



2017 ANNUAL REPORT



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COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange Ltd
ASX Code: DGR

INTERNET ADDRESS

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AUSTRALIAN BUSINESS NUMBER

ABN 67 052 354 837

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CHAIRMAN'S REPORT

Dear Shareholders,

I think it is fair to say that the past 18 months or so have proved transformative for DGR Global. The Company's 2015 success with Orbis Gold is in the process of being repeated – on a much bigger scale – with dual LSE (AIM) / TSX listed SolGold plc.

As was the case last year, I have once again set out below a table illustrating the progress and increase in underlying asset value between 30 June 2016 and 30 June 2017:

ENTITY	30 JUNE 2016	30 JUNE 2017
Armour Energy Ltd	\$4,127,750	\$5,253,500
Aus Tin Mining Ltd	\$2,296,215	\$2,525,836
Dark Horse Resources Ltd	\$567,717	\$1,867,457
IronRidge Resources Ltd	\$4,728,972	\$37,140,658
SolGold plc	\$8,445,760	\$135,577,543
Lakes Oil NL	-	\$408,065
Armour Energy Ltd Convertible Notes	-	\$9,805,616
Lakes Oil NL Convertible Notes	-	\$367,500
Net receivables/(payables)	\$18,533,884	\$1,529,376
Total value	\$38,700,298	\$194,475,551
Total value per DGR Global Ltd share (cps)	7.02	34.09

The past 18 months has seen DGR Global primarily continue to focus on building and strengthening our sponsored listed companies. Details will be given in our Review of Operations, Mineral Resources and Future Developments but in short, DGR Global has used its funds and expertise to:

1. Invest in Armour Energy to assist in its transformation from an explorer to an oil & gas producer with its Kincora Project near Roma in Queensland;
2. Further invest in SolGold to assist with its aggressive and extraordinarily successful exploration at the Cascabel Project in Ecuador which has underpinned a significant re-rating of its share price and investment profile;
3. Further invest in IronRidge Resources, which under the management of our Director Vincent Mascolo, has transformed itself into a more diverse explorer with world-class lithium and gold opportunities in the Ivory Coast, Ghana and Chad.

The DGR Global share price does not yet fully mirror its underlying value. However, I continue to believe that in time the market will adjust its appraisal of our underlying asset value and the consistency of our business model.

Our other sponsored companies continue to receive support with funding, managerial and prospect generating assistance in their particular areas, and I anticipate these will be future drivers of further value to DGR Global. Aus Tin Mining for example, has recently commenced production and is now poised to commence sales of tin concentrate at its Tasmanian tin project. Similarly, Armour Energy is nearing the completion of its commissioning phase for the restart of its Kincora gas plant, and has just announced the commencement of gas sales from the gas acquired and held in storage as part of the acquisition of the overall Kincora Project.

Our Managing Director Nick Mather has continued to work tirelessly and with great vision and implementation throughout the year. His task has again involved enormous amounts of travel and fund raising for DGR, SolGold and a number of our sponsored companies. Nick's efforts across the broader DGR Group are often under appreciated, and he deserves our sincere thanks.

CHAIRMAN'S REPORT

CONTINUED

Nick is ably supported in his efforts by a dedicated team of management professionals who handle the complexities of the numerous project, administrative, compliance, finance, tenure management and IR aspects of the Company and the wider group's business interests. On behalf of the Board, I offer them our thanks.

I would also like to thank my fellow Directors on the Company's Board. Finally, I would like to thank you, our shareholders, for your loyal and continued support.

William (Bill) Stubbs

Non-Executive Chairman

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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, coal, oil and gas. The group focuses on 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 former subsidiaries that move to a listing on a recognised stock exchange as illustrated in the following Figure 1.



Figure 1: DGR Global created listed investments (at 30th June 2017)

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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CORPORATE

Key events for the company during 2017 included:

- Supporting Armour Energy in completing the acquisition of the Origin Roma Shelf gas production and distribution assets and recommissioning the Kincora plant (refer later section).
- Supporting SolGold (copper, gold) in advancing the Cascabel discovery.
- Supporting IronRidge Resources in securing gold and lithium prospects in Chad, Ghana and Ivory Coast.
- Supporting Aus Tin Mining (tin) and Dark Horse Resources in development and diversification projects (refer later sections).
- Applying for exploration areas over bauxite occurrences in southern Qld (refer later section).

INVESTMENTS IN LISTED COMPANIES AT THE DATE OF THIS REPORT

Armour Energy Limited (22.34%) – ASX: AJQ

www.armouenergy.com.au

- Holds highly prospective whole basin oil and gas positions in Northern Territory and North West Qld covering 139,000 km², and a track record of exploration success.
- Acquired petroleum resources, tenures, and production and transportation infrastructure assets on the Roma Shelf from Origin Energy and Santos. Program well advanced to recommission plants and wells to bring on production and early cash flow¹.
- Executes initial gas sales agreement with Australian Pacific LPG and pipeline connection agreement with the APA group to underpin the restart of the Kincora gas plant^{2,3}.
- Wholly owned subsidiary Ripple Resources Pty Ltd emerges as a highly prospective lead-zinc explorer with extensive tenure in Northern Australia.

SolGold plc (13.47%) – LSE & TSX: SOLG

www.solgold.com.au

- Focus on the world class high grade copper gold porphyry system at Cascabel in Ecuador. Cascabel is close to the capital and ports, has low elevation, adequate water supplies and access to power.
- Assay results from 25 drill holes to date confirm discovery of a large scale, high grade porphyry system at the Alpala Prospect. Many significant long high grade drill intersections were announced to the London Stock Exchange during the year.
- Numerous porphyry centres have now been identified within the Cascabel project area, with drill ready targets at Aguinaga and Trevino⁴. It is entirely possible that Alpala is not the richest and/or largest deposit that will be discovered at Cascabel⁵.
- Newcrest (14.54%) and significant Canadian institutional investors join the company register to accelerate drilling and exploration⁶.
- SolGold granted 59 new Mineral Concessions in Ecuador to become the dominant explorer in country⁷.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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INVESTMENTS IN LISTED COMPANIES (CONTINUED)

IronRidge Resources Limited (26.07%) – LSE: IRR www.ironridgeresources.com.au

- Highly prospective hematite rich iron targets evident in Tchibanga and Belinga Sud licence areas in Gabon - total tenure 3,953 km². Tchibanga is less than 70 km from the port of Mayumba.
- Acquired Tekton Minerals Pte.Ltd which has exclusive rights to an extensive land package and associated major new gold discoveries in Chad⁸.
- Secured highly prospective lithium tenements and historic lithium resource in Ghana⁹.
- Access to highly prospective gold¹⁰ and lithium exploration tenements in Ivory Coast¹¹.
- Wholly owned subsidiary Eastern Exploration Pty Ltd has discovered high grade Direct Shipping Ore (DSO) bauxite mineralisation at the Monogorilby project in Queensland, Australia¹².

Aus Tin Mining Limited (21.57%) – ASX: ANW www.austinmining.com.au

- Becomes the second listed tin producer on the ASX with resumption of tin production at the Granville Tin Project in Tasmania, with extension approved by the West Coast Council¹³.
- Maiden JORC resource estimate confirms Taronga as a world class tin project.
- Metallurgical flow sheet completed for Taronga pre-feasibility study. Ore described as coarse grained, having simple metallurgy, and highly amenable to pre-concentration¹⁴.
- The Pre-Feasibility Study released to the ASX on 7 April 2014 confirms the technical and economic viability of the Taronga Tin Project and highlights areas of potential economic upside¹⁵.
- Advancement of the Taronga project with commitment to Stage 1 development comprising trial mining and pilot plant operations.
- Active exploration program at McDonalds and other nearby prospects at Taronga.
- Field work confirms high grade cobalt results from target extension at the Mt Cobalt Project in Qld, and drilling program confirms depth extensions of nickel and cobalt mineralisation¹⁶.

Dark Horse Resources Limited (24.32%) – ASX: DHR www.darkhorseresources.com.au

- Acquired Oronegro SA, with exclusive rights to explore for lithium and other strategic minerals in San Luis and Cordoba provinces in Argentina. Oronegro subsequently enters an exclusive agreement to acquire the Las Tapias mine, the principal historic spodumene mine in Argentina¹⁷.
- Enters an exclusive agreement to acquire 85% of the Los Domos Gold Project in Santa Cruz province, Argentina which hosts a number of world class, multi-million ounce gold deposits¹⁸.
- Completed the sale of subsidiary Navgas Pty Ltd (includes 6 PELAs in South Australia and ATP 1183 on the Roma Shelf in Qld.) to Lakes Oil NL for shares in Lakes Oil, making Dark Horse a 38.4% shareholder in Lakes Oil¹⁹.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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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, and stream and rock sampling were undertaken.

Significant activities which occurred during the year included:

Auburn Resources Limited (63% owned by DGR)

Auburn Resources (formerly Archer Resources) is focussed on the discovery and development of copper, gold nickel, cobalt and zinc deposits in Eastern Queensland. The company holds a portfolio of 5 very prospective exploration project areas (including early stage resources) with huge upside potential. The five project areas (shown in Figure 3) contain at least 16 prospects, with several drill ready targets.

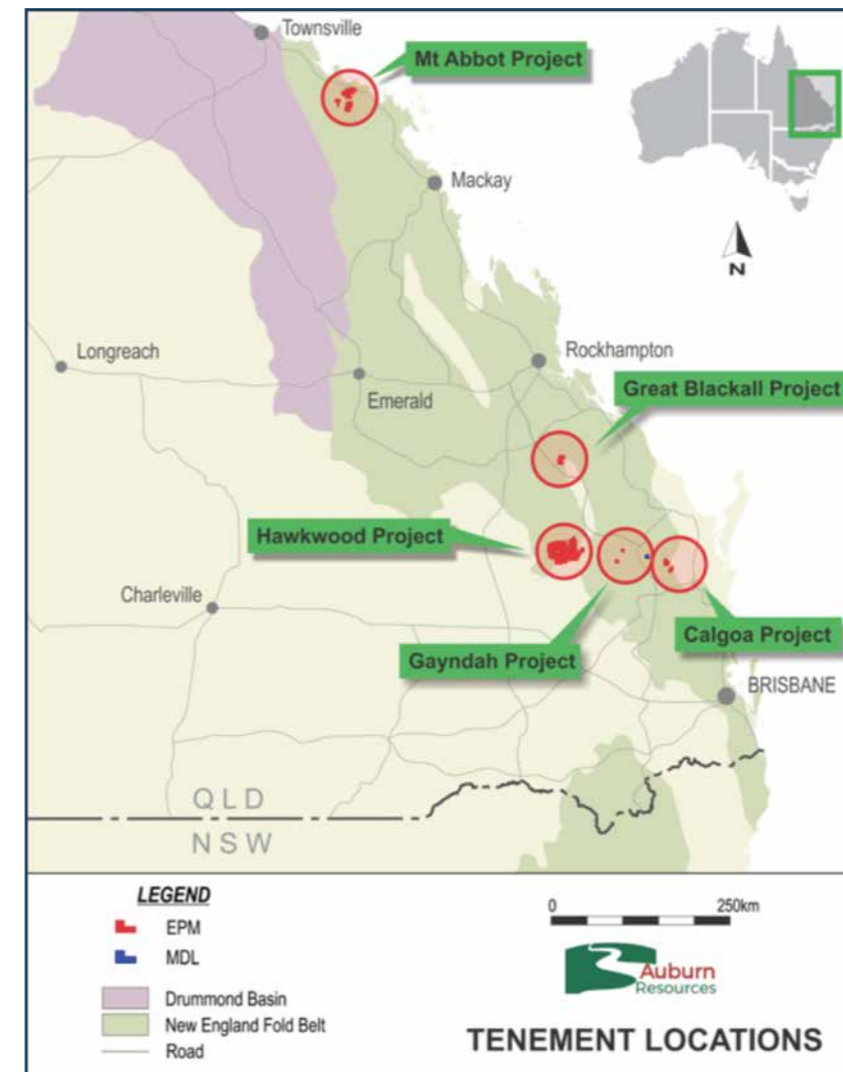


Figure 3: Map showing location of Auburn Resources exploration tenements in Eastern Queensland

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Auburn Resources Limited (continued)

As announced by DGR to the ASX on 3 July 2017, Auburn has delineated substantial nickel-copper-cobalt soil anomalies interpreted to be the tops of large sulphide deposits on several prospects in the north western section of the Hawkwood Project Area (see Figure 4). The central axis of the northernmost anomalies are up to 4,200 parts per million (ppm) nickel – 50 times background, with cobalt up to 1105 ppm and copper up to 1380 ppm (refer Figure 5). The Ni-Cu-Co has coincident gold, platinum and palladium typical of sulphide deposits (and not a characteristic of enrichment of silicates due to weathering processes). The prospects are zoned laterally with respect of these metals – typical of sulphides, and they do not have evidence of nickel silicates such as serpentinite. The prospects occur within a previously unexplored gabbro complex similar to Norilsk, Nova and Voiseys Bay (though of different geological age to Nova and Voiseys Bay), rather than in an ultrabasic complex rich in background nickel silicates. The iron rich laterites here are lower in nickel, copper and cobalt than the adjacent soils.

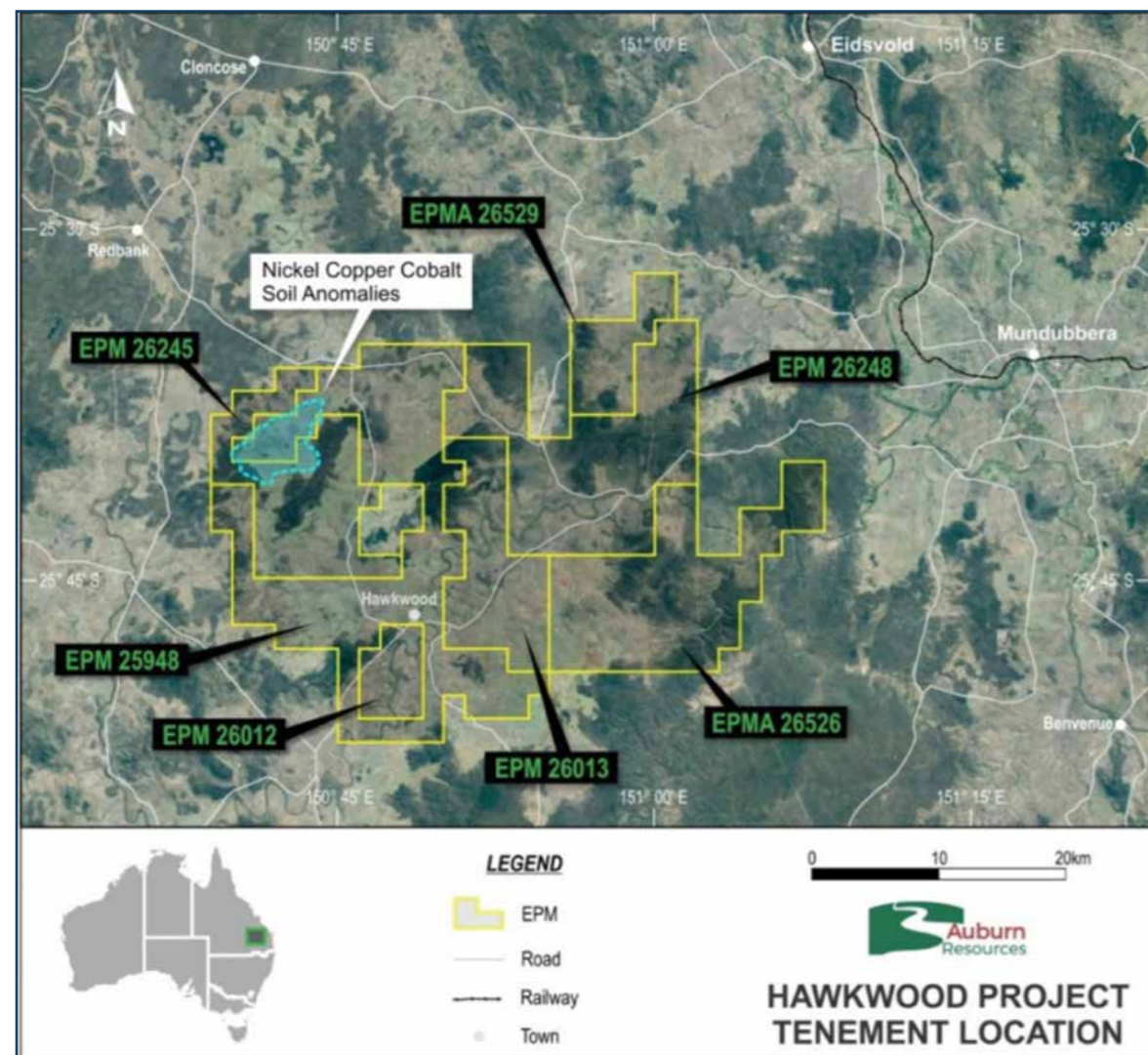


Figure 4: Nickel Copper Cobalt Soil Anomalies within the Hawkwood Project Area

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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Auburn Resources Limited (continued)

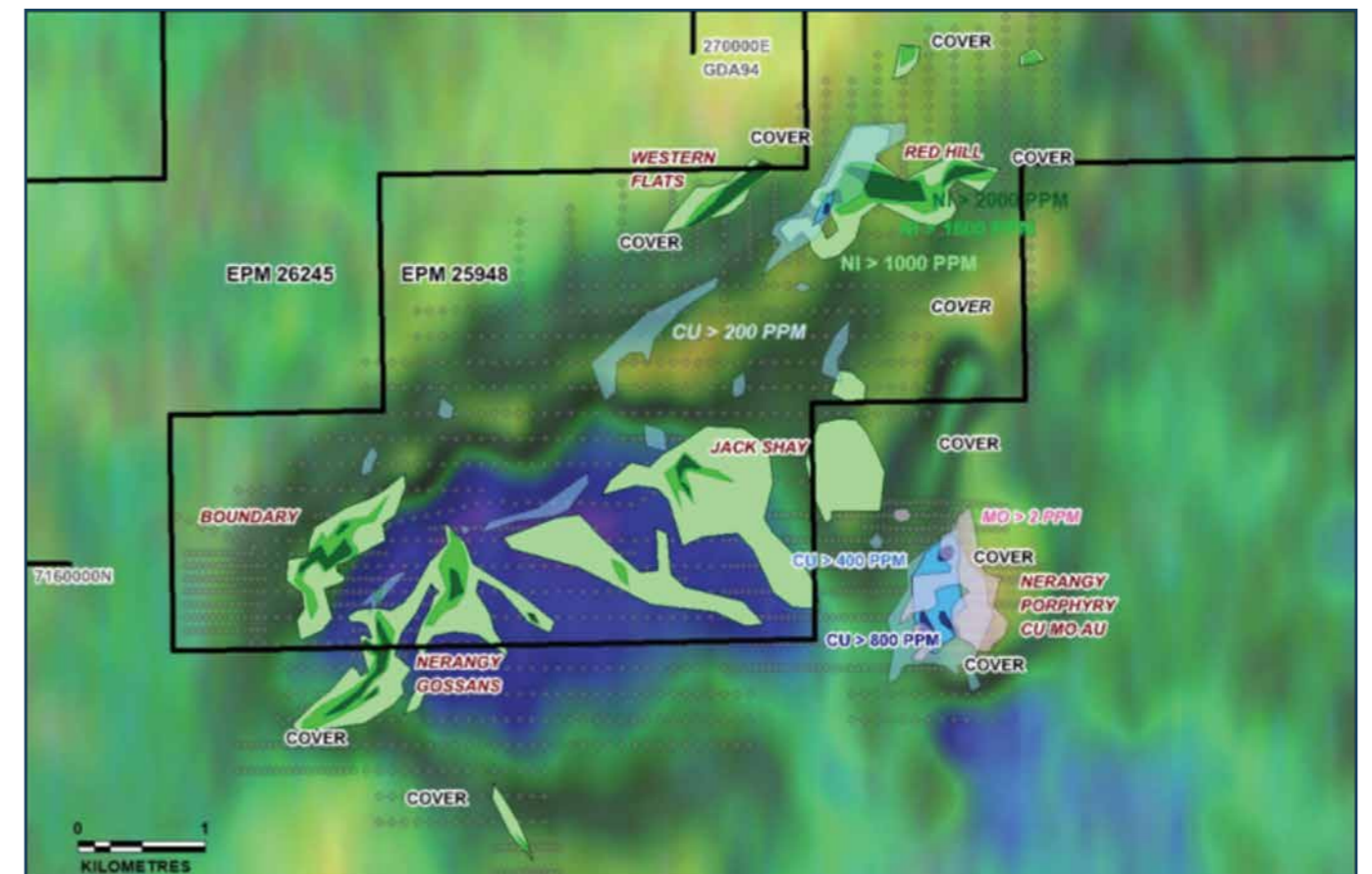


Figure 5: Soil Sampling Grid across the Jack Shay Gabbro reveals five prospects – Red Hill – Western Plains – Jack Shay – Nerangy Gossans – Boundary

Figure 5 shows the size of the surface soil anomalies (refer scale bar), with the light green shading showing > 1000 ppm Ni, medium green > 1600 ppm Ni and dark green > 2000 ppm Ni.

The maximum soil values are: **Nickel 4420 ppm – Copper 1380 ppm – Cobalt 1105 ppm – Platinum 0.049 ppm – Palladium 0.048 ppm – Gold 0.087 ppm.**

Auburn currently has ten (10) copper gold prospects within the five project areas, including Main Top, Titi Creek and Nerangy Porphyry within the Hawkwood Project area. The following Figures 6 and 7 show just two of these prospects.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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Auburn Resources Limited (continued)

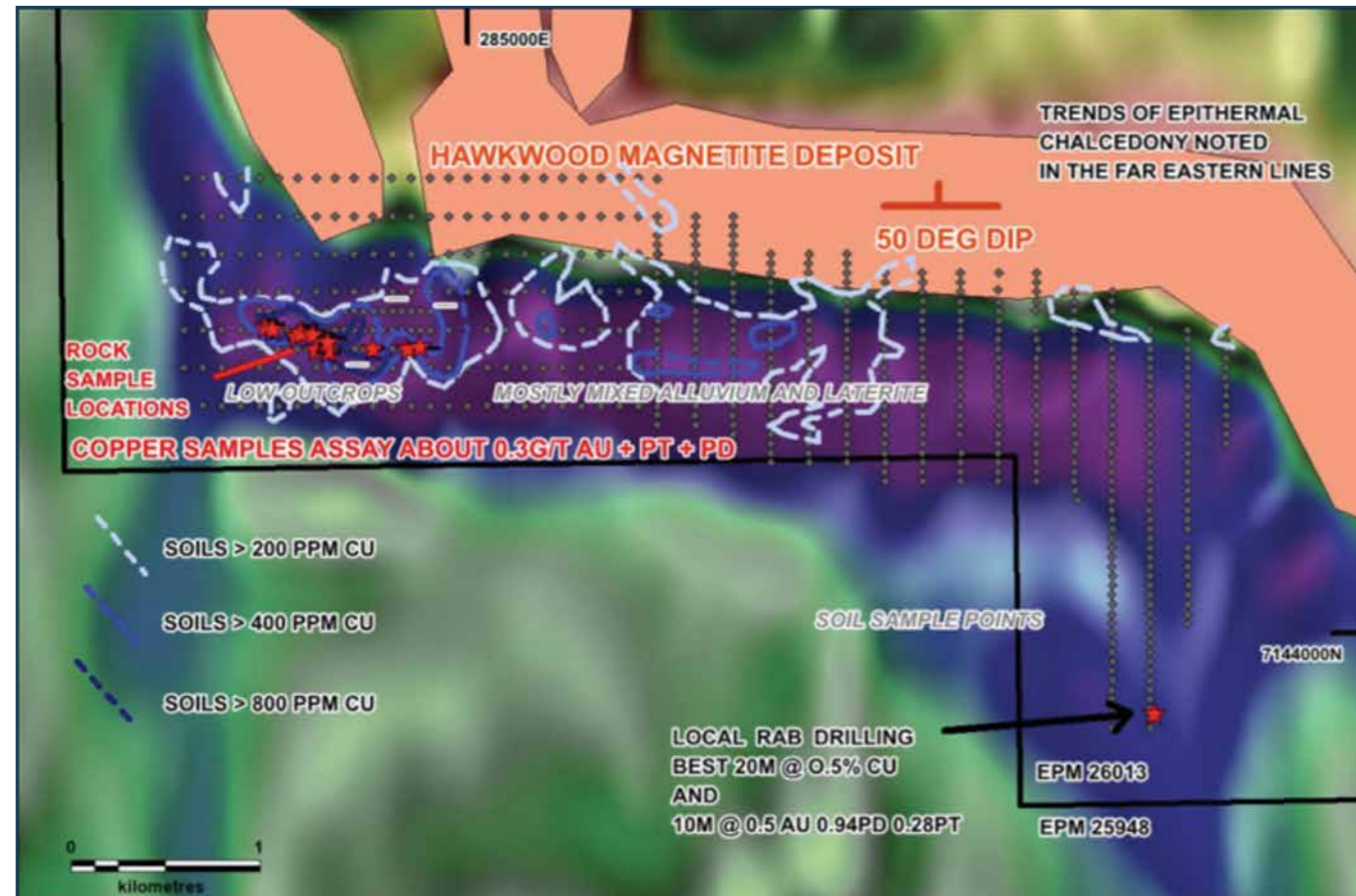


Figure 6: Hawkwood – Main Top Prospect. Gabbro and Diorite hosted deposit south of the historically drilled Hawkwood Magnetite Deposit. Soils and Rock Chip Samples – high Cu Au Co Pt Pd anomalies

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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Auburn Resources Limited (continued)

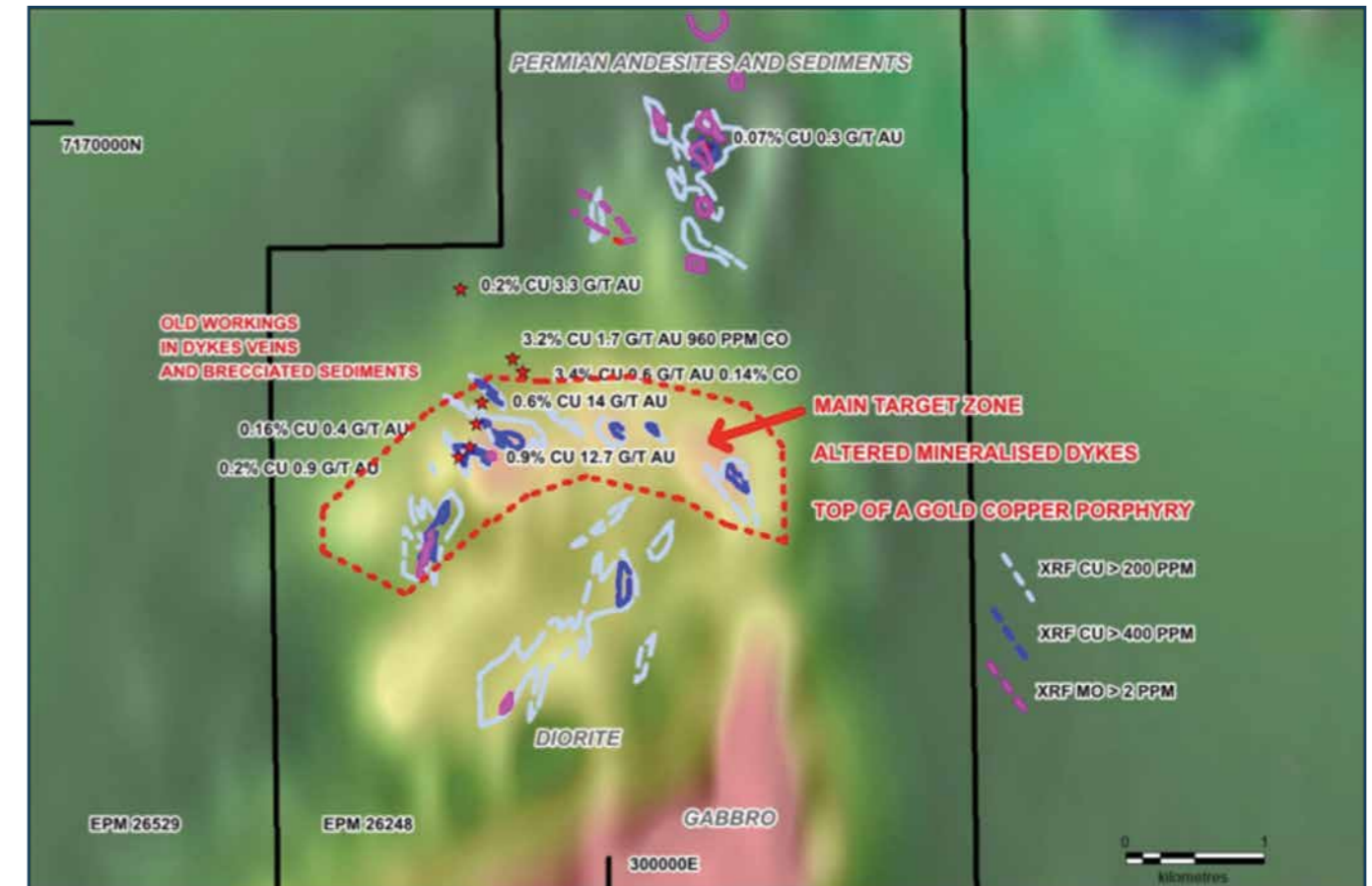


Figure 7: Hawkwood – Titi Creek Prospect. Copper Gold Porphyry with outer Gold Zinc Cobalt Zoning. Target – arcuate mag feature with numerous mineralised dykes. High gold grades in rock samples, lesser copper and low molybdenum

Auburn and DGR geoscientists have reviewed all the historical drill data for the Ban Ban Zinc Deposit held on MDL 409. The tenement has an orebody that has historically been deemed too small to be economic. For the first time, the historical drilling data has been digitised and modelled in modern powerful 3D software. As shown in Figure 8, this reappraisal work has led to the identification of a drill ready exploration target at Ban Ban of approximately 2 million tonnes to approximately 5 million tonnes, grading approximately 7% zinc to approximately 10% zinc, and approximately 8 g/t silver to approximately 10 g/t of silver. It should be noted that the potential grade and tonnage is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if future exploration will result in the estimation of an economic Mineral Resource. The Company is planning an exploration program to prove up the target in the next 12 months.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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Auburn Resources Limited (continued)

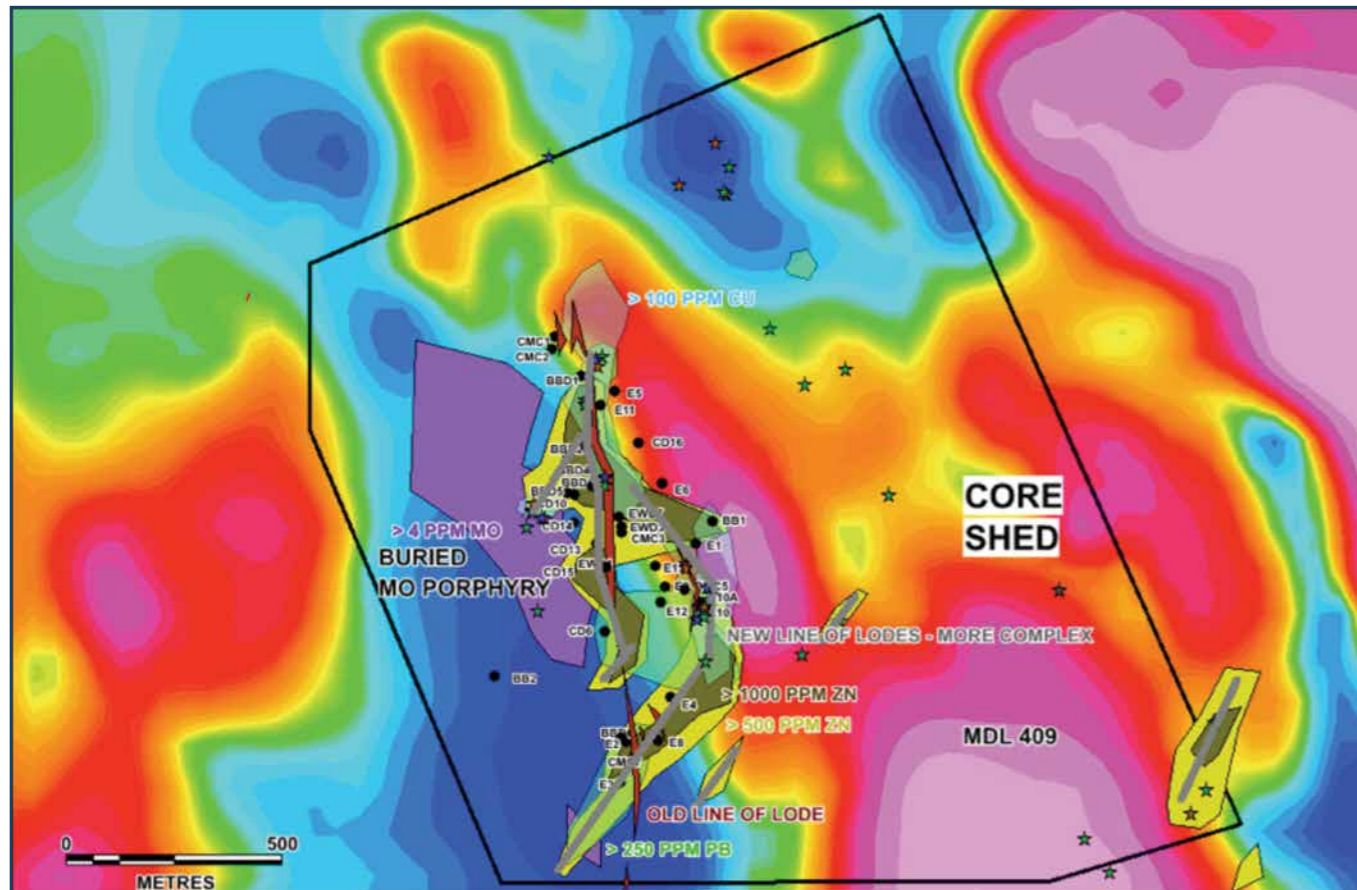


Figure 8: Reinterpretation of Ban Ban lines of lode based on new soil and rock sampling and 3D modelling of historic drill data. MDL 409 showing soil sampling and historical drilling. Image: Total Magnetic Intensity (TMI)

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Pinnacle Gold Pty Ltd (94% owned by DGR)

Pinnacle Gold has now secured substantial and extensive gold exploration tenements south of Charters Towers in Queensland (see Figure 9). Most of the area is soil covered, with previous exploration efforts by earlier explorers largely confined to areas of outcrop and focussed on mapping and sampling known workings. Only two areas have been drilled. No one has ever done a systematic geochemical survey yet the area clearly lies on potentially mineralising structures (Charters Towers – Black Jack – Mt Leyshon). It would appear that earlier explorers have been distracted by small high grade gold bearing quartz veins with no size potential. Significant stream anomalism may not all be due to “noise” from small veins (see Figure 10).

After reviewing the historical exploration programs Pinnacle considers it is time to re-think how to explore this mostly soil covered area. Looking for large targets, Pinnacle has commenced a field program of low gold detection limit soil lines on a grid pattern with infill gridding of any elevated results. Also, further investigation will be undertaken of some identified areas of high gold stream sediment geochemistry that have had limited follow up.

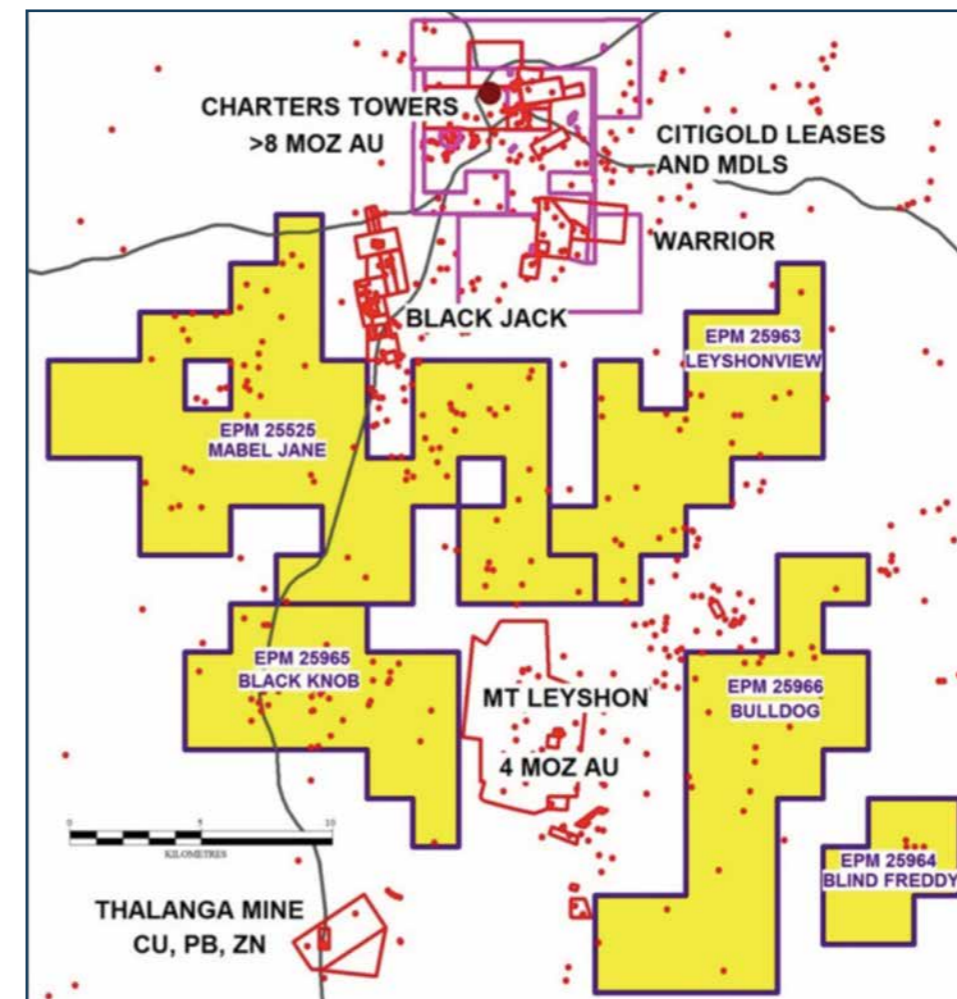


Figure 9: Location of exploration permits near the former Black Jack and Mt Leyshon Mines

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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Pinnacle Gold Pty Ltd (continued)

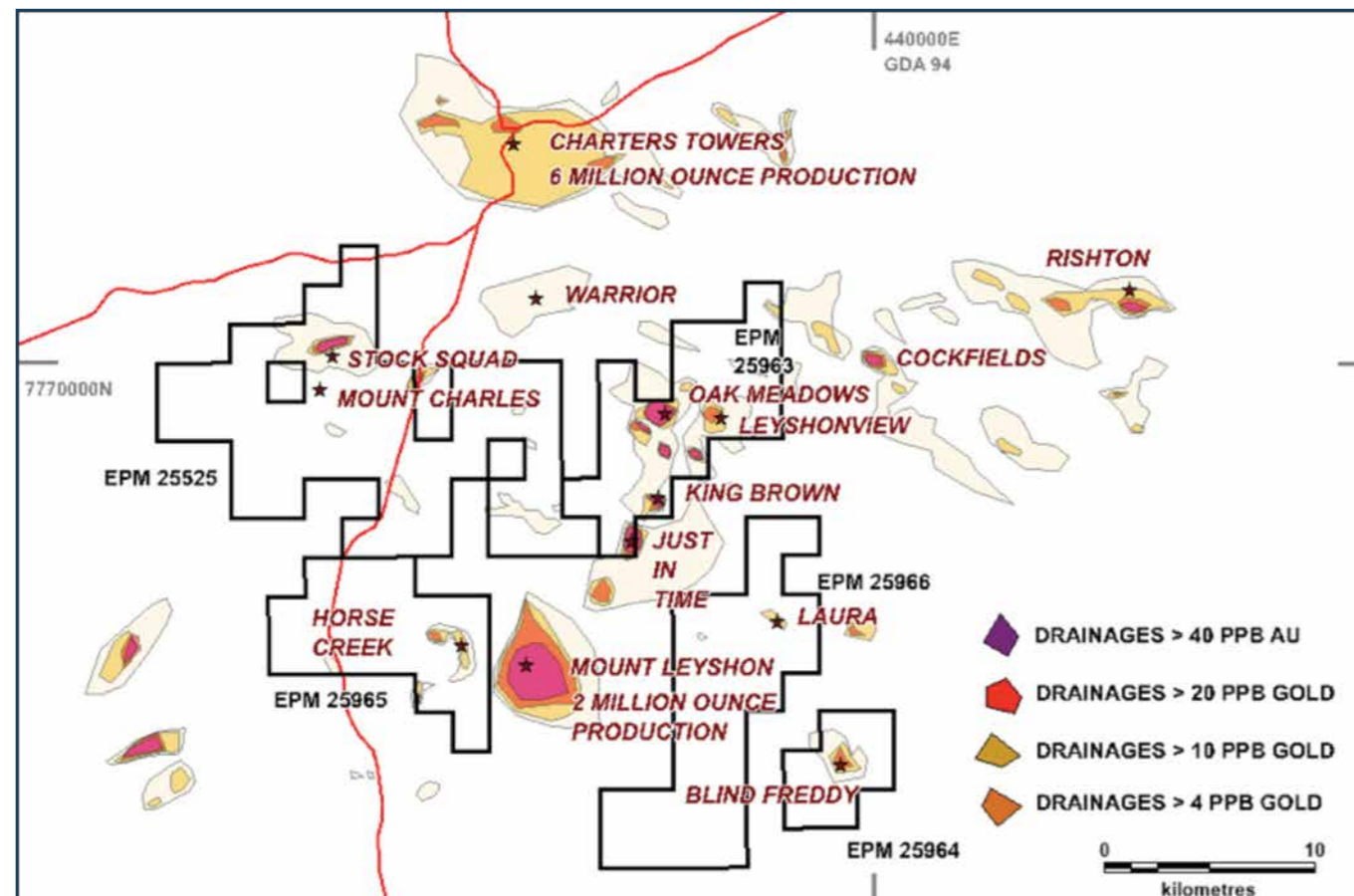


Figure 10: Overview of gold stream sediment geochemistry south of Charters Towers (compiled from historical data)

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Coolgarra Minerals Pty Ltd (100% owned by DGR)

Coolgarra Minerals holds 3 granted EPMS and 1 EPM application south of Greenvale, Qld and one EPM application west of Theodore in Central Qld. as shown in Figure 11.

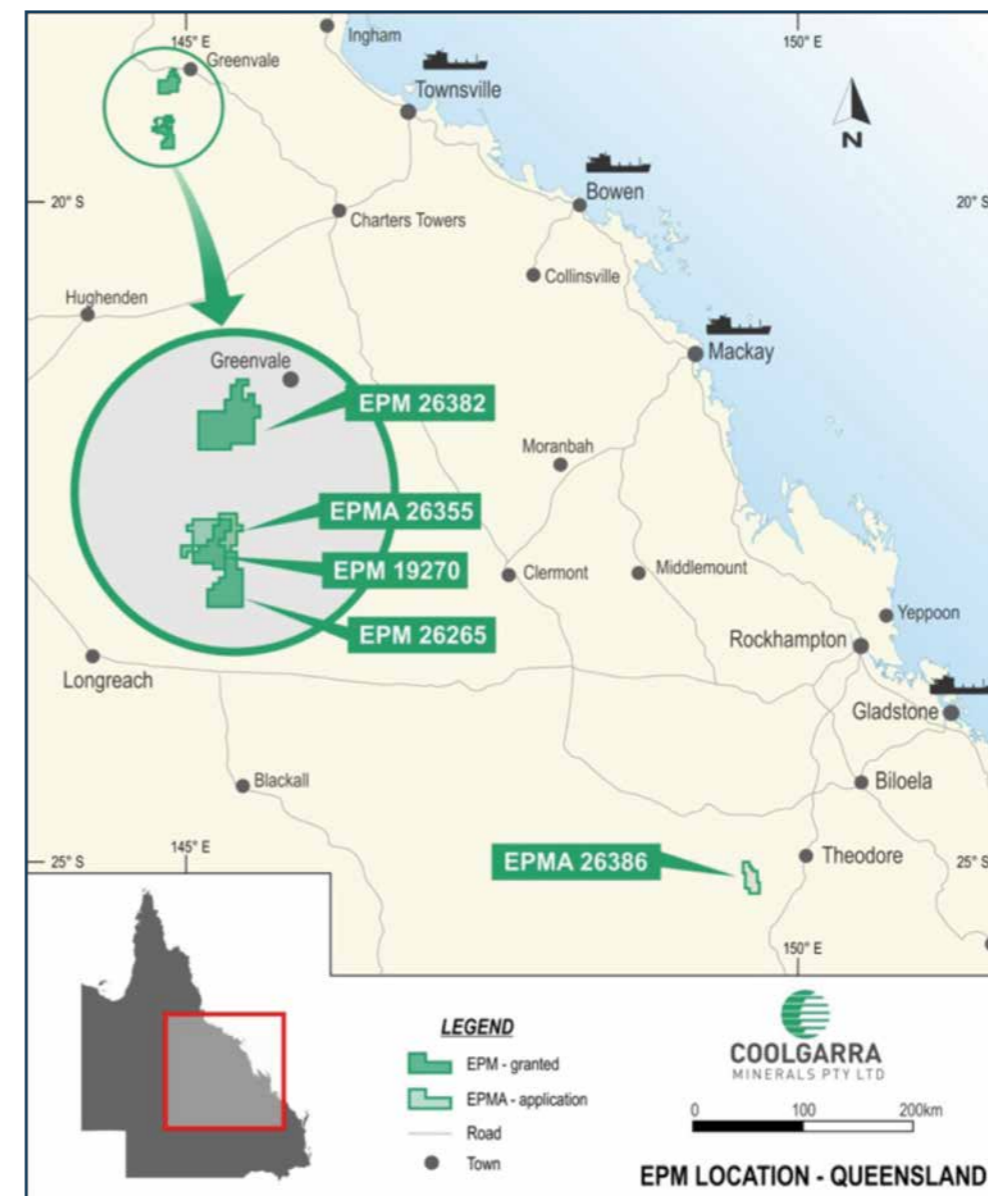


Figure 11: Coolgarra Minerals Exploration Tenements

As announced to the ASX on 9 February 2017, Coolgarra has identified several strong gold and cobalt targets during recent field work. The initial exploration program was 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) stratabound gold occurrence in the northern section now referred to as Wade's Prospect.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Coolgarra Minerals Pty Ltd (continued)

Figure 12 is a satellite image of the southern section of EPM 19270 showing the soil grid lines, where each red diamond indicates a soil sample taken and assayed. A macro overview of the soil gold concentrations is evident by plotting the soil gold contours at >25 ppb (parts per billion), > 50 ppb, and > 100 ppb.

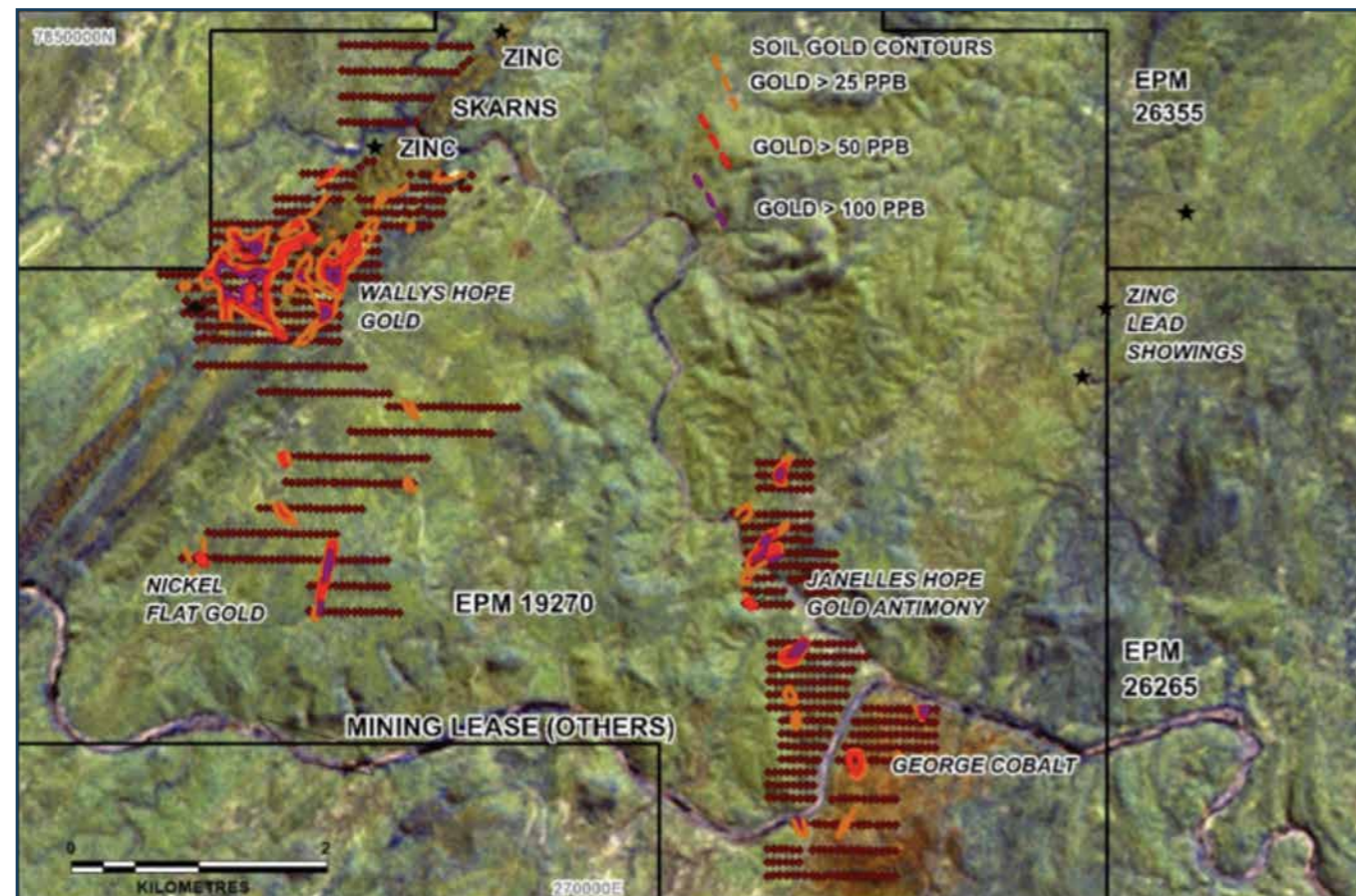


Figure 12: Soil Sample Grid on southern section of EPM 19270

A highlight was a one metre wide surface exposure of non-veined sediments on the western side of the Wally's Hope Prospect assaying 40.3 g/t gold (see Figure 13). The Wally's Hope Prospect clearly presents several walk up gold drill targets which are accessible from existing tracks on the EPM. As evident from the underlying geology, the gold would seem to occur mainly as disseminations in calcareous sediments, and over several kilometres. The potential therefore exists for a large scale gold discovery.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Coolgarra Minerals Pty Ltd (continued)



Figure 13: High grade gold in non-veined sediments –western section of Wally's Hope Prospect

Figure 14 shows an overview of the northern section of EPM 19270 on magnetic imagery. Again, the red diamonds indicates a soil sample taken and assayed. Stream sediments were also taken for cobalt, and several rock chip samples are shown by the blue dots. Coolgarra Minerals has an uncontested application for an exploration permit over the northern extension of the Wade's Prospect where historical data suggests the gold mineralization continues stratabound for several kilometres beyond the recent exploration.

As revealed at the Wally's Hope Prospect much further south, the soil sampling indicates that the gold occurs as disseminations within calcareous sediments. The highest gold in soil recorded was 1.1 ppm, or 1.1 g/t. The company considers this to indicate "Carlin" style potential. Quartz veins did not return gold values over 0.3 g/t. Wade's Prospect has equally demonstrated that it is highly prospective for cobalt. The soil sampling revealed extensive cobalt mineralization, with a maximum soil result of 0.13% Co. To the north of the cobalt mineralized area revealed by the soil sampling, rock chip sampling of asbolite float assayed 1.1% Co, 0.13% Cu and 0.54% Ni.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Coolgarra Minerals Pty Ltd (continued)

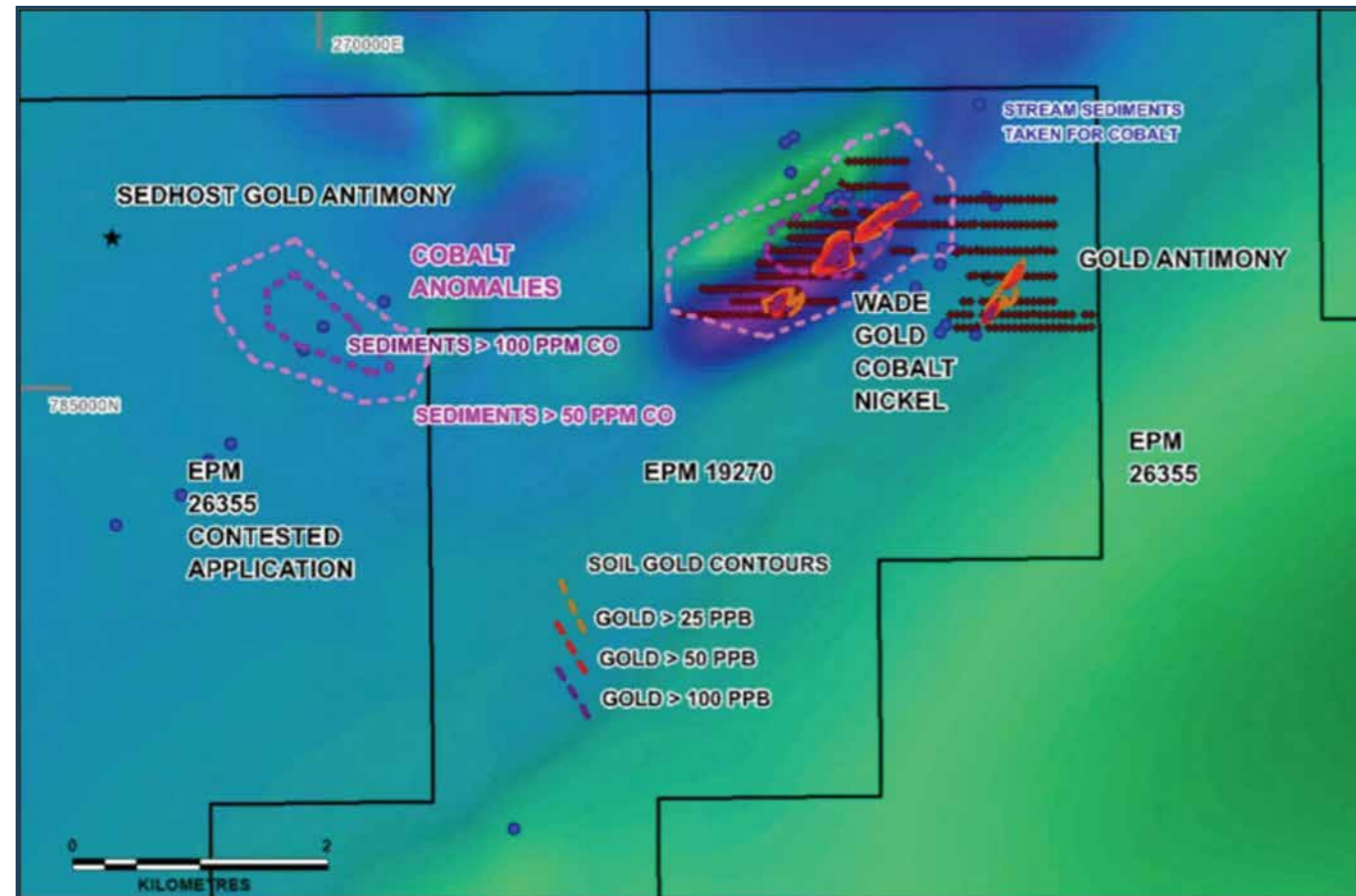


Figure 14: Wade's Prospect Soil Sample Grid on northern section of EPM 19270

As with the Wally's Hope Prospect further south on EPM 19270, Wade's Prospect clearly presents several walk up drill targets for gold and cobalt. DGR Global will now consider the forward exploration program and options for funding an initial drill campaign later in the year.

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

CONTINUED

Albatross Bauxite Pty Ltd (100% owned by DGR)

Albatross Bauxite is a wholly owned subsidiary of DGR Global Ltd, formed in 2011 with the purpose of exploring and acquiring bauxite resources for export. Albatross' initial efforts were focussed in Cape York Peninsula (near Albatross Bay).

Since the recent discoveries of high quality bauxite in southern Queensland, and as a result of familiarity with SE Qld geology, Albatross has applied for exploration rights over known bauxite occurrences and prospective laterite terrains.

Albatross Bauxite now holds 4 granted EPMs in south east Central Qld, all prospective for bauxite (see Figure 15). EPM 25976 and EPM 25977 are located close to the Port of Bundaberg for potential export of bauxite to overseas markets.



Figure 15: Albatross Bauxite Exploration Tenements

REVIEW OF OPERATIONS, MINERAL RESOURCES, AND FUTURE DEVELOPMENTS

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MINERAL RESOURCES

As announced to the ASX on 4 August 2014²², following a drilling program, 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 outlined several unlisted subsidiaries that may progress to listing within the next 12 – 18 months, depending on market conditions.

Footnotes:

¹ AJQ ASX Releases 18/7, 21/7, 22/8 and 22/9/17

³ AJQ ASX Release 6/3/17

⁵ SOLG LSE:AIM Release 6/7/16

⁷ SOLG LSE:AIM Releases 30/5 and 29/8/17

⁹ IRR LSE:AIM Releases 6/9 and 20/10/16, 23/5 and 14/6/17

¹¹ IRR LSE:AIM Releases 25/1 and 13/9/16, 9/6/17

¹³ ANW ASX Releases 19/10, 21/12/16, 21/6/17

¹⁵ ANW ASX Release 7/4/14

¹⁷ DHR ASX Release 26/7, 15/8, 5/10/16, 6/4/17

¹⁹ DHR ASX Releases 28/11/16, 18/1, 7/4/17

²¹ DGR ASX Release 9/2/17

² AJQ ASX Release 22/12/16

⁴ SOLG LSE:AIM Releases 3/11 and 9/12/15

⁶ SOLG LSE:AIM Releases 13/10, 17/10/16, 16/5/17

⁸ IRR LSE:AIM Releases 12/8, 1/9/16, 23/2, 12/6, 5/9/17

¹⁰ IRR LSE:AIM Releases 5/1, 28/3, 12/4, 20/4/17

¹² IRR LSE:AIM Releases 15/12/15, 20/7/16

¹⁴ ANW ASX Release 23/10/13

¹⁶ ANW ASX Releases 17/10, 23/11/16, 31/3/17

¹⁸ DHR ASX Releases 16/12/16, 8/5, 13/6/17

²⁰ DGR ASX Releases 3/7, 5/7/17

²² DGR ASX Release 4/8/14

COMPETENT PERSONS STATEMENT

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

Mr Mather has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2017.

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

Nicholas Mather

Brian Moller

Vincent Mascolo

William (Bill) Stubbs – Non-Executive Chairman

LLB

Mr Stubbs is a lawyer of over 40 years experience and has previously worked with DGR Global CEO Nick Mather on the Boards of numerous emerging globally significant resource companies. He was the co-founder of the legal firm Stubbs Barbeier and has practiced extensively in the area of Commercial Law including Stock Exchange listings and all areas of mining law.

Mr Stubbs has held the position of Director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is also the former Chairman of Alchemia Ltd, and Bemax Resources NL which discovered and developed extensive mineral sands resources in the Murray Basin. He was the founding Chairman of Arrow Energy NL which originally pioneered coal seam gas development in Queensland's Bowen and Surat Basins from 1998, and is now a world-wide coal seam gas company.

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

- » Armour Energy Ltd
- » Lakes Oil NL (appointed 7 February 2012)
- » Stradbroke Ferries Ltd
- » Coalbank Ltd (resigned 22 November 2013)

Mr Stubbs is the Chair of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Nicholas Mather – Managing Director and Chief Executive Officer

BSc (Hons, Geol) (Univ. QLD), MAusIMM

Mr Mather has 35 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.

DIRECTORS' REPORT

CONTINUED

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

- » Armour Energy Ltd
- » Lakes Oil NL
- » Orbis Gold Ltd (resigned 16 February 2015)
- » Aus Tin Mining Ltd
- » Dark Horse Resources Ltd
- » SolGold plc, which is listed on the London Stock Exchange (AIM) and Toronto Stock Exchange (TSX)
- » IronRidge Resources Ltd, which is listed on the London Stock Exchange (AIM)

Brian Moller – Non-Executive Director

LLB (Hons)

Brian Moller is a corporate 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 Ltd
- » Platina Resources Ltd
- » Dark Horse Resources Ltd
- » SolGold plc, which listed on the London Stock Exchange (AIM) and the Toronto Stock Exchange (TSX)
- » Buccaneer Energy Ltd (appointed 2 July 2013, resigned 29 November 2013)
- » Aguiá Resources Ltd (appointed 18 December 2013)
- » Lithium Consolidated Mineral Exploration Ltd (appointed 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, MEI Aust

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.

Mr Mascolo, during the past three years has also served as a Director of the following listed companies:

- » IronRidge Resources Ltd, which is listed on the London Stock Exchange (AIM)
- » Lithium Consolidated Mineral Exploration Ltd (appointed 19 May 2016)

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

DIRECTORS' REPORT

CONTINUED

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
William (Bill) Stubbs	1,778,082	4,650,000
Nicholas Mather	110,163,341	9,000,000
Brian Moller	2,604,618	4,650,000
Vincent Mascolo	5,000,000	4,650,000

COMPANY SECRETARY

Karl Schlobohm – Company Secretary

B.Comm, B.Econ, M.Tax, CA, AICD

Karl Schlobohm is a Chartered Accountant with over 20 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 acts as the Company Secretary for ASX-listed DGR Global Limited, Aus Tin Mining Limited, Armour Energy Limited, Dark Horse Resources Ltd and LSE (AIM)-listed IronRidge Resources Ltd and LSE (AIM) listed and Toronto Stock Exchange (TSX) listed SolGold Plc.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration. 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 and Future Developments.

DIRECTORS' REPORT

CONTINUED

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE

Ordinary Shares

- On 24 October 2016, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 2 November 2016, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted Underwriting Options.
- On 30 November 2016, 4,750,000 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Director Share Option Plan.
- On 16 January 2017, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 17 January 2017, 400,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 22 March 2017, 215,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 29 March 2017, 665,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 6 April 2017, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted Underwriting Options.
- On 18 April 2017, 500,000 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 28 April 2017, 500,000 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 4 May 2017, 500,000 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 17 May 2017, 500,000 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 22 May 2017, 666,667 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.
- On 29 May 2017, 2,933,333 \$0.12 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.

DIRECTORS' REPORT

CONTINUED

Position at 30 June 2017 and Position at the Date of this Report

FINANCIAL POSITION

The net assets of the Group have increased by \$90,455,524 to \$134,559,215 as at 30 June 2017 from \$44,103,691 as at 30 June 2016. This increase has largely resulted from:

- Substantial increase in value of SolGold Plc investment accounted for as assets at fair value through other comprehensive income; and
- Increase in value of Armour Energy Ltd, Dark Horse Resources Ltd and IronRidge Resources investments accounted for using the equity method.

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

On 22 August 2017, the Group reached an agreement with Tribeca Investment Partners for up to \$10 million in convertible note funding. The agreement provides for an initial \$8 million subscription of notes, maturing in two years time at 20 cents per note, and convertible at 20 cents per DGR share. At 30 June 2017 the cash balance of the Group was \$1,361,255. Together the Group's cash and Tribeca funding will provide the Group with sufficient funding for a minimum of 12 months from the date of this report.

OPERATING RESULTS

For the year ended 30 June 2017, the Group profit after income tax was \$2,652,740 (2016 profit of \$616,292). The profit for the year has been largely driven by:

- Fair value adjustment on convertible notes;
- Interest income on related party loans;
- Management fee income; and
- Reversal of impairment on equity accounted investments.

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 BALANCE DATE

On 22 August 2017, the Group reached an agreement with Tribeca Investment Partners for up to \$10 million in convertible note funding. The agreement provides for an initial \$8 million subscription of notes, maturing in two years time at 20 cents per note, and convertible at 20 cents per DGR share.

On 28 August 2017, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.

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

DIRECTORS' REPORT

CONTINUED

FUTURE DEVELOPMENTS

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 and Future Developments.

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 \$1,217,380. 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

DIRECTORS' REPORT

CONTINUED

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.

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 2017 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 2017 there were \$100,000 in discretionary bonuses paid (2016: \$180,000). There were no performance 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 2017 is detailed in this Remuneration Report.

RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

The Company and its subsidiaries' principal activity is mineral exploration and accordingly does not generate any revenues from operations and historically has generated losses.

The Company listed on the ASX 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:

	2013	2014	2015	2016	2017
Share price at year end	\$0.024	\$0.03	\$0.036	\$0.025	\$0.135
Dividend declared	-	-	\$0.0025	-	-
Earnings (loss) per share (cents per share)	(0.9)	(1.5)	1.6	0.1	0.5

DIRECTORS' REPORT

CONTINUED

During the year ended 30 June 2017 the market price of the Company's ordinary shares ranged from a low of \$0.026 to a high of \$0.16.

As the Company is still in the exploration and development 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 Ltd has an agreement with Samuel Capital Pty Ltd, an entity associated with Nicholas Mather and Nicholas Mather for the provision of certain consultancy services. The agreement was last updated on 1 July 2015. Samuel Capital Pty Ltd will provide Nicholas Mather as the Managing Director of DGR Global Ltd 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 Ltd 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 Ltd 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 Ltd;
- The contract provides for a six monthly review of performance by DGR Global Ltd. The Company currently has not set any specific KPIs;
- 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 Ltd, other than the agreed notice periods.

The base salary of senior management are as follows:

POSITION	BASE SALARY
Company Secretary	\$218,500
Chief Financial Officer	\$287,500
General Manager	\$200,000
Exploration Manager	\$700 per day

DIRECTORS' REPORT

CONTINUED

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
Nicholas Mather	Managing Director and Chief Executive Officer
Brian Moller	Non-Executive Director
Vincent Mascolo	Non-Executive Director

(ii) Other Key Management Personnel

The following persons are the Senior Executives of the Company:

Greg Runge	General Manager
Karl Schlobohm	Company Secretary
Priy Jayasuriya	Chief Financial Officer
Neil Wilkins	Exploration Manager

DIRECTORS' REPORT

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	OTHER*	LONG SERVICE LEAVE ACCRUAL	SUPERANNUATION	OPTIONS	SHARES			
	\$	\$	\$	\$	\$	\$	\$			
Bill Stubbs										
- 2017	70,000	-	4,332	-	-	-	-	74,332	-	-
- 2016	70,000	10,000	6,450	-	-	58,788	-	145,238	40%	7%
Nicholas Mather										
- 2017	258,333	100,000	18,732	-	-	-	-	377,065	-	27%
- 2016	250,000	35,000	20,850	-	-	113,782	-	419,632	27%	8%
Brian Moller										
- 2017	50,000	-	4,332	-	-	-	-	54,332	-	-
- 2016	50,000	10,000	6,450	-	-	58,788	-	125,238	47%	8%
Vincent Mascolo										
- 2017	50,000	-	4,332	-	-	-	-	54,332	-	-
- 2016	50,000	35,000	6,450	-	-	58,788	-	150,238	39%	23%
Sub-total remuneration										
- 2017	428,333	100,000	31,728	-	-	-	-	560,061		
- 2016	420,000	90,000	40,200	-	-	290,146	-	840,346		

DIRECTORS' REPORT

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	OTHER*	LONG SERVICE LEAVE ACCRUAL	SUPERANNUATION	OPTIONS	SHARES			
	\$	\$	\$	\$	\$	\$	\$			
Greg Runge										
-2017	151,631	-	13,932	3,509	14,215	-	-	182,747	-	-
-2016	161,573	10,000	16,050	11,893	15,349	40,114	-	254,979	17%	4%
Karl Schlobohm										
-2017	210,178	-	4,332	-	-	-	-	214,510	-	-
-2016	189,209	40,000	6,450	-	-	40,114	-	275,773	15%	15%
Priy Jayasuriya										
-2017	253,337	-	13,932	8,495	24,067	-	-	299,831	-	-
-2016	228,311	40,000	12,450	7,222	21,690	40,114	-	349,787	12%	12%
Neil Wilkins										
-2017	54,731	-	-	-	-	-	-	54,731	-	-
-2016	26,830	-	-	-	-	20,057	-	46,887	43%	-
Sub-total remuneration										
-2017	669,877	-	32,196	12,004	38,282	-	-	740,355		
-2016	605,923	90,000	34,950	19,115	37,039	140,399	-	908,311		
Total remuneration										
-2017	1,098,210	100,000	63,924	12,004	38,282	-	-	1,312,420		
-2016	1,025,923	180,000	75,150	19,115	37,039	430,544	-	1,767,771		

*Other short term benefits include provision of a car park and/or an allocation of the Companies Directors and Officers insurance premium.

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 was a \$100,000 discretionary bonus payment made during the year ended 30 June 2017 (2016: \$180,000).

DIRECTORS' REPORT

CONTINUED

Shares and options issued in DGR Global Ltd as part of remuneration for the year ended 30 June 2017.

Shares and options are not issued based on performance criteria, as the Board does not consider this appropriate for a junior exploration company. Options are issued to the majority of key management personnel and executives to align comparative shareholder return and reward for Directors and executives. There were no shares issued or options issued in DGR Global Ltd to directors or key management personnel during the year.

The terms and conditions of the grant of options over ordinary shares affecting remuneration of directors and other key management personnel during the prior financial year ended 30 June 2016 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
	1/10/2015	1/10/2015	30/09/2017	\$0.065	\$0.01
	2/12/2015	2/12/2015	25/11/2017	\$0.065	\$0.013

Options granted carry no dividend or voting rights. There was no amount paid or payable by the recipients. The number of options over ordinary shares granted to and vested by directors and other key management personnel by as part of compensation during the year ended 30 June 2016 are set out below:

	NUMBER OF OPTIONS GRANTED DURING THE YEAR 2016	NUMBER OF OPTIONS VESTED DURING THE YEAR 2016
Directors		
Bill Stubbs	4,650,000	4,650,000
Nicholas Mather	9,000,000	9,000,000
Brian Moller	4,650,000	4,650,000
Vincent Mascolo	4,650,000	4,650,000
Other Key Management Personnel		
Greg Runge	4,000,000	4,000,000
Karl Schlobohm	4,000,000	4,000,000
Neil Wilkins	2,000,000	2,000,000
Priy Jayasuriya	4,000,000	4,000,000
Total	34,950,000	34,950,000

All options issued will convert to 1 share in DGR Global Limited on exercise.

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

There were 10,950,000 options exercised into ordinary shares by employees and Directors during the year that were previously granted as remuneration. No options were exercised into ordinary shares since the 30 June 2017.

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.

DIRECTORS' REPORT

CONTINUED

ADDITIONAL DISCLOSURES RELATING KEY MANAGEMENT PERSONNEL

Shareholding

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 Ltd

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	OTHER#	BALANCE AT THE END OF THE YEAR
Directors					
Bill Stubbs	1,778,082	-	-	-	1,778,082
Nicholas Mather	105,413,341	-	4,750,000	-	110,163,341
Brian Moller	2,604,618	-	-	-	2,604,618
Vincent Mascolo	5,000,000	-	-	-	5,000,000
Other Key Management Personnel					
Greg Runge	7,509,415	-	1,500,000	-	9,009,415
Karl Schlobohm	3,000,000	-	1,000,000	(1,000,000)	3,000,000
Priy Jayasuriya	101,832	-	1,300,000	(925,000)	476,832
Neil Wilkins	4,452,857	-	2,400,000	(5,652,857)	1,200,000
Total	129,860,145	-	10,950,000	(7,577,857)	133,232,288

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

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

Auburn Resources Ltd (Formerly Archer Resources Ltd)

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	OTHER#	BALANCE AT THE END OF THE YEAR
Directors					
Bill Stubbs	-	-	-	-	-
Nicholas Mather	-	-	-	-	-
Brian Moller	100,000	-	-	-	100,000
Vincent Mascolo	100,000	-	-	-	100,000
Other Key Management Personnel					
Greg Runge	600,000	-	-	-	600,000
Karl Schlobohm	-	-	-	-	-
Priy Jayasuriya	-	-	-	-	-
Neil Wilkins	200,000	-	-	-	200,000
Total	1,000,000	-	-	-	1,000,000

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

DIRECTORS' REPORT

CONTINUED

Pinnacle Gold Pty Ltd

	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	OTHER [#]	BALANCE AT THE END OF THE YEAR
Directors					
Bill Stubbs	200,000	-	-	-	200,000
Nicholas Mather	200,000	-	-	-	200,000
Brian Moller	-	-	-	-	-
Vincent Mascolo	200,000	-	-	-	200,000
Other Key Management Personnel					
Greg Runge	500,000	-	-	-	500,000
Karl Schlobohm	100,000	-	-	-	100,000
Neil Wilkins	400,000	-	-	-	400,000
Priy Jayasuriya	50,000	-	-	-	50,000
Total	1,650,000	-	-	-	1,650,000

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

Option holding

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 Ltd

	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	EXERCISED	OTHER [#]	BALANCE AT THE END OF THE YEAR	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	7,275,000	-	-	(2,625,000)	4,650,000	4,650,000	4,650,000	-
Nicholas Mather	13,750,000	-	(4,750,000)	-	9,000,000	9,000,000	9,000,000	-
Brian Moller	7,275,000	-	-	(2,625,000)	4,650,000	4,650,000	4,650,000	-
Vincent Mascolo	6,650,000	-	-	(2,000,000)	4,650,000	4,650,000	4,650,000	-
Other Key Management Personnel								
Greg Runge	5,500,000	-	(1,500,000)	-	4,000,000	4,000,000	4,000,000	-
Karl Schlobohm	5,500,000	-	(1,000,000)	(500,000)	4,000,000	4,000,000	4,000,000	-
Priy Jayasuriya	5,500,000	-	(1,300,000)	(200,000)	4,000,000	4,000,000	4,000,000	-
Neil Wilkins	3,500,000	-	(2,400,000)	(1,100,000)	-	-	-	-
Total	54,950,000	-	(10,950,000)	(9,050,000)	34,950,000	34,950,000	34,950,000	-

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

DIRECTORS' REPORT

CONTINUED

Auburn Resources Ltd

There were no options over ordinary shares in Auburn Resources Ltd 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 \$70,035 (2016: \$137,889) 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 2017 there was a balance of \$19,045 owing (2016: \$23,788) included within current liabilities.

(END OF REMUNERATION REPORT)

DIRECTORS' REPORT

CONTINUED

DIRECTORS' MEETINGS

The number of meetings of Directors held during the period and the number of meetings attended by each Director were as follows:

	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	7	7	N/A	N/A	N/A	N/A
Bill Stubbs	7	7	2	2	-	-
Brian Moller	7	7	2	2	-	-
Vincent Mascolo	7	5	2	2	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Each of the Directors and 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 Ltd. 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.

OPTIONS

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

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
1 October 2015	30 September 2017	\$0.065	19,720,000
2 December 2015	25 November 2017	\$0.065	22,950,000

At the date of this report, there is 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.

DIRECTORS' REPORT

CONTINUED

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor BDO Audit Pty Ltd for the year ended 30 June 2017 (2016: 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 www.dgrglobal.com.au

AUDITORS INDEPENDENCE DECLARATION

The Auditor Independence Declaration forms part of the Directors Report and can be found on page 37.

Signed in accordance with a resolution of the Directors.



Nicholas Mather
Managing Director

Brisbane
Date: 29 September 2017



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 Australia

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF DGR GLOBAL LIMITED

As lead auditor of DGR Global Limited for the year ended 30 June 2017, 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 period.

D P Wright

Director

BDO Audit Pty Ltd
 Brisbane, 29 September 2017

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 September 2017.

(A) DISTRIBUTION SCHEDULE

Fully Paid Ordinary Shares, and Unlisted Options

	ORDINARY SHARES		UNLISTED \$0.065 OPTIONS EXERCISABLE ON OR BEFORE 30 SEPTEMBER 2017		UNLISTED \$0.065 OPTIONS EXERCISABLE ON OR BEFORE 25 NOVEMBER 2017	
	NUMBER OF HOLDERS	NUMBER OF SHARES	NUMBER OF HOLDERS	NUMBER OF OPTIONS	NUMBER OF HOLDERS	NUMBER OF OPTIONS
1 – 1,000	220	18,277	-	-	-	-
1,001 – 5,000	198	625,784	-	-	-	-
5,001 – 10,000	239	2,066,715	-	-	-	-
10,001 – 50,000	498	13,327,032	-	-	-	-
50,001 – 100,000	161	12,840,098	-	-	-	-
100,001 and over	417	543,633,971	12	17,720,000	4	22,950,000
Total	1,733	572,511,877		17,720,000	4	22,950,000

The number of shareholders holding less than a marketable parcel of shares is 389 (holding a total of 499,239 ordinary shares).

(B) SUBSTANTIAL SHAREHOLDERS

The following parties are substantial shareholders in the Company:

NAME	NUMBER OF SHARES	%
Nicholas Mather*	105,413,341	18.41
Tenstar Trading Limited	110,012,044	19.22

* Includes indirect holdings

(C) VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

(D) RESTRICTED SECURITIES

SHAREHOLDER INFORMATION

CONTINUED

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 Ltd are:

Ordinary shares:

RANK	NAME	NUMBER OF SHARES	% IC
1	TENSTAR TRADING LTD *	110,012,044	19.22
2	SAMUEL HOLDINGS PTY LTD *	61,443,015	10.73
3	NICHOLAS MATHER & JUDITH MATHER	41,310,000	7.22
4	MR YEE TECK TEO	24,250,000	4.24
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,818,743	1.89
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,010,230	1.75
7	MR JEFFREY DOUGLAS PAPPIN	8,505,000	1.49
8	MATHER FOUNDATION LIMITED	7,020,788	1.23
9	PINEGOLD PTY LTD	6,000,000	1.05
10	BNP PARIBAS NOMINEES PTY LTD	5,044,806	0.88
11	MR VINCENT DAVID MASCOLO	5,000,000	0.87
12	AIKEN AND ASSOCIATES LTD	4,812,160	0.84
13	FORSYTH BARR CUSTODIANS LTD	4,215,000	0.74
14	HAYES PASTORAL CORPORATION PTY LTD	4,114,007	0.72
15	FRASAMA PTY LTD	3,650,000	0.64
16	FORTUNATO PTY LTD	3,600,001	0.63
17	DR STEVEN G RODWELL	3,563,568	0.62
18	MR ROHAN WILLIAM HALFPENNY & MRS PHITSAMAI THONGLA HALFPENNY	3,542,511	0.62
19	SP FUNDS MANAGEMENT PTY LTD	3,476,904	0.61
20	MR ANDREW THOMAS GLADMAN	3,400,000	0.59
	Top 20	323,788,777	56.58
	Total	572,511,877	100.00

* These shareholders have more than one shareholding and these shareholdings have been merged for the purposes of this table.

INTEREST IN TENEMENTS

TENURE TYPE, NUMBER AND NAME	CURRENT HOLDER	REGISTERED INTEREST OF HOLDER (%)	DATE OF EXPIRY
EPMA 25976 Childers	Albatross Bauxite Pty Ltd	100	7-Dec-2019
EPMA 25977 Howard	Albatross Bauxite Pty Ltd	100	5-Jun-2019
EPMA 25983 Aranbanga	Albatross Bauxite Pty Ltd	100	25-Nov-2018
EPMA 26000 Mt Red Head	Albatross Bauxite Pty Ltd	100	29-Nov-2018
EPMA 19379 Three Sisters	Auburn Resources Ltd	100	29-Jan-2018
EPM 25607 Kariboe Creek	Auburn Resources Ltd	100	23-Jun-2018
EPMA 25948 Hawkwood	Auburn Resources Ltd	100	10-Feb-2019
EPMA 26012 Rosehall	Auburn Resources Ltd	100	10-Feb-2019
EPMA 26013 Walkers Road	Auburn Resources Ltd	100	13-Mar-2019
EPM 26245 Nerangy	Auburn Resources Ltd	100	14-May-2020
EPM 26248 Titi Creek	Auburn Resources Ltd	100	29-Jan-2020
EPMA 26526 Auburn	Auburn Resources Ltd	100	Under Application
EPMA 26529 Therevale	Auburn Resources Ltd	100	Under Application
EPM 15134 Gayndah	Barlyne Mining Pty Ltd	100	29-Sep-2017*
EPM 18451 Calgoa	Barlyne Mining Pty Ltd	100	20-May-2018
EPM 19087 Mt Abbot	Barlyne Mining Pty Ltd	100	28-Jul-2018
EPM 26274 Euri Creek	Barlyne Mining Pty Ltd	100	28-May-2020
EPMA 26607 Otter Ridge	Barlyne Mining Pty Ltd	100	Under Application
EPM 19270 Pandanus Creek	Coolgarra Minerals Pty Ltd	100	17-Sep-2018
EPM 26265 Britannia	Coolgarra Minerals Pty Ltd	100	15-Mar-2020
EPMA 26355 Big Rush	Coolgarra Minerals Pty Ltd	100	Under Application
EPM 26382 Crooked Creek	Coolgarra Minerals Pty Ltd	100	8-May-2020
EPMA 26386 Roebourne	Coolgarra Minerals Pty Ltd	100	Under Application
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-2031
ML 3753 Shamrock Tailings Extended	DGR Global Ltd	100	31-Aug-2021
ML 50059 Manumbar	DGR Global Ltd	100	31-Dec-2018
ML 50099 Manumbar Extd.	DGR Global Ltd	100	31-Aug-2015*
ML 50148 Tableland	DGR Global Ltd	100	30-Apr-2029
ML 50291 Black Shamrock	DGR Global Ltd	100	Under Application
MDL 409 Daddamarine	Pennant Resources Pty Ltd	100	31-Dec-2018
EPM 25225 Mabel Jane	Pinnacle Gold Pty Ltd	100	14-Jan-2020
EPMA 25963 Leyshonview	Pinnacle Gold Pty Ltd	100	23-Dec-2018
EPMA 25964 Blind Freddy	Pinnacle Gold Pty Ltd	100	23-Dec-2018
EPMA 25965 Black Knob	Pinnacle Gold Pty Ltd	100	23-Dec-2018
EPMA 25966 Bulldog	Pinnacle Gold Pty Ltd	100	23-Dec-2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2017 \$	2016 \$
Revenue and other income			
Revenue	2	3,027,970	3,433,809
Other income	2	971,966	1,362,385
Total revenue and other income		3,999,936	4,796,194
Expenses			
Finance costs		(530,810)	(1,266)
Employee benefits expenses		(2,209,395)	(2,126,015)
Depreciation		(37,285)	(37,475)
Legal expenses		(46,654)	(83,618)
Administration and consulting expenses		(1,315,111)	(1,204,097)
Exploration and evaluation assets written-off		(1,606,727)	(289,316)
Rehabilitation expense		(441,313)	(290,007)
Share of profit/(losses) of associates	13(a)	(2,912,545)	(5,236,593)
Net reversal of impairment of investment in associates	13(a)	9,026,086	6,186,254
Share based payments expense		-	(533,771)
Profit (loss) before income tax	3	3,926,182	1,180,290
Income tax (expense)/benefit	4	(1,273,442)	(563,998)
Profit (loss) for the year		2,652,740	616,292
Other comprehensive income: items that will not be reclassified into profit or loss			
Change in fair value of financial assets	11(a)	123,248,361	2,416,739
Share of associates other comprehensive income	13(a)	-	(493,967)
Income tax relating to other comprehensive income	4	(36,974,849)	(624,109)
Other comprehensive income for the year, net of tax		86,273,512	1,298,663
Total comprehensive income for the year		88,926,252	1,914,955
Profit / (loss) for the year attributable to:			
Owners of the parent company		2,735,693	711,173
Non-controlling interests		(82,953)	(94,881)
		2,652,740	616,292
Total comprehensive income for the year attributable to:			
Owners of the parent company		89,009,205	2,009,836
Non-controlling interests		(82,953)	(94,881)
		88,926,252	1,914,955
Earnings per share attributable to owners of the parent company		CENTS / SHARE	CENTS / SHARE
Basic earnings per share	8	0.5	0.1
Diluted earnings per share	8	0.5	0.1

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 2017

	NOTES	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	9	1,361,255	531,101
Trade and other receivables	10	889,274	1,771,036
Other current assets	16	24,977	11,068
Total current assets		2,275,506	2,313,205
Non-current assets			
Other financial assets	11	150,213,824	11,972,909
Investments accounted for using the equity method	13	17,035,638	9,340,496
Property, plant and equipment	14	446,085	510,601
Exploration and evaluation assets	15	4,428,211	5,090,663
Loans with related parties	26(d)	2,057,799	18,194,410
Total non-current assets		174,181,557	45,109,079
Total assets		176,457,063	47,422,284
Current liabilities			
Trade and other payables	17	1,018,538	913,419
Borrowings	18	-	518,143
Income tax payable	4	399,159	-
Total current liabilities		1,417,697	1,431,562
Non-current liabilities			
Deferred tax liabilities	4	39,101,489	1,253,602
Provisions	19	1,089,554	633,429
Total non-current liabilities		40,191,043	1,887,031
Total liabilities		41,608,740	3,318,593
Net assets		134,848,323	44,103,691
Equity			
Issued capital	20	30,787,204	28,968,824
Reserves	21	118,787,800	29,067,422
Accumulated losses	22	(15,226,707)	(14,515,534)
Equity attributable to owners of the parent company		134,348,297	43,520,712
Non-controlling interests		500,026	582,979
Total equity		134,848,323	44,103,691

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	ATTRIBUTABLE TO OWNERS OF 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 1 July 2015	24,057,609	(15,069,116)	6,299,134	(2,622,497)	18,524,938	5,407,201	36,597,269	(89,479)	36,507,790
Profit for the year	-	711,173	-	-	-	-	711,173	(94,881)	616,292
Other comprehensive income	-	-	-	1,298,663	-	-	1,298,663	-	1,298,663
Total comprehensive income for the year	-	711,173	-	1,298,663	-	-	2,009,836	(94,881)	1,914,955
Issue of shares	5,132,900	-	-	-	-	-	5,132,900	-	5,132,900
Issue of shares to non-controlling interests	-	-	-	-	107,128	-	107,128	62,872	170,000
Change in proportionate interest	-	-	-	-	(704,467)	-	(704,467)	704,467	-
Share issue costs, net of tax	(221,685)	-	65,960	-	-	-	(155,725)	-	(155,725)
Share based payments	-	-	533,771	-	-	-	533,771	-	533,771
Transfers of reserves on disposal of investments	-	(157,591)	-	157,591	-	-	-	-	-
Balance at 30 June 2016	28,968,824	(14,515,534)	6,898,865	(1,166,243)	17,927,599	5,407,201	43,520,712	582,979	44,103,691
Profit for the year	-	2,735,693	-	-	-	-	2,735,693	-	2,652,740
Other comprehensive income	-	-	-	86,273,512	-	-	86,273,512	-	86,273,512
Total comprehensive income for the year	-	2,735,693	-	86,273,512	-	-	89,009,205	(82,953)	88,926,252
Issue of shares	-	-	-	-	-	-	-	-	-
Exercise of options	1,845,200	-	-	-	-	-	1,845,200	-	1,845,200
Transfer to profit reserve	-	(3,446,866)	-	-	-	3,446,866	-	-	-
Share issue costs, net of tax	(26,820)	-	-	-	-	-	(26,820)	-	(26,820)
Balance at 30 June 2017	30,787,204	(15,226,707)	6,898,865	85,107,269	17,927,599	8,854,067	134,348,297	500,026	134,848,323

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2017 \$	2016 \$
Cash flows from operating activities			
Receipts in the course of operations (including GST)		1,247,511	2,679,328
Payments to suppliers and employees (including GST)		(3,444,328)	(3,721,529)
Interest received		222,971	1,646,361
Interest and other costs of finance paid		(530,810)	(1,266)
Income taxes paid		(1,244)	(2,187,717)
Net cash flows from operating activities	29	(2,505,900)	(1,584,823)
Cash flows from investing activities			
Security Deposit (payment)/refunds		(334,842)	(14,426)
Payments for property, plant and equipment		(22,769)	(36,614)
Payments for financial assets at fair value through other comprehensive income		(726,130)	(227,182)
Payments for investments in associates		-	(350,000)
Payments for investments in convertible notes		(367,500)	-
Proceeds from the sale of financial assets at fair value through other comprehensive income		2,392,367	766,575
Payments for exploration and evaluation assets		(842,738)	(727,064)
Loans to related parties		(1,811,101)	(26,934,039)
Repayments of loans by related parties		3,677,154	5,997,051
Net cash flows from investing activities		1,964,441	(21,525,699)
Cash flows from financing activities			
Proceeds from the issue of shares		1,845,200	4,762,192
Proceeds from the issue of shares in subsidiaries to non-controlling interests		-	170,000
Capital raising expenses		(26,820)	(113,776)
Proceeds from borrowings		2,999,766	-
Repayment of borrowings		(3,446,533)	-
Dividends paid to company's shareholders		-	(813,401)
Net cash flows from financing activities		1,371,613	4,005,015
Net increase / (decrease) in cash held		830,154	(19,105,507)
Cash at the beginning of the year		531,101	19,636,608
Cash at the end of the financial year	9	1,361,255	531,101

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial report of DGR Global Ltd for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 September 2017.

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 at Level 27, One One One, 111 Eagle Street, Brisbane, Qld 4000. DGR Global Ltd is a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Director's report.

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.

The financial report covers the Group comprising of DGR Global Ltd and its subsidiaries 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 Ltd comply with International Financial Reporting Standards (IFRS).

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 2017 the Group generated a consolidated profit after tax of \$2,652,740 and incurred operating cash outflows of \$2,505,900. As at 30 June 2017 the Group had \$1,361,255 in cash and cash equivalents, net current assets of \$857,809 and net assets of \$134,848,323.

On 22 August 2017, the Group reached an agreement with Tribeca Investment Partners for up to \$10 million in convertible note funding. The agreement provides for an initial \$8 million subscription of notes, maturing in 2 years time at 20 cents per note, and convertible at 20 cents per DGR share.

Together with the Tribeca convertible note funding, current related party loans and DGR's ability to sell down investments in listed entities, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES

(a) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2016:

REFERENCE	TITLE	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR THE COMPANY
AASB 14	Regulatory Deferral Accounts	1 January 2016	1 July 2016
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB and AASB 138)	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 – 2014 Cycle	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative; Amendments to AASB 101	1 January 2016	1 July 2016
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities; Applying the Consolidation Exception	1 January 2016	1 July 2016

The adoption of the above standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

The adoption of the above standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2017. The Consolidated Entity is yet to evaluate the impact of those standards and interpretations on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company 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. Information of new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

REFERENCE	TITLE	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR THE COMPANY
AASB 15	Revenue from Contracts with Customers	1 January 2018	1 July 2018
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	1 July 2018
AASB 2016-3	Amendments to Australian Accounting Standards – Clarification to AASB 15	1 January 2018	1 July 2018
AASB 16	Leases	1 January 2019	1 July 2019
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax for Unrealised Losses	1 January 2017	1 July 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative; Amendments to AASB 107	1 January 2017	1 July 2017
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	1 July 2018
AASB 2016-6	Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts	1 January 2018	1 July 2018
AASB 2017-1	Amendments to Australian Accounting Standards – Transfers of Investment Property. Annual Improvements 2014-2016 Cycle and Other Amendments	1 July 2018	1 July 2018
AASB 2017-2	Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 January 2017	1 July 2017

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of DGR Global Ltd and its subsidiaries as at and for the period ended 30 June each year (the "Group").

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, unrealized gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Ltd 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group's share of losses in an associate equals 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 Ltd.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 and 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 will be recognised in accordance with AASB 139 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.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 principle 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.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the financial assets revaluation reserve to profits appropriation reserve.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 revenue.

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

An assessment is made at each balance date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined from available information such as quoted market prices or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgments about a counter-party's financial situation and the net realisable value of any underlying collateral. Impairment losses are recognised in the profit or loss.

Impairment losses on financial assets measured at amortised cost using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Leases of property, plant & equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Services

Management fees are recognised as services are provided.

Interest

Interest revenue is recognized as interest accrues using the effective interest rate method. 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.

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 balance date.

Deferred tax is recognised 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 Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. DGR Global Ltd 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

(u) Comparatives

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) 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 principle 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(w) 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 balance date.

The Directors have assessed that for the exploration and evaluation assets recognised at 30 June 2017, 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 2017 were \$4,428,211 (2016: \$5,090,663).

Key judgements – Significant influence over Associates

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2. REVENUE AND OTHER INCOME

	2017 \$	2016 \$
Revenue		
- Interest	1,431,970	1,806,350
- Management fees – related parties	1,596,000	1,627,459
Total Revenue	3,027,970	3,433,809
Interest revenue from:		
- Deposits held with financial institutions	13,390	73,981
- Related party loans	1,418,580	1,732,369
Total Interest Revenue	1,431,970	1,806,350
Other income		
- Net foreign exchange gains	69,845	1,332,355
- Underwriting	90,000	-
- Fair value adjustment on convertible notes	793,906	-
- Other income	18,215	30,030
Total other income	971,966	1,362,385

NOTE 3. PROFIT / (LOSS)

	2017 \$	2016 \$
Profit/(Loss) before income tax has been determined after:		
Finance costs		
- External	530,810	1,266
- Related parties	-	-
Total finance costs	530,810	1,266
Share based payments expense	-	533,771
Superannuation contributions expense	112,347	100,135
Minimum lease rentals under operating leases	484,238	451,197
(Gain)/loss on foreign exchange	(69,845)	(1,332,355)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4. INCOME TAX

(a) Components of tax expense/(benefit) in profit or loss comprise:	2017 \$	2016 \$
Current tax	399,159	-
Deferred tax	873,039	563,998
Income tax paid in relation to the prior year	1,244	-
	1,273,442	563,998
Components of tax expense/(benefit) in other comprehensive income comprise:		
Deferred tax	36,974,849	624,109
	36,974,849	624,109

(b) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense/(benefit) as follows:	2017 \$	2016 \$
Prima facie tax on profit / (loss) before income tax at 30% (2016: 30%)	1,177,855	354,087
Add tax effect of:		
Permanent differences	372	160,239
Other	1,244	-
Derecognise tax losses	94,408	110,440
	1,273,879	624,766
Less tax effect of:		
Permanent differences	(71)	(6,167)
Prior year loss now recognised	-	-
Other	(366)	(35,141)
Recognition of temporary differences	-	(19,460)
Income tax expense/(benefit)	1,273,442	563,998
Amounts recognised directly in equity:		
Net deferred tax – debited (credited) directly to equity	-	86,460
	-	86,460
Income tax provision recognised		
Income tax provision	399,159	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4. INCOME TAX (continued)

(c) Recognised deferred tax assets and liabilities

2017	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	1,688,228	28,028	-	-	1,716,256
Accruals/provisions	66,006	98,939	-	-	164,945
Capital raising costs expensed	139,454	(55,490)	-	-	83,964
Investment in associates	287,567	84,557	-	-	372,124
AFS revaluation	789,759	(546,485)	161,785	-	405,059
	2,971,014	(390,451)	161,785	-	2,742,348
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(1,050)	1,113,374	(37,136,634)	-	(36,024,310)
Related party loans	(214,473)	104,462	-	-	(110,011)
Investment in associates	(2,394,836)	(1,918,619)	-	-	(4,313,454)
Exploration and evaluation assets	(1,546,658)	218,195	-	-	(1,328,463)
Property Plant and Equipment	(67,599)	-	-	-	(67,599)
	(4,224,616)	(482,588)	(37,136,634)	-	(41,843,837)
Net deferred tax recognised	(1,253,602)	(873,039)	(36,974,851)	-	(39,101,489)
Deferred tax assets not recognised					
Unused tax losses	1,447,350	314,693	-	-	1,762,042
Unused capital losses	67,848	-	-	-	67,848
Temporary differences	-	-	-	-	-
Tax benefit at 30%	454,559	94,408	-	-	548,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4. INCOME TAX (continued)

2016	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	1,756,003	(67,775)	-	-	1,688,228
Accruals/provisions	12,667	53,339	-	-	66,006
Capital raising costs expensed	150,576	(97,582)	-	86,460	139,454
Investment in associates	389,756	(250,379)	148,190	-	287,567
AFS revaluation	1,609,544	(47,278)	(772,508)	-	789,758
	3,918,546	(409,675)	(624,318)	86,460	2,971,013
Deferred tax liability					
AFS revaluation	(1,259)	-	209	-	(1,050)
Related party loans	-	(214,473)	-	-	(214,473)
Investment in associates	(2,364,771)	(30,065)	-	-	(2,394,836)
Exploration and evaluation assets	(1,636,872)	90,215	-	-	(1,546,657)
Property Plant and Equipment	(67,599)	-	-	-	(67,599)
	(4,070,501)	(154,323)	209	-	(4,224,615)
Net deferred tax recognised	(151,955)	(563,998)	(624,109)	86,460	(1,253,602)
Deferred tax assets not recognised					
Unused tax losses	1,147,066	300,284	-	-	1,447,350
Unused capital losses	-	67,848	-	-	67,848
Temporary differences	64,866	(64,866)	-	-	-
Tax benefit at 30%	363,580	90,980	-	-	454,560

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 2017 under COT.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 2017. The totals of remuneration for Key Management Personnel during the year are as follows:

	2017 \$	2016 \$
Short-term employee benefits	1,262,134	1,281,073
Long-term employee benefits	12,004	19,115
Post-employment benefits	38,282	37,039
Share-based payments	-	430,544
Total	1,312,420	1,767,771

NOTE 6. DIVIDENDS AND FRANKING CREDITS

On 26 June 2015, the company announced a fully franked dividend of \$0.0025 per share. The dividend was subsequently paid on 31 July 2015.

There were no other dividends paid or recommended during the current or previous financial year.

NOTE 7. AUDITOR'S REMUNERATION

	2017 \$	2016 \$
Amounts paid/payable to the auditor of the parent of the Group for:		
Audit and review of the financial reports of the Group	77,500	76,751
Other assurance related services (investigating accountants report)	-	-
Taxation services	-	-
	77,500	76,751

NOTE 8. EARNINGS PER SHARE (EPS)

(a) Earnings

	2017	2016
Earnings used to calculate basic and diluted earnings per share	2,735,693	711,173

(b) Weighted average number of shares

	NUMBER OF SHARES	NUMBER OF SHARES
Used in calculating basic EPS	558,772,843	496,394,687
Weighted average number of dilutive options	22,125,185	-
Weighted average number of ordinary shares and potential ordinary shares, used in calculating dilutive EPS	580,898,028	496,394,687

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9. CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash at bank and in hand	1,361,255	531,101
	1,361,255	531,101

NOTE 10. TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
Trade receivables	446,606	1,707,418
Interest receivables	366,703	-
GST receivable	75,965	63,618
	889,274	1,771,036

The receivables were not exposed to foreign exchange risk. No receivables were impaired at 30 June 2017 (2016: nil).

Past due but not impaired receivables were as follows:

	2017			2016		
	TOTAL	AMOUNT IMPAIRED	AMOUNT NOT IMPAIRED	TOTAL	AMOUNT IMPAIRED	AMOUNT NOT IMPAIRED
	\$	\$	\$	\$	\$	\$
Not past due	167,339	-	167,339	471,948	-	471,948
Past due 30 days	3,957	-	3,957	128,172	-	128,172
Past due 30-60 days	14,575	-	14,575	129,818	-	129,818
Past due > 60 days	260,735	-	260,735	977,480	-	977,840
Total	446,606	-	446,606	1,707,418	-	1,707,418

All receivables that are neither past due nor impaired are with long standing clients who have a good credit history with the entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11. OTHER FINANCIAL ASSETS

NON-CURRENT	2017 \$	2016 \$
Financial assets at fair value through other comprehensive income (refer (a) below)	138,522,943	10,789,985
Convertible notes (refer (b) below)	10,173,116	-
Cash on deposit held as security (refer (c) below)	314,000	314,000
Security bonds (refer (d) below)	1,203,765	868,924
	150,213,824	11,972,909

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

Opening balance at 1 July	10,789,985	5,296,268
Additions	6,876,964	3,843,553
Disposal of financial assets at fair value through other comprehensive income	(2,392,367)	(766,575)
Fair Value adjustment through other comprehensive income	123,248,361	2,416,739
Closing balance at 30 June	138,522,943	10,789,985

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 Exchanges Alternative Investment Market ("AIM") and Toronto Stock Exchange ("TSX"), an investment in the ordinary issued capital of Lions Gate Metals Inc, listed on the Toronto Stock Exchange ("TSX"), an investment in the ordinary issued capital of Aus Tin Mining Ltd a company listed on the Australian Securities Exchange and an investment in the ordinary issued capital of Lakes Oil NL a company listed on the Australian Securities Exchange.

Classification of assets at fair value through other comprehensive income

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

(b) Convertible notes

	2017 \$	2016 \$
Opening balance at 1 July	-	-
Additions – Armour Energy Convertible notes	9,400,000	-
Additions – Lakes Oil NL Convertible notes	367,500	-
Additions – Conversion of Armour Energy Convertible note interest	405,616	-
Closing balance at 30 June	10,173,116	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11. OTHER FINANCIAL ASSETS (continued)

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.

Additionally, DGR subscribed for \$367,500 worth of Convertible Notes in Lakes Oil. The key terms of the notes are as follows:

- Issue Price: Face value of \$10 per Convertible Note
- Interest Rate: 10%
- Interest Payments: Interest is payable half yearly at the rate of 50 cents per Note
- Maturity Date: 31 May 2018
- Conversion Terms: Each holder of Notes can elect to convert the Notes early by notice to Lakes Oil with effect from 30 November 2016, 31 May 2017 or 30 November 2017 (Early Conversion Dates).

(c) Cash on deposit held as security

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

(d) Security bonds

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

(e) Fair value

Refer to note 31 for fair value disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12. CONTROLLED ENTITIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Controlled Entities

	COUNTRY OF INCORPORATION	PRINCIPLE ACTIVITY	PRINCIPLE PLACE OF BUSINESS	PERCENTAGE OWNED (%)	
				2017	2016
Parent entity:					
DGR Global Ltd	Australia	Mineral Exploration	Australia		
Subsidiaries of DGR Global Ltd:					
Pennant Resources Pty Ltd ¹	Australia	Mineral Exploration	Australia	63%	63%
Auburn Resources Ltd ¹	Australia	Mineral Exploration	Australia	63%	63%
Barlyne Mining Pty Ltd ¹	Australia	Mineral Exploration	Australia	63%	63%
Albatross Bauxite Pty Ltd	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%

¹ Auburn Resources Ltd (previously Archer Resources Ltd) is the immediate parent of Barlyne Mining Pty Ltd and Pennant Pty Ltd (previously Aimfire Resources Pty Ltd). These companies are wholly owned and directly held by Auburn Resources Ltd and indirectly by DGR Global Ltd.

(b) Transactions with Non-Controlling Interests

The effect of changes in the ownership interest of the above subsidiaries (for which control was not lost) on the equity attributable to owners of DGR Global Ltd during the year is summarised as follows:

	2017 \$	2016 \$
Proceeds received from issue of shares to non-controlling interests net of costs	-	170,000
Increase in non-controlling interests share of subsidiary net assets	-	(62,872)
Excess of consideration received recognised in the change in proportionate interest reserve	-	107,128

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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:

AUBURN RESOURCES LTD – NON-CONTROLLING INTEREST 37% (2016 – 37%)	2017 \$	2016 \$
Summarised statement of financial position		
Current assets	216	4,538
Non-current assets	1,793,045	1,757,397
Total assets	1,793,261	1,761,935
Current liabilities	116,754	97,813
Non-current liabilities	304,599	83,754
Total liabilities	421,353	181,567
Net assets	1,371,908	1,580,368
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	293
Expenses	(208,457)	(258,301)
Profit(loss) before income tax expense	(208,457)	(258,008)
Income tax (expense)/benefit	-	-
Profit(loss) after income tax expense	(208,457)	(258,008)
Other comprehensive income	-	-
Total comprehensive income	(208,457)	(258,008)
Statement of cash flows		
Net cash used in operating activities	(3,512)	(3,079)
Net cash used in investing activities	(217,554)	(251,473)
Net cash from financing activities	220,844	253,755
Net increase/(decrease) in cash and cash equivalents	(222)	(797)
Other financial information		
Profit (loss) attributable to non-controlling interests	(76,938)	(92,733)
Accumulated non-controlling interests at the end of reporting period	505,704	582,642
Dividends paid to non-controlling interests	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

NAME	COUNTRY OF INCORPORATION AND PRINCIPLE PLACE OF BUSINESS	PRINCIPLE ACTIVITY	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT	
				2017 %	2016 %	2017 \$	2016 \$
Armour Energy Ltd	Australia	Oil & Gas Exploration	ORD	22%	23%	5,253,500	4,127,750
Dark Horse Resources Ltd	Australia	Mineral Exploration	ORD	24%	15%	1,867,429	567,684
IronRidge Resources Ltd	Australia	Mineral Exploration	ORD	26%	26%	9,914,709	4,645,062
						17,035,638	9,340,496

(a) Movements during the year in equity accounted investments

	2017 \$	2016 \$
Balance at beginning of year	9,340,496	8,884,802
Additional investment	1,581,601	-
Sale of investment	-	-
Share of associates losses after income tax	(2,912,545)	(5,236,593)
Share of associates other comprehensive income	-	(493,967)
Net reversal of impairment	9,026,086	6,186,254
Balance at end of year	17,035,638	9,340,496

Net reversal of impairment relates to the investments in Dark Horse Resources Ltd, Armour Energy Ltd and IronRidge Resources Ltd. At 30 June 2016 the share price of Dark Horse Resources Ltd, Armour Energy Ltd and IronRidge Resources Ltd was \$0.005, \$0.055 and £0.0413, respectively. At 30 June 2017 the share price of Dark Horse Resources Ltd, Armour Energy Ltd and IronRidge Resources Ltd had risen to \$0.006, \$0.07 and £0.3525, respectively. The investments in Armour Energy Ltd and IronRidge Resources Ltd have been written up to the lower of fair value, less costs to sell or the equity accounted value, while the investment in Dark Horse Resources Ltd has been further impaired following the recognition of the Groups share of profits in excess of the increase in share price.

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

	2017 \$	2016 \$
Fair Value of investment in Armour Energy Ltd	5,253,500	4,127,750
Fair Value of investment in Dark Horse Resources Ltd	1,867,457	567,684
Fair Value of investment in IronRidge Resources Ltd	37,140,658	4,645,062
	44,261,615	9,340,496

Refer note 31 for further details on fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 as follows:

	OWNERSHIP INTEREST	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	REVENUES	PROFIT/LOSS	OTHER COMPREHENSIVE INCOME
	%	\$	\$	\$	\$	\$	\$	
2017								
Armour Energy Ltd	22%	9,474,792	82,260,100	6,872,650	35,811,227	618,276	(11,474,692)	-
Dark Horse Resources Ltd	24%	307,749	10,248,410	1,467,151	1,931	9,369,133	4,086,495	-
IronRidge Resources Ltd	26%	2,511,290	9,786,242	868,144	-	4,228	(5,227,753)	-
		12,293,831	102,294,752	9,207,945	35,813,158	9,991,637	(12,615,950)	-
2016								
Armour Energy Ltd	23%	1,869,052	75,919,033	17,694,552	9,261,340	80,881	(18,873,927)	(1,487,500)
Dark Horse Resources Ltd	15%	203,161	2,249,871	1,798,248	1,931	27,001	(1,567,848)	-
IronRidge Resources Ltd	26%	10,777,462	5,229,119	424,860	-	5,763	(2,305,460)	-
		12,849,675	83,398,023	19,917,660	9,263,271	113,645	(22,747,235)	(1,487,500)

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

	ARMOUR ENERGY LTD		DARK HORSE RESOURCES LTD		IRONRIDGE RESOURCES LTD	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Opening carrying amount	4,127,750	3,377,250	567,684	227,055	4,645,062	5,280,497
Share of profits (loss) after tax	(2,562,901)	(4,387,340)	993,835	(242,290)	(1,343,479)	(606,963)
Share of other comprehensive income	-	(493,967)	-	-	-	-
Additional investment	-	-	1,581,601	-	-	-
Impairment	3,688,651	5,631,807	(1,275,691)	582,919	6,613,126	(28,472)
Closing carrying amount	5,253,500	4,127,750	1,867,429	567,684	9,914,709	4,645,062

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

	ARMOUR ENERGY LTD		DARK HORSE RESOURCES LTD		IRONRIDGE RESOURCES LTD	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Share of net assets	10,957,997	11,818,485	2,491,564	100,866	3,009,358	4,102,667
Goodwill	16,517,823	18,220,236	651,557	745,510	6,905,351	7,155,521
Net impairment	(22,222,320)	(25,910,971)	(1,275,692)	(278,692)	-	-
Closing carrying amount	5,253,500	4,127,750	1,867,429	567,684	9,914,709	11,258,188

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14. PROPERTY PLANT AND EQUIPMENT

	2017 \$	2016 \$
Land at cost	345,000	385,000
Freehold building at cost	70,700	70,700
Accumulated depreciation	(31,964)	(30,196)
	38,736	40,504
Plant and equipment at cost	350,277	350,277
Accumulated depreciation	(342,733)	(334,692)
	7,544	15,585
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	185,268	183,697
Accumulated depreciation	(171,407)	(159,446)
	13,861	24,251
Furniture and fittings at cost	108,903	97,707
Accumulated depreciation	(67,959)	(52,446)
	40,944	45,261
	446,085	510,601

Movements in carrying amounts

2017	LAND \$	FREEHOLD BUILDING \$	PLANT & EQUIPMENT \$	COMPUTERS & OFFICE EQUIPMENT \$	FURNITURE & FITTINGS \$	TOTAL \$
Balance at the beginning of the year	385,000	40,504	15,585	24,251	45,261	510,601
Additions	-	-	-	1,571	11,198	12,769
Disposals	(40,000)	-	-	-	-	(40,000)
Depreciation expenses	-	(1,768)	(8,041)	(11,961)	(15,515)	(37,285)
Carrying amount at the end of the year	345,000	38,736	7,544	13,861	40,944	446,085
2016						
Balance at the beginning of the year	385,000	34,529	26,031	13,418	52,484	511,462
Additions	-	7,725	1,180	21,235	6,474	36,614
Depreciation expenses	-	(1,750)	(11,626)	(10,402)	(13,697)	(37,475)
Carrying amount at the end of the year	385,000	40,504	15,585	24,251	45,261	510,601

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15. EXPLORATION AND EVALUATION ASSETS

	2017 \$	2016 \$
Exploration and evaluation assets	4,428,211	5,090,663
Movements in carrying amounts		
Balance at the beginning of the year	5,090,663	4,639,240
Additions	944,275	740,739
Written-off	(1,606,727)	(289,316)
Carrying amount at the end of the year	4,428,211	5,090,663

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

	2017 \$	2016 \$
Prepayments	24,977	11,068

NOTE 17. TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Current		
Trade payables	648,289	424,045
Sundry payables and accrued expenses	99,292	316,008
Employee benefits	270,957	173,366
	1,018,538	913,419

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18. BORROWINGS

	2017 \$	2016 \$
Current		
Borrowings	-	518,143
	-	518,143

On 30 June 2016, DGR Global Ltd assumed liability for a loan of CAD\$505,000 owing by SolGold plc to Tenstar Trading Ltd. Interest was payable at the rate of 6% per annum, where principal and accrued interest was payable in full together on demand at any time after 30 June 2016. The loan was repaid in full on 27 June 2017.

On 29 July 2016, DGR Global Ltd received a loan of CAD\$3,000,000 from two international financiers for an initial term of six months which was subsequently extended on a month to month basis. Interest was payable at the rate of 20% per annum every 30 days after the date of the advance. The loan was secured by SolGold plc shares held by DGR Global Ltd. The loan was repaid in full and security released on 28 April 2017.

NOTE 19. PROVISIONS - NON-CURRENT

	2017 \$	2016 \$
Site restoration	1,041,313	600,000
Long service leave	48,241	33,429
	1,089,554	633,429

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 to \$1,041,313, an increase of \$441,313 from prior years.

NOTE 20. ISSUED CAPITAL

	2017 \$	2016 \$
570,511,877 (30 June 2016: 550,881,877) fully paid ordinary shares	32,231,391	30,386,191
Share issue costs	(1,444,187)	(1,417,367)
	30,787,204	28,968,824

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20. ISSUED CAPITAL (continued)

(a) Ordinary Shares	2017 NUMBER	2016 NUMBER	2017 \$	2016 \$
At 1 July	550,881,877	414,246,224	30,386,191	25,253,291
31 July 2015 ¹	-	7,407,167	-	222,215
12 November 2015 ²	-	35,268,795	-	1,340,215
7 December 2015 ³	-	93,959,691	-	3,570,470
24 October 2016 ⁴	2,000,000	-	130,000	-
2 November 2016 ⁵	2,000,000	-	130,000	-
30 November 2016 ⁶	4,750,000	-	570,000	-
16 January 2017 ⁷	2,000,000	-	130,000	-
17 January 2017 ⁸	400,000	-	26,000	-
22 March 2017 ⁹	215,000	-	13,975	-
29 March 2017 ¹⁰	665,000	-	43,225	-
6 April 2017 ¹¹	2,000,000	-	130,000	-
18 April 2017 ¹²	500,000	-	60,000	-
28 April 2017 ¹³	500,000	-	60,000	-
4 May 2017 ¹⁴	500,000	-	60,000	-
17 May 2017 ¹⁵	500,000	-	60,000	-
22 May 2017 ¹⁶	666,667	-	80,000	-
29 May 2017 ¹⁷	2,933,333	-	352,000	-
At 30 June	570,511,877	550,881,877	32,231,391	30,386,191

¹ On 31 July 2015, 7,407,167 \$0.03 ordinary shares were issued pursuant to the Dividend Reinvestment Plan offered under the dividend announced to the market on 26 June 2015.

² On 12 November 2015, 35,268,795 \$0.038 ordinary shares were issued pursuant to the institutional offer under the Company's rights issue.

³ On 7 December 2015, 93,959,691 \$0.038 ordinary shares were issued. Of these shares, 70,144,342 were issued pursuant to the Company's rights issue and 23,815,349 were issued pursuant to a private placement.

⁴ On 24 October 2016, 2,000,000 \$0.065 ordinary shares were issued upon the exercise of options.

⁵ On 2 November 2016, 2,000,000 \$0.065 ordinary shares were issued upon the exercise of options.

⁶ On 30 November 2016, 4,750,000 \$0.12 ordinary shares were issued upon the exercise of options.

⁷ On 16 January 2017, 2,000,000 \$0.065 ordinary shares were issued upon the exercise of options.

⁸ On 17 January 2017, 400,000 \$0.065 ordinary shares were issued upon the exercise of options.

⁹ On 22 March 2017, 215,000 \$0.065 ordinary shares were issued upon the exercise of options.

¹⁰ On 29 March 2017, 665,000 \$0.065 ordinary shares were issued upon the exercise of options.

¹¹ On 6 April 2017, 2,000,000 \$0.065 ordinary shares were issued upon the exercise of options.

¹² On 18 April 2017, 500,000 \$0.12 ordinary shares were issued upon the exercise of options.

¹³ On 28 April 2017, 500,000 \$0.12 ordinary shares were issued upon the exercise of options.

¹⁴ On 4 May 2017, 500,000 \$0.12 ordinary shares were issued upon the exercise of options.

¹⁵ On 17 May 2017, 500,000 \$0.12 ordinary shares were issued upon the exercise of options.

¹⁶ On 22 May 2017, 666,667 \$0.12 ordinary shares were issued upon the exercise of options.

¹⁷ On 29 May 2017, 2,933,333 \$0.12 ordinary shares were issued upon the exercise of options.

(b) Options

As at 30 June 2017, there were 42,670,000 unissued ordinary shares of DGR Global Ltd under option, held as follows:

OPTIONS ON ISSUE IN DGR GLOBAL LTD	NUMBER	EXERCISE PRICE	EXPIRY
Unlisted employee options	19,720,000	\$0.065	30/09/17
Unlisted Director options	22,950,000	\$0.065	25/11/17
Total options on issue	42,670,000		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20. ISSUED CAPITAL (continued)

(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.

NOTE 21. 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 income, 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:

	2017 \$	2016 \$
Balance 1 July	(1,166,243)	(2,622,497)
Revaluation – gross	123,248,361	2,416,739
Deferred tax	(36,974,849)	(772,299)
Transfer of reserves on disposal of investments		157,591
Deferred tax	-	-
Share of other comprehensive income in associate	-	(493,967)
Deferred tax	-	148,190
	85,107,269	(1,166,243)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 21. RESERVES (continued)

(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:

	2017 \$	2016 \$
Balance 1 July	5,407,201	5,407,201
Transfer of 2016 and 2017 Profit after tax to profit reserve	3,446,866	-
Dividend declared	-	-
	8,854,067	5,407,201

NOTE 22. ACCUMULATED LOSSES

	2017 \$	2016 \$
Accumulated losses attributable to members of DGR Global Ltd at beginning of the financial year	(14,515,534)	(15,069,116)
Profit/(loss) for the year	2,735,693	711,173
Transfer of reserves on disposal of investments	(3,446,866)	(157,591)
Accumulated losses attributable to members of DGR Global Ltd at the end of the financial year	(15,266,707)	(14,515,534)

NOTE 23. COMMITMENTS FOR EXPENDITURE

(a) 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 as follows:

	2017 \$	2016 \$
Payable within one year	787,000	1,279,000
Payable between one and five years	378,000	1,545,000
	1,165,000	2,824,000

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23. COMMITMENTS FOR EXPENDITURE (continued)

(b) Lease Expenditure Commitments

Operating Leases (non-cancellable)	2017 \$	2016 \$
Minimum lease payments		
- Not later than one year	469,245	451,197
- Later than one year and not later than five years	528,813	998,058
- Later than five years	-	-
	998,058	1,449,255

Operating leases relate to office premises. The original terms of the operating leases ranged from 1 to 7 years with options to renew.

NOTE 24. CONTINGENT LIABILITIES

The Directors are not aware of any contingent assets and liabilities at 30 June 2017.

NOTE 25. SHARE-BASED PAYMENTS

DGR Global Ltd Options

On 13 July 2015, 2,500,000 DGR Global Ltd share options were granted to a contractor under the Employee Share Option Plan. Of the 2,500,000 options, 1,500,000 options to take up one ordinary share in DGR Global Ltd at a price of 12 cents each and 1,000,000 options to take up one ordinary share in DGR Global Ltd at a price of 6.5 cents each. The options vested immediately and are due to expire on 29 May 2017 and 10 July 2016, respectively. A value of \$12,970 was calculated using the Black Scholes valuation methodology (refer below).

On 1 October 2015, 23,000,000 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 at a price of 6.5 cents each. The options vested immediately and are due to expire on 30 September 2017. A value of \$230,656 was calculated using the Black Scholes valuation methodology (refer below).

On 2 December 2015, 22,950,000 DGR Global Ltd share options were granted to Directors under the Employee Share Option Plan. The options are to take up one ordinary share in DGR Global Ltd at a price of 6.5 cents each. The options vested immediately and are due to expire on 25 November 2017. A value of \$290,145 was calculated using the Black Scholes valuation methodology (refer below).

On 11 December 2015, 6,000,000 options were issued to the underwriter pursuant to the Company's fully underwritten Rights issue. The options are to take up one ordinary share in DGR Global Ltd at a price of 6.5 cents each. The options vested immediately and are due to expire on 14 December 2017. A value of \$65,958 was calculated using the Black Scholes valuation methodology (refer below).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 25. SHARE-BASED PAYMENTS (continued)

Movements in a number of options are as follows:

	2017		2016	
	NO. OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$	NO. OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$
Outstanding at the beginning of the year	74,450,000	\$0.082	27,400,000	\$0.11
Granted			54,450,000	\$0.067
Forfeited			(3,000,000)	\$0.12
Exercised	(19,630,000)	\$0.094	-	-
Expired	(12,150,000)	\$0.012	(4,400,000)	\$0.065
Outstanding at year-end	42,670,000	\$0.065	74,450,000	\$0.082
Exercisable at year-end	42,670,000	\$0.065	74,450,000	\$0.082

The weighted average exercise price of options outstanding at the end of the year was \$0.065 (2016: \$0.08).

The weighted average remaining contractual life of the options was 0.33 years (2016: 1.09 years).

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

Fair Value

There were no share-based payments during the year ended 30 June 2017.

The fair values of options granted in 2016 were calculated by using a Black-Scholes options pricing model applying the following inputs:

DGR Global Ltd:

2016	DGR GLOBAL LTD ESOP	DGR GLOBAL LTD UNDERWRITER OPTIONS
Weighted average exercise price	\$0.067	\$0.065
Weighted average life of the option	1.29 years	1.46 years
Underlying share price	\$0.036	\$0.033
Expected share price volatility	93.80% - 99.60%	93.80%
Risk free interest rate	1.71% - 1.81%	1.81%
Number of options issued	48,450,000	6,000,000
Fair value (black-scholes) per option	\$0.0034 - \$0.0126	\$0.0110
Total value of options issued	\$533,771	\$65,960

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 25. SHARE-BASED PAYMENTS (continued)

Reconciliation of reserve movements

	2017 \$	2016 \$
Opening balance at 1 July	6,898,865	6,299,134
Total share issue costs recognised in equity	-	65,960
Total share based payments expense	-	533,771
Closing balance at 30 June	6,898,865	6,898,865

Reconciliation of share based payments expense

	2017 \$	2016 \$
DGR Global Ltd options	-	533,771
Total share base payments expense	-	533,771

NOTE 26. 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 32.

(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 2017 \$456,000 (2016: \$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 \$39,841 (2016: \$299,133).
- (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 2017 \$192,000 (2016: \$192,000) was paid or payable to DGR Global Ltd for the provision of the Services. The total amount receivable at year end was \$200,085 (2016: \$391,679).
- (iii) During the year ended 30 June 2017 DGR Global Ltd sold a parcel of land to Aus Tin Mining Ltd. The consideration for land was \$50,000 and was based on an independent valuation. The total current amount receivable in relation to the purchase of land at year end was \$50,000 (2016:nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 26. RELATED PARTY DISCLOSURES (continued)

- (iv) On 14 April 2016, DGR Global Ltd executed a Term Sheet with Aus Tin Mining Ltd for the provision of \$350,000 in secured Convertible Note financing, to be converted to equity in Aus Tin Mining Ltd at \$0.005 cents at the earliest opportunity, and subject to regulatory clearances. On 18 April 2016 there was a partial conversion by DGR Global Ltd under the Convertible Note financing, being \$12,577 (2,515,490 shares at \$0.005 per share), leaving a balance of \$337,423 outstanding. The loan was fully extinguished following an issue of 67,484,510 fully paid ordinary shares to DGR Global Ltd (\$337,423 at \$0.005 per share) on 12 May 2016.
- (v) DGR Global Ltd has a commercial agreement with Dark Horse Resources Ltd, for the provision of administrative services. In consideration for the provision of the services, Dark Horse Resources Ltd pays DGR Global Ltd a monthly management fee. For the year ended 30 June 2017 \$300,000 (2016: \$300,000) was paid or payable to DGR Global Ltd Ltd for the provision of the services. The total amount receivable at year end was \$119,913 (2016: \$30,056).
- (vi) 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 2017 \$288,000 (2016: \$288,000) was paid or payable to DGR Global for the provision of the Services. The total amount receivable at year end was \$7,421 (2016:\$30,056).
- (vii) 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 2017 \$360,000 (2016: \$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 \$19,030 (2016: \$139,886).

(d) Loans with related parties

	2017 \$	2016 \$
Armour Energy Ltd	2,057,799	12,872,618
Dark Horse Resources Ltd	-	540,430
SolGold Plc	-	4,776,404
Others		4,958
Closing balance at 30 June	2,057,799	18,194,410

Loan with Armour Energy Ltd

On 30 September 2015, DGR Global Ltd executed an unsecured loan agreement with Armour Energy Ltd for the provision of \$15 million. The original term of the facility was through to 31 March 2016. Provision was made in the agreement for Armour to seek, up to a, 12 month extension only on the basis it is able to provide the following:

- a first ranking security and mortgage over unsecured Surat Basin Assets and a fixed and floating charge over the assets of Armour and subsidiaries and the assets of those subsidiaries;
- the grant of a 0.5 per cent gross sales royalty over production from the Surat Basin Assets;
- the grant of 50,000,000 options; and
- a right to convert no more than 50% of any part of the drawn part of the facility to share equity in Armour at any time, at 90% of the preceding 10 day volume weighted average in accordance with the provisions of the Corporations Act and ASX Listing Rules but subject to Armour having a right if conversion is requested to repay the funding early.

On 28 October 2015, the amount of the facility was increased from \$15 million to \$19 million and all other material terms remained the same.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 26. RELATED PARTY DISCLOSURES (continued)

The interest rate on the facility is 22 per cent per annum on an unsecured basis, but in the event the funding becomes secured the rate reduces to 15 per cent per annum. On 18 January 2016, the bridging loan facility offered by DGR Global to Armour Energy was secured under documents executed between the parties.

Accordingly, the interest rate was reduced from 22% to 15% per annum.

	2017 \$	2016 \$
Balance at 1 July	12,872,618	-
Cash advances	408,169	18,162,724
Capitalised interest	1,366,555	758,213
Cash repayments	(3,189,543)	(6,048,319)
Conversion to Convertible notes	(9,400,000)	-
Closing balance at 30 June	2,057,799	12,872,618

Loan with Dark Horse Resources Ltd

On 30 September 2015, DGR Global Ltd provided a letter of support to Dark Horse Resources Ltd for up to \$1 million of funding. The term of the facility is for a period of 12 months, which has subsequently been extended for an additional year. Interest is charged at the rate charged by the bankers for Dark Horse Resources Ltd on any overdraft accommodation for an amount of \$100,000 or more and shall be capitalised and only repayable when the facility is repaid.

	2017 \$	2016 \$
Balance at 1 July	540,430	51,944
Cash advances	-	488,486
Capitalised interest	74,904	-
Conversion to equity	(615,334)	-
Closing balance at 30 June	-	540,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 26. RELATED PARTY DISCLOSURES (continued)

Loan with SolGold plc

On 20 November 2015, DGR Global Ltd agreed to provide short term funding to SolGold plc to provide working capital. Interest on the facility is charged at the rate of 9.5% per annum. The loan was repayable by SolGold plc on the earlier of any capital raising event, or 31 December 2016. DGR Global Ltd could, at its sole election, convert all or part of the loan, including accrued interest, into further equity as part of a SolGold plc capital raising, and at the same price as third party participants, subject to DGR Global Ltd and SolGold plc obtaining all necessary regulatory approvals.

	2017 \$	2016 \$
Balance at 1 July	4,776,404	-
Cash advances	1,372,773	4,776,404
Capitalised interest	-	-
Cash repayments	(449,177)	-
Conversion to equity	(5,700,000)	-
Closing balance at 30 June	-	4,776,404

NOTE 27. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 27. OPERATING SEGMENTS (continued)

(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 2017	DGR GLOBAL \$	ARCHER \$	OTHERS \$	TOTAL \$
Segment Performance Revenue				
External revenue	1,596,000	-	-	1,596,000
Interest revenue	1,431,970	-	-	1,431,970
Inter-segment revenue	-	-	-	-
Total segment revenue	3,027,970	-	-	3,027,970
Reconciliation of segment revenue to Group revenue				
Elimination of intersegment revenue				-
Total Group revenue				3,027,970
Segment net profit (loss) before tax	(1,839,283)	(208,457)	(139,619)	(2,187,359)
Reconciliation of segment result to Group net profit (loss) before tax				
Reversal of impairment of investment in associate				9,026,086
Share losses of associates				(2,912,545)
Share of associates other comprehensive income				-
Net profit (loss) before tax				3,926,182
Segment Assets	179,605,592	1,793,261	443,066	181,841,919
Reconciliation of segment assets to Group assets				
Inter-segment receivables and investments eliminated				(5,384,856)
Total Group Assets				176,457,063

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 27. OPERATING SEGMENTS (continued)

All segment asset additions occur in Australia.

30 JUNE 2016	DGR GLOBAL \$	ARCHER \$	OTHERS \$	TOTAL \$
Segment Performance Revenue				
External revenue	2,989,843	-	-	2,989,843
Interest revenue	1,806,058	293	-	1,806,351
Inter-segment revenue	39,095	-	-	39,095
Total segment revenue	4,834,996	293	-	4,835,289
Reconciliation of segment revenue to Group revenue				
Elimination of intersegment revenue				(39,095)
Total Group revenue				4,796,194
Segment net profit (loss) before tax	1,011,617	(258,008)	(29,013)	724,596
Reconciliation of segment result to Group net profit (loss) before tax				
Impairment of investment in associate				6,186,254
Share losses of associates				(5,236,593)
Share of associates other comprehensive income				(493,967)
Net profit (loss) before tax				1,180,290
Segment Assets	50,267,093	1,761,933	258,684	52,287,710
Reconciliation of segment assets to Group assets				
Inter-segment receivables and investments eliminated				(4,865,426)
Total Group Assets				47,422,284

All segment asset additions occur in Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 28. 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).

PARENT ENTITY	2017 \$	2016 \$
Statement of Financial Position		
Current Assets	2,260,640	2,301,792
Non-current Assets		
- Loans (intragroup receivables)	1,323,400	805,494
- Loans (related parties)	2,057,799	18,194,410
- Security bonds	1,478,465	1,143,624
- Property plant and equipment	446,085	510,601
- Exploration and evaluation assets	2,244,852	3,132,245
- Investment in Lions Gate Metals Inc	2,280	3,500
- Investment in SolGold plc	135,577,543	8,482,272
- Investment in Dark Horse Resources Ltd	1,867,457	567,717
- Investment in Aus Tin Mining Ltd	2,525,836	2,296,215
- Investment in Armour Energy Ltd	5,253,500	4,127,750
- Investment in Auburn Resources Ltd	4,056,401	4,056,401
- Investment in IronRidge Resources Ltd	9,914,709	4,645,062
- Investment in Lakes Oil NL	408,065	-
- Investment in other subsidiaries	10	10
- Convertible notes in Armour Energy Ltd	9,805,616	-
- Convertible notes in Lakes Oil Nil	367,500	-
Total Non-current Assets	177,329,518	47,965,301
Total Assets	179,590,158	50,267,093
Current Liabilities	1,180,222	1,251,257
Non-current liabilities	40,480,151	1,887,030
Total Liabilities	41,660,373	3,138,287
Net Assets	137,929,785	47,128,806
Issued Capital	30,787,204	28,968,824
Share-Based Payments Reserve	4,881,535	4,881,535
Financial Assets Revaluation Reserve	89,205,289	5,801,480
Profit Reserve	8,854,067	5,407,202
Accumulated Profits	4,201,690	2,069,765
Total Shareholder's equity	137,929,785	47,128,806
Statement of Comprehensive Income		
Profit/(loss) for the year	2,131,925	(54,897)
Total comprehensive income for the year	88,405,437	1,641,841

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 28. PARENT COMPANY (continued)

At 30 June 2017, the Company's investments in associates and investments at fair value through other comprehensive income (excluding investments in Convertible Notes) are as follows:

LISTED INVESTMENT	NUMBER OF SHARES	NUMBER OF OPTIONS / WARRANTS (UNLISTED)	SHARE PRICE#	QUOTED VALUE \$
Lions Gate Metals Inc	17,500	-	C\$0.13	2,280
SolGold plc	204,151,800	-	£0.3925	135,577,543
Dark Horse Resources Ltd	311,242,864	-	\$0.006	1,867,457
Aus Tin Mining Ltd	360,833,715	-	\$0.007	2,525,836
Armour Energy Ltd	75,050,000	-	\$0.07	5,253,500
IronRidge Resources Ltd	62,293,334	-	£0.3525	37,140,658
Lakes Oil NL	408,065,120	-	\$0.001	408,065
Total Quoted Value				182,775,339

Share price represents the market quoted price for listed investments at 30 June 2017. 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 2017 (2016: nil).

Contingent liabilities

The parent entity has no contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 29. CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit/ (Loss) after Tax:

	2017 \$	2016 \$
Profit/(loss) after tax	2,652,740	616,292
Depreciation	37,285	37,475
Gain on sale of land	(10,000)	-
Exploration and evaluation assets written off	1,606,727	289,316
Share based payments expense	-	533,771
Share of losses associates	2,912,545	5,236,593
Impairment of investment in associate	(9,026,086)	(6,186,254)
Interest capitalised to related party loans	(1,441,459)	-
Management fees converted to shares	(1,822,718)	-
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/decrease in trade and other receivables	881,762	(682,921)
- (Increase)/decrease in other assets	(13,909)	(11,068)
- Increase/(decrease) in trade and other payables	(12,354)	217,133
- Increase/(decrease) in deferred tax liabilities	874,283	563,998
- Increase/(decrease) in current tax payable	399,159	(2,196,264)
- Increase/(decrease) in provisions	456,125	(2,894)
Net cash flow from operations	(2,505,900)	(1,584,823)
Non-cash investing and financing activities		
Issue of shares in lieu of cash for services	-	(107,835)
Assumption of SolGold plc debt	-	518,143
Conversion of receivables for shares and convertible notes	(3,264,177)	
Conversion of loans with related parties for shares	(6,315,334)	(3,266,371)
Conversion of loans with related parties for convertible notes	(9,400,000)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 30. FINANCIAL RISK MANAGEMENT

	2017 \$	2016 \$
Financial Assets		
Cash and cash equivalents	1,361,255	531,101
Trade and other receivables	889,274	1,771,036
Financial assets at fair value through other comprehensive income	138,522,943	10,789,985
Financial assets at fair value through profit or loss	10,173,116	-
Cash on deposit	314,000	314,000
Security bonds	1,203,765	868,924
Loans with related parties	2,057,799	18,194,410
	154,522,152	32,469,456
Financial Liabilities		
Trade and other payables	1,018,538	913,419
Borrowings	-	518,143
	1,018,538	1,431,562

(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, and shares in listed corporations.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 30. FINANCIAL RISK MANAGEMENT (continued)

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. Other than the loans with related parties, the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(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 meet 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 increased from a surplus of \$881,643 in 2016 to a surplus of \$857,809 in 2017.

MATURITY ANALYSIS 2017	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	<6 MONTHS	6-12 MONTHS	1-3 YEARS	> 3 YEARS
	\$	\$	\$	\$	\$	\$
Financial liabilities						
Trade and other payables	1,018,538	1,018,538	1,018,538	-	-	-
Total	1,018,538	1,018,538	1,018,538	-	-	-

MATURITY ANALYSIS 2016	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	<6 MONTHS	6-12 MONTHS	1-3 YEARS	> 3 YEARS
	\$	\$	\$	\$	\$	\$
Financial liabilities						
Trade and other payables	913,419	913,419	913,419	-	-	-
Borrowings	518,143	533,687	-	533,687	-	-
Total	1,431,562	1,447,106	913,419	533,687	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 30. FINANCIAL RISK MANAGEMENT (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:

2017	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL CARRYING AMOUNT	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE*
	\$	\$	\$	\$	%
(i) Financial Assets					
Cash and cash equivalents	1,361,255	-	-	-	0.01%
Trade and other receivables	-	-	889,274	889,274	-
Other financial assets	-	10,487,116	139,726,708	-	14.44%
Related party loans	-	2,057,799	-	-	15%
Total financial assets	1,361,255	12,544,915	140,615,982	889,274	
(ii) Financial Liabilities					
Trade and other payables	-	-	1,018,538	1,018,538	-
Total financial liabilities	-	-	1,018,538	1,018,538	

* on interest bearing portion

2016	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON-INTEREST BEARING	TOTAL CARRYING AMOUNT	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE*
	\$	\$	\$	\$	%
(i) Financial Assets					
Cash and cash equivalents	531,101	-	-	531,101	0.01%
Trade and other receivables	-	-	1,771,036	1,771,036	-
Other financial assets	-	314,000	11,658,909	11,972,909	2.50%
Related party loans	-	18,194,410	-	18,194,410	13.39%
Total financial assets	531,101	18,508,410	13,429,945	32,469,456	
(ii) Financial Liabilities					
Trade and other payables	-	-	913,419	913,419	-
Other financial liabilities	-	518,143	-	518,143	6.00%
Total financial liabilities	-	518,143	913,419	1,431,562	

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 30. FINANCIAL RISK MANAGEMENT (continued)

At 30 June 2017 the effect on profit and equity as a result of changes in the interest rate at that date would be as follows:

	2017 \$	2016 \$
Change in profit and equity		
- Increase in interest rate by 1%	16,951	3,269
- Decrease in interest rate by 1%	(16,951)	(3,269)

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 2017 the effect on profit and equity as a result of changes in equity security prices would be as follows:

	2017 \$	2016 \$
Change in equity*		
- Increase in equity security price by 10%	(13,852,294)	(1,078,999)
- Decrease in equity security price by 10%	13,852,294	1,078,999

* 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 and Lakes Oil NL, were remeasured to fair value on 30 June 2017 (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.

Foreign exchange risk

The table below demonstrates the sensitivity to a reasonably possible change in the United States dollar against the Australian dollar.

	CHANGE IN US DOLLAR RATE	EFFECT ON PROFIT BEFORE TAX \$
2017	+10%	20
	-5%	(10)
2016	+10%	5,829
	-5%	(2,914)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 31. FAIR VALUE

Fair value hierarchy

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
2017				
Financial assets at fair value through other comprehensive income	138,522,943	-	-	138,522,943
Convertible note receivable	367,500	-	9,805,616	10,173,116
2016				
Financial assets at fair value through other comprehensive income	10,789,985	-	-	10,789,985

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 2017 \$	UNOBSERVABLE INPUTS*	RANGE OF INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
2017				
Convertible note receivable	9,805,616	Share price volatility	50%	Lower volatility (-10 bps) would increase FV by \$427,273; higher volatility (+10 bps) would decrease FV by \$341,818
		Risk-adjusted discount rate	7%	Lower discount rate (-100 bps) would increase FV by \$149,264; higher discount rate (+100 bps) would decrease FV by \$145,795.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 31. FAIR VALUE (continued)

(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 \$
2017				
Investments accounted for using the equity method	44,261,615	-	-	17,035,638
2016				
Investments accounted for using the equity method	9,340,496	-	-	9,340,496

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

NOTE 32. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 22 August 2017, the Group reached an agreement with Tribeca Investment Partners for up to \$10 million in convertible note funding. The agreement provides for an initial \$8 million subscription of notes, maturing in 2 years time at 20 cents per note, and convertible at 20 cents per DGR share.

On 28 August 2017, 2,000,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Employee Share Option Plan.

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

DIRECTORS' DECLARATION

- In the opinion of the Directors:
 - The financial statements and notes of DGR Global Ltd for the financial year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and performance for the year then ended;
 - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
 - 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
 - The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.
- 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 2017.

Signed in accordance with a resolution of the Directors.



Nicholas Mather
Managing Director

Brisbane
Date: 29 September 2017



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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 2017, 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 2017 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* (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.

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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
<p>The Group carries investments in listed shares totalling \$138,522,943 as at 30 June 2017, as disclosed in Note 11 to the financial statements. On adoption of AASB 9 <i>Financial Instruments</i> the Group has made an irrevocable election that all fair value gains and losses will be taken through other comprehensive income.</p> <p>The carrying value of the financial assets at fair value through other comprehensive income is a key audit matter due to the significance of the total balance (79% of total assets)</p>	<p>We challenged management in respect of the appropriateness of classification of the investments held as financial assets at fair value through other comprehensive income.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining from management a schedule of investments held by the Group and vouching these 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 managements' 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

Carrying value of convertible notes

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The Group carries investments in convertible notes, classified as fair value through profit and loss, totalling \$10,173,116 as at 30 June 2017, as disclosed in Note 11 to the financial statements, with key judgements disclosed in note 1(w).</p> <p>The carrying value of the financial assets at fair value through profit and loss is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance (6% of total assets) • the determination of the fair value of the convertible notes involves significant judgement on the valuation methodology and the inputs and assumptions. 	<p>We challenged management in respect of the appropriateness of the carrying value of the investments as financial assets at fair value through profit and loss.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining from management a schedule of investments in convertible notes held by the Group and vouching these to supporting documentation • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard including an assessment of the significant inputs applied by management in the valuation model • Reviewing managements' assessment of the movements in fair value of the convertible notes, ensuring that all gains and losses have been treated appropriately

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

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>Refer to note 13 and note 1(w) for details of the investment in associates accounted for using the equity method and the key judgements thereon.</p> <p>The company holds investments in three associates with a carrying value of \$17,035,638.</p> <p>The classification of each asset as an associate and measurement thereof is a key audit matter due to:</p> <ul style="list-style-type: none"> the level of judgement management were required to make in assessing the classification of the investment the significance of the closing balance (10% of total assets) the significant reversals of impairments that had been recorded in prior years 	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> Evaluating management's assessment of whether control, joint control or significant influence existed Agreeing the Groups 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 associate were consistent with DGR Global Limited. Recalculating the impairment reversals recorded by reference to the fair value of the investments based on quoted prices in active markets and checking that the reversal was not in excess of previously recorded impairments Reviewing the adequacy of the disclosures of in the financial report

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 2017, 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:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

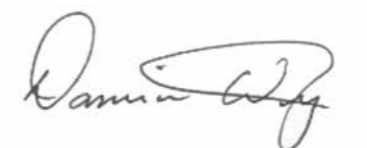
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 34 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of DGR Global Limited, for the year ended 30 June 2017, 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.



D P Wright

Director

BDO Audit Pty Ltd
 Brisbane, 29 September 2017

