

Quarterly Activities Report **Quarter ended 30 September 2016**

Black Flag Drill Target To Be Tested in Current Quarter

- ✓ Deep RC drilling program designed to test a +3.0 kilometer long gold anomaly within saprolite of the Black Flag Group sediments at the Black Flag tenements 30 kilometers NW of Kalgoorlie, is scheduled to commence mid November 2016.
- ✓ A RAB drilling program with follow up RC drilling has been designed to test over 5.5km of the highly prospective concealed contact between the Johnson Cairn and Juderina Formations within the TasEx joint venture tenement 100 kilometers north of Meekatharra. A submission has been lodged with the WA Department of Mines and Petroleum for co-funded drilling.
- ✓ Review of past exploration activity within and adjacent to DGO's Yerrida Basin tenements has identified copper, cobalt and gold occurrences within the Maraloou Formation. The sediments of the Maraloou Formation are similar to the Degruusa and Monty mine sequence.
- ✓ Geophysical data across the Yerrida Basin tenements is being reviewed and when completed will be integrated with geological and mineral occurrence data.
- ✓ The Company now holds tenure (under joint venture, application or grant) covering 3,175km² across Western Australia, in the Eastern Goldfields, Yerrida Basin and the Pilbara, and in South Australia at Mt Barker, Dawson and Yerelina, with two new exploration licence applications lodged at Dawson.

Corporate Activities:

- ✓ During the quarter, DGO Gold Limited (DGO) and its subsidiary Yandan Gold Mines Pty Ltd received a total of \$260,429 in income tax refunds relating to 2015 research and development activities.
- ✓ DGO is expected to receive a further income tax refund of \$218,774 (net of fees) in the December 2016 quarter as the result of the 2016 research and development activities.
- ✓ DGO's Annual General Meeting will be held on Wednesday 16 November 2016.

EXPLORATION ACTIVITIES

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

At the Black Flag tenements, located 30 kilometers north west of Kalgoorlie, a drill program consisting of four 150m deep RC holes has been planned to test the +3.0km long anomalous gold zone identified from broad spaced lines of predominantly shallow aircore drilling completed by previous explorers. The drill target is outlined in figure 1 below. The identified anomalous zone is defined by drill intersections in the saprolite zone of the Black Flag Group sediments. The saprolite zone can be up to 60m thick and previous aircore / RC / diamond drilling has not adequately tested this +3.0km target zone.

The RC drilling program is scheduled to be to commence mid November 2016. E24/197 at Black Flag was granted during the quarter.

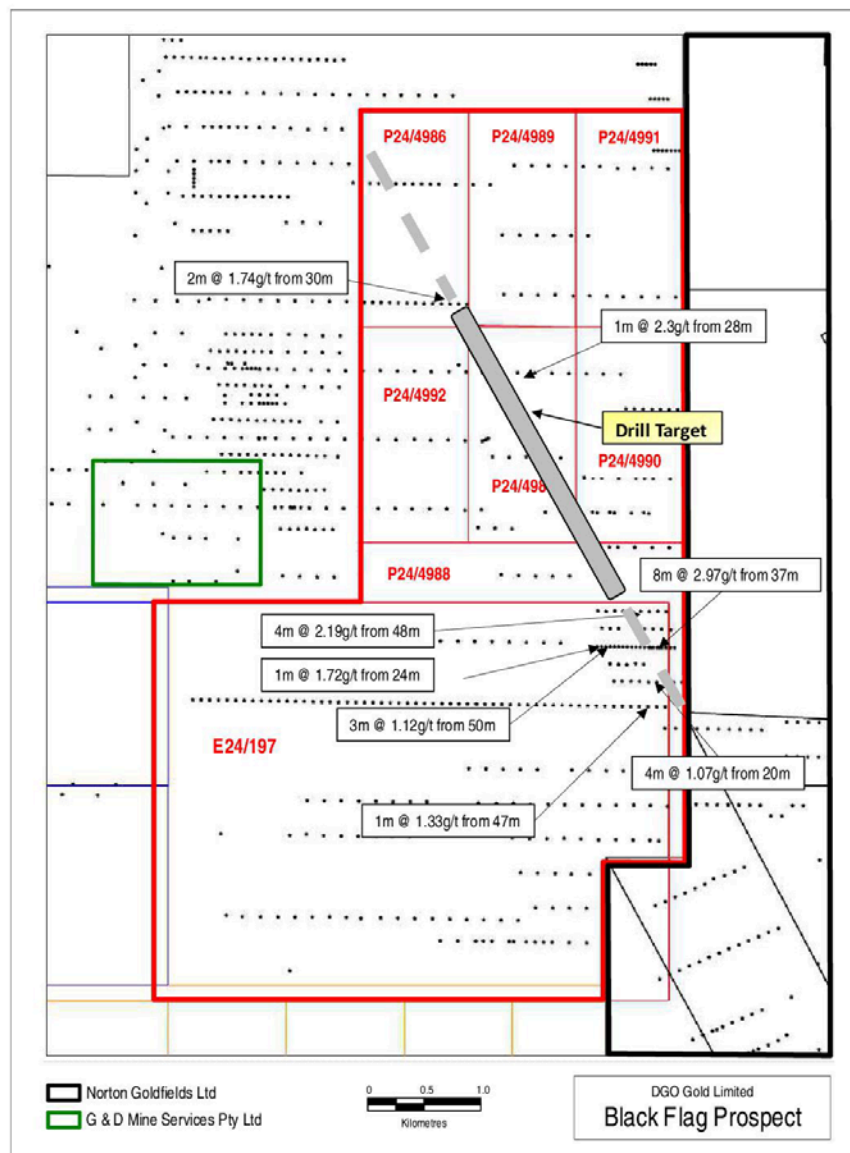


Figure 1: Black Flag, Previous Exploration, Drill Target

DGO has established land holdings at Mt Edwards, Ora Banda and Black Flag in areas where Black Flag Group sediments are largely covered by overburden or transported younger sediments due to deeper weathering which could be due to alteration of the Black Flag Group sediments related to gold mineralisation. As a consequence of this deep weathering and cover, drill testing has largely been ineffective.

SEDIMENT HOSTED GOLD DRILL TARGETS IDENTIFIED WITHIN YERRIDA BASIN

DGO's holdings in the **Yerrida Basin 100 kilometers north of Meekatharra**, an area that is highly prospective for sediment hosted gold and base metal mineralization (Juderina, Johnson Cairn and Maraloou Formations), cover 1,550km². The holdings have been divided in to the **Johnson Cairn Target**, consisting of the granted TasEx joint venture tenement and three wholly owned exploration licence applications, and the **Maraloou Target**, consisting of five wholly owned exploration licence applications as outlined in figure 2 below.

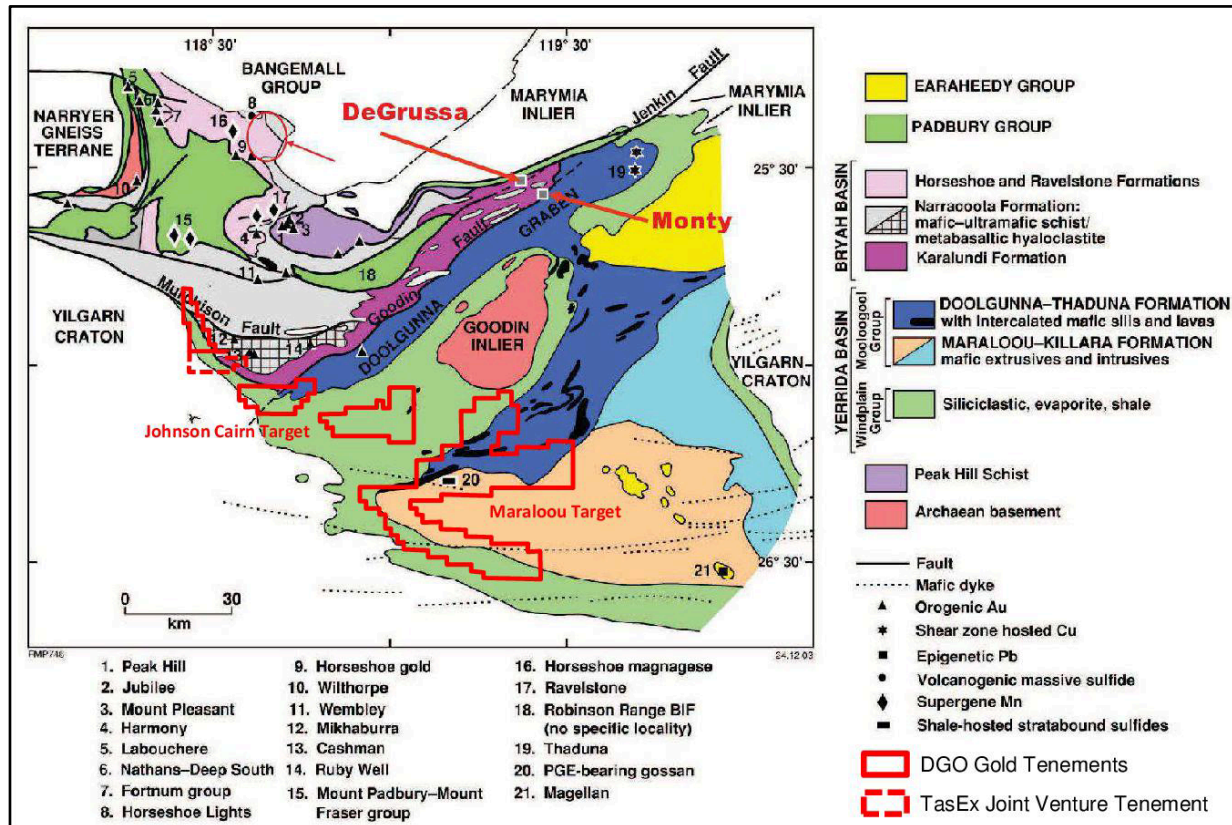


Figure 2: Yerrida / Bryah Basin Geology with DGO's Holdings

Johnson Cairn Target For Sediment Hosted Gold – Drilling Planned

A program of RAB drilling with follow up RC drilling has been designed to test the highly prospective contact between the Johnson Cairn and Juderina Formations within the TasEx joint venture, Formations which have been identified by the research at CODES to be of the "right" age for sediment hosted gold mineralisation. This basal contact zone is located beneath shallow surficial cover adjacent to area of ubiquitous gold nugget occurrences associated with outcropping Juderina Formation. Surface sampling in the area north of the gold nugget occurrences has not been effective due to the presence of the shallow cover and thus requires the RAB drilling to adequately test this critical and prospective basal contact zone

The company has lodged a submission for this RAB and RC drilling program with the Western Australian Department of Mines and Petroleum for the 2017 Co-funded Government Industry Drilling Program, where the Western Australian State Government funds 50% of direct drilling costs for approved drilling programs under the Exploration Incentive Scheme.

The RAB drilling program, which will consist of 6 traverses of wide spaced vertical holes every 100m along the lines, will test over 5.5 km of the prospective contact zone. A follow up RC drilling program, consisting of three 200m deep angled holes on each RAB traverse, is designed to test the target contact zone identified from the RAB drilling. See figure 3 below.

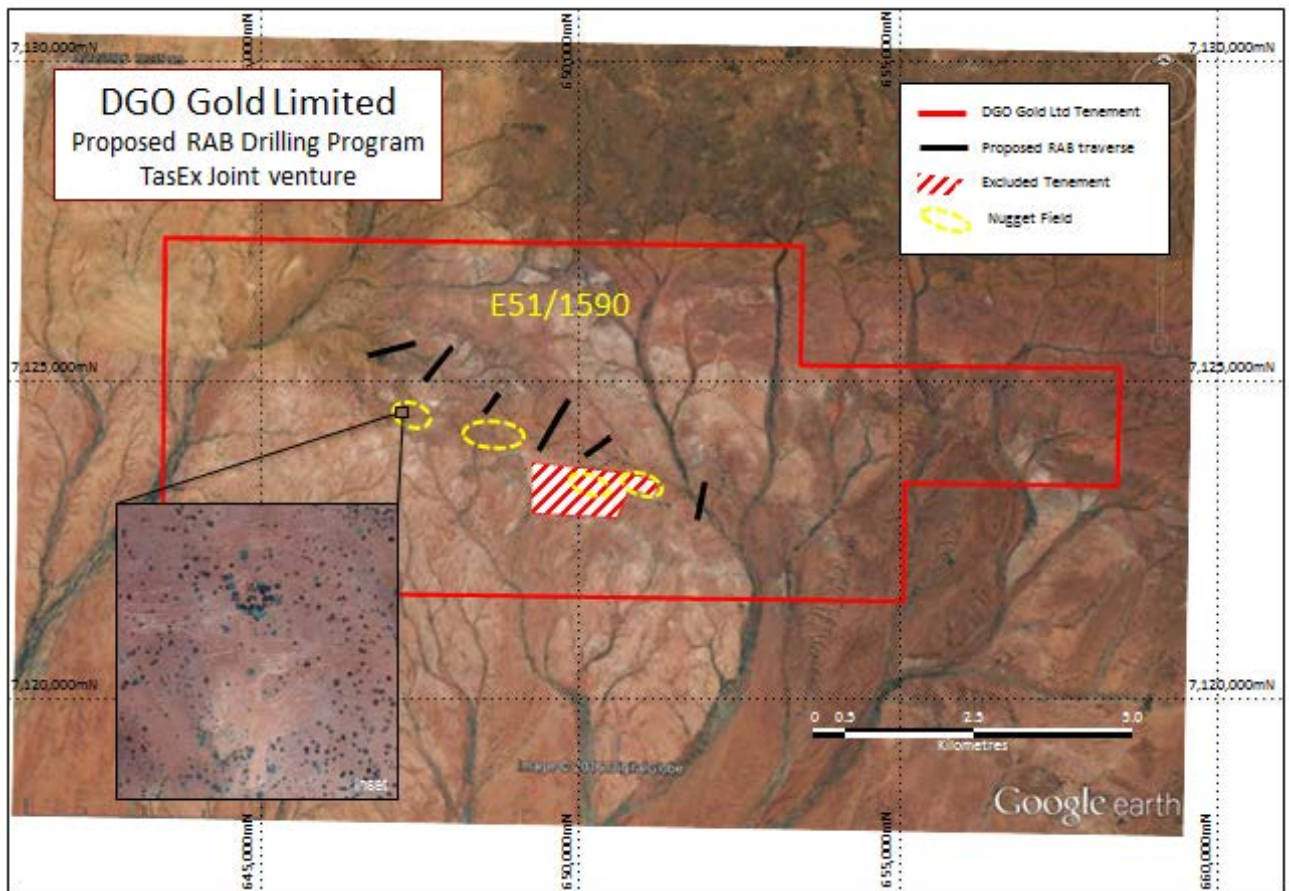


Figure 3: TasEx JV Proposed RAB Drill Traverses

The Johnson Cairn Formation, consists of pyritic black shales and siltstone which overlie the basal Juderina Formation which consists of sandstone, shale, siltstone, conglomerate and chert which in turn overlies the Archaean granites. The Geological Survey of Western Australia (GSWA) estimate of the geological age of these formations range from 1600 to 2500Ma, the “right” age for the occurrence of sediment hosted gold mineralisation as indicated by the research by CODES at the University of Tasmania

The Johnson Cairn Target holdings consist of the granted TasEx joint venture tenement and three wholly owned exploration licence applications. These tenements predominantly cover Johnson Cairn and Juderina Formation sediments in the western portion of the Yerrida Basin, proximal to the northern margin of the Archaean Yilgarn Craton. Particular focus is the contact between the pyritic black shales and siltstone of the Johnson Cairn Formation and the basal Juderina Formation sediments.

Maraloou Target For Sediment Hosted Gold

The Maraloou Target holdings consist of five exploration licence applications that cover the prospective contact between the Juderina and Maraloou Formations, formations which are of the “right” age for the occurrence of sediment hosted gold mineralisation as indicated by the research by CODES. The Maraloou Formation and the host sequence of the high grade copper/gold at Monty and Degruessa, as described by Sandfire Resources Limited, have strong stratigraphic and lithological similarities.

The tenements cover the Yerrida Basin margins, within 10km of the outcropping northern margin of the Archaean Yilgarn Craton and the Goodin Dome basement high. The potential for other basement highs buried beneath the Yerrida basin exists and elsewhere are known to be an important factor in the location of sediment hosted gold deposits.

The Maraloou Formation, which overlies the Juderina Formation, consists of siltstone, ferruginous shale (in part calcareous) with basal intercalated tholeiitic basalt pillow lava and dolerite sills. Past exploration activity has identified base metal occurrences, including Cu, Pb, Zn, Co, Ni, plus gold occurrences have been recorded within the Maraloou Formation. The Magellan Lead deposit is located about 50km east of DGO's southern exploration licence applications. Lead occurrences in the Magellan region are located proximal to the contact between the Juderina and Maraloou Formations.

Research of past exploration activities indicate that a number of major companies have explored the Maraloou and Juderina Formations. However the majority of this work, consisting of geophysical surveys, regional to prospect scale surface sampling and shallow drilling, has not adequately tested the potential, largely due to the alluvium obscuring the prospective rocks of the "right" geological age.

Geophysical Targeting

DGO has engaged Barry Bourne of Terra Resources to conduct a comprehensive review of all available geophysical data across the Maraloou Target to assist in identifying basin highs and deep seated structures within the basin. The Company will integrate the outcomes of this review with geochemical data identified from past surface sampling. This work is expected to deliver a number of drill targets across the Maraloou Target holdings, which will be scheduled for drilling once the tenements have been granted.

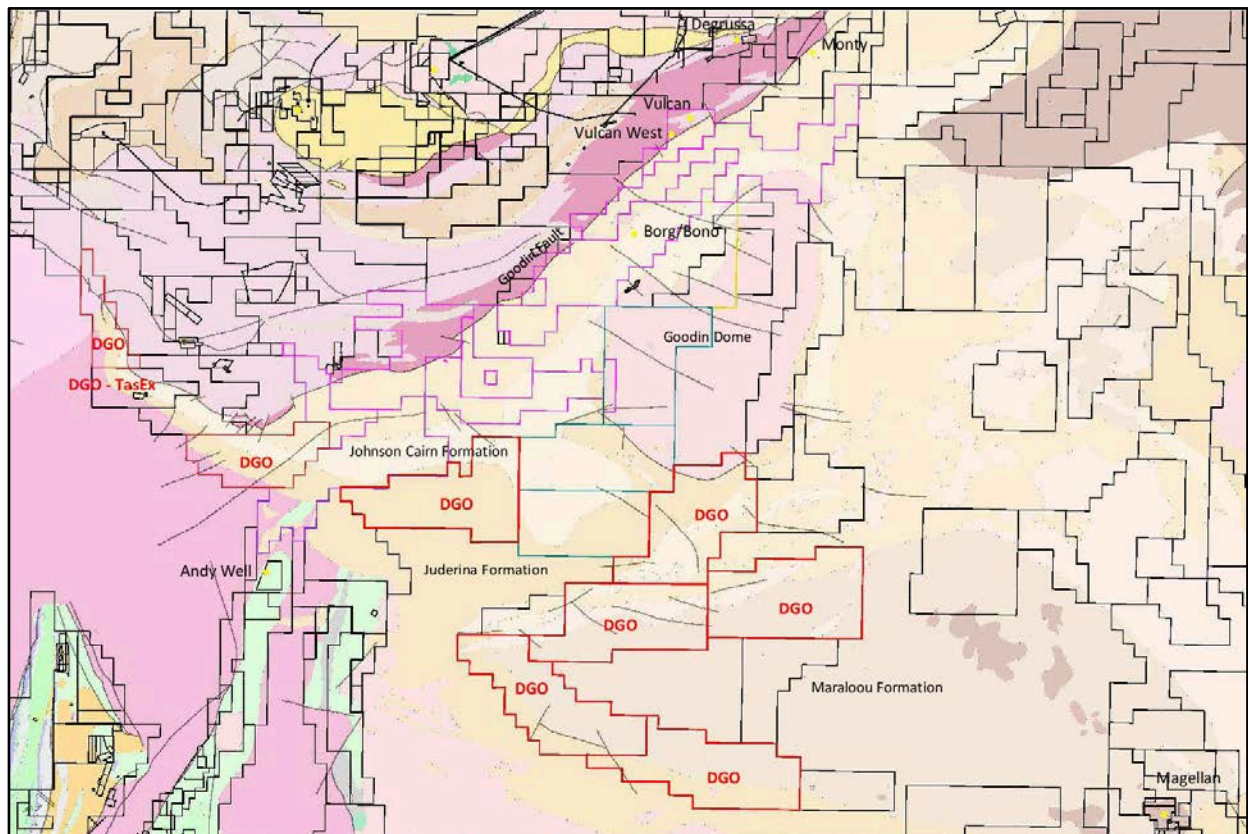


Figure 4: Yerrida / Bryah Basin with DGO's Holdings Relative to all Tenure

SOUTH AUSTRALIAN SUKHOI LOG ANALOGUE CODES TARGETS

Recent exploration licence applications at Dawsons and Mt Barker has now consolidated the company's landholding in these areas to cover completely the targets identified by CODES as initially proposed. See figures 5 and 6 below.

The Company's tenements in South Australia are focused on sediment hosted gold deposit mineralisation targets identified by CODES consisting of anticlinal structures within geological sequences, which are age analogues of the giant Sukhoi Log deposit in eastern Russia.

During the quarter EL5812 at Mt Barker and EL5813 at Yerelina were granted (refer figure 7 below) and the Company lodged applications for two additional Exploration Licences in the Dawson area. Subsequent to the end of the quarter, the Dawson applications have been recommended for grant.

At the end of the quarter the Company had tenure in South Australia (granted and under application) which cover a total of 1,245km² (see Figures below).

Compilation and review of available past exploration data within the target areas is in progress.

DGO is continuing to monitor land opportunities to further consolidate its existing land position in the three key target areas.

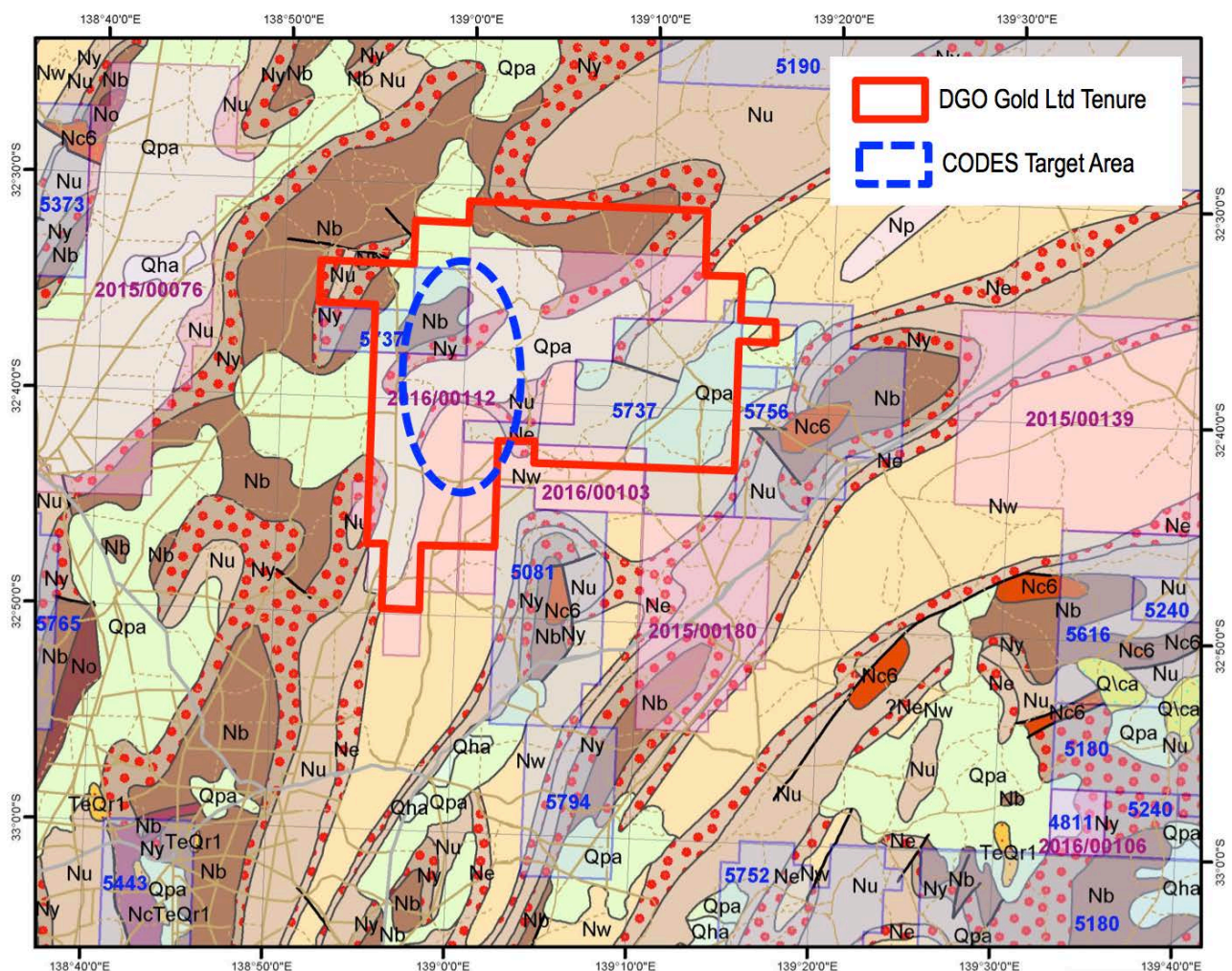


Figure 5: Dawson, South Australia

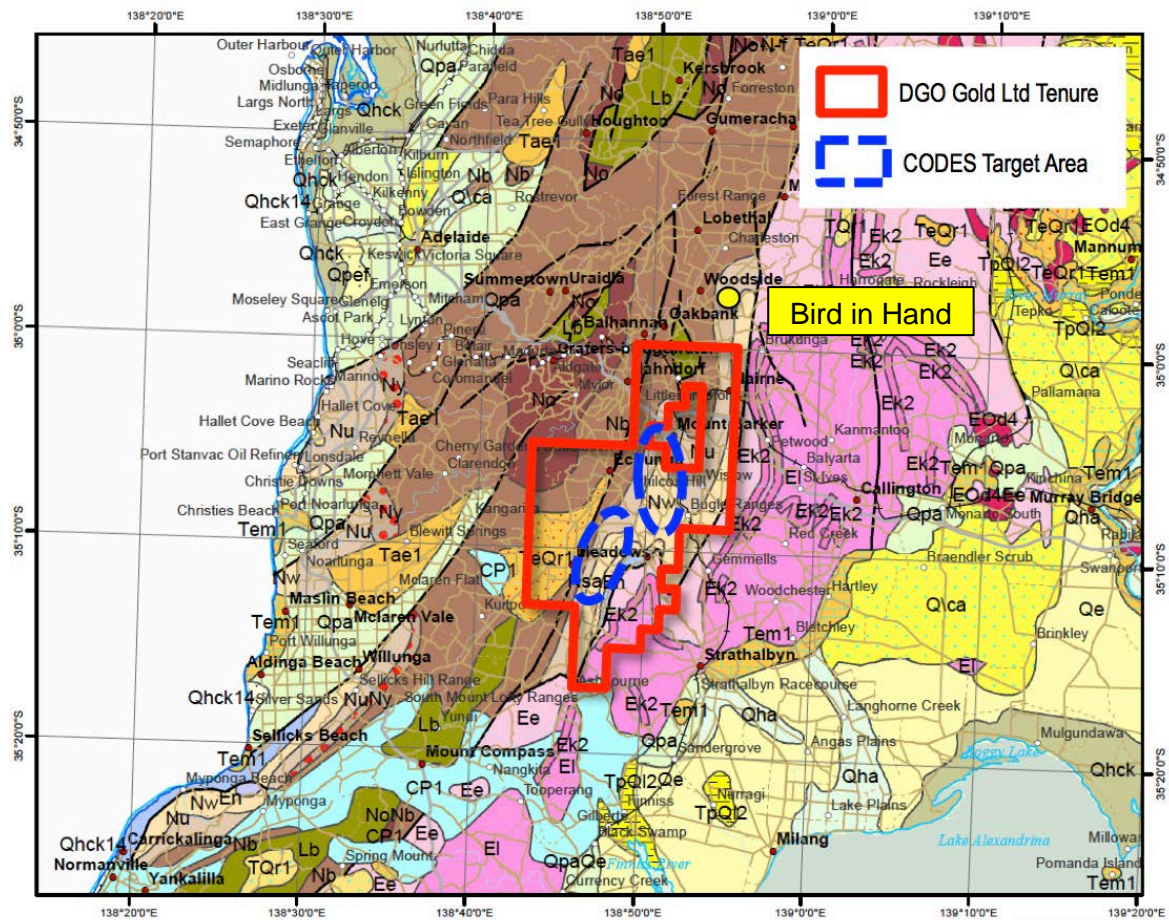


Figure 6: Mount Barker, South Australia

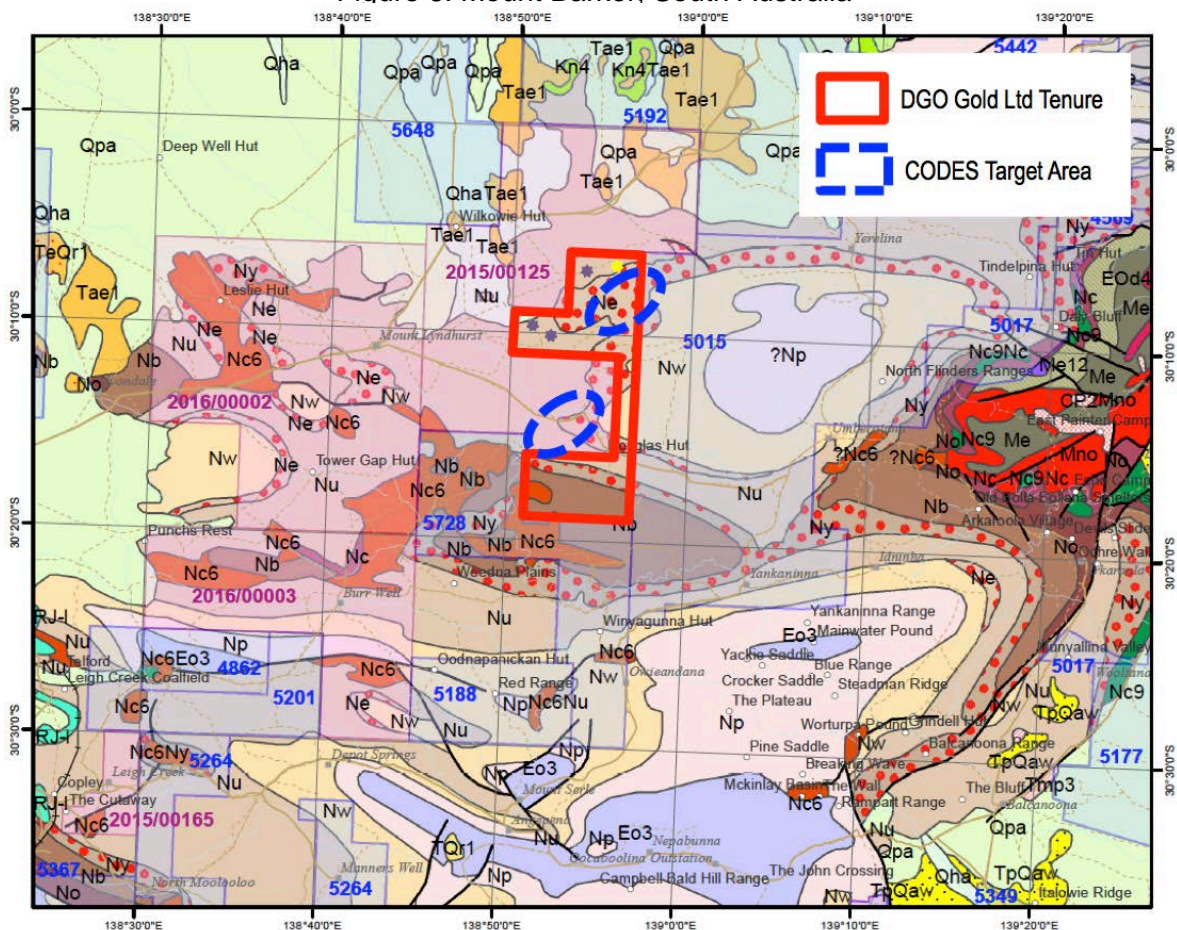


Figure 7: Yerelina, South Australia

STRATEGY

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. This strategy is supported by the research conducted over the past decade at CODES at the University of Tasmania, which has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

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 mineralisation and or deposits.

DGO now holds tenure covering a total of 3,175km² (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenements.

	Tenements - Granted	Tenements - Applications	Area (km2)
Western Australia			
Mt Edwards		E15/1465, 1488, 1514	81
Ora Banda	P24/4946 - 4956		22
Black Flag	P24/4986 - 4992, E24/197		32
Mallina	E47/3328 - 3329	E47/3327	245
Yerrida Basin	E51/1590	E51/1729, 1730, 1748 - 1753	1550
<i>Sub-Total</i>			<i>1930</i>
South Australia			
Mt Barker	EL5770, EL5812	E2016/00017	328
Dawson	EL5737	E2016/00103, E2016/00112	772
Yerelina	EL5813		145
<i>Sub-Total</i>			<i>1245</i>
TOTAL			3175

Table 1: DGO Tenement Holdings as at 30 September 2016

CORPORATE

During the quarter, DGO and its subsidiary Yandan Gold Mines Pty Ltd received a total of \$260,429 (before fees) in income tax refunds relating to 2015 research and development activities.

DGO is expected to receive a further income tax refund of \$218,774 (net of fees) in the December 2016 quarter as the result of the 2016 research and development activities.

DGO's Annual General Meeting will be held on Wednesday 16 November 2016.

At the date of this report there are 5,797,268 fully paid ordinary shares on issue.

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

Eduard Eshuys
EXECUTIVE CHAIRMAN
20 October 2016

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

DGO Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

September 2016

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	(91)	(91)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(100)	(100)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Other (research and development tax offset)	260	260
	Net Operating Cash Flows	73	73
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (i)	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of Mt Coolon Gold Mines Pty Ltd)	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	73	73

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	73	73
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	73	73
1.20	Cash at beginning of quarter/year to date	366	366
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	439	439

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	67
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
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'000
4.1 Exploration and evaluation	95
4.2 Development	-
4.3 Production	-
4.4 Administration	190
Total	285

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	439	366
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	439	366

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		Nil		
6.2 Interests in mining tenements acquired or increased	EL 5812 EL 5813 E24/197	Yerelina SA Yerelina SA Black Flag WA	Nil Nil Nil	100% 100% 100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	5,797,268	5,797,268	N/A	N/A
7.4	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter	-	-	-	-
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <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	Debentures <i>(totals only)</i>	-	-	-	-

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)	-	-	-	-
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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: Date: 20/10/2016
(Company Secretary)
Print name: Michael J Ilett

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 The Company is expected to receive \$218,774 (net of fees) in income tax refund during the December 2016 quarter on the 2016 financial research and development expenditure.

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