DGR GLOBAL LIMITED
AND CONTROLLED ENTITIES
ACN 052 354 837

FINANCIAL REPORT

FOR THE HALF-YEAR
ENDED 31 DECEMBER 2019

Corporate Information

DIRECTORS
William Stubbs (Chairman)
Nicholas Mather (Managing Director)
Brian Moller
Vincent Mascolo
Ben Cleary

COMPANY SECRETARY
Karl Schlobohm

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AUDITOR
BDO Audit Pty Ltd
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COUNTRY OF INCORPORATION
Australia

STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: DGR

INTERNET ADDRESS
www.dgrglobal.com

AUSTRALIAN BUSINESS NUMBER
ABN 67 052 354 837

Directors' Report

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2019.

DIRECTORS

The names of persons who held office during or since the end of the half-year:

William Stubbs	(Non-Executive Chairman)
Nicholas Mather	(Managing Director and Chief Executive Officer)
Brian Moller	(Non-Executive Director)
Vincent Mascolo	(Non-Executive Director)
Ben Cleary	(Non-Executive Director)

REVIEW OF OPERATIONS

The loss after income tax for the half year ended 31 December 2019 was $2,366,248 (31 December 2018: $603,449).

DGR Global's business is resource-project generation and discovery in a range of sovereign jurisdictions and across a range of commodities, including copper, gold, nickel, zinc, cobalt, lithium, tin, titanium, uranium, and oil & gas. DGR Global focuses on creating value through strategic tenure acquisition together with the discovery of ore bodies by the application of innovative exploration techniques and reassessment strategies for both existing pre-development projects and new unexplored terranes.

DGR Global is actively generating and developing several independently funded and managed resource companies in order to progress various projects. The Company also maintains its cornerstone investor position in subsidiaries that ultimately move to listing on a recognised stock exchange.

HSE for the group entities for which DGR Global acts as Operator maintains a rolling 12-month TRIFR of 0.00 with zero environmental incidents, highlighting the Company's continuous commitment to sustainable and safe operations.

DGR Global has continued to develop and manage its ESG (Environment, Social and Governance) obligations in all aspects of its operational and exploration activities, including integration of ESG into the process of project evaluation and the selection of external contractors to ensure continued delivery of sustainable, long term value creation.

Exploration and Development Activities

During the half-year the group was focused on advancing exploration projects within DGR Global and various subsidiary companies. Field reconnaissance programs included mapping, soil, stream and rock sampling. Reverse circulation and diamond core drilling activities were also undertaken at some of the project sites. Significant activities which occurred during the half-year included:

Armour Uganda (83.2% owned by DGR Global)

- Armour Uganda's flagship project is the 'The Kanywataba Block' which is located in a rift basin within the Albertine Graben, within close proximity to the Total and CNOOC operations in the North. Within the block there are multiple developed (untested) on-trend structural traps (3-way and 4-way dip closures) and multiple untested stratigraphic traps.
- Ongoing activities include:
    - Reprocessing of existing 2D seismic data
    - Geochemical surface soil gas sampling program
    - New 2D seismic programme
    - Basin analysis study

Auburn Resources Limited (44.8% owned by DGR Global)

- Continuing to develop and consolidate as a zinc-lead, nickel-copper-cobalt, copper-gold company exploring in QLD and NT, with highly prospective areas in the NT covered by recently granted EL applications.
- Key Iron Oxide Copper Gold (IOCG) and lead-zinc targets identified and secured in the Tanumbirini district of the Northern Territory[1].
- Potential for world class copper gold discoveries at Mt Abbott, Calgoa and Marodian Projects, and indicators of potential large sulphide nickel-cobalt-copper systems near Hawkwood[2].
- Exploration targets defined for the Ban Ban Zinc Project.
- Planning well advanced for IPO and ASX listing (subject to market conditions) during 2020.

Exploration and Development Activities (continued)

Pinnacle Gold (94.3% owned by DGR Global)

- Five (5) EPMs held over prospective gold targets situated between the former Black Jack and Mt Leyshon Mines near Charters Towers, Qld.
- Further exploration planned for 2020 to better define drill targets.

Coolgarra Minerals (100% owned by DGR Global)

- Six (6) granted EPMs for gold, nickel, cobalt and antimony in North Queensland.

Existing Listed Equity Interests

SolGold plc (10.61% owned by DGR Global) – LSE/TSX: SOLG

- Focus on high-grade world-class copper gold porphyry systems at Cascabel in Ecuador. Cascabel is close to Quito, (the Capital) and seaports, is at low elevation, and has abundant water supplies and access to hydropower.
- Ongoing mapping and sampling at the Porvenir Project have identified a significant porphyry copper gold system, with a new discovery at Porvenir Target 15[3].
- Over 201,930 metres of resource drilling now assayed ahead of the upcoming third Mineral Resource update (MRE#3)[4].
- Increase in priority projects from 12 to 13 with the discovery of a large copper gold target at Celen which outcrops over an area 2km x 1km and is located just 5km south of the Cisne Loja epithermal gold field discovery[5].
- Improved recoveries in metallurgical tests since the PEA for Alpala producing substantial improvements in copper, gold and silver recovery, with the PFS being advanced for release in 2020[6].
- Drilling commenced at the Cielito Vein Prospect within the Blanca Project, with first two holes intersecting visible gold in multiple quartz veins supporting the conceptual mineralising model for the system[7].
- BHP invested a further $US22m, making it SolGold's largest shareholder, and endorsing the view that SolGold holds a commanding Ecuadorean copper and gold exploration footprint, together with the globally recognised Tier 1 Alpala Copper Gold Porphyry Deposit[8].

Armour Energy (19.05% owned by DGR Global) – ASX: AJQ

- Holds highly prospective whole basin oil and gas positions in Northern Territory and North West Qld covering 139,000 km^2, and a track record of exploration success.
- Formal execution for a total value of up to $A95 million with Santos QNT Ltd for farm-in to Armour's South Nicholson Basin oil and gas exploration project in Northern Australia. This agreement included an upfront cash payment of $A15 million[9].
- Drilling completion of the Horseshoe 4 well with logging and formation evaluation indicating multiple hydrocarbon bearing sands. Initial test flow rates have provided encouraging results with potential stimulation zones identified for further evaluation[10].
- $4 million cash raised pursuant to a private placement to further progress the Kincora Project[11].
- Myall Creek #4A originally drilled in 2018 reconnected and producing at low volumes[12].
- Myall Creek #5A stimulation successfully completed with flowback and testing delivering encouraging results[13].

IronRidge Resources Limited (21.85% owned by DGR Global) LSE(AIM): IRR

- Primary focus on gold (in Chad and Ivory Coast) and lithium (in Ghana and Ivory Coast) now firmly established with extensive tenement packages secured in all three countries.
- Earn-In Agreement executed over the Zaranou Gold Project covering 397 km^2, complimenting and enhancing the existing Ivory Coast portfolio for a combined total of 3,584 km^2 gold focussed land package. Mapping and early stage rock chip and channel sampling field programmes have commenced with consistent and high-grade results being returned[14].
- Exceptional metallurgical results for the Ewoyaa Pegmatite Project which forms part of the Cape Coast Lithium Portfolio demonstrating the project's capacity to deliver a premium product, with bulk sample test work delivering high grade concentrate with low contaminants with ongoing Reverse Circulation (RC) drilling delivering multiple high grade drilling intersections[15].
- Binding Memorandum of Understanding (MoU) entered into with GeoDrill for up to US$4 million or 40,000 metres of drilling across the African portfolio which will allow the Company to pay up to 50% in scrip[16].
- Approximately 6,500 metres of Air Core (AC) drilling plus a further approximately 1,500 meters of Reverse Circulation drilling at the Zaranou Gold Project in the Ivory Coast project area with multiple high grade and broad gold intersection results having been received[17].

Existing Listed Equity Interests (continued)

Dark Horse Resources Limited (16.29% owned by DGR Global) ASX: DHR

- Focused on gold in Argentina, with recent announcement that it will dispose of its interests in lithium projects.
- Visible gold identified in iron sulphide/oxide breccia at the Morena Project[18].
- First phase drilling at Las Openas Gold Project targeting high grade gold silver and base epithermal veins discovered during surface mapping and sampling has been completed with high grade mineralised zones to moderate depths being confirmed. Recent rock chip samples and channel samples cut have further confirmed high-grade zones[19].
- Work continues at Las Openas to define further gold targets for the next phase of drilling and to define the extent of further channel sampling[20].
- Mapping at the Presagio Target identified 5 new zones of mineralization visible at surface with likely extension to depth, with visible gold and silver sulfosalts identified in rock chips, followed by the release of highly encouraging assay results with a follow up diamond sawn trenching programme with assay results from that programme completing the geological work needed to complete the final drill design[21].
- Mapping and geophysical programmes have been completed over some of the mineralised Cachi gold targets providing drill targets, with surface sampling assay results showing excellent results and continuity of gold mineralisation within the project area[22].
- Recently completed a large trenching programme at Cachi during which important extensions of known mineralised vein systems were discovered[23].

Aus Tin Mining Limited (13.89% owned by DGR Global) ASX: ANW

- High grade rock chip exploration results from the most recent exploration programme in the Emmaville/Torrington exploration licences[24].
- Granville Tin Project (TAS) placed on care and maintenance following a strategic review conducted to investigate potential improvements to mining and processing, and to determine the best way for the Company to extract value from the asset with exploration to extend the current mineral inventory to be accelerated[25].
- Interim work programme being finalised for Taronga to facilitate an upgrade to the established resource before advancing to Stage 1 trial mining after the severe drought conditions ease[26].
- Private placement for $AU250,000 undertaken[27].
- Non-binding indicative terms agreed for proposed Granville funding package including a loan facility of up to $AU1.5mil which will facilitate the planned resumption of operations in the March quarter of 2020. Under the proposal, the Granville project would be spun out and separately listed, with AusTin shareholders to directly hold shares in the newly listed company[28].

The current aggregate market value of DGR's listed assets may be represented as follows:

Investment	**Market Value#**	
	31 December 2019 A$	**12 March 2020 $A**
SolGold plc	76.556.926	52,967,603
Dark Horse Resources Ltd	1,350,005	771,431
IronRidge Resources Ltd	13,075,620	17,716,568
Aus Tin Mining Ltd	366,199	360,834
Armour Energy Ltd	6,299,983	4,274,989
Total market value of DGR Global's listed assets	**97,648,733**	**76,091,425**
Total DGR Global shares on issue	613,181,877	613,181,877
Value attributable to each DGR share	**$0.16**	**$0.12**

Market value represents the market quoted price for listed investments at 31 December 2019 and 12 March 2020. No value has been attributable to the options or prospects in development.

EVENTS AFTER REPORTING PERIOD

On 31 October 2019, the Company received a letter from the Australian Securities and Investments Commission ("ASIC") as part of its financial reporting surveillance program querying the Company's accounting for its investments in SolGold plc ("SolGold") and Aus Tin Mining Limited ("Aus Tin"). The Company has responded to the queries raised by ASIC confirming that it believes that the accounting basis adopted for its investments in SolGold and Aus Tin is appropriate. On 2 March 2020, the Company received a letter from ASIC as a final response to the Company's letter stating that they continue to disagree with the Company and that the Company should change its accounting treatment for its investments in SolGold and Aus Tin. The Company continues to believe that this matter is one that requires significant professional judgement. The Company does not agree with the interpretation (or view) formed by ASIC and intends to seek further professional advice on this before considering changes to its current accounting.

The novel coronavirus outbreak has resulted in significant turmoil in global stock markets. This has had a material impact on DGR Global's listed investment values since 31 December 2019. Refer note 16.

The Directors are not aware of any events since 31 December 2019 that impact upon the financial report as at 31 December 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, under section 307C of the Corporations Act 2001, is set out on page 7 for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors.

Nicholas Mather
Managing Director

Brisbane
Date: 13 March 2020

Competent Person's Statement
The information herein that relates to Exploration Results is based on information compiled by Nicholas Mather B.Sc. (Hons) Geol., who is a Member of The Australian Institute of Mining and Metallurgy. Mr Mather is employed by Samuel Capital Pty Ltd which provides certain consultancy services including the provision of Mr Mather as the Managing Director of DGR Global Limited (and a Director of DGR Global Limited's subsidiaries).

Mr Mather has more than five years' experience which is relevant to the style of mineralisation and type of deposit being reported 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, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

Footnotes:

[1]DGR ASX Release 20/5/19
[2]DGR ASX Releases 3/7/17, 5/7/17, 8/11/18
[3]SOLG LSE & TSX Releases 2/1/19, 7/5/19
[4]SOLG LSE & TSX Release 19/7/19
[5]SOLG LSE & TSX Release 23/10/19
[6]SOLG LSE & TSX Releases 20/5/19, 28/6/19, 28/10/19
[7]SOLG LSE & TSX Releases 5/8/19, 15/11/19
[8]SOLG LSE &TSX Releases 25/11/19, 2/12/19
[9]AJQ ASX Releases 15/10/19, 4/12/19
[10]AJQ Releases 22/10/19, 31/10/19, 4/11/19, 12/11/19, 25/11/19, 11/12/19, 17/01/20
[11]AJQ ASX Releases 30/9/19, 3/10/19
[12]AJQ ASX Releases 11/12/19
[13]AJQ ASX Releases 11/12/19, 24/12/19, 6/1/20
[14]IRR LSE:AIM Releases 06/6/19, 20/6/19, 25/6/19, 23/7/19
[15]IRR LSE:AIM Releases 21/5/19, 20/8/19, 26/9/19, 25/11/19, 12/12/19, 21/1/20
[16]IRR LSE:AIM Release 8/8/19
[17]IRR LSE:AIM Releases 9/12/19, 15/01/20
[18]DHR ASX Release 16/1/19
[19]DHR ASX Releases 2/4/19, 1/5/19, 27/5/19, 26/7/19, 20/8/19, 20/9/19, 18/10/19
[20]DHR ASX Release 18/10/19
[21]DHR ASX Releases 20/8/19, 26/9/19, 10/10/19, 15/11/19, 20/11/19
[22]DHR ASX Releases 27/5/19, 30/7/19, 22/11/19
[23]DHR ASX Release 22/11/19
[24]ANW ASX Release 11/9/19
[25]ANW ASX Releases 20/9/19, 11/10/19
[26]ANW ASX Release 20/9/19
[27]ANW ASX Release 30/10/19
[28]ANW ASX Release 13/12/19

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF DGR GLOBAL LIMITED

As lead auditor for the review of DGR Global Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DGR Global Limited and the entities it controlled during the period.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 13 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2019

	Note	Consolidated 6 Months to 31 December 2019 $	6 Months to 31 December 2018 $
Revenue and other income			
Revenue	2	798,000	798,000
Interest and other income	2	364,589	809,880
Total revenue and other income		**1,162,589**	**1,607,880**
Exploration costs written off		(223,034)	(18,500)
Finance costs		(721,957)	(539,547)
Employee benefits expenses		(1,163,605)	(1,080,977)
Depreciation expenses		(224,801)	(13,800)
Legal expenses		(15,732)	(16,357)
Administration and consulting expenses		(885,083)	(956,357)
Share of losses of associates	6	(1,829,073)	(1,709,989)
Share based payments employment expense		-	(46,186)
(Impairment)/reversal of investment in associates		309,443	1,663,500
Movement in fair value of Convertible note liability		130,644	(290,649)
Movement in fair value of Convertible note asset		-	(224,313)
Loss before income tax		**(3,640,609)**	**(1,625,295)**
Income tax (expense)/benefit	3	1,094,361	1,021,846
Loss for the period		**(2,366,248)**	**(603,449)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value gains (losses) on financial assets at fair value through other comprehensive income		(45,225,599)	46,475,214
Share of associates other comprehensive income		(198,207)	(45,021)
Tax effect of net fair value gains (losses) on financial assets at fair value through other comprehensive income	3	13,278,868	(13,929,297)
Other comprehensive income for the period, net of tax		**(32,144,938)**	**32,500,896**
Total comprehensive income for the period		**(34,511,186)**	**31,897,447**
Profit / (loss) for the period attributable to:			
Members of the parent company		(2,341,913)	(598,042)
Non-controlling interests		(24,335)	(5,407)
		(2,366,248)	**(603,449)**
Total comprehensive income for the period attributable to:			
Members of the parent company		(34,486,851)	31,902,854
Non-controlling interests		(24,335)	(5,407)
		(34,511,186)	**31,897,447**

		2019 Cents	2018 Cents
Earnings per share			
Basic earnings per share	4	(0.4)	(0.1)
Diluted earnings per share	4	(0.4)	(0.1)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position as at 31 December 2019

	Note	Consolidated 31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,611,419	1,671,891
Trade and other receivables		1,221,062	1,110,705
Other current assets		97,543	6,223
Total Current Assets		**2,930,024**	**2,788,819**
NON-CURRENT ASSETS			
Other financial assets	5	84,469,199	133,671,640
Investments accounted for using the equity method	6	15,435,989	16,277,817
Property, plant and equipment		2,369,327	417,534
Exploration and evaluation assets		9,918,293	9,292,821
Total Non-Current Assets		**112,192,808**	**159,659,812**
TOTAL ASSETS		**115,122,832**	**162,448,631**
CURRENT LIABILITIES			
Trade and other payables		1,431,774	1,757,845
Lease liability		326,678	-
Other financial liabilities	7	9,723,501	-
Total Current Liabilities		**11,481,953**	**1,757,845**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	16,105,850	30,479,079
Lease liability		1,701,740	-
Other financial liabilities	7	-	9,854,145
Provisions		1,076,285	1,109,372
Total Non-Current Liabilities		**18,883,875**	**41,442,596**
TOTAL LIABILITIES		**30,365,828**	**43,200,441**
NET ASSETS		**84,757,004**	**119,248,190**
EQUITY			
Issued capital	8	33,545,921	33,545,921
Reserves		71,539,530	103,792,308
Accumulated losses		(22,074,660)	(19,732,747)
Equity attributable to members of the parent entity		83,010,791	117,605,482
Non-controlling interests		1,746,213	1,642,708
TOTAL EQUITY		**84,757,004**	**119,248,190**

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows for the half-year ended 31 December 2019

	Note	Consolidated 6 months to 31 December 2019 $	6 months to 31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		495,805	706,101
Payments to suppliers and employees		(2,485,720)	(1,809,673)
Interest received		547,452	805,779
Interest and other costs of finance paid		(718,668)	(237,081)
Realised foreign exchange gains/(losses)		-	(751)
Net cash outflow from operating activities	**11**	**(2,161,131)**	**(535,625)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit (payment)/refunds		1,216,174	(10,500)
Payments for property, plant and equipment		(2,344)	(4,792)
Payments for investments in associates	6	(876,009)	(2,100,000)
Proceeds from the sale of corporate bonds		4,224,050	
Payments for exploration and evaluation assets		(2,284,354)	(1,077,326)
Net loans to related parties		(51,026)	-
Net cash (outflow)/inflow from investing activities		**2,226,491**	**(3,192,618)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares in subsidiaries to non-controlling interests		20,000	584,817
Repayments of lease liability		(145,832)	-
Proceeds from borrowings		-	2,000,000
Costs of borrowings		-	(60,000)
Net cash (outflow)/inflow from financing activities		**(125,832)**	**2,524,817**
Net decrease in cash and cash equivalents		**(60,472)**	**(1,203,426)**
Cash and cash equivalents at 1 July		1,671,891	2,841,511
Cash and cash equivalents at 31 December		**1,611,419**	**1,638,085**

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2019

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Financial Assets Reserve $	Change in Proportionate Interest Reserve $	Profit Reserve $	Total $	Non-controlling Interests $	Total Equity $
At 1 July 2018	**33,545,921**	**(15,292,089)**	**7,840,582**	**50,027,970**	**17,927,599**	**8,854,067**	**102,904,050**	**490,616**	**103,394,666**
Net profit (loss) for the period	-	(598,039)	-	-	-	-	(598,039)	(5,407)	(603,446)
Other comprehensive income	-	-	-	32,500,896	-	-	32,500,896	-	32,500,896
Total comprehensive income for the period	-	(598,039)	-	32,500,896	-	-	31,902,857	(5,407)	31,897,450
Transactions with owners in their capacity as owners									
Issue of shares to non-controlling interests	-	-	-	-	266,473	-	266,473	780,609	1,047,082
Share based payments	-	-	46,186	-	-	-	46,186	-	46,186
At 31 December 2018	**33,545,921**	**(15,890,128)**	**7,886,768**	**82,528,866**	**18,194,072**	**8,854,067**	**135,119,566**	**1,265,818**	**136,385,384**
Net profit (loss) for the period	-	(3,842,619)	-	-	-	-	(3,842,619)	13,190	(3,829,429)
Other comprehensive income	-	-	-	(13,740,129)	-	-	(13,740,129)	-	(13,740,129)
Total comprehensive income for the period	-	(3,842,619)	-	(13,740,129)	-	-	(17,582,748)	13,190	(17,569,558)
Transactions with owners in their capacity as owners									
Issue of shares to non-controlling interests	-	-	-	-	68,664	-	68,664	363,700	432,364
Share based payments	-	-	-	-	-	-	-	-	-
At 30 June 2019	**33,545,921**	**(19,732,747)**	**7,886,768**	**68,788,737**	**18,262,736**	**8,854,067**	**117,605,482**	**1,642,708**	**119,248,190**
Net profit (loss) for the period	-	(2,341,913)	-	-	-	-	(2,341,913)	(24,335)	(2,366,248)
Other comprehensive income	-	-	-	(32,144,938)	-	-	(32,144,938)	-	(32,144,938)
Total comprehensive income for the period	-	(2,341,913)	-	(32,144,938)	-	-	(34,486,851)	(24,335)	(34,511,186)
Transactions with owners in their capacity as owners									
Issue of shares to non-controlling interests	-	-	-	-	(107,840)	-	(107,840)	127,840	20,000
At 31 December 2019	**33,545,921**	**(22,074,660)**	**7,886,768**	**36,643,799**	**18,154,896**	**8,854,067**	**83,010,791**	**1,746,213**	**84,757,004**

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 1. Summary of Significant Accounting Policies

Corporate information

The financial report of DGR Global Limited and its controlled entities (the "Group") for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 13 March 2020. DGR Global Limited is a public company limited by shares that is incorporated and domiciled in Australia.

Basis of preparation of half-year financial statements

This general purpose financial report for the half-year ended 31 December 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcement made by DGR Global Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going concern

The half-year report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the period ended 31 December 2019 the Group generated a consolidated loss of $2,366,248 and incurred operating cash outflows of $2,161,131. As at 31 December 2019 the Group had cash and cash equivalents of $1,611,419, net current liabilities of $8,551,929 and net assets of $84,757,004.

Due to DGR's ability to sell down investments in listed entities and corporate bonds held, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current half-year.

Significant accounting policies

The group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019, and will be adopted in the 2020 annual financial statements.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 1. Summary of Significant Accounting Policies (continued)

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

Upon adoption on 1 July 2019, a ‘right-of-use’ asset of $2,174,250 was capitalised in the statement of financial position and recognised in Property, Plant and Equipment with a corresponding lease liability recognised of $2,174,250. The ‘right-of-use’ asset relates to lease contract on office premises.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 1. Summary of Significant Accounting Policies (continued)

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgments – exploration & evaluation assets
The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to reporting date.

The Directors have assessed that for the exploration and evaluation assets recognised at 31 December 2019, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this the Directors have had regard to the facts and circumstances that indicate a need for an impairment as noted in Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources".

Exploration and evaluation assets at 31 December 2019 were $9,918,293 (30 June 2019: $9,292,821).

Key judgements – Significant influence over Associates
Where the Group currently holds between 20% and 50% of the issued ordinary shares of certain companies and management considered whether the Group had control over these companies and accordingly whether these companies should be consolidated into the Group. Several factors including but not limited to the relative proportion of other large shareholders, composition of the Board and the ability to direct decisions arrived at during Board meetings were considered. Based on the factors considered, it was concluded that the Group does not control these companies but rather has the ability to exert significant influence. Accordingly, the Group's investments in these companies have been accounted for under the equity accounting method.

During the current period ended 31 December 2019, the Group's investment in Armour Energy Limited fell below 20%. As a result, management evaluated whether significant influence existed. The Group is the largest shareholder in Armour Energy Limited by a significant percentage. This results in the Group's voting power being much larger than any other shareholder of Armour Energy Limited, giving it the ability to exert significantly influence.

Where the Group holds less than 20% of the issued ordinary shares of certain companies it was presumed pursuant to AASB 128, Investments in Associates and Joint Ventures, that the Group cannot exercise significant influence unless such influence can be clearly demonstrated. In determining whether the Group had significant influence, factors such as representation on the board of directors, participation in policy making decision, material transactions between the Group and the companies, interchange of managerial personnel or provision of essential technical information is considered. Other factors considered to determine whether the Group had significant influence included, the Group's voting power in comparison to other shareholders, specific rights, corporate governance arrangements and the power to veto significant financial and operating decisions.

With respect to the Group's investment in SolGold plc, Aus Tin Mining Limited and Dark Horse Resources Limited management concluded based on its professional judgment that there was no clearly demonstrable evidence that indicated that the Group had significant influence.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 1. Summary of Significant Accounting Policies (continued)

Critical Accounting Estimates and Judgments (continued)

Key judgements – Convertible note payable
The Group's convertible notes have been treated as a financial liability, in accordance with the principles set out in AASB 132. The key criterion for liability classification is whether there is an unconditional right to avoid delivery of cash for another financial asset to settle the contractual obligation. The terms and conditions applicable to the convertible notes require the Group to settle the obligation in either cash, or in the Company's own shares.

The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable in October 2020. The conversion rate is based on a variable formula subject to adjustments for share price movement. Management determined that these terms give rise to a derivative financial liability. The initial consideration received for the note was deemed to be fair value of the liability at the issue date. The liability will subsequently be recognised on a fair value basis at each reporting period. The fair value at each reporting date has been determined using a binomial tree model. The key assumptions used and sensitivity of those assumptions in the binomial tree model has been disclosed in Note 12.

Key judgments – Corporate Bonds
The Armour Energy corporate bonds are debt instruments measured at amortised cost for financial reporting purposes. The Group's intention is to hold these corporate bonds to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely the principal and interest. On initial recognition these are carried at fair value and there after they have been carried at amortised cost in accordance with AASB 9.

Key judgments – share based payment transactions
The Group 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. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 2. Revenue and Other Income

	6 Months to 31 December 2019 $	6 Months to 31 December 2018 $
Profit (loss) before income tax has been determined after:		
Revenue from contracts with customers		
Management fees (related parties)	798,000	798,000
Total revenue from contracts with customers	**798,000**	**798,000**

Disaggregation of revenue is not presented as all revenue for the current and prior years was derived from the provision of management fees

Interest and other income	6 Months to 31 December 2019 $	6 Months to 31 December 2018 $
Interest	339,639	805,779
Other income	24,950	4,101
Total other income	**364,589**	**809,880**

Note 3. Income Tax

	6 Months to 31 December 2019 $	6 Months to 31 December 2018 $
(a) Components of tax expense/(benefit) in profit or loss comprise:		
Current tax	-	(7,387)
Deferred tax	(1,094,361)	(1,014,460)
	(1,094,361)	**(1,021,846)**
Components of tax expense/(benefit) in other comprehensive income comprise:		
Deferred tax	(13,278,868)	(13,929,297)
	(13,278,868)	**(13,929,297)**
(b) The prima facie tax on loss before income tax is reconciled to the income tax expense/(benefit) as follows:		
Prima facie tax on loss before income tax at 30% (2018: 30%)	(1,092,183)	(487,589)
Add tax effect of:		
Permanent differences	4,134	21,481
Other	-	2,731
Derecognise tax losses	6,684	2,455
Income tax benefit	(1,081,365)	(460,922)
Less tax effect of:		
Recognition of prior year losses	-	(197,873)
Other	(12,996)	(363,051)
Income tax benefit	**(1,094,361)**	**(1,021,846)**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 3. Income Tax (continued)

(c) Recognised deferred tax assets and liabilities

31 December 2019	Opening balance $	Net charged to income $	Net charged to other comprehensive income $	Net charged to other equity $	Closing balance $
Deferred tax asset					
Carried forward tax losses	3,747,644	664,019			4,411,663
Accruals/provisions	219,535	(15,321)			204,214
Capital raising costs expensed	67,027	(18,191)			48,836
Lease liabilities	-	(43,750)	-	652,275	608,525
Other temporary differences	-	11,063	-	-	11,063
	4,034,206	**597,820**	**-**	**652,275**	**5,284,301**
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(29,875,729)	-	13,278,909	-	(16,596,820)
Convertible note	(108,693)	(39,193)	-	-	(147,886)
Investment in associates	(2,571,460)	515,392	(41)	-	(2,056,109)
Exploration and evaluation assets	(1,889,802)	(43,816)	-	-	(1,933,618)
Right of use assets	-	64,158	-	(652,275)	(588,117)
Property Plant and Equipment	(67,601)	-	-	-	(67,601)
	(34,513,285)	**496,541**	**13,278,868**	**(652,275)**	**(21,390,151)**
Net deferred tax recognised	**30,479,079**	**1,094,361**	**13,278,868**	**-**	**(16,105,850)**
Deferred tax assets not recognised					
Unused tax losses	1,819,592	22,279	-	-	1,841,871
Unused capital losses	67,848	-	-	-	67,848
Temporary differences	-	-	-	-	-
Tax benefit at 30%	**566,232**	**6,684**	**-**	**-**	**572,916**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 3. Income Tax (continued)

(c) Recognised deferred tax assets and liabilities (continued)

30 June 2019	Opening balance $	Net charged to income $	Net charged to other comprehensive income $	Net charged to other equity $	Closing balance $
Deferred tax asset					
Carried forward tax losses	2,357,452	1,390,192	-	-	3,747,644
Accruals/provisions	241,430	(21,895)	-	-	219,535
Capital raising costs expensed	106,627	(39,600)	-	-	67,027
	2,705,509	**1,328,697**	**-**	**-**	**4,034,206**
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(21,732,550)	-	(8,143,179)	-	(29,875,729)
Convertible note	-	(108,693)	-	-	(108,693)
Investment in associates	(4,322,261)	1,648,292	102,509	-	(2,571,460)
Exploration and evaluation assets	(870,656)	(1,019,146)	-	-	(1,889,802)
Property plant and equipment	(67,601)	-	-	-	(67,601)
	(26,993,068)	**520,453**	**(8,040,670)**	**-**	**(34,513,285)**
Net deferred tax recognised	**(24,287,559)**	**1,849,150**	**(8,040,670)**	**-**	**(30,479,079)**
Deferred tax assets not recognised					
Unused tax losses	1,790,677	28,915	-	-	1,819,592
Unused capital losses	67,848	-	-	-	67,848
Temporary differences	-	-	-	-	-
Tax benefit at 30%	**557,558**	**8,675**	**-**	**-**	**566,232**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 3. Income Tax (continued)

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 31 December 2019 under COT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the Company in realising the losses.

Note 4. Earnings Per Share

Calculation of basic and diluted earnings per share is in accordance with AASB 133 *Earnings per Share*.

	6 Months to 31 December 2019 $	6 Months to 31 December 2018 $
Earnings in cents per ordinary share:		
Basic earnings (loss) per share – cents	(0.4)	(0.1)
Diluted earnings (loss) per share – cents	(0.4)	(0.1)
Net profit (loss) used in calculating basic and diluted earnings per share	(2,341,913)	(598,042)
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of		
Basic earnings per share	613,181,877	613,181,877
Diluted earnings per share	613,181,877	613,181,877

The 42,075,000 options and 50,000,000 convertible notes on issue at 31 December 2019 are out of the money are considered non-dilutive. These out of the money options and convertible notes may become dilutive in the future.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 5. Other Financial Assets

	31 December 2019 $	30 June 2019 $
Financial assets at fair value through other comprehensive income (refer (a) below)	78,273,897	123,273,136
Corporate bonds (refer (b) below)	4,550,000	8,750,000
Cash on deposit held as security (refer (c) below)	314,000	314,000
Security bonds (refer (d) below)	1,331,302	1,334,504
	84,469,199	**133,671,640**

(a) Financial assets at fair value through other comprehensive income		
Balance at beginning of reporting period	123,273,136	96,115,003
Additions	226,360	15,000
Fair Value adjustment through other comprehensive income	(45,225,599)	27,143,133
Balance at end of reporting period	**78,273,897**	**123,273,136**

Financial assets at fair value through other comprehensive income comprise an investment in the ordinary issued capital of SolGold plc, listed on the London Stock Exchange ("LSE") and Toronto Stock Exchange ("TSX"), an investment in the ordinary issued capital of Block X Capital Inc, listed on the TSX, an investment in the ordinary issued capital of Aus Tin Mining Ltd a company listed on the Australian Securities Exchange, an investment in the ordinary issued capital of Lakes Oil NL a company listed on the Australian Securities Exchange, and an investment in the ordinary issued capital of Dark Horse Resources Ltd a company listed on the Australian Securities Exchange.

On 31 October 2019, the Company received a letter from the Australian Securities and Investments Commission ("ASIC") as part of its financial reporting surveillance program querying the Company's accounting for its investments in SolGold plc ("SolGold") and Aus Tin Mining Limited ("Aus Tin"). The Company has responded to the queries raised by ASIC confirming that it believes that the accounting basis adopted for its investments in SolGold and Aus Tin is appropriate. On 2 March 2020, the Company received a letter from ASIC as a final response to the Company's letter stating that they continue to disagree with the Company and that the Company should change its accounting treatment for its investments in SolGold and Aus Tin. The Company continues to believe that this matter is one that requires significant professional judgement. The Company does not agree with the interpretation (or view) formed by ASIC and intends to seek further professional advice on this before considering changes to its current accounting.

Classification of assets at fair value through other comprehensive income
For equity securities that are not held for trading, the Company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. These securities are presented separately in the statement of financial position.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 5. Other Financial Assets (continued)

(b) Corporate bonds at amortised cost	31 December2019 $	30 June 2019 $
Opening balance at beginning of reporting period	8,750,000	-
Additions	-	10,000,000
Sale / Disposals	(4,200,000)	(1,250,000)
Closing balance at end of reporting period	**4,550,000**	**8,750,000**

On 29 March 2019, post the redemption of the Armour Energy convertible notes, the Company applied for a $10,000,000 investment in the new secured and amortising notes (New Notes) in Armour Energy Limited. The offer was managed by FIIG Securities Limited and the key terms of the New Notes are as follows:

- Issue Price: $1,000
- Interest Rate: 8.75%
- Interest Payments: Interest paid quarterly in arrears
- Term: 5 years
- Security: The New Notes will be secured over all of the assets of the Armour Energy Limited

(c) Cash on deposit held as security

Cash on deposit held as security is held in a term deposit account restricted under a bond with the Department of Natural Resources and Mining as security for rehabilitation works required.

(d) Security bonds

Security bonds are held with the Department of Natural Resources and Mining as security for rehabilitation works required.

Note 6. Investments Accounted for Using the Equity Method

Name	Country of incorporation and principle place of business	Principal Activity	Shares	Ownership Interest		Carrying Amount	
				31 December 2019 %	30 June 2019 %	31 December 2019 $	30 June 2019 $
Armour Energy Ltd	Australia	Oil & Gas Exploration	ORD	19%*	22%	6,299,984	7,497,281
IronRidge Resources Ltd	Australia	Mineral Exploration	ORD	22%	22%	9,136,005	8,780,536
						15,435,989	**16,277,817**

*Refer 'Key judgements – Significant influence over Associates' included within note 1.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 6. Investments Accounted for Using the Equity Method (continued)

(a) Movements during the period in equity accounted investments	31 December 2019 $	30 June 2019 $
Balance at beginning of reporting period	16,277,817	17,991,832
Additional investment	876,009	2,100,000
Disposal of investment	-	-
Share of associates losses after income tax	(1,829,073)	(4,127,440)
Share of associates other comprehensive income	(198,207)	(341,695)
Reversal of impairment of associate	309,443	655,120
Balance at end of reporting period	**15,435,989**	**16,277,817**

Reversal of impairment relates to the investment in Armour Energy Ltd. At 30 June 2019 the share price of Armour Energy Ltd was $0.067. At 31 December 2019 the share price of Armour Energy Ltd was $0.056. The investments in Armour Energy Ltd have been written up to the lower of fair value, less costs to sell or the equity accounted value, while the investment in IronRidge Ltd has been written down following the recognition of the Group's share of losses for the period.

(b) Fair value of investments in associates with published price quotations	31 December 2019 $	30 June 2019 $
Fair value of investment in Armour Energy Ltd	6,299,985	7,497,281
Fair value of investment in IronRidge Resources Ltd	13,075,620	19,336,537
	19,375,605	**26,833,818**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 6. Investments Accounted for Using the Equity Method (continued)

(c) Summarised financial information of associates

The results of the Group's associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership interest %	Current assets $	Non-current assets $	Current liabilities $	Non-current liabilities $	Revenues $	Profit/loss $	Other comprehensive income $
31 December 2019								
Armour Energy Ltd	19%	18,203,303	98,448,414	11,051,445	(64,883,912)	10,993,708	(7,047,038)	(1,041,256)
IronRidge Resources Ltd	22%	4,568,791	30,855,285	1,652,317	-	45	(2,227,453)	616
		22,772,094	**129,303,699**	**12,703,762**	**(64,883,912)**	**10,993,753**	**(9,274,491)**	**(1,040,640)**
30 June 2019								
Armour Energy Ltd	22%	14,376,248	102,175,981	6,690,858	65,102,608	27,819,335	(11,683,748)	(1,488,893)
IronRidge Resources Ltd	22%	6,923,588	25,546,351	1,395,416	-	45,945	(7,137,728)	(66,529)
		21,299,836	**127,722,332**	**8,086,274**	**65,102,608**	**27,865,280**	**(18,821,476)**	**(1,555,422)**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 6. Investments Accounted for Using the Equity Method (continued)

(d) Reconciliation of the carrying amount of the Group's investment in associates

	Armour Energy Ltd		IronRidge Resources Ltd	
	31 December 2019 $	30 June 2019 $	31 December 2019 $	30 June 2019 $
Opening carrying amount	7,497,281	7,635,576	8,780,536	10,356,256
Share of profits (loss) after tax	-	(2,566,374)	(486,732)	(1,561,065)
Share of other comprehensive income	-	(327,041)	135	(14,655)
Additional investment	33,944	2,100,000	842,065	-
(Impairment)/reversal	(1,231,240)	655,120	-	-
Closing carrying amount	**6,299,985**	**7,497,281**	**9,136,004**	**8,780,536**

(e) Reconciliation of the share of net assets to the carrying amount of the Group's investment in associates

	Armour Energy Ltd		IronRidge Resources Ltd	
	31 December 2019 $	30 June 2019 $	31 December 2019 $	30 June 2019 $
Share of net assets	2,280,116	9,831,416	7,438,372	6,844,295
Goodwill	15,540,911	15,796,335	1,697,632	1,936,241
Net impairment	(17,821,027)	(18,130,470)	-	-
Closing carrying amount	**6,299,985**	**7,497,281**	**9,136,004**	**8,780,536**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 7. Other financial liabilities

	31 December 2019 $	30 June 2019 $
Convertible notes at fair value through profit or loss	9,723,501	9,854,145
	9,723,501	**9,854,145**

Movements in carrying value	31 December 2019 $	30 June 2019 $
Opening balance	9,854,145	7,799,904
Face value of convertible notes issued	-	2,000,000
Movement in fair value	(130,644)	54,241
Closing balance	**9,723,501**	**9,854,145**

The principal terms of the convertible notes are as follows:

Number of notes issued:	50,000,000
Issue price:	Face value of $0.20 per convertible note
Interest rate:	12% per annum
Interest payments:	Interest paid quarterly in arrears. Interest is payable as cash.
Maturity date:	26 September 2020
Conversion terms:	Convertible at any time at the Convertible Note holder's election into one ordinary share in DGR based on a price of $0.20 per share, subject to usual adjustment mechanisms in certain circumstances. As a result of the adjustment mechanism the fixed-for-fixed test is not met therefore the convertible notes are carried at fair value through profit or loss.
Security:	Secured by DGR's shareholding in IronRidge Resources.

Note 8. Issued Capital

	31 December 2019 $	30 June 2019 $
613,181,877 (30 June 2019: 613,181,877) fully paid ordinary shares	35,004,941	35,004,941
Share issue costs	(1,459,020)	(1,459,020)
	33,545,921	**33,545,921**

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

There is no par value or authorised capital.

(a) Ordinary Shares	31 December 2019 Number	30 June 2019 Number	31 December 2019 $	30 June 2019 $
Opening balance	613,181,877	613,181,877	35,004,941	35,004,941
Closing balance	**613,181,877**	**613,181,877**	**35,004,941**	**35,004,941**

(b) Options

As at 31 December 2019, there were 42,075,000 unissued ordinary shares of DGR Global Ltd under option, held as follows:

Options on Issue in DGR Global Ltd	Number	Exercise Price	Expiry
Unlisted employee options	19,375,000	$0.20	8/11/20
Unlisted Director options	17,500,000	$0.20	28/11/20
Unlisted employee options	3,000,000	$0.20	12/02/21
Unlisted employee options	1,000,000	$0.20	12/02/21
Unlisted employee options	1,200,000	$0.20	12/02/21

During the half year there were no options exercised.

9. Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent assets and liabilities at 31 December 2019.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 10. Segment Reporting

The Group reports information to the Board of Directors along company lines. That is, the financial position of DGR Global Limited and each of its subsidiary companies is reported discreetly, together with an aggregated group total. Accordingly, each company within the Group that meets or exceeds the relevant threshold tests is separately disclosed below. The financial information of the subsidiaries that do not exceed the thresholds and are therefore not reported separately, are aggregated as Others.

31 December 2019	DGR Global $	Auburn Resources $	Others $	Total $
(i) Segment performance				
Revenue				
External revenue	798,000	-	-	798,000
Inter-segment revenue	-	-	-	-
Total segment revenue	**798,000**	**-**	**-**	**798,000**
Segment net loss before tax	(1,848,052)	(23,335)	(69,592)	(1,940,979)
Reconciliation of segment result to group net loss before tax				
Share of losses of associates				(1,829,073)
Reversal of impairment of investment in associate				309,443
Net loss before tax				**(3,640,609)**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 10. Segment Reporting (continued)

31 December 2018	DGR Global $	Auburn Resources $	Others $	Total $
(i) Segment performance				
Revenue				
External revenue	798,000	-	-	798,000
Inter-segment revenue	-	-	-	-
Total segment revenue	**798,000**	**-**	**-**	**798,000**
Segment net profit (loss) before tax	(1,544,219)	(10,437)	(24,150)	(1,578,806)
Reconciliation of segment result to group net profit / loss before tax				
Share of losses of associates				(1,709,989)
Reversal of impairment of investment in associate				1,663,500
Net profit before tax				**(1,625,295)**

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 10. Segment Reporting (continued)

(ii) Segment assets

31 December 2019	DGR Global $	Auburn Resources $	Others $	Total $
Segment assets	117,298,212	3,230,831	1,204,315	121,733,358
Reconciliation of segment assets to group assets				
Inter-segment receivables and investments eliminations				(6,610,526)
Total group assets				115,122,832

30 June 2019	DGR Global $	Auburn Resources $	Others $	Total $
Segment assets	164,435,386	3,221,164	1,199,681	168,856,231
Reconciliation of segment assets to group assets				
Inter-segment receivables and investments eliminations				(6,407,600)
Total group assets				162,448,631

All segment asset additions occur in Australia.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 11. Cash flow information

	31 December 2019 $	31 December 2018 $
Profit/(loss) after tax	(2,366,248)	(603,449)
Depreciation	224,801	13,800
Exploration and evaluation assets written off	223,034	18,500
Share based payments expense	-	46,189
Share of associates losses	1,829,073	1,709,989
Reversal of impairment of investment in associate	(309,443)	(1,663,500)
Management fees converted to shares	(75,000)	-
Movement in fair value of convertible note liability	-	290,649
Movement in fair value of convertible note receivable	(130,644)	224,313
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
-(Increase)/decrease in trade and other receivables	(223,734)	9,475
-(Increase)/decrease in other assets	(115,370)	39,710
-Increase/(decrease) in deferred tax liabilities	(1,094,361)	(1,010,463)
-Increase/(decrease) in trade and other payables	(123,239)	389,162
	(2,161,131)	**(535,625)**

Non-cash investing and financing activities		
Conversion of loans with related parties for shares in subsidiaries	-	140,000
Conversion of debtors for shares in subsidiaries	-	322,265

Note 12. Fair Value

Fair value hierarchy
The following table details the consolidated entity's assets and liabilities, measured or disclosed 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

(a) The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2019 and 30 June 2019:

	Level 1 $	Level 2 $	Level 3 $	Total $
31 December 2019				
Financial assets at fair value through OCI	78,273,897	-	-	78,273,897
Convertible note payable	-	-	9,723,501	9,723,501
30 June 2019				
Financial assets at fair value through OCI	123,273,136	-	-	123,273,136
Convertible note payable	-	-	9,854,145	9,854,145

The financial assets at fair value through other comprehensive income are measured based on the quoted market prices at 31 December 2019 and 30 June 2019. Convertible note payables are determined using discounted cash flow analysis. There are no transfers between the fair value hierarchy levels during the period ended 31 December 2019.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 12. Fair Value (continued)

(b) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at reporting date $	Unobservable Inputs*	Range of inputs	Relationship of unobservable inputs to fair value
31 December 2019				
Convertible note payable	9,723,501	Share price volatility	58%	Higher volatility (+10 bps) would increase FV by $15,627; lower volatility (+10 bps) would decrease FV by $10,625.
		Risk-free interest rate	0.92%	Lower discount rate (-25 bps) would increase FV by $16,949; higher discount rate (+25 bps) would decrease FV by $16,914.
30 June 2019				
Convertible note payable	9,854,145	Share price volatility	62%	Higher volatility (+10 bps) would increase FV by $103,257; lower volatility (+10 bps) would decrease FV by $78,915.
		Risk-free interest rate	1.00%	Lower discount rate (-25 bps) would increase FV by $23,820; higher discount rate (+25 bps) would decrease FV by $20,224.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(c) The following table presents the Group's assets and liabilities which are not carried at fair value at 31 December 2019 and 30 June 2019 wherein their carrying values do not approximate their fair value at 31 December 2019 and 30 June 2019:

	Level 1 $	Level 2 $	Level 3 $	Carrying value $
31 December 2019				
Investments accounted for using the equity method	19,375,605	-	-	15,435,989
30 June 2019				
Investments accounted for using the equity method	26,833,818	-	-	16,277,817

The investments accounted for using the equity method displayed above are measured based on the quoted market prices at 31 December 2019 and 30 June 2019.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

Note 13. Share based payments

There were no options granted in the period ending 31 December 2019. The fair values of options granted in the period ending 31 December 2018 were calculated by using a Black-Scholes options pricing model applying the following inputs:

	DGR Global Ltd ESOP
Exercise price	$0.20
Life of the option	2.29 years
Underlying share price	$0.145
Expected share price volatility	60.204%
Risk free interest rate	1.97%
Number of options issued	1,200,000
Fair value (black-scholes) per option	$0.038
Total value of options issued	**$46,186**

Expected share price volatility was estimated based on historical share price volatility.

Note 14. Commitments, Contingent Assets and Liabilities

On or about 8 September 2017 DGR Global Ltd and Armour Energy Ltd agreed that Armour Energy Ltd would hold an 83.18% interest in the exploration licence that was subsequently granted to it by the Ugandan government on 14 September 2017 (and the associated Production Sharing Agreement (the **PSA**)), on trust for DGR Global Ltd (the **Letter Agreement**). The Exploration Licence was renewed for a further two year term on 13 September 2019 (the **Renewed Licence**). On or about 18 December 2019, DGR Global Ltd and Armour Energy Ltd entered into a deed of guarantee and indemnity (the **Deed of Guarantee and Indemnity**) pursuant to which DGR Global Ltd indemnifies and will keep Armour Energy Ltd indemnified against a maximum of 83.18% of Armour's liability for: a) all costs associated with complying with the obligations under the Renewed Licence; and b) any claim, demand, debt, action, proceeding, cost, charge, expense, damage, loss or other liability related to the Renewed Licence (other than where the same arises solely as a consequence of the fraud, misconduct, negligence or material breach of the PSA, Letter Agreement or the Deed of Guarantee and Indemnity by Armour Energy). Furthermore, DGR Global Ltd agrees to guarantee and indemnify Armour Energy Ltd for the due, punctual and complete performance by Armour Energy Ltd's subsidiary (**Armour Uganda**), of all of its obligations under the Renewed Licence, once the Renewed Licence has been transferred to Armour Uganda. DGR Global Ltd estimates its current contingent liability under the Deed of Guarantee and Indemnity at approximately US$ 7.5 million.

There are no other significant changes to commitments and contingencies disclosed in the most recent annual financial report.

15. Related Party Disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent and ultimate controlling entity

(i) The parent entity and ultimate controlling entity is DGR Global Ltd which is incorporated in Australia.

(b) Transactions with Key Management Personnel

(ii) Mr Brian Moller (a Director), is a partner in the firm HopgoodGanim Lawyers. HopgoodGanim Lawyers were paid $62,247 (2018: $10,864) for the provision of legal services to the Group during the half year to 31 December 2019. The services were based on normal commercial terms and conditions. At 31 December 2019 there was a balance of $60,290 owing (2018: $700) included within current liabilities.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

15. Related Party Disclosures (continued)

(c) Transactions with related parties

(i) DGR Global Ltd has a commercial agreement with Armour Energy Ltd, for the provision of administrative services. In consideration for the provision of the services, Armour Energy Ltd pays DGR Global Ltd a monthly administration fee. For the period ended 31 December 2019 $228,000 (2018: $228,000) was paid or payable to DGR Global Ltd for the provision of the services. The total amount receivable at 31 December 2019 was $60,291 (2018: $96,900).

(ii) DGR Global Ltd has a commercial agreement with Aus Tin Mining Ltd for the provision of administrative services. In consideration for the provision of the Services, Aus Tin Mining Ltd pays DGR Global Ltd a monthly administration fee. For the period ended 31 December 2019 $96,000 (2018: $96,000) was paid or payable to DGR Global Ltd for the provision of the Services. The total amount receivable at 31 December 2019 was $686,520 (2018: $509,863).

(iii) DGR Global Ltd has a commercial agreement with Dark Horse Resources Ltd, for the provision of administrative services. In consideration for the provision of the services, Dark Horse Resources Ltd pays DGR Global Ltd a monthly administration fee. For the period ended 31 December 2019 $150,000 (2018: $150,000) was paid or payable to DGR Global Ltd for the provision of the services. The total amount receivable at 31 December 2019 was $74,095 (2018: $16,586).

(iv) DGR Global Ltd has a commercial agreement with IronRidge Resources Ltd for the provision of administrative services. In consideration for the provision of the Services, IronRidge Resources Ltd pays DGR Global Ltd a monthly administration fee. For the period ended 31 December 2019 $144,000 (2018: $144,000) was paid or payable to DGR Global for the provision of the Services. The total amount receivable at 31 December 2019 was $40,815 (2018: $20,604).

(v) DGR Global Ltd has a commercial agreement with SolGold Plc, for the provision of administrative services. In consideration for the provision of the services, SolGold Plc pays DGR Global Ltd a monthly administration fee. For the year ended 31 December 2019 $180,000 (2018: $180,000) was paid or payable to DGR Global Ltd for the provision of the services. The total amount receivable at 31 December 2019 was $122,261 (2018: $71,813).

16. Events After Balance Sheet Date

On 31 October 2019, the Company received a letter from the Australian Securities and Investments Commission (“ASIC”) as part of its financial reporting surveillance program querying the Company’s accounting for its investments in SolGold plc (“SolGold”) and Aus Tin Mining Limited (“Aus Tin”). The Company has responded to the queries raised by ASIC confirming that it believes that the accounting basis adopted for its investments in SolGold and Aus Tin is appropriate. On 2 March 2020, the Company received a letter from ASIC as a final response to the Company’s letter stating that they continue to disagree with the Company and that the Company should change its accounting treatment for its investments in SolGold and Aus Tin. The Company continues to believe that this matter is one that requires significant professional judgement. The Company does not agree with the interpretation (or view) formed by ASIC and intends to seek further professional advice on this before considering changes to its current accounting.

The novel coronavirus outbreak has resulted in significant turmoil in global stock markets. This has had a material impact on DGR Global’s listed investment values since 31 December 2019. The current aggregate market value of DGR’s listed investments at 12 March 2020 in comparison to 31 December 2019 is shown below:

Investment	Market Value 31 December 2019 A$	 12 March 2020 $A
SolGold plc	76.556.926	52,967,603
Dark Horse Resources Ltd	1,350,005	771,431
IronRidge Resources Ltd	13,075,620	17,716,568
Aus Tin Mining Ltd	366,199	360,834
Armour Energy Ltd	6,299,983	4,274,989
Total market value of DGR Global’s listed assets	**97,648,733**	**76,091,425**

The Directors are not aware of any events since 31 December 2019 that impact upon the financial report as at 31 December 2019.

Directors' Declaration

In accordance with a resolution of the Directors of DGR Global Limited, I state that:

In the opinion of the Directors:

1. The attached financial report and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

    (a) Giving a true and fair view of the financial position as at 31 December 2019 and the performance for the half-year ended on that date of the consolidated entity; and

    (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Nicholas Mather
Managing Director

Brisbane
Date: 13 March 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DGR Global Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DGR Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and 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 2019 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 the *Corporations Regulations 2001*.

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 2019 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

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 13 March 2020