance at 1 July 2016	38,568	3,506	13,670	142,957	198,701
Additions		-	-	-	-
Balance at 30 June 2017	38,568	3,506	13,670	142,957	198,701
Accumulated depreciation					
Balance at 1 July 2016	(26,106)	(3,010)	(8,674)	(142,106)	(179,896)
Depreciation expense	(3,280)	(327)	(994)	(560)	(5,161)
Balance at 30 June 2017	(29,386)	(3,337)	(9,668)	(142,666)	(185,057)
Net book value as at 30 June 2017	9,182	169	4,002	291	13,644

Cost	Motor vehicles at cost $	Leasehold and freehold improvements at cost $	Furniture at cost $	Other plant and equipment at cost $	Total $
Balance at 1 July 2016	38,568	3,506	13,670	142,957	198,701
Additions	-	-	7,713	2,350	10,063
Balance at 30 June 2018	38,568	3,506	21,383	145,307	208,764
Accumulated depreciation					
Balance at 1 July 2017	(29,386)	(3,337)	(9,668)	(142,666)	(185,057)
Depreciation expense	(2,066)	(169)	(4,058)	(803)	(7,096)
Balance at 30 June 2018	(31,452)	(3,506)	(13,726)	(143,469)	(192,153)
Net book value as at 30 June 2018	7,116	-	7,657	1,838	16,611

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 30/06/18 $	Year ended 30/06/17 $
Gross carrying amount balance:		
Balance at beginning of financial year	618,059	151,393
Additions	1,326,538	466,666
Balance at end of the financial year	1,944,597	618,059
Grant Revenue from research and development tax offset applied to exploration and evaluation expenditure		
Balance at beginning of financial year	(68,127)	-
Research and development tax offset	(234,033)	(68,127)
Balance at end of financial year	(302,160)	(68,127)
Net book value at end of financial year (i)	1,642,437	549,932

(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 30/06/18 $	Year ended 30/06/17 $
Trade payables (i)	95,701	93,383
Subscription liability (ii)	315,456	-
Other – accrued expenses	90,869	21,350
Other – PAYG payable	8,410	3,431
	510,436	118,164

(i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.
(ii) During the year the Company received payments in advance for the non-renounceable entitlement offer announced on the ASX on 4 July 2018. As at 30 June 2018 the amounts were refundable should the raising not proceed and as a result these amounts are shown as a Subscription Liability above.

13. Provisions

	Year ended 30/06/18 $	Year ended 30/06/17 $
Current		
Employee benefits (i)	15,489	7,877
	15,489	7,877

(i) The Group's current employee benefits are represented by provisions for long service leave totalling $15,489 in 2018, and annual leave totalling $7,877 in 2017. The average number of employees during the current financial year was 5 employees.

14. Issued capital

	Year ended 30/06/18 $	Year ended 30/06/17 $
Fully paid ordinary shares	23,749,024	21,232,367
Fully paid ordinary shares		
Balance at beginning of financial year	21,232,367	20,350,768
Issue of shares under entitlements offer	-	724,667
Issue of shares under private placements	1,174,542	217,398
Issue of shares under option conversion	1,434,291	-
Share issue costs	(92,176)	(60,466)
Balance at end of financial year	23,749,024	21,232,367

Number of shares on issue

	Year Ended 30/06/18 No.	Year Ended 30/06/17 No.
Balance as at beginning of the year	9,565,527	5,797,268
Issue of shares under entitlements offer (i)	-	2,898,666
Issue of shares under private placements (ii)	-	869,593
Issue of shares under private placements (iii)	1,948,162	-
Issue of shares under option conversion (iv)	3,585,726	-
Balance as at the end of the year	15,099,415	9,565,527

	Year ended 30/06/18 $	Year ended 30/06/17 $
Number of options on issue		
	Year Ended 30/06/18 No.	**Year Ended 30/06/17 No.**
Balance as at beginning of the year	3,768,259	-
Issue of options under entitlements offer (i)	-	2,898,666
Issue of options under private placements (ii)	-	869,593
Issue of options under private placements (iii)	698,162	-
Exercise of options (iv)	(3,585,726)	-
Balance as at the end of the year	880,695	3,768,259

(i) 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.

(ii) 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.

(iii) On 7 September 2017, through a private placement, the Company issued 698,162 fully paid ordinary shares at an issue price of $0.25. Attached to these shares were 698,162 options exercisable at $0.40 on or before 30 June 2020. On 4 April 2018 the Company issued 1,250,000 fully paid ordinary shares at an issue price of $0.80.

(iv) During the year 3,585,726 $0.40 options were exercised, raising $1,434,291.

Share options on issue as at 30 June 2018
A total of 880,695 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

	Year ended 30/06/18 $	Year ended 30/06/17 $
Option premium reserve (i)	300,652	300,652
Share revaluation reserve (ii)	10,638	-
	311.290	300,652

(i) The option premium reserve is a result of options being provided to directors.
(ii) The share revaluation reserve is due to the change in value of shares owned in Talisman Mining Limited.

16. Accumulated losses

	Year ended 30/06/18 $	Year ended 30/06/17 $
Balance at beginning of financial year	20,056,900	19,854,936
Net loss attributable to members of the parent entity	611,890	201,964
Balance at end of financial year	20,668,790	20,056,900

17. Loss per share

	Year ended 30/06/18 Cents per share	Year ended 30/06/17 Cents per share
Loss per share		
Basic and diluted loss per share (cents per share)	(5)	(3)

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 30/06/18 $	Year ended 30/06/17 $
Net (loss)	(611,890)	(201,964)
	Year Ended 30/06/18 No.	**Year Ended 30/06/17 No.**
Weighted average number of ordinary shares used in the calculation of basic (loss) per share	10,845,763	5,880,654

Options could potentially dilute basic loss per share in the future but were not included in the calculation of diluted earnings per share for 2018 or 2017 as they were anti-dilutive.

18. Dividends

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

DGO Gold LImited

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 (that can be extinguished at any time) for granted tenements are as follows:-

	Year ended 30/06/18 $	Year ended 30/06/17 $
Exploration and evaluation expenditure		
No longer than 1 year	1,736,883	1,145,195
Longer than 1 year and not longer than 5 years	3,356,895	3,020,195
Longer than 5 years	-	-
	5,093,778	4,165,390

20. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2018 %	2017 %
Parent entity			
DGO Gold Limited (i),(ii)	Australia		
Subsidiaries			
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 30/06/18 $	Year ended 30/06/17 $
Cash and cash equivalents	1,625,441	959,279

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

	Year ended 30/06/18 $	Year ended 30/06/17 $
Net (loss) for the year	(611,890)	(201,964)
Interest income	(4,294)	(3,899)
Depreciation	7,096	5,161
Impairment quoted securities	-	30,851
Decrease/(increase) in assets:		
Trade and other receivables	(46,265)	(2,281)
Prepayments	(12,925)	409
Government grant receivable	-	260,429
(Decrease)/increase in liabilities:		
Trade and other payables	36,210	(46,353)
Provision – Employee benefits	7,612	-
Net cash used from operating activities	**(624,456)**	**42,353**

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, polices and processes for managing those risks or the methods to measure them form 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. Currently the Group does not have any revenue from metal sales.

(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.

23. Financial instruments (continued)

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).

2018	Level 1 $	Level 2 $	Level 3 $	Total
Available held for sale				
Quoted securities in Talisman Mining Limited	60,638	-	-	60,638
	60,638	-	-	60,638

2017	Level 1 $	Level 2 $	Level 3 $	Total
Available-for-sale financial assets				
Quoted securities in Talisman Mining Limited	50,000	-	-	50,000
	50,000	-	-	50,000

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 2017 and 30 June 2018:

2018	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing	-	315,516	233,827	-	-	-	549,343
Variable interest rate instrument	0.62	1,625,441	-	-	-	-	1,625,441
		1,940,957	233,827	-	-	-	2,174,784
Financial liabilities							
Non-interest bearing		487,386	23,050	-	-	-	510,436
		487,386	23,050	-	-	-	510,436

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

24. Key management personnel compensation

	Year ended 30/06/18 $	Year ended 30/06/17 $
Short-term employee benefits	265,000	275,050
Post-employment benefits	18,050	18,050
Other long-term benefits	15,489	-
Termination benefits	-	-
Share-based payment	-	-
	298,539	293,100

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 personal has been provided in the Remuneration Report which forms part of the Directors' Report. Included in the Remuneration Report includes is a payment of $75,000 (net of GST) (2017: $85,050) for 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 DGO Gold Ltd with office accommodation, outgoings, telephone, electricity and receptionist services for a total of $18,450 (2017: $19,637) per annum excluding goods and services tax.

Lion Capital Management Pty Ltd, a company related to Mr. J B Parncutt, provided DGO Gold Ltd with office accommodation, outgoings, telephone, electricity, director travel expenses, Executive Assistant and Analyst Services for a total of $54,899 in 2018 (2017: $nil) excluding goods and services tax. Included in the Remuneration Report is a payment of $5,200 (net of GST) for CFO Services to Lion Capital Management Pty Ltd a related party of Mr. J. B. Parncutt.

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 30/06/18 $	Year ended 30/06/17 $
Current assets	3,629,560	1,037,914
Non-current assets	16,611	424,145
Total assets	3,646,171	1,462,059
Current liabilities	473,182	126,041
Non-Current Liabilities	-	-
Total Liabilities	473,182	126,041
Issued capital	25,900,737	23,384,080
Accumulated losses	(22,039,039)	(22,348,714)
Share revaluation reserve	10,638	-
Option Premium Reserve	300,652	300,652
Total equity	3,172,988	1,336,018
Total equity and liabilities	3,172,988	1,462,059

26. Parent entity disclosures (continued)

Financial performance

	Year ended 30/06/18 $	Year ended 30/06/17 $
Loss for the year	(690,325)	(164,708)
Other comprehensive income	10,638	-
Total comprehensive (loss)	(679,687)	(164,708)

27. Remuneration of auditors

Auditor of the parent entity

Audit and review of financial statements – BDO Audit Pty Ltd	43,278	41,200
Other services – BDO (QLD) Pty Ltd	9,181	
	52,459	41,200

The auditor of DGO Gold Limited is BDO Audit Pty Ltd. BDO also supplies consulting work to DGO Gold Limited on an as required basis, including taxation advice.

28. Events after the reporting date

The Company announced an issue of 6,545,587 fully paid ordinary shares at an issue price of 75 cents per share and 6,545,587 free attaching options exercisable at $1 cent per share on or before 31 December 2020 to various shareholders pursuant to a non-renounceable entitlement offer announced on the ASX on 4 July 2018.

On 11 July 2018 DGO Gold Limited was issued with 25 million shares at 20c per share, 12,500,000 options exercisable at $0.25 by 30 November 2019, and 12,500,000 options exercisable at $0.30 by 30 May 2021 in De Grey Mining Limited under the terms and conditions of the Share Subscription Agreement with De Grey Mining Limited dated 22 May 2018.

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 Australian 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 2018 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 as issued by International Accounting Standards Board.
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 8 to 12 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2018, comply with section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the executive chairman 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
Melbourne, 12 September 2018

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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 subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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.

BDO

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*
Refer to notes 4 and 11 in the financial report The Group carries exploration and evaluation assets as at 30 June 2018 in relation to the application of the Group's accounting policy for exploration and evaluation assets, as set out in note 3(f). The recoverability of exploration and evaluation asset is a key audit matter due to: • The significance of the total; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining from management a schedule of areas of interest held by the Group and assessed as to whether the Group had rights of tenure over the relevant exploration areas by obtaining external confirmation from the relevant government agency and also considered whether the Group maintains tenements in good standing. • 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 • Considered whether any areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed. • Considered whether there are any other facts or circumstances that existed to indicate impairment testing was required. • 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. We also assessed the adequacy of the related disclosures in Note 4, Note 11 and Note 3(f) to the financial statements.

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 2018, 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

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 8 to 12 of the directors' report for the year ended 30 June 2018

In our opinion, the Remuneration Report of DGO Gold Limited for the year ended 30 June 2018, 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

BDO

T R Mann
Director

Brisbane, 12 September 2018

DGO Gold LImited

Unaudited additional ASX and other information as at 10 September 2018

Number of holders of equity securities

21,645,002 fully paid ordinary shares are held by 631 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	19,094,169	88.22
50,001 to 100,000	973,674	4.50
10,001 to 50,000	902,861	4.17
5,001 to 10,000	229,251	1.06
1,001 to 5,000	336,316	1.55
1 to 1,000	108,731	0.50
Total	**21,645,002**	**100.00**
Holding less than a marketable parcel	**77,844**	

Twenty largest shareholders of quoted equity securities

Line item	Ordinary shareholders	A/C Designation	Fully paid ordinary shares	
			Number	Percentage
1	GINGA PTY LTD		4,524,333	20.90
2	NATIONAL NOMINEES LIMITED		3,907,152	18.05
3	CAIRNGLEN INVESTMENTS P/L	WOODFORD SUPER FUND	3,225,000	14.90
4	ANDAMA HOLDINGS PTY LTD	<J & M BARLOW PENSION A/C>	2,707,783	12.46
5	ESHUYS SUPER PTY LTD	<RESOURCE SURVEYS P/L S/F AC>	1,287,453	5.95
6	CAIRNGLEN INVESTMENTS PTY LTD		995,177	4.60
7	RESOURCE SURVEYS PTY LTD	RESOURCE SURVEYS S/F	420,000	1.94
8	SHERATAN PTY LTD	R & M SUPERANNUATION FUND	325,000	1.50
9	GEE NOMINEES PTY LTD	<THE GEE A/C>	270,000	1.25
10	RESOURCE SURVEYS PTY LTD	RESOURCE SURVEYS S/F	258,246	1.19
11	RESOURCE SURVEYS PTY LTD	<SUPERANNUATION FUND A/C>	200,000	0.92
12	BNP PARIBAS NOMINEES PTY LTD	<IB AU NOMS RETAILCLIENT DRP>	189,056	0.87
13	GEE NOMINEES PTY LTD	<G & A ESHUYS S/F A/C>	165,000	0.76
14	MR BRICE KENNETH MUTTON & MRS GAI MUTTON	<BRICE MUTTON SUPER FUND A/C>	145,669	0.67
15	MRS MARJORIE CLARE ESHUYS		135,060	0.62
16	SCINTILLA STRATEGIC INVESTMENTS LIMITED		120,000	0.61
17	CITICORP NOMINEES PTY LIMITED		111,040	0.51
18	CAIRNGLEN INVESTMENTS PTY LTD		108,200	0.50
19	EST TREVOR NEIL HAY		93,752	0.43
20	MR ALEXANDER ANGELO EPIS & MS ENA PHILLIPS	<BIZPLAY P/L STAFF S/F A/C>	91,500	0.42
	Total		**19,279,421**	**89.07**
	Balance of register		**2,365,581**	**10.93**
	Grand total		**21,645,002**	**100.00**

DGO Gold LImited

Substantial shareholders

Ordinary shareholders	Fully Paid Shares Number
GINGA PTY LTD	4,524,333
LION NOMINEES LIMITED	2,340,250
CAIRNGLEN INVESTMENTS P/L	4,353,377
ANDAMA HOLDINGS PTY LTD	2,696,247
EDUARD ESHUYS	2,308,259
TOTAL	**16,222,466**

(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			
Eastern Goldfields			
Mt Edwards	E15/1465, 1488, 1514		78
Ora Banda	P24/4946 - 4956		22
Black Flag	P24/4986 - 4992, E24/197		31
Deleta		E38/3343-3344	656
Lake Randall JV	E15/1573		50
Pilbara			
Mallina	E47/3327 - 3329		213
Fortescue Group	E45/5031 – 5035	E45/5030, E45/5084 E46/1203-1204 E46/1207-1208 E46/1228-1229 E47/3898 E47/3900-3901 E47/3909	3,363
Murchison			
Yerrida Basin	E51/1590, 1729, 1730, 1748 – 1753 1833	E51/1897	1,702
Sub-Total			**6,115**
South Australia			
Adelaide Fold Belt			
Mt Barker	EL5770, EL5812, EL5946		328
Dawson	EL5737, EL5876, EL5877 EL6036 EL6209	E2018/120	1228
Yerelina	EL5813		145
Wirrabara	EL6237	E2017/00053	755

Stuart Shelf			
Bookaloo	EL6030		490
Pernatty	EL6145		269
Sub-Total			**3,215**
TOTAL			**9,330**

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.