



DGR Global Limited

14 April 2015

DGR Business Continues to Develop

Key Messages:

- Strong listed resource position now balanced by \$19.5m cash position;
- Opportunities to expand DGR's business and target early production acquisition;
- Cyclical lows in global commodity and resource equity prices expected to be corrected pursuant to urbanisation and global growth;
- Resource company creation business to continue;
- Production assets - acquisitions and dividends planned;
- Proposed Rights Issue to boost cash resources.

The Board of Directors of DGR Global Limited (ASX: DGR) is pleased to provide shareholders and investors with an update of its business and strategic plans following the take-over of former DGR daughter and investee company and West African high-grade gold specialist Orbis Gold Limited.

As a result of the successful off-market take-over of Orbis Gold Limited by Canadian gold miner SEMAFO Inc, DGR Global received \$26.02 million in proceeds. The Company is in the process of extinguishing its debts and current liabilities and meeting proposed investments in existing investee companies, SolGold, AusTin Mining, Navaho Gold and Archer Resources, and will following those payments, hold \$19.57m in cash. After providing for a potential taxation liability on the Orbis sale, and implementing a number of other currently budgeted investments and other payments totaling \$9.8 million the Company would be left with a surplus net working capital position of approximately \$ 9.77 million.

Existing Generative Model Outlook

The Orbis success blueprints the DGR model for the creation of high quality resource companies and supporting high quality management teams in the pursuit of world class resources through exploration. That business will continue with the same low capital expenditure exposure to DGR which has characterized the business to date.

The DGR Board and Executive have a strong track record in the identification of significant resource projects, and capital raising to pursue the exploration objectives in the DGR daughter companies which hold these projects. The Board considers that current low equities and metals prices are a cyclical phenomenon and likely to recover over the next few years, driven by global urbanization and increased demand for all commodities. Therefore, the Board believes that the current opportunities afforded by the low equities prices and low metals prices support continuation of the generative business activities of DGR Global and the expansion and potential evolution of that business model.



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The Board believes that there are several major trends evident globally that will drive DGR's generative effort.

- The emergence of abundant exploration opportunities in French speaking and sub Saharan Africa and South American Nations as these regions and individual countries liberalise, and governments become more accountable and supportive to infrastructure and resource development.
- The Board believes that the outlook for copper and zinc globally will drive the DGR effort towards those metals.
- Strong urbanisation will drive demand for fertiliser feedstock minerals containing phosphorus and potassium.
- The development of powerful broadcast geophysical systems will drive the discovery of large systems under barren cover.
- DGR will focus on high-grade opportunities to create a commercial point of difference.
- DGR will further drive generative efforts by affording creative geoscientists with opportunities for enrichment in DGR daughters through project discovery.

DGR Global now enjoys project generation capabilities in South America and in Africa and expects to generate promising project opportunities as a result.

Intention to Support Current DGR Daughter Companies

The Board has stated on a number of occasions that it considers the DGR Global business model to still be in a maturing and evolving state. That view remains, notwithstanding the recent take-over of Orbis Gold, and a number of initiatives are already underway to ensure that the success of Orbis Gold can be repeated within DGRs remaining portfolio of existing resource investee companies and new future projects still to be generated. The attributes which were instrumental in the creation of and ultimate delivery of the Orbis success are also features of DGR's plans for the other investee companies and future projects and will be important factors in the delivery of strong returns for DGR. In this regard, DGR Global has committed to supporting the financing initiatives being instigated by SolGold Plc (LSE (AIM): SOLG) and AusTin Mining Limited (ASX: ANW), and has also provided a letter of financial support for Navaho Gold Limited (ASX: NVG). Summaries on the core businesses of DGR's current investee companies and the near future plans and outlook, along with a market summary of their respective values are listed below in this announcement. Again DGR is well positioned to ensure that in appropriate circumstances it can support its daughter investee companies.

The DGR Board envisages the delivery of strong growth in the value of Armour Energy, AusTin Mining, SolGold, IronRidge Resources, and Navaho Gold over the next 2 to 5 years and the creation of new additional listed resource daughter companies around Archer Resources, DGR Zambia and Pinnacle Gold.

Search for High Grade, Low Capex Production Acquisition and Cash Flows

In addition, the DGR Board considers that the maintenance of a strong cash position within DGR Global at a time when capital markets in the resource sector are constrained and attractively priced production project divestments more frequent provides opportunities for DGR to expand on its business and target investment and /or acquisition opportunities in the resources sector outside DGRs investee companies. Presently DGR is reviewing a number of investment opportunities, and is targeting acquisitions which would provide the potential for early significant production from a high grade low risk operation. DGR should be well positioned to take advantage of any of those opportunities as and when they arise. These opportunities provide considerably better locations for capital and potential rates of return on available funds than a low yielding bank deposits or similar investments.

Potential for Dividends

If DGR is successful in acquiring producing assets, this would allow DGR to pay dividends from any strong and regular surplus cash flow generated. DGR will also continue to monitor its financial situation and any capital surplus, having regard to the availability and/or suitability of any potential acquisitions, and will reserve the right to pay dividends at the earliest possible opportunity.

Commenting on the update, DGR Global Chairman Mr Bill Stubbs remarked:

“It is very pleasing to see the delivery of one of DGRs created assets from conception to maturity. I believe the Board’s faith in this model has been vindicated and the willingness of management to not pursue capital distributions or dividends at the first opportunity, in lieu of a long term repetitive growth strategy is indeed heartening. With the carefully executed forward plan to acquire a strong cash flow we see that DGR has the opportunity to transform into a strong generative business with a self funding capability.”

Given the sustained capital market challenges encountered by the junior resource and exploration sector over recent years, necessitating the need to raise funds at a discount to already depressed share prices, the Board considers it prudent at this time for DGR Global to retain the currently budgeted surplus capital derived from the take-over of Orbis Gold to enable DGR to both continue its original business model and expand the same through targeting appropriate investment and acquisition opportunities in the resources sector, as and when they arise. DGR presently proposes to:

1. maintain a prudent level of working capital to apply its business having regard to its stated objectives and plans to grow the business;
2. continue with the process of investing at low prices in the listed Investee companies which DGR has been instrumental in creating and which has resulted in the recent success with the takeover of Orbis;
3. invest in the further development of unlisted companies and projects within DGR;
4. where appropriate, identify and pursue value accretive corporate and / or project acquisitions.

DGR Global accepts that circumstances may change which may require reconsideration of both the existing business and the planned or budgeted expenditure of surplus funds.

Proposed Rights Issue of Shares

In order that the capital pool be kept at an adequate level to facilitate all of the above objectives, the Company intends raise a further \$5.1 million via a rights issue. The present intention would be to secure an underwriter (on acceptable terms) for the anticipated capital raising and further details will be provided as soon as they are available.

DGR's strategy in respect of the management of the capital inflow from the Orbis sale and proposed rights issue is to allocate the following division of the available capital pool:

	In millions (\$)	Out millions (\$)
<u>Source of Cash</u>		
Proceeds from the sale of Orbis Gold Ltd	26.02	
<u>Cash outflows/provisions</u>		
Proposed further investments in listed and unlisted investee companies		(2.95)
Repayment of loans, convertible notes and creditors		(3.50)
		<u>(6.45)</u>
Net	<u>19.57</u>	
Additionally:		
<u>Proceeds from proposed rights issue</u>	5.10	
Proposed strategic investments in unrelated listed entities		(5.00)
Provisions (income taxes, employee entitlements)		(2.80)
Working capital - 12 months		(2.00)
Net total		<u>(9.8)</u>
Total cash inflows	<u>31.12</u>	
Total cash outflows		<u>(16.25)</u>
Total available cash for a strategic acquisition of a producing asset	14.87	
Total available cash for a strategic acquisition of a producing asset (excluding provisions and working capital)	19.67	

DGR would, following the proposed rights issue, if fully subscribed at that stage have approximately \$14.87m including provisions, or \$19.67m in cash (excluding provisions) to fund the equity component of a significant production acquisition for the Company.

As indicated above, DGR is targeting the acquisition of a producing asset which can yield meaningful positive income to DGR from which it is intended dividends be paid in the future, subject to performance.

The Company is currently reviewing numerous opportunities in copper, oil and gold and other base metals. Key parameters for any acquisition are that the operation be well managed, high-grade, in a safe jurisdiction and without major technical or financial risks, show a five year reserve and resource life, and exhibit impressive local exploration upside with a manageable and bankable capital cost.

Investee Summaries

Armour Energy Ltd | ASX: AJQ – DGR 25% - 75m Shares | www.armouenergy.com.au

Armour has recently received a \$9.3m refund from the Australian Government for rebateable R&D expenditures on Armour's gas projects in Queensland and the Northern Territory. The Company has, as part of this process, established an advanced finding precedent which will smooth the process for rebates in respect of similar expenditures in the future.

Armour continues to upgrade the value of its gas projects in Queensland & the Northern Territory. In the Northern Territory, on-going research over the Tawallah Group in the Macarthur Basin is replicating the oil and gas prospectivity exhibited in the Macarthur Group. Armour's mineral exploration subsidiary Ripple Resources Pty Ltd has established an impressive ground position over targets prospective for strataform zinc mineralisation in extensive, untested mineral systems.

Armour's Queensland gas project recently had its tenure extended by two years and a significant reduction in work program requirements was granted by the Queensland Government. Armour continues to work on the acquisition of a strategic investor partner for its northern Queensland gas projects and has established a number of measures to reduce cash expenditures and overheads.

SolGold plc | LSE: SOLG – DGR 10% - 74.5m Shares | www.solgold.com.au

SolGold is currently engaged in an ongoing drill program on its exciting high-grade Cascabel copper-gold project in northern Ecuador. The project is located in an under explored portion of the richly endowed Andean copper belt. The Company has recently commenced Hole 11 at the key Alpala prospect, following up high-grade extensions of world class intersections encountered in Holes 5 and 9, which we encourage shareholders to review on the SolGold website. These drill intersections are amongst the top 20 discovery intersections in the world. The Company is focussing on the definition of a high-grade copper-gold core within a world class copper-gold porphyry system. Definition of maiden inferred resources, and the testing of four (4) other targets in the Casabel system are key priorities for the forthcoming 12 months.

SolGold is targeting a significant rerating in its market capitalisation as a result of the ongoing long and high-grade intersections at Alpala.

Ecuador is an emerging presence in copper-gold exploration and mining, driven by a new and constructive approach and set of laws regulating exploration and mining activities. This has recently been endorsed by Lundin Mining which purchased the Fruta Del Norte project from Kinross and with the injection of a further \$100m is preparing to deliver a mining development in the near future.

IronRidge Resources Ltd | LSE: IRR – DGR 26.3% - 62.3m Shares | www.ironridgeresources.com.au

DGR holds a 26.3% interest in IronRidge. The company recently raised AUD\$19m in the IPO predominantly from high grade African iron, chrome and magnese producer Assore, and Sumitomo Corporation. IronRidge holds two large provincial iron ore exploration projects in Gabon. The key project Tchibanga is located 70km from the port site of Mayumba. The area shows high grade surficial iron ore mineralisation. The potential exists for a high grade direct shipping ore component and industrial beneficiation and upgrading of lower grade and fines ore. The area is supported by regional infrastructure initiatives launched by the Gabonese Government.

IronRidge believes the project to have significant geological and logistical advantages at any iron ore price. The Company intends to conduct detailed reconnaissance and exploration of the project area of the next 18 months.

Aus Tin Mining Limited | ASX: ANW – DGR 14.1% - 133m Shares | www.austinmining.com.au

Aus Tin holds a large and highly prospective tin province in northern New South Wales. The core asset the Taronga Project holds has a JORC 2012 compliant tin resource and is supported by pre-feasibility studies conducted by Newmont (in the 1980's) and Aus Tin (in 2014). The project shows considerable potential for economic beneficiation of the ore resource, enabling a profitable development at current tin prices. Further upside is envisaged from six (6) main areas:

1. Increasing the size of the resource along strike and from McDonald, Emerald and Pound Flat satellite deposits;
2. Increasing the grade of the project especially in early years especially by high grade exploitation from approx 300 regional prospects covered by Aus Tin tenure and high grades over 1% tin at depth from historical Newmont drilling;
3. Positive grade reconciliation between drilling and bulk sample data;
4. Copper, silver, tungsten and molybdenum credits encountered during Newmont drilling and regionally;
5. Increased recoveries and lower milling costs afforded by coarser grinding;
6. Multistage beneficiation delivered by tin scalping at various treatment process stages.

Aus Tin has recently announced a capital raising providing for the subscription of \$1.4m by private investors and DGR Global.

Navaho Gold Ltd | ASX: NVG - DGR 19.9% - 113.5m Shares | www.navahogold.com

Navaho continues to hold and secure its gold project in Nevada USA, in addition its acquired several large coal exploration projects in western Argentina close to population centres and is investigating the establishment of small scale profitable coal mining operations.

Navaho Gold also holds a 98.75% interest in NavGas Ltd which is exploring for oil and gas in relatively low risk positions on the Roma Shelf in Queensland and shallow high volume targets in the Proterozoic and Cambrian sequences in the southern Flinders Ranges of South Australia.

Competent Persons 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 Ltd (and a Director of DGR Global Ltd's subsidiaries and associates).

Mr Mather has more than five years experience which is relevant to the style of mineralization and type of deposit(s) 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, Mineral Resources and Ore Reserves. 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.



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About DGR Global Limited

DGR Global Limited is focused on generating exploration and development companies in a wide array of minerals.

Projects are conceived directly through the skills and experience of DGR Global's accomplished team of exploration geoscientists (with an enviable track record), not by the costly purchase of exploration properties. Each project or exploration strategy is held in a separate subsidiary.

Investors can choose to invest specifically in a particular project/commodity, or by investing in DGR Global, invest in the resource company generating business which retains a significant carried interest in each project.

DGR Global projects tend to be very large, targeting new provinces with the potential to make world-class discoveries. The exploration concepts are often novel. While increased metal prices and advances in technology can turn former sub-economic deposits into viable projects, DGR Global subsidiary projects frequently emerge from detailed reassessment and reinterpretation of large databases – looking at things from a new angle and with a different focus using state of the art techniques. The DGR Global Directors and Managers have in the past applied new exploration models to extensive tenement areas which have led to identification of new mineral provinces and the discovery of nationally significant resources (eg. Arrow Energy, Bow Energy, BeMax Resources, Waratah Coal, Auralia). These efforts are now being dedicated to DGR Global.

DGR Global currently holds 75 million shares (25%) in Armour Energy Limited (ASX: AJQ) currently focused on the discovery and development of world class gas resources in northern Australia, 74.5 million shares (10%) in SolGold plc (LSE: SOLG) currently exploring for gold and copper in Ecuador and Queensland, 133 million shares (14.1%) in AusNiCo Limited (ASX: ANW) owner of the prospective Taronga Tin Project, and 113.5 million shares (19.9%) in Navaho Gold Limited (ASX: NVG) owner of the NavGas Project in South Australia, and several Carlin style gold projects in Nevada and New Mexico (USA).

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