

DGO Gold Limited

ACN 124 562 849

Financial Report for the half-year ended 31 December 2017

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This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by DGO Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Corporate directory

Directors	Mr. E. Eshuys (Chairman) Mr. M. J. Ilett (Executive Director) Mr. R. C. Hutton (Non-Executive Director)
Company secretary	Mr. M. J. Ilett
Registered office and principal place of business	27 General Macarthur Place Redbank Qld 4301 P.O. Box 294 Carol Park Qld 4300 Telephone: + 61 7 3381 5368 Facsimile: + 61 7 3381 5365
Share registry	Link Market Services Limited Level 15, ANZ Building 324 Queen Street BRISBANE QLD 4000 Postal Address: GPO Box 2537 BRISBANE QLD 4001 Telephone: 1300 554 474 Telephone: + 61 2 8280 7454 (overseas) Facsimile: + 61 2 8280 0303
Auditors	BDO Audit Pty Ltd GPO Box 457 BRISBANE QLD 4001
Lawyers	McCullough Robertson Lawyers Level 11, Central Plaza Two 66 Eagle Street BRISBANE QLD 4000
Stock exchange listings	DGO Gold Limited fully paid ordinary shares are quoted on the Australian Securities Exchange (ASX). ASX Code: DGO
Website address	www.dgogold.com.au

Directors' report

The Directors of DO Gold Limited (the Company or DO) submit herewith the consolidated financial report of DO Gold Limited and its controlled entities (the Group) for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and details of the directors of the Company in office during the half-year and until the date of this report are:

Mr. E. Eshuys (Executive Chairman)

Mr. M. J. Ilett (Executive Director)

Mr. R. C. Hutton (Non-Executive Director)

Principal activities

The principal activity of the Group is the implementation of its exploration strategy of using sediment hosted gold deposit (SHGD) analogues of world-class gold deposits and the peak ages of gold deposition to target sedimentary basins in Australia.

Operating results

The Group recorded a net loss after income tax of \$532,507 for the half-year ended 31 December 2017 (31 December 2016: Net profit after income tax of \$6,122).

Review of operations

The Group continues to implement its greenfield exploration strategy of SHGD analogues of world class gold deposits and the peak ages of gold deposition to target Australian sedimentary basins. This strategy is supported by the research conducted over the past decade at the Centre for Excellence in Ore Deposits (CODES) at the University of Tasmania, which has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

The Company's focus is on the discovery of sediment hosted gold and copper-cobalt deposits in Australia across the Pilbara, the Eastern Goldfields, and the Yerrida Basin of Western Australia and the Adelaide Fold Belt and Stuart Shelf in South Australia. DO now holds tenure covering a total of 9,694km² (under application, joint venture or granted) covering some of the high priority targets identified by the CODES research. Further details of the tenement holdings are contained in table 1 in unaudited additional information.

During the reporting period the Company conducted sampling programs on its granted tenements in the Pilbara and extended its land position in the Pilbara Basin following gold nugget discoveries by the Artemis Resources Limited (ASX: ARV) / Novo Resources (TSX: NVO) joint venture and De Grey Mining Limited (ASX: DEG) which lend strong support to DO's SHGD targeting strategy in the region.

Mallina, Pilbara, Western Australia

DO has three granted exploration licences (E47/3327, 3328 and 3329) at Mallina, covering a land holding of 245km² in the highly prospective Pilbara south east of Karratha. The tenements are located 75 kilometers east of Purdy's Reward and eight kilometers south west of Loudens Patch where gold nuggets in conglomerate underlying the Mount Roe Basalt have been reported by the Artemis / Novo Resources joint venture and De Grey Mining respectively.

In the western area of E47/3327 the prospective conglomerate at the base of the Mount Roe Basalt has been mapped on the eastern flank of a broadly north – south trending ridge. The basal contact of the basalt is largely obscured by basalt scree or alluvium however, sporadic outcrops of the conglomerate have been observed over a strike length of at least four kilometres.

Rock chip sampling of the limited available outcrop and metal detecting along the flank of the ridge have not detected appreciable gold at this early stage. Past exploration by Aarex Resources NL in 1997 delineated two modest soil anomalies in the northwest corner of EL 47/332 approximately one kilometre north of the outcropping basal contact of the Mount Roe Basalt demonstrating potential for gold mineralisation in the area.

A suite of rock samples collected across the conglomerate/basalt contact for analysis at CODES identified ferruginous and gossanous breccias with angular and brecciated clasts in a ferruginous matrix at the base of the vesicular Mount Roe Basalt (Figure 1). Laser-ICPMS analysis of pyrite detected minor gold in the gossanous breccia samples and a correlation between gold and lead. The testwork demonstrates that the oxidised pyrite in the breccia is hydrothermal, not detrital, and lead isotope results indicate that the pyrite mineralisation has an age of around 2800-2900 Ma, similar to pyrite in the Witwatersrand reefs.

The laser ablation results also show that the mineralising fluid at the base of the Mount Roe Basalt carried a gold signature and further work on the breccia/conglomerate unit is warranted to delineate sites favourable to the accumulation and concentration of gold.

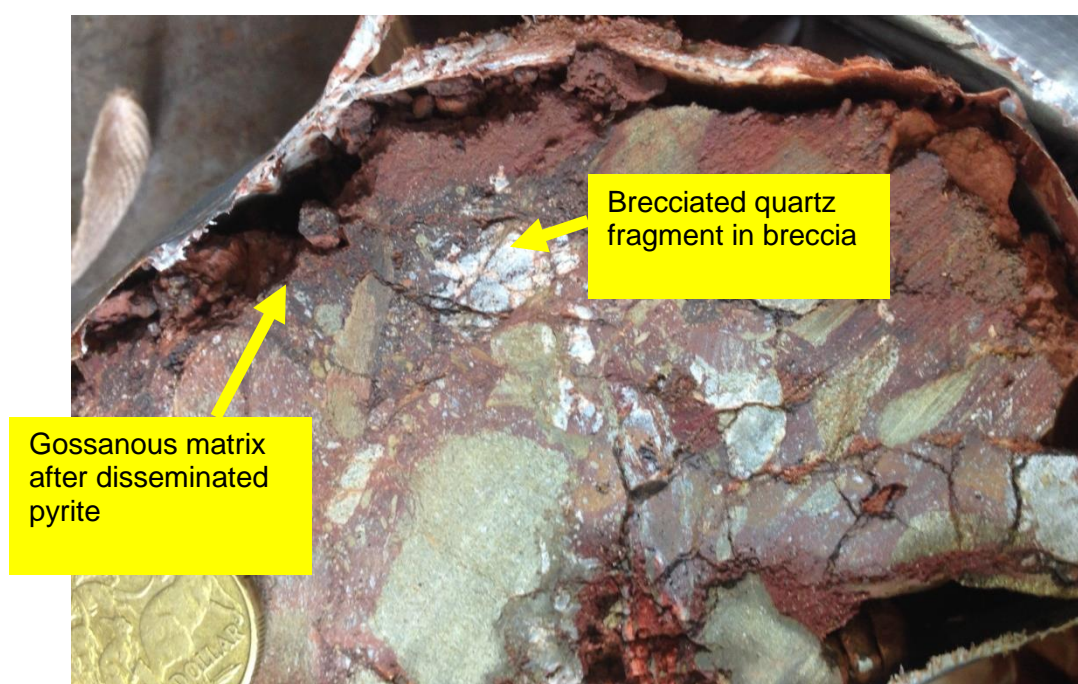


Figure 1: Gossanous Breccia at Base of Mount Roe Basalt

Two other areas within E47/3327 have been identified with potential for the location of Mount Roe Basalt as a consequence of the important discovery of gold nuggets in the vicinity of outcropping conglomerate eight kilometers to the northeast, at Loudens Patch (Figure 2).

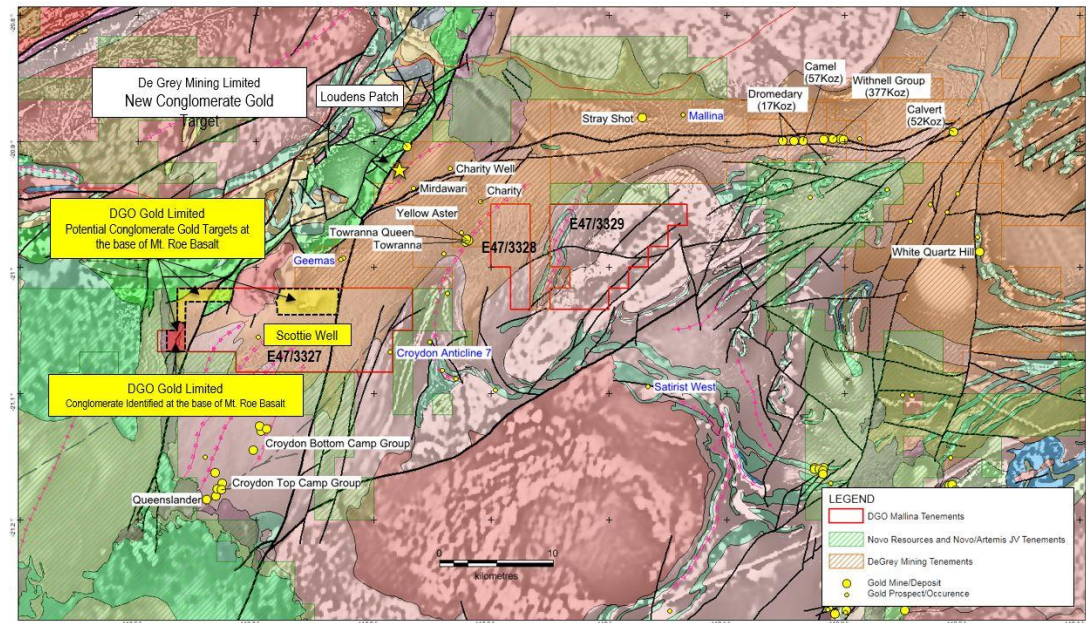
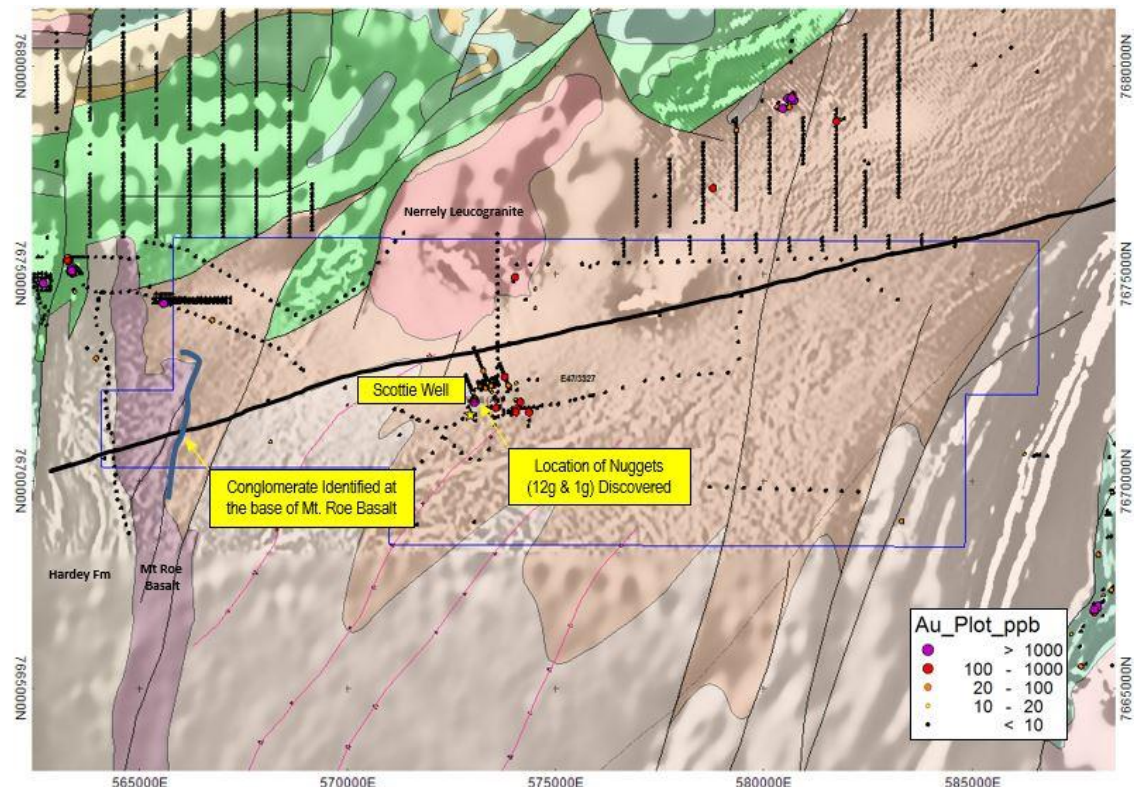


Figure 2: DGO Mallina Tenure with Significant Gold Deposits, Occurrences and Targets

DGO’s recent field activity at Mallina also discovered two gold nuggets, of 14 grams and one gram respectively at Scottie Well in E47/3327 (see Figure 2 and 3) where past exploration outlined a gold in soil anomaly over an area of approximately two square kilometres.



Surface Au sampling over E47/3327 DGO tenement with significant concentrations seen in proximity to Scottie Well. Mt Roe Basalts of the Fortescue group have been confirmed by Novo and Artemis to host high grade gold within basal conglomerates. This unit resides on the western side of E47/3327 tenement and is lacking in surface geochemistry coverage.

Figure 3: E47/3327 Geochemistry over Geology – Basal Conglomerate Highlighted

The nugget discoveries and historical soil anomaly are strong evidence of gold mineralisation in one of the target areas identified by the geophysical review of the Mallina area (see Figure 4). The target at Scottie Well is associated with the east-west fault, which parallels the major Mallina Shear Zone, host to the Indee gold mineralisation to the northeast.

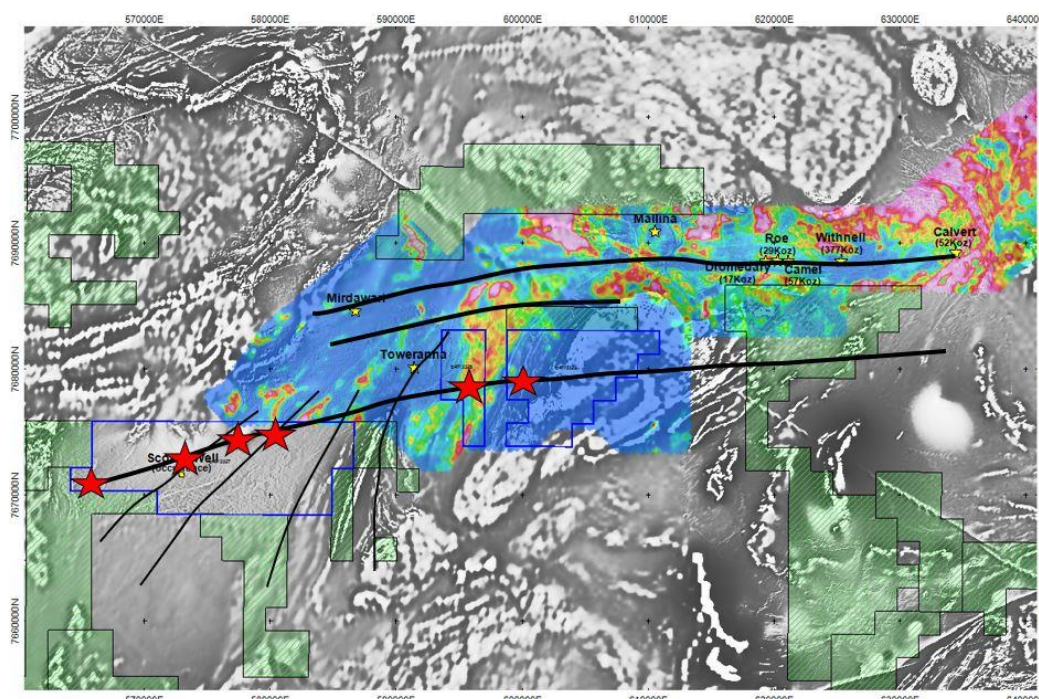


Figure 4: Mallina Tenure – Geophysical Targeting

The Scottie Well area remains a priority target for structurally controlled hydrothermal gold mineralisation in the basement Mallina Formation metasediments. Further exploration on Scotties Well and the basal conglomerates of the Mount Roe Basalt will be progressed once the compilation and evaluation of past exploration data, government geological and geophysical data and academic research data has been completed on the large tenement holding the Company has taken up in the Pilbara of Western Australia.

Fortescue Group Tenement Applications, Pilbara, Western Australia

DGO has lodged 26 exploration licence applications in the Pilbara region covering a total of 4,758km² over the upper portions of the Fortescue Group (see Figure 5) as a consequence of a literature review and comparison of the Fortescue Group of the Pilbara with the Witwatersrand Basin of South Africa.

The Novo-Artemis gold nugget discovery at Purdy's Reward, south of Karratha, is associated with the Mount Roe Basalt and conglomerate at the base of the Fortescue Group. The Mount Roe Basalt and the overlying Hardey Formation, Tumbiana Formation and the Jeerinah Formation overlap in geological age with the Witwatersrand Basin 2700-3000 Ma.

The Witwatersrand gold "reefs" are associated with distinctive thin conglomerate and sandstone horizons which occur at specific positions within the mid to upper part of the basin sediments.

The Hardey, Tumbiana and the lower part of the Jeerinah Formations appear to have sedimentary components suitable for the development of sequence boundaries similar to those at which the gold "reefs" occur within the Witwatersrand Basin sediments. These Formations are the focus of the Company's current program of academic research and review of past exploration results including compilation of all government geological, geophysical and geochemical data across the Pilbara.

Kairos Minerals Limited (ASX: KAI) recently reported widespread gold in stream sediment sampling related to thick conglomerate exposed at the base of the Mount Roe Basalt and conglomerates in the Hardy Formation approximately 60 kilometres south-east of DGO's Mallina tenements (*KAI ASX announcement 10 January 2018*). The confirmation of gold mineralisation in the Hardy Formation conglomerates supports DGO's assertion that the Hardey, Tumbiana and the lower part of the Jeerinah Formations are also prospective for Witwatersrand style gold "reefs".

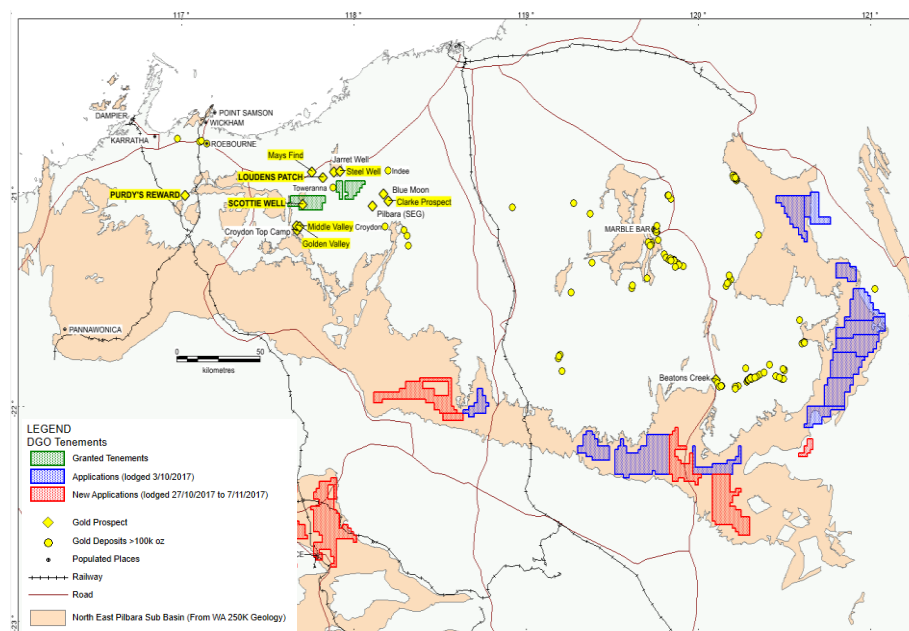


Figure 5: DGO Pilbara Exploration Licence Applications (at 29 January 2018)

Compilation of open file past exploration data and geological literature research is well advanced over many of these application areas to prioritise the tenement applications and define targets for follow up exploration. This intensive data review will allow the Company to accelerate the granting of and exploration on the priority tenements.

Sediment Hosted Gold in the Black Flag Group of the Eastern Goldfields WA

DGO holds four areas in the Black Flag Group meta-sediments in the Eastern Goldfields of Western Australia. The Ora Banda and Black Flag tenements in the Northern Black Flag area and the Mt Edwards and Lake Randall JV in the Southern Black Flag area (Figure 6) were acquired to test for sediment hosted gold mineralisation.

The discovery of the multi-million ounce Invincible Deposit in the St Ives camp by Goldfields Limited in 2012 and the expansion of the Baloo deposit by S2 Resources Limited since 2015, highlighted the untested prospectivity of the Black Flag Group sediments and the potential for sedimentary hosted gold deposits in the Eastern Goldfields.

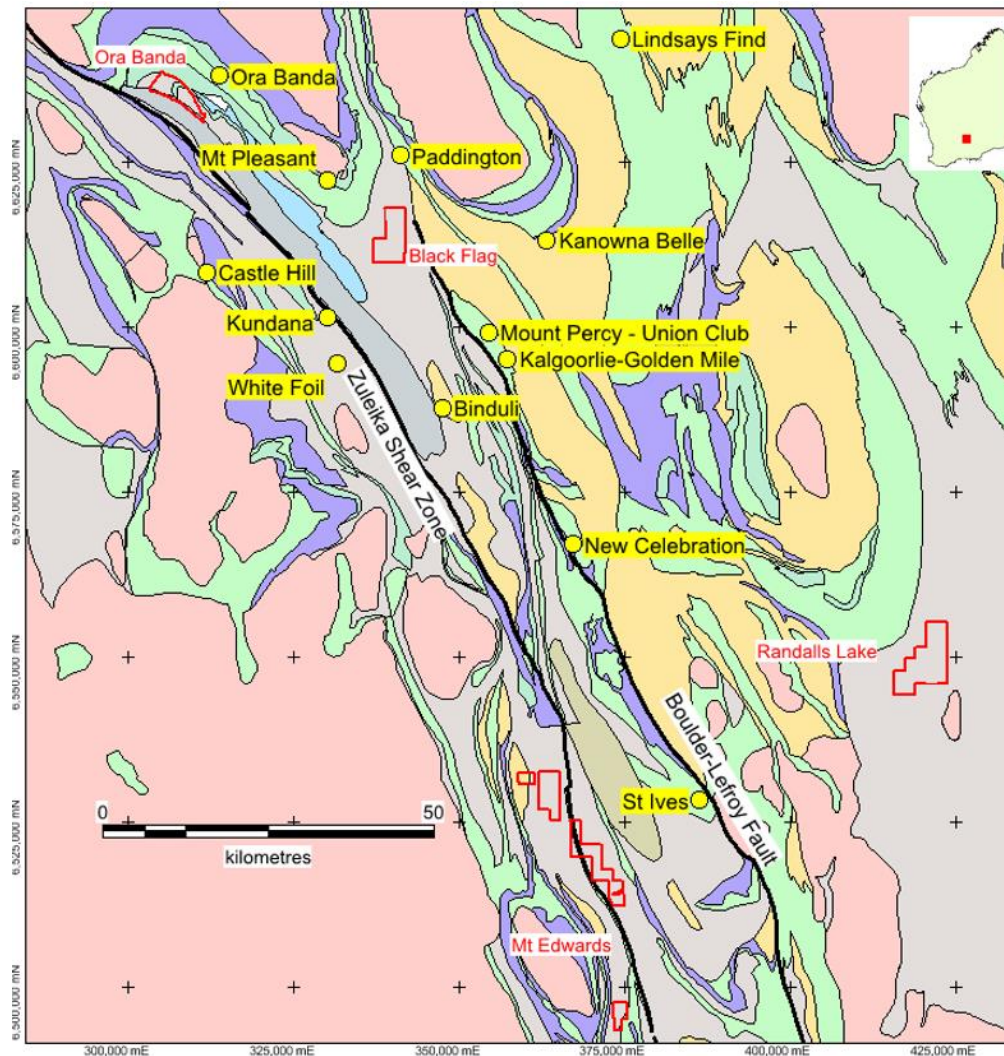


Figure 6: DGO Tenure – Black Flag Group, Eastern Goldfields, Western Australia

The Ora Banda tenement area is the most advanced exploration target of the Eastern Goldfields projects. It consists of 11 contiguous prospecting licences (P24/4946 to P24/4956) that cover a combined area of 21.8km² located approximately 50 kilometres north-west of Kalgoorlie.

The project covers a folded sequence of Black Flag Group sediments and intermediate to felsic volcanics, the north-west trending unconformable contact with the conglomerates and sandstones of the Kurrawang Formation in the south west and the layered gabbroic Orinda Sill along the northeast margin of the tenement group.

Past exploration, since 2001, included vertical RAB/air core drilling which defined a greater than one kilometre long gold anomaly, highlighted by a RAB drill hole intersection of 12 metres at 41.2g/t Au from 48 metres to the end of hole.

Detailed geological and geophysical review indicates that this gold anomaly is potentially associated with an apparent fold closure within the Orinda Sill intersected by the ENE/EW trending Slippery Gimlet/Ora Banda Fault system which hosts significant gold mineralisation to at the Ora Banda deposits to the east (Figure 7).

Follow up reverse circulation drilling is proposed to test the RAB/aircore defined gold anomaly and offers potential to identify significant gold mineralisation within the under explored Black Flag Group sediment sequence and the associated faulted Orinda Sill.

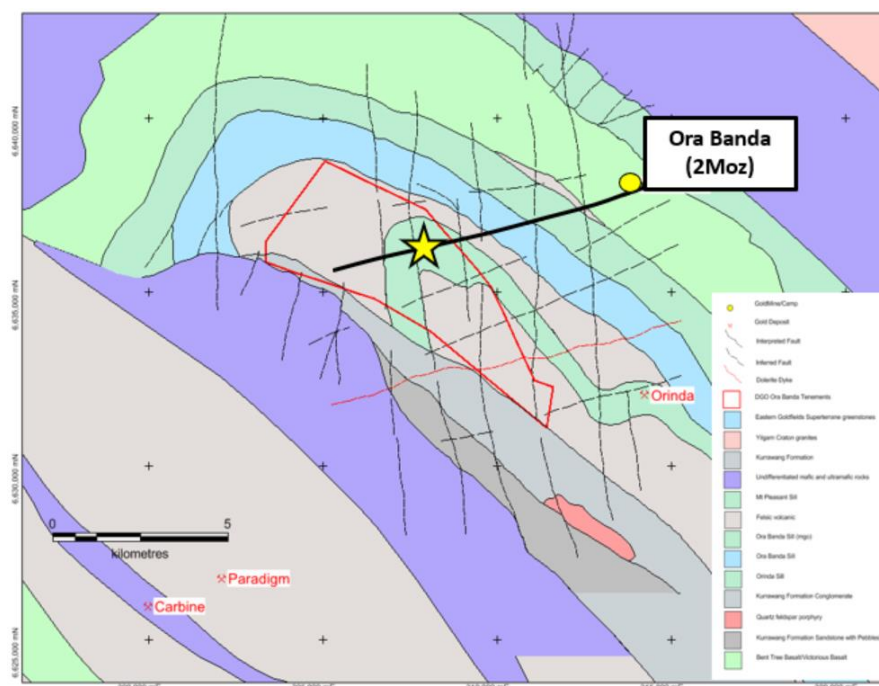


Figure 7: DGO's Ora Banda Target on Slippery Gimlet Fault Trend

Previous reverse circulation drilling by the Company on the Black Flag tenements, located 30 kilometres west of Kalgoorlie, (holes BFRC0001 - BFRC0003) confirmed broad zones of mild gold anomalism associated with a greater than three kilometre long gold-in-saprolite anomaly within the Black Flag Group sediments. A prospect scale review of all available geophysical and geological data is proposed to assist with further targeting at Black Flag.

Data compilation and review of historical exploration is progressing on other Eastern Goldfields projects in conjunction with monitoring of recent company activity and exploration developments in adjacent areas to prioritise DGO's exploration programs.

Sediment Hosted Gold and Base Metals, Yerrida Basin, WA

The Yerrida Basin is located about 100 kilometres north of Meekatharra in Western Australia. DGO has established land holdings covering an area of 1,550km² of granted tenure, divided into the Johnson Cairn Target, consisting of one joint venture tenement and three wholly owned exploration licences, and the Maraloou Target, consisting of five wholly owned exploration licences. This area is considered prospective for sediment-hosted gold and base metal (Cu, Co, Zn, Ni) mineralisation (Juderina, Johnson Cairn and Maraloou Formations) based on the long-term research by CODES at the University of Tasmania.

The stratigraphic and lithological similarity of the Maraloou Formation and the host sequence of the high grade copper mineralisation at the Monty and Degruessa deposits, as described by Sandfire Resources NL (ASX: SFR), identifies the base of the Maraloou Formation as a high priority target. Past exploration activity has identified base metal occurrences, including Cu, Pb, Zn, Co, Ni, plus precious metal occurrences within the Maraloou Formation.

A review of geophysical data has identified a number of targets across the Johnson Cairn and Maraloou Targets including sediment hosted gold targets within the Johnson Cairn and Juderina Formations and VHMS targets associated with Narracoota Volcanics, and with mafic lithologies towards the base of the Maraloou Formation

Evidence of cobalt mineralisation within the Maraloou Formation has also been identified by DGO's open file data review of the Maraloou Target based on surface sampling by previous explorers within the Maraloou Formation adjacent to the lower contact with the Juderina Formation. This historical exploration has identified an interpreted cobalt prospective horizon which passes through the south east and north east portions of DGO's Maraloou Target holdings.

Prospect scale interpretation of the available geological and geophysical data for each of the identified target zones, including the cobalt prospective horizon, is expected to generate and / or fine tune drill targets for each of the target zones

South Australia Sediment Hosted Base Metal and Gold

DGO's South Australia tenements cover potential sediment hosted base metal and gold targets in the Stuart Shelf and Adelaide Fold Belt identified from work by DGO and its consultants, under the research agreement with CODES at the University of Tasmania.

Target commodities include cobalt/copper on the recently granted Bookaloo tenement (EL6030) and at the Wirrabara exploration licence application (E2017/00053) and copper/gold at Dawson (ELs 5737, 5876, 5877, 6036), Mt Barker (ELs 5770, 5812, 5946) and Yerelina (EL5813).

This exploration is designed to identify structural and/or stratigraphic targets prospective for copper/gold mineralisation based on a modified Central African Copperbelt and the Zechstein of Europe model. During 2017 a further targeting exercise was carried out based on the outcomes of the ARC/AMIRA project P544 pertaining to the potential for stratiform sediment-hosted Cu deposits in this region and an addition exploration licence was recently submitted over 269km² at Pernatty to explore for potential copper/gold mineralisation.

Total area under granted licences and application in South Australia is 2,848km².

Historical exploration data compilations and review is in progress.

Corporate Activities

During the half year ended 31 December 2017, DGO and Yandan Gold Mines Pty Ltd received a total of \$234,033 (before fees) in tax refunds relating to the 30 June 2017 research and development activities.

At the date of this report there are 10,561,374 fully paid ordinary shares and 4,168,736 options exercisable at \$0.40 on or before 30 June 2020 (DGOAI) on issue.

Auditor's independence declaration

The auditor's independence declaration is included on page 12 of the Half-Year Financial Report.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors.



Eduard Eshuys
Executive Chairman

Brisbane, 12 March 2018



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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 31 December 2017, 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 dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 12 March 2018

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017

	Note	Consolidated	
		Half-year ended	
		31 Dec 2017	31 Dec 2016
		\$	\$
Revenue			
Interest income		3,828	3,725
Other Income – research and development tax offset	4	-	174,955
Administration and other expenses		(108,947)	(67,902)
Consulting and contractor expenses		(47,004)	(45,640)
Depreciation of non-current assets		(2,429)	(2,602)
Directors' fees		(27,250)	(37,000)
Employee benefits expenses		(2,589)	(3,515)
Exploration and evaluation expenditure		(337,288)	(4,007)
Property rental and occupancy expenses		(9,764)	(9,764)
Impairment of assets classified as held for sale	5	(1,064)	(2,128)
Profit/(loss) before income tax benefit		(532,507)	6,122
Income tax (expense)/benefit		-	-
Net income (loss) for the period		(532,507)	6,122
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the period		(532,507)	6,122
Profit/(Loss) per share			
Basic (cents per share)	8	(5.27)	0.11
Diluted (cents per share)	8	(5.27)	0.11

Notes to the consolidated financial statements are included on pages 18 to 21.

Consolidated statement of financial position
as at 31 December 2017

		Consolidated	
		Half-year ended	
	Note	31 Dec 2017	30 June 2017
		\$	\$
Current assets			
Cash and cash equivalents		475,825	959,279
Other receivables		30,247	29,305
Assets classified as held for sale	5	48,936	50,000
Total current assets		555,008	1,038,584
Non-current assets			
Plant and equipment		13,565	13,644
Exploration and evaluation assets	6	820,021	549,932
Total non-current assets		833,586	563,576
Total assets		1,388,594	1,620,160
Current liabilities			
Trade and other payables		165,410	118,164
Provisions		7,877	7,877
Total current liabilities		173,287	126,041
Total liabilities		173,287	126,041
Net assets		1,215,307	1,476,119
Equity			
Issued capital	7	21,504,062	21,232,367
Reserves		300,652	300,652
Accumulated losses		(20,589,407)	(20,056,900)
Total equity		1,215,307	1,476,119

Notes to the consolidated financial statements are included on pages 18 to 21.

Consolidated statement of changes in equity for the half-year ended 31 December 2017

	Issued capital	Accumulated losses	Option premium reserve	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2016	20,350,768	(19,854,936)	300,652	796,484
Loss for the half-year	-	6,122	-	6,122
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	6,122	-	6,122
Transactions with owners in their capacity as owners:				
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
	-	-	-	-
Balance at 31 December 2016	20,350,768	(19,848,814)	300,652	802,606
Balance at 1 July 2017	21,232,367	(20,056,900)	300,652	1,476,119
Net income for the half-year	-	(532,507)	-	(532,507)
Other comprehensive income	-	-	-	-
Total comprehensive income for the half-year	-	(532,507)	-	(532,507)
Transactions with owners in their capacity as owners:				
Issue of shares	293,615	-	-	293,615
Share issue costs	(21,920)	-	-	(21,920)
	271,695	-	-	271,695
Balance at 31 December 2017	21,504,062	(20,589,407)	300,652	1,215,307

Notes to the consolidated financial statements are included on pages 18 to 21.

Consolidated statement of cash flows
for the half-year ended 31 December 2017

		Consolidated	
		Half-year ended	
	Note	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(143,967)	(216,989)
Interest and other costs of finance paid		-	-
Receipt of research and development tax offset		-	435,384
Net cash generated/(used) in operating activities		(143,967)	218,395
Cash flows from investing activities			
Interest received		3,828	3,725
Payments for property plant and equipment		(2,350)	-
Receipt of research and development tax offset in relation of exploration assets	4	234,033	68,127
Payments for exploration and evaluation assets	4	(789,095)	(171,959)
Net cash used in investing activities		(553,584)	(100,107)
Cash flows from financing activities			
Proceeds from issue of equity securities		293,615	-
Payments for share issue costs		(79,518)	-
Net cash generated from financing activities		214,097	-
Net decrease in cash and cash equivalents		(483,454)	118,288
Cash and cash equivalents at the beginning of the period		959,279	365,668
Cash and cash equivalents at the end of the period		475,825	483,956

Notes to the consolidated financial statements are included on pages 18 to 21.

**Notes to the consolidated financial statements
for the half-year ended 31 December 2017**

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1. Significant accounting policies

(a) Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of assets classified as held for sale. 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 accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2017 annual financial report for the financial year ended 30 June 2017.

(c) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. This adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported in the current and prior periods.

(d) Going concern

The Group incurred a net loss of \$532,507 for the half-year ended 31 December 2017. As at 31 December 2017, the Group has cash reserves of \$475,825 and its statement of financial position showed a net current asset surplus of \$381,721.

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

- the ability of the Group to sell its investments in shares traded on the ASX to fund its continued operations;
- the ability of the Group to obtain a research and development income tax refund for its activities during the 2018 financial year;
- the ability of the Group to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

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

- The directors believe that they will be able to sell its investments in shares to fund its continued operation over the next 12 months;
- To date the Group has funded some of its activities through issuance of equity securities, and it is expected that the Group will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Group to continue operating over the next 12 months from the signing of these financial statements;

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

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

2. Segment information

The Group operates predominantly in one business segment being the evaluation and exploration of mineral deposits in sediment hosted gold deposits in Australia. All significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the consolidated entity as a whole. The Group does not have any products/services it derives revenue.

3. Critical accounting judgments

In the application of the Group's accounting policies, 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.

Impairment of assets and exploration and evaluation expenditure

The Company determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At each reporting date management assesses the impairment triggers based on their knowledge and judgement.

4. Results for the period

The Group recorded a net loss after tax of \$532,507 for the half-year ended 31 December 2017 (31 December 2016: net profit of \$6,122). The financial position and performance of the group was particularly affected by the following transaction during the six months to 31 December 2017:

- Receipt of research and development tax offset amounting to \$234,033 (before fees) in relation to 2017 exploration activities. This research and development tax offset relating to 2017 financial year was treated as deductible offset against the carrying value of exploration and evaluation assets in the half-year financial report.

5. Assets classified as held for sale

	31 Dec 2017 \$	30 June 2017 \$
Quoted shares – Talisman Mining Limited (i)	48,936	50,000
	48,936	50,000

- (i) During a previous financial year, the Company had acquired 212,766 quoted shares in Talisman Mining Limited for the consideration of \$100,000. As at 30 June 2017, the fair value of these shares was \$50,000. The Directors have determined that the fair value of the shares in Talisman Mining Limited was \$48,936 as at 31 December 2017 which has been based on the quoted price of the Talisman Mining Limited shares as at that date. The resulting \$1,064 difference between the fair value at 30 June 2017 and 31 December 2017 has been recorded as an impairment expense.

The directors have made the decision to sell the listed shares in Talisman and as a result, these have been classified as assets classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The listed shares were likely to be sold within 12 months in order to meet the expenditure requirements of the group.

6. Exploration and evaluation assets

	31 Dec 2017 \$	30 June 2017 \$
Balance at the beginning of the period	549,932	151,393
Exploration expenditure incurred during the financial period (i)	504,122	466,666
Research and development tax offset	(234,033)	(68,127)
Net book value at end of period (i)	820,021	549,932

- (i) The above amounts represent capitalised costs of exploration areas of interest carried forward as an asset. The ultimate recoupment of the exploration and evaluation expenditure in respect to 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. Details of the current holdings in tenements are contained in the unaudited additional information section of this report.

7. Issued capital

	31 Dec 2017 \$	30 June 2017 \$
Balance at the beginning of the financial year	21,232,367	20,350,768
Issue of shares under an entitlements offer	-	724,667
Issue of shares under private placements (i)	174,541	217,398
Exercise of options (ii)	119,074	-
Share issue costs	(21,920)	(60,466)
Balance at the end of the financial period	21,504,062	21,232,367

	31 Dec 2017 Number of Shares	30 June 2017 Number of Shares
Balance at beginning of the period	9,565,527	5,797,268
Issue of shares under an entitlements offer	-	2,898,666
Issued shares under private placements	698,162	869,593
Exercise of options	297,685	-
Balance at the end of the financial period	10,561,374	9,565,527

7. Issued capital (continued)

- (i) On 7 September 2017, the Company issued shares 698,162 fully paid ordinary shares at an issue price of 25 cents per share under private placement and 698,162 free attaching options exercisable at 40 cents per share on or before 30 June 2020 to various shareholders pursuant to capital raising agreements contained within non-renounceable entitlement offer announced on the ASX on 29 May 2017.
- (ii) During the half year, the Company issued 297,685 fully paid ordinary shares on conversion of 297,685 outstanding options at 40 cents per share, raising \$119,074 before costs.

Share options on issue as at 31 December 2017

A total of 4,168,736 options exercisable at \$0.40 on or before 30 June 2020 (DGOAI) are on issue.

8. Profit/(loss) per share

	Half-year 31 Dec 2017 cents per Share	Half-year 31 Dec 2016 cents per share
Basic and diluted profit/(loss) cents per share	(5.27)	0.11

The net loss and weighted average number of ordinary shares used in the calculation of the basic loss per share and diluted loss per share are as follows:-

	Half-year 31 Dec 2017 \$	Half-year 31 Dec 2016 \$
Net profit (loss) used in calculating basic and diluted earnings per share	(532,507)	6,122

	Half-year 31 Dec 2017 Number	Half-year 31 Dec 2016 Number
Weighted average number of fully paid ordinary shares used for the purposes of calculating basic and diluted earnings per share	10,097,876	5,797,268

9. Dividends

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

10. Contingent liabilities

There has been no change to contingent assets and contingent liabilities during the half year period.

11. Fair value measurement*Fair value hierarchy*

The following table detail the consolidated entity's financial instruments, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- Level 2: a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly or indirectly; or
- Level 3: a valuation technique is used using inputs that are not based on observable market data.

31 December 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	
<u>Assets classified as held for sale</u>				
Quoted securities in Talisman Mining Limited	48,936	-	-	48,936
	<u>48,936</u>	<u>-</u>	<u>-</u>	<u>48,936</u>

30 June 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	
<u>Assets classified as held for sale</u>				
Quoted securities in Talisman Mining Limited	50,000	-	-	50,000
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>

There were no transfers between level 1 and 2 in the period. There were no transfers between levels during the financial half-year.

The fair values of cash and cash equivalents, other receivables, and trade and other payables approximate their carrying values due to their short-term nature.

12. Events subsequent to reporting date

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Directors' declaration

In the opinion of the directors:

- a) the accompanying financial statements and notes comply with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position at as 31 December 2017 and of its performance for the half year ended on that date; and
- b) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Eduard Eshuys
Executive Chairman

Brisbane, 12 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DGO Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DGO Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 12 March 2018

Unaudited additional information

Resources

DGO now holds tenure covering a total of 9,694km² (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenements.

	Tenements - Granted	Tenements - Applications	Area (km ²)
Western Australia			
Mt Edwards	E15/1465, 1488, 1514		81
Ora Banda	P24/4946 - 4956		22
Black Flag	P24/4986 - 4992, E24/197		32
Mallina	E47/3327 - 3329		245
Fortescue Group		E45/5029 - 5035, E46/1203 – 1208 E46/1228 – 1234 E47/3898 – 3901 E47/3909	4758
Yerrida Basin	E51/1590, 1729, 1730, 1748 - 1753	E51/1833	1655
Lake Randall JV	E15/1573		53
<i>Sub-Total</i>			6846
South Australia			
Mt Barker	EL5770, EL5812, EL5946		328
Dawson	EL5737, EL5876, EL5877, EL6036		861
Yerelina	EL5813		145
Bookaloo	EL6030		490
Wirrabara		E2017/00053	755
Pernatty		E2017/00245	269
<i>Sub-Total</i>			2848
TOTAL			9694

Table 1: DGO Tenement Holdings as at 29 January 2018

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.*