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# **DGO Gold Limited**

**ABN 96 124 562 849**

**Annual Report for the financial year ended 30 June 2020**

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## Corporate Directory

|   |   |
|---|---|
| <b>Directors:</b>   | Mr. E. Eshuys (Executive Chairman)<br>Mr. J. B. Parncutt AO (Executive Director)<br>Mr. R. C. Hutton (Non-Executive Director)<br>Mr. M. J. Ilett (Non-Executive Director) resigned 31/8/20<br>Ms K. Law (Non-Executive Director) appointed 01/06/20 |
| <b>Company Secretary and Chief Operating Officer</b>          | Mr. M. Ziemer appointed 19 August 2020<br>(former Company Secretary Mr M. Licciardo resigned 19 August 2020)  |
| <b>Chief Financial Officer</b>                                | Ms. C. Jupp   |
| <b>Registered office and principal administrative office:</b> | Level 9<br>63 Exhibition St<br>Melbourne Vic 3000<br><br>Telephone: + 61 3 9133 6251  |
| <b>Share registry:</b>  | Link Market Services Limited<br>Level 21<br>10 Eagle Street<br>BRISBANE QLD 4000<br><br>Telephone: 1300 554 474<br>Telephone: + 61 7 3320 2200<br>Facsimile: + 61 2 8280 0303   |
| <b>Auditors:</b>  | BDO Audit Pty Ltd<br>Level 10<br>12 Creek Street<br>BRISBANE QLD 4000<br>Telephone: + 61 7 3237 5999<br>Facsimile: + 61 7 3221 9227   |
| <b>Stock exchange listings:</b>                               | DGO Gold Limited shares are quoted on ASX Limited (ASX Code: DGO).  |
| <b>Website:</b>   | <a href="http://www.dgogold.com.au">www.dgogold.com.au</a>  |
| <b>ABN:</b>   | 96 124 562 849  |
| <b>Corporate Governance Statement</b>                         | <a href="https://www.dgogold.com.au/investorcentre_corporategovernance.html">https://www.dgogold.com.au/investorcentre_corporategovernance.html</a>   |

## Chairman's Letter

Dear Fellow Shareholders,

Your Board and management team have achieved a great deal on your behalf in the past year. DGO Gold started the financial year with a market capitalisation of \$21 million which has been transformed to more than \$240 million at the time of writing. This reflects a range of factors including discovery success, a strong gold price and new capital subscriptions by our shareholders. It is above all an endorsement of the diligent and sustained execution of our strategy.

Our strategy remains simple. We are building a portfolio of brownfield and greenfield gold discovery opportunities through strategic equity investment and through tenement acquisition and joint ventures. And we are keenly focused on that strategy.

During the year, our targeted selection of brownfield discovery equity investments has been rewarded with the emergence of the very significant scale gold mineralization system at the Hemi discovery owned by De Grey Mining Ltd (DGO 15.2%). Other equity investments, such as NTM Gold Ltd (DGO 13.56%) have also been positive for DGO shareholders. Our team continues to apply its rigorous analysis to identify the next opportunity.

We were also active in pursuing the greenfield limb of our strategy. Progress has been made on assembling and exploring a portfolio of what we consider to be high potential exploration targets. The experience of our team is important in identifying the optimal prospects to enable us to achieve our stated ambition of low-cost gold discovery.

Critical in this effort is our engagement with those at the forefront of applying science and technology to mineral discovery. During the year we continued our relationship with CODES, The Centre for Ore Deposits and Earth Sciences at the University of Tasmania, which has provided the geological basis to underpin the Company's exploration strategy.

This strategy saw DGO continue exploration work focused on key greenfield targets in Western Australia and preparing to commence our campaign in the Stuart Shelf area of South Australia. The year ahead will be one of extensive activity on our tenements, including significant drilling activity for a company of our size, and we are optimistic that this part of our strategy will also add value for our shareholders.

Additionally, DGO was pleased to announce our joint venture with SensOre Limited, an Australian company applying artificial intelligence to geological interpretation. Our 40% owned joint venture with SensOre commenced drilling during the year in the Yilgarn, Western Australia, on highly prospective targets identified through the application of SensOre's intellectual property. Their technology is exciting and we are proud to be at the forefront of proving up this technology.

We welcomed Katina Law to our Board and as Chair of our Audit and Risk Committee and Markus Ziemer as Chief Operating Officer. Both Katina and Markus bring extensive corporate and resources sector experience to strengthen our small team. Since the end of the financial year, Michael Ilett resigned as a Director. We thank Michael for his valuable contribution to the development of DGO and we are pleased that he continues as a shareholder in the company.

Like most of the world, we have been impacted in the second half of the financial year by the Covid-19 pandemic. Our team has continued to work productively and, despite some delay caused by travel and movement restrictions, we have safely continued with our planned activity. On behalf of all shareholders, I thank the entire team for their dedication and achievement in challenging circumstances.

A well supported placement of \$28.5m in early 2021, places DGO in a sound financial position, with an exciting portfolio of assets and a very active program of exploration drilling ahead of us. We thank shareholders, both long-term and those who have joined us during the year, and encourage you to continue with us on our ambitious discovery journey.

Yours sincerely,



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

## Directors' report

The Directors of DGO Gold Limited ("the Company", "DGO") submit herewith the annual report of DGO Gold Limited and its subsidiaries Yandan Gold Mines Pty Ltd and Discovery Gold Pty Ltd ("the Group") for the financial year ended 30 June 2020. 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 75 is a geologist with several decades of exploration experience in Australia. His successes as Director of Resources for the Great Central Mines Group 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 led subsequent development and production at Bronzewing, Jundee and Cawse. 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 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 Jeffrey (Bruce) Parncutt** AO, BSc, MBA (*Executive Director*)

Bruce, aged 69, is Chairman of investment banking group Lion Capital, a Board member of The Australian Ballet, a Trustee of the Helen Macpherson Smith Trust and a Director of DeGrey Mining Limited. 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, Executive Director on 1 April 2020 and is a member of the Audit and Risk and Remuneration and Nomination Committees.

#### *Directorships of other listed companies in the last 3 years:*

Mr. Bruce Parncutt was appointed as a Director of De Grey Mining Limited on 23 July 2019 and served as a director of AcruX Limited from 1 May 2012 to 9 December 2016.

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

Ross, aged 72, 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.

Mr. Ross Hutton was appointed Non-Executive Director on 5 April 2007, is the Chairman of the Remuneration and Nomination Committee and was the Chairman of the Audit and Risk Committee until 16 September 2020.

#### *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.

## 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 – resigned 31 August 2020*)

Michael, aged 54, 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).

Mr. Michael Ilett was appointed as a Non-Executive Director and a member of the Audit and Risk and Remuneration and Nomination Committees on 20 July 2015. Having served as Company Secretary of the Company from 5 April 2007 to 31 August 2018. He resigned as a Non-Executive Director on 31 August 2020.

*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.

**Ms. Katina Law** BCom, FCPA, MBA, GAICD (*Non-Executive Director – appointed 1 June 2020*)

Katina, aged 50, has 29 years' experience in the mining industry covering corporate and site-based roles across several continents. She is an experienced company director and is currently the Non-Executive Chair of Yandal Resources Ltd (ASX:YRL) and was previously Non-Executive Chair of Ardea Resources Ltd (ASX:ARL). She has worked with a number of ASX listed resources companies in strategic, financial advisory and general management roles, including on development and evaluation projects which were later subject to corporate transactions. Ms Law held senior positions at Newmont Mining Corporation's Batu Hijau copper gold project in Indonesia and their head office in Denver, USA and at LionOre International based in Perth.

Katina has a Bachelor of Commerce degree from UWA, is a Fellow of CPA Australia and has an MBA from London Business School. She is currently a non-executive Director of headspace National Youth Mental Health Foundation.

Ms. Katina Law was appointed a Non-Executive Director on 1 June 2020 and Chair of the Audit and Risk Committee on 16 September 2020.

*Directorships of other listed companies in the last 3 years:*

Ms. Katina Law is a Non-Executive Director and Chair of Yandal Resources Limited and also served as a Non-Executive Director and Chair of Ardea Resources Limited from 7 November 2016 to 31 July 2020.

### Company Secretary

**Mr. Markus Ziemer** BA, LLB, MBA, GradDipCorpGov (*Company Secretary and Chief Operating Officer appointed 19 August 2020*)

Markus has over 20 years' general management, legal and company secretarial experience in mining, exploration, energy and technology businesses. For eight years he was General Manager Corporate at Pacific Hydro working on a range of corporate and project development initiatives during a period of significant growth in the company's project portfolio in Australia, Chile and Brazil. Prior to that he worked in listed mining and exploration companies Newcrest Mining, Ashton Mining and Australian Diamond Exploration in legal and company secretary roles, gaining experience in a range of project, joint venture, M&A, funding and exploration activities.

Mr. Markus Ziemer was appointed Company Secretary on 19 August 2020.

**Mr. Mark Licciardo** B Bus(ACC), Grad Dip CSP, FGIA, FCIS, FAICD (*Company Secretary – resigned 19 August 2020*)

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, Melbourne Fringe Festival and former company secretary of Top 50 ASX listed companies Transurban Group and Australian Foundation Investment Company Limited.

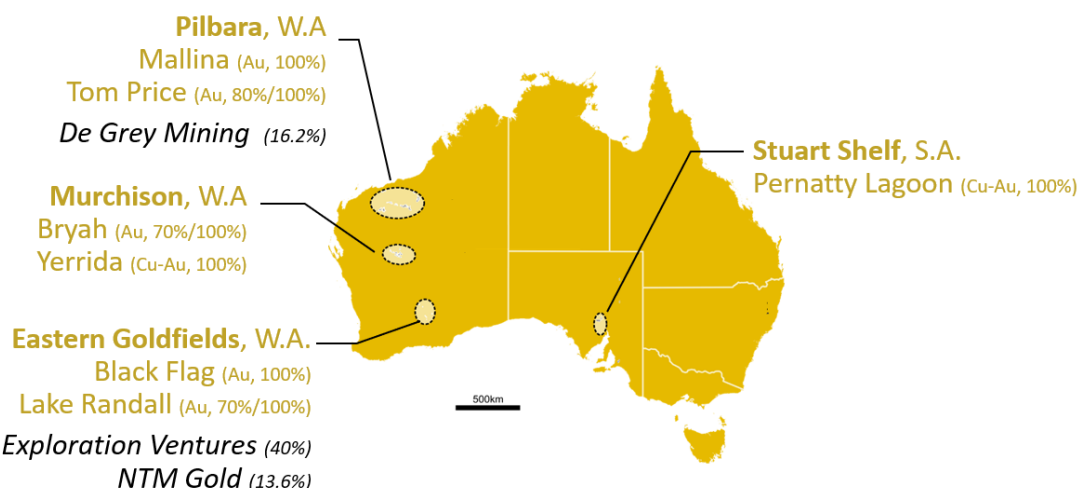
Mr. Mark Licciardo was appointed Company Secretary on 31 August 2018 and resigned on 19 August 2020.

## Directors' report

### Review of Operations

DGO's strategy is to build a portfolio of Australian gold discovery opportunities through strategic equity investment, tenement acquisitions and joint ventures. DGO seeks to identify and invest in discovery opportunities that meet several key criteria, that are: prospectivity, low finding cost, potential for scale and upside optionality.

The Principal Activities in the year focused on advancing DGO's strategy of creating wealth for shareholders through leveraged investment in gold discovery in Australia. DGO owns both large-scale prospects in its own right and significant stakes in other gold exploration companies that both satisfy key selection criteria and build access to strategic land positions focusing on sediment hosted gold mineralisation. The Company's strategy also seeks to capitalise on the substantial difference between the relatively low cost of brownfield gold discovery and the significantly higher market valuations of resource inventories through strategic equity investment, tenement acquisitions and joint ventures.



### Investment Activities

The Company continued to identify and evaluate investment opportunities by researching all ASX listed Australian gold explorers with a focus on Australia and particularly Western Australia. Companies with substantial land holdings in established gold fields or provinces, strong experienced management and a stable shareholder base are prioritised for further study.

During the year, DGO increased its shareholding in De Grey Mining Limited (De Grey) to 14.27%; an asset with a market value of \$151 million at 30 June 2020. Significantly, De Grey discovered Hemi in December 2019 which has underpinned a 1241% growth in share price over the year to 30 June 2020.

During the year, DGO increased its shareholding in NTM Gold Limited (NTM) to 13.56%; an asset with a market value of \$7.4 million at 30 June 2020. NTM continued to report high grade results from Hub, announcing a maiden resource for Hub of 140Koz. This underpinned a 100% increase in the NTM share price over the year to 30 June 2020.

### Discovery Activities

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

DGO's Yerrida tenements are located in the Yerrida Basin, 75 kilometres south of the DeGrussa copper-gold mine. DGO's detailed data review and analysis has confirmed that the Yerrida Basin is prospective for both DeGrussa style copper-gold mineralisation and stratiform sediment-hosted copper deposits analogous to the world-class Zambian Copper Belt.

During the year, DGO completed airborne and ground electromagnetic surveys and a soil geochemical survey including detailed analysis. A number of high priority targets were identified by signature multi-element soil sampling results which were strongly supported by EM anomalies and are interpreted to represent DeGrussa style VHMS targets on the prospective contact of the Johnson Cairn and Killara formations

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

DGO's Mallina tenements adjoin De Grey's Mallina Gold Project and share a similar geological and structural setting. De Grey's Mallina Gold Project hosts substantial structurally controlled gold resources including the intrusion related gold at Hemi, 75km east-northeast of DGO's Scottie Well prospect.

DGO holds over 30kms of strike length of a major ENE-trending structure that parallels the Mallina Shear Zone. The intersection of both intrusives and anticlines with this structure is associated with a signature geochemical anomaly that defines the Scottie Well target.

## Directors' report

### Review of Operations (continued)

During the year, DGO completed a wide spaced aircore drilling program at Scottie Well to evaluate the gold and arsenic in soil anomalies coincident with previously reported gold nuggets, and magnetic and electromagnetic anomalies that broadly correspond with the interpreted position of the ENE shear. This program was successful in identifying significant geochemical anomalies in elements such as gold (up to 0.7g/t), arsenic (up to 1200ppm), and antimony (up to 73ppm), particularly on the eastern and western most lines. Plans for future work programs are currently being progressed.

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

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

DGO's stratiform sediment-hosted copper/gold discovery strategy, conducted in conjunction with research at the Centre for Ore Deposits and Earth Sciences (CODES) at the University of Tasmania, is based on models from the Zambian Copper Belt (ZCB). The targeting program has delineated a ZCB style target at Pernatty in transition zone sediments between the outcropping Woocalla Dolomite and the deeper-basin Tapley Hill shales. The transition zone target is supported by ore grade copper mineralisation of 1.9m @ 1.7% Cu from 185m within a diamond core hole drilled in 1976 immediately east of the target zone.

DGO has been awarded a \$300,000 grant by the South Australian Government's Accelerated Discovery Initiative to test sediment hosted copper targets at Pernatty. DGO plans to conduct a program of diamond and reverse circulation drilling to test the ZCB style target, and a passive seismic survey to facilitate modelling of the sedimentary basin.

DGO also continued to progress land access approvals for a drilling program. Subsequent to year end DGO completed a heritage survey with the Kokatha Aboriginal Corporation (KAC), accompanied by Australian Heritage Services and Euro Exploration. South Australia also requires that DGO hold a Native Title Mining Agreement (NTMA) with KAC before work on this project can begin and this is currently being progressed.

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

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

During the year DGO completed a program of 1,350 metres of reverse circulation drilling in 9 holes to test high order airborne electro-magnetic (EM) targets along the axis of a regional anticlinal structure. Drilling did not adequately test the prospective contact between the Johnson Cairn shales and the underlying Juderina Formation sandstones. Subsequently, DGO has been assessing the drilling and regional data to identify the location of the prospective contact and vectors to other targets.

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

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

Drilling conducted during the year has outlined an extensive sheared alteration zone undercover with pervasive silica±chlorite±carbonate±sericite alteration and gold mineralisation up to 12m @ 3.2g/t from 116m (ASX:DGO 22 October 2019) associated with disseminated sulphide, pyritic stringers and quartz veining within the sequence of intermediate volcanics of the Black Flag Group.

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

### Lake Randall, Eastern Goldfields, W.A (DGO 30-100%)

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

A ground gravity survey during the year identified fourteen targets with potential to host granite-associated Granny Smith style and banded iron formation-associated Mt Belches style, gold mineralisation beneath the lake sediments.



## Directors' report

### Review of Operations (continued)

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

Interpretation of geophysical datasets has identified greenstones to the west of the Yamarna Belt. This represents the under-explored Deleta Greenstone Belt covered by younger sediments. During the year the tenement applications were granted. DGO is currently assessing existing data, generating targets and determining future work programs.

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

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

Subsequent to year end, DGO Gold and Forge Resources Swan Pty Ltd reached an agreement whereby DGO Gold is released from the "farm in" obligations on E47/3629, E47/3651, and E47/3716 under the Heads of Agreement entered into on 26 June 2019.

The terms of the withdrawal provide DGO Gold with a 90 day right to price match any future bona fide arms' length proposal in relation to these Forge Resources tenements.

### Research and Development

In prior years the Group conducted a research engagement with CODES at the University of Tasmania and the information obtained continues to be reviewed and interpreted and used in the evaluation of exploration sites and drilling programs. 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 and analysis. That has included, extensive sampling of favourable sedimentary diamond drill core, held in the Western Australian and South Australian central core libraries.

### Operating Results

The total loss from operations of the Group for the year ended 30 June 2020 was \$87,621 (2019: net loss \$5,077,633).

The financial position and performance of the Group was particularly affected by the following events and transactions during the year:

- Acquisition of 142,259,561 shares in De Grey Mining Limited (DEG) for \$32,379,842 consideration resulting in a holding of 14.27% at 30 June 2020. The increased holding included part of the DEG/DGO share swap transaction approved by DGO shareholders at the General Meeting on 19 June 2020.
- Acquisition of 42,724,200 shares in NTM Gold Ltd (NTM) for \$1,883,611 consideration resulting in a holding of 13.56% at 30 June 2020.
- As disclosed in Note 11, the shares in DEG and NTM which were previously classified as financial assets at fair value through profit or loss are now treated as equity-accounted associates. As a result, the Group recognised share of losses in equity-accounted associates of \$722,498 (2019: \$nil)
- Net gain on financial assets at fair value through profit or loss of \$3,078,929 (2019 loss: \$2,418,510) relating to equity investments and unlisted options.
- Non-cash share-based payments expense of \$957,027 (2019: \$445,347) relating to performance rights granted to directors, employees and consultants.
- During the financial year, the Group received a total of \$298,230 (2019: \$779,674) (before fees) in tax refunds relating to research and development activities for exploration assets.
- AASB 16 was adopted on 1 July 2019 which resulted in operating leases to be capitalised in the statement of financial position

## Directors' report

### Significant changes in state of affairs

The significant changes in the state of affairs of the Group during the financial year were as follows:

- On 16 September 2019, the Company issued 2,666,667 fully paid ordinary shares at an issue price of \$0.75.
- On 28 February 2020, the Company issued 7,121,111 fully paid ordinary shares at an issue price of \$1.35.
- On 28 April 2020, the Company issued 1,635,625 fully paid ordinary shares at an issue price of \$1.60.
- On 26 June 2020, the Company issued 3,050,000 fully paid ordinary shares with nil issue price for Series A \$2 Performance Rights that had vested.
- On 26 June 2020, the Company issued 4,614,375 fully paid ordinary shares at an issue price of \$1.60 as approved by shareholders at the General Meeting on 19 June 2020.
- On 26 June 2020, the Company issued 794,815 fully paid ordinary shares at an issue price of \$1.35 after shareholder approval at the General Meeting on 19 June 2020.
- On 26 June 2020, the Company issued 1,600,000 fully paid ordinary shares and 800,000 \$2.50 options expiring 30 June 2022, in exchange for De Grey Mining Limited shares as approved at the General Meeting on 19 June 2020.
- In late June 2020, 32,802,515 De Grey Mining Limited shares were transferred to DGO as part of transactions approved by shareholders at the General Meeting on 19 June 2020. In exchange the Company issued 3,648,404 fully paid ordinary shares and 1,824,202 \$2.50 options expiring 30 June 2022 on 3 July 2020 that have been recorded at 30 June 2020 in the corporate structure.
- During the year, 836,273 options were exercised at a price of \$0.3936, raising \$329,157.
- During the year, 73,573 \$1.00 options were exercised, raising \$73,573.
- In early 2020, the Group acquired 60% of Discovery Gold Limited, a public unlisted company to apply for tenements in Victoria. The agreement involves DGO contributing \$1 million of equity investment to fund exploration costs if Discovery Gold is allocated tenements.

### Significant events after reporting date

On 6 July 2020, DGO received 8,086,000 De Grey Mining Limited shares as part of the transactions approved by shareholders at the General Meeting on 19 June 2020. In exchange the Company issued 1,293,760 shares and 646,880 \$2.50 options expiring on or before 30 June 2022.

On 10 July 2020, DGO issued 50,000 ordinary shares for 50,000 exercised performance rights.

On 15 July 2020, DGO announced an additional investment in De Grey Mining Limited (DEG) by way of a placement of 18,232,142 shares at 28 cents per share, as approved by DEG shareholders, increasing DGO's holding in DEG to 16.22%.

On 16 July 2020, DGO entered into an agreement with SensOre Limited ("SensOre"), to acquire a 40% equity interest in SensOre's subsidiary Yilgarn Exploration Ventures Pty Ltd ("YEV") for a total consideration of \$4 million. YEV holds nine, early-stage, high potential gold targets in 8 project areas identified by machine learning/AI. DGO's investment in YEV will provide sufficient funding for proof of concept drilling on each of the 9 targets over the next 18 months.

On 21 July 2020, DGO announced receipt of commitments from a number of key shareholders to participate in a possible future capital raising in an aggregate amount of \$12 million in exchange for 50,000 unlisted DGO options per \$1 million of commitment exercisable at \$4.50 per share with an expiry of 31 July 2020. On 22 July 2020 485,000 of these \$4.50 options with an expiry of 31 July 2020 were issued with the 115,000 balance being subject to shareholder approval.

On 28 July 2020, DGO announced that the 1,600,000 Series B Performance Rights issued after shareholder approval at the Extraordinary General Meeting on 19 June 2020 had met their conditions. On 10 August 2020, these Performance Rights were exercised and 1,600,000 DGO Ordinary Shares were issued.

On 17 August 2020, DGO announced the commencement of Markus Ziemer, COO and Company Secretary and issued 250,000 Series B Performance Rights to him as approved in the DGO General Meeting on 19 June 2020.

On 31 August 2020, Mr. Michael Ilett resigned as a Non-Executive Director of DGO Gold Limited.

On 11 September 2020, DGO entered a trading halt that ceased on 16 September 2020 with the announcement of a \$28.5m capital raise at \$3.45 per share to fund a further \$12m investment in DEG, the YEV commitments and exploration expenditure. On 21 September 2020, the 8,261,450 DGO ordinary fully paid shares were issued.

On 16 September 2020, Ms. Katina Law was appointed Chairperson of the DGO Audit and Risk Committee.

On 21 September 2020, DGO announced an earn-in agreement with Gawler Resources Pty Ltd, a wholly owned subsidiary of Investigator Resources at Pernatty, to gain access to 5 adjacent DGO tenements in the Stuart Shelf region.

## Directors' report

### Significant events after reporting date (continued)

DGO has the right to earn up to an 80% holding in these tenements by spending up to \$6.35 million over five years.

### 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 that are available on the DGO website [www.dgogold.com.au](http://www.dgogold.com.au). At the onset of the Covid-19 situation, DGO implemented appropriate policies and the Group's operations were not hindered.

### Environmental regulations

The Company is subject to particular and significant environmental regulation under the laws of the Commonwealth or of a State or Territory relating to the tenements that are granted. To the director's knowledge, 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.

### Heritage and Culture

DGO seeks to engage with Traditional Owners on cultural and heritage matters and seek their guidance and clearance prior to any field activities.

### 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, expiring 30 June 2020 reduced from \$0.40 to \$0.3936. On June 2020, the Company announced an extension of time to receive the notice to exercise these options to 10 July 2020 after which 5,902 of these options expired.

At the time of this Report, 9,947,556 options exercisable at \$1.00 on or before 31 December 2021, 3,271,0872 options exercisable at \$2.50 on or before 30 June 2022 and 485,000 options exercisable at \$4.50 on or before 31 July 2022 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, 836,273 options with an exercise price of \$0.3936 and 73,573 options with an exercise price of \$1.00 were exercised 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 any 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, 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 & Risk 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 & Risk Committee |          |
|--------------------|--------------------|----------|-------------------------------------|----------|------------------------|----------|
|                    | Held               | Attended | Held                                | Attended | Held                   | Attended |
| Mr. E. Eshuys (i)  | 5                  | 5        | 1                                   | 1        | -                      | -        |
| Mr. R. C. Hutton   | 5                  | 5        | 1                                   | 1        | 2                      | 2        |
| Mr. J. B. Parncutt | 5                  | 5        | 1                                   | 1        | 2                      | 2        |
| Mr. M. J. Ilett    | 5                  | 5        | 1                                   | 1        | 2                      | 2        |
| Ms. K. Law (ii)    | 1                  | 1        | -                                   | -        | -                      | -        |

- (i) Mr. E. Eshuys is not a member of the Audit Committee.  
(ii) Ms. K. Law was appointed as a Non-Executive Director on 1 June 2020.

### 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             | 3,652,044                             | -                 | 3,652,044                               | 3,652,044         |
| Mr. R. C. Hutton (i) (ii) | 699,673                               | 69,753            | 769,426                                 | 769,426           |
| Mr. J. B. Parncutt        | 6,755,071                             | -                 | 6,755,071                               | 6,755,071         |
| Mr. M. J. Ilett           | 151,520                               | 197,127           | 348,647                                 | 348,647           |
| Ms. K. Law                | 100,000                               | -                 | 100,000                                 | 100,000           |

- (i) Fully ordinary shares held excluding those held 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 and performance rights in the Company as at the date of this report:

| Directors                   | \$1 Options | Series C \$4 Performance Rights |
|-----------------------------|-------------|---------------------------------|
| Mr. E. Eshuys (i) (ii)      | 680,268     | 500,000                         |
| Mr. R. C. Hutton            | -           | -                               |
| Mr. J. B. Parncutt (i) (ii) | 1,333,333   | 500,000                         |
| Mr. M. J. Ilett (i)         | 20,608      | -                               |
| Ms. K. Law                  | -           | -                               |

- (i) Options are exercisable at \$1.00 on or before 31 December 2021 and were issued pursuant to the Entitlement Offer on 6 July 2018.  
(ii) Series C Performance Rights were issued following shareholder approval at the Extraordinary General Meeting held on 19 June 2020.

Mr. Bruce Parncutt will be eligible to be re-elected as a Director at the next Annual General Meeting.  
Ms K. Law, appointed on 1 June 2020, will stand for election 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 2020. The term 'key management personnel' relates to those persons having the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly including any director (whether executive or otherwise) of the Group. The Remuneration Report is audited. 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. J. B. Parncutt (Executive Director)

- Mr. R. C. Hutton (Non-Executive Director)
- Mr. M. J. Ilett (Non-Executive Director) – resigned 31 August 2020
- Ms. K. Law (Non-Executive Director) - appointed 1 June 2020)

#### 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, Directors and senior executives and recommendations were made to and adopted by the Board. The senior executives consisting of Mr. E. Eshuys and Mr. J. B. Parncutt have the opportunity to participate in executive decision making and make regular reports to the Board. The senior executives have an understanding of the Company's financial position, strategies, operations and risk management policies and an understanding of their respective rights, duties, responsibilities, and the roles of board and senior executives.

#### Non-executive director remuneration

The Directors' Fees are reviewed on a regular basis against industry benchmarks. The Directors received the disclosed 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.

## Directors' report

### Remuneration report (Audited) (continued)

The table below sets out summary information about the Group's earnings and movements in shareholder's wealth for the five years to 30 June 2020:

| Description                                    | 30 June 2020 | 30 June 2019  | 30 June 2018 | 30 June 2017 | 30 June 2016 |
|--|--------------|---------------|--------------|--------------|--------------|
| Interest revenue and other income              | \$181,163    | \$63,304      | \$4,294      | \$178,854    | \$261,995    |
| Loss for the year from continuing operations   | (\$87,621)   | (\$5,077,633) | (\$611,890)  | (\$201,964)  | (\$871,690)  |
| Loss for the year from discontinued operations | -            | -             | -            | -            | -            |
| Net loss before tax                            | (\$87,621)   | (\$5,077,633) | (\$611,890)  | (\$201,964)  | (\$871,690)  |
| Net loss after tax                             | (\$87,621)   | (\$5,077,633) | (\$611,890)  | (\$201,964)  | (\$871,690)  |
| Share-based payments                           | (\$957,027)  | (\$445,347)   | -            | -            | -            |
| Return of capital                              | -            | -             | -            | -            | -            |
| Basic profit/(loss) per share (i)              | (0.2 cents)  | (20 cents)    | (5 cents)    | (3 cents)    | (15 cents)   |
| Diluted profit/(loss) per share (i)            | (0.2 cents)  | (20 cents)    | (5 cents)    | (3 cents)    | (15 cents)   |
| Share price at start of year                   | \$0.645      | \$0.665       | \$0.235      | \$0.20       | \$0.20       |
| Share price at end of year                     | \$3.61       | \$0.645       | \$0.665      | \$0.235      | \$0.20       |
| Share price movement                           | \$2.965      | \$0.020       | \$0.430      | \$0.035      | \$0          |
| % increase in share price                      | 460%         | 3%            | 183%         | 17.5%        | 0%           |

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

#### D. Remuneration of key management personnel

The following table provides information about the remuneration of the Group's key management personnel during the 30 June 2020 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          |                                   |                     |                  |
| 2020                           | \$                           | \$       | \$           | \$            | \$                       | \$                                | \$                  | \$               |
| <b>Executive chairman</b>      |                              |          |              |               |                          |                                   |                     |                  |
| Mr. E. Eshuys (ii)             | 128,333                      | -        | -            | 11,000        | 12,192                   | (i) 40,423                        | 280,763             | 472,711          |
| <b>Executive director</b>      |                              |          |              |               |                          |                                   |                     |                  |
| Mr. J. B. Parncutt             | 50,000                       | -        | -            | -             | 4,750                    | (i) 4,260                         | 280,763             | 339,773          |
| <b>Non-executive directors</b> |                              |          |              |               |                          |                                   |                     |                  |
| Mr. R. C. Hutton               | 46,667                       | -        | -            | -             | 4,433                    | -                                 | 45,859              | 96,959           |
| Ms. K. Law                     | 5,417                        | -        | -            | -             | 515                      | -                                 | 13,304              | 19,236           |
| Mr. M. J. Ilett                | 45,000                       | -        | -            | -             | 4,275                    | -                                 | 45,859              | 95,134           |
| <b>Total</b>                   | <b>275,417</b>               | <b>-</b> | <b>-</b>     | <b>11,000</b> | <b>26,165</b>            | <b>44,683</b>                     | <b>666,548</b>      | <b>1,023,813</b> |

The following table provides information about the remuneration of the Group's directors and senior management 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   | \$                           | \$       | \$           | \$            | \$                       | \$                                | \$                  | \$             |
| <b>Executive chairman</b>                                  |                              |          |              |               |                          |                                   |                     |                |
| Mr. E. Eshuys  | 100,000                      | -        | -            | -             | 9,500                    | (i) 1,772                         | 156,262             | 267,534        |
| <b>Non-executive directors</b>                             |                              |          |              |               |                          |                                   |                     |                |
| Mr. R. C. Hutton   | 45,000                       | -        | -            | -             | 4,275                    | -                                 | 39,066              | 88,341         |
| Mr. J. B. Parncutt   | -                            | -        | -            | -             | -                        | -                                 | 156,262             | 156,262        |
| <b>Non-executive director and former Company Secretary</b> |                              |          |              |               |                          |                                   |                     |                |
| Mr. M. J. Ilett  | 45,000                       | -        | -            | (iii) 25,000  | 4,275                    | -                                 | 39,066              | 113,341        |
| <b>Former Managing Director</b>                            |                              |          |              |               |                          |                                   |                     |                |
| Dr. D. Clark (iv)  | 68,493                       | -        | -            | -             | 6,507                    | -                                 | -                   | 75,000         |
| <b>Total</b>   | <b>258,493</b>               | <b>-</b> | <b>-</b>     | <b>25,000</b> | <b>24,557</b>            | <b>1,772</b>                      | <b>390,656</b>      | <b>700,478</b> |

- (i) Other long-term employee benefits consist of accrued annual leave and long service leave in 2020 (2019: accrued long service leave).  
(ii) Short-term employee benefits include \$11,000 representing consulting fees (net of Goods and Services Tax) paid to Eduard Eshuys.  
(iii) 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.  
(iv) Appointed 15 October 2018 and resigned 29 January 2019.

## Directors' report

### Remuneration report (Audited) (continued)

There were no bonuses granted as compensation for the current or prior financial year. Performance rights were issued as Compensation as shown on page 16.

#### 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 or performance rights | Net other change (ii) | Balance at the end of the year | Relevant interest | Balance held nominally |
|----------------------|------------------------------|-------------------------|---|-----------------------|--------------------------------|-------------------|------------------------|
|                      | No.                          | No.                     | No.   | No.                   | No.                            | No.               | No.                    |
| <b>2020</b>          |                              |                         |   |                       |                                |                   |                        |
| Mr. E. Eshuys        | 2,727,970                    | -                       | 1,000,000   | 74,074                | 3,802,044                      | 3,802,044         | -                      |
| Mr. J. B. Parncutt   | 4,247,660                    | -                       | 1,000,000   | 957,411               | 6,205,071                      | 6,205,071         | -                      |
| Mr. R. C. Hutton (i) | 579,462                      | -                       | 290,000   | 20,000                | 869,462                        | 869,462           | -                      |
| Mr. M. J. Ilett      | 100,687                      | -                       | 250,000   | -                     | 350,687                        | 350,687           | -                      |
| Ms. K. Law           | -                            | -                       | -   | -                     | -                              | -                 | -                      |
| <b>2019</b>          |                              |                         |   |                       |                                |                   |                        |
| Mr. E. Eshuys        | 1,627,991                    | -                       | -   | 1,099,979             | 2,727,970                      | 2,727,970         | -                      |
| Mr. J. B. Parncutt   | 2,340,250                    | -                       | -   | 1,907,410             | 4,247,660                      | 4,247,660         | -                      |
| Mr. R. C. Hutton     | 559,426                      | -                       | -   | 20,000                | 579,462                        | 579,462           | -                      |
| Mr. M. J. Ilett      | 65,695                       | -                       | -   | 34,992                | 100,687                        | 100,687           | -                      |

- (i) Exercise of options with a price of \$0.3936 acquired on 6 June 2018.  
(ii) These are equity transactions with KMP other than those granted as remuneration which have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Unlisted options with an exercise price of \$0.3936 of DGO Gold Limited held directly or indirectly at end of financial year exercisable before 30 June 2020:

|                    | 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.                    |
| <b>2020</b>        |                              |                         |                      |                                |                   |                        |
| Mr. E. Eshuys      | -                            | -                       | -                    | -                              | -                 | -                      |
| Mr. J. B. Parncutt | -                            | -                       | -                    | -                              | -                 | -                      |
| Mr. R. C. Hutton   | 40,000                       | -                       | (40,000)             | -                              | -                 | -                      |
| Mr. M. J. Ilett    | -                            | -                       | -                    | -                              | -                 | -                      |
| Ms. K. Law         | -                            | -                       | -                    | -                              | -                 | -                      |
| <b>2019</b>        |                              |                         |                      |                                |                   |                        |
| Mr. E. Eshuys      | -                            | -                       | -                    | -                              | -                 | -                      |
| Mr. J. B. Parncutt | -                            | -                       | -                    | -                              | -                 | -                      |
| Mr. R. C. Hutton   | 40,000                       | -                       | -                    | 40,000                         | 40,000            | -                      |
| Mr. M. J. Ilett    | -                            | -                       | -                    | -                              | -                 | -                      |

- (i) Exercise of options.

Unlisted options with an exercise price of \$1.00 of DGO Gold Limited held directly or indirectly at end of financial year exercisable before 31 December 2021:

|                    | 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.                    |
| <b>2020</b>        |                              |                         |                       |                                |                   |                        |
| Mr. E. Eshuys      | 680,286                      | -                       | -                     | 680,286                        | 680,286           | -                      |
| Mr. J. B. Parncutt | 1,333,333                    | -                       | -                     | 1,333,333                      | 1,333,333         | -                      |
| Mr. R. C. Hutton   | -                            | -                       | -                     | -                              | -                 | -                      |
| Mr. M. J. Ilett    | 20,608                       | -                       | -                     | 20,608                         | 20,608            | -                      |
| Ms. K. Law         | -                            | -                       | -                     | -                              | -                 | -                      |
| <b>2019</b>        |                              |                         |                       |                                |                   |                        |
| Mr. E. Eshuys      | -                            | -                       | 680,286               | 680,286                        | 680,286           | -                      |
| Mr. J. B. Parncutt | -                            | -                       | 1,333,333             | 1,333,333                      | 1,333,333         | -                      |
| Mr. R. C. Hutton   | -                            | -                       | -                     | -                              | -                 | -                      |
| Mr. M. J. Ilett    | -                            | -                       | 20,608                | 20,608                         | 20,608            | -                      |

- (ii) 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) (continued)

#### Performance Rights

Details of performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below.

Series A \$2 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.                            |             |           | \$            | \$           |
| <b>2020</b>             |                              |                         |                  |                                |             |           |               |              |
| Mr. E. Eshuys (i)       | 1,000,000                    | -                       | (1,000,000)      | -                              | -           | -         | -             | -            |
| Mr. J. B. Parncutt (i)  | 1,000,000                    | -                       | (1,000,000)      | -                              | -           | -         | -             | -            |
| Mr. R. C. Hutton (i)    | 250,000                      | -                       | (250,000)        | -                              | -           | -         | -             | -            |
| Mr. M. J. Ilett (i)     | 250,000                      | -                       | (250,000)        | -                              | -           | -         | -             | -            |
| Ms. K. Law              | -                            | -                       | -                | -                              | -           | -         | -             | -            |
| <b>2019</b>             |                              |                         |                  |                                |             |           |               |              |
| Mr. E. Eshuys (ii)      | -                            | 1,000,000               | -                | 1,000,000                      | 31 Jul 21   | -         | 339,700       | -            |
| Mr. J. B. Parncutt (ii) | -                            | 1,000,000               | -                | 1,000,000                      | 31 Jul 21   | -         | 339,700       | -            |
| Mr. R. C. Hutton (ii)   | -                            | 250,000                 | -                | 250,000                        | 31 Jul 21   | -         | 84,925        | -            |
| Mr. M. J. Ilett (ii)    | -                            | 250,000                 | -                | 250,000                        | 31 Jul 21   | -         | 84,925        | -            |
| Dr. D. Clark (iii)      | -                            | 500,000                 | (500,000)        | -                              | 30 Nov 21   | (500,000) | 169,850       | 169,850      |

(i) Performance rights met vesting conditions on 18 June 2020 and exercised on 30 June 2020.

(ii) Performance rights approved by shareholders at 27 September 2018 General Meeting subject to \$2.00, 90 day share price VWAP hurdle with an expiry on 31 July 2021 and a \$nil exercise price. The fair value of the performance rights at date of issue was \$0.34.

(iii) Performance rights approved by shareholders at 28 November 2018 and cancelled on 29 January 2019 upon resignation of Dr. D. Clark.

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 2020 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

Series B \$3 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.                            |              |           | \$            | \$           |
| <b>2020</b>            |                              |                         |                  |                                |              |           |               |              |
| Mr. E. Eshuys (i)      | -                            | 500,000                 | -                | 500,000                        | 30 June 2022 | -         | 1,051,500     | -            |
| Mr. J. B. Parncutt (i) | -                            | 500,000                 | -                | 500,000                        | 30 June 2022 | -         | 1,051,500     | -            |
| Mr. R. C. Hutton       | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. M. J. Ilett        | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Ms. K. Law (i)         | -                            | 100,000                 | -                | 100,000                        | 30 June 2022 | -         | 210,300       | -            |
| <b>2019</b>            |                              |                         |                  |                                |              |           |               |              |
| Mr. E. Eshuys          | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. J. B. Parncutt     | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. R. C. Hutton       | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. J. B. Parncutt     | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. M. J. Ilett        | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Dr. D. Clark           | -                            | -                       | -                | -                              | -            | -         | -             | -            |

(i) Performance rights approved by shareholders at 19 June 2020 Extraordinary General Meeting subject to a \$3.00, 30 day share price VWAP hurdle with an expiry on 30 June 2022 and a \$nil exercise price. The fair value of the performance rights at date of issue was \$2.103.



## Directors' report

### Remuneration report (Audited) (continued)

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 2020 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 71.756%
- Risk-free interest rate: 0.26%
- Expected life of share options: 6 months
- Weighted average share price: \$2.49

Series C \$4 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.                            |              |           | \$            | \$           |
| <b>2020</b>            |                              |                         |                  |                                |              |           |               |              |
| Mr. E. Eshuys (i)      | -                            | 500,000                 | -                | <b>500,000</b>                 | 30 June 2023 | -         | 986,000       | -            |
| Mr. J. B. Parncutt (i) | -                            | 500,000                 | -                | <b>500,000</b>                 | 30 June 2023 | -         | 986,000       | -            |
| Mr. R. C. Hutton       | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. M. J. Ilett        | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Ms. K. Law             | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| <b>2019</b>            |                              |                         |                  |                                |              |           |               |              |
| Mr. E. Eshuys          | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. J. B. Parncutt     | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. R. C. Hutton       | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. J. B. Parncutt     | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Mr. M. J. Ilett        | -                            | -                       | -                | -                              | -            | -         | -             | -            |
| Dr. D. Clark           | -                            | -                       | -                | -                              | -            | -         | -             | -            |

(i) Performance rights approved by shareholders at 19 June 2020 Extraordinary General Meeting subject to a \$4.00, 30 day share price VWAP hurdle with an expiry on 30 June 2023 and a \$nil exercise price. The fair value of the performance rights at date of issue was \$1.972.

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 2020 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 71.756%
- Risk-free interest rate: 0.26%
- Expected life of share options: 3 years
- Weighted average share price: \$2.49

#### 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. The key terms of the agreement are as follows:-

- Annual Fee of \$200,000 per annum plus superannuation obligations under the superannuation guarantee legislation for the provision of services as Executive Chairman reviewed 1 April 2020;
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent;
- Entitled to accrued long service leave and annual leave;
- Termination due to resignation: Mr. E. Eshuys is required to provide twelve weeks' notice;
- Termination due to company notice: The Company is required to provide twelve weeks' notice.

## Directors' report

### Remuneration report (Audited) (continued)

#### 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 an Executive Director of the Company. The key terms of the agreement are as follows:-

- Annual Fee of \$200,000 per annum plus superannuation obligations under the superannuation guarantee legislation for the provision of services as an Executive Director reviewed 1 April 2020;
- Term of the Agreement: One (1) year renewed on an annual basis by mutual consent;
- Entitled to accrued long service leave and annual leave;
- Termination due to resignation: Mr. J. B. Parncutt is required to provide four weeks' notice;
- Termination due to company notice: The Company is required to provide four weeks' notice; and
- 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;

#### 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 Fee of \$65,000 per annum plus superannuation obligations under the superannuation guarantee legislation for the provision of services as a Non-Executive Director reviewed 1 June 2020;
- 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 where a party acquires more than 50% of the Company Mr. Hutton shall be entitled to four (4) months' Directors' fees.

#### Mr. M. J. Ilett

Mr. M. J. Ilett served as Non-Executive Director for DGO under the following terms until his resignation on 31 August 2020.

- Annual Director's Fees: \$45,000 per annum plus superannuation obligations under the superannuation guarantee legislation 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;

#### Ms. K. Law

The Company has entered into an agreement with Ms. K. Law dated 6 May 2020 pursuant to which Ms. K. Law 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 Fee of \$65,000 per annum plus superannuation obligations under the superannuation guarantee legislation for the provision of services as a Non-Executive Director from commencement 1 June 2020;
- No annual leave or long service leave accrued

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

Mr Eduard Eshuys was paid \$11,000 excluding goods and services tax for consulting services during the year (2019: nil).

Lion Capital Management Pty Ltd, a company related to Mr. J B Parncutt, provided DGO Gold Ltd with consulting services for CFO, Executive Assistant and Analyst services, director travel expenses and prior to mid August 2019, an office and outgoings for a total of \$287,180 during the year (2019: \$288,675) excluding goods and services tax.

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 \$nil (2019: \$18,450).

#### End of audited remuneration report.

## Directors' 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 29 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 29 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 21 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.

### Shares under options

#### Options

Options over ordinary shares of Company at the date of the report are outlined in the following table:

| Date options granted | Balance 1/7/19 | 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         | 842,175        | -                    | 30 June 2020     | \$0.3936                 | 836,273                 | -                         | 836,273                                     |
| 6 July 2018          | 10,042,129     | -                    | 31 December 2021 | \$1.00                   | 73,573                  | 9,947,556                 | 73,573                                      |
| 26 June 2020 (i)     | -              | 800,000              | 30 June 2022     | \$2.50                   | -                       | 800,000                   | -   |
| 3 July 2020 (i)      | -              | 1,824,202            | 30 June 2022     | \$2.50                   | -                       | 1,824,202                 | -   |
| 7 July 2020 (i)      | -              | 646,880              | 30 June 2022     | \$2.50                   | -                       | 646,880                   | -   |
| 21 July 2020 (ii)    | -              | 485,000              | 31 July 2022     | \$4.50                   | -                       | 485,000                   | -   |

(i) The issue of options with an exercise price of \$2.50 on or before 30 June 2022 was approved by shareholders at the General Meeting on 19 June 2020 and in accordance with the ASX announcement on 12 March.

(ii) The issue of options with an exercise price of \$4.50 on or before 31 July 2022 was announced on the ASX on 21 July 2020.

#### Performance Rights

Performance rights over ordinary shares of Company at the date of the report are outlined in the following table:

| Date rights granted   | Balance 1/7/2019 | 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.                       |
| 27/9/18 \$2 Series A  | 2,850,000        | -                   | 31 July 2021     | \$nil                    | (2,850,000)            | -                   | -                         |
| 27/11/19 \$2 Series A | -                | 250,000             | 30 November 2021 | \$nil                    | (250,000)              | -                   | -                         |
| 19/6/20 \$3 Series B  | -                | 1,600,000           | 30 June 2022     | \$nil                    | (1,600,000)            | -                   | -                         |
| 19/6/20 \$4 Series C  | -                | 1,000,000           | 30 June 2023     | \$nil                    | -                      | -                   | 1,000,000                 |
| 17/8/20 \$3 Series B  | -                | 250,000             | 30 June 2022     | \$nil                    | -                      | -                   | 250,000                   |

Performance rights above are all of the performance rights granted including those for remuneration to the directors 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

A handwritten signature in black ink, appearing to be 'E. Eshuys', written in a cursive style.

Eduard Eshuys  
Executive Chairman  
Melbourne, 30 September 2020

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## Auditor's independence declaration



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

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

### DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF DGO GOLD LIMITED

As lead auditor of DGO Gold Limited for the year ended 30 June 2020, 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.

A handwritten signature in black ink, appearing to read 'T R Mann', is written over a light grey circular watermark.

**T R Mann**  
Director

**BDO Audit Pty Ltd**

Brisbane, 30 September 2020

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## DGO Gold Limited

### Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

|   | Note | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|---|------|------------------------------|------------------------------|
| Interest income   |      | 12,005                       | 19,774                       |
| Dividend income   |      | -                            | 13,564                       |
| Other income  |      | 169,158                      | 29,966                       |
| Net gains/(losses) on financial assets at fair value through profit or loss | 11   | 3,078,929                    | (2,418,510)                  |
| Administration and other expense  |      | (754,403)                    | (509,184)                    |
| Consultants and contractor expense  |      | (269,423)                    | (68,225)                     |
| Depreciation expense  |      | (168,676)                    | (4,643)                      |
| Employee benefit expense  |      | (142,728)                    | (47,266)                     |
| Exploration and evaluation expenditure                                      |      | (103,064)                    | (99,134)                     |
| Finance cost  | 15   | (229,894)                    | -                            |
| Loss on disposal of property, plant and equipment                           |      | -                            | (5,520)                      |
| Impairment of exploration and evaluation assets                             | 13   | -                            | (1,518,157)                  |
| Share based payments expense  | 17   | (957,027)                    | (445,347)                    |
| Share in net loss of investment in associates                               | 12   | (722,498)                    | -                            |
| Other expenses  |      | -                            | (24,951)                     |
| Loss before tax   |      | (87,621)                     | (5,077,633)                  |
| Income tax expense  |      | -                            | -                            |
| Loss for the year   |      | (87,621)                     | (5,077,633)                  |
| <b>LOSS FOR THE YEAR</b>  |      | <b>(87,621)</b>              | <b>(5,077,633)</b>           |
| <b>Other comprehensive income</b>   |      |                              |                              |
| <i>Items that may be reclassified to profit or loss</i>                     |      |                              |                              |
| Income tax on items of other comprehensive income                           |      | -                            | -                            |
| <i>Other comprehensive for the year net of tax</i>                          |      | -                            | -                            |
| <b>Total comprehensive loss for the year</b>                                |      | <b>(87,621)</b>              | <b>(5,077,633)</b>           |
| Loss per share  |      |                              |                              |
| Basic and diluted loss per share (cents per share)                          | 19   | (0.2)                        | (20.0)                       |

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 2020

|   | Note | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|---|------|------------------------------|------------------------------|
| <b>Current assets</b>                                 |      |                              |                              |
| Cash and cash equivalents                             | 8    | 11,544,067                   | 4,803,007                    |
| Trade and other receivables                           | 9    | 367,822                      | 333,340                      |
| <b>Total current assets</b>                           |      | <b>11,911,889</b>            | <b>5,136,347</b>             |
| <b>Non-current assets</b>                             |      |                              |                              |
| Financial assets at fair value through profit or loss | 11   | 2,032,431                    | 4,623,348                    |
| Investments in associates                             | 12   | 37,908,851                   | -                            |
| Property, plant and equipment                         |      | 98,170                       | 57,662                       |
| Right of use assets                                   | 10   | 314,307                      | -                            |
| Exploration and evaluation assets                     | 13   | 4,823,239                    | 1,335,012                    |
| <b>Total non-current assets</b>                       |      | <b>45,176,998</b>            | <b>6,016,022</b>             |
| <b>Total assets</b>                                   |      | <b>57,088,887</b>            | <b>11,152,369</b>            |
| <b>Current liabilities</b>                            |      |                              |                              |
| Trade and other payables                              | 14   | 767,495                      | 255,219                      |
| Lease liabilities                                     | 10   | 106,316                      | -                            |
| Provisions  | 16   | 50,469                       | 20,056                       |
| <b>Total current liabilities</b>                      |      | <b>924,280</b>               | <b>275,275</b>               |
| <b>Non-current liabilities</b>                        |      |                              |                              |
| Lease liabilities                                     | 10   | 240,761                      | -                            |
| <b>Total non-current liabilities</b>                  |      | <b>240,761</b>               | <b>-</b>                     |
| <b>Total liabilities</b>                              |      | <b>1,165,041</b>             | <b>275,275</b>               |
| <b>Net assets</b>                                     |      | <b>55,923,846</b>            | <b>10,877,094</b>            |
| <b>Equity</b>   |      |                              |                              |
| Issued capital  | 17   | 76,841,403                   | 35,866,880                   |
| Reserves  | 18   | 4,905,849                    | 745,999                      |
| Accumulated losses                                    |      | (25,823,406)                 | (25,735,785)                 |
| <b>Total equity</b>                                   |      | <b>55,923,846</b>            | <b>10,877,094</b>            |

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 2020

|   | Issued capital    | Accumulated losses  | Share based payments reserve | Option reserve   | Share revaluation reserve | Total             |
|---|-------------------|---------------------|------------------------------|------------------|---------------------------|-------------------|
|   | \$                | \$                  | \$                           | \$               | \$                        | \$                |
| <b>Consolidated</b>   |                   |                     |                              |                  |                           |                   |
| Balance at 1 July 2018                                      | 23,749,024        | (20,668,790)        | 300,652                      | -                | 10,638                    | 3,391,524         |
| Change in accounting policy                                 | -                 | 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                                  | -                 | -                   | -                            | -                | -                         | -                 |
| <b>Total comprehensive income for the period</b>            | -                 | (5,077,633)         | -                            | -                | -                         | (5,077,633)       |
| <b>Transactions with owners in their capacity as owners</b> |                   |                     |                              |                  |                           |                   |
| Share based payments (Note 17)                              | -                 | -                   | 445,347                      | -                | -                         | 445,347           |
| Issue of shares (Note 17)                                   | 12,324,035        | -                   | -                            | -                | -                         | 12,324,039        |
| Share issue costs (Note 17)                                 | (206,179)         | -                   | -                            | -                | -                         | (206,183)         |
|   | 12,117,856        | -                   | 445,347                      | -                | -                         | 12,563,203        |
| <b>Balance at 30 June 2019</b>                              | <b>35,866,880</b> | <b>(25,735,785)</b> | <b>745,999</b>               | <b>-</b>         | <b>-</b>                  | <b>10,877,094</b> |
| Balance at 1 July 2019                                      | 35,866,880        | (25,735,785)        | 745,999                      | -                | -                         | 10,877,094        |
| Loss for the year   | -                 | (87,621)            | -                            | -                | -                         | (87,621)          |
| Other comprehensive income                                  | -                 | -                   | -                            | -                | -                         | -                 |
| <b>Total comprehensive income for the period</b>            | -                 | (87,621)            | -                            | -                | -                         | (87,621)          |
| <b>Transactions with owners in their capacity as owners</b> |                   |                     |                              |                  |                           |                   |
| Share based payments (Note 17)                              | -                 | -                   | 957,027                      | -                | -                         | 957,027           |
| Transfer from reserves for performance rights exercised     | 1,110,917         | -                   | (1,110,917)                  | -                | -                         | -                 |
| Options issued (Note 17)                                    | -                 | -                   | -                            | 4,313,740        | -                         | 4,313,740         |
| Issue of shares (Note 17)                                   | 40,577,937        | -                   | -                            | -                | -                         | 40,577,937        |
| Share issue costs (Note 17)                                 | (714,331)         | -                   | -                            | -                | -                         | (714,331)         |
|   | 40,974,523        | -                   | (153,890)                    | 4,313,740        | -                         | 45,134,373        |
| <b>Balance at 30 June 2020</b>                              | <b>76,841,403</b> | <b>(25,823,406)</b> | <b>592,109</b>               | <b>4,313,740</b> | <b>-</b>                  | <b>55,923,846</b> |

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 2020

|   | Note  | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|---|-------|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>                             |       |                              |                              |
| Payments to suppliers and employees                                     |       | (1,109,702)                  | (640,454)                    |
| Payments for exploration and evaluation activities                      |       | (103,064)                    | (99,132)                     |
| Other income  |       | 120,010                      | -                            |
| Net cash used by operating activities                                   | 23(b) | <b>(1,092,756)</b>           | <b>(739,584)</b>             |
| <b>Cash flows from investing activities</b>                             |       |                              |                              |
| Interest received   |       | 21,170                       | 10,609                       |
| Dividends received  |       | -                            | 13,564                       |
| Receipt of research and development tax rebate for exploration assets   |       | 298,230                      | 779,674                      |
| Proceeds from sale of shares  |       | -                            | 48,775                       |
| Payments for plant and equipment  |       | (148,567)                    | (12,420)                     |
| Payments for exploration and evaluation assets                          |       | (3,315,928)                  | (1,938,271)                  |
| Payments for financial assets at fair value through profit or loss      |       | (110,000)                    | (6,750,028)                  |
| Payments for investment in associates                                   |       | (10,999,891)                 | -                            |
| Payments for deposits   |       | (31,768)                     | (48,963)                     |
| Net cash used by investing activities                                   |       | <b>(14,286,754)</b>          | <b>(7,897,060)</b>           |
| <b>Cash flows from financing activities</b>                             |       |                              |                              |
| Proceeds from loans payable   | 23(c) | 2,500,000                    | -                            |
| Payments for loans payable  | 23(c) | (2,500,000)                  | -                            |
| Proceeds from issues of equity securities                               |       | 23,089,230                   | 12,008,583                   |
| Payment for share issue costs   |       | (658,621)                    | (194,373)                    |
| Finance costs   |       | (209,679)                    | -                            |
| Principal paid on lease liabilities                                     | 23(c) | (80,142)                     | -                            |
| Interest paid on lease liabilities                                      | 23(c) | (20,218)                     | -                            |
| Net cash provided by financing activities                               |       | <b>22,120,570</b>            | <b>11,814,210</b>            |
| <b>Net increase in cash and cash equivalents</b>                        |       | <b>6,741,059</b>             | <b>3,177,566</b>             |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |       | <b>4,803,007</b>             | <b>1,625,441</b>             |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 8     | <b>11,544,067</b>            | <b>4,803,007</b>             |

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

## DGO Gold Limited

### Notes to the financial statements for the year ended 30 June 2020

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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 Victoria, South Australia and Western Australia. 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 subsidiaries (collectively, the Group) were authorised for issue by the Directors on 30 September 2020.

DGO Gold Limited remained relatively unaffected during the period by COVID-19. Staff worked remotely when possible and followed enhanced social distancing and health and safety procedures when at the workplace. The Company did not receive any subsidies beyond the universally available ATO cashflow boost scheme (\$50,000).

## 2. New accounting standards for application in future periods

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2020. They have not been adopted in preparing the financial statements for the year ended 30 June 2020 and the Group intends to apply these standards from application date as indicated in the table below. The Group has assessed the impact of these new standards that are not yet effective and determined that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

|  | Application date |
|--|------------------|
| Amendments to AASB 3 - Definition of a Business <ul style="list-style-type: none"><li>Clarifies the definition of a 'business' in AASB 3 <i>Business Combinations</i> to assist in determining whether a transaction should be accounted for as a business combination or as an asset acquisition.</li></ul>   | 1 January 2020   |
| Amendments to AASB 101 and AASB 108 - Definition of Material <ul style="list-style-type: none"><li>AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> include a definition of 'materiality' which must be applied when judging whether information should be included, or amounts adjusted, in the financial statements.</li><li>Consequential amendments have also been made to ensure that the definition of 'material' is consistent across all IFRS Standards, as well as the Revised Conceptual Framework (2018) and IFRS Practice Statement 2 <i>Making Materiality Judgements</i>.</li></ul>  | 1 January 2020   |
| Amendments to AASB 1054 - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia <ul style="list-style-type: none"><li>Added a new paragraph 17 to AASB 1054 <i>Australian Additional Disclosures</i> which clarifies that, in complying with paragraph 30 of AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, entities intending to assert compliance with IFRS must also disclose the potential effect of IFRS standards that are yet to be issued by the AASB.</li></ul>  | 1 January 2020   |
| Amendments to AASB 101- Classification of Liabilities as Current or Non-current <ul style="list-style-type: none"><li>There are four main changes to the classification requirements:<ol style="list-style-type: none"><li>The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights;</li><li>The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date;</li><li>Classification is based on the right to defer settlement, and not intention (paragraph 73); and</li><li>If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under AASB 132.</li></ol></li></ul> | 1 January 2022   |

## DGO Gold Limited

### 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 4. Basis of preparation

#### 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.

The financial report has been prepared on the basis of historical cost, except for assets classified at fair value through profit or loss which 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:

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (subsidiaries) (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.

The accounting policies and methods of computation applied in this financial report are consistent with those applied in the previous financial year and the corresponding reporting period except for the adoption of new and amended standards as set out below.

## DGO Gold Limited

### Basis of preparation (continued)

#### (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 AASB 16 *Leases*. The impact of the adoption of the leasing standard 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.

##### **AASB 16 Leases**

The Group adopted AASB 16 using the modified retrospective approach, without restatement of comparative figures 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 incremental borrowing rate. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

#### (i) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application or low value assets.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

#### (ii) Adjustments recognised on adoption of AASB 16

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate of 10% as at 1 July 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The recognised right-of-use assets and lease liabilities relating to office leases amounting to \$280,902 upon adoption of AASB 16 on the statement of financial position on 1 July 2019. There was no impact on the opening accumulated losses due to the transition method used.

## DGO Gold Limited

### Basis of preparation (continued)

The following table presents the impact of adopting AASB 16 on the profit or loss:

|  | Year ended<br>30 June 2020 |
|--|----------------------------|
|  | \$                         |
| Decrease in occupancy costs (included in administration and other expense) | 100,361                    |
| Increase in depreciation expenses  | (112,916)                  |
| Increase in finance cost   | (20,215)                   |
| <b>Increase (decrease) in profit for the period</b>                        | <b>(32,770)</b>            |

#### (iii) Accounting policy for leases from 1 July 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of equipment.

# DGO Gold Limited

## Basis of preparation (continued)

### (b) Going concern

The Group generated a net loss of \$87,621 for the year ended 30 June 2020. As at 30 June 2020, the Group held cash reserves of \$11,544,067 and its statement of financial position showed a net current asset surplus of \$10,987,609.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the successful exploration and subsequent exploitation of the Group's tenements; and
- the ability of the Group to sell its investments in shares traded on the ASX to fund its continued operations.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- On 21 September 2020 DGO completed a \$28.5m capital raise and if required, it is expected that the Group will be able to fund its future activities through further issuances of equity securities;
- On 21 July 2020, DGO announced receipt of commitments from a number of key shareholders to participate in a possible future capital raising in an aggregate amount of \$12 million in exchange for 50,000 unlisted DGO options per \$1 million of commitment exercisable at \$4.50 per share with an expiry of 31 July 2020. On 22 July 2020 485,000 of these \$4.50 options with an expiry of 31 July 2020 were issued with the 115,000 balance being subject to shareholder approval. This shows continued confidence and investment by the Company's shareholders and will provide sufficient funds to meet current requirements;
- The directors believe there are sufficient liquid assets available for the Group to continue operating over the next 12 months from the date of signing of these financial statements, particularly the holding in De Grey Mining Limited with a market value of approximately \$151 million at year end;
- The directors believe that they would be able to sell its investments in shares and options, if required, to fund the Group's continued operation over the next 12 months.

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) Investment in associates

Associates are all entities over which the group has significant influence but not control or joint control. Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

### (d) Financial assets

#### (i) Investments and other financial assets

##### *Classification*

The Group classifies its financial assets in the following measurement categories:

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

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

## Basis of preparation (continued)

For financial 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.

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. 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. 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.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the group recognises the difference as follows:

- (a) when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (ie a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

### *Debt instruments*

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The Group has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group is as follows:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

### *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Group subsequently measures all equity investments at fair value through profit or loss. Gains and losses on equity investments at FVPL are included in the 'net gains/(losses) on financial assets at fair value through profit or loss' in the statement of profit or loss and other comprehensive income.

### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade 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.

### *Derecognition other than modification*

Financial assets, or portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownerships and the Group has not retained control.

## (ii) Option

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, NTM and others 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.



## Basis of preparation (continued)

### (e) Financial Liabilities

The Group's financial liabilities are measured at amortised cost. The Group has trade payables and loans payable as financial liabilities.

#### **Derecognition**

Financial liabilities are derecognised when they are extinguished (ie when the obligation specified in the contract is discharged, cancelled, or otherwise).

### (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.

### (g) Impairment of assets (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).

# DKO Gold Limited

## Basis of preparation (continued)

### 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.

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**

##### *Accounting policy applicable before 1 July 2019*

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 as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **(j) Property, plant and equipment**

Plant and equipment and leasehold improvements 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.

## DGO Gold Limited

### Basis of preparation (continued)

#### (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.

#### *Restoration, rehabilitation and environmental expenditure*

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

#### (l) 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 offset against expenses in the profit or loss.

##### *Interest income*

Interest income 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 income*

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 instruments 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.

# DGO Gold Limited

## Basis of preparation (continued)

### (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.

## 5. Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described in note 4, 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:

### Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. The Group determines whether exploration and evaluation 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. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

### Assessment of significant influence

Although the Group holds less than 20% of voting rights over De Grey Mining Limited and NTM Gold Limited, the Group concluded that it has the power to participate in the financial and operating policy decisions of these investments and it was therefore determined that the Group has significant influence under accounting standards. Additional information is disclosed in note 12.

### Share-based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model taking into account the terms and conditions upon which the instruments were granted, including the expected life of the share option, volatility, dividend yield, the risk-free interest rate and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

### Estimation of fair values of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

In determining the value of unlisted financial assets, including the unlisted options as disclosed in Note 11, the fair value has been based on a reasonable estimate determined using Black-Scholes model. Estimating fair value requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, risk free rate and making assumptions about them.

# DGO Gold Limited

## Critical accounting judgements and estimates (continued)

### Accounting for DGO/DEG share swap

The Group acquired additional shares in its associate (refer note 12) DEG in June 2020 pursuant to a Subscription and Share Swap Agreement and following shareholders approval obtained on 19 June 2020. The consideration for these additional DEG shares consist of issue of shares and options by DGO. These were issued subsequent to 30 June 2020. The cost of the additional investment has been determined based on the ASX listed share price of DGO shares at the date DEG shares were received and a Black-Scholes valuation of the unlisted \$2.50 options. Estimating the fair value of the options issued requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, risk free rate and making assumptions about them. Refer to Note 17 for details.

### Accounting for exercise of unlisted options held in Fair Value Assets and Associates

In determining the value of the options converted, the exercise price paid plus an estimate of the value of the unlisted option at the date of exercise is included. To estimate the value of the unlisted option a Black Scholes valuation is used that requires a determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, risk free rate and making assumptions about them.

## 6. Operating segments

The Group operates predominantly in one business segment being the evaluation and exploration of mineral deposits in sediment hosted gold deposits in Australia.

## 7. 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<br>30/06/20 | Year ended<br>30/06/19 |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| Loss from continuing operations   | (87,621)               | (5,077,633)            |
| Income tax benefit calculated at 27.5% (2019: 27.5%)  | 24,096                 | 1,396,349              |
| Tax effects of amounts which are not assessable/ (deductible) in calculating taxable income | (449,549)              | (793,690)              |
| Deferred tax assets not brought to account  | 425,453                | (602,659)              |
| 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<br>30/06/20 | Year ended<br>30/06/19 |
|-----------------------------------|------------------------|------------------------|
|                                   | \$                     | \$                     |
| <u>Deferred tax assets</u>        |                        |                        |
| Tax losses revenue                | 857,634                | 66,065                 |
| Temporary differences             | 934,709                | 74,624                 |
| <u>Deferred tax liabilities:</u>  |                        |                        |
| Exploration and evaluation assets | (1,705,909)            | (129,868)              |
| Other                             | (86,434)               | (10,821)               |
| Deferred tax liability            | -                      | -                      |

### **Unrecognised deferred tax balances**

|   | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| The following deferred tax assets have not been brought to account: |                        |                        |
| -Temporary differences  | -                      | -                      |
| -Tax losses revenue   | 7,896,066              | 7,588,499              |
|   | 7,896,066              | 7,588,499              |

## 8. Cash and cash equivalents

|              | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|--------------|------------------------|------------------------|
|              | \$                     | \$                     |
| Cash at Bank | 11,544,067             | 4,803,007              |

## DGO Gold Limited

### 9. Trade and other receivables

|                                   | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|-----------------------------------|------------------------|------------------------|
|                                   | \$                     | \$                     |
| <b>Current</b>                    |                        |                        |
| Prepayments                       | 82,910                 | 30,184                 |
| Deposits (i)                      | 121,197                | 255,361                |
| Receivables (ii)                  | 16,035                 | 9,166                  |
| Goods and services tax receivable | 147,680                | 38,629                 |
|                                   | <b>367,822</b>         | <b>333,340</b>         |

- (i) Deposits amounting to \$49,532 (2019: \$191,108) relates to refundable prepayments of rent for the first year of the term of exploration licences applied for in Western Australia, \$58,957 (2019: \$64,253) relates to bank guarantees for office leases in Melbourne and Perth and \$12,708 (2019: \$9,066) to rental deposits for office leases.
- (ii) The Group assesses impairment on a forward looking basis for its trade and other receivables carried at amortised cost. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. No expected credit loss has been recognised by the Group during the year.

### 10. Leases

#### Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

|   | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| Right-of-use assets recognised as at 1 July 2019 - Note 4(a)(i) | 280,902                | -                      |
| Addition  | 196,170                | -                      |
| Disposal  | (49,849)               | -                      |
| Depreciation expense  | (112,916)              | -                      |
| <b>As at 30 June 2020</b>                                       | <b>314,307</b>         | <b>-</b>               |

#### Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

|  | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|--|------------------------|------------------------|
|  | \$                     | \$                     |
| Lease liabilities recognised at 1 July 2019 - Note 4(a)(i) | 280,902                | -                      |
| Addition   | 196,170                | -                      |
| Disposal   | (70,067)               | -                      |
| Accretion of interest                                      | 20,215                 | -                      |
| Lease payments   | (80,143)               | -                      |
| <b>As at 30 June 2020</b>                                  | <b>347,077</b>         | <b>-</b>               |

#### Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

|   | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| Interest expense (included in finance cost)   | 20,215                 | -                      |
| Expense relating to short-term leases   | -                      | -                      |
| Expense relating to leases of low-value assets (included in administration expense) | 4,541                  | -                      |

## DGO Gold Limited

### 11. Financial assets at fair value through profit or loss

Financial assets mandatorily measured at FVPL include the following:

|  | 30 June 2020     | 30 June 2019     |
|--|------------------|------------------|
| Quoted shares - DeGrey Mining Ltd (i)  | -                | 1,925,000        |
| Quoted shares - NTM Gold Ltd (ii)  | -                | 2,000,000        |
| Quoted shares – Other  | 462,000          | 40,000           |
| Total equity securities  | 462,000          | 3,965,000        |
| Unlisted options - DeGrey Mining Ltd (i)                                       | -                | -                |
| Unlisted options - NTM Gold Ltd (ii)   | 1,426,540        | 633,232          |
| Unlisted options – Other   | 143,891          | -                |
| Total derivative financial assets  | 1,570,431        | 658,348          |
| <b>Total financial assets held at fair value through profit or loss (FVPL)</b> | <b>2,032,431</b> | <b>4,623,348</b> |

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

At 30 June 2020, DGO held 167,259,561 quoted shares (14.27%) in De Grey Mining Limited (DEG) with a market value of \$151,369,903 based on the closing share price of \$0.905 as listed on the ASX (30 June 2019: 25,000,000 shares, \$1,925,000 market value). On 23 July 2019, Eduard Eshuys and Jeffrey Bruce Parncutt AO, directors of DGO were appointed to the board of DEG from which time the Group obtained significant influence. From this date, the accounting of the shares was transferred from FVPL to investment in associate and is reported at Note 12.

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

- 12,500,000 Series A options with an exercise price of \$0.25 and expiry date of 30 November 2019 which expired unexercised; and
- 12,500,000 Series B options with an exercise price of \$0.30 and expiry date of 30 May 2021 which were exercised on 17 March 2020.

On 13 December 2019, the Company acquired 10,000,000 unlisted options with an exercise price of \$0.10 and expiry date of 14 December 2021 in exchange for services provided that were exercised on 17 March 2020.

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

At 30 June 2020, DGO held 92,724,200 quoted shares (13.56%) in NTM Gold Limited (NTM) with a market value of \$7,417,936 based on the closing share price of \$0.08 as listed on the ASX (30 June 2019: 60,000,000 shares, \$2,000,000 market value). On 14 August 2019, after participation in an NTM placement, DGO held greater than 10% of all NTM shares, entitling DGO to appoint and if required replace a director on its board. Eduard Eshuys, a director of DGO sits on the board of NTM and having reached a 10% holding, the Group considers the investment to be an associate and is reported at Note 12.

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

- 12,500,000 options with an exercise price of \$0.05 and expiry date of 31 March 2020 (exercised on 31/3/20); 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 for 37,500,000 shares (Tranche 2) with:

- 47,500,000 options with an exercise price of \$0.05 and expiry date of 31 March 2020 (7,500,000 exercised on 31/3/20 and the balance sold for a total of \$20 in an arms-length transaction); and
- 47,500,000 options with an exercise price of \$0.10 and expiry date of 31 March 2022.

#### (a) 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 gain or loss), if any, 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.

## DGO Gold Limited

### 11. Financial assets at fair value through profit or loss (continued)

The table below details the deferred day one profit as at 30 June 2020:

|   | Fair Value at 30<br>June 2020 | Deferred day<br>one profit | Fair value<br>recognised at 30<br>June 2020 |
|---|-------------------------------|----------------------------|---|
| Unlisted options – De Grey Mining Limited (i) | -                             | -                          | -   |
| Unlisted options – NTM Gold Ltd (ii)          | 1,525,379                     | (98,839)                   | 1,426,540                                   |
| Unlisted options – Other                      | 148,661                       | (4,770)                    | 143,891                                     |
| Total derivative financial assets             | 1,674,040                     | (103,609)                  | 1,570,431                                   |

The table below details the unrecognised amount as at 30 June 2019:

|   | Fair Value at<br>30 June 2019 | Deferred day<br>one profit | Fair value<br>recognised at<br>30 June 2019 |
|---|-------------------------------|----------------------------|---|
| Unlisted options – De Grey Mining Limited (i) | 65,074                        | (65,074)                   | -   |
| Unlisted options – NTM Gold Ltd (ii)          | 895,710                       | (262,478)                  | 633,232                                     |
| Unlisted options – Other                      | 32,277                        | (7,161)                    | 25,116                                      |
| Total derivative financial assets (iv)        | 993,061                       | (334,713)                  | 658,348                                     |

- (ii) During the year the following movements occurred with De Grey Mining Ltd (DEG) options:
- Series A options with an exercise price of \$0.25 and expiry date of 30 November 2019 expired; and
  - Series B options with an exercise price of \$0.30 and expiry date of 30 May 2021 were exercised on 17 March 2020.

On 13 December 2019, the Company acquired 10,000,000 unlisted options with an exercise price of \$0.10 and expiry date of 14 December 2021 in exchange for services provided. These were exercised on 17 March 2020.

The exercise price and value of the unlisted options at time of exercise (as determined by a Black and Scholes valuation) is included in the associate value of DEG in note 12

- (ii) During the year the following movements occurred with NTM Gold Ltd (NTM) options:
- At 30 June 2019 60,000,000 options with an exercise price of \$0.05 and expiry date of 31 March 2020 were held. On 31 March 2020, 20,000,000 of these options were exercised and the remaining 40,000,000 were sold for a total of \$20 to unrelated parties.
  - 60,000,000 options with an exercise price of \$0.10 and expiry date of 31 March 2022 are still held at 30 June 2020 and valued using a Black and Scholes valuation.

#### (b) Net gains/(losses) recognised in the profit of loss

|   | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|---|------------------------|------------------------|
|   | \$                     | \$                     |
| Fair value gains (losses) on equity investments at FVPL | 754,868                | (3,375,500)            |
| Fair value gains (losses) on unlisted options at FVPL   | 2,324,061              | 956,990                |
|   | <b>3,078,929</b>       | <b>(2,418,510)</b>     |



# DGO Gold Limited

## 12. Investments in associates

Set out below are the associates of the group as at 30 June 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

|                            | Principal place of business<br>country of incorporation | Proportion of ownership held as at |              |
|----------------------------|---|------------------------------------|--------------|
|                            |   | 30 June 2020                       | 30 June 2019 |
| De Grey Mining Limited (i) | Australia   | 14.27%                             | 5.85%        |
| NTM Gold Limited (ii)      | Australia   | 13.56%                             | 9.77%        |

The principal activity of De Grey Mining Limited (DEG) and NTM Gold Limited (NTM) was exploration and development activities of mining tenements. These are strategic investments as it advances the Group's strategy of building a portfolio in the West Australian gold exploration sector and provides access to tenements and land with key sediment hosted mineral deposits that meet defined criteria.

### Assessment of Significant Influence

The group has assessed that it obtained significant influence over two companies during the year ended 30 June 2020:

(i) *De Grey Mining Limited*

De Grey Mining Limited (DEG) is an Australian based Exploration company that is listed on the Australian Securities Exchange ("ASX"). At 30 June 2019 the Group held 5.85% of DEG. During the year ended 30 June 2020 the Group acquired a further 8.42% through participation in placements completed by DEG, a share swap and conversion of options. This brought the DGO's total holding to 14.27% as at 30 June 2020. On 15 July 2020, the Group participated in a further placement completed by DEG, further increasing the Groups holding to 16.22%.

Under the original placement agreement DGO has a right (but not an obligation) to nominate two directors to the Board of DEG. Consequently at the date of completion of the placement it was determined that DGO had the power to participate in the financial and operating policy decisions of DEG. It was therefore determined that DGO has significant influence under accounting standards from that date. Upon completion of the placement, DGO's representatives Edward Eshuys and Bruce Parncutt AO were appointed to the board of De Grey and remain as directors at the date of this report. It was therefore determined that DGO has significant influence under accounting standards from that date.

(ii) *NTM Gold Limited*

NTM Gold Limited ("NTM") is an Australian based Exploration company that is listed on the Australian Securities Exchange ("ASX"). At 30 June 2019 the Group held 9.77% of NTM. During the year ended 30 June 2020 the Group acquired a further 3.79% through participation in placements completed by NTM and conversion of options. This brought the DGO's total holding to 13.56% as at 30 June 2020. The Group also holds options that are exercisable at any point and give it the right to subscribe for additional share capital that would bring its holding to 20.53%.

Under the subscription agreement DGO has a right (but not an obligation) to nominate one director to the Board of NTM when it's holding exceeds 10%. DGO's holding increased above 10% on 14 August 2019 and, accordingly, the Group determined that it has the power to participate in the financial and operating policy decisions of NTM from that date. It was therefore determined that DGO has significant influence under accounting standards from that date. DGO's representative Edward Eshuys remains a director of NTM as at the date of this report.

### *Application of change from FVPL to equity method*

From the date DGO obtained significant influence, the investments in shares in DEG and NTM have been changed from the recognition at fair value through profit or loss to equity accounted investments which was effected as follows:

- (i) The shares in DEG and NTM have been revalued to the date significant influence was obtained by DGO and any difference was recognised under 'net gain/(losses) on financial assets at FVPL in profit or loss;
- (ii) The fair value on that date was deemed the cost of the equity accounted investments.

## DGO Gold Limited

### 12. Investments in Associates (continued)

Refer below for the reconciliation of the carrying amounts from opening to closing balances:

|   | 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|---|-----------------------|-----------------------|
| Opening balance at 1 July                                     | -                     | -                     |
| Reclassification from FVPL to equity accounted investment (i) | 5,206,144             | -                     |
| Additions through shares placement                            | 4,411,643             | -                     |
| Additions through shares swap arrangements                    | 21,802,446            | -                     |
| Additions through exercise of options                         | 7,211,116             | -                     |
| Share in losses during the year                               | (722,498)             | -                     |
| Share in other comprehensive income during the year           | -                     | -                     |
| <b>Closing balance at 30 June</b>                             | <b>37,908,851</b>     | <b>-</b>              |

#### Summarised financial information

The tables below provide summarised financial information for those associates that are material to the group. The group did not have any immaterial associates.

| <b>As at 30 June 2020</b>                            | <b>DEG<br/>\$</b> | <b>NTM<br/>\$</b> |
|--|-------------------|-------------------|
| Current assets                                       | 28,670,525        | 6,789,105         |
| Non-current assets                                   | 51,094,654        | 13,116,092        |
| Current liabilities                                  | (3,110,704)       | (594,260)         |
| Non-current liabilities                              | (1,422,045)       | (71,582)          |
| <b>Net assets (100%)</b>                             | <b>75,232,430</b> | <b>19,239,355</b> |
| Group's share in net assets (DEG 14.27%; NTM 13.56%) | <b>10,735,667</b> | <b>2,608,856</b>  |
| Group's carrying amount of the investments           | <b>33,366,563</b> | <b>4,542,288</b>  |

#### Total carrying amount of investment in associates

**37,908,851**

|   | 30 June 2020<br>DEG<br>\$ | 30 June 2020<br>NTM<br>\$ |
|---|---------------------------|---------------------------|
| For the year ended 30 June 2020:  |                           |                           |
| Revenues  | 287,308                   | 50,000                    |
| Interest income   | 78,721                    | 8,385                     |
| Expenses  | (4,319,367)               | (1,221,209)               |
| Profit before tax   | (3,953,338)               | (1,167,824)               |
| Income tax expense  | -                         | -                         |
| Profit/(Loss) for the year  | (3,953,338)               | (1,167,824)               |
| Other comprehensive income  | -                         | -                         |
| <b>Total comprehensive income/(loss) for the year</b>                       | <b>(3,953,338)</b>        | <b>(1,167,824)</b>        |
| <b>Group's share of profit/(loss) for the year (DEG 14.27%; NTM 13.56%)</b> | <b>(564,141)</b>          | <b>(158,357)</b>          |

#### Total Group's share of profit/(loss) for the year

| 30 June<br>2020<br>\$ | 30 June<br>2019<br>\$ |
|-----------------------|-----------------------|
| <b>(722,498)</b>      | <b>-</b>              |

#### Commitments and contingent liabilities in respect of associates

The group had no contingent liabilities or capital commitments relating to its associates as at 30 June 2020.

## DGO Gold Limited

### 13. Exploration and evaluation assets

Reconciliations of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

|  | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|--|------------------------------|------------------------------|
| Balance at beginning of financial year | 1,335,012                    | 1,642,437                    |
| Additions                              | 3,786,457                    | 1,990,406                    |
| Impairments                            | -                            | (1,518,157)                  |
| Research and development tax refund    | (298,230)                    | (779,674)                    |
| Balance at end of the financial year   | 4,823,239                    | 1,335,012                    |

- (i) The exploration and evaluation assets 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 4 (f). The ultimate recoupment of the exploration and evaluation assets 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.

### 14. Trade and other payables

|                          | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|--------------------------|------------------------------|------------------------------|
| Trade payables (i)       | 147,310                      | 150,505                      |
| Other – accrued expenses | 585,479                      | 86,358                       |
| Other – PAYG payable     | 34,706                       | 18,356                       |
|                          | 767,495                      | 255,219                      |

- (i) The average credit period on purchases of goods is 30 days. No interest is charged on the trade payables.

### 15. Finance cost

In August 2019, the Group entered into new loan facilities with five shareholders to fund the Group's commitments to De Grey's capital fund raising. The total available amount under the facilities is \$2,500,000 which was fully drawn down as at 31 December 2019 with a fixed rate at 10% per annum and expiry of 31 July 2020. The facilities were fully repaid in June 2020 with total interest of \$209,679 paid.

On 1 July 2019, AASB 16 was adopted with a finance cost of \$20,215 being included in the year as described in Note 9. The total finance cost for 2020 is \$229,894 (2019: \$Nil).

### 16. Provisions

|                       | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|-----------------------|------------------------------|------------------------------|
| <u>Current</u>        |                              |                              |
| Employee benefits (i) | 50,469                       | 20,056                       |
|                       | 50,469                       | 20,056                       |

- (i) The Group's current employee benefits are represented by provisions for long service leave totalling \$38,063 (2019: \$17,297) and annual leave totalling \$12,406 (2019: \$2,759). The average number of employees (including Directors) during the current financial year was 9.

## DGO Gold Limited

### 17. Share capital

|                                | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|--------------------------------|------------------------------|------------------------------|
| Fully paid ordinary shares (i) | 76,841,403                   | 35,866,880                   |

#### Fully paid ordinary shares

|   |                   |                   |
|---|-------------------|-------------------|
| Balance at beginning of financial year          | 35,866,880        | 23,749,024        |
| Issue of shares under private placement (ii)    | 2,000,000         | -                 |
| Issue of shares under private placements (iii)  | 9,613,500         | -                 |
| Issue of shares under private placements (iv)   | 2,617,000         | -                 |
| Issue of shares under private placements (iv)   | 7,383,000         | -                 |
| Issue of shares under private placements (v)    | 1,073,000         | -                 |
| Issue of shares in exchange for DEG shares (vi) | 4,640,000         | -                 |
| Issue of shares in exchange for DEG shares (i)  | 12,848,706        | -                 |
| Issue of shares under private placement (i)     | -                 | 4,909,192         |
| Issue of shares under private placement (ii)    | -                 | 2,500,000         |
| Issue of shares under private placement (iii)   | -                 | 122,406           |
| Issue of shares under entitlements offer (iv)   | -                 | 2,602,259         |
| Issue of shares under private placement (v)     | -                 | 2,175,000         |
| Issue of shares under option conversion (viii)  | 329,157           | -                 |
| Issue of shares under option conversion (ix)    | 73,573            | 15,178            |
| Share issue costs                               | (714,331)         | (206,179)         |
| Performance rights vested (xi)                  | 1,110,917         | -                 |
| <b>Balance at end of financial year</b>         | <b>76,841,403</b> | <b>35,866,880</b> |

#### Number of shares on issue

|   | Year Ended<br>30/06/20<br>No. | Year Ended<br>30/06/19<br>No. |
|---|-------------------------------|-------------------------------|
| Balance as at beginning of the year             | 32,529,695                    | 15,099,415                    |
| Issue of shares under private placements (ii)   | 2,666,667                     | -                             |
| Issue of shares under private placements (iii)  | 7,121,111                     | -                             |
| Issue of shares under private placements (iv)   | 1,635,625                     | -                             |
| Issue of shares under private placements (iv)   | 4,614,375                     | -                             |
| Issue of shares under private placements (v)    | 794,815                       | -                             |
| Issue of shares in exchange for DEG shares (vi) | 1,600,000                     | -                             |
| Issue of shares in exchange for DEG shares (i)  | 3,648,404                     | -                             |
| 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 private placements (iv)   | -                             | 4,003,476                     |
| Issue of shares under private placements (v)    | -                             | 3,346,155                     |
| Issue of shares re performance rights (vii)     | 3,050,000                     | -                             |
| Issue of shares under option conversion (viii)  | 836,273                       | 38,250                        |
| Issue of shares under option conversion (ix)    | 73,573                        | -                             |
| <b>Balance as at the end of the year</b>        | <b>58,570,538</b>             | <b>32,529,695</b>             |

# DGO Gold Limited

## 17. Share capital (continued)

|  | Year ended<br>30/06/20<br>\$ | Year ended<br>30/06/19<br>\$ |
|--|------------------------------|------------------------------|
| <b>Number of options with an exercise price of \$0.3936 on issue</b> |                              |                              |
| Balance as at beginning of the year                                  | 842,175                      | 880,695                      |
| Issue of options under private placements (vii)                      | -                            | -                            |
| Exercise of options  | (836,273)                    | (38,520)                     |
| Balance as at the end of the year                                    | 5,902                        | 842,175                      |
| <b>Number of options with an exercise price of \$1.00 on issue</b>   |                              |                              |
| Balance as at beginning of the year                                  | 10,042,129                   | -                            |
| 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  | (73,573)                     | -                            |
| Balance as at the end of the year                                    | 9,968,556                    | 10,042,129                   |
| <b>Number of \$2.50 options on issue</b>                             |                              |                              |
| Balance as at beginning of the year                                  | -                            | -                            |
| Issue of options under DEG share swap agreement (vi)                 | 800,000                      | -                            |
| Issue of options under DEG share swap agreement (i)                  | 1,824,202                    | -                            |
| Balance as at the end of the year                                    | 2,624,202                    | -                            |

### 2020 Share Issues

- (i) Includes accrual for 3,648,404 fully paid ordinary shares and 1,824,202, \$2.50 options to be exercised by 30 June 2022 issued on 3 July 2020 in exchange for DEG shares which were received prior to 30 June 2020. As part of the transaction announced to the ASX on 12 March 2020 and in DGO's Notice of change of interests of substantial shareholder notice in DEG issued 19 March 2020.
- (ii) On 16 September 2019, through a private placement, the Company issued 2,666,667 fully paid ordinary shares at an issue price of \$0.75.
- (iii) On 28 February 2020, DGO issued 7,121,111 fully paid ordinary shares at an issue price of \$1.35.
- (iv) On 28 April 2020, DGO issued 1,635,625 fully paid ordinary shares at an issue price of \$1.60 with a further 4,640,000 fully paid ordinary shares at \$1.60 issued on 26 June 2020 after shareholder approval granted 19 June 2020.
- (v) On 26 June 2020, DGO issued 794,815 fully paid ordinary shares at an issue price of \$1.35.
- (vi) On 26 June 2020, DGO issued 1,600,000 fully paid ordinary shares and 800,000 \$2.50 options to be exercised by 30 June 2022, in exchange for De Grey Mining Limited shares as announced to the ASX on 12 March 2020 and in DGO's Notice of change of interests of substantial shareholder notice in DEG issued 19 March 2020.
- (vii) On 26 June 2020, DGO issued 3,050,000 fully paid ordinary shares in exchange for 3,050,000 performance rights that had vested.
- (viii) During the year 836,273 options with an exercise price of \$0.3936 were exercised, raising \$329,157.
- (ix) During the year 73,573 options with an exercise price of \$1.00 were exercised, raising \$73,573.
- (x) On 30 June 2020, the Company announced an extension to lodge the paperwork to convert the options with an exercise price of \$0.3936 to 10 July 2020. Therefore at 30 June 2020, these options remain open. On 23 July 2020, the Company announced the options with an exercise price of \$0.3936 had expired.

### 2019 Share Issues

- (xi) 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 \$1.00 on or before 31 December 2021 pursuant to the non-renounceable entitlement offer announced 13 June 2019.
- (xii) 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 \$1.00 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- (xiii) 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 \$1.00 on or before 31 December 2021 pursuant to the placement approved by shareholders on 27 September 2018.
- (xiv) 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.
- (xv) 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.
- (xvi) During the year 38,520 options with an exercise price of \$0.3936 were exercised, raising \$15,178.

# DGO Gold Limited

## 17. Share capital (continued)

### Share options on issue as at 30 June 2020

A total of 5,902 options with an exercise price of \$0.3936 on or before 30 June 2020 (DGOAI) are on issue.

A total of 9,968,556 options with an exercise price of \$1.00 on or before 31 December 2021 are on issue.

A total of 2,624,202 options exercisable at \$2.50 on or before 30 June 2022 are on issue at 3 July 2020 as per note ii) above.

### 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 19 June 2020, 1,850,000 Series B and 1,000,000 Series C performance rights were approved at the DGO Extraordinary General Meeting with 1,600,000 Series B and 1,000,000 Series C performance rights subsequently issued to senior executives.

Under the plans 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 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 2020 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 71.756%
- Risk-free interest rate: 0.26%
- Expected life of performance rights: 6 months (Series B) and 1 year (Series C)
- Weighted average share price: \$2.49

On 27 September 2018, 2,850,000 Series A \$2 performance rights were granted to senior executives and on 27 November 2019, 250,000 Series A \$2 performance rights were issued to a senior executive.

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 250,000 Series A \$2 performance rights granted on 27 November 2019 was estimated on the date of grant using the following assumptions:

- Dividend yield: 0%
- Expected volatility: 86.663%
- Risk-free interest rate: 0.72%
- Expected life of performance rights: 3 years 3 months
- Weighted average share price: \$0.90

The fair value of 2,850,000 Series A \$2 performance rights granted on 27 September 2018 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 performance rights: 2 years 10 months
- Weighted average share price: \$0.62

The expected price volatility is based on the historic volatility (based on the remaining life of the performance rights), adjusted for any expected changes to future volatility due to publicly available information.



## DGO Gold Limited

### 21. Commitments

Various state government departments require holdings of mining tenements 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 and for the contingent equity commitment for Discovery Gold Ltd are as follows:-

|  | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|--|------------------------|------------------------|
|  | \$                     | \$                     |
| <u>Exploration and evaluation expenditure</u>  |                        |                        |
| No longer than 1 year                          | 2,120,500              | 1,353,942              |
| Longer than 1 year and not longer than 5 years | 3,483,250              | 1,585,833              |
| Longer than 5 years                            | -                      | -                      |
|  | <b>5,603,750</b>       | <b>2,939,775</b>       |

### 22. Subsidiaries

| Name of entity                     | Country of incorporation | Ownership interest |           |
|------------------------------------|--------------------------|--------------------|-----------|
|                                    |                          | 2020<br>%          | 2019<br>% |
| <b>Parent entity</b>               |                          |                    |           |
| DGO Gold Limited (i),(ii)          | Australia                |                    |           |
| <b>Subsidiary</b>                  |                          |                    |           |
| Yandan Gold Mines Pty Ltd (i),(ii) | Australia                | 100                | 100       |
| Discovery Gold Ltd (i),(ii), (iii) | Australia                | 60                 | -         |

(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.

(iii) In early 2020, the Group acquired 60% of Discovery Gold Limited, a public unlisted company to apply for tenements in Victoria. The agreement involves DGO contributing \$1 million of equity investment to fund exploration costs if the Company is allocated tenements.

### 23. 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, 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<br>30/06/20 | Year ended<br>30/06/19 |
|---------------------------|------------------------|------------------------|
|                           | \$                     | \$                     |
| Cash and cash equivalents | 11,544,067             | 4,803,007              |

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

|   |                    |                  |
|---|--------------------|------------------|
| Net (loss) for the year                               | (87,621)           | (5,077,633)      |
| Interest income                                       | (12,005)           | (19,774)         |
| Dividend income                                       | -                  | (13,564)         |
| Other income  | (49,148)           | (29,966)         |
| Depreciation  | 168,676            | 4,643            |
| Finance costs included in financing activity          | 209,677            | -                |
| Loss on assets sold                                   | -                  | 5,520            |
| Principal paid on leases                              | (80,142)           | -                |
| Fair value losses/(gains) on financial assets at FVPL | (3,078,929)        | 2,418,510        |
| Share based payments expense                          | 957,027            | 445,347          |
| Impairment of capitalised exploration expenditure     | -                  | 1,518,158        |
| Share of associate losses                             | 722,498            | -                |
| <i>Decrease/(increase) in assets:</i>                 |                    |                  |
| Trade and other receivables                           | 63,420             | 7,296            |
| Prepayments   | (52,727)           | (7,141)          |
| <i>(Decrease)/increase in liabilities:</i>            |                    |                  |
| Trade and other payables                              | 116,105            | 4,453            |
| Provision – Employee benefits                         | 30,413             | 4,567            |
| Net cash used from operating activities               | <b>(1,092,756)</b> | <b>(739,584)</b> |



## DGO Gold Limited

### 23. Notes to the statement of cash flows (continued)

#### (c) Reconciliation of movements of net debt to cash flows arising from financing activities

|  | Loans Payable<br>\$ | Lease<br>liabilities<br>\$ | Total<br>\$ |
|--|---------------------|----------------------------|-------------|
| Net debt at 30 June 2019                       | -                   | -                          | -           |
| Recognised on adoption of AASB 16 (see Note 4) | -                   | 266,935                    | 266,935     |
| Cash inflow                                    | 2,500,000           | -                          | 2,500,000   |
| Cash outflow                                   | (2,500,000)         | (80,142)                   | (2,580,142) |
| Acquisitions – leases                          |                     | 160,284                    | 160,284     |
| Net debt at 30 June 2020                       | -                   | 347,077                    | 347,077     |

### 24. 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 apart from the contingent equity commitment for Discovery Gold Ltd as included in the Commitments in Note 21.

### 25. 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 4 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.

## DGO Gold Limited

### 25. Financial instruments (continued)

#### (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 and reserves as disclosed in notes 17 and 18 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.

#### 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).

| 2020                     | Level 1        | Level 2          | Level 3  | Total            |
|--------------------------|----------------|------------------|----------|------------------|
|                          | \$             | \$               | \$       |                  |
| Financial assets at FVPL |                |                  |          |                  |
| - Quoted Shares          | 462,000        | -                | -        | 462,000          |
| - Unlisted Options       | -              | 1,570,431        | -        | 1,570,431        |
|                          | <b>462,000</b> | <b>1,570,431</b> | <b>-</b> | <b>2,032,431</b> |

| 2019                     | Level 1          | Level 2        | Level 3  | Total            |
|--------------------------|------------------|----------------|----------|------------------|
|                          | \$               | \$             | \$       |                  |
| Financial assets at FVPL |                  |                |          |                  |
| - Quoted Shares          | 3,965,000        | -              | -        | 3,965,000        |
| - Unlisted Options       | -                | 658,348        | -        | 648,348          |
|                          | <b>3,965,000</b> | <b>658,348</b> | <b>-</b> | <b>4,613,348</b> |

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.

# DGO Gold Limited

## 25. Financial instruments (continued)

### 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 2020 and 30 June 2019:

| 2020                               | Weighted average effective interest rate % | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5 + years | Total      |
|------------------------------------|--|-------------------|------------|--------------------|-----------|-----------|------------|
|                                    |  | \$                | \$         | \$                 | \$        | \$        |            |
| <b>Financial assets</b>            |  |                   |            |                    |           |           |            |
| Non-interest bearing               | -  | 163,716           | -          | -                  | -         | -         | 163,716    |
| Variable interest rate instrument  | 0.05                                       | 11,914,067        | -          | -                  | 121,197   | -         | 12,035,264 |
|                                    |  | 12,077,783        |            |                    | 121,197   |           | 12,198,980 |
| <b>Financial liabilities</b>       |  |                   |            |                    |           |           |            |
| Non-interest bearing               | N/A  | 708,495           | -          | -                  | -         | -         | 708,495    |
| Fixed interest - Lease liabilities | 10%  | -                 | 29,744     | 106,939            | 293,466   | -         | 430,149    |
|                                    |  | 708,495           | 29,744     | 106,939            | 293,466   | -         | 1,138,644  |

| 2019                               | Weighted average effective interest rate % | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5 + years | Total     |
|------------------------------------|--|-------------------|------------|--------------------|-----------|-----------|-----------|
|                                    |  | \$                | \$         | \$                 | \$        | \$        |           |
| <b>Financial assets</b>            |  |                   |            |                    |           |           |           |
| Non-interest bearing               | -  | 112,048           | 191,108    | -                  | -         | -         | 303,156   |
| Variable interest rate instrument  | 0.62                                       | 2,103,007         | 2,700,000  | -                  | -         | -         | 4,803,007 |
|                                    |  | 2,215,055         | 2,891,108  | -                  | -         | -         | 5,106,163 |
| <b>Financial liabilities</b>       |  |                   |            |                    |           |           |           |
| Non-interest bearing               | N/A  | 255,219           | -          | -                  | -         | -         | 255,219   |
| Fixed interest - Lease liabilities | -  | -                 | -          | -                  | -         | -         | -         |
|                                    |  | 255,219           | -          | -                  | -         | -         | 255,219   |

## 26. Key management personnel compensation

|                              | Year ended 30/06/20 | Year ended 30/06/19 |
|------------------------------|---------------------|---------------------|
|                              | \$                  | \$                  |
| Short-term employee benefits | 286,417             | 283,493             |
| Post-employment benefits     | 26,165              | 24,557              |
| Other long-term benefits     | 44,683              | 1,772               |
| Termination benefits         | -                   | -                   |
| Share-based payment          | 666,548             | 390,656             |
|                              | 1,023,813           | 700,478             |

## 27. Related party transactions

### (a) Equity interests in related parties

#### Equity interest in subsidiary

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 22 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 26 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. J B Parncutt, provided DGO Gold Ltd with consulting services for CFO, Executive Assistant and Analyst services, director travel expenses and prior to mid August 2019, an office and outgoings for a total of \$287,180 (2019: \$288,675) during the year excluding goods and services tax.

Mr Eduard Eshuys provided consulting services to DGO Gold Ltd for a total of \$11,000 in 2020.

In 2019 Exploration Drill Rigs Pty Ltd, a company related to Mr. Michael Ilett and Mr. Ross Hutton, provided DGO Gold Ltd with office accommodation, outgoings, telephone, electricity and receptionist services for a total of \$18,450 excluding goods and services tax.

## DGO Gold Limited

### 28. 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<br>30/06/20 | Year ended<br>30/06/19 |
|--------------------------|------------------------|------------------------|
|                          | \$                     | \$                     |
| Current assets           | 11,840,649             | 4,938,525              |
| Non-current assets       | 44,647,575             | 6,167,859              |
| <b>Total assets</b>      | <b>56,488,224</b>      | <b>11,106,384</b>      |
| Current liabilities      | 849,970                | 229,932                |
| Non-Current Liabilities  | 240,761                | -                      |
| <b>Total Liabilities</b> | <b>1,090,731</b>       | <b>229,932</b>         |
| Issued capital           | 76,841,403             | 35,866,880             |
| Accumulated losses       | (26,349,759)           | (25,736,426)           |
| Reserves                 | 4,905,849              | 745,998                |
| <b>Total equity</b>      | <b>55,397,493</b>      | <b>10,876,452</b>      |

#### Financial performance

|                            | Year ended<br>30/06/20 | Year ended<br>30/06/19 |
|----------------------------|------------------------|------------------------|
|                            | \$                     | \$                     |
| Loss for the year          | (613,333)              | (5,859,739)            |
| Other comprehensive income | -                      | -                      |
| Total comprehensive (loss) | <b>(613,333)</b>       | <b>(5,859,739)</b>     |

### 29. Remuneration of auditors

#### Auditor of the parent entity - BDO

|  |                |               |
|--|----------------|---------------|
| Audit and review of financial statements | 96,000         | 52,650        |
| Non-audit services                       |                |               |
| - Taxation advice                        | 30,389         | -             |
| - Taxation compliance services           | 8,544          | -             |
| Total non-audit services                 | 38,933         | -             |
| Total services provided by BDO           | <b>134,933</b> | <b>52,650</b> |

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.

## DGO Gold Limited

### 30. Significant events after reporting date

On 7 July 2020, DGO received 8,086,000 De Grey Mining Limited shares as part of the transactions approved by shareholders at the General Meeting on 19 June 2020. In exchange the Company issued 1,293,760 shares and 646,880 \$2.50 options expiring on or before 30 June 2022.

On 10 July 2020, DGO issued 50,000 ordinary shares for 50,000 exercised performance rights.

On 15 July 2020, DGO announced an additional investment in De Grey Mining Limited (DEG) by way of a placement of 18,232,142 shares at 28 cents per share, as approved by DEG shareholders, increasing DGO's holding in DEG to 16.22%.

On 16 July 2020, DGO entered into an agreement with SensOre Limited ("SensOre"), to acquire a 40% equity interest in SensOre's subsidiary Yilgarn Exploration Ventures Pty Ltd (YEV) for a total consideration of \$4 million. YEV holds nine, early-stage, high potential gold targets in 8 project areas identified by machine learning/AI. DGO's investment in YEV will provide sufficient funding for proof of concept drilling on each of the 9 targets over the next 18 months.

On 21 July 2020, DGO announced receipt of commitments from a number of key shareholders to participate in a possible future capital raising in an aggregate amount of \$12 million in exchange for 50,000 unlisted DGO options per \$1 million of commitment exercisable at \$4.50 per share with an expiry of 31 July 2020. On 22 July 2020 485,000 of these \$4.50 options with an expiry of 31 July 2020 were issued with the 115,000 balance being subject to shareholder approval.

On 28 July 2020, DGO announced that the 1,600,000 Series B Performance Rights issued after shareholder approval at the Extraordinary General Meeting on 19 June 2020 had met their conditions. On 10 August 2020 these Rights were exercised and 1,600,000 DGO Ordinary Shares were issued.

On 17 August 2020, DGO announced the commencement of Markus Ziemer, COO and Company Secretary and issued 250,000 Series B Performance Rights to him as approved in the DGO General Meeting on 19 June 2020.

On 31 August 2020, Mr. Michael Ilett resigned as a Non-Executive Director of DGO Gold Limited.

On 11 September 2020, DGO entered a trading halt that ceased on 16 September 2020 with the announcement of a \$28.5m capital raise at \$3.45 to fund a further \$12m investment in DEG, the YEV commitments and exploration expenditure. On 21 September 2020, the 8,261,450 DGO ordinary fully paid shares were issued.

On 16 September 2020, Ms. Katina Law was appointed Chairperson of the DGO Audit and Risk Committee.

On 21 September 2020, DGO announced an earn-in agreement with Gawler Resources Pty Ltd a wholly owned subsidiary of Investigator Resources at Pernatty, to gain access to 5 adjacent DGO tenements in the Stuart Shelf region. DGO has the right to spend earn up to an 80% holding in these tenements by spending up to \$6.35m over five years.


## 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 2020 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 13 to 18 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2020, 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, 30 September 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of DGO Gold Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of DGO Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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 (including Independence Standards)* (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.

#### 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.

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## Classification and carrying value of investments accounted for using the equity method

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>  |
|---|---|
| <p>Refer to notes 4(c), 5 and 12 of the financial report.</p> <p>In prior period, the Company held investments in ASX listed entities which were previously classified as financial assets at fair value through profit or loss (FVTPL).</p> <p>During the year, the Company obtained significant influence while holding less than 20% voting power which resulted in the change in the classification from financial assets at FVTPL to Investments in associates accounted for using the equity method.</p> <p>The classification of each investment as an associate and measurement thereof is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• the significance of the Group’s interest in associates</li> <li>• the level of judgement involved in management’ assessment of the classification of the investment which include assessment whether significant influence exists</li> </ul> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating management’s assessment of whether control or significant influence existed through holding discussions with management and inspection of supporting documentation including subscription agreements</li> <li>• Ensuring that the accounting for the change from FVTPL to the equity accounting method, including any gains or losses, was properly accounted for</li> <li>• Reviewing the appropriateness of the accounting treatment of the additional investments effected through exercise of options and share swap arrangements based on relevant supporting documents and associated valuations</li> <li>• Reviewing the financial information of the associates including assessing whether the accounting policies of the associate were consistent with the group</li> <li>• Agreeing the Group’s share of associate losses to the audited financial reports of the associates</li> <li>• Considering any indicators of impairment of the investments including assessing the market capitalisation of the investee companies compared carrying value of the respective investments</li> <li>• Reviewing the adequacy of the disclosures of in the financial report in respect of the investments in associates.</li> </ul> |

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## Recoverability of Exploration and Evaluation Assets

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>   |
|--|--|
| <p>Please refer to notes 4(f), 5 and 13 of the financial report.</p> <p>The Group carries exploration and evaluation assets as at 30 June 2020 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"> <li>• The significance of the total; and</li> <li>• 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.</li> </ul> | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Selecting a sample of capitalised exploration expenditure during the year to ensure it meets the recognition criteria under AASB 6</li> <li>• Ensuring that the group has the rights to tenure and maintains the tenements in good standing</li> <li>• Assessing the Group's ability to carry forward exploration and expenditure assets under AASB 6</li> <li>• Reviewing the management's assessment of impairment of exploration assets and considered the reasonableness of the key judgements and assumptions used</li> <li>• Assessing adequacy of the related disclosures in Note 3 (f), Note 4, and Note 11 to the financial statements.</li> </ul> |

## Accounting for investments recorded at fair value through profit or loss

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>Please refer to notes 4(d)(ii), 5 and 11 of the financial report.</p> <p>The company holds investments in listed shares and unlisted options. 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 the management's 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 unlisted options acquired was in excess the transaction price resulting to the 'day one' gain which can be complex.</p> | <p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining from management a schedule of investments held by the Group and vouching the investments to supporting documentation</li> <li>• Testing the additions and disposals of investments during the year through inspection of supporting documentation, and ensuring that gains and losses arising were treated appropriately</li> <li>• 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</li> </ul> |

- 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.

**Accounting for Share-based payments**

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>  |
|---|---|
| <p>Refer to notes 4(m), 5 and 17 of the financial report.</p> <p>Share-based payments expense is recognised for performance rights that were granted in prior periods and continued to be expensed over their vesting period. During the year, the Company granted further share-based payments under this scheme.</p> <p>Share-based payments is a key audit matter as the accounting can be complex and requires judgment and the use of assumptions regarding their recognition and measurement.</p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Reviewing market announcements and board minutes and related contracts to ensure all the new performance rights granted during the year have been accounted for</li> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements</li> <li>• Testing management’s methodology for calculating the fair value of the performance rights including assessing the valuation inputs using internal specialists</li> <li>• Assessing the allocation of the share-based payment expense over management’s expected vesting period.</li> </ul> |

## 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 2020, 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 (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 13 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of DGO Gold Limited, for the year ended 30 June 2020, 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, 30 September 2020

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## DGO Gold Limited

### Unaudited additional ASX and other information as at 24 September 2020

#### Number of holders of equity securities

69,796,748 fully paid ordinary shares are held by 888 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<br>Ordinary<br>Shares | %             |
|--|----------------------------------|---------------|
| 100,001 and Over   | 62,564,316                       | 89.64         |
| 50,001 to 100,000  | 2,706,128                        | 3.88          |
| 10,001 to 50,000   | 3,079,261                        | 4.41          |
| 5,001 to 10,000  | 684,677                          | 0.98          |
| 1,001 to 5,000   | 587,845                          | 0.84          |
| 1 to 1,000   | 174,521                          | 0.25          |
| <b>Total</b>   | <b>69,796,748</b>                | <b>100.00</b> |
| Holding less than a marketable parcel (175 shareholders) | <b>15,175</b>                    |               |

#### Twenty largest shareholders of quoted equity securities

| Line item | Ordinary shareholders                          | Fully paid ordinary shares |               |
|-----------|--|----------------------------|---------------|
|           |  | Number                     | Percentage    |
| 1         | MUTUAL TRUST PTY LTD                           | 7,074,796                  | 10.14         |
| 2         | CS THIRD NOMINEES PTY LIMITED                  | 6,787,448                  | 9.72          |
| 3         | GINGA PTY LTD                                  | 5,460,562                  | 7.82          |
| 4         | CAIRNGLEN INVESTMENTS PTY LTD                  | 5,322,766                  | 7.63          |
| 5         | ANDAMA HOLDINGS PTY LTD                        | 4,360,680                  | 6.25          |
| 6         | COSTA ASSET MANAGEMENT PTY LTD                 | 3,037,037                  | 4.35          |
| 7         | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 2,898,779                  | 4.15          |
| 8         | GINGA PTY LTD                                  | 2,664,483                  | 3.82          |
| 9         | CITICORP NOMINEES PTY LIMITED                  | 2,456,252                  | 3.52          |
| 10        | ALIANDA OAKS PTY LTD                           | 1,543,751                  | 2.21          |
| 11        | ESHUYS SUPER PTY LTD                           | 1,502,029                  | 2.15          |
| 12        | THIRTY SIXTH VILMAR PTY LTD                    | 1,492,024                  | 2.14          |
| 13        | CAIRNGLEN INVESTMENTS PTY LTD                  | 1,446,226                  | 2.07          |
| 14        | RARE COSTA SUPER PTY LTD                       | 1,371,585                  | 1.97          |
| 15        | VALTELLINA PROPERTIES PTY LTD                  | 1,239,601                  | 1.78          |
| 16        | CAROLINE HOUSE SUPERANNUATION FUND PTY LTD     | 1,025,383                  | 1.47          |
| 17        | CS FOURTH NOMINEES PTY LTD                     | 925,702                    | 1.33          |
| 18        | LADDARA PTY LTD                                | 769,231                    | 1.10          |
| 19        | LINK TRADERS (AUST) PTY LTD                    | 625,000                    | 0.90          |
| 20        | JP MORGAN NOMINEES AUSTRALIA PTY LTD           | 512,742                    | 0.88          |
|           | <b>Total</b>                                   | <b>52,616,077</b>          | <b>75.38</b>  |
|           | <b>Balance of register</b>                     | <b>17,180,671</b>          | <b>24.62</b>  |
|           | <b>Grand total</b>                             | <b>69,796,748</b>          | <b>100.00</b> |

## DGO Gold Limited

### Substantial shareholders

| Ordinary shareholders          | Fully Paid Shares |
|--------------------------------|-------------------|
| Ginga Pty Ltd                  | 10,489,483        |
| Regal Funds Management Pty Ltd | 9,885,616         |
| Jeffrey Bruce Parncutt         | 6,755,071         |
| Cairnglen Investments Pty Ltd  | 6,415,514         |
| John Barlow                    | 4,360,680         |
| Costa Asset Management Pty Ltd | 4,118,767         |
| Eduard Eshuys                  | 3,652,044         |
| <b>TOTAL</b>                   | <b>45,677,175</b> |

Based on most recent Notice of Substantial Shareholder Form lodged.

### Tenements held

The following table details the list of mineral tenements granted and under application as at 25 September 2020:

| Location               | No. of Tenements | Tenements Granted  | Tenements Applications       | Area km <sup>2</sup> |
|------------------------|------------------|--|------------------------------|----------------------|
| <b>Goldfields WA</b>   | <b>12</b>        | <b>12</b>  | <b>0</b>                     | <b>990</b>           |
| Lake Randall           | 2                | E15/1573 <sup>1</sup> , E25/584                            |                              | 232                  |
| Black Flag             | 8                | P24/4986 – 4992, E24/197                                   |                              | 31                   |
| Yamarna West           | 2                | E38/3343, 3344   |                              | 728                  |
| <b>Pilbara WA</b>      | <b>7</b>         | <b>3</b>   | <b>4</b>                     | <b>1,268</b>         |
| Mallina                | 5                | E47/3327 - 3329  | E47/4315, 4316               | 281                  |
| Tom Price              | 2                |  | E47/3898, 3900               | 987                  |
| <b>Murchison WA</b>    | <b>16</b>        | <b>15</b>  | <b>1</b>                     | <b>2,602</b>         |
| Bryah                  | 2                | E51/1590 <sup>1</sup> , 1729                               |                              | 101                  |
| Yerrida                | 14               | E51/1725, 1726, 1730, 1748 to 1753, 1833, 1897, 1920, 1921 | E51/1952                     | 2,501                |
| <b>Sub-Total WA</b>    | <b>35</b>        | <b>30</b>  | <b>5</b>                     | <b>4,860</b>         |
| <b>Stuart Shelf SA</b> | <b>15</b>        | <b>13</b>  | <b>2</b>                     | <b>4,610</b>         |
| Pernatty               | 9                | EL 6030, 6145, 6302, 6436, 6473, 6474, 6507                | ELA 2020/103<br>ELA 2020/158 | 2,782                |
| Myall North            | 1                | EL 6303  |                              | 308                  |
| Stuart Shelf IVR       | 5                | EL 5704, 5705, 5706, 5738, 6402 <sup>1</sup>               |                              | 1,828                |
| <b>Sub-Total SA</b>    | <b>15</b>        | <b>13</b>  | <b>2</b>                     | <b>4,610</b>         |
| <b>TOTAL</b>           | <b>50</b>        | <b>43</b>  | <b>7</b>                     | <b>9,470</b>         |

<sup>1</sup> Joint Venture Tenements

### 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.