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DGO Gold Limited

ABN 96 124 562 849

Annual Report for the financial year ended 30 June 2019

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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
Chief Financial Officer	Ms. C. Jupp
Registered office and principal administrative office:	Level 9 63 Exhibition St Melbourne Vic 3000 Telephone: + 61 3 9133 6251
Share registry:	Link Market Services Limited Level 21 10 Eagle Street BRISBANE QLD 4000 Telephone: 1300 554 474 Telephone: + 61 7 3320 2200 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

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 2019. 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 74 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.

Eduard 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 ensures 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.

Directorships of other listed companies in the last 3 years:

Mr. Eduard Eshuys was appointed a director of NTM Gold Limited on 25 March 2019 and De Grey Mining Limited on 23 July 2019.

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

Ross, aged 71, 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.

Directorships of other listed companies in the last 3 years:

Mr. Ross Hutton 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 68, is Chairman of investment banking group Lion Capital, a member of The Australian Ballet Board, 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.

Directorships of other listed companies in the last 3 years:

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 and was appointed as a director of De Grey Mining Limited on 23 July 2019.

Directors' report

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 53, 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 was the Company Secretary of the Company from 5 April 2007 until his resignation on 31 August 2018.

Directorships of other listed companies in the last 3 years:

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

Dr. Darryl Clark

During the year Darryl was appointed as Managing Director on 15 October, 2018 and resigned on 29 January 2019. Darryl is a highly experienced Geologist with a demonstrated track record of leading the exploration divisions of a number of mining houses. He holds a PhD in Economic Geology from the Centre for Ore Deposit Excellence at the University of Tasmania and a Bachelor of Science degree in Economic Geology from James Cook University.

Directorships of other listed companies in the last 3 years:

Dr. Darryl Clark has served as a director of Xanadu Mines Ltd in the last three years.

Company Secretary

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

Mark is the founder and Managing Director of Mertons Corporate Services. Mark has extensive experience working with Boards of 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 LCI Melbourne 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 Company Secretary on 31 August 2018.

Review of Operations

The Principal Activities of the year focused on participating in discovery/leveraged exposure to gold by investing in listed brownfield explorers that satisfy key selection criteria and building strategic greenfields land positions. Concentrating on building a portfolio of Western Australian brownfield discovery opportunities through strategic equity investment, tenement acquisitions and joint ventures, activities focussed on:

- Identifying and evaluating, ASX listed gold exploration companies with substantial land holdings and or resources within established goldfields and or provinces, investing in NTM Gold Limited and De Grey Mining Limited.
- 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.
- Increased field activity on the six core sediment hosted gold and copper/gold exploration opportunities in Western Australia at Mallina and Mount Tom Price in the Pilbara, Yerrida Basin, Murchison Region, Lake Randall and Black Flag in the Eastern Goldfields and in South Australia at Pernatty Lagoon and Stuart Shelf. The field activity will include geochemical soil surveys, airborne EM and surface gravity geophysical surveys and drilling.
- 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 an investment in De Grey Mining Limited and NTM Gold Limited.

Directors' report

Review of Operations (continued)

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 2019 was \$5,077,633 (2018: net loss \$611,890).

Changes in state of affairs

During the financial year, the Company and Yandan Gold Mines Pty Ltd received a total of \$779,674 (before fees) in tax refunds relating to the 2018 and 2019 research and development activities. The financial position and performance of the Group was particularly affected by the following events and transactions during the year:

- Acquisition of 25,000,000 shares with 25,000,000 options in De Grey Mining Limited for \$5,000,000 cash consideration;
- Acquisition of 12,500,000 shares with 25,000,000 options in NTM Gold Limited for \$500,000 cash consideration
- Non-cash share-based payments expense of \$445,347 relating to performance rights granted to directors, employees and consultants.
- Net loss of \$2,418,510 on the fair value of the equity investments and derivative options in DEG and NTM which were classified as financial assets at fair value through profit or loss under AASB 9 *Financial Instruments*.

The following share and option transactions occurred in the year.

- On 6 July 2018 the Company issued 6,545,587 fully paid ordinary shares at an issue price of \$0.75 and 6,545,587 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the non-renounceable entitlement offer announced 13 June 2018.
- On 4 October 2018 the Company issued 3,333,334 fully paid ordinary shares at an issue price of \$0.75 and 3,333,334 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- On 23 October 2018 the Company issued 163,208 fully paid ordinary shares at an issue price of \$0.75 and 163,208 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- On 5 March 2019 the Company issued 4,003,476 fully paid ordinary shares at an issue price of \$0.60 pursuant to the non-renounceable entitlement offer announced 5 February 2019.
- On 29 March 2019 the Company issued 3,346,155 fully paid ordinary shares at an issue price of \$0.65 pursuant to the placement announced 5 February 2019.
- During the year 38,520 \$0.40 options were exercised, raising \$15,178.

Directors' report

Subsequent Events

On July 2019, DGO agreed to support NTM Gold Limited with a further investment of approximately \$469,000 via a placement of shares.

On 11 July 2019, DGO announced an extension and consolidation of its gold exploration land near Mt Tom Price in the Pilbara, Western Australia through a farm-in agreement to earn 80% in contiguous Exploration Licences.

On 18 July 2019, DGO announced its commitment to additional investment in De Grey Mining Limited by way of a placement of 6 million shares at 5 cents per share, accepting its entitlement of the rights issue and sub-underwriting the De Grey entitlements issue to the extent of 70 million shares at 5 cents per share. This was partially funded by loans of \$2.5 million repayable by 31 July 2020.

On 14 August 2019 DGO relocated its head office and Registered Office to Level 9, 63 Exhibition Street, Melbourne Victoria 3000.

On 10 September 2019 DGO announced a successful placement of 2,666,667 shares at \$0.75 raising \$2 million for working capital for further exploration and strategic investment.

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

Following the entitlement issue on 5 March 2019 the exercise price of the 40 cent options reduced from 40 cents to 39.36 cents.

At the date of this report, a total of 842,175 options exercisable at \$0.40 per share (now \$0.3936) on or before 30 June 2020 (DGOAI) and 10,042,129 options exercisable at \$1.00 on or before 31 December 2021 are on issue.

Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

During the financial year, executives have not exercised any options to acquire fully paid ordinary shares in DGO Gold Limited.

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' report

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)	9	9	1	1	-	-
Mr. R. C. Hutton	9	8	1	1	2	2
Mr. J. B. Parncutt	9	8	1	1	2	1
Mr. M. J. Ilett	9	9	1	1	2	2
Dr. D Clark (ii)	2	2	-	-	-	-

- (i) Mr. E. Eshuys is not a member of the Audit Committee.
(ii) Dr. D Clark was appointed as a director on 15 October 2018 and resigned on 29 January 2019

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	2,727,970	-	2,727,970	2,727,970
Mr. R. C. Hutton (i) (ii)	509,673	69,753	530,599	579,426
Mr. J. B. Parncutt	4,247,660	-	4,247,660	4,247,660
Mr. M. J. Ilett	100,687	-	100,687	100,687

- (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	\$0.40 options (now \$0.3936)	\$1 Options
Mr. E. Eshuys (ii)	-	680,268
Mr. R. C. Hutton (i)	40,000	-
Mr. J. B. Parncutt (ii)	-	1,333,333
Mr. M. J. Ilett (ii)	-	20,608

- (i) 40c options - 40,000 of the options held by Mr R. C. Hutton are exercisable at \$0.40 cents (now \$0.3936) on or before 30 June 2020 and were issued pursuant to the Entitlement Offer on 22 June 2017.
(ii) \$1 options are exercisable at \$1 on or before 31 December 2021 and were issued pursuant to the Entitlement Offer on 6 July 2018.

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

Directors' report

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 2019. 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 key management personnel
- 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)
- Mr. M. J. Ilett (Non-Executive Director)
- Dr. D Clark (Managing Director appointed 15 October 2018 and resigned 29 January 2019)

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 executive consisting of Mr. E. Eshuys has 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.

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 2019:

Description	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Interest revenue and other income	63,304	4,294	178,854	261,995	3,299
Loss for the year from continuing operations	(5,077,633)	(611,890)	(201,964)	(871,690)	(741,521)
Loss for the year from discontinued operations	-	-	-	-	(235,785)
Net loss before tax	(5,077,633)	(611,890) (ii)	(201,964)	(871,690)	(977,306)
Net (loss)/profit after tax	(5,077,633)	(611,890)	(201,964)	(871,690)	(977,306)
Share price at start of year (i)	66.5 cents	23.5 cents	20 cents	20 cents	20 cents
Share price at end of year (i)	64.5 cents	66.5 cents	23.5 cents	20 cents	20 cents
Share-based payments	-	-	-	-	-
Return of capital	-	-	-	-	-
Basic profit/(loss) per share (i)	(20 cents)	(5 cents)	(3 cents)	(15 cents)	(20 cents)
Diluted profit/(loss) per share (i)	(20 cents)	(5 cents)	(3 cents)	(15 cents)	(20 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.

Directors' report

Remuneration report (Audited)

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 2019 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			
2019	\$	\$	\$	\$	\$	\$	\$	\$
Executive chairman								
Mr. E. Eshuys	100,000	-	-	-	9,500	(i) 1,772	156,262	267,534
Non-executive directors								
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	39,066	88,341
Mr. J. B. Parncutt	-	-	-	-	-	-	156,262	156,262
Non-executive director and former Company Secretary								
Mr. M. J. Ilett (ii)	45,000	-	-	25,000	4,275	-	39,066	113,341
Former Managing Director								
Dr. D. Clark (iii)	68,493	-	-	-	6,507	-	-	75,000
Total	258,493	-	-	25,000	24,557	1,772	390,656	700,478

- (i) Other long-term employee benefits consist of accrued Long Service Leave.
- (ii) Short-term employee benefits include \$25,000 representing consulting fees (net of Goods and Services Tax) paid to Kaus Australis Pty Ltd a related party of Mr. M. J. Ilett for services to 31 August 2018.
- (iii) Appointed 15 October 2018 and resigned 29 January 2019.

The following table provides information about the remuneration of the Consolidated Entity's directors and senior management 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	(i) 15,489	-	124,989
Non-executive directors								
Mr. R. C. Hutton	45,000	-	-	-	4,275	-	-	49,275
Mr. J. B. Parncutt (ii)	-	-	-	-	-	-	-	-
Executive director and Company Secretary								
Mr. M. J. Ilett (iii)	45,000	-	-	75,000	4,275	-	-	124,275
Total	190,000	-	-	75,000	18,050	15,489	-	298,539

- (i) Other long-term employee benefits consist of accrued Long Service Leave.
- (ii) Appointed as Non-Executive Director on 23 May 2018
- (iii) 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.

There were no bonuses granted as compensation for the current or prior financial year. Performance rights were issued as Compensation as shown on page 13.

Directors' report

Remuneration report (Audited)

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 (i)	Net other change (iii)	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.	No.
2019							
Mr. E. Eshuys	1,627,991	-	-	1,099,979	2,727,970	2,727,970	-
Mr. R. C. Hutton	559,426	-	-	20,000	579,462	579,462	-
Mr. J. B. Parncutt	2,340,250	-	-	1,907,410	4,247,660	4,247,660	-
Mr. M. J. Ilett	65,695	-	-	34,992	100,687	100,687	-
2018							
Mr. E. Eshuys	1,231,757	-	351,244	44,990	1,627,991	1,627,991	-
Mr. R. C. Hutton	559,426	-	-	-	559,426	559,426	-
Mr. J. B. Parncutt	1,934,500 (ii)	-	405,750	-	2,340,250	2,340,250	-
Mr. M. J. Ilett	49,271	-	16,424	-	65,695	65,695	-

- (i) Exercise of options at exercise price of \$0.40 per share (now \$0.3936) acquired on 6 June 2018.
(ii) Shares held upon appointment as director on 23 May 2018.
(iii) 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.

Unlisted options of DGO Gold Limited held directly or indirectly at end of financial year \$0.40 options (now \$0.3936) exercisable before 30 June 2020:

	Balance at beginning of year	Granted as compensation	Net other change (ii)	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.
2019	-	-	-	-	-	-
Mr. E. Eshuys	-	-	-	-	-	-
Mr. R. C. Hutton	40,000	-	-	40,000	-	-
Mr. J. B. Parncutt	-	-	-	-	-	-
Mr. M. J. Ilett	-	-	-	-	-	-
2018						
Mr. E. Eshuys	351,244	-	(351,244)	-	-	-
Mr. R. C. Hutton	40,000	-	-	40,000	40,000	-
Mr. J. B. Parncutt (i)	405,750	-	(405,750)	-	-	-
Mr. M. J. Ilett	16,424	-	(16,424)	-	-	-

- (i) Options held upon appointment as director on 23 May 2018.
(ii) Exercise of options.

Unlisted options of DGO Gold Limited held directly or indirectly at end of financial year \$1 options exercisable before 31 December 2021:

	Balance at beginning of year	Granted as compensation	Net other change (i)	Balance at the end of the year	Relevant interest	Balance held nominally
	No.	No.	No.	No.	No.	No.
2019						
Mr. E. Eshuys	-	-	680,286	680,286	-	-
Mr. R. C. Hutton	-	-	-	-	-	-
Mr. J. B. Parncutt	-	-	1,333,333	1,333,333	-	-
Mr. M. J. Ilett	-	-	20,608	20,608	-	-
2018						
Mr. E. Eshuys	-	-	-	-	-	-
Mr. R. C. Hutton	-	-	-	-	-	-
Mr. J. B. Parncutt	-	-	-	-	-	-
Mr. M. J. Ilett	-	-	-	-	-	-

- (i) These options were acquired by participation in the purchase of shares and options under the DGO entitlement offer announced 24 May, 2018 and allotted on 6 July 2018.

Directors' report

Remuneration report (Audited)

Performance Rights

Details of performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below.

Performance Rights 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	Expiry Date	No Lapsed	Value granted	Value Lapsed
	No.	No.	No.	No.			\$	\$
2019								
Mr. E. Eshuys (i)	-	1,000,000	-	1,000,000	31 Jul 21	-	339,700	-
Mr. R. C. Hutton (i)	-	250,000	-	250,000	31 Jul 21	-	84,925	-
Mr. J. B. Parncutt (i)	-	1,000,000	-	1,000,000	31 Jul 21	-	339,700	--
Mr. M. J. Ilett (i)	-	250,000	-	250,000	31 Jul 21	-	84,925	-
Dr. D. Clark (ii)	-	500,000	(500,000)	-	30 Nov 21	(500,000)	169,850	169,850
2018								
Mr. E. Eshuys	-	-	-	-	-	-	-	-
Mr. R. C. Hutton	-	-	-	-	-	-	-	-
Mr. J. B. Parncutt	-	-	-	-	-	-	-	-
Mr. M. J. Ilett	-	-	-	-	-	-	-	-

(i) Performance rights approved by shareholders at 27 September 2018 general meeting. These performance rights vest on 31 July 2021 and the exercise price is \$nil. The fair value of the performance rights was \$0.34.

(ii) Performance rights approved by shareholders at 28 November 2018 and cancelled on 29 January 2019 upon resignation of Dr. D. Clark. Prior to cancellation these performance rights vest on 30 November 2021 and the exercise price was \$nil. The fair value of the performance rights was \$0.34.

The fair value of the performance rights at grant date was estimated using a Monte Carlo Simulation, taking into account the terms and conditions upon which the performance rights were granted. The contractual life of each performance right granted is two years and ten months. There is no cash settlement of the performance rights. The fair value of performance rights granted during the year ended 30 June 2019 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 90.735%
- Risk-free interest rate: 2.10%
- Expected life of share options: 2 years 10 months
- Weighted average share price: \$0.62

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.

Directors' report

Remuneration report (Audited)

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;
- 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 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;
- 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;
- Termination due to resignation: Mr. M. J. Ilett 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. M. J. Ilett is terminated, he shall be entitled total remuneration payable in respect of four (4) months' Directors' fees.

Directors' report

Remuneration report (Audited)

Dr. D. Clark

The Company entered into an agreement on with Dr. D. Clark, pursuant to which Dr. D. Clark has agreed to act in the capacity of Managing Director of the Company. The key terms of the agreement are as follows:-

- Annual Director's Fees: \$250,000 per annum including superannuation obligations under the superannuation guarantee payable on a monthly basis for the provision of services as Managing Director;
- In addition, 500,000 performance rights were issued at the DGO AGM;
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent;
- Annual, personal and long service leave accrued in accordance with legislative requirements;
- Termination due to resignation: Dr. D. Clark is required to provide six (6) months' notice and be paid six (6) month's Director's Fees during this notice period; and
- Termination due to company notice: The Company is required to provide six (6) months' notice and make a payment of six (6) month's Director's Fees in lieu of notice.

Dr. D. Clark resigned on 29 January 2019.

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

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, CFO, Executive Assistant and Analyst services for a total of \$288,675 (2018: \$54,899) during the year excluding goods and services tax payable \$21,091.

Exploration Drill Rigs Pty Ltd, a company related to Mr. Michael Ilett and Mr. Ross Hutton, provided the DGO Gold Ltd with office accommodation, outgoings, telephone, electricity and receptionist services for a total of \$18,450 (2018: \$19,637) per annum excluding goods and services tax.

End of audited remuneration report.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 26 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 26 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 17 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.

Directors' report

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	880,695	-	30 June 2020	\$0.3936	38,520	842,175	38,520
6 July 2018	-	10,042,129	31 December 2021	\$1.00	-	10,042,129	-

Performance Rights

Performance rights of shares of Company under option at the date of the report are outlined in the following table:

Date rights granted	Balance at beginning of year	No of rights issued	Expiry date	Exercise price per right	No of rights exercised	No of rights lapsed	Balance at date of report
	No.	No.		\$	No.		No.
27 September 2018	-	2,850,000	31 July 2021	-	-	-	2,850,000
28 November 2018	-	500,000	30 November 2021	-	-	(500,000)	-

Included in the performance rights above are the rights granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of performance rights granted to key management personnel are disclosed in the remuneration report above. No other options or performance rights were granted to officers who are among the five highest remunerated officers of the company and the group, but are not key management persons.

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, 19 September 2019

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 2019, 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 entities it controlled during the period.



T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 19 September 2019

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DGO Gold Limited

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2019

	Note	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Interest income		19,774	4,294
Dividend income		13,564	-
Other income		29,966	-
Administration and other expense		(509,184)	(241,633)
Consultants and contractor expense		(68,225)	(102,674)
Depreciation expense		(4,643)	(7,097)
Employee benefit expense		(47,266)	(67,284)
Exploration and evaluation expenditure		(99,134)	(172,279)
Loss on disposal of property, plant and equipment		(5,520)	-
Fair value losses on financial assets at fair value through profit or loss	10	(2,418,510)	-
Impairment of exploration and evaluation expenditure	11	(1,518,157)	-
Share based payments expense		(445,347)	-
Other expenses		(24,951)	(25,217)
Loss before tax		<u>(5,077,633)</u>	<u>(611,890)</u>
Income tax (expense)/benefit		-	-
Loss for the year		<u>(5,077,633)</u>	<u>(611,890)</u>
LOSS FOR THE YEAR		<u>(5,077,633)</u>	<u>(611,890)</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of financial instruments		-	10,638
Income tax on items of other comprehensive income		-	-
<i>Other comprehensive for the year net of tax</i>		-	10,638
Total comprehensive loss for the year		<u>(5,077,633)</u>	<u>(601,252)</u>
Loss per share			
Basic and diluted loss per share (cents per share)	16	(20)	(5)

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

DGO Gold Limited

Consolidated statement of financial position

as at 30 June 2019

	Note	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Current assets			
Cash and cash equivalents	7	4,803,007	1,625,441
Trade and other receivables	8	333,340	572,322
Assets classified as held for sale	9	-	60,638
Total current assets		5,136,347	2,258,401
Non-current assets			
Financial assets at fair value through profit or loss	10	4,623,348	-
Property, plant and equipment		57,662	16,611
Exploration and evaluation expenditure	11	1,335,012	1,642,437
Total non-current assets		6,016,022	1,659,048
Total assets		11,152,369	3,917,449
Current liabilities			
Trade and other payables	12	255,219	510,436
Provisions	13	20,056	15,489
Total current liabilities		275,275	525,925
Total liabilities		275,275	525,925
Net assets		10,877,094	3,391,524
Equity			
Issued capital	14	35,866,880	23,749,024
Reserves	15	745,999	311,290
Accumulated losses		(25,735,785)	(20,668,790)
Total equity		10,877,094	3,391,524

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 2019

	Issued capital	Accumulated losses	Share based payments reserve	Share revaluation reserve	Total
	\$	\$	\$	\$	\$
Consolidated					
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
Balance at 1 July 2018	23,749,024	(20,668,790)	300,652	10,638	3,391,524
Change in accounting policy (Note 3(a))	-	10,638	-	(10,638)	-
Balance at 1 July 2018 - restated	23,749,024	(20,658,152)	300,652	-	3,391,524
Loss for the year	-	(5,077,633)	-	-	(5,077,633)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(5,077,633)	-	-	(5,077,633)
Transactions with owners in their capacity as owners					
Share based payments	-	-	445,347	-	445,347
Issue of shares	12,324,035	-	-	-	12,324,039
Share issue costs	(206,179)	-	-	-	(206,183)
	12,117,856	-	445,347	-	12,563,203
Balance at 30 June 2019	35,866,880	(25,735,785)	745,999	-	10,877,094

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

DGO Gold Limited

Consolidated statement of cash flows for the financial year ended 30 June 2019

	Note	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Cash flows from operating activities			
Payments to suppliers and employees		(640,454)	(452,177)
Payments for exploration and evaluation activities		(99,132)	(172,279)
Net cash (used)/generated by operating activities	20	(739,584)	(624,456)
Cash flows from investing activities			
Interest received		10,609	4,294
Dividends received		13,564	-
Receipt of research and development tax rebate for exploration assets	11	779,674	234,033
Proceeds from sale of shares		48,775	-
Payments for plant and equipment		(12,420)	(10,064)
Payments for exploration and evaluation activities		(1,938,271)	(1,226,312)
Payments for financial assets at fair value through profit or loss	10	(6,750,028)	-
Payments for deposits		(48,963)	(483,827)
Net cash generated/(used) by investing activities		(7,897,060)	(1,481,876)
Cash flows from financing activities			
Proceeds from issues of equity securities		12,008,583	2,608,833
Payment for share issue costs		(194,373)	(151,796)
Proceeds from share application monies		-	315,456
Net cash generated/(used) by investing activities		11,814,210	(2,772,493)
Net increase in cash and cash equivalents		3,177,566	666,162
Cash and cash equivalents at the beginning of the financial year		1,625,441	959,279
Cash and cash equivalents at the end of the financial year	7	4,803,007	1,625,441

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

DGO Gold Limited

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DGO Gold Limited

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
Level 9 63 Exhibition St
Melbourne Vic 3000

Principal place of business
Level 9 63 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 19 September 2019.

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 16 Leases

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 most 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 of 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.

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 adopted by the group

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

DGO Gold Limited

3. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers – Impact of adoption

The group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018. In accordance with the transition provisions in AASB 15, the group has adopted the new rules retrospectively however there was no material impact on the amounts disclosed previously and as a result there has been no restatement required as a result of reclassification or remeasurement and no change to the previously disclosed accounting policies.

AASB 9 Financial Instruments – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. AASB 9 was generally adopted without restating comparative information.

The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies. The new accounting policies are set out in note below. In accordance with the transitional provisions in AASB 9 (7.2.15) comparative figures have not been restated.

(i) Classification and Measurement

At the date of initial application of AASB 9 on 1 July 2018, the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories.

The directors of the Group determined the existing financial assets as at 1 July 2018 based on the facts and circumstances that were present, and determined that the initial application of AASB 9 had the following effects:

- The Group's investments that were classified as available-for-sale financial assets (under AASB 139) have been reclassified as financial assets at fair value through profit or loss under AASB 9 as they do not meet the criteria for classification at amortised cost or fair value through other comprehensive income. There was no impact on the amounts recognised in relation to these assets from the adoption of AASB 9. Related fair value gains/loss of \$10,638 were transferred from the 'Share revaluation reserve' to accumulated losses on 1 July 2018. Fair value loss of \$13,830 relating to these investments were recognised in profit or loss.
- Financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(ii) Impairment of financial assets

In adopting AASB 9, an expected credit loss model is applied and not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the group to account for expected credit loss since initial recognition. The group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables. A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The application of the AASB 9 impairment requirements did not result to a material change to the Group's net trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

DGO Gold Limited

3. Significant accounting policies (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in fair value gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018, the group assesses on a forward looking basis the expected credit losses associated with its trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

DGO Gold Limited

3. Significant accounting policies (continued)

(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.

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

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

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

(c) Cash and cash equivalents

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

(d) Employee benefits

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

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. 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.

DGO Gold Limited

3. Significant accounting policies (continued)

(e) AASB 9 Financial Instruments – Accounting policies applied from 1 July 2018

(i) Investments and other financial assets

Classification

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The election is made on an investment-by-investment basis. All other financial assets are classified as measured at fair value through profit or loss (FVPL).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Derivative financial instruments

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Group as part of the investments in DEG and NTM are not listed. The Group is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

(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:

- the rights to tenure of the area of interest are current; and
- 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.

3. Basis of Preparation (continued)

(g) Impairment of tangible (excluding financial 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.

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

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

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

(h) Income tax

Current tax

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

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

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount for financial reporting purposes at the reporting date. 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.

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3. Basis of Preparation (continued)

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.

Current and deferred tax for the period

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

(i) **Leased assets**

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

Group as lessee

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

DKO Gold Limited

3. Basis of Preparation (continued)

(k) Revenue

Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase or development of assets, including exploration and evaluation activities, are deducted from the carrying value of the asset unless the asset has previously been written off in which case it is taken to income in profit or loss.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(m) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black Scholes or Monte Carlo Simulation method as applicable. 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 statement of cashflows 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.

DGO Gold Limited

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 30/06/19	Year ended 30/06/18
	\$	\$
Loss from continuing operations	(5,077,633)	(611,890)
Income tax benefit calculated at 27.5% (2018: 27.5%)	1,396,349	168,270
Tax effects of amounts which are not assessable/ (deductible) in calculating taxable income	(793,690)	44,774
Deferred tax assets not brought to account	(602,659)	(213,044)
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.

Recognised deferred tax assets and liabilities

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
<u>Deferred tax assets</u>		
Tax losses revenue	66,065	428,741
Temporary Differences	74,624	29,248
<u>Deferred tax liabilities:</u>		
Exploration and evaluation expenditure	(129,868)	(451,670)
Prepayments	(8,301)	(6,319)
Interest receivable	(2,520)	-
Deferred tax liability	-	-

Unrecognised deferred tax balances

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
The following deferred tax assets have not been brought to account:		
-Temporary Differences	-	30,422
-Tax losses revenue	7,588,499	6,929,140
	7,588,499	6,959,562

DGO Gold Limited

7. Cash and cash equivalents

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
Cash at Bank	4,803,007	1,625,441

8. Trade and other receivables

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
<u>Current</u>		
Prepayments	30,184	22,979
Deposits (i)	255,361	483,827
Receivables	9,166	-
Goods and services tax receivable	38,629	65,516
	333,340	572,322

- (i) Deposits amounting to \$191,108 (2018: \$233,827) relates to refundable prepayments of rent for the first year of the term of exploration licences applied for in Western Australia.

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.

- (ii) At 30 June 2019 there were no receivables that were past due or impaired.

9. Assets classified as held for sale

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
Held for sale investments carried at fair value		
Quotes shares – Talisman Mining Limited (i)	-	60,638
	-	60,638

- (i) The Company had 212,766 quoted shares in Talisman Mining Limited which were originally acquired for a consideration of \$100,000. The directors have sold the listed shares in Talisman and as a result, these 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. Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

	30 June 2019	30 June 2018
Quoted Shares – De Grey Mining Ltd (i)	1,925,000	-
Quoted Shares – NTM Gold Ltd (ii)	2,000,000	-
Quoted Shares - Jindalee Resources Limited	40,000	-
Total equity securities	3,965,000	-
Unlisted options – De Grey Mining Ltd (i)	-	-
Unlisted options – NTM Gold Ltd (ii)	633,232	-
Unlisted options – Jindalee Resources Limited	25,116	-
Total derivative financial assets	658,348	-
Total financial assets held at fair value through profit or loss (FVPL)	4,623,348	-

(i) Investment in De Grey Mining Ltd (ASX:DEG)

On 10 July 2018, the Company acquired 25,000,000 quoted shares in De Grey Mining Limited for a cash consideration of \$5,000,000. The shares include the following options for every two shares held:

- Series A options with an exercise price of \$0.25 and expiry date of 30 November 2019; and
- Series B options with an exercise price of \$0.30 and expiry date of 30 May 2021.

(ii) Investment in NTM Gold Ltd (ASX:NTM)

On 20 November 2018, the Company acquired 12,500,000 quoted shares (Tranche 1) in NTM Gold Limited for a cash consideration of \$500,000. The Tranche 1 shares include the following options:

- 12,500,000 options with an exercise price of \$0.05 and expiry date of 31 March 2020; and
- 12,500,000 options with an exercise price of \$0.10 and expiry date of 31 March 2022.

On 31 March 2019, the Company invested a further \$1,500,000 and invested for 37,500,000 shares (Tranche 2):

- 47,500,000 options with an exercise price of \$0.05 and expiry date of 31 March 2020; and
- 47,500,000 options with an exercise price of \$0.10 and expiry date of 31 March 2022.

(iii) Investment in Jindalee Resources Ltd (ASX:JRL)

On 11 January 2019, the Company acquired 100,000 quoted shares in Jindalee Resources Limited for consideration of \$28,000. The shares include the following two options for every share held:

- 200,000 options with an exercise price of \$0.50 and expiry date of 30 June 2022.

Accounting policy - the difference between the transaction price and the fair value (day one profit or loss)

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. On initial recognition, the transaction price generally represents the fair value of the financial instrument unless there is observable information from an active market to the contrary. Where unobservable information is used, the difference between the transaction price and the fair value (day one profit or loss) is recognised in profit or loss over the life of the instrument when the inputs become observable.

On day one, there was a difference between the transaction price and the fair value of the unlisted options as measured using certain unobservable information. The table below details the unrecognised amount as at 30 June 2019:

	Fair Value at 30 June 2019	Un-recognised amount	Fair value recognised at 30 June 2019
Unlisted options – De Grey Mining Ltd (i)	65,074	(65,074)	-
Unlisted options – NTM Gold Ltd (ii)	895,710	(262,478)	633,232
Unlisted options – Jindalee Resources Limited	32,277	(7,161)	25,116
Total derivative financial assets	993,061	(334,713)	658,348

DGO Gold Limited

10. Financial assets at fair value through profit or loss

Classification

See note 3(a) for explanations regarding the change in accounting policy and the reclassification of certain investments from available-for-sale to financial assets at fair value through profit or loss (FVTPL) following the adoption of AASB 9.

Quoted equity shares are mandatorily measured at FVTPL and subsequently measured at each reporting date based on the quoted share price.

Unlisted options which do not meet the criteria for amortised cost or Fair Value Through Other Comprehensive Income (FVOCI) are measured at FVTPL.

During the year, a fair value loss on equity securities and unlisted options amounting to \$2,418,510 (2018:\$NIL) has been recognised in profit or loss.

Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 22. For information about the methods and assumptions used in determining fair value please refer to note 22.

11. Exploration and evaluation expenditure

	Year ended 30/06/19 \$	Year ended 30/06/18 \$
<u>Gross carrying amount balance:</u>		
Balance at beginning of financial year	1,944,597	618,059
Additions	1,990,406	1,326,538
Impairments	(1,518,157)	
Balance at end of the financial year	<u>2,416,846</u>	<u>1,944,597</u>
<u>Grant Revenue from research and development tax offset applied to exploration and evaluation expenditure</u>		
Balance at beginning of financial year	(302,160)	(68,127)
Research and development tax refund	(779,674)	(234,033)
Balance at end of financial year	<u>(1,081,834)</u>	<u>(302,160)</u>
Net book value at end of financial year (i)	<u>1,335,012</u>	<u>1,642,437</u>

- (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 profit or loss until a mining operation is ready for commencement or when tenements are relinquished.

12. Trade and other payables

	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Trade payables (i)	150,505	95,701
Subscription liability (ii)	-	315,456
Other – accrued expenses	86,358	90,869
Other – PAYG payable	18,356	8,410
	<u>255,219</u>	<u>510,436</u>

- (i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.
- (ii) During 2018 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 30/06/19 \$	Year ended 30/06/18 \$
<u>Current</u>		
Employee benefits (i)	20,056	15,489
	<u>20,056</u>	<u>15,489</u>

- (i) The Group's current employee benefits are represented by provisions for long service leave totalling \$17,297 and annual leave totalling \$2,759 in 2019 and \$15,489 for long service leave in 2018. The average number of employees during the current financial year was 5 employees.

DGO Gold Limited

14. Issued capital

	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Fully paid ordinary shares	35,866,880	23,749,024

Fully paid ordinary shares

Balance at beginning of financial year	23,749,024	21,232,367
Issue of shares under entitlements offer (i)	4,909,192	-
Issue of shares under private placements (ii)	2,500,000	-
Issue of shares under private placements (iii)	122,406	-
Issue of shares under entitlements offer (iv)	2,602,259	-
Issue of shares under private placements (v)	2,175,000	-
Issue of shares under option conversion (vi)	15,178	-
Issue of shares under private placements (vii)	-	174,542
Issue of shares under private placements (viii)	-	1,000,000
Issue of shares under option conversion (ix)	-	1,434,291
Share issue costs	(206,179)	(92,176)
Balance at end of financial year	35,866,880	23,749,024

Number of shares on issue

	Year Ended 30/06/19 No.	Year Ended 30/06/18 No.
Balance as at beginning of the year	15,099,415	9,565,527
Issue of shares under entitlements offer (i)	6,545,587	-
Issue of shares under private placements (ii)	3,333,334	-
Issue of shares under private placements (iii)	163,208	-
Issue of shares under entitlements offer (iv)	4,003,476	-
Issue of shares under private placements (v)	3,346,155	-
Issue of shares under option conversion (vi)	38,520	-
Issue of shares under private placements (vii)	-	698,162
Issue of shares under private placements (viii)	-	1,250,000
Issue of shares under option conversion (ix)	-	3,585,726
Balance as at the end of the year	32,529,695	15,099,415

	Year ended 30/06/19 \$	Year ended 30/06/18 \$
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Number of \$0.40 options (now \$0.3936) on issue

	Year Ended 30/06/18 No.	Year Ended 30/06/18 No.
Balance as at beginning of the year	880,695	3,768,259
Issue of options under private placements (vii)	-	698,162
Exercise of options	(38,520)	(3,585,726)
Balance as at the end of the year	842,175	880,695

Number of \$1 options on issue

	Year Ended 30/06/19 No.	Year Ended 30/06/18 No.
Balance as at beginning of the year	-	-
Issue of options under entitlements offer (i)	6,545,587	-
Issue of options under private placements (ii)	3,333,334	-
Issue of options under private placements (iii)	163,208	-
Exercise of options	-	-
Balance as at the end of the year	10,042,129	-

DGO Gold Limited

14. Issued capital (continued)

2019 Share Issues

- (i) On 6 July 2018 the Company issued 6,545,587 fully paid ordinary shares at an issue price of \$0.75 and 6,545,587 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the non-renounceable entitlement offer announced 13 June 2019.
- (ii) On 4 October 2018 the Company issued 3,333,334 fully paid ordinary shares at an issue price of \$0.75 and 3,333,334 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- (iii) On 23 October 2018 the Company issued 163,208 fully paid ordinary shares at an issue price of \$0.75 and 163,208 free attaching options exercisable at \$1 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- (iv) On 29 March 2019 the Company issued 4,003,476 fully paid ordinary shares at an issue price of \$0.60 pursuant to the non-renounceable entitlement offer announced 5 February 2019.
- (v) On 29 March 2019 the Company issued 3,346,155 fully paid ordinary shares at an issue price of \$0.65 pursuant to the placement announced 5 February 2019.
- (vi) During the year 38,520 \$0.40 options were exercised, raising \$15,178.

2018 Share Issues

- (vii) 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.
- (viii) On 4 April 2018 the Company issued 1,250,000 fully paid ordinary shares at an issue price of \$0.80.
- (ix) During the year 3,585,726 \$0.40 options were exercised, raising \$1,434,291.

Share options on issue as at 30 June 2019

A total of 880,695 options exercisable at \$0.40 (now \$0.3936) on or before 30 June 2020 (DGOAI) are on issue.

A total of 10,042,129 options exercisable at \$1.00 on or before 31 December 2021 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.

Performance Rights

On 27 September 2018, 2,850,000 performance rights were granted to senior executives and on 28 November 2018, 500,000 performance rights were issued to the Managing Director.

Under the plan eligible participants may be granted share rights for nil consideration (unless otherwise provided under the relevant offer), which vest if certain vesting conditions are met. Upon vesting, subject to any exercise conditions, each share right entitles the participant to one share in the company.

The fair value at grant date is estimated using a Monte Carlo Simulation, taking into account the terms and conditions upon which the performance rights were granted. The contractual life of each performance right granted is two years and ten months. There is no cash settlement of the performance rights. The fair value of performance rights granted during the year ended 30 June 2019 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 90.735%
- Risk-free interest rate: 2.10%
- Expected life of share options: 2 years 10 months
- Weighted average share price: \$0.62

Set out below are summaries of performance rights granted in 2019:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/Forfeited/other	Balance at the end of the year
27/9/2018	31/7/2021	-	-	2,850,000	-	-	2,850,000
28/11/2018	30/11/2021	-	-	500,000	-	500,000	-
Total				3,350,000	-	500,000	2,850,000

For the year ended 30 June 2019, the Group has recognised \$445,347 of shared-based payment expense in the Consolidated statement of profit or loss and other comprehensive income (2018 \$nil).

DGO Gold Limited

15. Reserves

	Year ended 30/06/19 \$	Year ended 30/06/18 \$
Shared based premium reserve (i)	745,999	300,652
Share revaluation reserve (ii)	-	10,638
	<u>745,999</u>	<u>311,290</u>

- (i) The share-based payments reserve is used to recognise the value of equity benefits including options and performance rights provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. The movement during the half year relates to the shared based payments expense for the performance rights issued in the General Meeting dated 27 September 2018 and AGM dated 28 November 2018.
- (ii) The share revaluation reserve of \$10,638 was transferred to accumulated losses on 1 July 2018 due to a change in accounting policy as a result of the adoption of AASB9.

16. Loss per share

	Year ended 30/06/19 Cents per share	Year ended 30/06/18 Cents per share
Loss per share		
Basic and diluted loss per share (cents per share)	(20)	(5)

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 30/06/19 \$	Year ended 30/06/18 \$
Net (loss)	(5,077,633)	(611,890)
	<u>Year Ended 30/06/19 No.</u>	<u>Year Ended 30/06/18 No.</u>
Weighted average number of ordinary shares used in the calculation of basic (loss) per share	25,971,447	10,845,763

Options could potentially dilute basic loss per share in the future but were not included in the calculation of diluted earnings per share for 2019 or 2018 as they were anti-dilutive.

17. Dividends

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

18. 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 30/06/19 \$	Year ended 30/06/18 \$
<u>Exploration and evaluation expenditure</u>		
No longer than 1 year	1,353,942	1,736,883
Longer than 1 year and not longer than 5 years	1,585,833	3,356,895
Longer than 5 years	-	-
	<u>2,939,775</u>	<u>5,093,778</u>

DGO Gold Limited

19. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2019 %	2018 %
Parent entity			
DGO Gold Limited (i),(ii)	Australia		
Subsidiary			
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.

20. 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 30/06/19	Year ended 30/06/18
	\$	\$
Cash and cash equivalents	4,803,007	1,625,441

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

Net (loss) for the year	(5,077,633)	(611,890)
Interest income	(19,774)	(4,294)
Dividend income	(13,564)	-
Other income	(29,966)	-
Depreciation	4,643	7,096
Loss on assets sold	5,520	-
Fair value losses on financial assets at FVPL	2,418,510	-
Share based payments expense	445,347	-
Impairment of capitalised exploration expenditure	1,518,158	-
<i>Decrease/(increase) in assets:</i>		
Trade and other receivables	7,296	(46,265)
Prepayments	(7,141)	(12,925)
<i>(Decrease)/increase in liabilities:</i>		
Trade and other payables	4,453	36,210
Provision – Employee benefits	4,567	7,612
Net cash used from operating activities	(739,584)	(624,456)

21. 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.

DGO Gold Limited

22. 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.

(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.

There is market risk related to the listed shares and unlisted options held by the group. Refer below for further detail.

(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.

Fair Value of Investments Basis

Due to their short-term nature, the carrying amounts of cash and cash equivalents, trade and other receivables and other payables 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.

DGO Gold Limited

22. 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).

2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	
Financial assets at FVPL				
- Quoted Shares	3,965,000	-	-	3,965,000
- Unlisted options	-	658,348	-	658,348
	<u>3,965,000</u>	<u>658,348</u>	<u>-</u>	<u>4,623,348</u>

2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	
Quoted securities in Talisman Mining Limited	60,638	-	-	60,638
	<u>60,638</u>	<u>-</u>	<u>-</u>	<u>60,638</u>

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

Valuation techniques used to determine fair values (Level 2)

The unlisted options were valued using an option-pricing model. The key inputs used in the valuations were, dividend yield, expected volatility, risk-free interest rate, expected life of share options and exercise price.

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 2018 and 30 June 2019:

2019	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	-	112,048	191,108	-	-	-	303,156
Variable interest rate instrument	0.62	2,103,007	2,700,000	-	-	-	4,803,007
		<u>2,215,055</u>	<u>2,891,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,106,163</u>
Financial liabilities							
Non-interest bearing		255,219	-	-	-	-	255,219
		<u>255,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,219</u>

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
		<u>1,940,957</u>	<u>233,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,174,784</u>
Financial liabilities							
Non-interest bearing		487,386	23,050	-	-	-	510,436
		<u>487,386</u>	<u>23,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,436</u>

DGO Gold Limited

23. Key management personnel compensation

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
Short-term employee benefits	283,493	265,000
Post-employment benefits	24,557	18,050
Other long-term benefits	1,772	15,489
Termination benefits	-	-
Share-based payment	390,656	-
	<u>700,478</u>	<u>298,539</u>

24. 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 19 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 23 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.

Other related party transactions

Lion Capital Management Pty Ltd, a company related to Mr. Bruce Parncutt, provided DGO Gold Ltd with office accommodation, outgoing, telephone, electricity, director travel expenses, CFO, Executive Assistant and Analyst Services for a total of \$288,675 in 2019 (2018: \$54,899) excluding goods and services tax.

Exploration Drill Rigs Pty Ltd, a company related to Mr. Michael Ilett and Mr. Ross Hutton, provides the DGO Gold Ltd with office accommodation, outgoing, telephone, electricity and receptionist services for a total of \$18,450 (2018: \$19,637) per annum excluding goods and services tax.

25. 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 30/06/19	Year ended 30/06/18
	\$	\$
Current assets	4,938,525	3,629,560
Non-current assets	6,167,859	16,611
Total assets	<u>11,106,384</u>	<u>3,646,171</u>
Current liabilities	229,932	473,182
Non-Current Liabilities	-	-
Total Liabilities	<u>229,932</u>	<u>473,182</u>
Issued capital	35,866,880	23,749,024
Accumulated losses	(25,736,426)	(19,887,325)
Share revaluation reserve	-	10,638
Reserves	745,998	300,652
Total equity	<u>10,876,452</u>	<u>3,172,989</u>

DGO Gold Limited

25. Parent entity disclosures (continued)

Financial performance

	Year ended 30/06/19	Year ended 30/06/18
	\$	\$
Loss for the year	(5,859,739)	(690,325)
Other comprehensive income	-	10,638
Total comprehensive (loss)	(5,859,739)	(679,687)

26. Remuneration of auditors

Auditor of the parent entity

Audit and review of financial statements – BDO Audit Pty Ltd	43,200	43,278
Other services – BDO (QLD) Pty Ltd	9,450	9,181
	52,650	52,459

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.

27. Events after the reporting date

On July 2019, DGO agreed to support NTM Gold Limited with a further investment of approximately \$469,000 via a placement of shares.

On 11 July 2019, DGO announced an extension and consolidation of its gold exploration land near Mt Tom Price in the Pilbara, Western Australia through a farm-in agreement to earn 80% in contiguous Exploration Licences.

On 18 July 2019, DGO announced its commitment to additional investment in De Grey Mining Limited by way of a placement of 6 million shares at 5 cents per share, accepting its entitlement of the rights issue and sub-underwriting the De Grey entitlements issue to the extent of 70 million shares at 5 cents per share. This was partially funded by loans of \$2.5 million repayable by 31 July 2020.

On 14 August 2019 DGO relocated its head office and Registered Office to Level 9, 63 Exhibition Street, Melbourne Victoria 3000.

On DGO announced a successful placement of 2,666,667 shares at \$0.75 raising \$2 million for working capital for further exploration and strategic investment.


DGO Gold Limited

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 2019 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 9 to 15 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2019, 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, 19 September 2019

INDEPENDENT AUDITOR'S REPORT

To the members of DGO Gold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DGO Gold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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.

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Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>Please refer to notes 4 and 11 in the financial report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2019 in relation to the application of the Group's accounting policy for exploration and evaluation assets, as set out in note 3(f).</p> <p>There is a risk that the carrying value of the exploration and evaluation assets is overstated and that there are some assets carried which did not meet the capitalisation criteria prescribed in AASB 6 <i>Exploration for Evaluation of Mineral Resources</i> ('AASB 6').</p> <p>The recoverability of exploration and evaluation asset is a key audit matter due to:</p> <ul style="list-style-type: none"> - The significance of the total; and - The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 in light of any indicators of impairment that may be present. 	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Selected a sample of capitalised exploration expenditure during the year to ensure it meets the recognition criteria under AASB 6; • Ensured that the group has the rights to tenure and maintains the tenements in good standing; • Assessed the Group's ability to carry forward exploration and expenditure assets under AASB 6; • Reviewed the management's assessment of impairment of exploration assets and considered the reasonableness of the key judgements and assumptions used. <p>We also assessed the adequacy of the related disclosures in Note 3(f), Note 4, and Note 11 to the financial statements.</p>

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Accounting for investments recorded at fair value through profit or loss

Key audit matter	How the matter was addressed in our audit
<p>During the period, DGO executed agreements to acquire listed shares and unlisted options in De Grey Mining Limited (DEG), NTM Gold Limited (NTM), and Jindalee Resources Limited (JRL). There is a risk these investments are not accounted for in line with AASB 132 <i>Financial Instruments Presentation</i> and AASB 9 <i>Financial Instruments</i>.</p> <p>The carrying amount of financial assets at fair value through profit or loss (FVTPL) is a key audit matter due to the significance of the total balance and as determining the valuation of the investments is complex. Specifically, the valuation of the unlisted options is based on valuation models that incorporate significant judgements.</p> <p>Further, on initial recognition it was noted that the fair value of the instruments acquired was, in certain cases, in excess the transaction price.</p> <p>On initial recognition, the transaction price generally represents the fair value of the financial instrument unless there is observable information from an active market to the contrary. Where unobservable information is used (as is the case for the unlisted options), the difference between the transaction price and the fair value (day one profit or loss) is deferred and recognised in profit or loss over the life of the instrument.</p> <p>Please refer to note 10 in the financial report.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining from management a schedule of investments held by the Group and vouching the investments to supporting documentation • Reviewing appropriateness of classification and measurement of investments in line with AASB 9 • Agreeing a sample of the additions and disposals of investments during the year to supporting documentation, and ensuring that gains and losses arising were treated appropriately • Reviewing managements' assessment of the fair value of the investments by reference to quoted prices in active markets (for the listed shares) and by reference to valuation models (for unlisted options) and ensuring that all gains and losses have been treated appropriately • Reviewing management's calculation of the difference between the transaction price and the fair value (day one profit or loss) for unlisted options and checking that any gain was recognised in profit or loss over the life of the instrument in line with AASB 9 • Reviewing the adequacy of the disclosures of investments, including the fair value disclosures, by comparing these disclosures to our understanding of the nature of the investment and the applicable accounting standards.

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 2019, 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 9 to 15 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of DGO Gold Limited, for the year ended 30 June 2019, 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



T R Mann
Director

Brisbane, 19 September 2019

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DGO Gold Limited

Unaudited additional ASX and other information as at 12 September 2019

Number of holders of equity securities

32,29,695 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	30,074,066	92.45
50,001 to 100,000	919,175	2.83
10,001 to 50,000	961,595	2.96
5,001 to 10,000	224,019	0.69
1,001 to 5,000	255,583	0.79
1 to 1,000	95,257	0.29
Total	32,529,695	100.00
Holding less than a marketable parcel	63,038	

Twenty largest shareholders of quoted equity securities

Line item	Ordinary shareholders	A/C Designation	Fully paid ordinary shares	
			Number	Percentage
1	GINGA PTY LTD		5,299,436	16.29
2	MUTUAL TRUST		4,348,897	13.37
3	CAIRNGLEN INVESTMENTS PTY LTD	WOODFORD SUPER FUND	3,762,500	11.57
4	ANDAMA HOLDINGS PTY LTD	<J & M BARLOW PENSION A/C>	3,159,080	9.71
5	COSTA ASSET MANAGEMENT PTY LTD		2,666,667	8.2
6	ESHUYS SUPER PTY LTD	<RESOURCE SURVEYS P/L S/F AC>	1,502,029	4.62
7	CAIRNGLEN INVESTMENTS PTY LTD		1,161,040	3.57
8	CAROLINE HOUSE SUPERANNUATION FUND	THE CAROLINE HOUSE S/F A/C	857,235	2.64
9	CS THIRD NOMINEES PTY LIMITED	HBSC CUST NOM AU LTD 13 A/C	788,462	2.42
10	LADDARA PTY LTD		769,231	2.36
10	PATERSON CHENEY INVESTMENTS PTY LTD		769,231	2.36
11	RARE COSTA SUPER PTY LTD	RARE COSTA SUPER FUND A/C	769,230	2.36
12	UBS NOMINEES PTY LTD		750,000	2.31
13	RESOURCE SURVEYS PTY LTD	<RESOURCE SURVEYS P/L S/F AC>	490000	1.51
14	FILEKEEL PTY LIMITED		384,616	1.18
15	SHERATAN PTY LTD	R & m SUPERANNUATION FUND	345,000	1.061
16	GEE NOMINEES PTY LTD	<THE GEE A/C>	303,653	0.93
17	NATIONAL NOMINEES		301,777	0.93
18	RESOURCE SURVEYS PTY LTD	RESOURCE SURVEYS S/F	301,287	0.93
19	RESOURCE SURVEYS PTY LTD	<SUPERANNUATION FUND A/C>	180,000	0.56
	Total		29,142,704	89.59
	Balance of register		3,386,991	10.41
	Grand total		32,529,695	100.00

DGO Gold Limited

Substantial shareholders

Ordinary shareholders	Fully Paid Shares Number
GINGA PTY LTD	5,325,058
CAIRNGLEN INVESTMENTS P/L	5,049,773
LION NOMINEES LIMITED (i)	4,247,660
COSTA ASSET MANAGEMENT PTY LTD	2,666,667
ANDAMA HOLDINGS PTY LTD	3,159,080
EDUARD ESHUYS	2,727,970
TOTAL	23,176,208

- (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 (km ²)
Western Australia			
Lake Randall JV	E15/1573		53
Lake Randall		E25/584	179
Ora Banda	P24/4946 - 4956		22
Black Flag	P24/4986 - 4992, E24/197		31
Mallina	E47/3327 - 3329	E47/4267, E47/4270	281
East Pilbara	E45/5034 - 5035		262
Tom Price		E47/3898, E47/3900	987
Tom Price JV	E47/3629, 3651, 3716		323
Yerrida Basin	E51/1590, 1729, 1730, 1748 - 1753, E51/1833, E51/1897	E51/1920, E51/1921	2,226
Middelen Option	E51/1725, 1726		268
Yamarna West		E38/3343, E38/3344	728
<i>Sub-Total</i>			5,359
South Australia – Stuart Shelf			
Pernatty Lagoon	EL 6145, EL 6302		348
Bookaloo	EL 6030	ELA 2019/88	782
Myall North	EL 6303		308
<i>Sub-Total</i>			1,438
TOTAL			6,797

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.

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