DGR Global Limited

ABN 67 052 354 837
dgrglobal.com.au

DGR Global Annual Report 2020

DGRGLOBAL

Annual Report

for the year ended 30 June 2020

DGR GLOBAL LIMITED ABN 67 052 354 837

Developing tomorrow's resources, today.

DGR Global is a resource company creator with a portfolio of both traditional and technology-driven natural resource projects which will be required to power and support future generations.

Exposed to a wide array of commodities across a diverse range of jurisdictions, DGR Global is developing tomorrow's resources, today.

COVER PHOTO: At DGR Global, we believe that the future points to energy and we see this image as one that represents growth, urbanisation and electrification, which are seen as the key drivers for the demand of resources.

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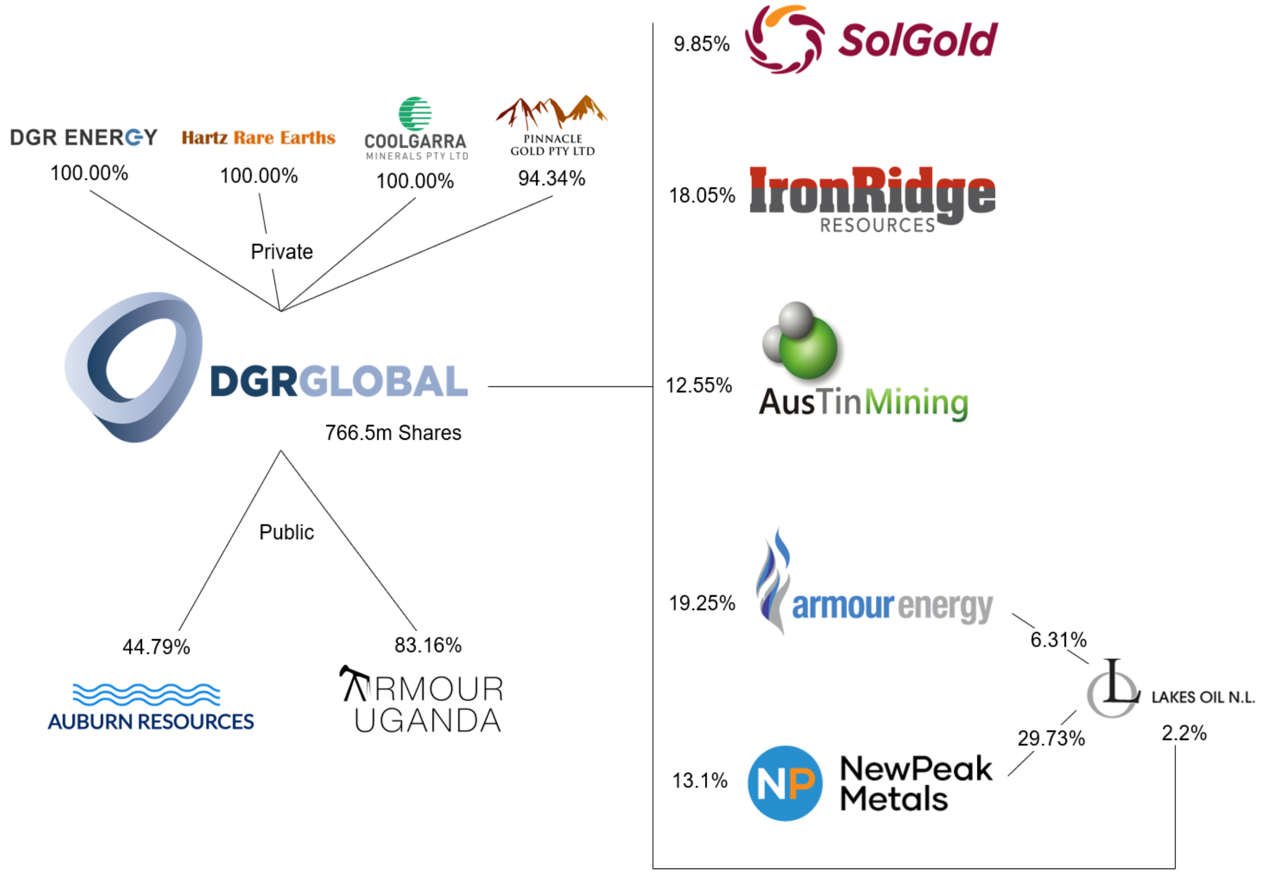
REVIEW OF OPERATIONS

Review of operations
for the year ended 30 June 2020

INTRODUCTION

DGR Global's business is resource-project generation and discovery across a range of commodities, including copper, gold, nickel, tin, iron ore, titanium, bauxite, lithium, cobalt, oil and gas. The group focuses on new project generation and value creation, delivering value through discovery of ore bodies by the application of innovative exploration techniques and reassessment strategies of existing pre-development projects and to new greenfields areas. DGR Global is generating and developing several independently funded and managed resource companies in order to progress each of these projects. The company maintains its cornerstone investor position in subsidiaries that move to listing on a recognised stock exchange as illustrated in the following Figure 1.



DGR GROUP CORPORATE TREE
DGR Global-created listed investments (at 30 June 2020)

CORPORATE

Highlights for the company during 2020 included:

- The Company continues to focus on new project generation and value creation and also continues to seek out new investment and development opportunities to drive the creation of new resource companies.
- COVID-19 temporarily impacted DGR's capacity to carry out its normal business in the final quarter of FY19/20. DGR implemented a number of financial and operational strategies to minimise risk and endeavour to maintain shareholder value during this challenging period and to be appropriately prepared to resume exploration activities as soon as conditions permit.
- Successful completion of Accelerated Non-Renounceable Entitlement offer to raise $A5.67m in May. The offer, comprising both Institutional and retail components was substantially oversubscribed with applications for approximately $A11.8m received[1].
- Business model endorsed by the best performing hedge fund in the world in 2016 with Tribeca Investment Partners providing up to $10 million in converting note funding to further develop the resource company creation business[2].
- DGR holds an 83.18% (Armour Energy 16.82%) interest in a highly prospective oil project in the Kanywataba Block, Uganda[3].
- Continuation of support to Armour Energy in expanding its gas exploration, production and distribution assets.
- Progressing potential opportunities and making preparations for funding and ASX listing of Auburn Resources Limited.
- HSE for the group entities for which DGR acts as Operator, maintained a rolling 12-month TRIFR of 0.00 and zero environmental incidents for the corresponding period, highlighting the continuous commitment to safe operations.

INVESTMENTS IN LISTED COMPANIES

SOLGOLD PLC | 9.85%

LSE/TSX: SOLG | solgold.com.au

- Focus on high grade world class copper gold porphyry systems at Cascabel in Ecuador. Cascabel is proximate to Quito and seaports, is at low elevation, and has abundant water supplies and access to hydropower.
- Exploration activities at a number of SolGold's 72 wholly owned Mineral Concessions in Ecuador, that were temporarily suspended of due to COVID-19 in late March, have recommenced in June, with strict COVID-19 protocols in place[4].
- SolGold remains the dominant explorer in Ecuador.
- A second cluster of large, fertile porphyry systems discovered at the Rio Amarillo Project. An enhanced heli-mag survey identified 4 high priority porphyry targets[5].
- Continuing work to progress the Pre-Feasibility Study (PFS), scheduled for completion by Q3, 2020 and the Definitive Feasibility Study (DFS), scheduled for completion by end Q1, 2021[6].
- Phase 2 metallurgical test-work resulting in upgraded recoveries and indicates a potential increase in revenues from the Alpala Project[7].
- Net Smelter Returns (NSR) Financing Agreement of $US100m with upscale to $US150m from Franco-Nevada concurrent with an initial advance of $US15m under a Bridge Loan Agreement[8].
- Fundraising completed comprising placement, conditional subscription, and retail offer raising gross proceeds of approximately $US33.6m[9]. Subsequent further subscription by certain institutional and private investors raised approximately $US6.1m[10].
- Expert Technical Appointments of Mr Peter Holmes as Director of Studies and Mr Steven Belohlawek as General Manager – Underground Development and Mining[11].
- Commencement of offer to acquire Cornerstone Capital Resources Inc[12].

Review of operations continued
for the year ended 30 June 2020

INVESTMENTS IN LISTED COMPANIES CONTINUED

ARMOUR ENERGY LIMITED | 19.25%
ASX: AJQ | armourenergy.com.au

- Holds highly prospective whole basin oil and gas positions in Northern Territory and North West Qld covering 139,000 km^2, with a track record of exploration success.
- Following extensive review of potential oil exploration, appraisal and development acreage, new material oil reserves and resources added to the Company's portfolio[13].
- Armour holds an interest in an Exploration Licence (DGR 83.16%, Armour 16.84%) over the highly prospective Kanywataba Block in the Albertine Graben, Uganda. Less than 40% of the Albertine Graben has been subjected to exploration to date where 101 wells of approximately 115 wells drilled have encountered hydrocarbons[14].
- Petroleum acreage near Chinchilla awarded to the Armour-APLNG JV with formal grant of Petroleum Production Licence being granted in the previous quarter. First gas from this tenement area planned for delivery by mid-2021[15].
- Independently verified activities at the Kincora Project, confirm a 22% increase in P2 gas reserves[16].
- Acquisition of Oilex's Cooper Eromanga Basin assets[17].
- Appointment of former Drillsearch Energy Ltd Managing Director, Mr Brad Lingo, as CEO[18].
- Agreement entered into with Australia Pacific LNG (APLNG) for the sale of Armour's interest in Petroleum Lease 1084 (PL 1084) known as the Murrungama Block for $A4.0m[19].
- Capital raising through Private Placement and Accelerated Non-Renounceable Entitlement Offer raising in excess of $A8.0m[20].
- Addition of Block CO2019-E (PELA 677) ("Block C") permit in the northern flank of the Cooper Basin in South Australia[21].

IRONRIDGE RESOURCES LIMITED | 18.05%
AIM (LSE): IRR | ironridgeresources.com.au

- 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.
- Major gold discovery at the Dorothe Project and nearby Ouchar and Echbara licence areas in Chad, gold projects in Ivory Coast, and lithium projects with proven big, high grade lithium spodumene pegmatites in Ghana and Ivory Coast[22].
- Retention of highly prospective hematite rich iron targets in Tchibanga and Belinga Sud licence areas in Gabon (total tenure 5,400km^2).
- Second phase drill programme commenced and subsequently increased to approximately 15,000 metres of combined Air Core (AC) drilling and Reverse Circulation (RC) drilling along strike from previously reported high-grade drill intersections over the Ehuasso target, with an additional 6,000 metres of reconnaissance AC drilling over the Ebilassokro target within the Zaranou Gold Project in the Ivory Coast Project area[23].
- Placing and subscription conditionally raising £4.75m[24].
- Infill soil sampling further enhances multiple large scale soil anomalies along the structural corridor of the Zaranou Gold Project with soil anomalies and artisanal mining zones defined over a 47km striking gold zone[25].
- Mineral Exploration Licence PL3/109, Mankessim South granted to wholly owned subsidiary Green Metals Resources Ltd in Ghana[26].
- Completion of the acquisition of CAPRI Metals SARL giving full ownership of a further highly prospective gold exploration portfolio in the Ivory Coast[27].
- Historical data secured from previous explorers of the Zaranou Gold Project confirms a significant, drill ready target at Yakasse[28].

NEWPEAK METALS LIMITED* | 13.1%
ASX: NPM | newpeak.com.au

- Focused on exploring for alternative world class gold deposits in multiple, diverse jurisdictions including Argentina and Finland as well as other precious and base metals project opportunities.
- Final obligations for the first year obligations to earn 25% equity in the Las Opeñas Gold Project completed[29].
- Private placement raising $A0.675m and opening of Share Purchase Plan (SPP) to raise up to a further $A1.0m[30].
- Execution of Term Sheet with Sotkamo Silver AB to acquire 100% interest in 7 gold exploration permits in the Tampere Gold region of Finland and 7 tungsten exploration permits in the Bergslagen Tungsten Project in Sweden[31].

* Formerly Dark Horse Resources Limited

AUS TIN MINING LIMITED | 12.55%
ASX: ANW | austinmining.com.au

- Focussing on minerals critical for future electrification including tin, copper, cobalt and nickel.
- August 2013 JORC resource estimate confirmed Taronga as a world class tin project. The details of the resource (79% indicated) can be viewed on the ASX or on the AusTin Mining website.
- Metallurgical flow sheet completed for Taronga (NSW) pre-feasibility study. Ore described as coarse grained, having simple metallurgy, and highly amenable to pre-concentration.
- Non-binding term sheet signed with Lachlan Copper for a farm-in over three exploration licences prospective for copper and gold located in the Lachlan Fold Belt in NSW[32].

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS

During the year the group was strongly focused on advancing exploration projects within the parent and subsidiary companies. Field reconnaissance programs including mapping, soil, stream and rock sampling were undertaken. COVID-19 temporarily impacted capacity to carry out planned exploration in the final quarter of FY19/20.

AUBURN RESOURCES LIMITED | 44.79%

Auburn Resources is focused on the discovery and development of copper, gold, nickel, cobalt and zinc deposits in Eastern Queensland and the Northern Territory.

- Continuing to develop and consolidate as a zinc-lead, nickel-copper-cobalt, copper-gold company exploring in QLD and NT, with several highly prospective areas in the NT.
- Significant Iron Oxide Copper Gold (IOCG) and lead-zinc targets identified and secured in the Tanumbirini district of the Northern Territory[33] – refer later section for further details.
- Potential for major copper gold discoveries at Mt Abbott, Calgoa and Marodian Projects and large sulphide nickel-cobalt-copper discoveries near Hawkwood[34].
- Exploration targets defined for zinc at the Ban Ban Project.
- Successful Collaborative Exploration Initiative (CEI) Grant application for $85k funding a ground based Moving Loop Electromagnetic (MLEM) survey at the Hawkwood Project[35].
- Planning well advanced for ASX listing (subject to market conditions) in 2020.

Review of operations continued
for the year ended 30 June 2020

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS CONTINUED

AUBURN RESOURCES LIMITED CONTINUED

The Northern Territory Government granted all 12 of the Exploration Licenses that make up the Tanumbirini and Victoria River Projects to Pennant Resources Pty Ltd, a wholly owned subsidiary of Auburn Resources Limited (see Figures 2 and 3 below).

Tennant Creek and Mt Isa are the preeminent mineral resource hubs for the Northern Territory and Queensland. The region between these two hubs is a vast prospective frontier covered by a thin veneer of sediments.

Geoscience Australia (GA), as part of the Federal Government's "Exploring for the Future" program, undertook an extensive soil sampling survey in collaboration with the Northern Territory Geological Survey and the Geological Survey of Queensland. Catchment outlet sediment samples were collected at 776 sites (including duplicates) and analyzed for elemental composition using three different analytical techniques1. The black dots in Figure 3 show all the sample points. Subsequently, GA undertook a wide spaced airborne electromagnetic (EM) survey over the entire area to primarily define sulphide mineralization targets.

In mid-2018 GA started the public release of the Northern Australian Geochemical Survey. DGR Global Ltd (DGR) geoscientists started to interrogate the released data sets. DGR focused on the total lead assays rather than other base metals such as copper and nickel as lead is relatively insoluble thus not moving far from its point of origin. Figure 4 over the page shows the result of this data search.

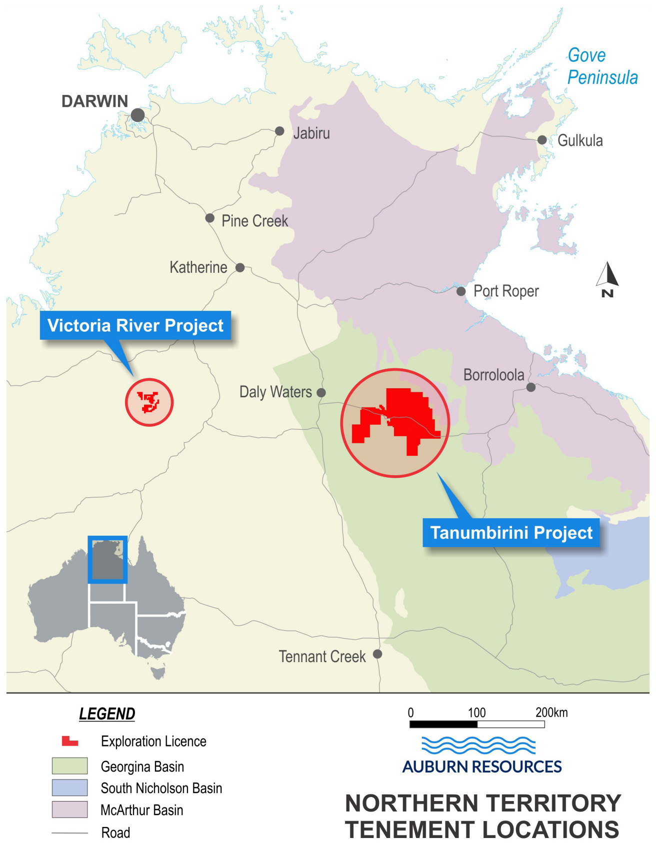


FIGURE 2 Location of the Tanumbirini and Victoria River Projects in the Northern Territory.

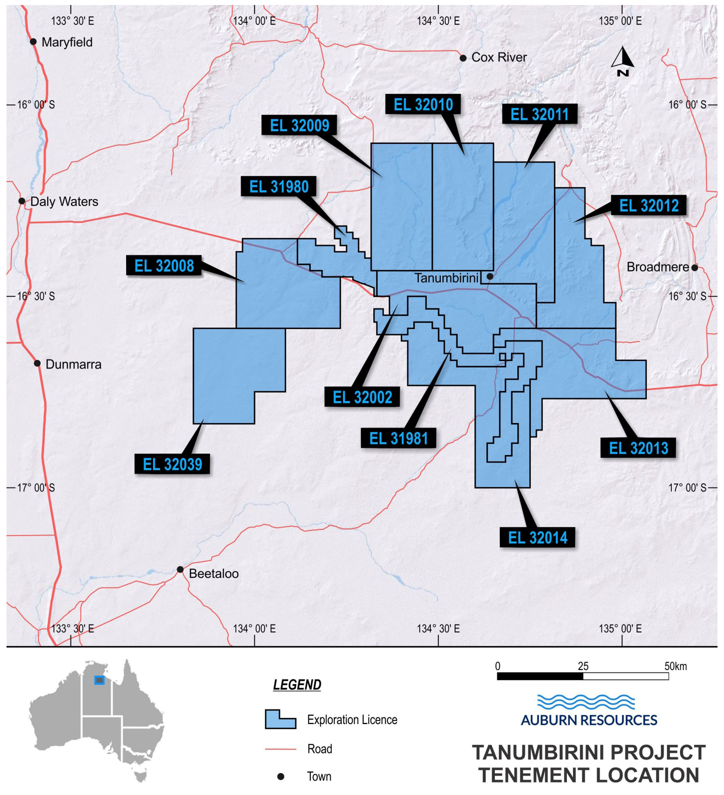


FIGURE 3 The Tanumbirini Project Area – traversed by the sealed Carpentaria Highway and the gas pipeline to the McArthur River Mine.

The total lead footprint at Tanumbirini is larger in area than that at Mt Isa to the east, and comparable in magnitude given that Tanumbirini is all under cover and Mt Isa is exposed and has been mined for approximately a century. Lead high values to 46.2 ppm characterize Mt Isa and 34 ppm characterizes the Tanumbirini area.

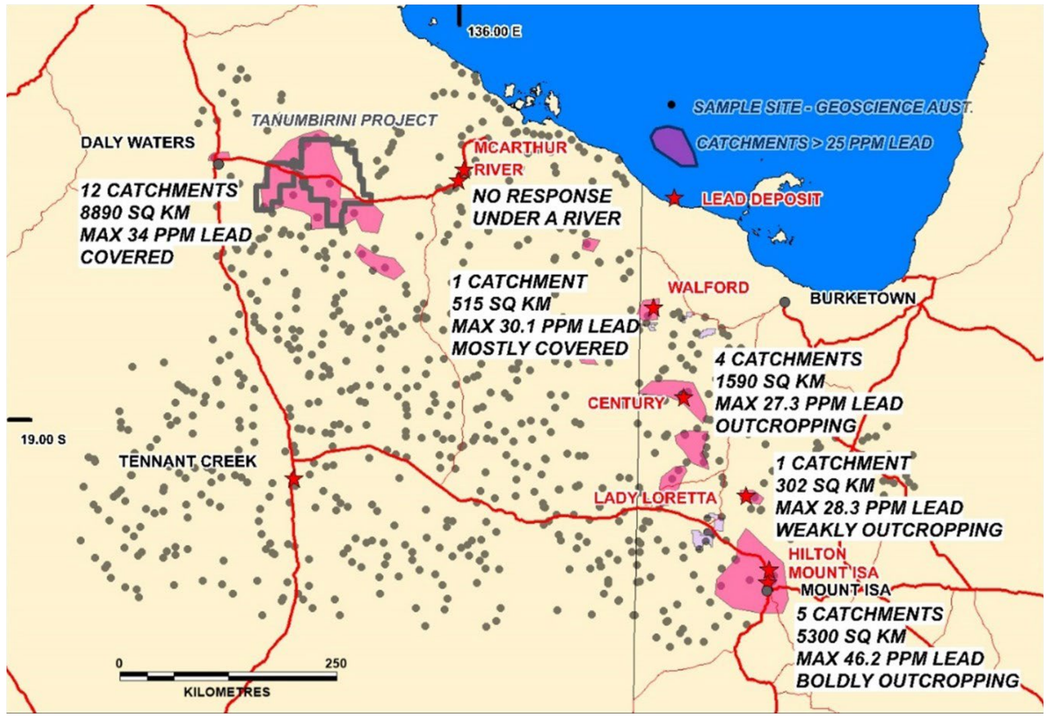


FIGURE 4 Geoscience Australia overbank fine stream sediment sample points, with regional lead anomalism (Total Lead > 25 ppm by ICP-MS) shown in dark pink

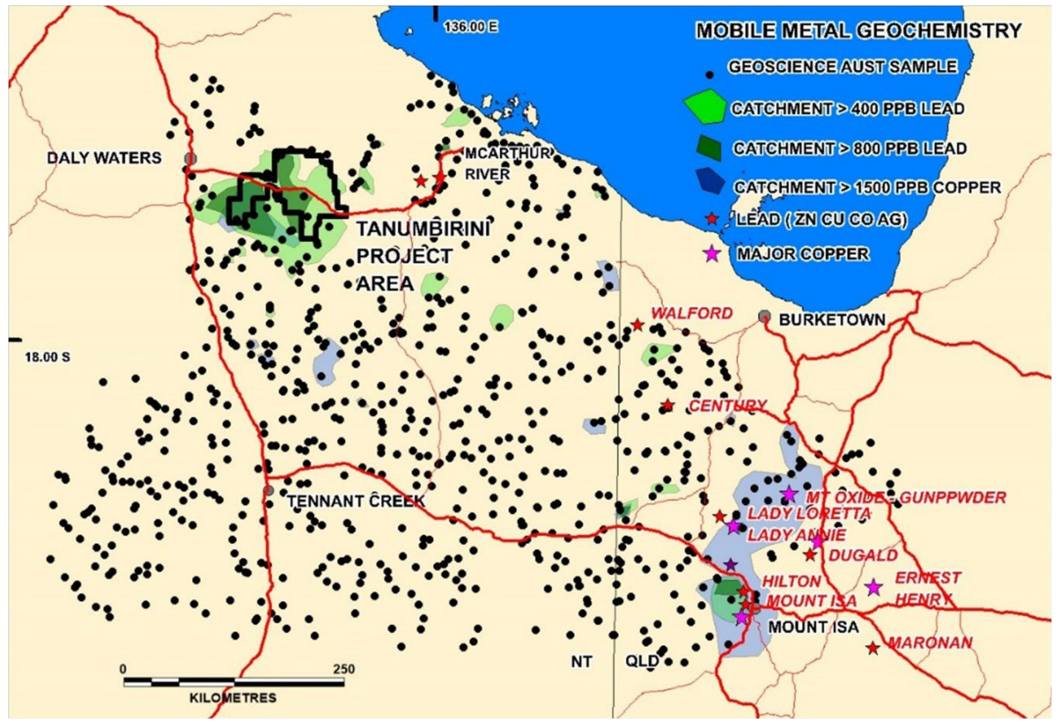


FIGURE 5 Lead (light green) and Copper (light blue) anomalism by MMITM (partial leach) geochemistry

Review of operations continued
for the year ended 30 June 2020

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS CONTINUED

AUBURN RESOURCES LIMITED CONTINUED

More detailed investigation of the Northern Australia Geochemical Survey (NAGS) data sets further confirmed a large area of base metal anomalism at Tanumbirini. Examining the data sets for lead and copper by Mobile Metal Ion™ (partial leach) (MMI™) geochemistry indicated an even larger anomalous footprint at Tanumbirini, with a significant indication of copper on the western section of the project area (see Figures 5 and 6). The highest copper in the unpolluted Tanumbirini area is 4310 ppb by MMI™. Excluding polluted exceptions, this compares to the Mt Isa area high of 2970 ppb and 2,000–3,000 ppb in the Mt Oxide Gunpowder copper district.

IOCG Targets

Coincident with DGR's research, Greatland Gold plc announced its Havieron IOCG discovery at the Paterson Ranges about 40 kms east of Telfer. Greatland had previously announced that anomalous rare earths in soils were an exploration tool for IOCG deposits, so DGR revisited the NAGS data sets to search for rare earths. As shown in Figure 6 (below), rare earths point to a massive IOCG target zone on the western section at Tanumbirini (yet to be supported by gravity and magnetic data).

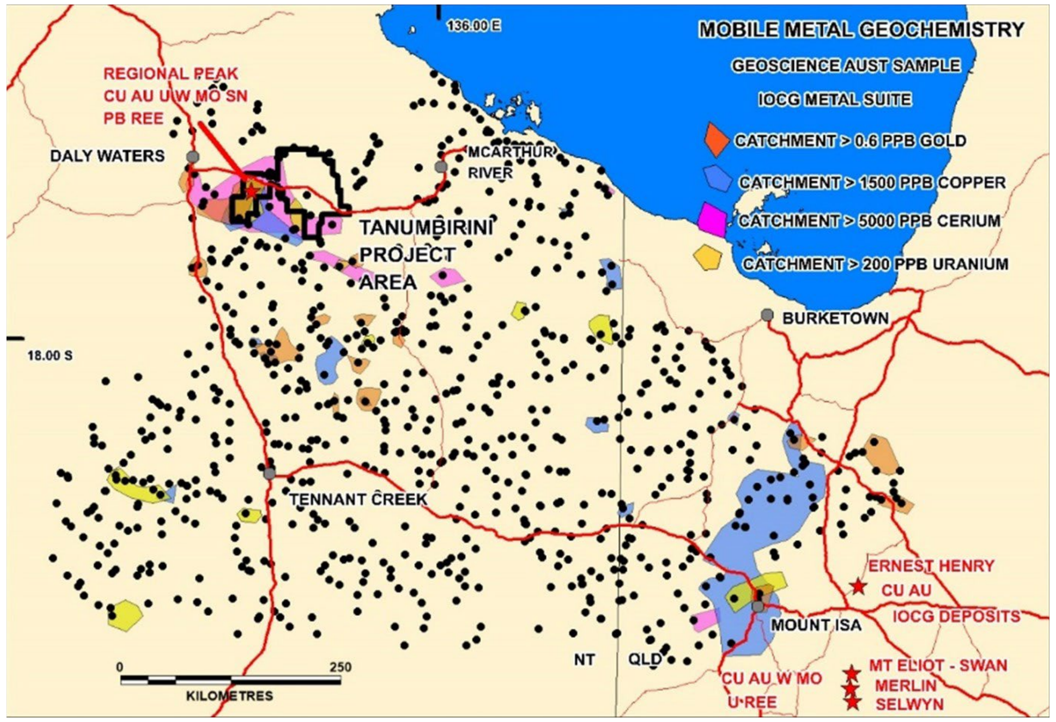


FIGURE 6 Copper, gold, uranium, rare earths and molybdenum association at Tanumbirini– indicative of large IOCG (Iron Oxide Copper Gold) targets under relatively shallow cover

DGR considers that in the Tanumbirini Project Area, Auburn Resources has secured two new potential mineral fields:

1. a pyritic dolomitic shale sub basin of the broader McArthur Basin prospective for lead zinc deposits at Tanumbirini East; and
2. an iron oxide copper gold target area at Tanumbirini West.

Figure 7 below is a composite diagram incorporating mapped fault structures and EM supported geology on a magnetic image, indicating the interpretation of a fault bounded pyritic dolomitic shale sub basin prospective for lead zinc deposits on the east, and iron oxide copper gold (IOCG) targets on the west. The standout feature through Tanumbirini is an 80 km long magnetic terrane boundary (shaded in purple), and which DGR considers is the source of the copper-gold-uranium-molybdenum-rare earth anomalism. The soil geochemistry and EM data from the Geoscience Australia surveys adds to an already extensive knowledge of surface geology and faults in the area, as well as available detailed magnetic data and a general understanding of the local stratigraphy.

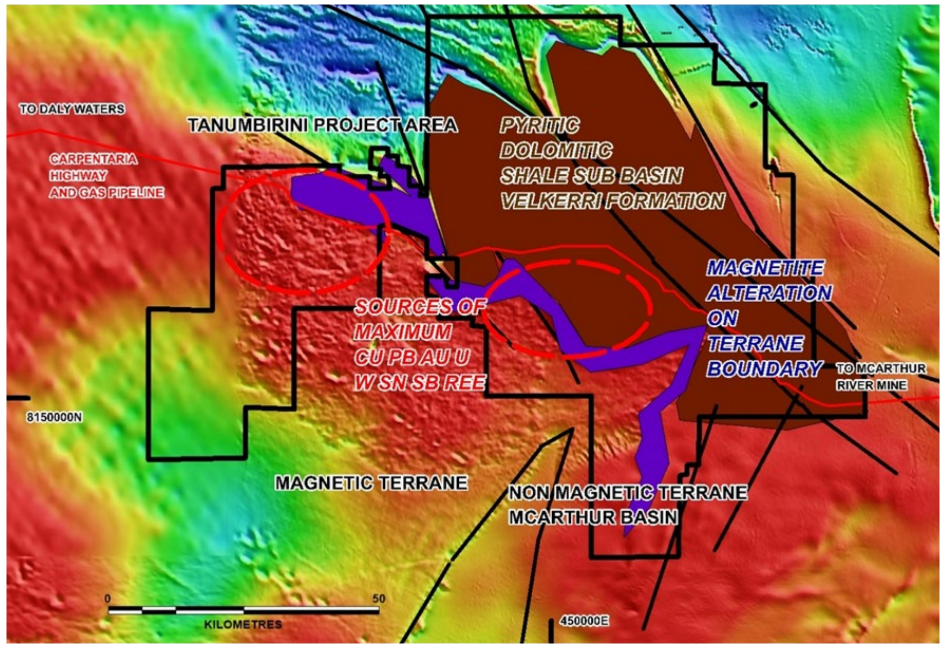
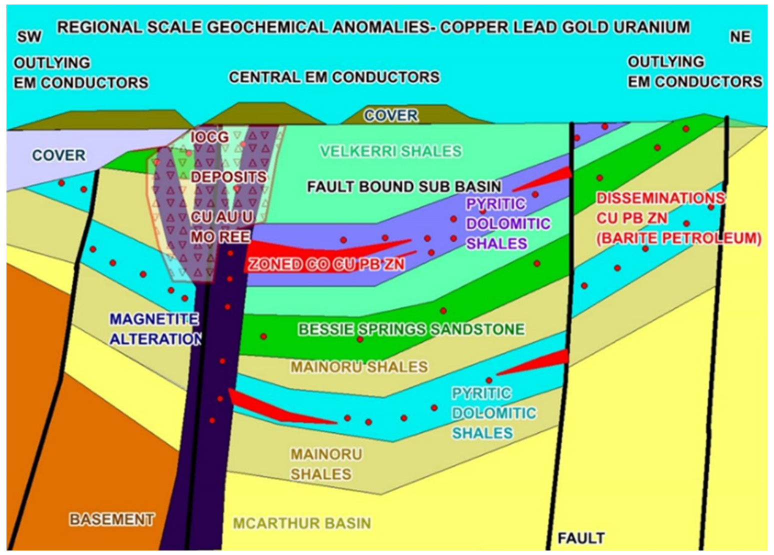


FIGURE 7 Geological interpretation on magnetic image – fault bounded pyritic dolomitic shale sub-basin on the east

Figure 8 below shows a conceptual SW-NE geological cross-section of the Tanumbirini Project Area.

FIGURE 8 Conceptual SW-NE geological cross-section of the Tanumbirini Project area



Review of operations continued
for the year ended 30 June 2020

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS CONTINUED

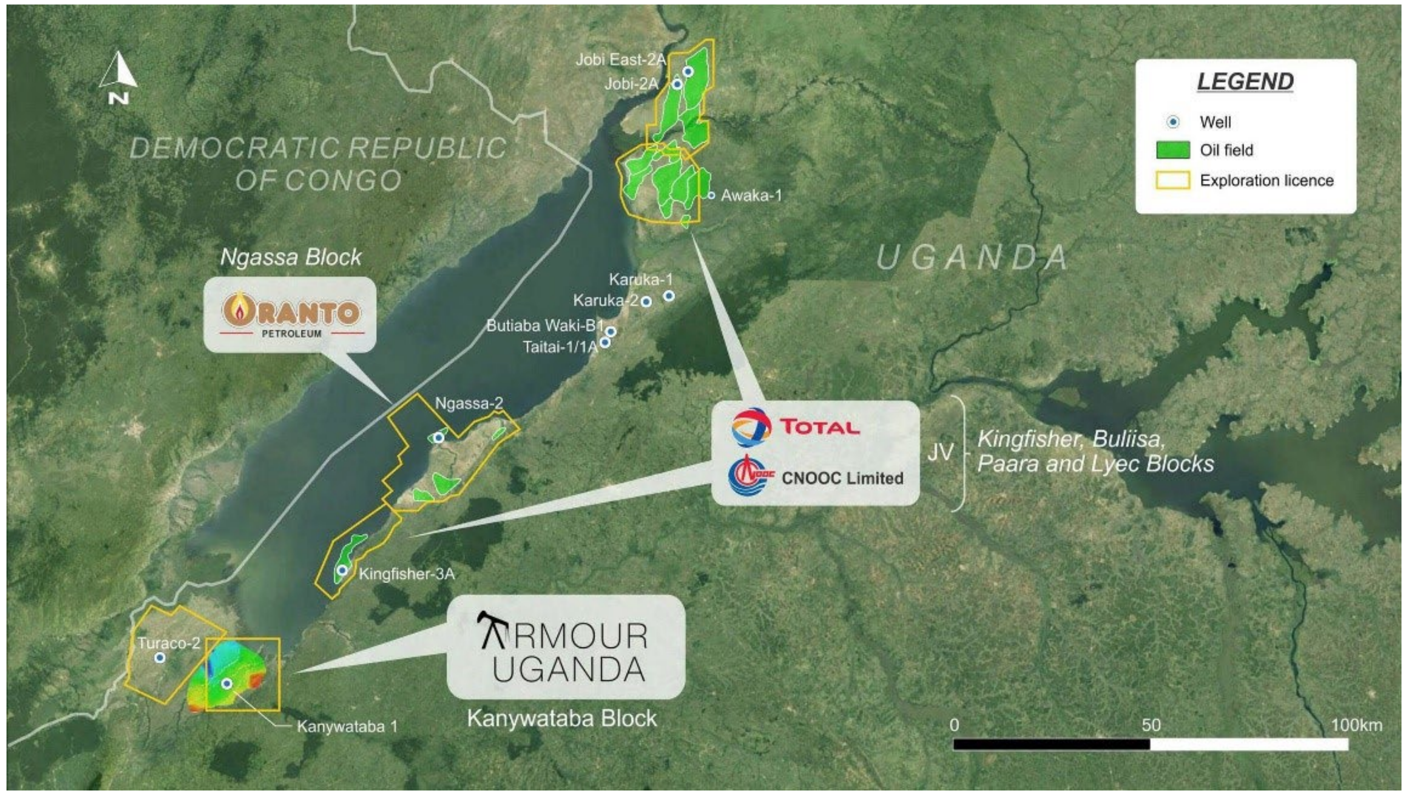
ARMOUR UGANDA (83.16%)

Armour Uganda's flagship project is the 'The Kanywataba Block' which is highly prospective for oil and gas. The project covers approximately 344 km² and 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.

The Kingfisher oil discovery (40km NE of Kanywataba) oil seeps confirm local working petroleum system. Force majeure conditions are currently in operation as a result of wet weather and the COVID-19 pandemic. Activities will resume once conditions become favourable and travel restrictions are lifted.

Activities in the year and which are ongoing include:

- Reprocessing of existing 2D seismic data
- Geochemical surface soil gas sampling program
- 2D seismic programme
- Basin Analysis study



PINNACLE GOLD PTY LTD (94.34%)

Pinnacle Gold holds 6 Exploration Permits (EPMs) for gold, nickel and antimony in North Queensland and 2 Mineral Exploration Licenses (MELs) for gold and copper in the Northern Territory. The Queensland EPMs include substantial gold exploration tenements south of Charters Towers, Qld. Most of the area is soil covered, with previous exploration efforts by earlier explorers largely confined to areas of outcrop and focused on mapping and sampling known workings. Only two areas have been drilled.

To date there has been no wide ranging systematic geochemical survey undertaken, yet the area clearly lies on potentially mineralising structures (Charters Towers – Black Jack – Mt Leyshon). Significant stream sediment anomalisms (see Figure 9 below) may not all be due to the proximate small veins.

Pinnacle has reconsidered the exploration strategy for this mostly soil covered area, looking for large targets, Pinnacle previously completed a field program of low gold detection limit soil lines on a grid pattern with infill gridding of any elevated results. Historical initial shallow RC drilling on 2 of the EPMs returned mixed results, warranting further exploration and drilling to better define drill targets.

Pinnacle Gold has secured tenure that is thought to be highly prospective for gold and copper in the Northern Territory on the back of a successful NAGS survey that identified a number of anomalous areas within remote parts of the Northern Territory and Queensland that have received almost no historical exploration. Pinnacle Gold was one of the first companies to secure tenure as a direct result of the NAGS survey and as such have started the pioneering phase into deeply covered unexplored Australian prospective terrane.

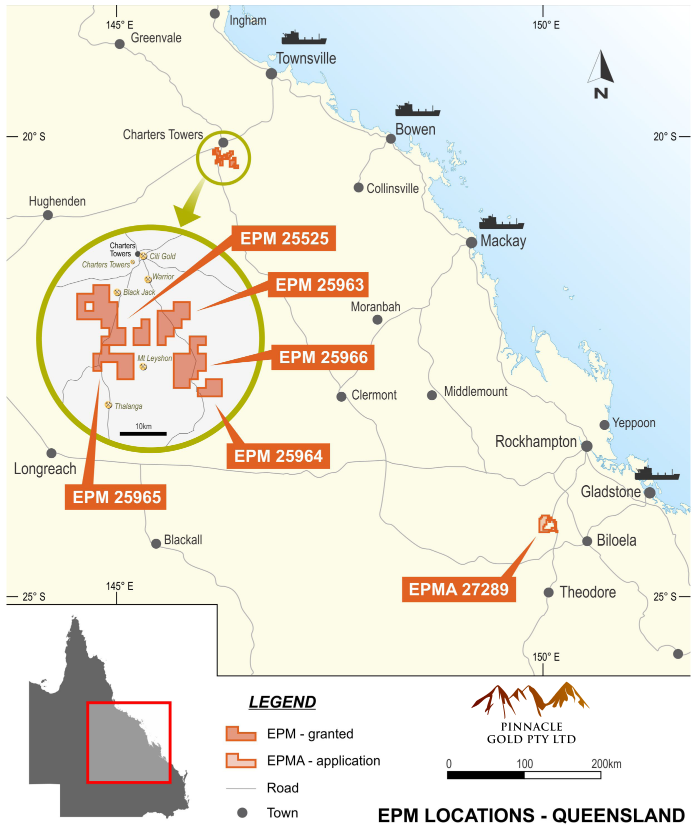


FIGURE 9 Pinnacle EPM Locations Queensland

Review of operations continued
for the year ended 30 June 2020

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS CONTINUED

PINNACLE GOLD PTY LTD (94.34%) CONTINUED

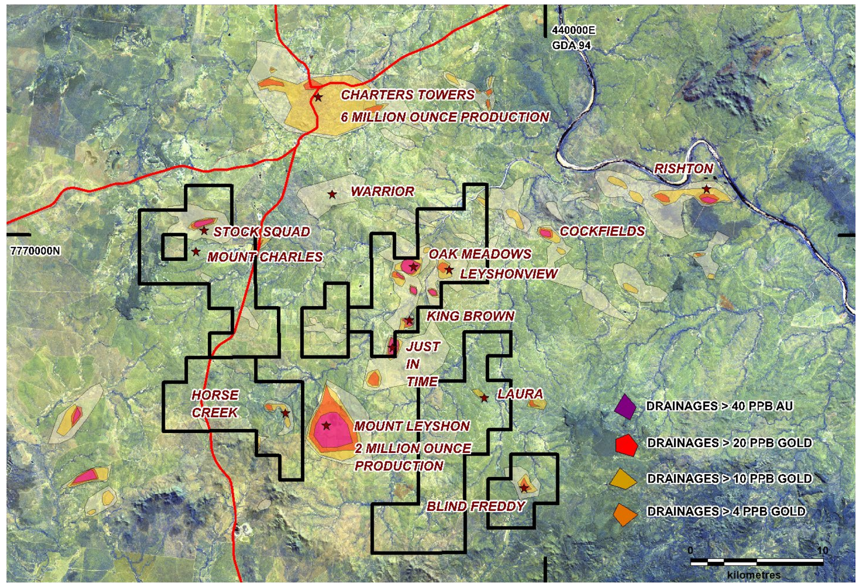


FIGURE 10 Overview of gold stream sediment geochemistry south of Charters Towers (compiled from historical data)

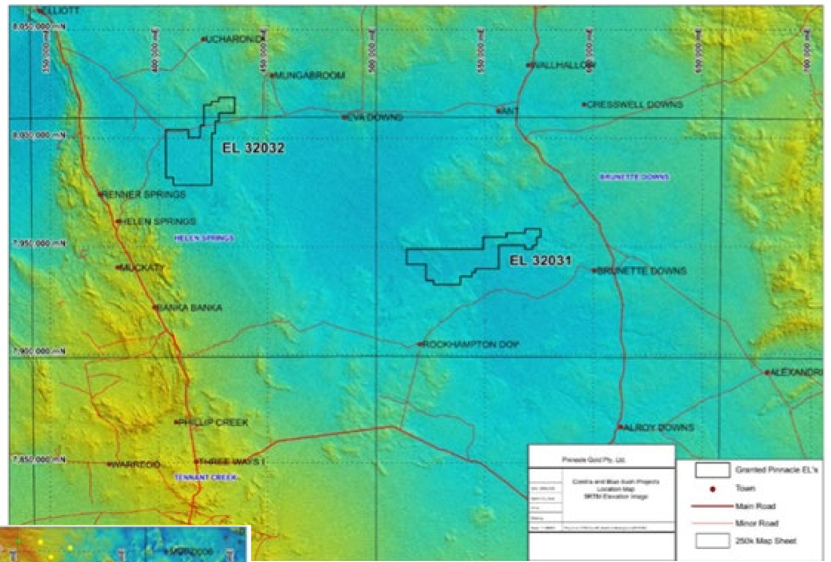


FIGURE 11 Pinnacle Gold MEL Locations Northern Territory

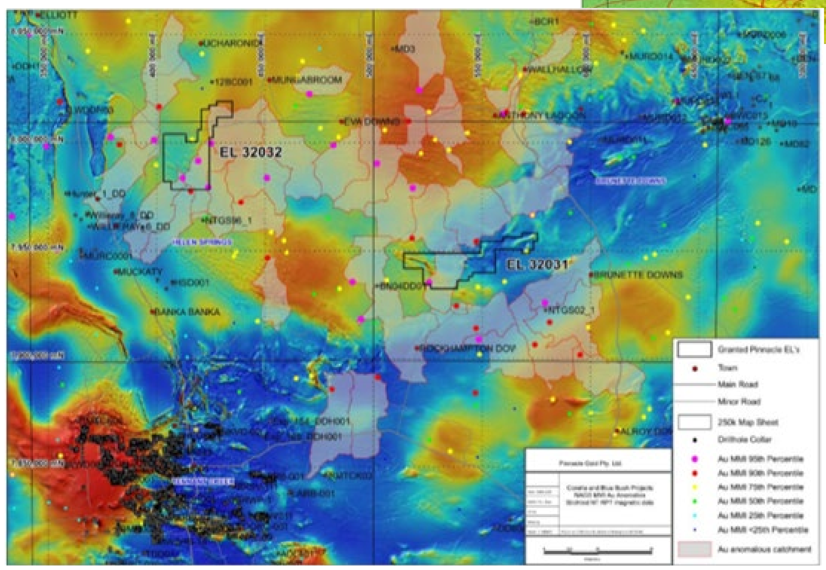


FIGURE 12 NT stitched RTP magnetic image of the Tennant Creek region showing anomolous gold MMI catchments and MEL location

COOLGARRA MINERALS PTY LTD (100%)

Coolgarra Minerals is focussed on discovery and development of gold, antimony, nickel and cobalt and holds five granted EPMs to the south of Greenvale, QLD and one EPM west of Theodore in Central Queensland. The southernmost permit covers substantial historic gold workings at Janelle's Hope and Wade's with the Northern tenement areas immediately adjacent to the south of the Sconi nickel-cobalt project.

Initial exploration focused around several historical small-scale mining areas, in particular Wally's Hope and Janelle's Hope Prospects in the southern section of EPM 19270, and what is recorded as a long (several kilometres) strata bound gold occurrence in the northern section now referred to as Wade's Prospect. Figure 14 below is a satellite image of the southern section of EPM 19270 showing the soil grid lines with a macro view of the soil gold concentration contours at >25 ppb, > 50 ppb, and > 100 ppb.

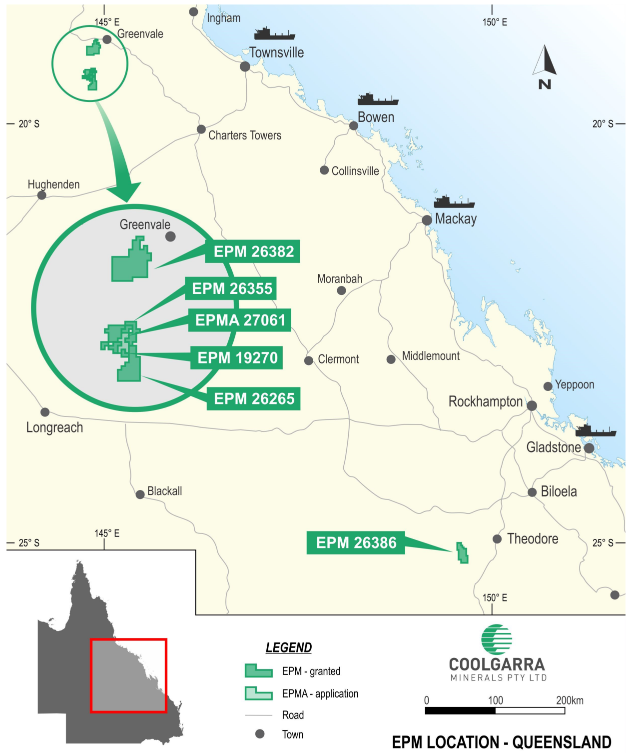


FIGURE 13 Coolgarra Minerals' EPM locations, Queensland

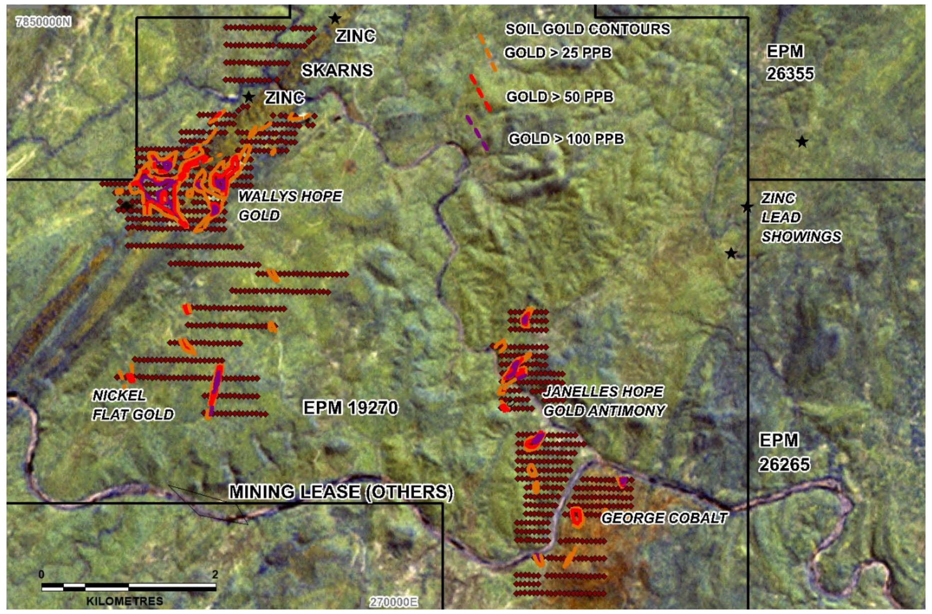


FIGURE 14 Soil Sample Grid on southern section of EPM 19270

Review of operations continued
for the year ended 30 June 2020

EXPLORATION AND DEVELOPMENT OF UNLISTED SUBSIDIARIES AND PROJECTS CONTINUED

HARTZ RARE EARTHS PTY LTD (100%)

Hartz Rare Earths (HRE) have applications for two Mineral Exploration Licenses (MELs) in the Northern Territory. The project area is located approximately 855km south of Darwin and 420km north-west of Alice Springs.

The target is a uranium copper molybdenum anomalous area highlighted in the recent Geoscience Australia survey. The geology and metal association indicate the potential for roll front uranium deposits within dry stream channels on the margin of the Tanami Desert.

On grant of the exploration licenses, HRE is proposing to investigate this previously large unexplored target specifically for uranium, copper, molybdenum and vanadium using a denser geochemical survey. Initially this will involve further MMI™ and conventional sampling, followed by traverses of shallow drilling.

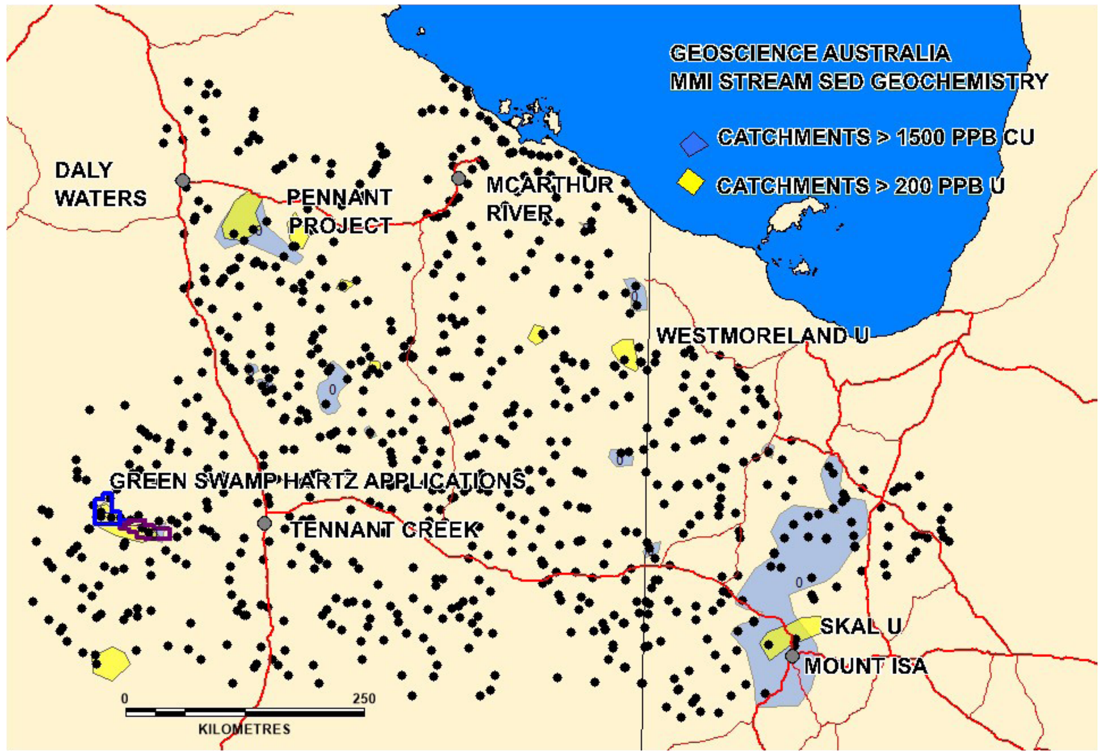


FIGURE 15 Geoscience Australia MMI™ stream sediment geochemistry map

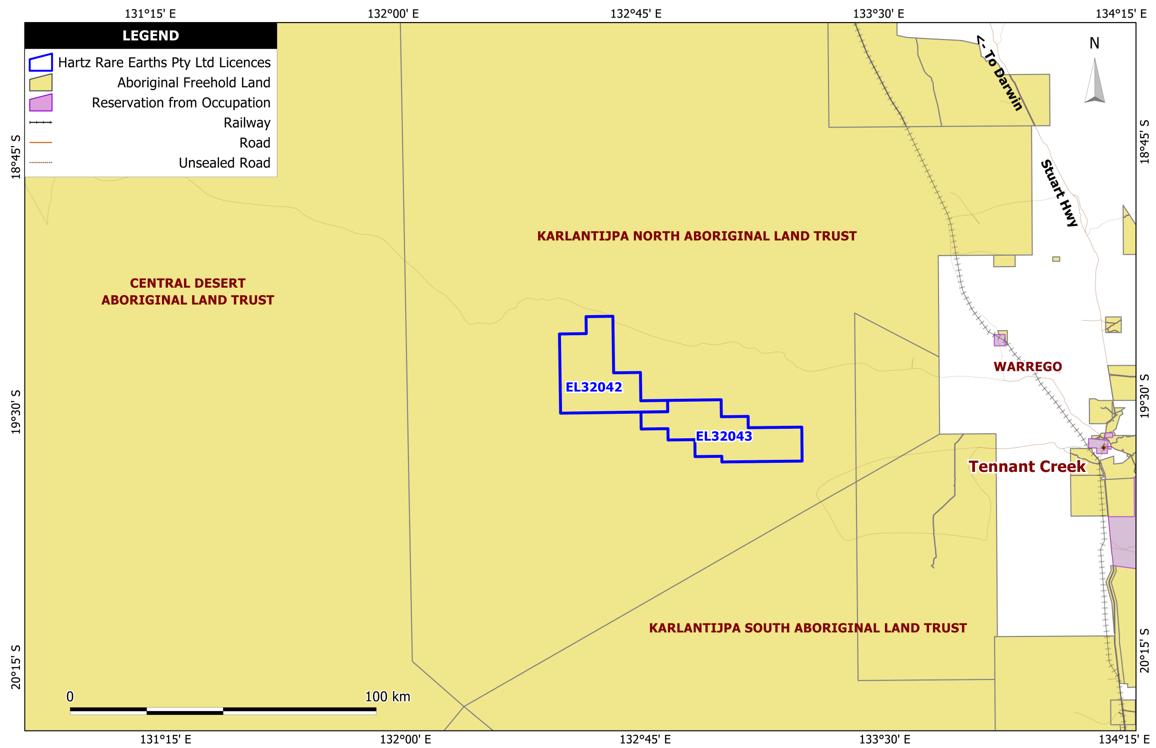


FIGURE 15 License application location map

MINERAL RESOURCES

Following a resource drilling programme that was announced to the ASX on 4 August 2014[36], the Shamrock Tailings Dam contains a JORC 2012 compliant Mineral Resource of:

- Indicated: 770,000 tonnes @ 0.58 g/t Au for 450,000 grams (14,000 ounces) gold, and
- Inferred: 770,000 tonnes @ 11 g/t Ag for 8,242,400 grams (265,000 ounces) silver.

There has been no change to this Mineral Resource since that time.

FUTURE DEVELOPMENTS

DGR Global aims to hold its key positions in the listed resource companies that it has created as they mature and develop. This review has identified unlisted subsidiaries that may progress to listing within the next 12–18 months, subject to further exploration, development and market conditions.

Review of operations continued
for the year ended 30 June 2020

FOOTNOTES

[1] DGR ASX Releases 28/4, 30/04, 26/05, 29/05/20
[2] DGR ASX Releases 22/8, 25/10/17, 26/9/18
[3] AJQ ASX Release 14/9/17
[4] SOLG LSE & TSX Releases 25/3, 22/06/20
[5] SOLG LSE & TSX Releases 13/2, 10/7/20
[6] SOLG LSE & TSX Release 11/3/20
[7] SOLG LSE & TSX Release 29/4/20
[8] SOLG LSE & TSX Release 11/5/20
[9] SOLG LSE & TSX Releases 4/6, 5/6/20
[10] SOLG LSE & TSX Release 8/6/20
[11] SOLG LSE & TSX Release 25/6/20
[12] SOLG LSE & TSX Release 30/6/20
[13] AJQ ASX Release 18/2/20
[14] AJQ ASX Release 19/9/17
[15] AJQ ASX Releases 30/5, 18/7/19, 11/3/20
[16] AJQ ASX Releases 30/9, 3/10/19, 12/6/20
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[18] AJQ ASX Release 15/6/20
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[31] NPM ASX Releases 9/6, 7/7/20
[32] ANW ASX Release 16/4/20
[33] DGR ASX Release 20/5/19
[34] DGR ASX Releases 3/7, 5/7/17, 8/11/18
[35] DGR ASX Release 30/7/20
[36] DGR ASX Release 4/8/14

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 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 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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DIRECTORS' REPORT

Directors' report
for the year ended 30 June 2020

Your Directors submit their report for the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

William (Bill) Stubbs	Non-Executive Chairman (retired 31 March 2020)
Nicholas Mather	Managing Director and Chief Executive Officer
Brian Moller	Non-Executive Director
Vincent Mascolo	Non-Executive Director
Ben Cleary	Non-Executive Director

NICHOLAS MATHER | MANAGING DIRECTOR AND CEO
BSc (Hons, Geol), MAusIMM

Mr Mather has 30 years of experience in exploration and resource company management. His career has taken him to a variety of countries exploring for precious and base metals and fossil fuels. He has focused his attention on the identification of and investment in large resource exploration projects.

Mr Mather was Managing Director of Bemax Resources NL and instrumental in the discovery of the world class Gingko mineral sand deposit in the Murray Basin in 1998. As an Executive Director of Arrow Energy NL, Mr Mather drove the acquisition and business development of Arrow's large Surat Basin Coal Bed Methane project in South East Queensland. He was Managing Director of Auralia Resources NL, a junior gold explorer before its $23 million merger with Ross Mining NL in 1995. He was also a Non-Executive Director of Ballarat Goldfields NL, having assisted that company in its re-emergence as a significant emerging gold producer.

During the past three years Mr Mather has also served as a director of the following listed companies:

- Armour Energy Limited (since 18 December 2009)
- Lakes Oil NL (since 7 February 2012)
- Aus Tin Mining Limited (since 21 October 2010)
- NewPeak Metals Limited, formerly Dark Horse Resources Limited (since 22 January 2003)
- SolGold plc, which is listed on the London Stock Exchange and Toronto Stock Exchange (since 11 May 2005)
- IronRidge Resources Limited, which is listed on the AIM submarket of the London Stock Exchange (since 5 September 2007)

BRIAN MOLLER | NON-EXECUTIVE DIRECTOR
LLB (Hons)

Brian Moller is a partner in the Brisbane-based law firm HopgoodGanim. He was admitted as a solicitor in 1981 and has been a partner since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

He holds an LLB (Hons) from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association.

Mr Moller acts for many public listed resource and industrial companies and brings a wealth of experience and expertise to the board particularly in the corporate regulatory and governance areas. During the past three years Mr Moller has also served as a director of the following listed companies:

- Aus Tin Mining Limited (since 21 October 2010)
- Platina Resources Limited (since 30 January 2007)
- New Peak Metals Limited, formerly Dark Horse Resources Limited (since 22 January 2003)
- SolGold plc, which is listed on the London Stock Exchange and the Toronto Stock Exchange (since 11 May 2005)
- Aguia Resources Limited (resigned 14 June 2019)
- Tempest Minerals Limited – formerly Lithium Consolidated Mineral Exploration Limited (since 13 October 2016)

Mr Moller is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

VINCENT MASCOLO | NON-EXECUTIVE DIRECTOR
BEng (Mining), MAusIMM, MIEAust

Mr Mascolo is a qualified mining engineer with extensive experience in a variety of fields including, gold and coal mining, quarrying, civil-works, bridge-works, water and sewage treatment and estimating.

Mr Mascolo has completed numerous assignments in the civil and construction industry, including construction and project management, engineering, quality control and environment and safety management. He is also a member of both the Australian Institute of Mining and Metallurgy and the Institute of Engineers of Australia.

During the past three years Mr Mascolo has also served as a director of the following listed companies:

- IronRidge Resources Limited, which is listed on the AIM submarket of the London Stock Exchange
- Lithium Consolidated Mineral Exploration Limited

Mr Mascolo is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Directors' report continued
for the year ended 30 June 2020

DIRECTORS CONTINUED

BEN CLEARY | NON-EXECUTIVE DIRECTOR

BEcon, GDipFin

Mr Cleary has had an extensive career in the natural resources sector having worked in a number of specialist, director-level roles at Macquarie Bank, RBC and RBS over the past 15 years.

In 2015, Mr Cleary founded Tribeca Global Natural Resources following the merger of Cleary Capital with Tribeca Investment Partners and has grown the team into one of Australia's largest dedicated natural resources investment groups at a time where a number of investment management firms have exited the sector.

The Tribeca Global Natural Resources team have been instrumental in corner-stoning more than $5bn of announced transactions in Australasia, Europe and North America since Mr Cleary founded the business. Mr Cleary is based in Singapore and is the Chief Executive Officer for Tribeca Investment Partners Asia.

During the past three years Mr Cleary has also seved as a Director of the following listed companies:

- Tribeca Global Natural Resources Limited (since 18 July 2018)

DIRECTORS' HOLDINGS

As at the date of this report, the interest of the Directors in the shares and options of DGR Global Ltd were:

	Number of ordinary shares	Number of options over ordinary shares
Nicholas Mather	140,178,193	15,234,565
Brian Moller	9,068,274	2,718,166
Vincent Mascolo	12,062,500	2,915,625
Ben Cleary	1,250,000	2,375,000

COMPANY SECRETARY

KARL SCHLOBOHM

BComm, BEcon, MTax, CA, FGIA

Karl Schlobohm is a Chartered Accountant with over 25 years of experience across a wide range of industries and businesses. He has extensive experience with financial accounting, corporate governance, company secretarial duties and board reporting. He currently also acts as the Company Secretary for ASX-listed Aus Tin Mining Limited, Armour Energy Limited, NewPeak Metals Limited, LSE(AIM)-listed IronRidge Resources Limited, and LSE- and TSX-listed SolGold plc.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the generation of projects, and the provision of services and support to sponsored listed companies, within the mineral resources industry. There were no significant changes in the nature of the Group's principal activities during the financial year.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the current and previous financial years.

REVIEW OF OPERATIONS

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under *Review of Operations*.

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE

Ordinary shares

There were 153,295,756 new ordinary shares issued during the financial year ended 30 June 2020 (2019: Nil) as follows:

- On 4 May 2020, 26,646,102 $0.037 ordinary shares were issued pursuant to the Institutional component of a Rights Issue.
- On 29 May 2020, 126,649,654 $0.037 ordinary shares were issued pursuant to the Retail component of the same Rights Issue.

POSITION AT 30 JUNE 2019 AND POSITION AT THE DATE OF THIS REPORT

Financial position

The net assets of the Group have decreased by $31,828,367 to $87,419,823 as at 30 June 2020 from $119,248,190 as at 30 June 2019. This decrease has largely resulted from:

- decrease in value of investments accounted for as assets at fair value through other comprehensive income; offset by
- Increase in exploration and evaluation assets primarily due to the exploration work carried out in Uganda;

During the past year the Group has continued investing in its mineral exploration tenements.

Treasury policy

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's currency risks and finance facilities. The Group does not currently undertake hedging of any kind.

Liquidity and funding

During May 2020, DGR Global Ltd completed a rights issue which raised $5,671,954 before costs offered to institutional and retail shareholders. At 30 June 2020 the cash balance of the Group was $3,851,471. Together the Group's cash and the Group's ability to sell interests in its listed investments will provide the Group with sufficient funding for a minimum of 12 months from the date of this report.

Directors' report continued
for the year ended 30 June 2020

REVIEW OF FINANCIAL CONDITION CONTINUED

OPERATING RESULTS

For the year ended 30 June 2020, the Group loss after income tax was $5,979,261 (2019: $4,432,875). The loss for the year has been largely driven by:

- Management fee income;
- Interest income on corporate bonds;
- Gain on the loss of significant influence of IronRidge Resourses Ltd; offset by
- Impairment on equity accounted investments;
- Recognition of share of associate losses;
- Fair value adjustments on convertible notes; and
- Interest expense on the Tribeca convertible notes.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the financial statements of the Group for the financial year.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 30 July 2020, the Company announced that Auburn Resources Limited ("Auburn") was successful in obtaining a $85,000 grant under the Queensland Department of Natural Resources Mines and Energy's Collaborative Exploration Initiative to conduct a ground based Moving Loop Electromagnetic (MLEM) survey at Auburn's Hawkwood Magmatic Nickel-Copper Cobalt Sulphide project.

On 18 August 2020, the Company announced that Auburn and Armour Energy Limited ("Armour") have executed a term sheet to acquire Armour's wholly owned subsidiary Ripple Resources Pty Ltd (Ripple). Auburn will issue 5,600,000 fully paid ordinary Auburn shares as consideration and Armour will transfer its legal, beneficial and unencumbered interest in 100% of the shares in Ripple to Auburn. The completion of the transaction is subject to a number of conditions precedent.

The Directors are not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated financial statements.

FUTURE LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Likely developments in the operations of the Group and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under *Review of Operations*.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to environmental regulation in relation to its exploration activities. The Group has conducted an extensive review of the environmental status of the Mining Leases and has estimated the potential costs for future rehabilitation and restoration to be $1,223,339. There are no matters that have arisen in relation to environmental issues up to the date of this report.

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of Directors and Executives are set out in this Remuneration Report.

The Company aims to reward the Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. During the year the Group did not engage the services of Remuneration consultants.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director and Senior Management remuneration is separate and distinct.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The Company's specific policy for determining the nature and amount of remuneration of Board members of the Company is as follows:

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate remuneration currently determined by the Company is $350,000 per annum. Additionally, Non-Executive Directors are entitled to be reimbursed for properly incurred expenses.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to Non-Executive Directors. A Non-Executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

NON-EXECUTIVE DIRECTOR REMUNERATION CONTINUED

All Directors have the opportunity to qualify for participation in the Directors' and Executive Officers' option plan, subject to the approval of shareholders.

The remuneration of Non-Executive Directors for the year ended 30 June 2020 is detailed in this Remuneration Report.

EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT REMUNERATION

The Company aims to reward the Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Director and Senior Management may from time to time be fixed by the Board. The remuneration will comprise a fixed remuneration component and also may include offering specific short and long-term incentives, in the form of:

- performance based salary increases and/or bonuses; and/or
- the issue of options.

During 2020 there were no discretionary bonuses paid (2019: $nil). There were no performace based salary increases or options issued that were performance related.

All Directors and Executives have the opportunity to qualify for participation in the Directors' and Executive Officers' Option Plan, subject to the approval of shareholders. All employees have the opportunity to qualify for participation in the DGR Global Employee Share Option Plan.

The remuneration of the Executive Director and Senior Management for the year ended 30 June 2020 is detailed in this Remuneration Report.

RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

The Company and its subsidiaries' principal activity is the generation of projects, and the provision of services and support provided to sponsored listed companies, within the mineral resources industry and accordingly only generates revenues for services and support provided and historically has generated losses.

The Company listed on the Australian Securities Exchange on 21 August 2003. The following table shows the share price at the end of the financial year for the Company for the last five (5) years:

	2016	2017	2018	2019	2020
Share price at year end	$0.025	$0.135	$0.09	$0.105	$0.053
Dividend declared	-	-	-	-	-
Earnings (loss) per share (cents per share)	0.1	0.5	(0.0)	(0.7)	(0.9)

During the year ended 30 June 2020 the market price of the Company's ordinary shares ranged from a low of $0.039 to a high of $0.12.

As the Company is still in the generation of projects and exploration stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metals prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

EMPLOYMENT CONTRACTS

It is the Board's policy that employment agreements are entered into with all Executive Directors, Executives and employees. Contracts do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration policy set out above.

The current employment agreement with the Managing Director has a notice period of three (3) months. All other Executive employment agreements have between 1 and 3 months' notice periods. No current employment contracts contain early termination clauses. The terms of appointment for Non-Executive Directors are set out in letters of appointment.

Certain Key Management Personnel are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. No other termination payments are payable.

Managing Director

DGR Global Limited has an agreement with Samuel Capital Pty Ltd, an entity associated with Nicholas Mather, for the provision of certain consultancy services by Nicholas Mather. The agreement was last updated on 1 July 2015. Samuel Capital Pty Ltd will provide Nicholas Mather as the Managing Director of DGR Global Limited for a base fee of $250,000 per annum. Effective 1 March 2017 the Managing Director's base fee was increased to $300,000 per annum. There is no fixed term specified in this agreement.

Under the terms of the present contract:

- both DGR Global Limited and Samuel Capital Pty Ltd are entitled to terminate the contract upon giving three (3) months written notice (6 months where triggered by a change of control);
- DGR Global Limited is entitled to terminate the agreement upon the happening of various events in respect of Samuel Capital Pty Ltd's solvency or other conduct or if Nicholas Mather ceases to be a Director of DGR Global Limited;
- the contract provides for a six-monthly review of performance by DGR Global Limited. The Company currently has not set any specific KPIs; and
- the contract provides for the provision of a car park.

There is no termination payment provided for in the Executive Service Contract with Samuel Capital Pty Ltd, other than the agreed notice periods.

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

EMPLOYMENT CONTRACTS

Senior management

The base salary of senior management are as follows:

Position	Base salary
Company Secretary	$218,500
Chief Financial Officer	$287,500
Group General Counsel	$350,000

Employment contracts entered into with senior management contain the following key terms:

Event	Company policy
Duration	Non-specific
Performance based salary increases and/or bonuses	Board discretion
Short and long-term incentives, such as options	Board discretion
Resignation / notice period	1 – 3 months
Serious misconduct	Company may terminate at any time
Payouts upon resignation or termination, outside industrial regulations (i.e. 'golden handshakes')	None

DETAILS OF KEY MANAGEMENT PERSONNEL

(i) Directors

Bill Stubbs	Non-Executive Chairman (retired 31 March 2020)
Nicholas Mather	Managing Director and Chief Executive Officer
Brian Moller	Non-Executive Director
Vincent Mascolo	Non-Executive Director
Ben Cleary	Non-Executive Director

(ii) Other Key Management Personnel

The following persons are the Senior Executives of the Company:

Greg Runge	General Manager (retired 31 July 2019)
Karl Schlobohm	Company Secretary
Priy Jayasuriya	Chief Financial Officer
Peter Burge	Group General Counsel

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Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

REMUNERATION DETAILS

Remuneration of Directors

Directors	Short-term benefits			Long-term benefits	Post-employment	Share-based payments Equity-settled		Total	Consisting of options	Consisting of performance-related
	Salary & fees	Cash bonus	Non-cash and other*	Long service leave accrual	Superannuation	Options	Shares			
	$	$	$	$	$	$	$	$	%	%
Bill Stubbs[1]										
2020	52,500	–	7,805	–	–	–	–	60,305	–	–
2019	70,000	–	5,439	–	–	–	–	75,439	–	–
Nicholas Mather										
2020	300,000	–	21,413	–	–	–	–	321,413	–	–
2019	300,000	–	13,939	–	–	–	–	313,939	–	–
Brian Moller										
2020	50,000	–	12,140	–	–	–	–	62,140	–	–
2019	50,000	–	5,439	–	–	–	–	55,439	–	–
Vincent Mascolo										
2020	50,000	–	12,140	–	–	–	–	62,140	–	–
2019	50,000	–	5,439	–	–	–	–	55,439	–	–
Ben Cleary	50,000	–	12,140	–	–	–	–	62,140	–	–
2020	50,000	–	5,439	–	–	–	–	55,439	–	–
2019										
Sub-total remuneration										
2020	502,500	–	65,638	–	–	–	–	568,138		
2019	520,000	–	35,695	–	–	–	–	555,695		

* Non-cash and other short term benefits include provision of a car park and/or an allocation of the Company's Directors and Officers insurance premium.

[1] Bill Stubbs retired 31 March 2020.

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

REMUNERATION DETAILS CONTINUED

Remuneration of Key Management Personnel

Other Key Management Personnel	Short-term benefits			Long-term benefits	Post-employment	Share-based payments Equity-settled		Total	Consisting of options	Consisting of performance-related
	Salary & fees	Cash bonus	Non-cash and other*	Long service leave accrual	Superannuation	Options	Shares			
	$	$	$	$	$	$	$	$	%	%
Greg Runge[1]										
2020	97,769	–	1,667	–	5,251	–	–	104,687	–	–
2019	182,648	–	15,339	3,510	17,352	–	–	218,849	–	–
Karl Schlobohm										
2020	218,440	–	12,140	–	–	–	–	230,580	–	–
2019	218,440	–	5,439	–	–	–	–	223,879	–	–
Priy Jayasuriya										
2020	283,209	–	22,340	9,149	15,350	–	–	330,048	–	–
2019	262,558	–	15,339	4,288	24,943	–	–	307,128	–	–
Peter Burge[1]										
2020	358,250	–	21,740	–	25,000	–	–	404,990	–	–
2019	330,769	–	13,872	482	31,423	–	–	376,546	–	–
Sub-total remuneration										
2020	957,668	–	57,887	9,149	45,601	–	–	1,070,305		
2019	994,415	–	49,989	8,280	73,718	–	–	1,126,402		
Total remuneration										
2020	1,460,168	–	123,525	9,149	45,601	–	–	1,638,443		
2019	1,514,415	–	85,684	8,280	73,718	–	–	1,682,097		

* Non-cash and other short term benefits include provision of a car park and/or an allocation of the Company's Directors and Officers insurance premium.

[1] Greg Runge retired 31 July 2019

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

REMUNERATION DETAILS CONTINUED

Performance income as a proportion of total remuneration

Performance based bonuses are paid on set monetary figures, rather than proportions of salaries. The remuneration committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth of the consolidated Group.

The remuneration committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure the most cost effective and efficient methods.

There were no discretionary bonus payments made during the year ended 30 June 2020 (2019: $nil).

Shares and options issued in DGR Global Limited as part of remuneration

Shares and options are not issued based on performance criteria. Options are issued to the majority of key management personnel and executives to align comparative shareholder return and reward for Directors and executives.

The terms and conditions of the grant of options over ordinary shares affecting remuneration of directors and other key management personnel during the financial year ended 30 June 2020 or future reporting years are as follows:

Key Management Personnel Options	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
7,000,000	9/11/2017	9/11/2017	8/11/2020	$0.20	$0.0229
17,500,000	30/11/2017	30/11/2017	28/11/2020	$0.20	$0.0229
3,000,000	12/02/2018	12/02/2018	12/02/2021	$0.20	$0.0240

Options granted carry no dividend or voting rights. There was no amount paid or payable by the recipients.

There were no options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

There were no options exercised into ordinary shares by employees and Directors during the year that were previously granted as remuneration (2019: nil).

The Board's current policy does not allow Directors and executives to limit their risk exposure in relation to equities or options without the approval of the Board.

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Share holdings

The number of shares in the Company and controlled subsidiaries held during the financial year by each director and other member of the key management personnel of the consolidated entity, including their personally related parties is set out below.

DGR Global Limited

	Balance on 30 June 2019	Received as part of remuneration	Received on exercise of options	Other#	Balance on 30 June 2020
Directors					
Bill Stubbs[1]	6,428,082	–	–	(6,428,082)	–
Nicholas Mather	112,142,553	–	–	28,035,640	140,178,193
Brian Moller	7,254,618	–	–	1,813,656	9,068,274
Vincent Mascolo	9,650,000	–	–	2,412,500	12,062,500
Ben Cleary	1,000,000	–	–	250,000	1,250,000
Other Key Management Personnel					
Greg Runge[2]	13,009,415	–	–	(13,009,415)	–
Karl Schlobohm	6,250,000	–	–	(90,290)	6,159,710
Priy Jayasuriya	30,000	–	–	108,108	138,108
Peter Burge	–	–	–	–	–
Total	155,764,668	–	–	13,092,117	168,856,785

Other includes the balance of shares held on appointment / resignation, and shares acquired and sold for cash in on-market transactions.

[1] Bill Stubbs retired on 31 March 2020.
[2] Greg Runge retired on 31 July 2019.

There were no shares held nominally at the end of the year.

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL CONTINUED

Share holdings continued

Auburn Resources Limited

	Balance on 30 June 2019	Received as part of remuneration	Received on exercise of options	Other#	Balance on 30 June 2020
Directors					
Bill Stubbs[1]	–	–	–	–	–
Nicholas Mather	–	–	–	–	–
Brian Moller	33,334	–	–	–	33,334
Vincent Mascolo	33,334	–	–	–	33,334
Ben Cleary	–	–	–	–	–
Other Key Management Personnel					
Greg Runge[2]	1,200,000	–	–	(1,200,000)	–
Karl Schlobohm	–	–	–	–	–
Priy Jayasuriya	50,000	–	–	–	50,000
Peter Burge	–	–	–	–	–
Total	1,316,668	–	–	(1,200,000)	116,668

Other includes the balance of shares held on appointment / resignation, and shares acquired and sold for cash in on-market transactions.

[1] Bill Stubbs retired on 31 March 2020.
[2] Greg Runge retired on 31 July 2019.

There were no shares held nominally at the end of the year.

Pinnacle Gold Pty Ltd

	Balance on 30 June 2019	Received as part of remuneration	Received on exercise of options	Other#	Balance on 30 June 2020
Directors					
Bill Stubbs[1]	200,000	–	–	(200,000)	–
Nicholas Mather	200,000	–	–	–	200,000
Brian Moller	–	–	–	–	–
Vincent Mascolo	200,000	–	–	–	200,000
Ben Cleary	–	–	–	–	–
Other Key Management Personnel					
Greg Runge[2]	500,000	–	–	(500,000)	–
Karl Schlobohm	100,000	–	–	–	100,000
Priy Jayasuriya	50,000	–	–	–	50,000
Peter Burge	–	–	–	–	–
Total	1,250,000	–	–	(700,000)	550,000

Other includes the balance of shares held on appointment / resignation, and shares acquired and sold for cash in on-market transactions.

[1] Bill Stubbs retired on 31 March 2020.
[2] Greg Runge retired on 31 July 2019.

There were no shares held nominally at the end of the year.

Directors' report continued
for the year ended 30 June 2020

REMUNERATION REPORT (AUDITED) CONTINUED

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL CONTINUED

Option holdings

The number of options over ordinary shares in the Company and controlled subsidiaries held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below.

DGR Global Limited

	Balance on 30 June 2019	Granted as remuneration	Exercised	Other#	Balance on 30 June 2020	Vested at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Directors								
Bill Stubbs[1]	2,312,500	–	–	(2,312,500)	–	–	–	–
Nicholas Mather	8,250,000	–	–	6,984,565	15,234,565	15,234,565	15,234,565	–
Brian Moller	2,312,500	–	–	405,666	2,718,166	2,718,166	2,718,166	–
Vincent Mascolo	2,312,500	–	–	603,125	2,915,625	2,915,625	2,915,625	–
Ben Cleary	2,312,500	–	–	62,500	2,375,000	2,375,000	2,375,000	–
Other Key Management Personnel								
Greg Runge[2]	1,000,000	–	–	(1,000,000)	–	–	–	–
Karl Schlobohm	3,000,000	–	–	399,303	3,399,303	3,399,303	3,399,303	–
Priy Jayasuriya	3,000,000	–	–	27,027	3,027,027	3,027,027	3,027,027	–
Peter Burge	3,000,000	–	–	–	3,000,000	3,000,000	3,000,000	–
Total	27,500,000	–	–	5,169,686	32,669,686	32,669,686	32,669,686	–

Other includes the balance of options held on appointment / resignation, and options expired during the period.

[1] Bill Stubbs retired on 31 March 2020.
[2] Greg Runge retired on 31 July 2019.

Auburn Resources Limited

There were no options over ordinary shares in Auburn Resources Limited held during the financial year by Directors or key management personnel.

Pinnacle Gold Pty Ltd

There were no options over ordinary shares in Pinnacle Gold Pty Ltd held during the financial year by Directors or key management personnel.

Loans to Directors and Key Management Personnel

There were no loans made, guaranteed or secured to directors and key management personnel by the entity or any of its controlled entities.

Other transactions with Key Management Personnel

i) Mr Brian Moller (a Director), is a partner in the firm HopgoodGanim Lawyers. Hopgood Ganim Lawyers were paid $140,774 (2019: $26,644) for the provision of legal services to the Group during the year. The services were based on normal commercial terms and conditions. At 30 June 2020 there was a balance of $nil owing (2019: $9,676) included within current liabilities.

(END OF REMUNERATION REPORT)

DIRECTORS' MEETINGS

The number of meetings of Directors held during the period and the number of meetings attended by each Director are set out in the table below.

	Board		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Nicholas Mather	14	14	N/A	N/A	N/A	N/A
Bill Stubbs[1]	10	10	2	2	–	–
Brian Moller	14	14	2	1	–	–
Vincent Mascolo	14	13	2	2	–	–
Ben Cleary	14	11	N/A	N/A	N/A	N/A

[1] Bill Stubbs retired on 31 March 2020.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors. The Company has insured all of the Directors of DGR Global Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

Directors' report continued
for the year ended 30 June 2020

OPTIONS

There were no shares issued as a result of the exercise of options during the year ended 30 June 2020 (2019: nil) and none since that date.

At the date of this report, the unissued ordinary shares of DGR Global Limited under option are as follows:

Grant date	Date of Expiry	Exercise Price	Number under Option
9 November 2017	8 November 2020	$0.20	16,875,000
30 November 2017	28 November 2020	$0.20	15,187,500
12 February 2018	12 February 2021	$0.20	3,000,000
30 October 2018	12 February 2021	$0.20	1,200,000
4 May 2020	28 May 2022	$0.084	6,661,527
29 May 2020	28 May 2022	$0.084	30,004,276

At the date of this report, there are no unissued ordinary shares of Auburn Resources Ltd or Pinnacle Gold Pty Ltd under option.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were $26,122 non-audit services provided by the entity's auditor BDO Audit Pty Ltd for the year ended 30 June 2020 relating to advisory services (2019: nil).

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior and accountability, the Directors of DGR Global Limited support the principles of good corporate governance. The Company's Corporate Governance Statement has been released as a separate document and is located on our website at dgrglobal.com.au.

ASIC MATTER

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 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.

After further correspondence between the Company and ASIC, including the opinion on the matter of an independent expert engaged by DGR agreeing with it's accounting treatment, on 8 May 2020 the Company provided a response to ASIC advising that the Directors concluded the accounting treatment of fair value through other comprehensive income in accordance with AASB 9 Financial Instruments will not be changed in the 30 June 2020 financial statements. This position has been reached by the Directors having regard to the presumption in AASB128 Investments in Associates and Joint Ventures that if the entity holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated.

The Directors believe DGR does not have significant influence over these investments and as such this cannot be clearly demonstrated to rebut the presumption within AASB128 Investments in Associates and Joint Ventures. To date the Company has not received a response from ASIC to its letter dated 8 May 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 40.

Signed in accordance with a resolution of the Directors.

Nicholas Mather
Managing Director
Brisbane
30 September 2020

Directors' report continued
Auditor's independence declaration

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

As lead auditor of DGR Global Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 30 September 2020

3 FINANCIAL REPORT

Financial report

Consolidated statement of profit or loss and other comprehensive loss

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue and other income			
Revenue	2	1,596,000	1,596,000
Interest and other income	2	3,401,448	2,037,587
Total revenue and other income		**4,997,448**	**3,633,587**
Expenses			
Finance costs			(1,162,022)
Employee benefits expenses		(2,347,505)	(2,463,681)
Depreciation		(445,102)	(24,882)
Legal expenses		(49,381)	(31,024)
Administration and consulting expenses		(1,635,019)	(1,957,966)
Exploration and evaluation assets written-off		(270,566)	(61,844)
Rehabilitation expense		(182,026)	–
Share of losses of associates	13(a)	(2,514,353)	(4,127,440)
Impairment of investment in associates	13(a)	(3,349,604)	655,120
Provision for impairment	11(c)	(1,283,252)	–
Movement in fair value of convertible note payable	18	(61,966)	(54,241)
Movement in fair value of convertible note receivable	11(b)	–	(636,345)
Share based payments expense		–	(46,186)
Loss before income tax	**3**	**(8,569,915)**	**(6,276,924)**
Income tax (expense)/benefit	4	2,590,654	1,844,049
Loss for the year		**(5,979,261)**	**(4,432,875)**
Other comprehensive income: items that will not be reclassified into profit or loss			
Change in fair value of financial assets	11(a)	(44,494,170)	27,143,133
Income tax benefit relating to change in fair value of financial assets	4	13,386,550	(8,040,671)
Share of associates other comprehensive income (net of tax)	13(a)	(127,665)	(341,695)
Other comprehensive income for the year, net of tax		**(31,235,285)**	**18,760,767**
Total comprehensive income for the year		**(37,214,546)**	**14,327,892**
Loss for the year attributable to:			
Owners of the parent company		(5,944,931)	(4,440,658)
Non-controlling interests		(34,330)	7,783
		(5,979,261)	(4,432,875)
Total comprehensive loss for the year attributable to:			
Owners of the parent company		(37,180,216)	14,320,109
Non-controlling interests		(34,330)	7,783
		(37,214,546)	14,327,892
Earnings per share attributable to owners of the parent company		**Cents / share**	**Cents / share**
Basic earnings per share	8	(0.9)	(0.7)
Diluted earnings per share	8	(0.9)	(0.7)

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

Consolidated statement of financial position

as at 30 June 2020

	Notes	2020 $	2019 $
Current assets			
Cash and cash equivalents	9	3,851,471	1,671,891
Trade and other receivables	10	1,762,947	1,110,705
Other current assets	16	43,605	6,223
Total current assets		**5,658,023**	**2,788,819**
Non-current assets			
Other financial assets	11	95,446,570	133,671,640
Investments accounted for using the equity method	13	2,999,992	16,277,817
Property, plant and equipment	14	2,151,570	417,534
Exploration and evaluation assets	15	10,449,117	9,292,821
Total non-current assets		**111,047,249**	**159,659,812**
Total assets		**116,705,272**	**162,448,631**
Current liabilities			
Trade and other payables	17	1,862,206	1,757,845
Other financial liabilities	18	9,916,111	–
Lease liabilities	19	353,456	–
Total current liabilities		**12,131,773**	**1,757,845**
Non-current liabilities			
Deferred tax liabilities	4	14,384,030	30,479,079
Other financial liabilities	18	-	9,854,145
Provisions	20	1,250,461	1,109,372
Lease liabilities	19	1,519,185	
Total non-current liabilities		**17,153,676**	**41,442,596**
Total liabilities		**29,285,449**	**43,200,441**
Net assets		**87,419,823**	**119,248,190**
Equity			
Issued capital	21	38,911,767	33,545,921
Reserves	21	72,449,393	103,792,308
Accumulated losses	23	(25,677,678)	(19,732,747)
Equity attributable to owners of the parent company		85,683,482	117,605,482
Non-controlling interests		1,736,341	1,642,708
Total equity		**87,419,823**	**119,248,190**

The above consolidated statement of financial position sould be read in conjunction with the accompanying notes.

Financial report continued

Consolidated statement of changes in equity

for the year ended 30 June 2020

	Attributable to owners of the parent company								
	Issued capital	Accumulated losses	Share-based payments reserve	Financial assets revaluation reserve	Change in proportionate interest reserve	Profit reserve	Total	Non-controlling interests	Total equity
Balance at 30 June 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
Profit for the year	–	(4,440,658)	–	–	–	–	(4,440,658)	7,783	(4,432,875)
Other comprehensive income	–	–	–	18,760,767	–	–	18,760,767	–	18,760,767
Total comprehensive income for the year, net of tax	–	(4,440,658)	–	18,760,767	–	–	14,320,109	7,783	14,327,892
Issue of shares to non controlling interest	–	–	–	–	335,137	–	335,137	1,144,309	1,479,446
Share based payments	–	–	46,186	–	–	–	46,186	–	46,186
Balance 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
Profit for the year	–	(5,944,931)	–	–	–	–	(5,944,931)	(34,330)	(5,979,261)
Other comprehensive income	–	–	–	(31,235,285)	–	–	(31,235,285)	–	(31,235,285)
Total comprehensive income for the year, net of tax	–	(5,944,931)	–	(31,235,285)	–	–	(37,180,216)	(34,330)	(37,214,546)
Issue of shares	5,671,954	–	–	–	–	–	5,671,954	–	5,671,954
Share issue costs, net of tax	(306,108)	–	–	–	–	–	(306,108)	–	(306,108)
Issue of shares to non controlling interest	–	–	–	–	(107,630)	–	(107,630)	127,963	20,333
Balance at 30 June 2020	38,911,767	(25,677,678)	7,886,768	37,553,452	18,155,106	8,854,067	85,683,482	1,736,341	87,419,823

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Financial report continued
Consolidated statement of cash flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts in the course of operations (including GST)		880,805	1,343,800
Payments to suppliers and employees (including GST)		(3,917,627)	(3,829,287)
Interest received		745,125	1,938,134
Interest and other costs of finance paid		(1,211,842)	(802,845)
Income tax refund		12,488	–
Government grants received		80,000	–
Net cash flows from operating activities	30	**(3,411,051)**	**(1,350,198)**
Cash flows from investing activities			
Security Deposit (payment)/refunds		1,229,674	(116,853)
Payments for property, plant and equipment		(4,888)	(15,685)
Proceeds from the sale of property, plant and equipment		4,091	–
Payments for financial assets at fair value through other comprehensive income		–	(15,000)
Payments for investments in associates		(1,738,507)	(2,100,000)
Proceeds from redemption of convertible notes		–	539,023
Proceeds from the sale of corporate bonds		4,542,550	1,269,701
Payments for exploration and evaluation assets		(2,823,169)	(2,202,925)
Loans to related parties		(175,693)	–
Net cash flows from investing activities		**1,034,058**	**(2,641,739)**
Cash flows from financing activities			
Proceeds from the issue of shares		5,491,037	–
Proceeds from the issue of shares in subsidiaries to non-controlling interests		20,333	882,317
Capital raising expenses		(436,441)	–
Principal lease repayments		(518,356)	
Proceeds from borrowings		–	2,000,000
Borrowing expenses		–	(60,000)
Net cash flows from financing activities		**4,556,573**	**2,822,317**
Net increase / (decrease) in cash held		2,179,580	(1,169,620)
Cash at the beginning of the year		1,671,891	2,841,511
Cash at the end of the financial year	9	**3,851,471**	**1,671,891**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
CORPORATE INFORMATION

The consolidated financial report of DGR Global Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 30 September 2020.

DGR Global Ltd (the **Parent** or the **Company**) is a public company limited by shares incorporated and domiciled in Australia. The Company's registered office is located on Level 27, ONE ONE ONE, 111 Eagle Street, Brisbane QLD 4000. The Company is a for-profit entity.

DGR Global's business is resource-project generation and discovery across a range of commodities, including copper, gold, nickel, tin, iron ore, titanium, bauxite, lithium, cobalt, oil and gas. The group focuses on new project generation and value creation, delivering value through discovery of ore bodies by the application of innovative exploration techniques and reassessment strategies of existing pre-development projects and to new greenfields areas. DGR Global is generating and developing several independently funded and managed resource companies in order to progress each of these projects. The company maintains its cornerstone investor position in subsidiaries that move to listing on a recognised stock exchange.

BASIS OF PREPARATION

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth).

The financial report covers the Group comprising of DGR Global Ltd and its subsidiaries (the **Group** or the **Consoidated Entity**) and is presented in Australian dollars.

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial statements and notes of DGR Global Limited comply with International Financial Reporting Standards (**IFRS**) and interpretations.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Financial assets carried at fair value through other comprehensive income – refer note 11(a);
- Investment in convertible notes carried at fair value through profit or loss – refer note 11(b);
- Convertible notes payable at fair value through profit or loss – refer note 18.

Functional and presentation currency

The financial statements are presented in Australian dollars ($) which is DGR Global Limited's functional and presentation currency.

Financial report continued
Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION CONTINUED

Going concern

The financial statements have 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 year ended 30 June 2020 the Group generated a consolidated loss after tax of $5,979,261 and incurred operating cash outflows of $3,411,051. As at 30 June 2020 the Group had $3,851,471 in cash and cash equivalents, net current liabilities of $6,473,750 and net assets of $87,419,823.

The Group's Convertible Note facility with Tribeca Investment Partners (Tribeca) matures on 6 October 2020 (see Note 18) and the Group is required to repay this facility as soon as reasonably practical after the Maturity Date, but in any event not later than 20 Business Days after the Maturity Date. The Group is currently in negotiations with Tribeca and other parties in relation to the potential to refinance the facility.

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.

ACCOUNTING POLICIES

(a) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as set out in this section. The Group has adopted the new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2019 set out below.

Reference	Title	Application date of standard	Application date for the Group
AASB 16	Leases	1 January 2019	1 July 2019

Impact of adoption AASB 16 Leases

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. As there is no implicit rate in the lease, the Group has chosen to use 12% as the incremental borrowing rate for disounting purposes based on the interest rate payable on the convertible notes the Group has issued.

Reconciliation of operating lease commitments at 30 June 2019 to 1 July 2019 lease liabilities	$
Total operating lease commitments disclosed at 30 June 2019	2,858,283
Operating lease liability before discounting	**2,858,283**
Discounted using incremental borrowing rate as at date of initial application	(684,033)
Total lease liabilities recognised under AASB 16 as at 1 July 2019	**2,174,250**

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2019. The Consolidated Entity is yet to evaluate the impact of those standards and interpretations on the financial statements.

The Group anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of DGR Global Limited and its subsidiaries as at and for the period ended 30 June each year (the **Group** or the **Consolidated Entity**).

Subsidiaries

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by DGR Global Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues by the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(b) Basis of Consolidation continued

Subsidiaries continued

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income where applicable. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate is equal to or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint Arrangements

Joint Operations

The proportionate interests in the assets, liabilities and expenses of a joint operation activity have been incorporated in the financial statements under the appropriate headings.

Joint Ventures

Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends receivable from joint venture entities reduces the carrying amount of the investment.

Changes in Ownership Interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of DGR Global Limited.

When the Group ceases to have control, or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(c) Business Combinations continued

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured.

(d) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This may include start-up operations which are yet to earn revenues.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(e) Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Trade and Other Receivables

Receivables generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. The business model of these financial assets is to hold to collect contractual cash flows and their contractual cash flows comprise of solely principal and interest. Financial assets at amortised cost include cash and cash equivalents, trade and other receivables, corporate bonds issued by Armour Energy Limited, cash on deposit and security bonds.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. These assets are measured at fair value with gains or losses recognised in the profit or loss.

Convertible note receivables are held at fair value through profit or loss as the convertible feature does not meet the requirements of being held to collect soley payment of principal and interest and therefore cannot be carried at amortised cost or at fair value through other comprehensive income. The coupon rate received periodically over the term of the notes is classified as part of the fair value gain or loss in other income.

(iii) Financial assets at fair value through other comprehensive income

Equity investments are classified as being at fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in the fair value of equity instrument investments.

Unrealised gains and losses on investments are recognised in the financial assets revaluation reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to retained earnings.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(g) Financial Instruments continued

Classification and Subsequent Measurement continued

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method, except for convertible notes which are subsequently measured at fair value through profit or loss.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial assets and liabilities, where appropriate, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the Company's right to receive payments is established (see note 11) and as long as they represent a return on investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses in the statement of profit or loss and other comprehensive income as applicable. Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other income.

Details on how the fair value of financial instruments is determined are disclosed in note 31.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(h) Property, Plant & Equipment

Property, plant & equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant & equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Depreciation

The depreciable amount of all property, plant & equipment is depreciated over their useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets are:

Class of property, plant & equipment	*Depreciation*
Freehold building	2.5% Straight line
Plant and equipment	10% - 35% Straight line
Computers and office equipment	33.3% Straight line
Furniture and fittings	20% Straight line
Motor vehicles	25% Straight line

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Financial report continued
Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(i) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the area from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

(j) Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(l) Provisions and Employee Benefits

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(m) 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.

(n) Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(o) Share-Based Payments

The Group may provide benefits to Directors, employees or consultants in the form of share-based payment transactions, whereby services may be undertaken in exchange for shares or options over shares (equity-settled transactions).

The fair value of options granted to Directors, employees and consultants is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the recipients become unconditionally entitled to the options. Fair value is determined using the Black-Scholes option pricing model. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the profit or loss. If new options are substituted for the cancelled options and designated as a replacement, the combined impact of the cancellation and replacement options are treated as if they were a modification.

(p) Revenue

The Goup generates revenue from the provision of management serveces to related entities. Revenue from contracts with customers is recognised when control of the services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entiteled to receive in exchange for those services.

Services

The Group's performance obligation on management fees charged to related entities are fulfilled over time as the Group provides those management services. Revenues are recognised over time, which are invoiced monthly based on contractual terms.

Interest

Interest revenue is recognized as interest accrues using the effective interest rate method in accordance with AASB 9. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(p) Revenue continued

Government grants

Government grants are recognised where these is reasonable assurance that the grant will be received and all attached conditions wil be complied with. When the grant relates to an expense item, it is recognsied as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

All revenue is stated net of the amount of goods and services tax (**GST**).

(q) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is recongised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in profit or loss except where it relates to items that may be recognised directly in other comprehensive income or equity, in which case the deferred tax is recognised in other comprehensive income or directly against equity respectively. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

DGR Global Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Company is responsible for recognising the current tax assets and liabilities and deferred tax assets attributable to tax losses for the tax consolidation group. The tax consolidated group have entered a tax funding agreement whereby each company in the tax consolidation group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidation group.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of consideration received net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, the loans or borrowings are classified as non-current.

(t) Earnings per Share

Basic earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Financial report continued
Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(u) Foreign Currencies

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange differences arising from the translation of financial statements of foreign subsidiaries are taken to the foreign currency translation reserve at the reporting date.

(v) Comparatives

When required by Australian Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year. No adjustments have been made to the comparative figures for the current financial year.

(w) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(x) 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 30 June 2020, 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 30 June 2020 were $10,449,117 (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 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.

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.

During the current period ended 30 June 2020, 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.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(x) Critical Accounting Estimates and Judgments continued

Key judgements – Significant influence over Associates continued

During the current period ended 30 June 2020, the Group's investment in IronRidge Resources Limited (IRR) fell below 20%. As a result, management evaluated whether significant influence existed giving special consideration to the following factors:

1. Voting rights, potential voting rights and voting power

At 30 June 2020 the Group held 18.05% of the issued capital of IRR. It was the second largest shareholder behind Assore with 25.4%. The next largest shareholder was Sumitomo with 7.86%. Accordingly it was concluded that DGR's voting power is not much larger than any other shareholder of IRR, and in fact there was one other share holder that has a significantly larger shareholding than DGR Global Ltd.

2. Representation on the Board of Directors

IronRidge Resources Limited's Board is comprised of seven Directors. There are two common Director on the Boards of IRR and DGR. These two common Directors act in their own right as they have a significant personal investment in IronRidge in their own right. The Directors are common Directors and not appointed to the Board of IRR as representatives of DGR, as DGR does not have any contract or right with IRR which provides DGR the ability to appoint or retain members to the IRR Board or any of the Committees of the Board.

3. Participation in policy-making processes

DGR has no rights in regards to policy making processes, other than voting rights as a shareholder.

4. Material transactions between investor and investee

IRR has a commercial arrangement with DGR fo the provision of administration services and office space in Brisbane. IRR has offices in Ghana, Ivory Coast and Chad which have no connection with DGR. IRR is an African focused minerals exploration company with lithium pegmatite discovery in Ghana, extensive grassroots gold portfolio in Code D'Ivoire and a potential new gold province discovery in Chad. The provision of the administration services by DGR is not substantive to IRR's operations. IRR pays DGR a monthly administration fee of $24,000 and is the only transaction between DGR and IRR accordingly management have concluded that the transactions between DGR and IRR are not material in quantum, or by their nature.

5. Interchange of managerial personnel

IRR has a dedicated work force based in Ghana, Cote d'Ivoire and Chad and employs its own management team that has a strong track record in the areas of exploration, mine development, infrastructure development and global equity and debt financing. IRR employees hold the positions of Chief Operating Officer, Exploration Manager, Exploration Manager – Cote d'Ivoire and Principal Geologist. These positions within IRR are responsible for deriving and implementing the operating and financial policies of IRR. None of these positions have any association with DGR.

Mr Mascolo currently acts as CEO of IRR and is a Non Executive Director of DGR. Mr Mascolo has clear roles at both companies and has employment agreements / Director appointment contracts that are clearly distinct from IRR and DGR. The fact that Mr Mascolo holds equity interests in each entity supports the assertion that he is acting in a personal appointment.

The Company Secretary role is generally an administration role and many companies use the same company secretary, and accordingly, there is no evidence of interchange, rather the company secretary has separate employment contracts and obligations for both companies.

The CFO has Board reporting responsibilities to both boards and the financial information presented is restricted to the relevant entity only. The CFO role also has two separate contracts in place with separate terms and conditions and responsibility.

It is common for executives of junior resources companies to have roles with multiple companies in order to achieve the objectives of recruiting executives with the relevant skills while efficiently using the funds of their shareholders.

6. Provision of essential technical information

IRR has offices in Brisbane, Ghana and Cote d'Ivoire with their own respective IT infrastructure. IRR maintains its own technical software programs, databases and specialist IT infrastructure.

DGR provides no essential technical information or services in relation to IRR's primary objective of exploration. DGR only provides administrative services in return for its monthly administration fee. Accordingly, it can be concluded that DGR does not provide any essential technical information and does not provide DGR with the ability to exercise significant influence over the operating and financial policies of IRR.

7. Other factors considered

DGR does not have any rights or written arrangements to appoint members to the IRR Board or committees of the Board. DGR does not have the power to veto significant aniancial and operating decisions of IRR.

Financial report continued

Notes to the financial statements continued

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCOUNTING POLICIES CONTINUED

(x) Critical Accounting Estimates and Judgments continued

Key judgements – Significant influence over Associates continued

Based on the above assessment, management concluded that DGR lost significant influence over IRR when its ownership percentage fell below 20% on 11 May 2020. IRR completed a subsequent capital raising in June 2020 and DGR did not participate in the IRR share placement resulting in DGR's interest in IRR being further diluted.

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

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 assumpions in the binomial tree model has been disclosed in Note 31.

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 soley the principal and interest.

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.

NOTE 2: REVENUE AND OTHER INCOME

	2020 $	2019 $
Revenue from contracts with customers		
Management fees (related parties)	1,596,000	1,596,000
Total revenue from contracts with customers	**1,596,000**	**1,596,000**

Disaggregtation 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	2020 $	2019 $
Interest	537,312	1,751,816
Gain on reclassification of Equity accounted investment to investments held at fair value through other comprehensive income (refer note 11)	2,654,458	–
Government grants	110,000	–
Other income	99,678	285,771
Total other income	**3,401,448**	**2,037,587**
Interest revenue from:		
Deposits held with financial institutions	64,796	14,342
Armour Energy Limited convertible notes	–	1,520,579
Armour Energy Limited corporate bonds	472,516	216,895
Total interest revenue	**537,312**	**1,751,816**

NOTE 3: PROFIT / (LOSS) BEFORE INCOME TAX

Profit / (loss) before income tax has been determined after:	2020 $	2019 $
Finance costs		
External	1,211,842	1,162,022
Lease interest	216,747	–
Total finance costs	1,428,589	1,162,022
Share based payments expense	–	46,186
Superannuation contributions expense	127,766	159,844
(Gain)/loss on foreign exchange	1,106	713

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NOTE 4: INCOME TAX

(a) Components of tax expense / (benefit) in profit or loss comprise:

	2020 $	2019 $
Current tax	(12,488)	5,101
Deferred tax	(2,554,525)	(1,493,485)
Income tax paid in relation to the prior year	–	–
(over) / under provisions of deferred tax expenses in prior year	(23,641)	(355,665)
	(2,590,654)	**(1,844,049)**
Components of tax expense / (benefit) in other comprehensive income comprise:		
Deferred tax	(13,386,550)	8,040,671
	(13,386,550)	**8,040,671**

(b) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense / (benefit) as follows:

	2020 $	2019 $
Prima facie tax on profit / (loss) before income tax at 30% (2019: 30%)	(2,570,975)	(1,883,077)
Add tax effect of:		
Permanent differences	(7,776)	25,859
Other	(23,641)	–
Derecognised tax losses	11,738	8,675
	(2,590,654)	**(1,848,543)**
Less tax effect of:		
Permanent differences	–	–
Prior year loss now recognised	–	(197,873)
Other	–	202,367
Recognition of temporary differences	–	–
Income tax expense / (benefit)	**(2,590,654)**	**(1,844,049)**
Amounts recognised directly in equity		
Net deferred tax – debited (credited) directly to equity	(130,333)	–
	(130,333)	**–**
Income tax provision recognised		
Income tax provision	–	–

(c) Recognised deferred tax assets and liabilities

2020	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	1,332,915	–	–	5,080,559
Accruals/provisions	219,536	47,074	–	–	266,609
Capital raising costs expensed	67,027	(62,449)	–	130,333	134,910
Lease liabilities	–	(90,483)	–	652,275	561,792
Other temporary differences	–	6,472	–	–	6,472
	4,034,206	**1,233,528**	**–**	**782,608**	**6,050,342**
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(29,875,729)	–	13,577,806	–	(16,297,923)
Convertible note	(108,693)	403,565	–	–	294,872
Investment in associates	(2,571,460)	962,850	(191,256)	–	(1,799,866)
Exploration and evaluation assets	(1,889,802)	(150,095)	–	–	(2,039,897)
Right of use assets	–	128,316	–	(652,275)	(523,959)
Property, plant & equipment	(67,599)	–	–	–	(67,599)
	(34,513,285)	**1,344,637**	**13,386,550**	**(652,275)**	**(20,434,372)**
Net deferred tax recognised	**(30,479,079)**	**2,578,166**	**13,386,550**	**130,333**	**(14,384,030)**
Deferred tax assets not recognised					
Unused tax losses	1,819,592	39,126	–	–	1,858,718
Unused capital losses	67,848	–	–	–	67,848
Temporary differences	–	–	–	–	–
Tax benefit at 30%	**566,232**	**11,738**	**–**	**–**	**577,970**

Financial report continued

Notes to the financial statements continued

NOTE 4: INCOME TAX CONTINUED

(c) Recognised deferred tax assets and liabilities continued

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)	–	–	219,536
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 & equipment	(67,599)	–	–	–	(67,599)
	(26,993,066)	**520,452**	**(8,040,671)**	**–**	**(34,513,285)**
Net deferred tax recognised	**(24,287,557)**	**1,849,149**	**(8,040,671)**	**–**	**(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**

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 30 June 2020 under the COT.

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

a) the Company derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
b) the Company continues to comply with the conditions for deductibility imposed by the law; and
c) no changes in tax legislation adversely affect the Company in realising the losses.

NOTE 5: KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2019. The totals of remuneration for Key Management Personnel during the year are set out below.

	2020 $	2019 $
Short-term employee benefits	1,583,693	1,600,100
Long-term employee benefits	9,149	8,280
Post-employment benefits	45,601	73,718
Share-based payments	–	–
Total	**1,683,443**	**1,682,098**

NOTE 6. DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year ended 30 June 2020 (2019: nil).

NOTE 7: AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts paid / payable to the auditor of the parent of the Group for:		
Audit and review of the financial reports of the Group	91,400	87,200
Non-Audit services – advisory service	26,122	
	117,522	**87,200**

NOTE 8: EARNINGS PER SHARE (EPS)

(a) Earnings

	2020 $	2019 $
Earnings used to calculate basic and diluted earnings per share	(5,944,931)	(4,440,658)

(b) Weighted average number of shares

	2020 shares	2019 shares
Used in calculating basic EPS	628,446,580	613,181,877
Weighted average number of dilutive options	–	–
Weighted average number of ordinary shares and potential ordinary shares, used in calculating dilutive EPS	628,446,580	613,181,877

Options granted are not included in the determination of diluted earnings per share as they are considered to be anti dilutive.

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NOTE 9: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and in hand	3,851,471	1,671,891
Total	**3,851,471**	**1,671,891**

NOTE 10: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	1,336,850	745,483
GST receivable	94,952	107,409
Other receivables	331,145	257,813
Total	**1,762,947**	**1,110,705**

Past due but not impaired receivables are set out below.

	2020			2019		
	Total $	Amount impaired $	Amount not impaired $	Total $	Amount impaired $	Amount not impaired $
Not past due	245,445	–	245,445	94,565	–	94,565
Past due 30 days	27,500	–	27,500	27,500	–	27,500
Past due 30–60 days	62,686	–	62,686	45,990	–	45,990
Past due >60 days	1,001,219	–	1,001,219	577,428	–	577,428
Total	**1,336,850**	**–**	**1,336,850**	**745,483**	**–**	**745,483**

As at 30 June 2020, included in trade and other receivables is three significant debtors accounting for 92% (2019: two significant debtors accounting for 93%) of the total trade receivables.

NOTE 11: OTHER FINANCIAL ASSETS

	2020 $	2019 $
Financial assets at fair value through other comprehensive income (refer (a) below)	90,684,493	123,273,136
Convertible notes (refer (b) below)	–	–
Corporate bonds (refer (c) below)	2,948,248	8,750,000
Cash on deposit held as security (refer (d) below)	314,000	314,000
Security bonds (refer (e) below)	1,499,829	1,334,504
	95,446,570	**133,671,640**

(a) Financial assets at fair value through other comprehensive income

	2020 $	2019 $
Opening balance at 1 July	123,273,136	96,115,003
Additions	226,360	15,000
Additions – reclassification on loss of significant influence from investments accounted for using the equity method (refer note 13)	9,024,709	–
Fair value adjustment on loss of significant influence from investments accounted for using the equity method	2,654,458	–
Fair Value adjustment through other comprehensive income	(44,494,170)	27,143,133
Closing balance at 30 June	90,684,493	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 IronRidge Resources Limited, listed on the LSE, an investment in the ordinary issued capital of Block X Capital Corp., 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 NewPeak Metals Ltd a company listed on the Australian Securites 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 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. After further correspondence between the Company and ASIC, including the opinion on the matter of an independent expert engaged by DGR agreeing with it's accounting treatment, on 8 May 2020 the Company provided a response to ASIC advising that the Directors concluded the accounting treatment of fair value through other comprehensive income in accordance with AASB 9 Financial Instruments will not be changed in the 30 June 2020 financial statements. This position has been reached by the Directors having regard to the presumption in AASB128 Investments in Associates and Joint Ventures that if the entity holds, directly or indirectly, less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. The Directors believe DGR does not have significant influence over these investments and as such this cannot be clearly demonstrated to rebut the presumption within AASB128 Investments in Associates and Joint Ventures. To date the Company has not received a response from ASIC to its letter dated 8 May 2020.

Classification of financial 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.

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NOTE 11: OTHER FINANCIAL ASSETS CONTINUED
(b) Convertible notes at fair value through profit or loss

	2020 $	2019 $
Opening balance at 1 July	–	11,175,368
Additions – Conversion of Armour Energy Convertible note interest	–	–
Fair value movement	–	(636,345)
Conversion of Lakes Oil NL convertible notes into ordinary shares	–	–
Redemption of Armour Energy Convertible note	–	(10,539,023)
Closing balance at 30 June	**–**	**–**

On 16 December 2016, DGR Global subscribed for $9.4 million worth of Convertible Notes in Armour Energy, in part repayment of the Bridging Finance Facility, the key terms of the notes are as follows:

- Issue Price: Face value of $0.11 per Convertible Note
- Interest Rate: 15% per annum
- Interest Payments: Interest paid half yearly in arrears and the interest may be paid in certain circumstances at Armour's election by the issue of further Convertible Notes
- Maturity Date: 30 September 2019
- Conversion Terms: Convertible at any time at the Convertible Note holder's election into one ordinary share in Armour subject to usual adjustment mechanisms in certain circumstances.

On the 5 April 2017 interest accrued on the Armour Energy convertible notes to 31 March 2017 of $405,616 was paid via the issue of additional convertible notes at the Company's election.

Armour Energy Limited redeemed all the outstanding convertible notes on 29 March 2019.

(c) Corporate bonds at amortised cost

	2020 $	2019 $
Opening balance at 1 July	8,750,000	–
Additions	–	10,000,000
Sale / Disposals	(4,518,500)	(1,250,000)
Provision for impairment	(1,283,252)	–
Closing balance at 30 June	**2,948,248**	**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

(d) Cash on deposit held as security at amortised cost

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.

(e) Security bonds at amortised cost

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

(f) Fair value

Refer to note 32 for fair value disclosures.

NOTE 12: CONTROLLED ENTITIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS
(a) Controlled entities

	Country of Incorporation	Principal Activity	Principal place of business	Percentage owned 2020	Percentage owned 2019
Parent entity:					
DGR Global Limited	Australia	Mineral Exploration	Australia		
Subsidiaries of DGR Global Limited:					
Pennant Resources Pty Ltd[1]	Australia	Mineral Exploration	Australia	45%	45%
Auburn Resources Ltd[1]	Australia	Mineral Exploration	Australia	45%	45%
Barlyne Mining Pty Ltd[1]	Australia	Mineral Exploration	Australia	45%	45%
DGR Energy Pty Ltd[2]	Australia	Mineral Exploration	Australia	100%	100%
Coolgarra Minerals Pty Ltd	Australia	Mineral Exploration	Australia	100%	100%
DGR Zambia Ltd	Zambia	Mineral Exploration	Zambia	100%	100%
Hartz Rare Earths Pty Ltd	Australia	Mineral Exploration	Australia	100%	100%
Pinnacle Gold Pty Ltd	Australia	Mineral Exploration	Australia	94%	94%
Tinco Pty Ltd	Australia	Mineral Exploration	Australia	100%	100%
DGR Bolivia Pty Ltd	Australia	Mineral Exploration	Australia	100%	100%
Andean Explomining SRL	Bolivia	Mineral Exploration	Bolivia	100%	100%

[1] Auburn Resources Limited (previously Archer Resources Limited) is the immediate parent of Barlyne Mining Pty Ltd and Pennant Resources Pty Ltd (previously Aimfire Resources Pty Ltd). These companies are wholly owned and directly held by Auburn Resources Limited and indirectly by DGR Global Limited.
[2] Albatross Bauxite Pty Ltd changed its name to DGR Energy Pty Ltd on 6 February 2020.

(b) Transactions with non-controlling interests

During the financial year ended 30 June 2020, Auburn Resources Limited issued a total of 163,333 new ordinary shares (2019: 17,402,199).

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NOTE 12: CONTROLLED ENTITIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS CONTINUED

(c) Summarised financial information

Summarised financial information of the subsidiaries with non-controlling interests that are material to the consolidated entity is set out below.

	2020 $	2019 $
Auburn Resources Limited – non-controlling interest 45% (2019: 45%)		
Summarised statement of financial position		
Current assets	261,805	552,966
Non-current assets	3,034,220	2,668,198
Total assets	3,296,025	3,221,164
Current liabilities	31,223	24,018
Non-current liabilities	85,891	97,491
Total liabilities	117,114	121,509
Net assets	3,178,911	3,099,655
Summarised statement of profit or loss and other comprehensive income		
Revenue		–
Expenses	(38,568)	(29,503)
Profit / (loss) before income tax expense	(38,568)	(29,503)
Income tax (expense) / benefit	–	–
Profit / (loss) after income tax expense	(38,568)	(29,503)
Other comprehensive income	–	–
Total comprehensive income	(38,568)	(29,503)
Statement of cash flows		
Net cash used in operating activities	(28,430)	(41,882)
Net cash used in investing activities	(259,289)	(311,584)
Net cash from financing activities	8,733	882,314
Net increase / (decrease) in cash and cash equivalents	(278,986)	528,848
Other financial information		
Profit / (loss) attributable to non-controlling interests	(21,293)	7,911
Accumulated non-controlling interests at the end of reporting period	1,742,287	1,635,617
Dividends paid to non-controlling interests	–	–

There are no significant restrictions on the ability of DGR Global Limited to access the assets of the subsidiaries with non-controlling interests.

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Country of incorporation and principle place of business	Principle activity	Shares	Ownership interest 2020 %	Ownership interest 2019 %	Carrying amount 2020 $	Carrying amount 2019 $
Armour Energy Ltd	Australia	Oil & gas exploration	ORD	19%	22%	2,999,992	7,497,281
IronRidge Resources Ltd	Australia	Mineral exploration	ORD	–	22%	–	8,780,536
						2,999,992	**16,277,817**

(a) Movements during the year in equity accounted investments

	2020 $	2019 $
Balance at beginning of year	16,277,817	17,991,832
Additional investment	1,738,506	2,100,000
Sale of investment	–	–
Share of associates losses after income tax	(2,514,352)	(4,127,440)
Share of associates other comprehensive income	(127,665)	(341,695)
Net reversal of impairment	(3,349,605)	655,120
Reclassification on loss of significant influence to financial assets classified at fair value through other comprehensive income – derecognised carrying amount	(9,024,709)	–
Balance at end of year	**2,999,992**	**16,277,817**

Impairment relates to the investments in Armour Energy Ltd. At 30 June 2019 the share price of Armour Energy Ltd was $0.067. The share price of Armour Energy Ltd at 30 June 2020 was $0.02. The investment in Armour Energy Ltd has been written down to the lower of fair value, less costs to sell or the equity accounted value.

(b) Fair value of investments in associates with published price quotations

	2020 $	2019 $
Fair value of investment in Armour Energy Limited	2,999,992	7,497,281
Fair value of investment in IronRidge Resources Limited	–	19,336,537
	2,999,992	**26,833,818**

Refer note 32 for further details on fair value.

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Notes to the financial statements continued

NOTE 13: 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 set out below.

	Ownership interest	Current assets	Non-current assets	Current liabilities
	%	$	$	$
2020				
Armour Energy Limited	19%	8,762,171	103,215,046	18,910,620
IronRidge Resources Limited	–	–	–	–
		8,762,171	**103,215,046**	**18,910,620**
2019				
Armour Energy Limited	22%	14,376,248	102,175,981	6,690,858
IronRidge Resources Limited	22%	6,923,588	25,546,351	1,395,416
		21,299,836	**127,722,332**	**8,086,274**

	Non-current liabilities	Revenues	Profit/loss	Other comprehensive income
	$	$	$	$
2020				
Armour Energy Limited	49,893,068	21,103,928	(9,570,776)	(1,041,248)
IronRidge Resources Limited	–	–	–	–
	49,893,068	**21,103,928**	**(9,570,776)**	**(1,041,248)**
2019				
Armour Energy Limited	65,102,608	27,819,335	(11,683,748)	(1,488,893)
IronRidge Resources Limited	–	45,945	(7,137,728)	(66,529)
	65,102,608	**27,865,280**	**(18,821,476)**	**(1,555,422)**

* Transferred to financial assets carried at fair value through other comprehensive income. The profit/loss and other comprehensive income represent results up to the date of loss of significant influence on 11 May 2020.

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

	Armour Energy Limited		IronRidge Resources Limited	
	2020	2019	2020	2019
	$	$	$	$
Opening carrying amount	7,497,281	7,635,576	8,780,537	10,356,256
Share of profits (loss) after tax	(1,843,692)	(2,566,375)	(670,661)	(1,561,065)
Share of other comprehensive income	(200,433)	(327,041)	72,768	(14,655)
Additional investment	896,441	2,100,000	842,065	–
Reversal of impairment / (impairment)	(3,349,605)	655,120	–	–
Reclassification to financial assets at fair value through other comprehensive income	–	–	(9,024,709)	–
Closing carrying amount	**2,999,992**	**7,497,281**	**–**	**8,780,536**

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

	Armour Energy Limited		IronRidge Resources Limited	
	2020	2019	2020	2019
	$	$	$	$
Share of net assets	8,118,103	9,831,416	–	6,844,295
Goodwill	16,361,964	15,796,335	–	1,936,241
Net impairment	(21,480,075)	(18,130,470)	–	–
Closing carrying amount	**2,999,992**	**7,497,281**	**–**	**8,780,536**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	$	$
Land at cost	345,000	345,000
Freehold building at cost	79,234	79,234
Accumulated depreciation	(37,550)	(35,569)
	41,684	43,665
Plant and equipment at cost	360,593	360,593
Accumulated depreciation	(354,903)	(352,604)
	5,689	7,989
Site infrastructure at cost	2,443,532	2,443,532
Accumulated depreciation	(2,443,532)	(2,443,532)
	–	–
Motor vehicles at cost	25,082	25,082
Accumulated depreciation	(25,082)	(25,082)
	–	–
Computers and office equipment at cost	200,814	197,450
Accumulated depreciation	(191,291)	(187,940)
	9,523	9,510
Furniture and fittings at cost	108,903	108,903
Accumulated depreciation	(105,759)	(97,533)
	3,145	11,370
Right of use asset at cost	2,174,250	–
Accumulated depreciation	(427,721)	–
	1,746,529	–
	2,151,570	**417,534**

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Notes to the financial statements continued

NOTE 14: PROPERTY, PLANT AND EQUIPMENT CONTINUED

MOVEMENTS IN CARRYING AMOUNTS

2020	Land	Freehold building	Plant & equipment	Computers & office equipment	Furniture & fittings	Right of use asset	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	345,000	43,665	7,989	9,510	11,370	–	417,534
Additions	–	–	–	4,888	–	–	4,888
Adoption of AASB 16						2,174,250	2,174,250
Disposals	–	–	–	–	–	–	–
Depreciation expenses	–	(1,981)	(2,300)	(4,875)	(8,225)	(427,721)	(445,102)
Carrying amount at the end of the year	345,000	41,684	5,689	9,523	3,145	1,746,529	2,151,570

2019	Land	Freehold building	Plant & equipment	Computers & office equipment	Furniture & fittings	Right of use asset	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	345,000	38,993	10,226	6,624	25,888	–	426,731
Additions	–	6,506	1,284	7,895	–	–	15,685
Disposals	–	–	–	–	–	–	–
Depreciation expenses	–	(1,834)	(3,521)	(5,009)	(14,518)	–	(24,882)
Carrying amount at the end of the year	**345,000**	**43,665**	**7,989**	**9,510**	**11,370**	**–**	**417,534**

NOTE 15: EXPLORATION AND EVALUATION ASSETS

	2020	2019
	$	$
Exploration and evaluation assets	10,449,117	9,292,821
Movements in carrying amounts		
Balance at the beginning of the year	9,292,821	6,572,307
Additions	1,426,862	2,782,358
Written-off	(270,566)	(61,844)
Carrying amount at the end of the year	**10,449,117**	**9,292,821**

The exploration and evaluation assets written off during the year are as a result of the total abandonment of certain areas of tenure. The recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

NOTE 16: OTHER ASSETS

	2020	2019
	$	$
Prepayments	43,605	6,223

NOTE 17: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables	689,171	687,489
Sundry payables and accrued expenses	748,036	770,504
Employee benefits	425,000	299,852
	1,862,206	**1,757,845**

Trade and other payables are non-interest bearing and are generally on 30-60 day terms.

Due to the short term nature of these payables, their carrying value is assumed to approximate fair value.

NOTE 18: OTHER FINANCIAL LIABILITIES

	2020	2019
	$	$
Convertible notes at fair value through profit or loss	9,916,111	9,854,145
Loans from related parties	–	–
	9,916,111	**9,854,145**

	2020	2019
Movements in convertible notes carrying value	$	$
Opening balance	9,854,145	7,799,904
Face value of convertible notes issued	–	2,000,000
Movement in fair value	61,966	54,241
Closing balance	**9,916,111**	**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 share holding in IronRidge Resources.

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NOTE 19: LEASE LIABILITIES

	2020 $	2019 $
Current liability		
Lease liability	353,456	–
Balance at the end of the reporting period	353,456	–
Non-current liability		
Lease liability	1,519,185	–
	1,519,185	–
Lease liabilities		
Opening balance	–	–
Initial recognition on adoption of AASB 16	2,174,250	–
Additions	–	–
Interest expense	216,747	–
Lease payments	(518,356)	–
Closing balance	**1,872,641**	**–**

NOTE 20: PROVISIONS – NON-CURRENT

	2020 $	2019 $
Site restoration	1,223,339	1,041,313
Long service leave	27,122	68,059
	1,250,461	**1,109,372**

The Group has conducted an extensive review of the environmental status of the Mining Leases with a view to making an assessment of the appropriate provision it should make for liabilities in respect of rehabilitation and restoration. In the course of this exercise, advice was received from different parties providing estimations on the potential costs for future rehabilitation and restoration. Based on this information, the Group has provided in respect of these restoration liabilities an amount of $1,223,339.

NOTE 21: ISSUED CAPITAL

	2020 $	2019 $
766,477,633 (30 June 2019: 613,181,877) fully paid ordinary shares	40,676,895	35,004,941
Share issue costs	(1,765,128)	(1,459,020)
	38,911,767	**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

	2020 Number	2019 Number	2020 $	2019 $
At 1 July	613,181,877	613,181,877	35,004,941	35,004,941
4 May 2020[1]	26,646,102	–	985,906	–
29 May 2020[2]	126,649,654	–	4,686,048	–
At 30 June	766,477,633	613,181,877	40,676,895	35,004,941

[1] On 4 May 2020, 26,646,102 $0.037 ordinary shares were issued pursuant to an Institutional Entitlement Offer.
[2] On 29 May 2020, 126,649,654 $0.037 ordinary shares were issued pursuant to an Entitlement Offer.

(b) Options

As at 30 June 2020, there were 72,928,303 unissued ordinary shares of DGR Global Ltd under option, held as follows:

	Number	Exercise Price	Expiry
Unlisted employee options	16,875,000	$0.20	08/11/20
Unlisted Director options	15,187,500	$0.20	28/11/20
Unlisted employee options	3,000,000	$0.20	12/02/21
Unlisted employee options	1,200,000	$0.20	12/02/21
Unlisted rights issue options	36,665,803	$0.084	28/02/22
Total options on issue	**72,928,303**		

(c) Capital management

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern. The Group's capital comprises equity as shown on the statement of financial position. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risk and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

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NOTE 22: RESERVES

NATURE AND PURPOSE OF RESERVES

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees and other service providers.

(ii) Change in proportionate interest reserve

The change in proportionate interest reserve is used to recognise differences between the amount by which non-controlling interests are adjusted and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(iii) Financial assets revaluation reserve

Changes in the fair value of investments, such as equities, classified as financial assets at fair value through other comprehensive imcome, are recognised in other comprehensive income, as described in note 1(g) and accumulated in a separate reserve within equity.

Movements in the financial assets revaluation reserve are as follows:

	2020 $	2019 $
Balance 1 July	68,788,737	50,027,970
Revaluation – gross	(44,494,170)	27,143,133
Deferred tax	13,386,550	(8,040,671)
Share of other comprehensive income in associate (net of tax)	(127,665)	(341,695)
	37,553,452	**68,788,737**

(iv) Profit reserve

The Profit Reserve is used to quarantine annual profits when available. This allows the Company to be able to pay dividends to shareholders at its discretion.

Movements in the profit reserve are as follows:

	2020 $	2019 $
Balance 1 July	8,854,067	8,854,067
Transfer of Profit after tax to profit reserve	–	–
Dividend declared	–	–
	8,854,067	**8,854,067**

NOTE 23: ACCUMULATED LOSSES

	2020 $	2019 $
Accumulated losses attributable to members of DGR Global Ltd at beginning of the financial year	(19,732,747)	(15,292,089)
Profit / (loss) for the year	(5,944,931)	(4,440,658)
Transfer of reserves on disposal of investments	–	–
Accumulated losses attributable to members of DGR Global Ltd at the end of the financial year	**(25,677,678)**	**(19,732,747)**

NOTE 24: COMMITMENTS FOR EXPENDITURE

Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The commitments to be undertaken are set out below.

	2020 $	2019 $
Payable within one year	3,808,909	2,422,406
Payable between one and five years	854,175	544,000
	4,663,084	**2,966,406**

To keep the exploration permits in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm in agreements.

NOTE 25: CONTINGENT LIABILITIES

The Directors are not aware of any contingent assets and liabilities at 30 June 2020.

NOTE 26: SHARE-BASED PAYMENTS

DGR GLOBAL LTD OPTIONS

On 30 October 2018, 1,200,000 DGR Global Ltd share options were granted to employees under the Employee Share Option Plan. The options are to take up one ordinary share in DGR Global Ltd as a price of 20 cents each. The options vested immediately and are due to expire on 12 February 2021. A value of $46,186 was calculated using the Black Scholes valuation methodology (refer below).

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NOTE 26: SHARE-BASED PAYMENTS CONTINUED
DGR GLOBAL LTD OPTIONS CONTINUED

Movements in a number of options are set out below.

	2020		2019	
	No. of options	Weighted average exercise price $	No. of options	Weighted average exercise price $
Outstanding at the beginning of the year	42,075,000	$0.20	40,875,000	$0.20
Granted	–	–	1,200,000	$0.20
Forfeited	(5,812,500)	$0.20	–	–
Exercised	–	–	–	–
Expired	–	–	–	–
Outstanding at year-end	36,262,500	$0.20	42,075,000	$0.20
Exercisable at year-end	36,262,500	$0.20	42,075,000	$0.20

The weighted average exercise price of options outstanding at the end of the year was $0.20 (2019: $0.20). The weighted average remaining contractual life of the options was 0.41 years (2019: 1.41 years).

All options on issue will settle for one share each when exercised. There are no vesting conditions attached to the options.

FAIR VALUE

The fair values of options granted were calculated by using a Black-Scholes options pricing model applying the following inputs.

DGR Global Limited

2019	DGR Global Limited ESOP
Weighted average exercise price	$0.20
Weighted average life of the option	2.29 years
Underlying share price	$0.145
Expected share price volatility	60.20%
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.

RECONCILIATION OF RESERVE MOVEMENTS

	2020 $	2019 $
Opening balance at 1 July	7,886,768	7,840,582
Total share issue costs recognised in equity	–	–
Total share based payments expense	–	46,186
Closing balance at 30 June	**7,886,768**	**7,886,768**

RECONCILIATION OF SHARE BASED PAYMENTS EXPENSE

	2020 $	2019 $
DGR Global Ltd options	–	46,186
Total share base payments expense	**–**	**46,186**

NOTE 27: 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. The names and other information about subsidiaries are provided in Note 12.

(B) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

i) Transactions with Key Management Personnel are provided in the Remuneration Report within the Directors' Report on page 23.

(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 management fee. For the year ended 30 June 2020 $456,000 (2019: $456,000) was paid or payable to DGR Global Ltd Ltd for the provision of the services. The total amount receivable at year end was $173,589 (2019: $396).

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 management fee. For the year ended to 30 June 2020 $192,000 (2019: $192,000) was paid or payable to DGR Global Ltd for the provision of the Services. The total amount receivable at year end was $814,889 (2019: $572,392).

iii) DGR Global Ltd has a commercial agreement with NewPeak Metals Ltd, for the provision of administrative services. In consideration for the provision of the services, NewPeak Metals Ltd pays DGR Global Ltd a monthly management fee. For the year ended 30 June 2020 $300,000 (2019: $300,000) was paid or payable to DGR Global Ltd for the provision of the services. The total amount receivable at year end was $239,960 (2019: $124,144).

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 management fee. For the year ended 30 June 2020 $288,000 (2019: $288,000) was paid or payable to DGR Global for the provision of the Services. The total amount receivable at year end was $52,902 (2019: $547).

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 management fee. For the year ended 30 June 2020 $360,000 (2019: $360,000) was paid or payable to DGR Global Ltd Ltd for the provision of the services. The total amount receivable at year end was $11,431 (2019: $37,654).

(D) LOANS WITH RELATED PARTIES

During the year ended 30 June 2020, the DGR Global Ltd provided a letter of funding support to Aus Tin Mining Ltd. Aus Tin MIning has drawn down $180,551 (2019: $Nil) pursuant to the letter of funding support. The financial support is provided on an unsecured basis.

There were no other loans with related parties during the financial years ended 30 June 2020 and 2019.

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NOTE 28: OPERATING SEGMENTS

SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions

Corporate charges are allocated to segments based on the segments' overall proportion of overhead expenditure within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Unallocated items

The following items of revenue, expenses and assets are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense
- income tax expense
- current and deferred tax

SEGMENT REPORTING

The Group reports information to the Board of Directors along company lines. That is, the financial position of DGR 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 relevant thresholds outlined above, and are therefore not reported separately, is aggregated and disclosed as Others.

30 JUNE 2020	DGR Global $	Auburn $	Others $	Total $
Segment performance				
Revenue				
External revenue	1,596,000	–	–	1,596,000
Inter-segment revenue	–	–	–	–
Total segment revenue				**1,596,000**
Reconciliation of segment revenue to Group revenue				
Elimination of intersegment revenue				–
Total Group revenue				**1,596,000**
Segment net profit / (loss) before tax	**(2,591,247)**	**(38,567)**	**(76,144)**	**(2,705,958)**
Reconciliation of segment result to Group net profit / (loss) before tax				
Reversal of impairment of investment in associate				(3,349,604)
Share of losses of associates				(2,514,353)
Net profit / (loss) before tax				**(8,569,915)**
Segment assets				
Assets	**118,809,695**	**3,313,028**	**1,206,466**	**123,329,189**
Reconciliation of segment assets to Group assets				
Inter-segment receivables and investments eliminated				(6,623,917)
Total Group assets				**116,705,272**

All segment asset additions occur in Australia.

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Notes to the financial statements continued

NOTE 28: OPERATING SEGMENTS CONTINUED

SEGMENT REPORTING CONTINUED

30 JUNE 2019	DGR Global $	Auburn $	Others $	Total $
Segment performance				
Revenue				
External revenue	1,596,000	–	–	1,596,000
Inter-segment revenue	–	–	–	–
Total segment revenue				**1,596,000**
Reconciliation of segment revenue to Group revenue				
Elimination of intersegment revenue				–
Total Group revenue				**1,596,000**
Segment net profit / (loss) before tax	**(2,741,508)**	**(29,504)**	**(33,592)**	**(2,804,604)**
Reconciliation of segment result to Group net profit / (loss) before tax				
Reversal of impairment of investment in associate				655,120
Share of losses of associates				(4,127,440)
Net profit / (loss) before tax				**(6,276,924)**
Segment assets				
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 eliminated				(6,407,600)
Total Group assets				**162,448,631**

All segment asset additions occur in Australia.

NOTE 29: PARENT COMPANY

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by Regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity (DGR Global Ltd). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 1(b).

The limited financial statements of the parent company are set out over the page.

	2020 $	2019 $
Statement of financial position		
Current assets	5,380,968	2,211,232
Non-current assets		
Security bonds	1,753,444	1,587,119
Property plant and equipment	2,151,570	417,534
Exploration and evaluation assets	6,263,901	5,413,448
Investment in Block X Capital Corp (formerly Lions Gate Metals Inc)	3,077	137
Investment in SolGold plc	76,906,577	117,948,582
Investment in Dark Horse Resources Ltd	964,289	1,322,481
Investment in Aus Tin Mining Ltd	362,199	3,259,777
Investment in Armour Energy Ltd	2,999,992	7,497,280
Investment in Auburn Resources Ltd	2,166,667	2,166,667
Investment in IronRidge Resources Ltd	12,444,352	19,336,537
Investment in Lakes Oil NL	–	742,159
Investment in other subsidiaries	10	10
Corporate bonds Armour Energy Ltd	2,948,248	8,750,000
Total non-current assets	108,964,326	168,441,731
Total assets	*114,345,294*	*170,652,963*
Current liabilities	11,999,135	1,597,253
Non-current liabilities	17,153,676	41,442,596
Total liabilities	*29,152,811*	*43,039,849*
Net assets	85,192,483	127,613,114
Issued capital	38,911,767	33,545,924
Share-based payments reserve	7,886,768	7,886,768
Financial assets revaluation reserve	37,553,452	79,344,737
Profit reserve	8,854,067	8,854,067
Accumulated profits	(8,013,571)	(2,018,382)
Total shareholders' equity	85,192,483	127,613,114
Statement of comprehensive income		
Profit / (loss) for the year	(5,995,189)	(5,780,932)
Total comprehensive income for the year	(37,230,474)	25,324,700

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Notes to the financial statements continued

NOTE 29: PARENT COMPANY CONTINUED

At 30 June 2020, the Company's investments in associates and investments at fair value through other comprehensive income (excluding investments in Corporate Bonds) are as follows:

Listed investment	Number of shares	Number of options/ warrants (unlisted)	Share price#	Quoted value $
Block X Capital Inc	17,500	–	C$0.165	3,075
SolGold plc	204,151,800	–	£0.21	76,906,576
NewPeak Metals Ltd (formerly Dark Horse Resources Ltd)	385,715,600	–	$0.0025	964,289
Aus Tin Mining Ltd	362,197,351	–	$0.001	362,197
Armour Energy Ltd	149,999,615	–	$0.02	2,999,992
IronRidge Resources Ltd	73,022,667	–	£0.095	12,444,351
Lakes Oil NL	742,159,370	–	–	–
Total Quoted Value				93,680,480

Share price represents the market quoted price for listed investments at 30 June 2020. All quoted values above are level 1 in the fair value hierarchy.

GUARANTEES

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

CONTRACTUAL COMMITMENTS

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2020 (2019: nil).

CONTINGENT 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.

The parent entity has no other contingent liabilities.

NOTE 30: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit / (loss) after tax

	2020 $	2019 $
Profit / (loss) after tax	(5,979,261)	(4,432,875)
Depreciation	445,102	24,877
Exploration and evaluation assets written off	270,566	61,845
Share based payments expense	–	46,189
Interest on lease liability	216,747	
Share of losses associates	2,514,353	4,127,440
(Reversal of) Impairment of investment in associate	3,349,604	(655,120)
Provision for impairment	1,283,252	
Gain on loss of significant influence of IronRidge Resources Ltd	(2,654,458)	–
Fair value movement on convertible note receivable	–	636,345
Fair value movement on convertible note payable	61,966	54,241
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase) / decrease in trade and other receivables	(708,914)	479,991
(Increase) / decrease in other assets	(61,432)	33,487
Increase / (decrease) in trade and other payables	442,078	117,431
Increase / (decrease) in deferred tax liabilities	(2,590,654)	(1,844,049)
Net cash flow from operations	**(3,411,051)**	**(1,350,198)**

Non-cash investing and financing activities		
Issue of shares in lieu of cash for services	180,917	–
Conversion of receivables for shares	(75,000)	–
Redemption of Armour convertible notes*	–	10,000,000
Investment in Armour corporate bonds	–	(10,000,000)
Conversion of loans to shares in subsidiaries	–	(140,000)

* Represents the principal amount of the convertible notes early redeemed. The early redemption premium and interest have been included in the net cash flows from operating activities.

(b) Reconciliation of liabilities arising from financing activities

	Opening balance	Adoption of AASB 16	Lease payments	Interest expense	Financing cash flow: Proceeds from borrowings	Non cash flow changes: Fair value movement of convertible notes	Closing balance
	$	$	$	$	$	$	$
Convertible notes	9,854,145	–			–	61,966	9,916,111
Lease liabilities	–	2,174,250	(518,356)	216,747	–	–	1,872,641

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Notes to the financial statements continued

NOTE 31: FINANCIAL RISK MANAGEMENT

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	3,851,471	1,671,891
Trade and other receivables	1,762,947	1,110,705
Financial assets at fair value through other comprehensive income	90,684,493	123,273,136
Cash on deposit	314,000	314,000
Security bonds	1,499,829	1,334,504
Corporate bonds	2,948,248	8,750,000
	101,060,988	**136,454,236**
Financial liabilities		
Trade and other payables	1,862,206	1,757,845
Other financial liabilities	9,916,111	9,854,145
Lease liabilities	1,872,641	–
	13,650,958	**11,611,990**

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The Group's financial instruments consist mainly of deposits with banks, receivables and payables, shares in listed corporations, investements in convertible notes and corporate bonds.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these matters are set out below.

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when counterparties fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security, in the event other parties fail to discharge their obligations under financial instruments in relation to each class of financial asset at reporting date is the carrying amount in the statement of financial position which, for the relevant assets, is summarised in the table above.

Credit risk is reviewed regularly by the Board and the audit committee. It primarily arises from exposure to receivables as well as through deposits with financial institutions. There is no collateral held as security.

The Group's material credit risk exposure is to loans with related parties, related party debtors, investments in convertible notes and corporate bonds.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The objective of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board and the audit committee.

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities, has decreased from a surplus of $1,040,732 in 2019 to a deficit of $6,603,778 in 2020.

2020 MATURITY ANALYSIS	Carrying amount $	Contractual cash flows $	< 6 months $	6–12 months $	1–3 years $	> 3 years $
Financial liabilities						
Trade and other payables	1,862,206	1,862,206	1,862,206	–	–	–
Other financial liabilities	9,916,111	10,289,315	10,289,315	–	–	–
Lease liabilities	1,872,641	2,339,926	268,679	270,412	1,750,139	50,696
Total	**13,650,958**	**14,491,447**	**12,420,309**	**270,412**	**1,750,139**	**50,696**

2019 MATURITY ANALYSIS	Carrying amount $	Contractual cash flows $	< 6 months $	6–12 months $	1–3 years $	> 3 years $
Financial liabilities						
Trade and other payables	1,748,087	1,748,087	1,748,087	–	–	–
Other financial liabilities	9,854,145	11,492,603	600,000	600,000	10,292,603	–
Total	**11,602,232**	**13,240,690**	**2,348,087**	**600,000**	**10,292,603**	**–**

(d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Group does not have any material exposure to market risk other than interest rate risk and other equity securities price risk.

Financial report continued

Notes to the financial statements continued

NOTE 31: FINANCIAL RISK MANAGEMENT CONTINUED

(d) Market risk continued

Interest rate risk

The objective of interest rate risk management is to manage and control interest rate risk exposures with acceptable parameters while optimising the return. Interest rate risk is managed with a mixture of fixed and floating rate instruments. For further details on interest rate risk refer to the tables below:

2020	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate*
	$	$	$	$	%
(i) Financial Assets					
Cash and cash equivalents	3,851,471	–	–	3,851,471	0.01%
Trade and other receivables	–	–	1,762,947	1,762,947	N/A
Other financial assets	–	2,948,248	92,498,322	95,446,570	8.75%
Total financial assets	**3,851,471**	**2,948,248**	**94,261,269**	**101,060,988**	
(ii) Financial Liabilities					
Trade and other payables	–	–	1,862,206	1,862,206	N/A
Other financial liabilities	–	9,916,111	–	9,916,111	12%
Lease liabilities	–	1,872,641	–	1,872,641	12%
Total financial liabilities	**–**	**11,788,752**	**1,862,206**	**13,650,958**	

* on interest bearing portion

2019	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate*
	$	$	$	$	%
(i) Financial Assets					
Cash and cash equivalents	1,671,891	–	–	1,671,891	0.75%
Trade and other receivables	–	–	1,110,705	1,110,705	N/A
Other financial assets	–	8,750,000	124,921,640	133,671,640	8.75%
Total financial assets	**1,671,891**	**8,750,000**	**126,032,345**	**136,454,236**	
(ii) Financial Liabilities					
Trade and other payables	–	–	1,748,087	1,748,087	N/A
Other financial liabilities	–	9,854,145	–	9,854,145	12%
Total financial liabilities	**–**	**9,854,145**	**1,748,087**	**11,602,232**	

* on interest bearing portion

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This demonstrates the effect on the profit and equity which could result from a change in these risks.

At 30 June 2020 the effect on profit and equity as a result of changes in the interest rate at that date would be as follows:

	2020	2019
	$	$
Change in profit and equity		
Increase in interest rate by 1%	38,515	16,719
Decrease in interest rate by 1%	(38,515)	(16,719)

Equity securities price risk

The Group has performed a sensitivity analysis relating to its exposure to equity securities price risk. The sensitivity demonstrates the effect on pre-tax profit and equity which could result from a change in these risks.

At 30 June 2020 the effect on equity as a result of changes in equity security prices would be as follows:

	2020	2019
	$	$
Change in equity*		
Increase in equity security price by 10%	(9,068,449)	(12,327,909)
Decrease in equity security price by 10%	9,068,449	12,327,909

* Financial assets revaluation reserve/other comprehensive income

The analysis assumes all other variables remain constant. It also assumes the investment in SolGold plc, Lions Gate Metals Inc, Aus Tin Mining Ltd, NewPeak Metals Ltd, Lakes Oil NL and IronRidge Resources Ltd, were remeasured to fair value on 30 June 2020 (and that the 10% change had occurred as at that date).

It should be noted that the investment in associate is not included in the above analysis as it is outside the scope of Accounting Standard AASB 9 Financial Instruments, as it is accounted for in accordance with Accounting Standard AASB 128 Investments in Associates and Joint Ventures.

Foreign exchange risk

	Change in US dollar rate	Effect on profit before tax
	%	$
2020	+10%	2,951
	-5%	(3,607)
2019	+10%	71
	-5%	(35)

Financial report continued

Notes to the financial statements continued

NOTE 32: FAIR VALUE

FAIR VALUE HEIRARCHY

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 30 June:

	Level 1 $	Level 2 $	Level 3 $	Total $
2020				
Financial assets at fair value through other comprehensive income	90,684,493	–	–	90,684,493
Convertible note payable	–	–	9,916,111	9,916,111
2019				
Financial assets at fair value through other comprehensive income	123,279,087	–	–	123,279,087
Convertible note payable	–	–	9,854,145	9,854,145

The financial assets at fair value through other comprehensive income and certain convertible note receivables are measured based on the quoted market prices at 30 June. The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

Description	Fair value at 30 June 2020 $	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
2020				
Convertible note payable	9,916,111	Share price volatility	58%	Higher volatility (+10 bps) would not change FV due to the short remaining time to maturity; lower volatility (-10 bps) would not change FV due to the short remaining time to maturity.
		Risk-free interest rate	0.2%	Lower discount rate (-25 bps) would increase FV by $5,893; higher discount rate (+25 bps) would decrease FV by $5,890.

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

Description	Fair value at 30 June 2019 $	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
2019				
Convertible note payable	9,854,145	Share price volatility	62%	Higher volatility (+10 bps) would increase FV by $95,564; lower volatility (-10 bps) would decrease FV by $89,650.
		Risk-free interest rate	1.00%	Lower discount rate (-25 bps) would increase FV by $24,567; higher discount rate (+25 bps) would decrease FV by $24,468.

* 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 30 June wherein their carrying values do not approximate their fair value at 30 June:

	Level 1 $	Level 2 $	Level 3 $	Carrying value $
2020				
Investments accounted for using the equity method	2,999,992	–	–	2,999,992
2019				
Investments accounted for using the equity method	26,833,818	–	–	16,277,817

The investments accounted for using the equity method displayed in the table above are measured based on the quoted market prices at 30 June.

NOTE 32. SIGNIFICANT EVENTS AFTER REPORTING DATE

On 30 July 2020, the Company announced that Auburn Resources Limited ("Auburn") was successful in obtaining a $85,000 grant under the Queensland Department of Natural Resources Mines and Energy's Collaborative Exploration Initiative to conduct a ground based Moving Loop Electromagnetic (MLEM) survey at Auburn's Hawkwood Magmatic Nickel-Copper Cobalt Sulphide project.

On 18 August 2020, the Company announced that Auburn and Armour Energy Limited ("Armour") have executed a term sheet to acquire Armour's wholly owned subsidiary Ripple Resources Pty Ltd (Ripple). Auburn will issue 5,600,000 fully paid ordinary Auburn shares as consideration and Armour will transfer its legal, beneficial and unencumbered interest in 100% of the shares in Ripple to Auburn. The completion of the transaction is subject to a number of conditions precedent.

The Directors are not aware of any other significant changes in the state of affairs of the Group or events after reporting date that would have a material impact on the consolidated financial statements.

Financial report continued

Directors' declaration

1. In the opinion of the Directors:

a) the financial statements and notes of DGR Global Ltd for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and performance for the year then ended;

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, as disclosed in Note 1; and

d) the remuneration disclosures contained in the Remuneration Report comply with Section 300A of the *Corporations Act 2001*.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Nicholas Mather
Managing Director
Brisbane
30 September 2020

Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the members of DGR Global Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DGR Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial report continued
Independent auditor's report continued

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
Refer to Note 15 in the annual report The Group carries exploration and evaluation assets as at 30 June 2020 in accordance with the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation asset is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of AASB *6 Exploration for and Evaluation of Mineral Resources* ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but were not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash flow budget for the level of budgeted spend on exploration projects and held discussions with management of the Group as to their intentions and strategy. • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required. • Evaluating management's support and calculations for the impairment expense by checking: – The allocation of the expenditure across the relevant tenements – The mathematical accuracy of the amount written down.

Classification and carrying value of financial assets at fair value through other comprehensive income

Key audit matter	How the matter was addressed in our audit
Refer to Note 1(x) and Note 11 of the financial report. The Group carries investments in listed shares which are carried at fair value through other comprehensive income. The classification and carrying amount of financial assets at fair value through other comprehensive income is a key audit matter due: • the determination of whether the company does not hold significant influence in an investment and therefore carries the investment at fair value through other comprehensive income is a matter that requires significant judgement • the significance of the total balance.	Our audit procedures, amongst others, included: • Evaluating management's assessment of whether significant influence existed. • Obtaining from management a schedule of investments held by the Group and vouching the movements to supporting documentation. • Agreeing a sample of the additions and disposals of investments during the year to supporting documentation, and ensuring that gains and losses arising were treated appropriately. • Reviewing management's assessment of the fair value of the investments by reference to quoted prices in active markets, ensuring that management have considered the effect of foreign exchange and that all gains and losses have been treated appropriately. • Reviewing the adequacy of the disclosures of investments, including the fair value disclosures, by comparing these disclosures to our understanding the nature of the investment and the applicable accounting standards.

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Financial report continued
Independent auditor's report continued

Classification and carrying value of investments accounted for using the equity method

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 13 of the financial report. The Group holds investments in associates accounted for using the equity method. The classification of each asset as an associate and measurement thereof is a key audit matter due to: • the level of judgement management were required to make in assessing the classification of the investment • the significance of the closing balance • the significance of the share of loss of associates and gain arising from discontinuing the use of equity accounting.	Our audit procedures, amongst others, included: • Evaluating management's assessment of whether significant influence existed. • Agreeing the Group's share of associate losses to the audited financial reports of the Associates and assessing the adequacy of the disclosures. • Reviewing the financial information of the associate including assessing whether the accounting policies of the associates were consistent with DGR Global Limited. • Recalculating the impairment recorded by reference to the fair value of the investments based on quoted prices in active markets. • Reviewing the accounting treatment for investments where significant influence has been lost and are now accounted for at fair value through OCI. This also included recalculating the fair value adjustment arising from this change in accounting treatment. • Reviewing the adequacy of the disclosures of in the financial report.

Carrying value of convertible notes payable

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 18 of the financial report. The Group issued convertible notes which are carried at fair value through profit or loss in accordance with AASB 9. The carrying value of the convertible notes at fair value through profit and loss is a key audit matter due to: • the significance of the total balance • the determination of the fair value of convertible notes involves significant judgement regarding the valuation methodology and the inputs and assumptions.	Our audit procedures, amongst others, included: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement to determine the accounting treatment. • Reviewing reasonableness of the methodology and assumptions applied in the valuation model. • Assessing the reasonableness of the inputs to the valuation. • Reviewing management's assessment of the movements in fair value of the convertible notes, ensuring that all gains and losses have been treated appropriately. • Reviewing the adequacy of the disclosures in the financial report and agreeing these to the valuation model and the convertible note agreement.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Financial report continued
Independent auditor's report continued

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 37 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of DGR Global Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd
BDO

T J Kendall
Director

Brisbane, 30 September 2020

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FURTHER INFORMATION

Further information
Shareholder information

Additional information required by ASX and not shown elsewhere in this report is as follows. The information is current as at 23 September 2020.

(a) Distribution schedule

	Ordinary shares		Unlisted $0.20 options exercisable on or before 8 November 2020	
	Number of holders	Number of shares	Number of holders	Number of options
1 – 1,000	189	18,370	–	–
1,001 – 5,000	163	511,452	–	–
5,001 – 10,000	231	1,989,342	–	–
10,001 – 50,000	410	10,647,565	–	–
50,001 – 100,000	133	10,312,329	–	–
100,001 and over	451	742,998,575	13	16,875,000
Total	**1,577**	**766,477,633**	**13**	**16,875,000**

Unlisted $0.20 options exercisable on or before 28 November 2020		Unlisted $0.20 options exercisable on or before 12 February 2021		Unlisted $0.084 options exercisable on or before 28 May 2022	
Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
–	–	–	–	6	16
–	–	–	–	75	161,733
–	–	–	–	2	12,691
–	–	–	–	132	4,001,484
–		–	–	41	2,755,746
4	15,187,500	2	4,200,000	50	29,734,133
4	**15,187,500**	**2**	**4,200,000**	**306**	**36,665,803**

Unlisted convertible notes at $0.20 per convertible note	
Number of holders	Number of notes
–	–
–	–
–	–
–	–
–	–
2	50,000,000
2	**50,000,000**

The number of shareholders holding less than a marketable parcel of shares is 403 (holding a total of 832,672 ordinary shares).

(b) Substantial shareholders

Name	Number of Shares
Nicholas Mather[1]	112,142,553
Samuel Terry Asset Management Pty Ltd[2]	39,907,520
Tenstar Trading Limited[3]	144,902,064

[1] Includes indirect holdings. Number of Shares per a notice dated 4 December 2017.
[2] Number of Shares per a notice dated 15 September 2020.
[3] Number of Shares per a notice dated 4 June 2020.

(c) Voting rights

All ordinary shares carry one vote per share without restriction.

(d) Restricted securities

As at the date of this report, there were no restrictions over the Company's shares.

(e) Twenty largest holders

The names of the twenty largest holders, in each class of quoted security in DGR Global Limited are set out below.

Ordinary shares

Rank	Name	Holding as at 22 Sep 2020	Issued capital %
1	CITICORP NOMINEES PTY LIMITED	150,334,135	19.61
2	SAMUEL HOLDINGS PTY LTD <THE SAMUEL DISCRETIONARY A/C>	65,881,033	8.60
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	54,720,462	7.14
4	NICHOLAS MATHER & JUDITH MATHER <MATHER SUPER FUND A/C>	51,637,500	6.74
5	MR YEE TECK TEO	20,250,000	2.64
6	SAMUEL HOLDINGS PTY LTD <SAMUEL DISCRETIONARY A/C>	17,187,500	2.24
7	MR JEFFREY DOUGLAS PAPPIN	12,625,000	1.65
8	MR VINCENT DAVID MASCOLO	12,062,500	1.57
9	PINEGOLD PTY LTD <GREG RUNGE FAMILY S/F A/C>	10,000,000	1.30
10	NATIONAL NOMINEES LIMITED	9,650,943	1.26
11	BETA GAMMA PTY LTD <WALSH STREET S/FUND A/C>	9,464,972	1.23
12	DR STEVEN G RODWELL	8,006,149	1.04
13	MATHER FOUNDATION LIMITED <THE MATHER FOUNDATION A/C>	7,020,788	0.92
14	HAYES PASTORAL CORPORATION PTY LTD	6,249,925	0.82
15	BRIAN MOLLER	5,968,750	0.78
16	MR WILLIAM GREGORY RUNGE & MRS WENDY KAY RUNGE <THE GREG RUNGE FUND A/C>	5,949,811	0.78
17	CHARLES & CORNELIA GOODE FOUNDATION PTY LTD <CCG FOUNDATION A/C>	5,680,580	0.74
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,456,758	0.71
19	MR WILLIAM STUBBS	5,190,540	0.68
20	FORTUNATO PTY LTD <THE MASCOLO FAMILY A/C>	4,491,893	0.59
	Twenty largest holders	**467,829,239**	**61.04**
	Balance of register	**298,648,394**	**38.96**
	Total shares on issue	**766,477,633**	**100.00**

Further information continued
Interest in tenements

As at the date of this report, the Group has an interest in tenements as set out below (and continued over the page).

Tenure type, number and name	Current holder	Registered interest of holder %	Date of expiry
EPM 19379 Three Sisters	Auburn Resources Ltd	100	29-Jan-2021
EPM 25948 Hawkwood	Auburn Resources Ltd	100	10-Feb-2021
EPM 26013 Walkers Road	Auburn Resources Ltd	100	13-Mar-2021
EPM 26245 Nerangy	Auburn Resources Ltd	100	14-May-2023
EPM 26248 Titi Creek	Auburn Resources Ltd	100	29-Jan-2023
EPM 26526 Auburn	Auburn Resources Ltd	100	3-Jan-2021
EPM 26529 Therevale	Auburn Resources Ltd	100	23-Aug-2023
EPM 26758 Hillgrove	Auburn Resources Ltd	100	27-Aug-2021
EPM 18534 Quaggy Creek	Auburn Resources Ltd	100	11-Oct-2020
EPM 26523 Calrossie	Auburn Resources Ltd	100	10-Dec-2020
EPM 27217 Quaggy Extended	Auburn Resources Ltd	100	27-Aug-2022
EPMA 27403 Hawkwood Extended	Auburn Resources Ltd	100	Under Application
EPMA 27404 Calrossie Extended	Auburn Resources Ltd	100	Under Application
EPMA 27405 Quaggy South	Auburn Resources Ltd	100	Under Application
EPMA 27406 Hawkwood South	Auburn Resources Ltd	100	Under Application
EPM 15134 Gayndah	Barlyne Mining Pty Ltd	100	29-Sep-2021
EPM 18451 Calgoa	Barlyne Mining Pty Ltd	100	20-May-2023
EPM 19087 Mt Abbot	Barlyne Mining Pty Ltd	100	28-Jul-2023
EPM 26274 Euri Creek	Barlyne Mining Pty Ltd	100	28-May-2022
EPM 26607 Otter Ridge	Barlyne Mining Pty Ltd	100	12-Jul-2021
EPM 27250 Kolbar	Barlyne Mining Pty Ltd	100	15-Jul-2023
EPM 19270 Pandanus Creek	Coolgarra Minerals Pty Ltd	100	17-Sep-2021
EPM 26265 Britannia	Coolgarra Minerals Pty Ltd	100	15-Mar-2023
EPM 26355 Big Rush	Coolgarra Minerals Pty Ltd	100	12-Jul-2021
EPM 26382 Crooked Creek	Coolgarra Minerals Pty Ltd	100	8-May-2023
EPM 26386 Roebourne	Coolgarra Minerals Pty Ltd	100	23-Nov-2020
EPM 27061 Wade Creek	Coolgarra Minerals Pty Ltd	100	20-May-2022
ML 3678 United Reefs	DGR Global Ltd	100	31-May-2022
ML 3741 Shamrock Extd.	DGR Global Ltd	100	30-Sep-2030
ML 3749 North Chinaman	DGR Global Ltd	100	31-Jul-2027
ML 3752 Shamrock Tailings	DGR Global Ltd	100	31-Jan-2021
ML 3753 Shamrock Tailings Extended	DGR Global Ltd	100	31-Aug-2021
ML 50148 Tableland	DGR Global Ltd	100	30-Apr-2029
ML 50291 Black Shamrock	DGR Global Ltd	100	30-Apr-2029

Tenure type, number and name	Current holder	Registered interest of holder %	Date of expiry
EPM 26769 Stockhaven	Pennant Resources Pty Ltd	100	27-Aug-2021
NT EL 31980 - Tanumbirini North	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 31981 - Tanumbirini South	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32002 - Tanumbirini East	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32006 - Victoria River Downs	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32008 - Cooee Hill	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32009 - Williams Creek	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32010 - Lagoon Creek West	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32011 - Lagoon Creek	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32012 - Lansen Creek	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32013 - Parsons Creek	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32014 - Newcastle Creek	Pennant Resources Pty Ltd	100	6-May-2025
NT EL 32039 - Bullock Creek	Pennant Resources Pty Ltd	100	4-Jul-2025
EPM 25225 Mabel Jane	Pinnacle Gold Pty Ltd	100	14-Jan-2023
EPM 25963 Leyshonview	Pinnacle Gold Pty Ltd	100	23-Dec-2020
EPM 25964 Blind Freddy	Pinnacle Gold Pty Ltd	100	23-Dec-2020
EPM 25965 Black Knob	Pinnacle Gold Pty Ltd	100	23-Dec-2020
EPM 25966 Bulldog	Pinnacle Gold Pty Ltd	100	23-Dec-2020
EPM 27289 Rannes West	Pinnacle Gold Pty Ltd	100	16-Oct-2024
NT EL 32032 Blue Bush	Pinnacle Gold Pty Ltd	100	8-Jul-2025
NT EL 32031 Corella	Pinnacle Gold Pty Ltd	100	8-Jul-2025
NT EL 32042 Green Swamp West	Hartz Rare Earths	100	Under Application
NT EL 32043 Green Swamp East	Hartz Rare Earths	100	Under Application

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Corporate directory

Directors
Nicholas Mather Managing Director / CEO
Brian Moller Non-Executive Director
Vincent Mascolo Non-Executive Director
Ben Cleary Non-Executive Director

Company Secretary
Karl Schlobohm

Solicitors
HopgoodGanim Lawyers
Level 8, Waterfront Place
1 Eagle Street
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Auditors
BDO Audit Pty Ltd
Level 10
12 Creek Street
Brisbane QLD 4000
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Share Register
Link Market Services Limited
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Stock exchange listing
ASX (ticker code DGR)

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