

## Quarterly Activities Report Quarter ended 30 June 2018

### Highlights

- Strategic \$5 million investment by DGO in De Grey Mining Limited (DEG) completed on 10 July 2018.
- As a result DGO has a holding of 6.89% in DEG and 10.0% on a fully diluted basis (based on DGO's options and all other issued options being exercised).
- Capital raising for the DEG investment and for DGO's other activities totaled \$2.32 million during the Quarter, \$4.91 million was raised from the entitlement issue in July 2018 and a further \$2.5 million will be raised subject to shareholder approval in September 2018 raising a total of \$9.7 million.
- Funds subscribed by DGO will allow De Grey to accelerate exploration of its 100% held, 200km plus Mallina Shear zone and Tabba Thrust and the prospective Mount Roe Basalt conglomerate gold targets.
- DEG has recently released highly encouraging results from shallow drilling at Mt Berghaus, Mallina, Toweranna and Jarrett Well (*DEG ASX announcements 28 May, 15 June, 3 July and 23 July 2018*) reinforcing the potential identified by DGO.
- Ongoing historical exploration data reviews of DGO's extensive tenement holdings continue to identify substantial sediment hosted gold targets. New targets include:-
  - 20km long zone of anomalous gold and copper values in soil anomalies associated with a sedimentary and mafic volcanic rock sequence of the Yerrida Basin considered equivalent to the rocks which host the high grade copper-gold deposits DeGrussa and Monty north of Meekatharra in the Murchison, WA;
  - Anomalous gold values in drill and soil sampling associated with Black Flag sediments adjacent to the regionally important Zuleika Shear occur at Mt Edwards 50 km south of Kambalda in the Eastern Goldfields WA.
- Drill testing of extensions of mineralised structures under shallow cover at Ora Banda intersected low grade gold mineralisation in Black Flag sediments 55 km northwest of Kalgoorlie.
- Field reconnaissance commenced on the company's South Australian exploration licences. Exclusive CODES research of pyrites of the Tapely Hill Formation to identify copper-cobalt and gold targets is in progress.

# EXPLORATION ACTIVITIES

## PILBARA REGION, WESTERN AUSTRALIA

**Mallina** (E47/3327 to 47/3329 – 100% DGO Gold)

Mallina is located 75 kilometres east of Purdy's Reward and eight kilometres south west of Loudens Patch where gold nuggets in conglomerate underlying the Mount Roe Basalt have been reported by the Artemis Resources Limited (ASX: ARV) / Novo Resources (TSX: NVO) joint venture and De Grey Mining Limited (ASX: DEG) respectively.

DGO's Mallina tenements adjoin to the southwest of De Grey's Pilbara Gold Project which hosts Measured, Indicated and Inferred Mineral Resources totaling 23.88Mt @ 1.6g/t for 1.21Mozs of gold (DEG ASX announcement 28 September 2017).

DGO's Mallina tenements share similar geological and structural settings to the mineralisation delineated by De Grey to the north and north-west.

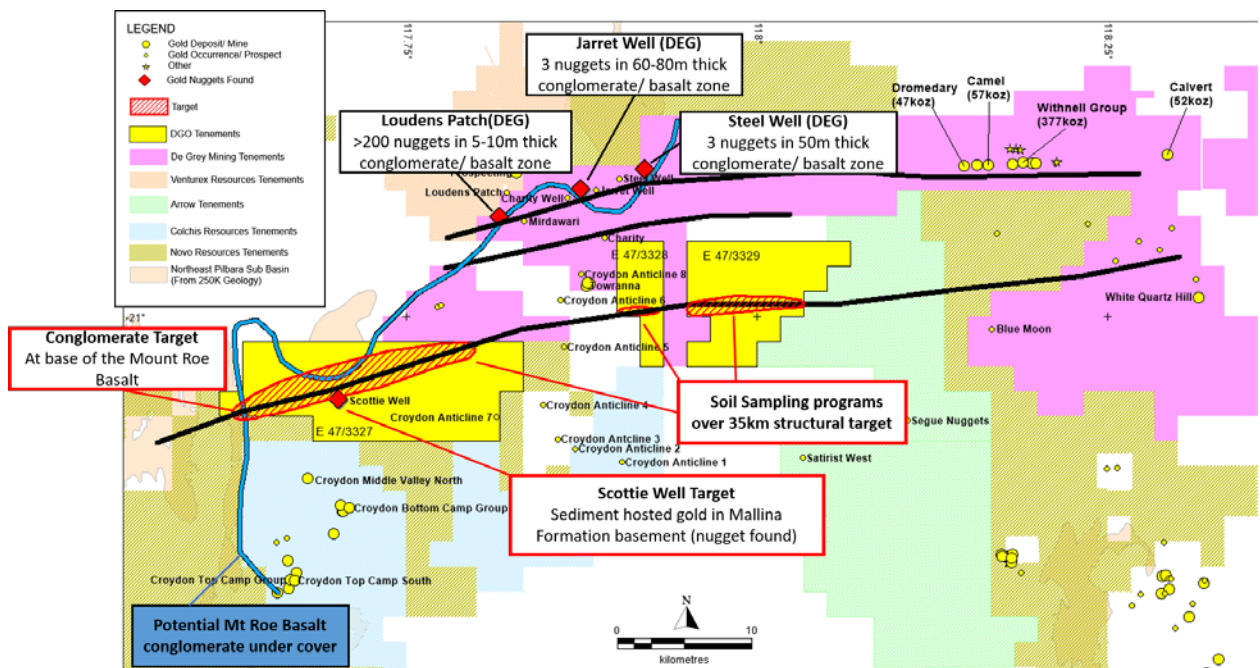
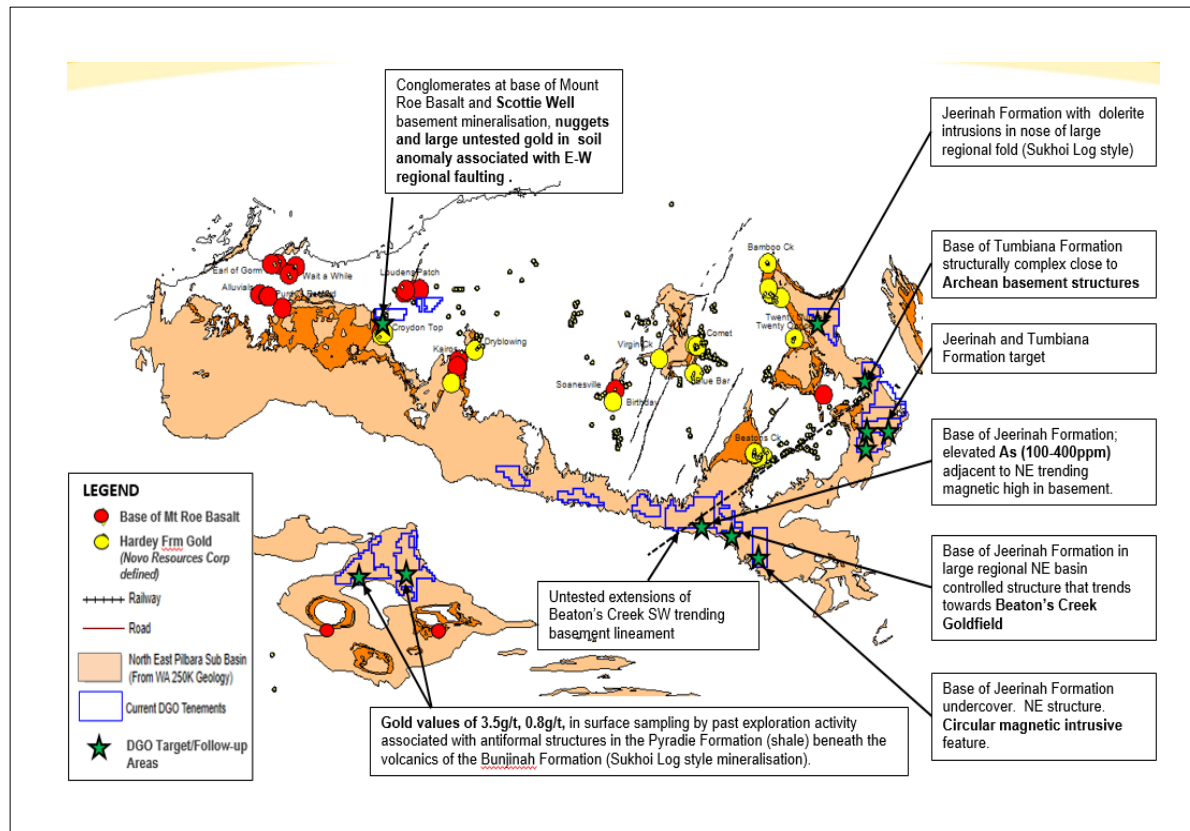


Figure 1: DGO Mallina Tenure with Significant Gold Deposits / Occurrences and Targets

A high resolution aerial photographic survey was flown over the entire Mallina Project during the Quarter to facilitate field mapping and soil sampling programs targeting structural gold mineralisation along the 35km of strike in DGO's tenements of the ENE trending shear parallel to the Mallina Shear which hosts De Grey's gold resources (refer Figure 1).

**Fortescue Group Tenements** (E44/5031 to 45/5035; applications ELA45/5030, 45/5084, 26/1203, 46/1204, 46/1207, 46/1208, 46/1228, 46/1229, 47/3898, 47/3900, 47/3901, and 47/3909 – 100% DGO Gold)

Compilation of open file past exploration data and geological literature research has been completed over DGO's granted exploration licences and applications in the Pilbara covering **3,375km<sup>2</sup>**. The data compilation program has identified areas which warrant follow up exploration including three priority gold-in-soil targets near Mount Tom Price (*Figure 2*).



*Figure 2: DGO Pilbara Tenements, Prospective Geology and Targets*

## YERRIDA BASIN, MURCHISON REGION, WESTERN AUSTRALIA

**Yerrida East** (E51/1748 to 51/1753 and ELA51/1897 – 100% DGO Gold)

Data compilation over the eastern Yerrida Basin tenements has identified a **25km long gold and base metal (Cu, Zn) geochemical anomaly** associated with ENE trending shear structures in the Killara, Doolgunna and Johnson Cairn Formations (refer *Figure 3*). The geochemical anomaly is associated with these inter-fingering sedimentary and volcanic formations of the Yerrida Group, potentially equivalent to the DeGrussa Formation of the Bryah Basin which hosts Sandfire Resources' DeGrussa and Monty deposits and the Morck's Well prospect.

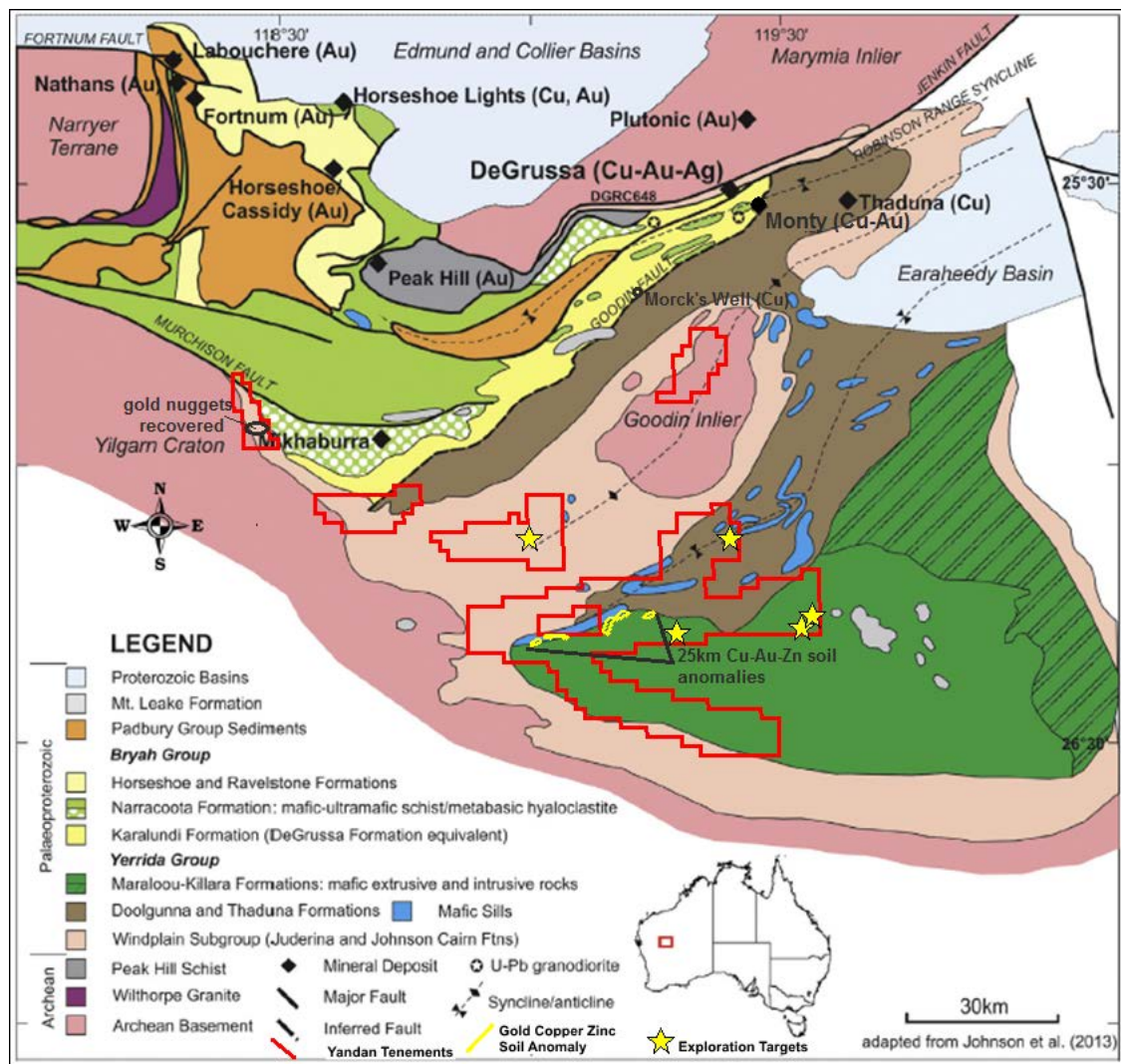


Figure 3: Regional Geology of the Yerrida, Bryah and Padbury Groups  
(Hawke et al., 2015)

The 25 km gold and copper soil anomalies are shown in yellow in Figure 3. A further 22km of strike of similar stratigraphy in DGO's adjoining tenement to the NE remains to be tested. Ground reconnaissance exploration commenced in July with a focus on the geochemical anomalies

## EASTERN GOLDFIELDS, WESTERN AUSTRALIA

DGO holds four areas over 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 4) were acquired to test for sediment hosted gold mineralisation.



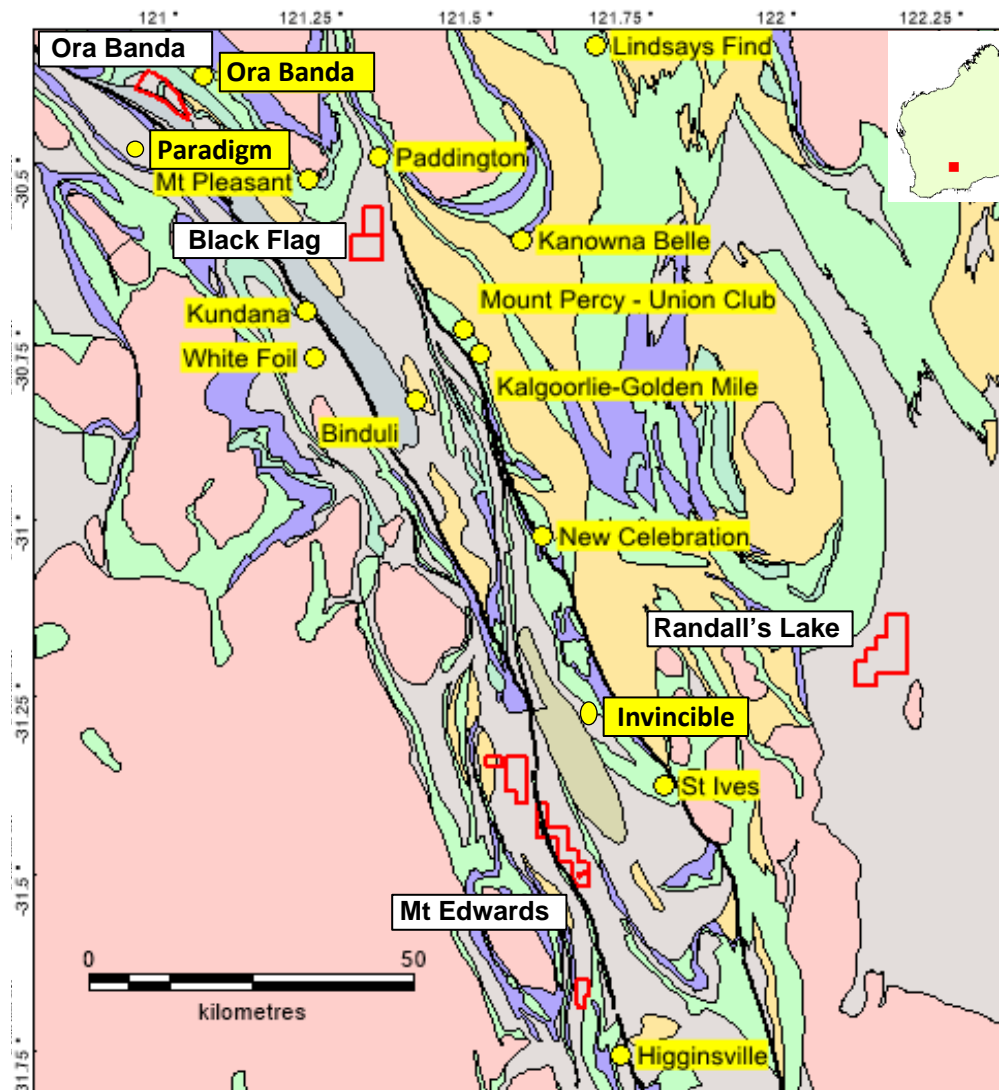


Figure 4: DGO Tenure – Black Flag Group, Eastern Goldfields, Western Australia

**Mt Edwards** (E15/1465, E15/1488, E15/1514 – 100% DGO Gold)

The Mt Edwards North tenements E15/1465 and E15/1488 are located 30 to 40km south west of Kambalda, and E15/1514 (Mt Edwards South) is approximately 50km south of Kambalda.

The exploration licences straddle the regionally important **Zuleika Shear** (Figure 5). A review of geophysical and previous exploration data has identified parallel NNW trending regional structures and cross cutting faults within the meta-sediments and mafic rocks which have potential for gold mineralisation.

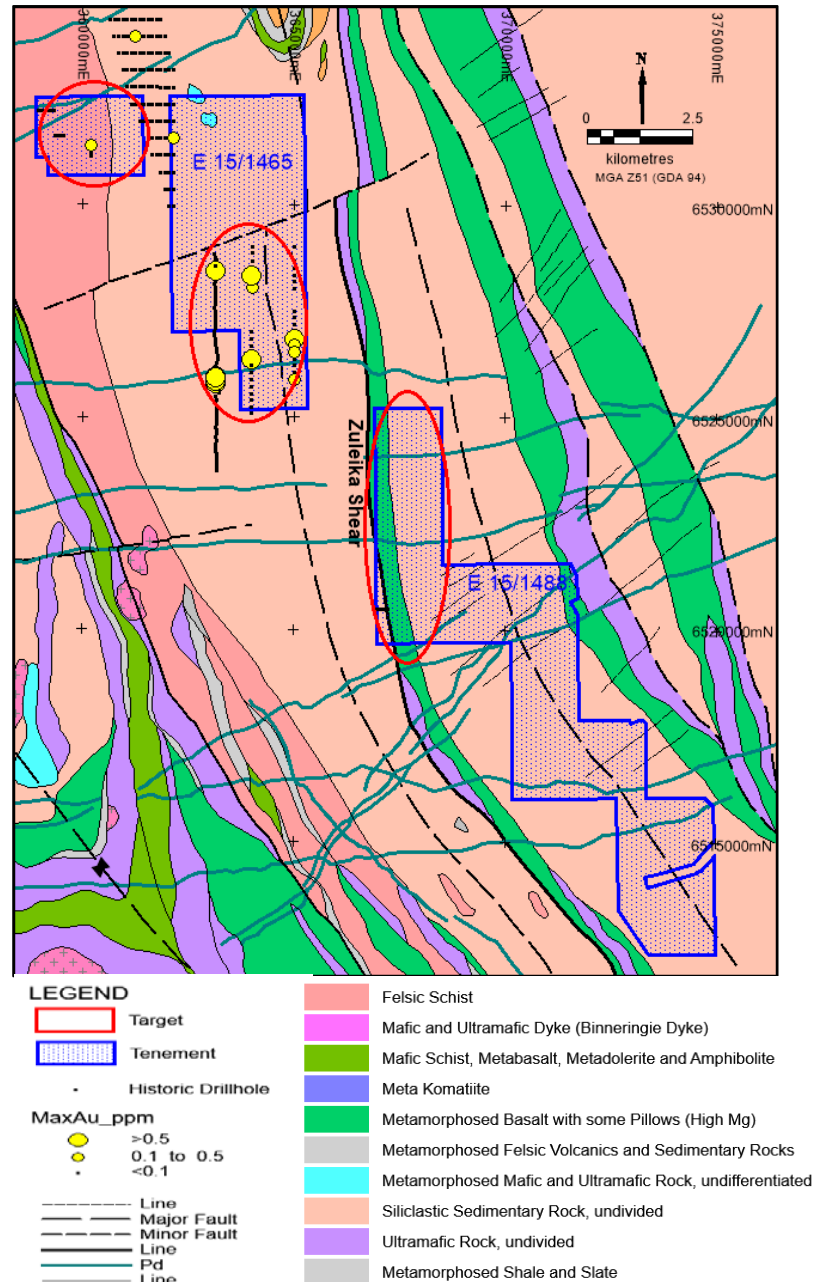


Figure 5: Mt Edwards North Structural Interpretation and Targets

Target areas have been defined in both the northern (Figure 5) and southern (Figure 6) tenements based on litho-structural interpretation and historical drilling and geochemical data. In the Mt Edwards North area high priority targets are related to anomalous gold results in aircore drilling in close proximity to NNW regional faults within the Black Flag sediments. At Mt Edwards South a 4.3km long trend of anomalous aircore drill intercepts has been identified adjacent to a N-S regional fault which divides the Black Flag meta-sediments in the west from the mafic/ultramafic volcanics to the east (Figure 6).

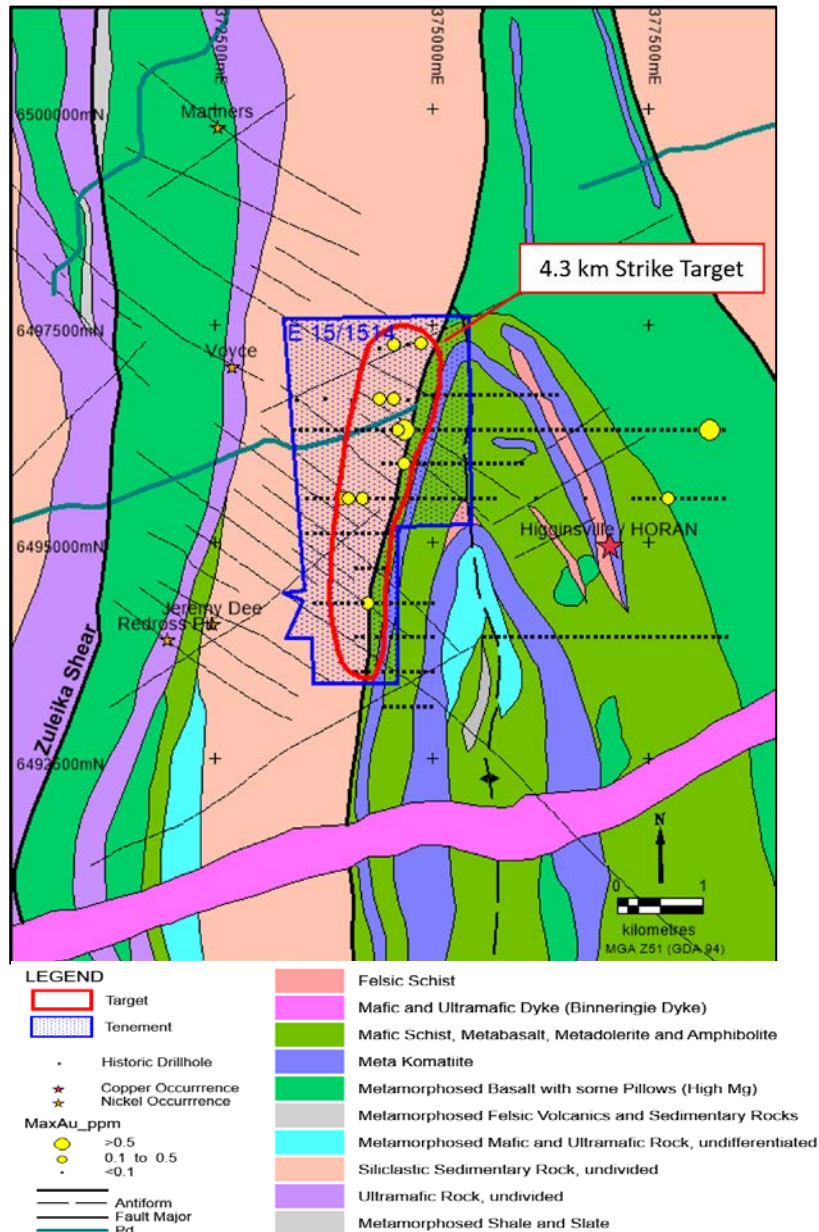


Figure 6: Mt Edwards South Litho-Structural Interpretation and Targets

#### Lake Randall (E15/1573 – Romardo Gold JV)

E15/1573 is located 75km south east of Kalgoorlie and 7km south of Silver Lake Resources Mt Monger mine workings. The area is covered by lake sediments and little historical exploration has been undertaken on the tenement due to the extensive cover.

Structural interpretation based on open file airborne magnetics, radiometrics, gravity and elevation data indicates that extension of anticlinal and synclinal fold axes to the south of Mt Monger gold field extend into DGO's tenement.

### Ora Banda SW (P24/4946 to 24/4956 – 100% DGO Gold)

A total of 2,342 metres of RC drilling was completed in 17 holes to test faulted structures with the same orientation (ENE/EW) as the Slippery Gimlet/Ora Banda Fault that produced high grade gold mineralisation at Ora Banda mines and at the Enterprise Deposit (1.22Moz) to the east.

Anomalous gold mineralisation with a best result of 4m @ 0.8g/t gold at a depth of 40m was intersected in hole 18OB0010 associated with fine grained Black Flag sediments and felsic rocks which are more prevalent in the area than previously interpreted. Assay results and drilling and sampling parameters are summarised in DGO's ASX announcement *Shareholder Update* released on 27 June 2018 and in *Figure 7* below.

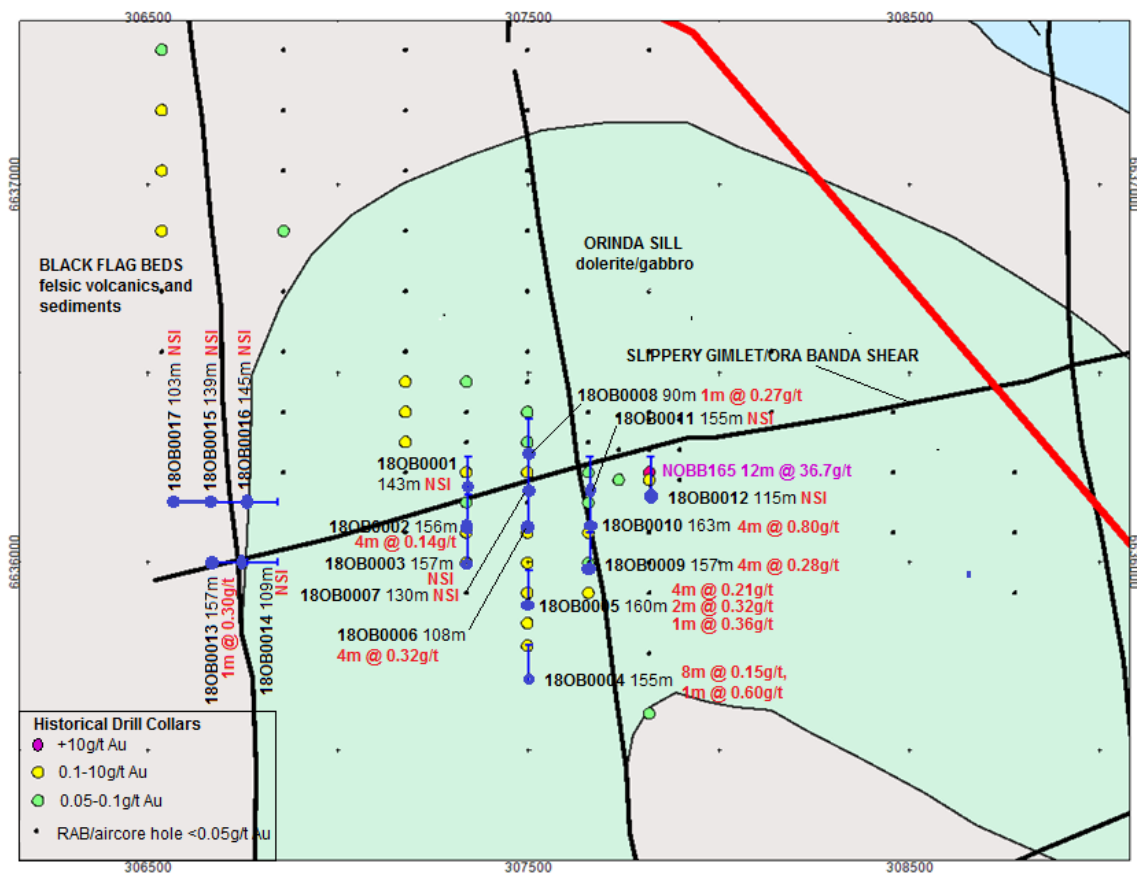


Figure 7: Ora Banda Drill Hole Locations and Results—plan view  
Showing hole collars, hole depths and assay results..



## **SOUTH AUSTRALIA**

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

Compilation and evaluation of past exploration and the laser ablation research 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 models.

DGO has engaged local geological consultants to assist with compilation and review of historical exploration data and field reconnaissance programs have been initiated over all the project areas.

Extensive collection of 250 pyrites samples within the Tapley Hill Formation black shales has been completed. The pyrites will be tested at CODES at the University of Tasmania under an exclusive arrangement using laser ablation technology to determine the levels of gold, copper and cobalt in the pyrites. The results of this study to be completed during the current quarter may identify target areas for these metals

Recent work by Investigator Resources Limited (*IVR ASX announcement 24 July 2018*) at the Maslins gravity target on Investigator's EL 5705 which adjoins DGO's Bookaloo North (EL 6030) and Pernatty Lagoon (EL 6145) tenements, has highlighted the additional potential for deep seated iron ore-copper-gold (IOCG) mineralisation in the Gawler Craton basement beneath the Stuart Shelf sediments. The DGO tenements are located close to the interpreted axis of the deep conductive corridor delineated from the government 2015 AusLAMP Magnet-Telluric (MT) survey which is postulated to be the metallogenic source corridor of the Olympic Dam IOCG belt.

Total area under granted licences and application in South Australia is 3,215km<sup>2</sup>.

## **CORPORATE ACTIVITIES**

### **Investment in De Grey Mining Limited**

On 22 May 2018, DGO announced that it had reached an agreement to make a strategic investment via a \$5 million share subscription in neighbouring Pilbara gold exploration and company De Grey Mining Limited (ASX: DEG).

The \$5 million share subscription in De Grey Mining Limited was completed on 10 July 2018 and under the terms of the agreement DGO has -

- been issued with 25 million ordinary fully paid shares in DEG at a price of 20c per share for the total investment of \$5 million;
- received 12,500,000 unlisted options exercisable at 25 cents per share on or before 30 November 2019 and a further 12,500,000 unlisted options exercisable at 30 cents per share on or before 31 May 2021; and
- agreed to voluntary escrow of shares and options issued to DGO for a period of 12 months from the date of issue.

The investment provides DGO with a holding of 6.89% in the ordinary shares of De Grey Mining Limited and 10.0% on a fully diluted basis assuming DGO's options and all other currently issued options are exercised. This investment resulted from an extensive review of opportunities for DGO to participate in brownfields exploration and discovery of gold resources in Western Australia.

The funds subscribed by DGO will be used to accelerate De Grey Mining Limited's strategically targeted exploration of structural gold mineralisation along its 100% held, 200km plus Mallina Shear zone and Tabba Tabba Thrust and on the highly prospective Mount Roe Basalt conglomerate gold prospects.

Subsequent to DGO's investment decision, DEG has released highly encouraging results from shallow drilling at its Mt Berghaus, Mallina, Toweranna and Jarrett Well prospects (*DEG ASX announcements 28 May, 15 June, 3 July and 23 July 2018*) reinforcing the potential identified by DGO's analysis.

### **Funding Activities**

Funding for the De Grey Mining Limited investment and for DGO's exploration programs was sourced by a combination of: -

- the placement of 1,250,000 shares at an issue price of \$0.80 per share raising \$1,000,000 to a sophisticated investor on 4 April 2018;
- the exercise of options resulting in the issue of 3,288,041 new fully paid shares at an exercise price of \$0.40 raising \$1,315,216 on 8 June 2018; and

- The allotment of 6,545,587 shares and 6,545,587 options to eligible shareholders under an Entitlements Offer raising \$4,909,190 on 6 July 2018. Represented approximately 87% of the shares offered to eligible shareholders. The shortfall of 1,004,167 shares and 1,004,167 options for a total of \$753,125.25, is able to be placed to either existing or new Shareholders within three months period from 29 June 2018.

Following the completion of these funding programs which raised \$7,224,406, DGO Gold has on issue a total of 21,645,002 fully paid ordinary shares, 880,695 Options exercisable at \$0.40 on or before 30 June 2020 (not quoted) and 6,545,587 Options exercisable at \$1.00 on or before 31 December 2021 (not quoted).

On 27 July 2018 DGO announced that it has entered into Subscription Agreements for the placement of 3,333,334 shares at an issue price of \$0.75 per share and 3,333,334 free attaching options with an exercise price of \$1.00 and an expiry date of 31 December 2021 to sophisticated and professional investors raising a further \$2.5 million. The issue of share and options is subject to shareholder approval at a General Meeting of Shareholders to be held in late September 2018.



Eduard Eshuys  
Executive Chairman

## **DGO Gold's Exploration Strategy**

DGO's exploration strategy is focused on the search for major sediment-hosted gold deposits in Australia. The company holds exploration land positions in the Pilbara WA, The Eastern Goldfields, WA, and the Adelaide Geosyncline in SA covering 8,686km<sup>2</sup>.

The company's strategy, led by veteran gold geologist, Executive Chairman Eduard Eshuys is based on the extensive research of Distinguished Professor Ross Large, former Head of the Centre for Excellence in Ore Deposits (CODES) of the University of Tasmania. Professor Large is a member of DGO's specialist consultant team that includes Professor Neil Phillips, former head of Minerals at CSIRO and a specialist in Witwatersrand basin gold mineralisation, Dr Stuart Bull a sedimentary basin specialist and Barry Bourne of Terra Resources, a highly experienced mineral exploration geophysicist.

Research undertaken by CODES has identified a concentration of the world's major gold deposits during several distinct geological time frames coinciding with periods of higher than normal concentration of gold in the oceans. DGO's landholdings have been acquired in favourable locations in sedimentary basins of analogous geological age.

### **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.*



## LAND HOLDINGS

DGO's tenements cover a total of 8,686km<sup>2</sup> (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. During the reporting period one new exploration licence application (E51/1897) was lodged in the Yerrida Basin of Western Australia and two exploration licence applications, ELA 2018/78 and ELA 2018/120 were lodged in the Mt Grainger area in South Australia. Table 1 shows the full listing of tenements.

<i>Project</i>	<i>Tenements Granted</i>	<i>Tenements Applications</i>	<i>Area (km2)</i>
<b>Western Australia</b>			
<i>Eastern Goldfields</i>			
Mt Edwards	E15/1465, 1488, 1514		78
Lake Randall JV	E15/1573		50
Ora Banda	P24/4946 – 4956		22
Black Flag	P24/4986 – 4992, E24/197		31
<i>Pilbara</i>			
Mallina	E47/3327 – 3329		213
Fortescue Group	E45/5031 – 5035	E45/5030, E45/5084 E46/1203 – 1204 E46/1207 – 1208 E46/1228 – 1229 E47/3898 E47/3900 – 3901 E47/3909	3375
<i>Murchison</i>			
Yerrida Basin	E51/1590, 1729, 1730, 1748 – 1753	E51/1833 E51/1897	1702
<i>Sub-Total</i>			<b>5471</b>
<b>South Australia</b>			
<i>Adelaide Fold Belt</i>			
Mt Barker	EL5770, EL5812, EL5946		328
Dawson	EL5737, EL5876, EL5877, EL6036	E2018/78 E2018/120	1228
Yerelina	EL5813		145
Wirrabara		E2017/00053	755
<i>Stuart Shelf</i>			
Bookaloo	EL6030		490
Pernatty	EL 6145		269
<i>Sub-Total</i>			<b>3215</b>
<b>TOTAL</b>			<b>8686</b>

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

DGO Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

30 June 2018

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(632)	(1,653)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(176)	(416)
1.3	Dividends received	-	4
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Other (research and development tax offset)	-	234
<b>Net Operating Cash Flows</b>		<b>(808)</b>	<b>(1,831)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(250)	(250)
	(c) other fixed assets	(8)	(10)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (property lease bank guarantee)	(15)	(15)
<b>Net investing cash flows</b>		<b>(273)</b>	<b>(275)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,081)</b>	<b>(2,106)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>(1,081)</b>	<b>(2,106)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,630	2,845
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (exercise of option)	-	79
1.19	Other (share issue costs)	(70)	(152)
	<b>Net financing cash flows</b>	<b>2,560</b>	<b>2,772</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,479</b>	<b>666</b>
1.20	Cash at beginning of quarter/year to date	146	959
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (1)</b>	<b>1,625</b>	<b>1,625</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.2 Aggregate amount of payments to the parties included in item 1.2	129
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	646
4.2 Development	-
4.3 Production	-
4.4 Administration	85
<b>Total</b>	<b>731</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,625	146
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,625</b>	<b>146</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	EL 6145	Exploration Licence for Pernatty Lagoon Tenement in South Australia	0%	100%

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	4,538,041	4,538,041	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	<b>*Ordinary securities</b>	15,099,415	15,099,415	N/A	N/A
7.4	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	<b>*Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>(description and conversion factor)</i>	880,695	-	<i>Exercise Price</i> \$0.40	<i>Expiry date</i> 30 June 2020
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	3,288,041	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	-	-	-	-
------	---	---	---	---	---

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31/07/2018  
(Company Secretary)  
Print name: Michael J Ilett

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==