

# DGO Gold Limited

ABN 98 124 562 849

## Quarterly Activities Report

**ASX: DGO**

**Shares on issue** 5,190,268

**Directors:**

**Chairman** Eduard Eshuys

**Director** Ross Hutton

**Director Company**

**Secretary:** Michael Ilett

**Address:**

27 General Macarthur Place  
Redbank Qld 4301

**Contact:**

Eduard Eshuys

Executive Chairman

**Telephone: + 61 7 3381 5368**

**www.dgogold.com.au**

## For quarter ended 30 September 2015

### Greenfield Gold Exploration Activity

- ✓ The research agreement with CODES of the University of Tasmania has resulted in the identification of 10 high priority targets in Australia with potential for sediment hosted gold deposits forming the basis of a new greenfield exploration strategy for the Company.
- ✓ Exploration tenement applications have been made in Western Australia and South Australia where vacant land coincided with the sediment hosted gold deposit targets identified by CODES. A total of 658 square kilometers of exploration licenses have been applied for as the first step of the company's new greenfield exploration strategy.
- ✓ Research of open file past exploration data has confirmed the presence of gold in soils and in shallow drilling at Ora Banda, Black Flag and Mt Edwards respectively in the Eastern Goldfields of Western Australia. At Mallina south of Whim Creek in the Pilbara of Western Australia past prospecting has discovered gold within the company's exploration applications.
- ✓ Compilation of open file past exploration data has commenced in the areas of the South Australian applications, Mt Barker and Dawson.

### Corporate Activities:

- ✓ As part of the change in strategic direction, the Company changed its name from Drummond Gold Limited to DGO Gold Limited and completed the consolidation of all of its share capital on a 100:1 basis resulting in 5,190,268 fully paid ordinary shares being on issue.
- ✓ On 20 July 2015 Mr. Brice Mutton resigned as a director and Mr. Michael Ilett was appointed as a director of the Company.
- ✓ The Annual General Meeting is planned for Tuesday 24 November 2015 at 11 am in Brisbane.

## **EXPLORATION ACTIVITIES**

### **STRATEGY**

DGO Gold Limited (“DGO”) is implementing its greenfield exploration strategy of using sediment hosted gold deposit (SHGD) analogues of world class gold deposits and the peak ages of gold deposition to target Australian sedimentary basins, initially focusing on high priority target areas identified through the research at CODES at the University of Tasmania.

The CODES research has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world. Some of the World's largest gold deposits, such as Witwatersrand in South Africa, The Carlin Trend deposits in Nevada, USA and Sukhoi Log in Eastern Russia are sediment hosted.

DGO believes that Australian gold exploration has not been previously focused on sediment hosted gold.

DGO has begun to secure land holdings in key target areas in Western Australia and South Australia and is in the process of researching and reviewing past exploration data for these areas. This research will be used to identify drill ready targets, with exploration priorities determined by the identification of drill targets.

Neighbouring exploration landholders will be identified and approached to either acquire or joint venture the land to build up a strategic holding in the target areas identified by the CODES research.

During the quarter applications have been lodged for a further 14km<sup>2</sup> in the Kalgoorlie region and for 331km<sup>2</sup> in South Australia. DGO now has a total of 658km<sup>2</sup> under application across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenement applications.

### **SEDIMENT HOSTED GOLD IN THE BLACK FLAG GROUP OF THE EASTERN GOLDFIELDS OF WA**

The discovery of Invincible by Gold Fields Australia in 2012 on the edge of Lake Lefroy at Kambalda, St Ives and Baloo by Sirius Resources NL in 2015 has confirmed the prospectivity of the Black Flag Group (BFG) sediments which have largely been ignored in the past, due to the focus of exploration on basalts and dolerites.

Mt Edwards, Ora Banda and Black Flag tenement applications have focused on areas where BFG sediments are covered by overburden or transported younger sediments and consequently remain to be effectively explored. See Figure 1 below.

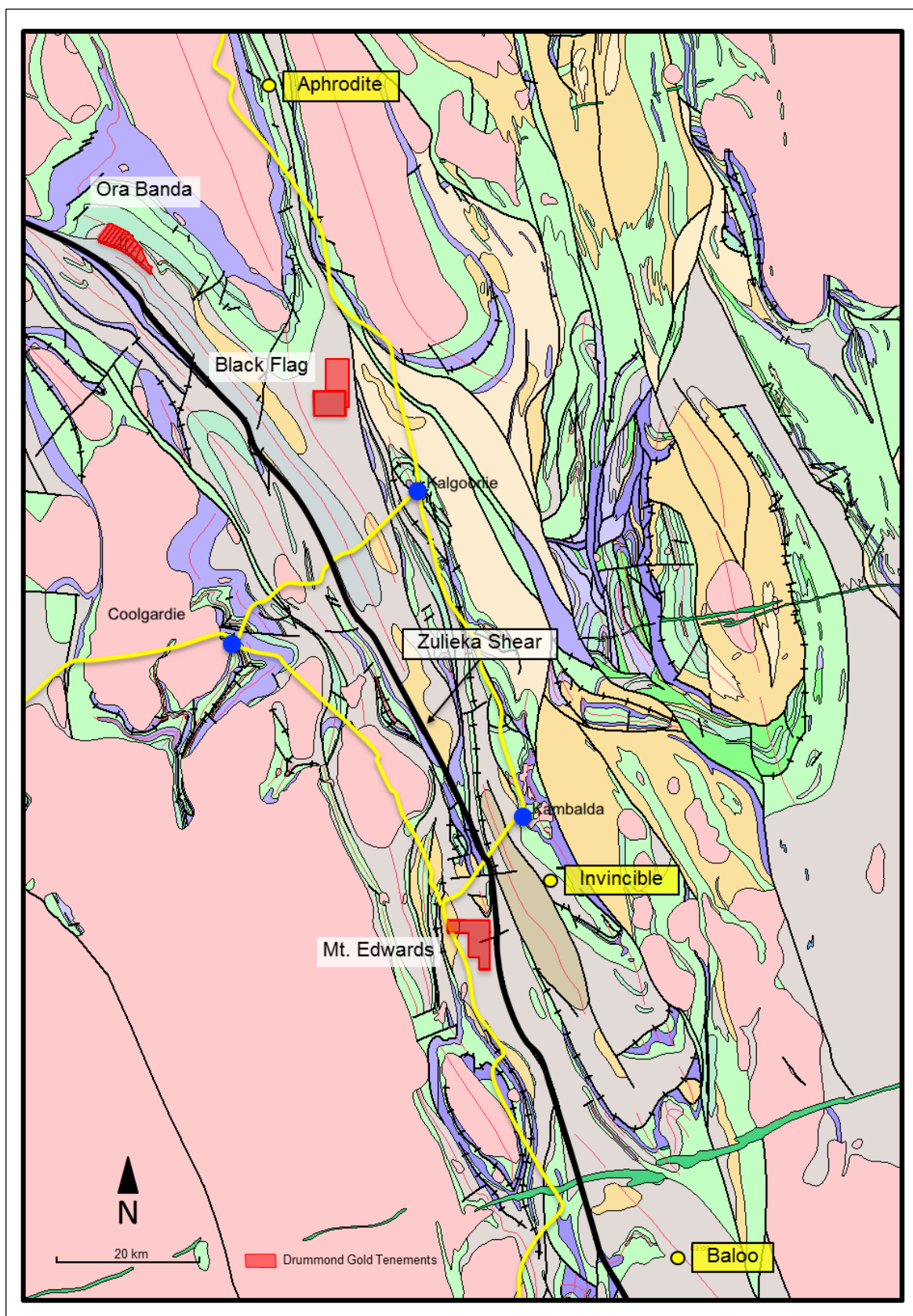


Figure 1: Tenement Applications, Black Flag Beds, Eastern Goldfields

## OPEN FILE RESEARCH ACTIVITY BLACK FLAG Northwest of Kalgoorlie

The Black Flag applications predominantly overly sediments of the Black Flag Beds on the eastern limb of the Mt Pleasant anticline, adjacent to the NNW trending Abattoir Shear. The review of open file data has identified broad spaced lines of predominantly shallow aircore drilling that have returned intermittent anomalous to ore grade intersections. The anomalous zone extends to the NNW for over 3.0km of strike, with limited follow up aircore / RC / diamond drilling having been completed. The majority of intersections occur in saprolite above black flag bed sediments, with zones of up to 60m of clay / saprolite cover.

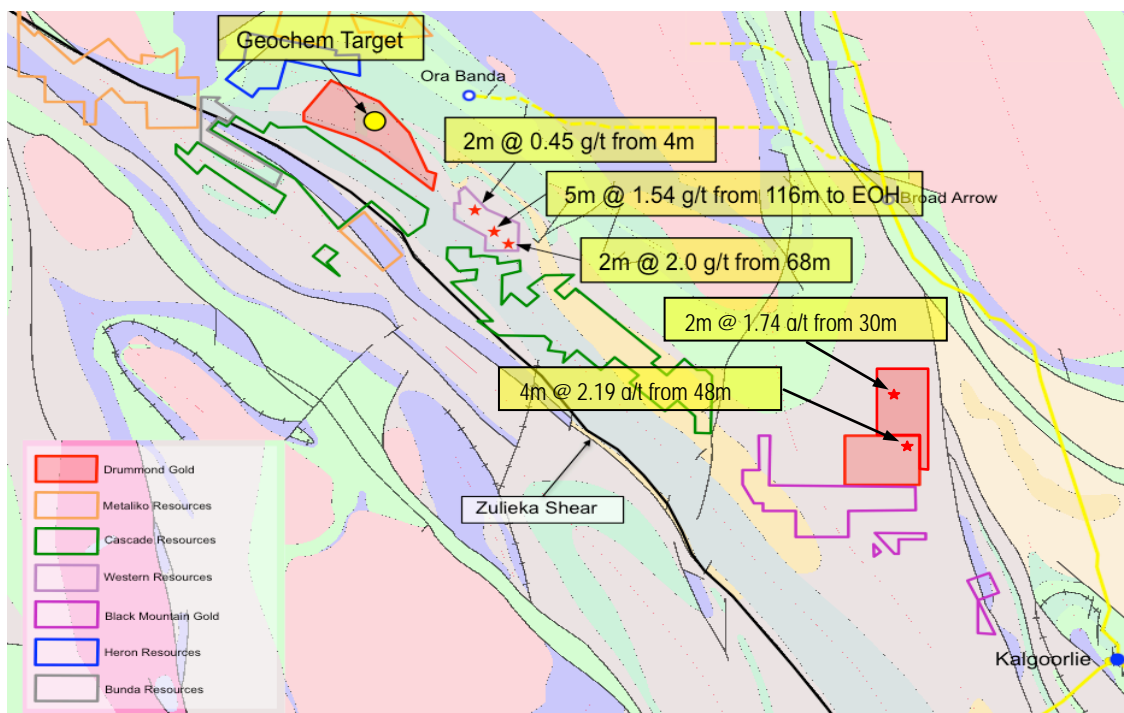


Figure 2: Black Flag and Ora Banda, Tenement Applications Results

## MALLINA South of Whim Creek, Pilbara, Western Australia

Mallina consist of three exploration licence applications covering an area of 245km<sup>2</sup> to the south of the Whim Creek base metals project in the Pilbara of Western Australia. The Mallina targets are anticlinal structures of the Mallina Formation and Constantine sandstone which are geological age analogues of the Witwatersrand gold deposits of South Africa.

Open file research of past exploration activities within the Mallina area has identified the discovery of visible gold in panned stream sediments at Scotties Well, with limited follow up exploration unable to identify the source of the gold, and the presence of epithermal quartz veining and breccias at Opaline Granite Well. Gold exploration over the Mallina area is at an early stage and the geological targets identified have not been adequately tested.

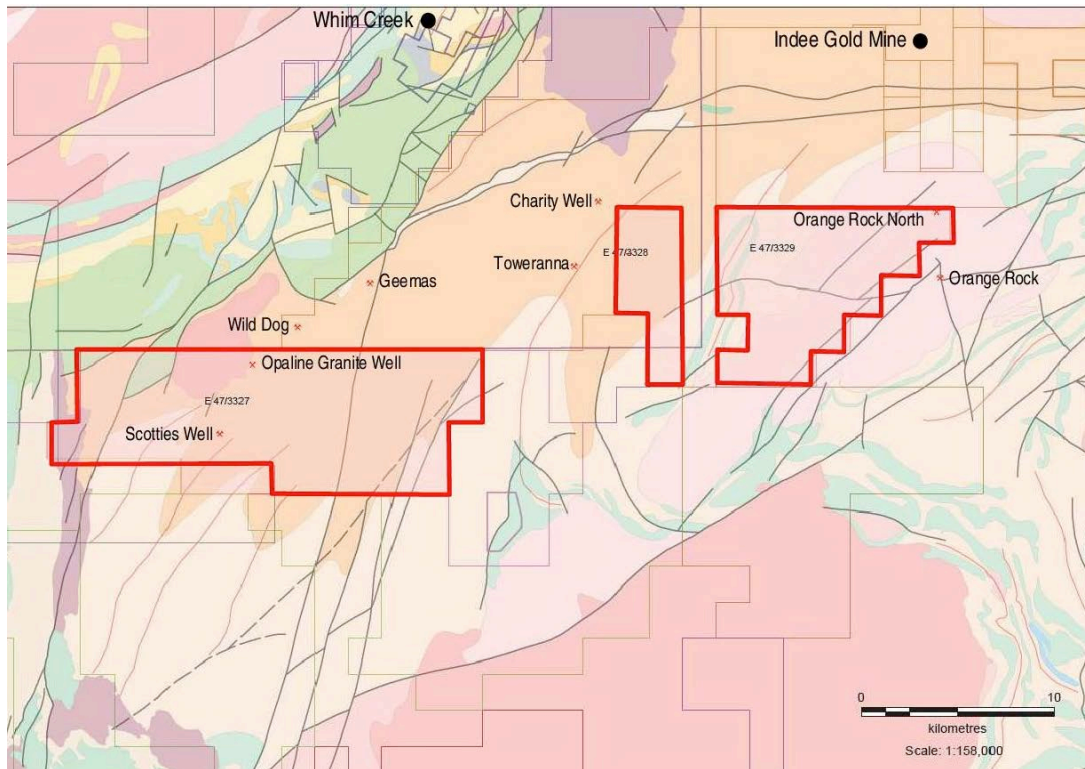


Figure 3: Mallina Tenement Applications

## SOUTH AUSTRALIAN SUKHOI LOG ANALOGUE CODES TARGETS

DGO has applied for exploration tenements at Mt Barker and Dawson in South Australia, for a total of 331km<sup>2</sup>, where vacant land coincided with sediment hosted gold deposit targets identified by CODES. The South Australian targets are anticlinal structures within geological sequences which are age analogues of the giant Sukhoi Log deposit in eastern Russia.

There is known gold mineralisation in the vicinity of both Mt Barker and Dawson. Compilation and review of available past exploration data within the target areas has commenced.



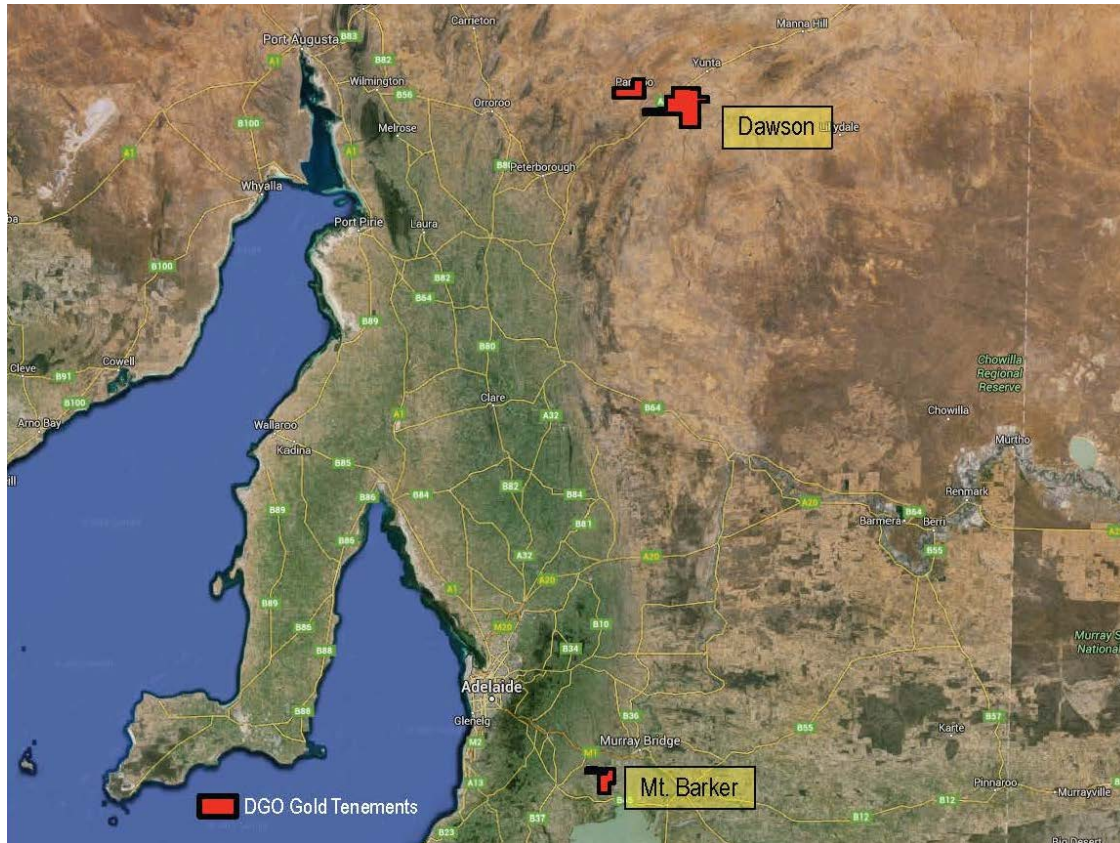


Figure 4: South Australian Tenement Applications

Table 1: DGO Tenement Applications

Tenement Application		Area (km2)
Western Australia		
Mt Edwards	E15/1465	27
Ora Banda	P24/4946 - 4956	22
Black Flag	E24/197	18
	P24/4986 - 4992	14
Mallina	E47/3327 - 3329	245
Sub-Total		327
South Australia		
Mt Barker	2015/00157	56
Dawson	2015/00156	275
Sub-Total		331
<b>TOTAL</b>		<b>658</b>

## **CORPORATE**

On 20 July 2015 Mr. Brice Mutton resigned as a director and Mr. Michael Ilett was appointed as a director of the Company.

As part of the change in strategic direction, the Company changed its name from Drummond Gold Limited to DGO Gold Limited and completed the consolidation of all of its share capital on a 100:1 basis resulting in 5,190,268 fully paid ordinary shares being on issue.

The Company is planning to offer eligible shareholders the opportunity to participate in a Share Purchase Plan to allow shareholders to increase their shareholding to a marketable parcel (that is, valued at \$500) and for all eligible shareholders to contribute to the Company's new greenfield exploration strategy.

The Annual General Meeting is planned for Tuesday 24 November 2015 at 11 am (Brisbane time) at the office of McCullough Robertson Lawyers Brisbane. A Notice of Annual General Meeting will be issued in due course.

A handwritten signature in dark ink, appearing to read 'E. Eshuys', with a stylized flourish at the end.

Eduard Eshuys  
EXECUTIVE CHAIRMAN

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Drummond Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

September 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(11)	(11)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(191)	(191)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Other (research and development tax offset)	-	-
<b>Net Operating Cash Flows</b>		<b>(201)</b>	<b>(201)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (i)	(100)	(100)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	32	32
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of Mt Coolon Gold Mines Pty Ltd)	-	-
<b>Net investing cash flows</b>		<b>(68)</b>	<b>(68)</b>
1.13	Total operating and investing cash flows (carried forward)	(269)	(269)

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(269)	(269)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(269)	(269)
1.20	Cash at beginning of quarter/year to date	457	457
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>188</b>	<b>188</b>

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

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	65
1.24 Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

The payment for equity investment of \$100,000 represents the purchase of 212,766 Talisman Mining Limited shares.

### Non-cash financing and investing activities

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

Nil

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

Nil

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-

+ See chapter 19 for defined terms.

3.2	Credit standby arrangements	-	-
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### Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	30
4.2 Development	-
4.3 Production	-
4.4 Administration	100
<b>Total</b>	<b>130</b>

### Reconciliation of cash

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

	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	188	457
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>188</b>	<b>457</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	<b>Nil</b>		
6.2	Interests in mining tenements acquired or increased	<b>Nil</b>		

+ See chapter 19 for defined terms.

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

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

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	<b>+Ordinary securities</b>	5,190,268 (after 100:1 share consolidation)	5,190,268 (after 100:1 share consolidation)	N/A	N/A
7.4	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>(description and conversion factor)</i>	-	-	<i>Exercise Price</i> -	<i>Expiry date</i> -
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes (totals only)</b>	-	-	-	-
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## Compliance statement

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



Sign here: .....  
(Company Secretary)

Date: 8/ 10 /2015

Print name: Michael J Ilett

## Notes

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

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+ See chapter 19 for defined terms.