

DGRGLOBAL

2018
ANNUAL
REPORT





DGR Global is a resource company creator.

Our project generation, strategic tenure acquisition, corporate development and investment capabilities provide diversity across several different commodities, sovereign jurisdictions and international financial exchanges. With our group of talented geoscientists, we focus on identifying and securing projects that will yield valuable world-class resource assets.

2018 ANNUAL GENERAL MEETING

DGR Global Limited's Annual General Meeting will be held at 11 am Brisbane time on Thursday 29 November 2018 at the offices of HopgoodGanim on Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000.

COVER IMAGE

In the words of the Company's CEO Nicholas Mather, "Go further – climb the mountain." Mr Mather has over 30 years' experience in exploration and resource company management in a variety in countries, and focuses the Company's attention on value generation, long-term monetisation outcomes, and cultivating opportunities across several continents and commodities.

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CHAIRMAN'S REPORT

DEAR SHAREHOLDERS,

It is with great pride that I write this year's report. The past 18 months have seen DGR Global continue to build strong foundations under the existing stable of sponsored companies, continuing the focus on value restoration. From a market perspective, whilst this period may at times have seemed counter-productive as our share price failed to reflect underlying and structural value improvements, it is important to remember that with time, consistency and belief in DGR's ultimate business model, our share price will ultimately mirror our true underlying value.

Having had the benefit of 30 years in the listed public company sector, I must say that I am finding markets increasingly sentimental, often eschewing the long-term accretion of value in a flight to new styles of investment alternatives in the hope of short-term profit. Quite deliberately, DGR Global continues to focus on the long game, banking on the continuing global demands that underpin and fuel the world's ongoing urban and technological development. The global mega trends of our time point to an increasing population, increasing urbanization, increasing life expectancies, an increase in the middle classes in the BRIC economies, and the ever-increasing demands for energy across the board. All of these trends require the production and consumption of more, not less, natural resources. The generation of projects in globally demanded natural resources will therefore remain at the core of DGR Global's business model. We strongly believe there is strength in diversity and in our ability to adapt our portfolio to meet changing market conditions and demands.

During the 2018 financial year, we welcomed Ben Cleary on to the DGR Global Board as part of our broader corporate relationship with Tribeca Investment Partners, which also includes a Convertible Note financing facility. We have found both Tribeca and Ben to be an excellent fit with the DGR Global ethos, and we look forward to many productive years working together. As co-author of the August 2018 Tribeca Global Natural Resources Fund Annual Investment Letter, Ben wrote that "while the natural resources sector will always be incredibly volatile thanks to the cyclical nature of demand and the ever-present misallocation of capital from producers, the sector will be much higher in twenty years because the world is generally short in most commodities."

DGR Global, via its project pipeline and its investments in its sponsored listed entities, currently offers investors exposure to a range of 'traditional' resource commodities (copper, gold, iron ore, oil & gas, bauxite) and those commodities that have come to be associated with 'technological' developments, particularly in the design and production of batteries (lithium, cobalt, tin, nickel). In the same way, DGR Global offers diversity not only as a mitigation for commodity risk, but also country risk, key personnel risk and financial market risk. However, the Board and management of DGR Global are acutely aware that the investment market does not presently ascribe value to these attributes, and is cognizant of the need to continue to review and evolve the Company's strategy, business plan and market messaging to improve the price at which the Company's shares are traded.

In relation to the gap that currently exists between our market capitalisation and our net asset value, we have observed that businesses that generate above average growth in net assets over a sustained period of time are ultimately able to trade at parity, or above their NTA, where there are some reasonable barriers to entry or a reasonable competitive advantage exists. In this regard I note that DGR's compound annual growth rate for its market valued NTA over the last 5 year period (after adjusting for capital raised by DGR) approximates 40% whilst the stock market in general has generated a compound annual growth rate of approximately 9% (S&P ASX 200 Accum Index) over the same timeframe. Whilst this is not strictly an "apples for apples" comparison, it does provide some basis for DGR's belief in its model, and the fruit that it will ultimately bear for shareholders. We believe DGR Global's competitive advantage to be our sustained ability to generate, manage and finance provincial scale projects from the ground up on the back of our macro views.

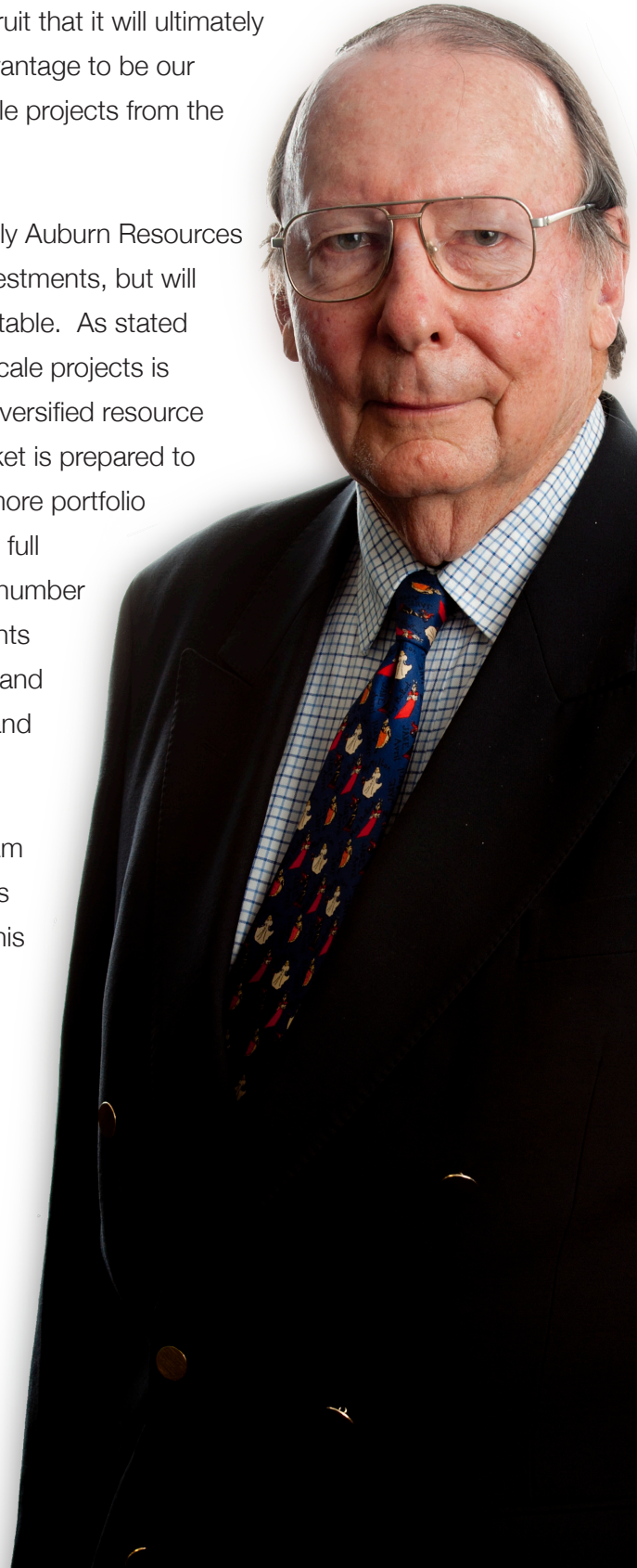
In the coming 12-24 months, DGR Global will aim to add not only Auburn Resources and the Ugandan Oil Project to its range of sponsored listed investments, but will also aim to add further projects and investments into the DGR stable. As stated earlier, continuous exploration for new opportunities and large-scale projects is the core of our business model. In looking at other successful diversified resource industry players and investment vehicles, it is clear that the market is prepared to ascribe a higher pricing to those companies that have eight or more portfolio interests, including a number that derive income. Accordingly, at full maturity, the DGR Global business model would have a greater number of portfolio interests or investments, have a number of investments that generate income, be self-funding from a project generation and investment perspective, obviating the need for capital raisings, and operate profitably, lending itself to the payment of dividends.

My fellow Board members and the Company's management team continue to work on the evolution and maturity of the Company's business model, and I thank them for their continued efforts in this regard.

Each of us have skin in the game, and we are committed to achieving a pay day for all.



WILLIAM (BILL) STUBBS
CHAIRMAN



REVIEW OF OPERATIONS

INTRODUCTION

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

A detailed summary of the Company's corporate and project developments for the year is set out below.

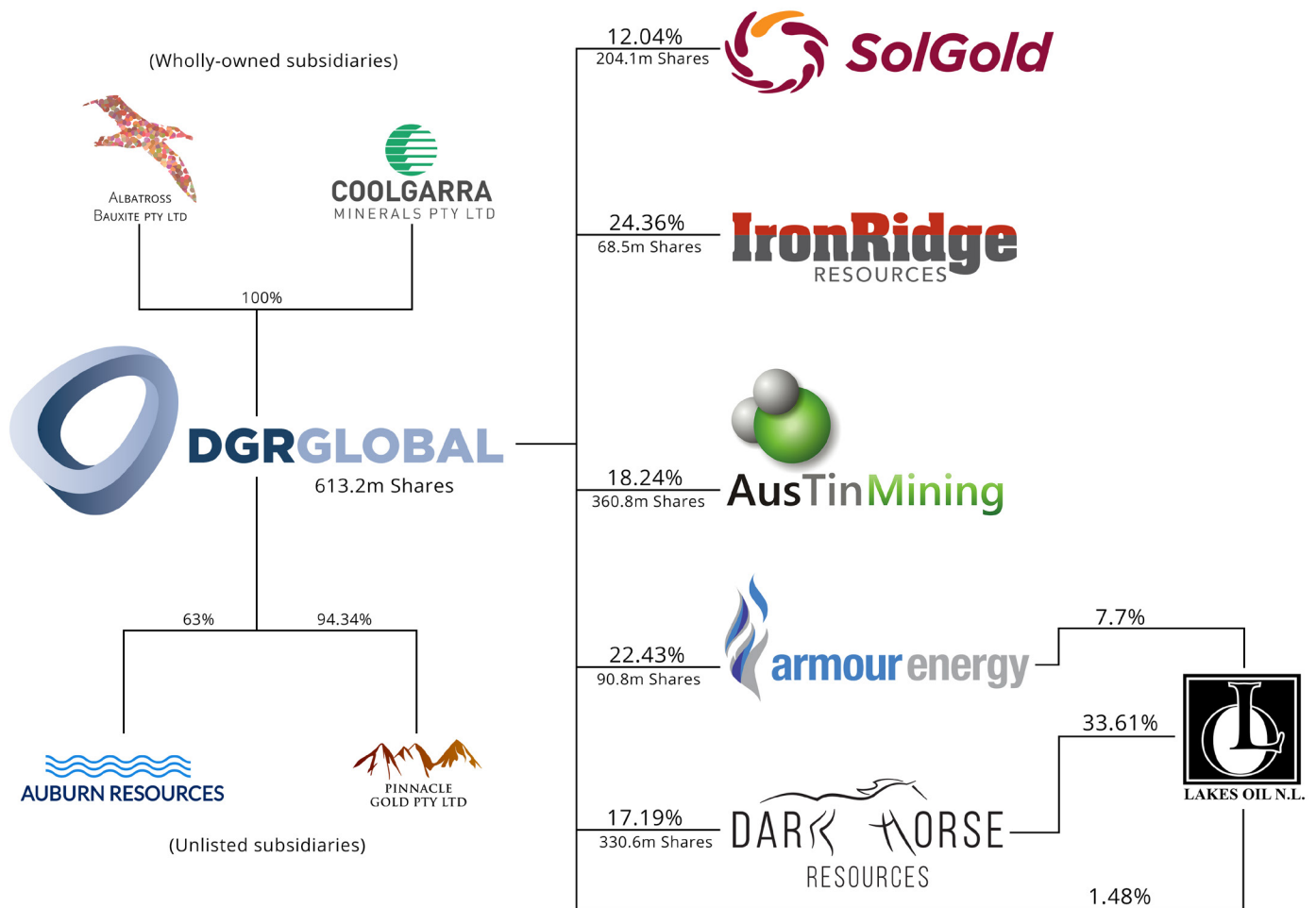


FIGURE 1
DGR Global-created listed investments (as at 30 June 2018)

CORPORATE DEVELOPMENTS

Key events for the company during 2018 included:

- Business model endorsed by the best performing hedge fund in the world in 2016 with Tribeca Investment Partners providing up to \$10 million in converting note funding to further develop the resource company creation business¹.
- DGR secures an 83.18% (Armour Energy 16.82%) interest in a highly prospective oil project in the Kanywataba Block, Uganda².
- Supporting Armour Energy in expanding its Roma Shelf gas production and distribution assets and fully 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).
- Advancing preparations for the IPO and ASX listing of Auburn Resources Limited.

INVESTMENTS IN LISTED COMPANIES



SolGold

12.04% OWNED BY DGR

LSE & TSX: SOLG

www.solgold.com.au

- Focus on high grade world class copper gold porphyry systems at Cascabel in Ecuador. Cascabel is close to Quito, the Capital and ports, is at low elevation, and has abundant water supplies and access to hydropower.
- NI 43-101 compliant Alpala Maiden Mineral Resource Estimate based on the initial 53,616 metres of drilling released early in 2018 – refer SolGold website for details³.
- Over 127,000 metres of drilling now completed, with further significant long, high grade drill intersections announced to the London and Toronto Stock Exchanges during the last half year. These can be viewed on the SolGold company website. Twelve (12) drilling rigs now operating at Cascabel⁴.
- Drilling at Aguinaga commenced in March, with the first hole intersecting porphyry style veining and visible chalcopryite and bornite mineralisation from 295 m. Now drilling Hole 7⁵.
- SolGold granted an additional 73 new Mineral Concessions in Ecuador (held in 4 wholly owned subsidiaries) to become the dominant explorer⁶.
- Extensive high grade copper, gold and zinc mineralisation already discovered in outcrops on several concessions in Southern Ecuador, particularly at the La Hueca, Timbara and Porvenir Projects⁷. High grade epithermal gold mineralisation discovered at the Blanca Nieves and Cisne Loja Projects⁸.



armour energy

22.43% OWNED BY DGR

ASX: AJQ

www.armouenergy.com.au

- The LPG system of the Kincora Gas Plant has been successfully recommissioned and the whole plant is now fully operational. Gas from existing production wells is being processed and sold, and LPG and condensate production has commenced. Gas production and sales of 9 TJ/day achieved from early February⁹.
- Awarded further Roma Shelf petroleum acreage near the Kincora plant in March¹⁰.

REVIEW OF OPERATIONS (CONT.)

INVESTMENTS IN LISTED COMPANIES (CONT.)

ARMOUR ENERGY (CONT.)

- Government of Uganda issues Armour an Exploration Licence over the highly prospective Kanywataba Block in the Albertine Graben, Uganda. Less than 40% of the Albertine Graben has been subjected to exploration to date where 101 wells of approximately 115 wells drilled have encountered hydrocarbons¹¹.
- Armour receives a cost-contribution grant of up to \$6 million to enable accelerated drilling of three production wells at Kincora under the Federal Government Gas Acceleration Program (GAP)¹².
- First well under the GAP initiative, Myall Creek 4A, drilled and cased to final depth on time and in budget during June. Stimulation, testing and completion is to be undertaken in the next quarter¹³.
- 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.



24.36% OWNED BY DGR

LSE (AIM): IRR

www.ironridgeresources.com.au

- Primary focus on gold (in Chad and Ivory Coast) and lithium (in Ghana and Ivory Coast) now firmly established with extensive tenement packages secured in all three countries.
- Recent market update highlighted the major new gold discovery at the Dorothe Project and nearby Ouchar and Echbara licence areas in Chad, gold projects in Ivory Coast, and lithium projects with proven big, high grade lithium spodumene pegmatites in Ghana and Ivory Coast¹⁴.
- A 7,000 metre RC drilling program at the Ewoyaa lithium pegmatite project in Ghana commenced on 30 April, and after the first 9 holes multiple broad pegmatite intersections have been reported¹⁵.
- Retaining highly prospective hematite rich iron targets evident in Tchibanga and Belinga Sud licence areas in Gabon – total tenure 5,400 km². Tchibanga is less than 70 km from the port of Mayumba.



17.19% OWNED BY DGR

ASX: DHR

www.darkhorseresources.com.au

- Focused on gold and developing a Lithium Spodumene business in Argentina
- The initial 3,000 metre, 24 diamond core drilling program at the Las Tapias Mine commenced on 24 May, with 11 holes for 1015 metres completed by the end of the quarter. Massive spodumene intersected within the thick pegmatite host body¹⁶.
- Agreement entered to acquire the highly prospective Cachi Mineral Project (gold) in Santa Cruz province where there are a number of world class gold projects already in operation. The area includes the company's Los Domos gold project¹⁷.
- Successful private placement and Share Purchase Plan raises almost \$5 million¹⁸.
- Following 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 (LKO), DHR now holds 9.6 billion shares in LKO.



AusTinMining

18.24% OWNED BY DGR

ASX: ANW

www.austinmining.com.au

- High grade cobalt results from drilling at Mt Cobalt west of Gympie, Qld. Initial target zone 350m long and 25 m wide open at depth¹⁹.
- Field reconnaissance locates historic workings and weathered host rock 190m south of the earlier target. Rock chip samples submitted for assay. Preliminary metallurgical testwork highlights the potential to beneficiate target zone material²⁰.
- Appointed General Manager of Operations at the Granville Tin Project in Tasmania and civil works commenced for Level 2 operations²¹.
- Maiden JORC resource estimate confirms Taronga as a world class tin project. The details of the resource (79% indicated) can be viewed on the ASX or on the company website.
- Metallurgical flow sheet completed for Taronga pre-feasibility study. Ore described as coarse grained, having simple metallurgy, and highly amenable to pre-concentration.
- Successful ore sorting trial for Taronga Tin utilizing X-Ray Transmission technology on +8 mm ore completed during the quarter²².
- Advancement of the Taronga Project with mining lease application lodged for Stage 1.

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS

During the year the group was strongly focused on advancing exploration projects within the parent and subsidiary companies. Field reconnaissance programs including mapping, soil, stream and rock sampling and diamond drilling were undertaken.

Significant activities which occurred during the year are as follows.



AUBURN RESOURCES 63% OWNED BY DGR

Auburn Resources Limited is focused on the discovery and development of copper, gold nickel, cobalt and zinc deposits in Eastern Queensland. The company holds a portfolio of 4 very prospective exploration project areas (including early stage resources) with huge upside potential. The four project areas (refer **Figure 2** over the page) contain at least 16 prospects, with several drill ready targets.

As announced by DGR to the ASX on 3 July 2017²³, 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 (refer **Figure 3 over the page**). The central axis of the northernmost anomalies are up to 4,200 parts per million (ppm) nickel – 50 times background, with cobalt up to 1130 ppm and copper up to 1380 ppm (refer **Figure 4 over the page**). 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 serpentine.

REVIEW OF OPERATIONS (CONT.)

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS (CONT.)

AUBURN RESOURCES (CONT.)

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.

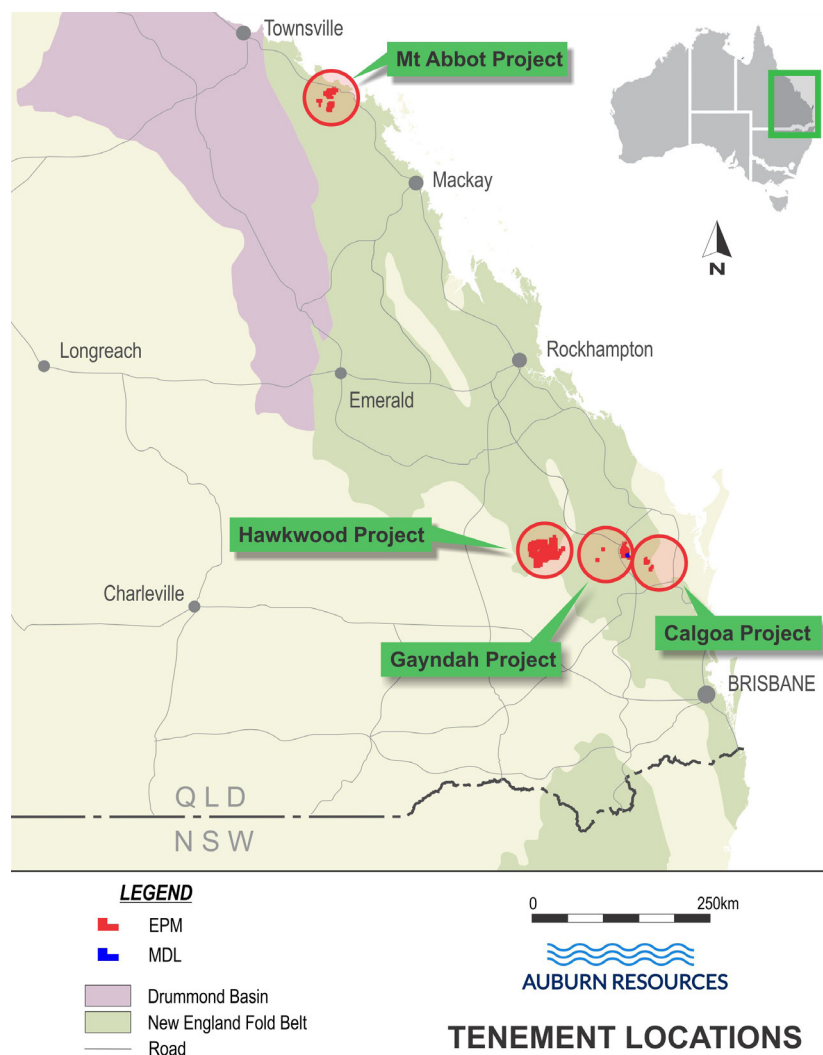


FIGURE 2
Map showing location of Auburn Resources exploration tenements in Eastern Queensland

Figure 4 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 1130 ppm – Platinum 0.049 ppm – Palladium 0.048 ppm – Gold 0.087 ppm.

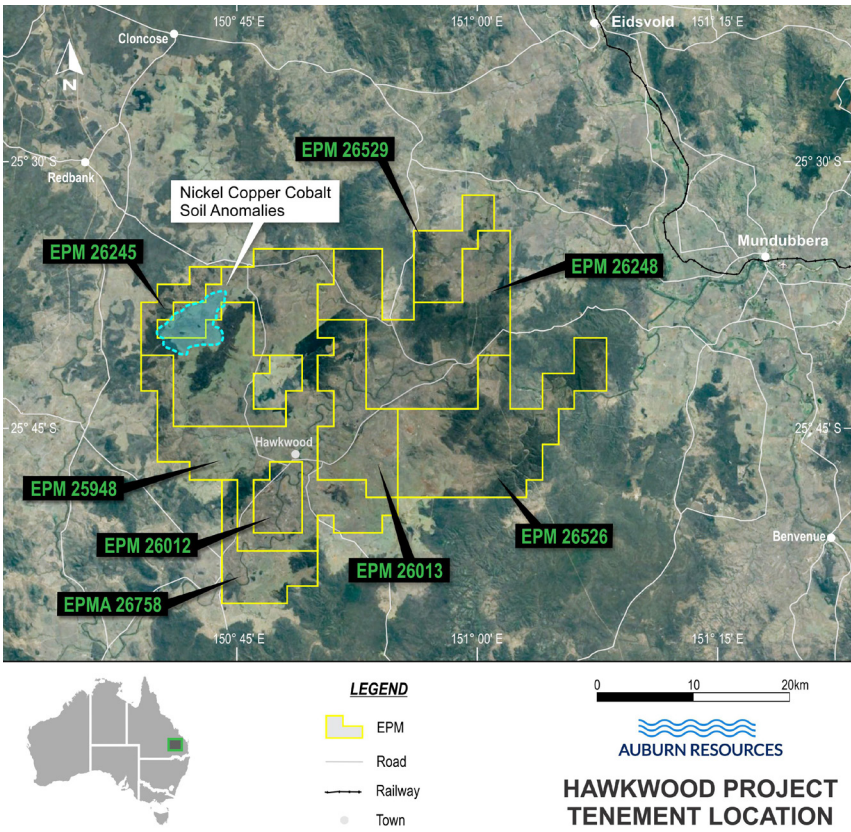
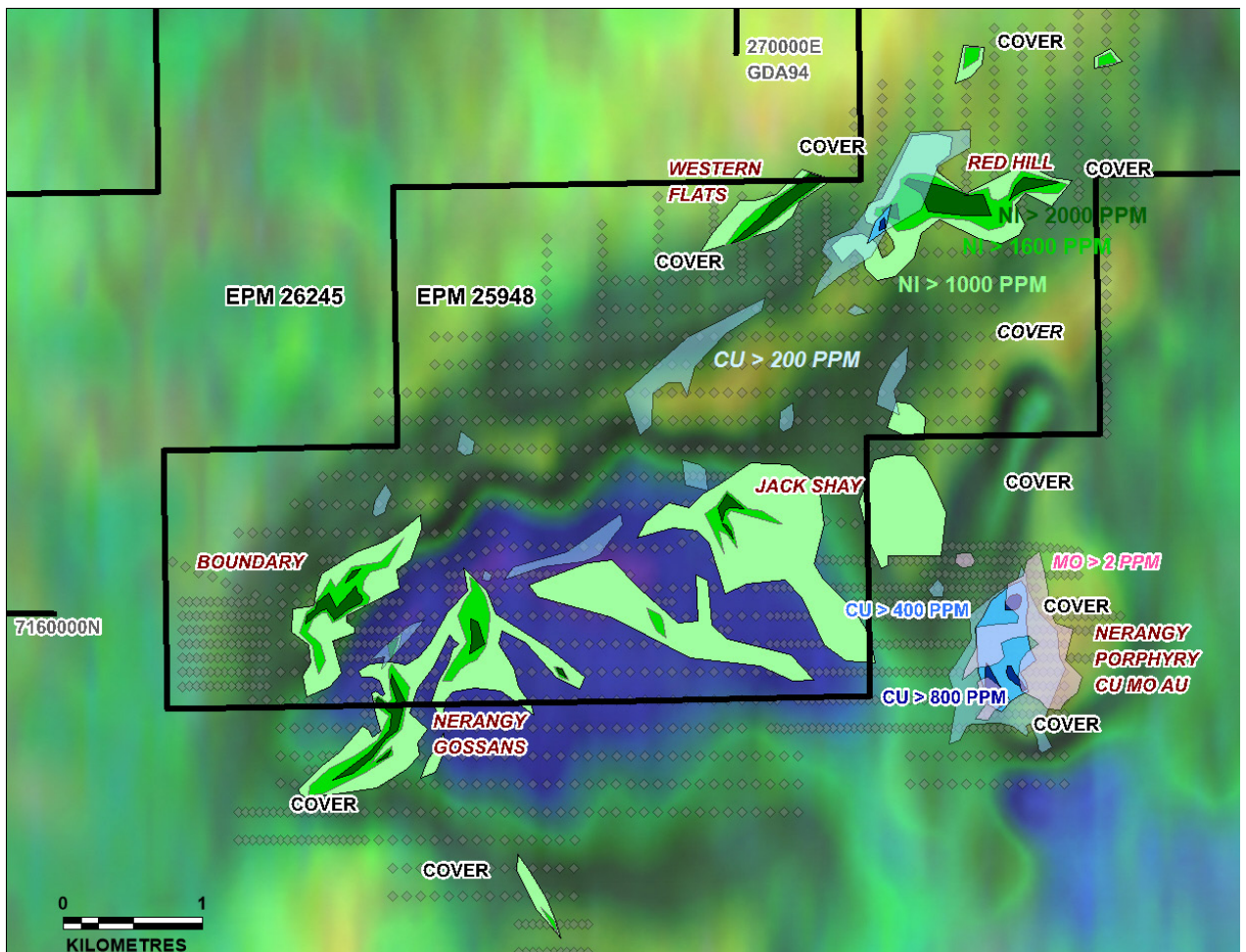


FIGURE 3
Nickel Copper Cobalt Soil Anomalies within the Hawkwood Project Area

FIGURE 4
Soil Sampling Grid across the Jack Shay Gabbro reveals five prospects: Red Hill; Western Plains; Jack Shay; Nerangy Gossans; Boundary



REVIEW OF OPERATIONS (CONT.)

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS (CONT.)

AUBURN RESOURCES (CONT.)

Auburn currently has ten (10) copper gold prospects within the four project areas, including Main Top, Titi Creek and Nerangy Porphyry within the Hawkwood Project area. Figures 5 and 6 show just 2 of these prospects.

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 7, 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.

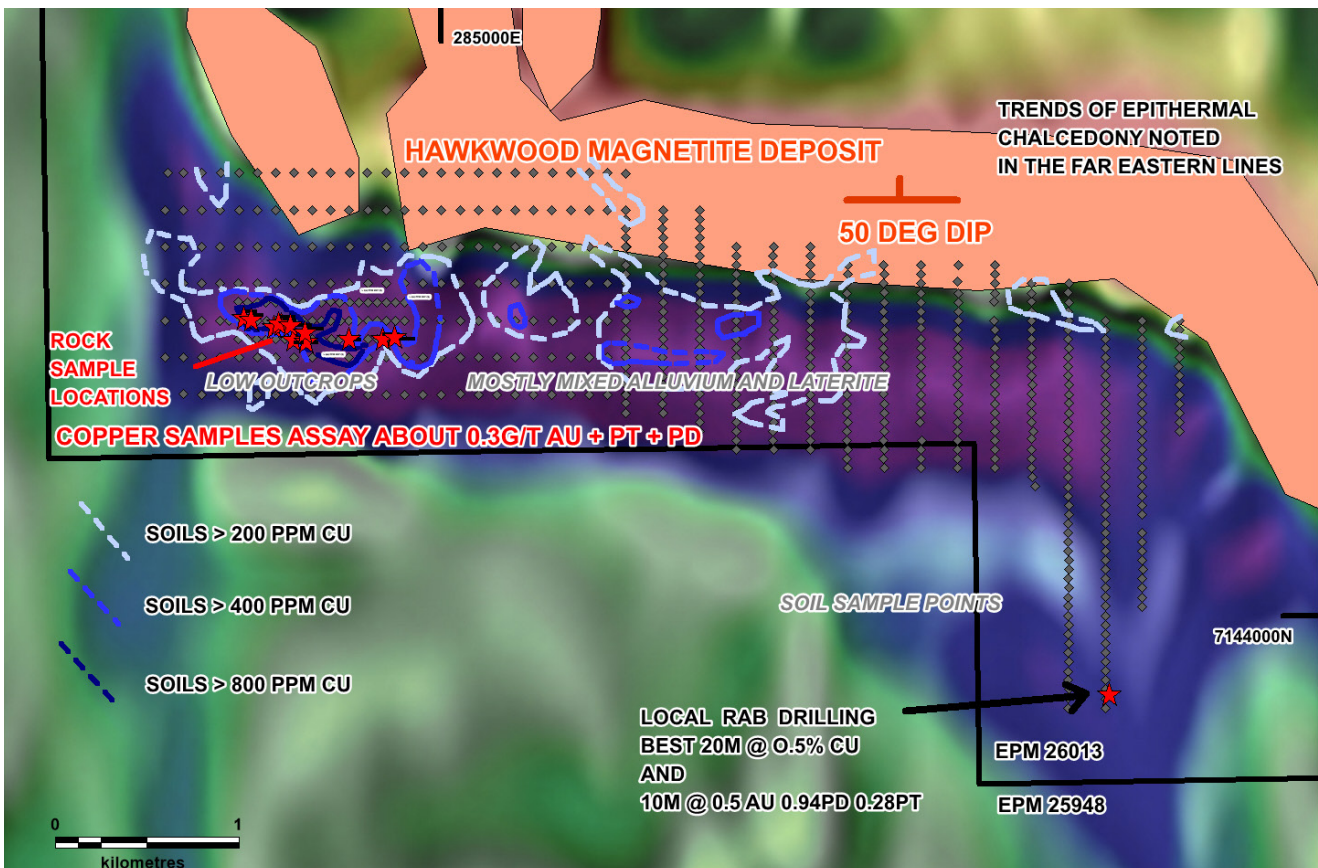


FIGURE 5 Hawkwood – Main Top Prospect Gabbro and Diorite hosted deposit south of the historically drilled Hawkwood Magnetite Deposit. Soils and Rock Chip Samples – high Cu Au Co Pt Pd anomalies.

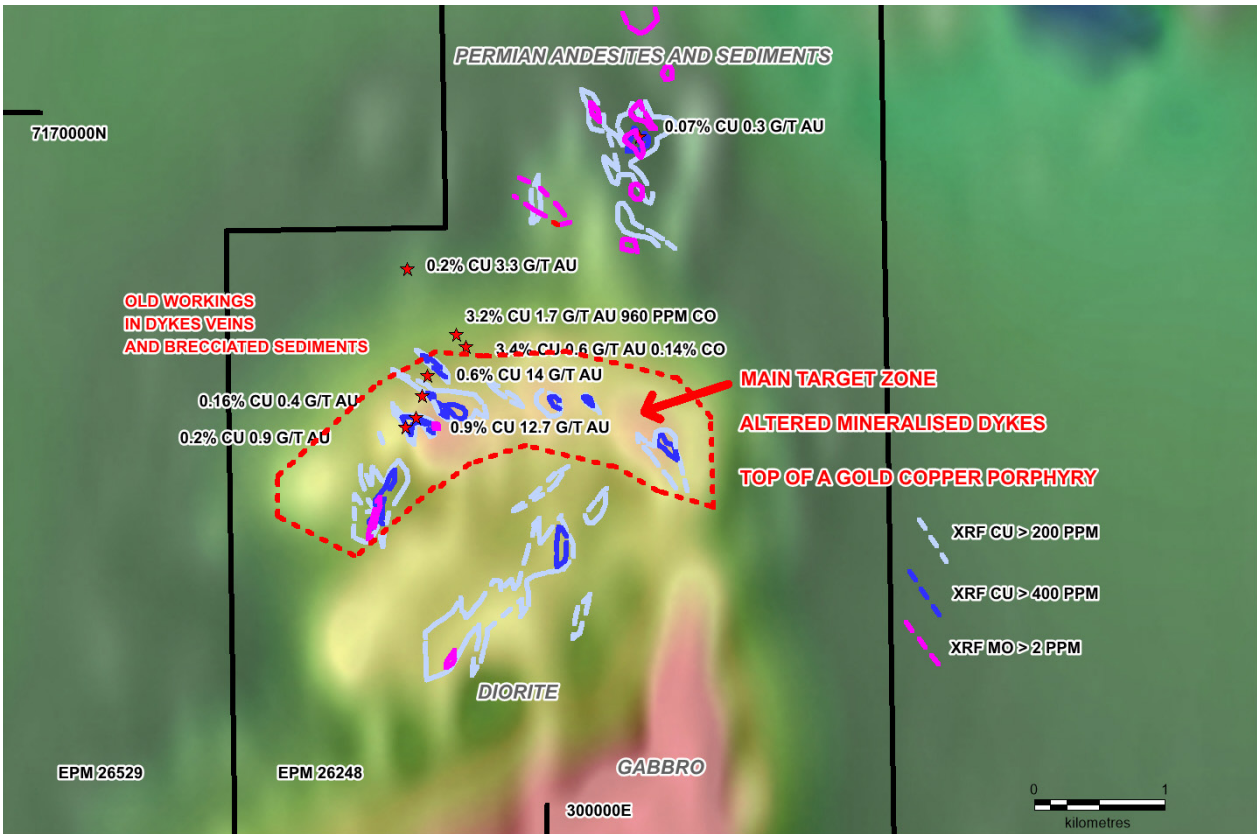
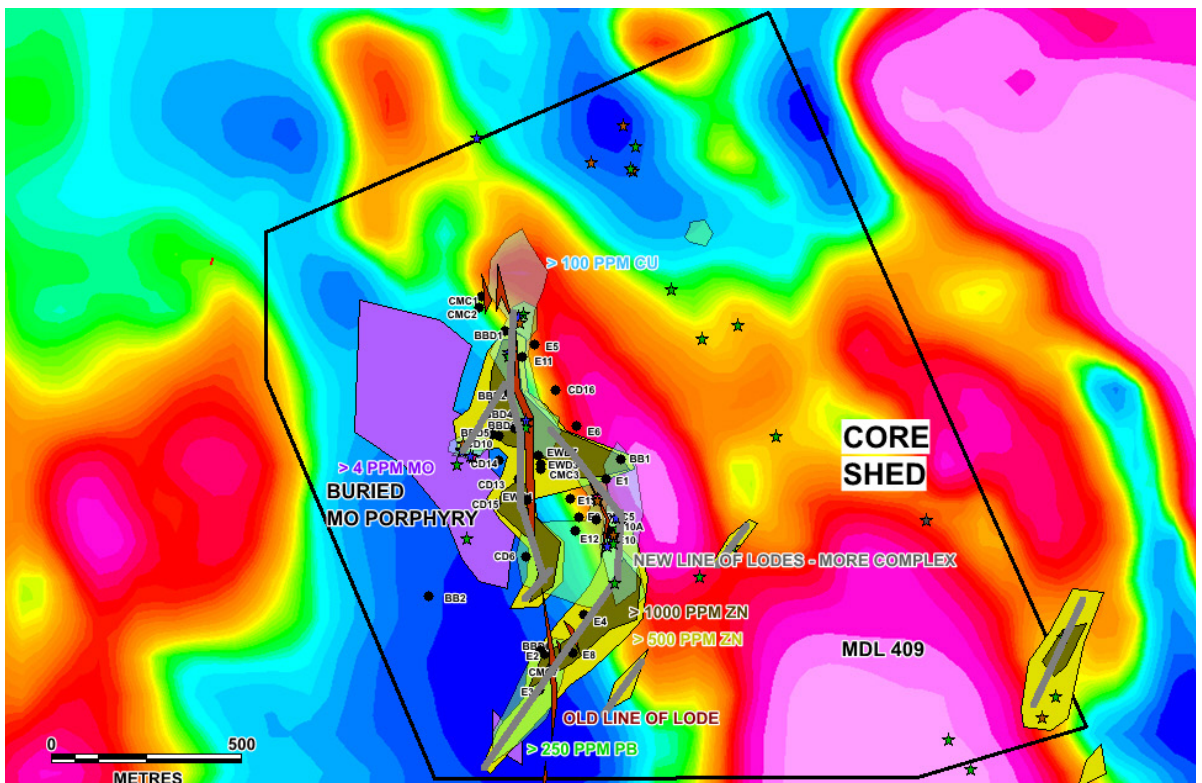


FIGURE 6
Hawkwood – Titi Creek Prospect: Copper Gold Porphyry with outer Gold Zinc Cobalt Zoning. Target – arcuate mag feature with numerous mineralised dykes. High gold grades in rock samples, lesser copper and low molybdenum.

FIGURE 7
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)

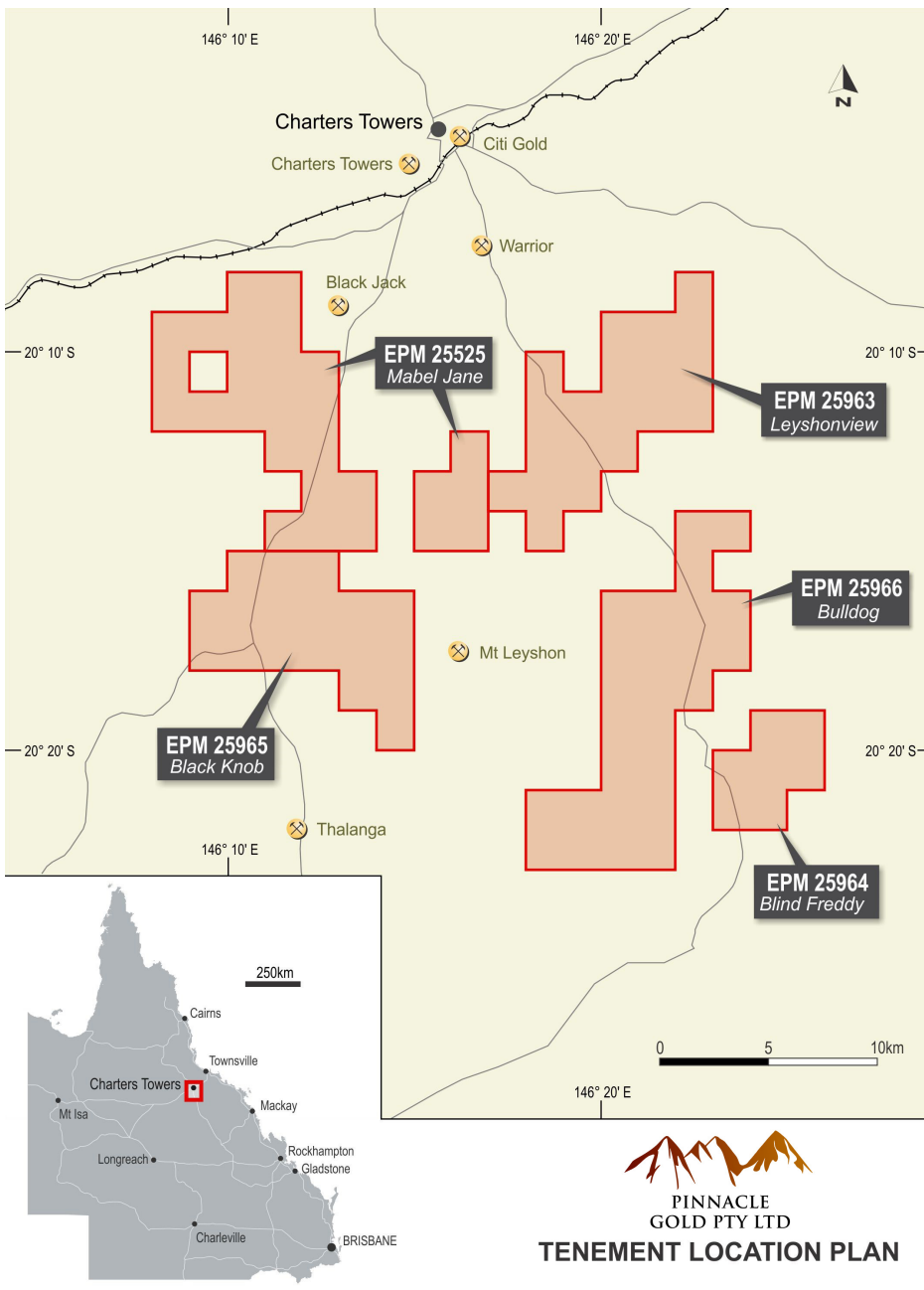


REVIEW OF OPERATIONS (CONT.)

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS (CONT.)

PINNACLE GOLD (94% OWNED BY DGR)

Pinnacle Gold has now secured substantial and extensive gold exploration tenements south of Charters Towers in Queensland (refer **Figure 8**). 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 (refer **Figure 9**).



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 8
Location of Exploration Permits near the former Black Jack and Mt Leyshon Mines

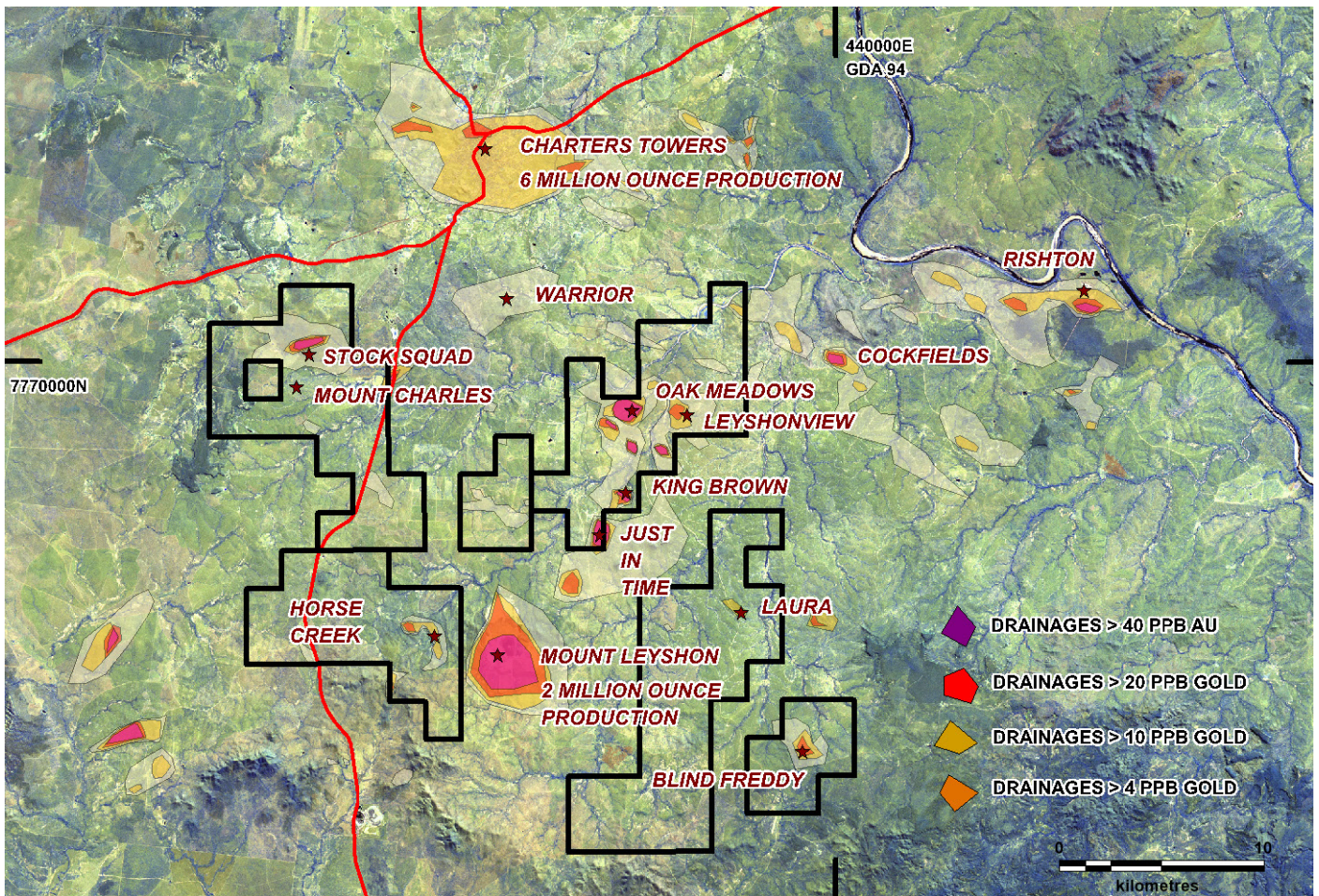


FIGURE 9
 Overview of gold stream sediment geochemistry south of Charters Towers (compiled from historical data)

REVIEW OF OPERATIONS (CONT.)

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS (CONT.)

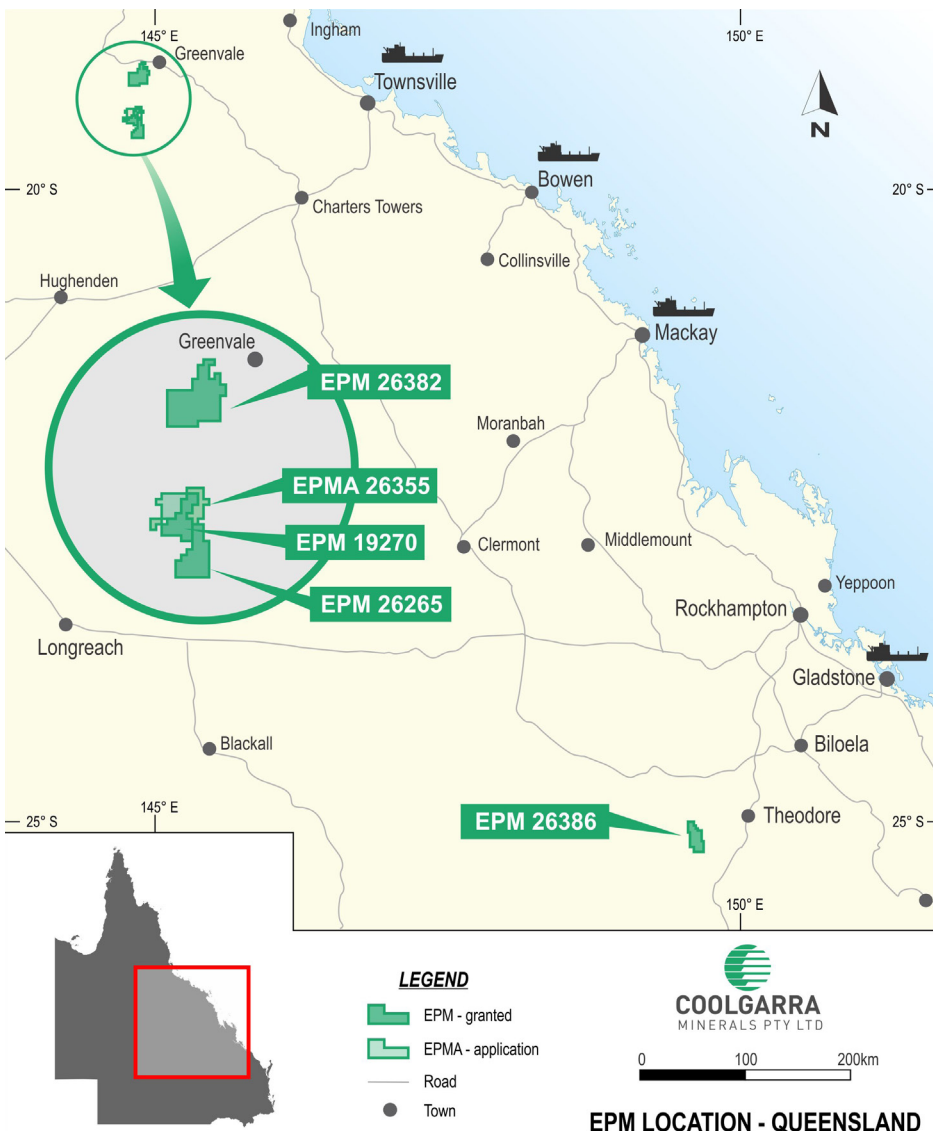
COOLGARRA MINERALS (100% OWNED BY DGR)

Coolgarra Minerals holds 3 granted EPMS and 1 EPM application south of Greenvale in Queensland, and one EPM west of Theodore in Central Queensland as shown in Figure 10.

As announced to the ASX on 9 February 2017²¹, 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.

Figure 11 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.



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 (refer Figure 12). 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.

FIGURE 10
Coolgarra Minerals Exploration Tenements

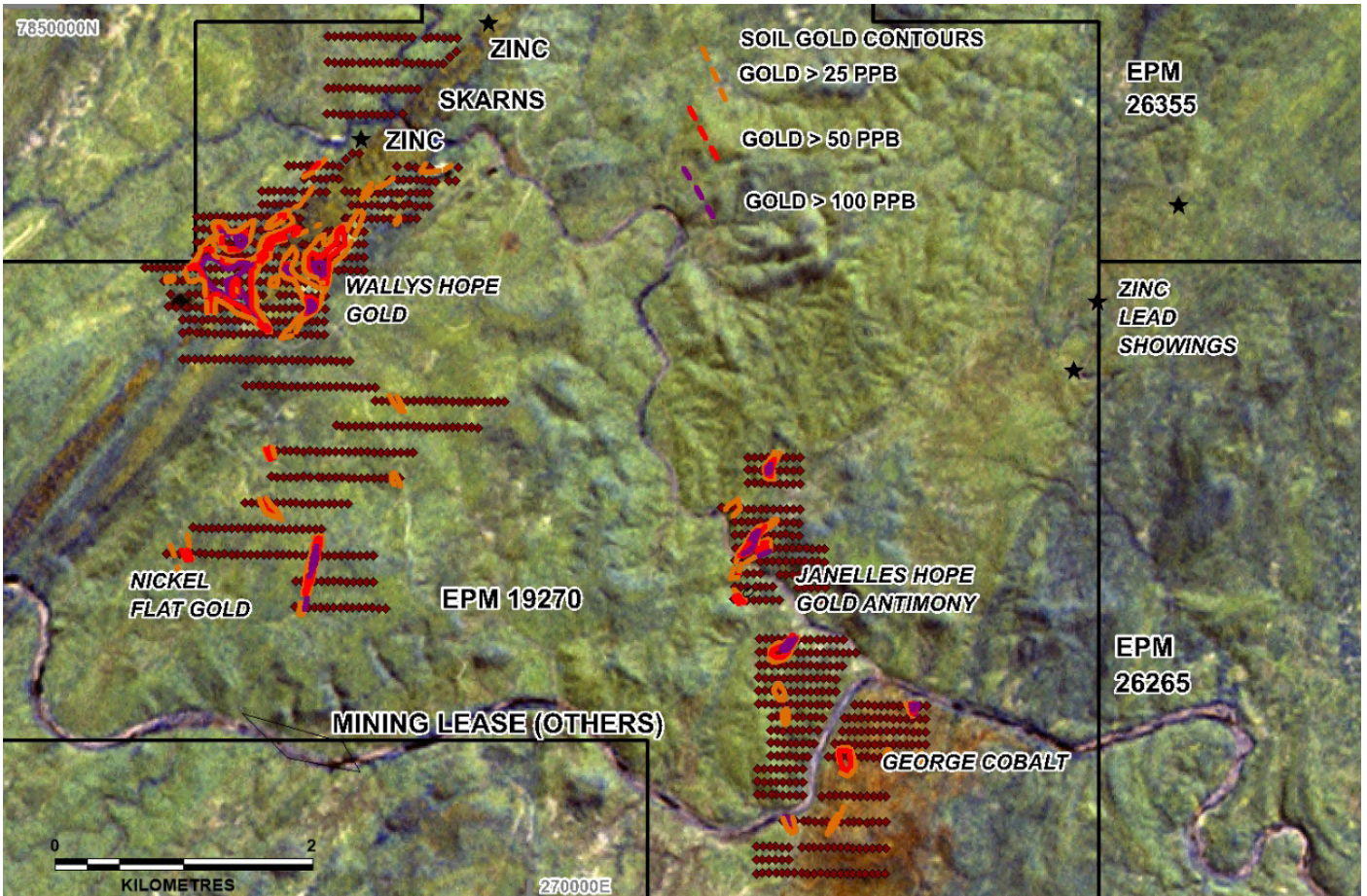


FIGURE 11
Soil Sample Grid on southern section of EPM 19270

FIGURE 12
High grade gold in non-veined sediments – western section of Wally's Hope Prospect



REVIEW OF OPERATIONS (CONT.)

EXPLORATION/DEVELOPMENT OF UNLISTED SUBSIDIARIES/PROJECTS (CONT.)

COOLGARRA MINERALS (CONT.)

Figure 13 shows an overview of the northern section of EPM 19270 on magnetic imagery. Again, the red diamonds indicate 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.

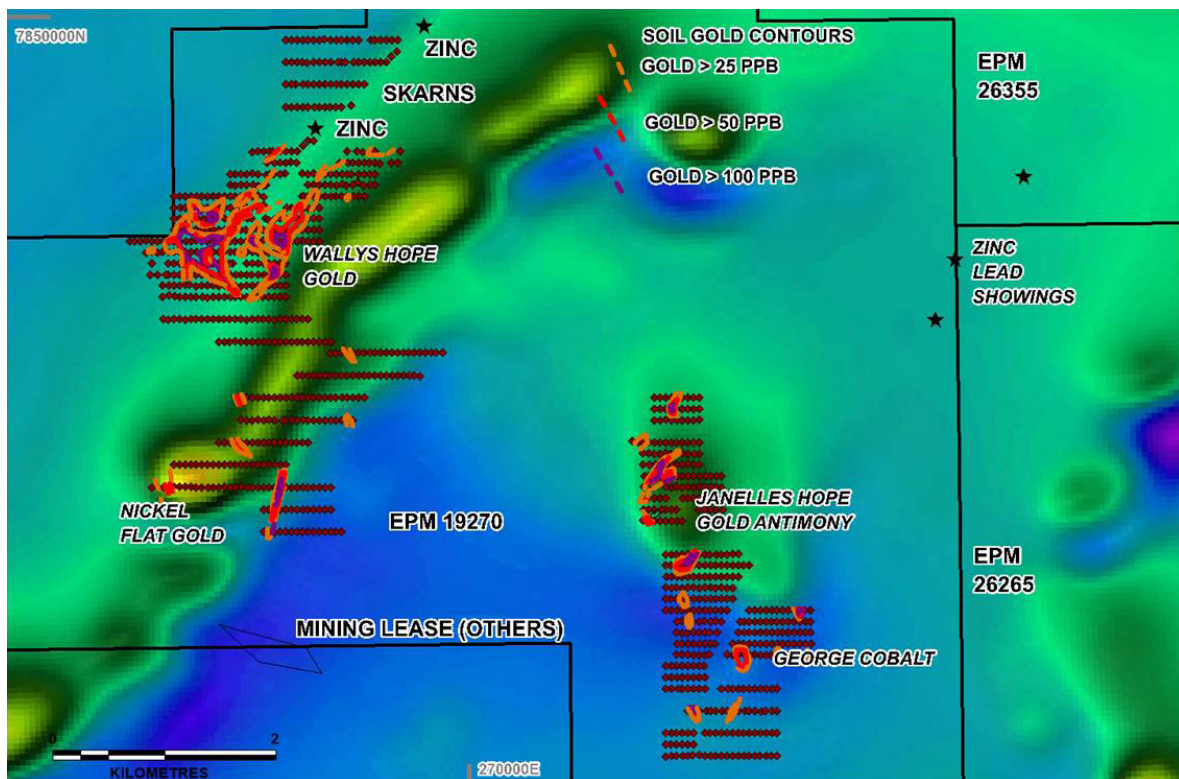


FIGURE 9
Wade's Prospect Soil Sample Grid on northern section of EPM 19270

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.

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. DGR ASX Releases 22/8 and 25/10/17 | 15. IRR LSE:AIM Releases 17/4, 30/4, 29/5/18 |
| 2. AJQ ASX Release 14/9/17 | 16. DHR ASX Releases 22/5, 7/6, 28/6/18 |
| 3. SOLG LSE & TSX Release 3/1/18 | 17. DHR ASX Release 14/6/18 |
| 4. SOLG LSE & TSX Releases 17/4, 6/6, 27/6/18 | 18. DHR ASX Releases 30/5, 18/6/18 |
| 5. SOLG LSE & TSX Releases 26/3, 17/4, 27/6/18 | 19. ANW ASX Releases 23/1, 16/2/18 |
| 6. SOLG LSE & TSX Releases 29/8, 28/11/17 | 20. ANW ASX Releases 5/3, 14/3/18 |
| 7. SOLG LSE & TSX Releases 24/2, 21/5/18 | 21. ANW ASX Releases 1/3, 12/4/18 |
| 8. SOLG LSE & TSX Releases 20/3, 7/6/18 | 22. ANW ASX Release 2/7/18 |
| 9. AJQ ASX Releases 21/1, 12/2/18 | 23. DGR ASX Releases 3/7,5/7/17 |
| 10. AJQ ASX Release 1/3/18 | 24. DGR ASX Release 9/2/17 |
| 11. AJQ ASX Release 19/9/17 | |
| 12. AJQ ASX Releases 28/3, 29/6/18 | |
| 13. AJQ ASX Releases 11/5, 31/5, 14/6/18 | |
| 14. IRR LSE:AIM Release 2/5/18 | |

COMPETENT PERSONS STATEMENT

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

Mr Mather has more than five years' experience which is relevant to the style of mineralization and type of deposit being reported and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (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 financial year ended 30 June 2018.

DIRECTORS

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

William (Bill) Stubbs	(Non-Executive Chairman)
Nicholas Mather	(Managing Director and Chief Executive Officer)
Brian Moller	(Non-Executive Director)
Vincent Mascolo	(Non-Executive Director)
Ben Cleary	(Non-Executive Director) – appointed 25 October 2017

WILLIAM (BILL) STUBBS

NON-EXECUTIVE CHAIRMAN

LLB

Mr Stubbs is a lawyer of over 35 years' experience and has previously worked with DGR Global CEO Nicholas Mather on the Boards of numerous emerging globally significant resource companies. He was the co-founder of the legal firm Stubbs Barbeler 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 Limited, 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 Limited
- Lakes Oil NL (appointed 7 February 2012)
- Stradbroke Ferries Limited (defunct 13 July 2018)

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

Mr Mather was Managing Director of Bemax Resources NL and instrumental in the discovery of the world class Gingko mineral sand deposit in the Murray Basin in 1998.

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

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

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



DIRECTORS' REPORT (CONT.)



BRIAN MOLLER
NON-EXECUTIVE DIRECTOR
LLB (HONS)

Mr Brian Moller is a corporate partner in the Brisbane based law firm Hopgood Ganim. 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.

Mr Moller holds an LLB Hons from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association.

He acts for many publicly-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:

- DGR Global Limited;
- Aus Tin Mining Limited;
- Platina Resources Limited;
- SolGold plc, which listed on the London Stock Exchange (LSE) and Toronto Stock Exchange (TSX); and
- Agua Resources Limited; and
- Lithium Consolidated Mineral Exploration Limited.

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 (AUS)

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 Limited, which is listed on the London Stock Exchange (AIM); and
- Lithium Consolidated Mineral Exploration Limited (appointed 19 May 2016).

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

DIRECTORS' REPORT (CONT.)



BEN CLEARY

NON-EXECUTIVE DIRECTOR
(APPOINTED 25 OCTOBER 2017)

BECON, GRADDIP FIN

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

In 2015, Mr Cleary founded Tribeca Global Natural Resources following the merger of Cleary Capital with Tribeca Investment Partners and has grown the team into one of Australia's largest dedicated natural resources

investment groups at a time where a number of investment management firms have exited the sector.

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

Mr Cleary has not during the past three years served as a Director of the any other listed companies.



KARL SCHLOBOHM

COMPANY SECRETARY

B.COMM, B.ECON, M.TAX, CA, FGIA

Mr Karl Schlobohm is a Chartered Accountant with over 25 years' 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 Dark Horse Resources Limited, DGR Global Limited, Aus Tin Mining Limited, Armour Energy Limited and dual listed TSX- and LSE-listed SolGold plc and LSE(AIM)-listed IronRidge Resources Limited.

DIRECTORS' INTERESTS

As at the date of this report, the interests of the directors in the shares and options of Dark Horse Resources Limited were:

	Number of ordinary shares	Number of options over ordinary shares
William (Bill) Stubbs	6,428,082	2,312,500
Nicholas Mather	119,163,341	8,250,000
Brian Moller	7,254,618	2,312,500
Vincent Mascolo	9,650,000	2,312,500
Ben Cleary	1,000,000	2,312,500

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

No dividends were declared or paid during the financial year or since the end of the financial year.

REVIEW AND RESULTS 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**.

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE

ORDINARY SHARES

On 2 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.

On 29 September 2017, 17,720,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted held under the Employee Share Option Plan.

On 27 November 2017, 22,950,000 \$0.065 ordinary shares were issued pursuant to the exercise of unlisted options held under the Director Share Option Plan.

DIRECTORS' REPORT (CONT.)

REVIEW OF FINANCIAL CONDITION (CONT.)

POSITION AT 30 JUNE 2018 AND POSITION AT THE DATE OF THIS REPORT

FINANCIAL POSITION

The net assets of the Group have decreased by \$31,483,657 to \$103,364,666 as at 30 June 2018 from \$134,848,323 as at 30 June 2017. This decrease has largely resulted from:

- decrease in value of SolGold plc investment accounted for as assets at fair value through other comprehensive income.

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 2 years time at 20 cents per note, and convertible at 20 cents per DGR share. On 26 September 2018, DGR Global Ltd requested to draw down of the remaining \$2 million under the facility. At 30 June 2018 the cash balance of the Group was \$2,841,511. Together the Group's cash, the Tribeca funding, and the Group's ability to sell interests in its listed investments will provide the Group with sufficient funding for a minimum of 12 months from the date of this report.

OPERATING RESULTS

For the year ended 30 June 2018, the Group loss after income tax was \$74,792 (2017 profit of \$2,652,740).

The loss for the year has been largely driven by:

- fair value adjustments on convertible notes;
- interest income on convertible notes;
- gain recognised on loss of significant influence of Dark Horse Resources Limited;
- management fee income;
- reversal of impairment on equity accounted investments; and
- recognition of share of associate losses.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 23 July 2018, the shareholders of Auburn Resources Limited approved a 3 to 1 share consolidation. Subsequently, Auburn Resources Limited raised \$1,150,000 by the issue of shares at 10 cents each comprising of the conversion of \$850,000 of debt to equity by DGR Global, a drilling contractor and key executives and 1:1 rights issue to raise \$300,000.

On 26 September 2018, DGR Global Limited announced that it had reached agreement with Tribeca Investment Partners (Tribeca) for a series of amendments to the terms of the \$10 million convertible note funding arrangements originally announced to the market on 22 August 2017. The material terms of the amendments agreed are as follows:

1. additional \$2m in funding provided (ie. \$10m now drawn);
2. the convertible note facility is now secured;
3. the entire \$10m convertible note facility now matures in 2 years time, representing an effective 12 month extension for the initial \$8m in funding drawn in 2017;
4. coupon rate remains at 12% per annum, but payable in cash; and
5. conversion price remains unchanged at 20 cents per note, for all notes issued.

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

FUTURE LIKELY DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

REMUNERATION POLICY (CONT.)

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

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

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to Non-Executive Directors. A Non-Executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company. 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 2018 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 2018 there were no discretionary bonuses paid (2017: \$100,000). 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 2018 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.

	2014	2015	2016	2017	2018
Share price at year end	\$0.03	\$0.036	\$0.025	\$0.135	\$0.09
Dividend declared	-	\$0.0025	-	-	-
Earnings (loss) per share (cents)	(1.5)	1.6	0.1	0.5	(0.0)

During the year ended 30 June 2018 the market price of the Company's ordinary shares ranged from a low of \$0.084 to a high of \$0.14.

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.

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

EMPLOYMENT CONTRACTS

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

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

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

MANAGING DIRECTOR

DGR Global Limited has an agreement with Samuel Capital Pty Ltd, an entity associated with Nicholas Mather, for the provision of certain consultancy services of Nicholas Mather. The agreement was last updated on 1 July 2015. Samuel Capital Pty Ltd will provide Nicholas Mather as the Managing Director of DGR Global Limited for a base fee of \$250,000 per annum.

Effective 1 March 2017 the Managing Director's base fee was increased to \$300,000 per annum. There is no fixed term specified in this agreement.

Under the terms of the present contract:

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

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

PERFORMANCE INCOME AS A PROPORTION OF TOTAL REMUNERATION

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

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

There were no discretionary bonus payments made during the year ended 30 June 2018 (2017: \$100,000).

SHARES AND OPTIONS ISSUED IN DGR GLOBAL AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018

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.

The terms and conditions of the grant of options over ordinary shares affecting remuneration of directors and other key management personnel during the financial year ended 30 June 2018 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
8,000,000	9/11/2017	9/11/2017	8/11/2020	\$0.20	\$0.0229
17,500,000	30/11/2017	30/11/2017	28/11/2020	\$0.20	\$0.0229

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

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

REMUNERATION DETAILS

REMUNERATION OF DIRECTORS (CONT. AT RIGHT)

	Short term benefits			Long term	Post-
	Salary & fees	Cash bonus	Non-cash and	benefits	employment
			other*	Long service	Superannuation
	\$	\$	\$	leave accrual	\$
Bill Stubbs					
- 2018	70,000	-	2,425	-	-
- 2017	70,000	-	4,332	-	-
Nicholas Mather					
- 2018	300,000	-	14,963	-	-
- 2017	258,333	100,000	18,732	-	-
Brian Moller					
- 2018	50,000	-	2,425	-	-
- 2017	50,000	-	4,332	-	-
Vincent Mascolo					
- 2018	50,000	-	2,425	-	-
- 2017	50,000	-	4,332	-	-
Ben Cleary					
- 2018	37,121	-	2,425	-	-
- 2017	-	-	-	-	-
Sub-total remuneration					
- 2018	507,121	-	24,663	-	-
- 2017	428,333	100,000	31,728	-	-

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

Share based payments		Total	Consisting of	Consisting of
Equity settled			options	performance
Options	Shares			related
\$	\$	\$	%	%
52,910	-	125,335	42%	-
-	-	74,332	-	-
188,760	-	503,723	37%	-
-	-	377,065	-	27%
52,910	-	105,335	50%	-
-	-	54,332	-	-
52,910	-	105,335	50%	-
-	-	54,332	-	-
52,910	-	92,456	57%	-
-	-	-	-	-
400,400	-	932,185		
-	-	560,061		

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

REMUNERATION DETAILS (CONT.)

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONT. AT RIGHT)

	Short term benefits			Long term	Post-
	Salary & fees	Cash bonus	Non-cash and	benefits	employment
			other*	Long service	Superannuation
	\$	\$	\$	\$	\$
Greg Runge					
- 2018	182,648	-	12,325	-	22,937
- 2017	151,631	-	13,392	3,509	-
Karl Schlobohm					
- 2018	218,455	-	2,425	-	68,811
- 2017	210,178	-	4,332	-	-
Priy Jayasuriya					
- 2018	262,558	-	12,325	3,839	68,811
- 2017	253,337	-	13,932	8,495	-
Neil Wilkins					
- 2018	56,044	-	2,425	-	22,937
- 2017	54,731	-	-	-	-
Sub-total remuneration					
- 2018	719,705	-	29,500	3,839	42,295
- 2017	669,877	-	32,196	12,004	38,282
Total remuneration					
- 2018	1,226,826	-	54,163	3,839	42,295
- 2017	1,098,210	100,000	63,924	12,004	38,282

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

Share based payments		Total	Consisting of options	Consisting of performance related
Options	Equity settled Shares			
\$	\$	\$	%	%
22,937	-	235,262	10%	-
-	-	182,747	-	-
68,811	-	289,691	24%	-
-	-	214,510	-	27%
68,811	-	372,476	18%	-
-	-	299,831	-	-
22,937	-	81,406	28%	-
-	-	54,731	-	-
183,496	-	978,835		
	-	752,359		
583,896	-	1,911,020		
-	-	1,312,420		

DIRECTORS' REPORT (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

REMUNERATION DETAILS (CONT.)

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 2018 are set out below.

	Number of options granted during the year 2018	Number of options vested during the year 2018
DIRECTORS		
Bill Stubbs	2,312,500	2,312,500
Nicholas Mather	8,250,000	8,250,000
Brian Moller	2,312,500	2,312,500
Vincent Mascolo	2,312,500	2,312,500
Ben Cleary	2,312,500	2,312,500
OTHER KEY MANAGEMENT PERSONNEL		
Greg Runge	1,000,000	1,000,000
Karl Schlobohm	3,000,000	3,000,000
Neil Wilkins	1,000,000	1,000,000
Priy Jayasuriya	3,000,000	3,000,000
Total	25,500,000	25,500,000

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

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

There were 34,950,000 options exercised into ordinary shares by employees and Directors during the year that were previously granted as remuneration (2017: 8,950,000).

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.

SHAREHOLDINGS

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.

SHAREHOLDINGS / DGR GLOBAL LIMITED

	Balance on 30 June 2017	Granted as compensation	Options exercised	Net change other*	Balance on 30 June 2018
DIRECTORS					
Bill Stubbs	1,778,082	-	4,650,000	-	6,428,082
Nicholas Mather	110,163,341	-	9,000,000	-	119,163,341
Brian Moller	2,604,618	-	4,650,000	-	7,254,618
Vincent Mascolo	5,000,000	-	4,650,000	-	9,650,000
Ben Cleary	-	-	-	1,000,000	1,000,000
OTHER KEY MANAGEMENT PERSONNEL					
Greg Runge	9,009,415	-	4,000,000	-	13,009,415
Karl Schlobohm	3,000,000	-	4,000,000	(500,000)	6,500,000
Priy Jayasuriya	476,832	-	4,000,000	(2,476,832)	2,000,000
Neil Wilkins	1,200,000	-	-	(185,000)	1,015,000
Total	133,232,288	-	34,950,000	(2,161,832)	166,020,456

* 'Net change 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.

SHAREHOLDINGS / AUBURN RESOURCES LIMITED (FORMERLY ARCHER RESOURCES LIMITED)

	Balance on 30 June 2017	Granted as compensation	Options exercised	Net change other	Balance on 30 June 2018
DIRECTORS					
Bill Stubbs	-	-	-	-	-
Nicholas Mather	-	-	-	-	-
Brian Moller	100,000	-	-	-	100,000
Vincent Mascolo	100,000	-	-	-	100,000
Ben Cleary	-	-	-	-	-
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 (CONT.)

REMUNERATION REPORT (AUDITED) (CONT.)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONT.)

SHAREHOLDINGS / PINNACLE GOLD PTY LTD

	Balance on 30 June 2017	Granted as compensation	Options exercised	Net change other	Balance on 30 June 2018
DIRECTORS					
Bill Stubbs	200,000	-	-	-	200,000
Nicholas Mather	200,000	-	-	-	200,000
Brian Moller	-	-	-	-	-
Vincent Mascolo	200,000	-	-	-	200,000
Ben Cleary	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL					
Greg Runge	500,000	-	-	-	500,000
Karl Schlobohm	100,000	-	-	-	100,000
Priy Jayasuriya	50,000	-	-	-	50,000
Neil Wilkins	400,000	-	-	-	400,000
Total	1,650,000	-	-	-	1,650,000

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

OPTION HOLDINGS

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

OPTION HOLDINGS / DGR GLOBAL LIMITED

	Balance 30 June 2017	Granted as compensation	Exercised	Other*	Balance 30 June 2018
DIRECTORS					
Bill Stubbs	4,650,000	2,312,500	(4,650,000)	-	2,312,500
Nicholas Mather	9,000,000	8,250,000	(9,000,000)	-	8,250,000
Brian Moller	4,650,000	2,312,500	(4,650,000)	-	2,312,500
Vincent Mascolo	4,650,000	2,312,500	(4,650,000)	-	2,312,500
Ben Cleary	-	2,312,500	-	-	2,312,500
OTHER KEY MANAGEMENT PERSONNEL					
Greg Runge	4,000,000	1,000,000	(4,000,000)	-	1,000,000
Karl Schlobohm	4,000,000	3,000,000	(4,000,000)	-	3,000,000
Priy Jayasuriya	4,000,000	3,000,000	(4,000,000)	-	3,000,000
Neil Wilkins	-	1,000,000	-	-	1,000,000
Total	34,950,000	25,500,000	(34,950,000)	-	25,500,000
	(AT YEAR END)	Vested	Vested/exercisable	Vested/unexercisable	
DIRECTORS (CONT.)					
Bill Stubbs (cont.)		2,312,500	2,312,500	-	
Nicholas Mather (cont.)		8,250,000	8,250,000	-	
Brian Moller (cont.)		2,312,500	2,312,500	-	
Vincent Mascolo (cont.)		2,312,500	2,312,500	-	
Ben Cleary (cont.)		2,312,500	2,312,500	-	
OTHER KEY MANAGEMENT PERSONNEL (CONT.)					
Greg Runge (cont.)		1,000,000	-	-	
Karl Schlobohm (cont.)		3,000,000	3,000,000	-	
Priy Jayasuriya (cont.)		3,000,000	3,000,000	-	
Neil Wilkins (cont.)		1,000,000	1,000,000	-	
Total (cont.)		25,500,000	25,500,000	-	

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

DIRECTORS' REPORT (CONT.)

OPTION HOLDINGS / AUBURN RESOURCES LIMITED

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

OPTION HOLDINGS / 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

MR BRIAN MOLLER (A DIRECTOR)

Mr Moller is a partner in the firm HopgoodGanim Lawyers. Hopgood Ganim Lawyers were paid \$81,702 (2017: \$70,035) 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 2018 there was a balance of \$4,176 owing (2017: \$19,045) included within current liabilities.

MR GREG RUNGE

During the financial year advanced 63% owned subsidiary Auburn Resources Limited an unsecured loan of \$100,000 (2017: Nil). There is no interest payable on the advance. At 30 June 2018 there was a balance of \$100,000 owing (2017: Nil)

MR NEIL WILKINS

During the financial year advanced 63% owned subsidiary Auburn Resources Limited an unsecured loan of \$40,000 (2017: Nil). There is no interest payable on the advance. At 30 June 2018 there was a balance of \$40,000 owing (2017: Nil)

— END OF REMUNERATION REPORT (AUDITED) —

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was 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	7	2	2	-	-
Ben Cleary	5	5	N/A	N/A	N/A	N/A

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

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 Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* (Cth) does not require disclosure of the information in these circumstances.

The Company has not indemnified or insured its auditor.

OPTIONS

There were 42,670,000 shares issued as a result of the exercise of options during the year ended 30 June 2018 and none since that date.

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

Grant date	Date of expiry	Exercise price	Number under option
9 November 2017	8 November 2020	\$0.20	19,375,000
30 November 2017	28 November 2020	\$0.20	17,500,000
12 February 2018	12 February 2021	\$0.20	3,000,000
15 June 2018	12 February 2021	\$0.20	1,000,000

At the date of this report, there are no unissued ordinary shares of Auburn Resources Limited 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.

DIRECTORS' REPORT (CONT.)

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

There were no non-audit services provided by the Group's auditor BDO Audit Pty Ltd for the year ended 30 June 2018 (2017: 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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 41.

Signed in accordance with a resolution of Directors:



NICHOLAS MATHER

MANAGING DIRECTOR

BRISBANE, 28 SEPTEMBER 2018

AUDITOR'S INDEPENDENCE DECLARATION

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 2018, 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* (Cth) in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

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



D P WRIGHT

DIRECTOR

BDO AUDIT PTY LTD

BRISBANE, 28 SEPTEMBER 2018



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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT. AT RIGHT)

	Notes	2018 \$	2017 \$
REVENUE AND OTHER INCOME			
Revenue	2	3,276,518	3,027,970
Other income	2	5,336,616	971,966
Total revenue and other income		8,613,134	3,999,936
EXPENSES			
Finance costs		(782,740)	(530,810)
Employee benefits expenses		(2,389,109)	(2,209,395)
Depreciation		(34,701)	(37,285)
Legal expenses		(72,885)	(46,654)
Administration and consulting expenses		(1,875,305)	(1,315,111)
Exploration and evaluation assets written-off		(822,265)	(1,606,727)
Rehabilitation expense		-	(441,313)
Share of profit/(losses) of associates	13(a)	(6,236,853)	(2,912,545)
Net reversal of impairment of investment in associates	13(a)	4,991,112	9,026,086
Share based payments expense		(941,717)	-
Profit/(loss) before income tax	3	448,671	3,926,182
Income tax (expense) / benefit	4	(523,463)	(1,273,442)
Profit (loss) for the year		(74,792)	2,652,740
Other comprehensive income / items that will not be reclassified into profit or loss			
Change in fair value of financial assets	11(a)	(50,651,299)	123,248,361
Income tax benefit relating to change in fair value of financial assets	4	15,195,297	(36,974,849)
Share of associates' other comprehensive income (net of tax)	13(a)	376,703	-
Other comprehensive income for the year, net of tax		(35,079,299)	86,273,512
Total comprehensive income for the year		(35,154,091)	88,926,252

The above tables should be read in conjunction with the accompanying notes.

	Notes	2018 \$	2017 \$
Profit / (loss) for the year attributable to:			
Owners of the parent company		(65,382)	2,735,693
Non-controlling interests		(9,410)	(82,953)
		(74,792)	2,652,740
Total comprehensive income for the year attributable to:			
Owners of the parent company		(35,144,681)	89,009,205
Non-controlling interests		(9,410)	(82,953)
		(35,154,091)	88,926,252
Earnings per share attributable to owners of the parent company			
		Cents per share	Cents per share
Basic earnings per share	8	(0.0)	0.5
Diluted earnings per share	8	(0.0)	0.5

The above table should be read in conjunction with the accompanying notes.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT. AT RIGHT)

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	9	2,841,511	1,361,255
Trade and other receivables	10	1,483,286	889,274
Other current assets	16	39,710	24,977
Current tax assets	4	5,101	-
Total current assets		4,369,608	2,275,506
NON-CURRENT ASSETS			
Other financial assets	11	108,812,320	150,213,824
Investments accounted for using the equity method	13	17,991,832	17,035,638
Property, plant and equipment	14	426,731	446,085
Exploration and evaluation assets	15	6,572,307	4,428,211
Loans with related parties	26(d)	-	2,057,799
Total non-current assets		133,803,190	174,181,557
Total assets		138,172,798	176,457,063
CURRENT LIABILITIES			
Trade and other payables	17	1,461,117	1,018,538
Income tax payable	4	-	399,159
Total current liabilities		1,461,117	1,417,697
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4	24,287,557	39,101,489
Other financial liabilities	18	7,939,904	-
Provisions	19	1,089,554	1,089,554
Total non-current liabilities		33,317,015	40,191,043
Total liabilities		34,778,132	41,608,740
Net assets		103,394,666	134,848,323

The above tables should be read in conjunction with the accompanying notes.

	Notes	2018 \$	2017 \$
EQUITY			
Issued capital	20	33,545,921	30,787,204
Reserves	21	84,650,218	118,787,800
Accumulated losses	22	(15,292,089)	(15,226,707)
Equity attributable to:			
Owners of the parent company		102,904,050	134,348,297
Non-controlling interests		490,616	500,026
Total equity		103,394,666	134,848,323

The above table should be read in conjunction with the accompanying notes.

FINANCIAL REPORT (CONT.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT. AT RIGHT)

	Issued capital	Accumulated losses	Share-based payment reserves	Financial assets revaluation reserve	Change in proportionate interest reserve
	\$	\$	\$	\$	\$
Balance at 1 July 2016	28,968,824	(14,515,534)	6,898,865	(1,166,243)	17,927,599
Profit for the year	-	2,735,693	-	-	-
Other comprehensive income	-	-	-	86,273,512	-
Total comprehensive income for the year, net of tax	-	2,735,693	-	86,273,512	-
Issue of shares	-	-	-	-	-
Exercise of options	1,845,200	-	-	-	-
Transfer to profit reserve	-	(3,446,866)	-	-	-
Share issue costs, net of tax	(26,820)	-	-	-	-
Balance at 30 June 2017	30,787,204	(15,226,707)	6,898,865	85,107,269	17,927,599
Profit for the year	-	(65,382)	-	-	-
Other comprehensive income	-	-	-	(35,079,299)	-
Total comprehensive income for the year, net of tax	-	(65,382)	-	(35,079,299)	-
Issue of shares	-	-	-	-	-
Exercise of options	2,773,550	-	-	-	-
Transfer to profit reserve	-	-	-	-	-
Share issue costs, net of tax	(14,833)	-	-	-	-
Share based payments	-	-	941,717	-	-
Balance at 30 June 2018	33,545,921	(15,292,089)	7,840,582	50,027,970	17,927,599

The above table should be read in conjunction with the accompanying notes.

	Profit reserve	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$
Balance at 1 July 2016	5,407,201	43,520,712	582,979	44,103,691
Profit for the year	-	2,735,693	(82,953)	2,652,740
Other comprehensive income	-	86,273,512	-	86,273,512
Total comprehensive income for the year, net of tax	-	89,009,205	(82,953)	88,926,252
Issue of shares	-	-	-	-
Exercise of options	-	1,845,200	-	1,845,200
Transfer to profit reserve	3,446,866	-	-	-
Share issue costs, net of tax	-	(26,820)	-	(26,820)
Balance at 30 June 2017	8,854,067	134,348,297	500,026	134,848,323
Profit for the year	-	(65,382)	(9,410)	(74,792)
Other comprehensive income	-	(35,079,299)	-	(35,079,299)
Total comprehensive income for the year, net of tax	-	(35,144,681)	(9,410)	(35,154,091)
Issue of shares	-	-	-	-
Exercise of options	-	2,773,550	-	2,773,550
Transfer to profit reserve	-	-	-	-
Share issue costs, net of tax	-	(14,833)	-	(14,833)
Share based payments	-	941,717	-	941,717
Balance at 30 June 2018	8,854,067	102,904,050	490,616	103,394,666

The above table should be read in conjunction with the accompanying notes.

FINANCIAL REPORT (CONT.)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations (including GST)		902,800	1,247,511
Payments to suppliers and employees (including GST)		(4,231,104)	(3,444,328)
Interest received		855,947	222,971
Interest and other costs of finance paid		(778,743)	(530,810)
Income taxes paid		(547,712)	(1,244)
Net cash flows from operating activities	29	(3,798,812)	(2,505,900)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security Deposit (payment)/refunds		(3,849)	(334,842)
Payments for property, plant and equipment		(15,343)	(22,769)
Payments for financial assets at fair value through other comprehensive income		(15,000)	(726,130)
Payments for investments in associates		(3,611,705)	-
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
Payments for exploration and evaluation assets		(2,733,749)	(842,738)
Loans to related parties		-	(1,811,101)
Repayments of loans by related parties		1,000,000	3,677,154
Net cash flows from investing activities		(5,379,646)	1,964,441
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		2,773,547	1,845,200
Proceeds from the issue of shares in subsidiaries to non-controlling interests		-	-
Capital raising expenses		(14,833)	(26,820)
Proceeds from borrowings	29(b)	8,140,000	2,999,766
Transaction costs on issue of convertible notes		(240,000)	-
Repayment of borrowings		-	(3,446,533)
Dividends paid to company's shareholders		-	-
Net cash flows from financing activities		10,658,714	1,371,613
Net increase / (decrease) in cash held		1,480,256	830,154
Cash at the beginning of the year		1,361,255	531,101
Cash at the end of the financial year	9	2,841,511	1,361,255

The above table should be read in conjunction with the accompanying notes.

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FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial report of DGR Global Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 28 September 2018.

DGR Global Limited (the Parent, the Company, the Group) 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, Queensland 4000. DGR Global Limited is a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Directors' 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* (Cth).

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

HISTORICAL COST CONVENTION

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

- financial assets carried at fair value through other comprehensive income – measured at fair value;
- investment in convertible notes carried at fair value through profit or loss – measured at fair value; and
- convertible notes payable at fair value through profit or loss – measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

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

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 2018 the Group generated a consolidated loss after tax of \$74,792 and incurred operating cash outflows of \$3,798,812. As at 30 June 2018 the Group had \$2,841,511 in cash and cash equivalents, net current assets of \$2,908,491 and net assets of \$103,394,666.

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 26 September 2018, DGR Global Limited requested to draw down of the remaining \$2 million under the facility.

Together with the Tribeca convertible note funding 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.

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 Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2017:

Reference	Title	Application date of standard	Application date for the Group
AASB 9	Financial instruments	1 January 2018	1 July 2014
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 Initiatives: Amendments to AASB 107	1 January 2017	1 July 2017
AASB 2017-2	Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1 January 2017	1 July 2017

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 2018. The Consolidated Entity is yet to evaluate the impact of those standards and interpretations on the financial statements.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(A) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT.)

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 Group
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 - Clarifications to AASB 15	1 January 2018	1 July 2018
AASB 16	Leases	1 January 2019	1 July 2019
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 January 2018	1 July 2018
AASB 2017-3	Amendments to Australian Accounting Standards - Clarifications to AASB 4	1 January 2018	1 July 2018
AASB 2017-6	Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation	1 January 2019	1 July 2019
AASB 2017-7	Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures	1 January 2019	1 July 2019
AASB 2018-1	Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle	1 January 2019	1 July 2019
AASB 2018-2	Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement	1 January 2019	1 July 2019
AASB 17	Insurance Contracts	1 January 2021	1 July 2021

(B) BASIS OF CONSOLIDATION

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

(B) BASIS OF CONSOLIDATION / 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.

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

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

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

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.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(B) BASIS OF CONSOLIDATION / SUBSIDIARIES (CONT.)

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.

(B) BASIS OF CONSOLIDATION / ASSOCIATES

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

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

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

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

(B) BASIS OF CONSOLIDATION / 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.

(B) BASIS OF CONSOLIDATION / JOINT ARRANGEMENTS / 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.

(B) BASIS OF CONSOLIDATION / CHANGES IN OWNERSHIP INTERESTS

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

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

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

(C) BUSINESS COMBINATIONS

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

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(C) BUSINESS COMBINATIONS (CONT.)

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

(G) FINANCIAL INSTRUMENTS / RECOGNITION AND INITIAL MEASUREMENT

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

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

(G) FINANCIAL INSTRUMENTS / CLASSIFICATION AND SUBSEQUENT MEASUREMENT / 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.

(G) FINANCIAL INSTRUMENTS / CLASSIFICATION AND SUBSEQUENT MEASUREMENT / 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 sole 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.

(G) FINANCIAL INSTRUMENTS / CLASSIFICATION AND SUBSEQUENT MEASUREMENT / 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.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(G) FINANCIAL INSTRUMENTS / CLASSIFICATION AND SUBSEQUENT MEASUREMENT / FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT.)

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.

(G) FINANCIAL INSTRUMENTS / CLASSIFICATION AND SUBSEQUENT MEASUREMENT / FINANCIAL LIABILITIES

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

(G) FINANCIAL INSTRUMENTS / FAIR VALUE

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

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

(G) FINANCIAL INSTRUMENTS / 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 of loss.

(G) FINANCIAL INSTRUMENTS / 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 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.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(H) PROPERTY, PLANT & EQUIPMENT / DEPRECIATION

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

The depreciation rates used for each class of assets are:

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

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

(H) PROPERTY, PLANT & EQUIPMENT / 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.

(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.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(L) PROVISIONS AND EMPLOYEE BENEFITS / PROVISIONS (CONT.)

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.

(L) PROVISIONS AND EMPLOYEE BENEFITS / EMPLOYEE BENEFITS / 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.

(L) PROVISIONS AND EMPLOYEE BENEFITS / EMPLOYEE BENEFITS / 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.

(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.

(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.

(P) REVENUE / SERVICES

Management fees are recognised as services are provided.

(P) REVENUE / 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).

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

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

(R) GOODS AND SERVICES TAX (GST)

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

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

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

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

(S) BORROWINGS

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

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

(T) EARNINGS PER SHARE

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

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

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

(U) FOREIGN CURRENCIES

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

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(U) FOREIGN CURRENCIES (CONT.)

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

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

(V) COMPARATIVES

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

(W) FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the 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 data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / 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 2018, 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 2018 were \$6,572,307 (2017: \$4,428,211).

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / KEY JUDGMENTS / 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.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / KEY JUDGMENTS / CONVERTIBLE NOTE PAYABLES

The Group’s convertible notes have been treated as a financial liability, in accordance with the principles set out in AASB 132. The key criterion for liability classification is whether there is an unconditional right to avoid delivery of cash for another financial asset to settle the contractual obligation. The terms and conditions applicable to the convertible notes require the Group to settle the obligation in either cash, or in the Company’s own shares.

FINANCIAL REPORT (CONT.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ACCOUNTING POLICIES (CONT.)

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / KEY JUDGMENTS / CONVERTIBLE NOTE PAYABLES (CONT.)

The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable in October 2019. The conversion rate is based on a variable formula subject to adjustments for share price movement. Management determined that these terms give rise to a derivative financial liability. The initial consideration received for the note was deemed to be fair value of the liability at the issue date. The liability will subsequently be recognised on a fair value basis at each reporting period.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / KEY JUDGMENTS / CONVERTIBLE NOTE RECEIVABLES

The Armour Energy convertible notes are measured at fair value through profit or loss for financial reporting purposes. As the Armour Energy convertible notes are not traded in an active market, its fair value is estimated by discounting the stream of future interest and principal payments at the rate of interest prevailing at the reporting date for instruments of similar term and risk (the market interest rate), and adding this value to the value of the convertibility feature which is estimated using a Black-Scholes model based on assumptions including risk free interest rate, expected dividend yield, expected volatility and expected remaining life of the Armour Energy convertible notes receivable. Any resulting change in fair value is reflected on the profit or loss under the classification Other Income (as disclosed in **note 2** of the Financial Report). Management estimates that the market interest rate on similar borrowings without the conversion feature was approximately 22% and has used an implied volatility of 55.81% volatility in valuing the convertibility feature.

Refer to Note 31 which summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / KEY JUDGMENTS / SHARE BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

NOTE 2: REVENUE AND OTHER INCOME

	2018 \$	2017 \$
REVENUE		
Interest	1,680,518	1,431,970
Management fees - related parties	1,596,000	1,596,000
Total revenue	3,276,518	3,027,970
INTEREST REVENUE		
Deposits held with financial institutions	26,906	13,390
Related party loans	1,653,612	1,418,580
Total interest revenue	1,680,518	1,431,970
OTHER INCOME		
Net foreign exchange gains	13,168	69,845
Underwriting	-	90,000
Fair value adjustment on Armour convertible note asset	636,345	793,906
Fair value adjustment on Tribeca convertible note liability	200,096	-
Gain on reclassification of Equity accounted investment to investments held at fair value through other comprehensive income	4,478,780	-
Other income	8,227	18,215
Total other income	5,336,616	971,966

NOTE 3: PROFIT / (LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been determined after:

	2018 \$	2017 \$
Finance costs		
- External	782,740	530,810
- Related parties	-	-
Total finance costs	782,740	530,810
Share based payments expense	941,717	-
Superannuation contributions expense	140,705	112,347
Minimum lease rentals under operating leases	520,738	484,238
(Gain)/loss on foreign exchange	(13,618)	(69,845)

FINANCIAL REPORT (CONT.)

NOTE 4: INCOME TAX

(A) COMPONENTS OF TAX EXPENSE/(BENEFIT) IN PROFIT OR LOSS COMPRISE

	2018 \$	2017 \$
Current tax	(5,101)	399,159
Deferred tax	381,365	873,039
Income tax paid in relation to the prior year	147,199	1,244
	<u>523,463</u>	<u>1,273,442</u>

COMPONENTS OF TAX EXPENSE/(BENEFIT) IN OTHER COMPREHENSIVE INCOME COMPRISE

Deferred tax	15,195,297	36,974,849
	<u>15,195,297</u>	<u>36,974,849</u>

(B) PRIMA FACIE TAX ON PROFIT / (LOSS) BEFORE INCOME TAX

Prima facie tax on profit / (loss) before income tax at 30% (2017: 30%)	134,601	1,177,855
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ADD TAX EFFECT OF

- Permanent differences	285,102	372
- Other	-	1,244
- Derecognised tax losses	8,590	94,408
	<u>428,293</u>	<u>1,273,879</u>

LESS TAX EFFECT OF

- Permanent differences	-	(71)
- Prior year loss now recognised	-	-
- Other	95,170	(366)
- Recognition of temporary differences	-	-
Income tax expense/(benefit)	<u>523,463</u>	<u>1,273,442</u>

AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Net deferred tax – debited (credited) directly to equity	-	-
	<u>-</u>	<u>-</u>

INCOME TAX PROVISION RECOGNISED

Income tax provision	(5,101)	399,159
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NOTE 4: INCOME TAX (CONT.)**(C) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES**

2018	Opening balance \$	Net charged to income \$	Net charged to other comprehensive income	Net charged to other equity \$	Closing balance \$
DEFERRED TAX ASSETS					
Carried forward tax losses	1,716,256	641,196	-	-	2,357,452
Accruals/provisions	164,945	76,485	-	-	241,430
Capital raising costs expensed	83,964	22,663	-	-	106,627
Investment in associates	372,124	(372,124)	-	-	-
AFS revaluation	405,059	-	(405,059)	-	-
	2,742,348	368,220	(405,059)	-	2,705,509
DEFERRED TAX LIABILITY					
Financial assets at fair value through other comprehensive income	(36,024,309)	(1,308,596)	15,600,355	-	(21,732,550)
Related party loans	(110,011)	110,011	-	-	-
Investment in associates	(4,313,455)	(8,806)	-	-	(4,322,261)
Exploration and evaluation assets	(1,328,462)	457,806	-	-	(870,656)
Property, plant and equipment	(67,599)	-	-	-	(67,599)
	(41,843,837)	(749,585)	15,600,355	-	(26,993,066)
Net deferred tax recognised	(39,101,489)	(381,365)	15,195,296	-	(24,287,557)
DEFERRED TAX ASSETS NOT RECOGNISED					
Unused tax losses	1,762,042	28,635	-	-	1,790,677
Unused capital losses	67,848	-	-	-	67,848
Temporary differences	-	-	-	-	-
Tax benefit at 30%	548,967	8,590	-	-	557,558

FINANCIAL REPORT (CONT.)

NOTE 4: INCOME TAX (CONT.)

(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 ASSETS					
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	(546,483)	161,783	-	405,059
	2,971,014	(390,451)	161,783	-	2,742,348
DEFERRED TAX LIABILITY					
AFS revaluation	(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)	(36,974,849)	-	(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

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 2018 under COT.

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

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

NOTE 5: KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2018. The totals of remuneration for Key Management Personnel during the year are as follows.

	2018 \$	2017 \$
Short term employee benefits	1,280,990	1,262,134
Long-term employee benefits	3,839	12,004
Post-employment benefits	42,295	38,282
Share based payments	583,896	-
Total	1,911,020	1,312,420

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.

NOTE 6: DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year ended 30 June 2018 (2017: Nil)

NOTE 7: AUDITORS' REMUNERATION

	2018 \$	2017 \$
BDO AUDIT PTY LTD		
Audit and review of the financial reports of the Group	81,200	77,500
	81,200	77,500

NOTE 8: EARNINGS PER SHARE (EPS)

(A) EARNINGS

	2018 \$	2017 \$
Earnings used to calculate basic and diluted EPS	(65,382)	2,735,693

(B) WEIGHTED AVERAGE NUMBER OF SHARES AND OPTIONS

	2018 number of shares	2017 number of shares
Used in calculating basic EPS	599,230,366	558,772,843
Weighted average number of dilutive options	-	22,125,185
Weighted average number of ordinary shares and potential ordinary shares, used in calculating dilutive EPS	599,230,366	580,898,028

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

FINANCIAL REPORT (CONT.)

NOTE 9: CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank and in hand	2,841,511	1,361,255
	2,841,511	1,361,255

NOTE 10: TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade receivables	809,906	446,606
Interest receivables	394,136	366,703
GST receivable	171,873	75,965
Other receivables	107,371	-
	1,483,286	889,274

The receivables were not exposed to foreign exchange risk. No receivables were impaired at 30 June 2018 (2017: nil).

Past due but not impaired receivables were as follows.

	2018			2017		
	Total \$	Amount impaired \$	Amount not impaired \$	Total \$	Amount impaired \$	Amount not impaired \$
Not past due	297,719	-	297,719	167,339	-	167,339
Past due 30 days	2,872	-	2,872	3,957	-	3,957
Past due 30-60 days	50,589	-	50,589	14,575	-	14,575
Past due >60 days	458,726	-	458,726	260,735	-	260,735
Total	809,906	-	809,906	446,606	-	446,606

All receivables that are neither past due nor impaired are with long standing clients who have a good credit history with the entity. As at 30 June 2018, included in trade and other receivables is one significant debtor accounting for 56% (2017: two significant debtors accounting for 81%) of the total trade receivables.

NOTE 11: OTHER FINANCIAL ASSETS – NON-CURRENT

	2018 \$	2017 \$
Financial assets at fair value through other comprehensive income (refer (a) below)	96,115,003	138,522,943
Convertible notes (refer (b) below)	11,175,368	10,173,116
Cash on deposit held as security (refer (c) below)	314,000	314,000
Security bonds (refer (d) below)	1,207,949	1,203,765
	108,812,320	150,213,824

(A) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 \$	2017 \$
Opening balance at 1 July	138,522,943	10,789,985
Additions	406,030	-
Additions – conversion of Lakes Oil NL convertible notes	367,500	6,876,964
Additions – reclassification on loss of significant influence from investments accounted for using the equity method initially recognised at fair value	7,469,829	-
Disposal of financial assets at fair value through other comprehensive income	-	(2,392,367)
Fair value adjustment through other comprehensive income	(50,651,299)	123,248,361
Closing balance at 30 June	96,115,003	138,522,943

Financial assets at fair value through other comprehensive income comprise an investment in the ordinary issued capital of SolGold plc (listed on the London Stock Exchange [“LSE”] and Toronto Stock Exchange [“TSX”]), an investment in the ordinary issued capital of Lions Gate Metals Inc (listed on the TSX) an investment in the ordinary issued capital of Aus Tin Mining Limited (a company listed on the Australian Securities Exchange), an investment in the ordinary issued capital of Lakes Oil NL (a company listed on the Australian Securities Exchange) and an investment in the ordinary issued capital of Dark Horse Resources Limited (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.

FINANCIAL REPORT (CONT.)

NOTE 11: OTHER FINANCIAL ASSETS – NON-CURRENT (CONT.)

(B) CONVERTIBLE NOTES

	2018 \$	2017 \$
Opening balance at 1 July	10,173,116	-
Additions – Armour Energy Limited convertible notes	-	9,400,000
Additions – Lakes Oil NL convertible notes	-	367,500
Additions – conversion of Armour Energy Limited convertible note interest	733,407	405,616
Fair value movement	636,345	-
Conversion of Lakes Oil NL convertible notes into ordinary shares	(367,500)	-
Closing balance at 30 June	11,175,368	10,173,116

On 16 December 2016, DGR Global subscribed for \$9.4 million worth of Convertible Notes in Armour Energy Limited, 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 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 NL. 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.

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

(A) CONTROLLED ENTITIES

Controlled entity	Country of incorporation	Principle activity	Principle place of business	% owned	
				2018	2017
PARENT ENTITY					
DGR Global Limited	Australia	Mineral Exploration	Australia	n/a	n/a
SUBSIDIARIES					
Auburn Resources Limited 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 Limited	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 Limited (previously Archer Resources Limited) 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 Limited and indirectly by DGR Global Limited.

(B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

There was no change in the ownership interest of the above subsidiaries during the financial year (2017: Nil).

FINANCIAL REPORT (CONT.)

NOTE 12: CONTROLLED ENTITIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONT.)

(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 – NON-CONTROLLING INTEREST OF 37% (2017 – 37%)

	2018 \$	2017 \$
SUMMARISED STATEMENT OF FINANCIAL POSITION		
Current assets	32,354	216
Non-current assets	2,225,907	1,793,045
Total assets	2,258,261	1,793,261
Current liabilities	398,582	116,754
Non-current liabilities	546,024	304,599
Total liabilities	944,606	421,353
Net assets attributable to owners of Auburn Resources Limited	1,313,655	1,371,908
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue	-	-
Expenses	(24,700)	(208,457)
Profit (loss) before income tax expense	(24,700)	(208,457)
Income tax (expense) / benefit	-	-
Profit (loss) after income tax expense	(24,700)	(208,457)
Other comprehensive income	-	-
Total comprehensive income	(24,700)	(208,457)
STATEMENT OF CASH FLOWS		
Net cash used in operating activities	(18,434)	(3,512)
Net cash used in investing activities	(205,104)	(217,554)
Net cash from financing activities	228,894	220,844
Net increase / (decrease) in cash and cash equivalents	5,356	(222)
OTHER FINANCIAL INFORMATION		
Profit (loss) attributable to non-controlling interests	(9,116)	(76,938)
Accumulated non-controlling interests at the end of reporting period	496,587	505,704
Dividends paid to non-controlling interests	-	-

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

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Country of incorporation and principle place of business	Principle activity	Share class	Ownership interest		Carrying amount	
				2018	2017	2018	2017
				%	%	\$	\$
Armour Energy Limited	Australia	Oil & Gas Exploration	ORD	22	22	7,635,576	5,253,500
Dark Horse Resources Limited	Australia	Mineral Exploration	ORD	-	24	-	1,867,429
IronRidge Resources Limited	Australia	Mineral Exploration	ORD	24	26	10,356,256	9,914,709
						17,991,832	17,035,638

(A) MOVEMENTS DURING THE YEAR IN EQUITY-ACCOUNTED INVESTMENTS

	2018 \$	2017 \$
Balance at beginning of year	17,035,638	9,340,496
Additional investment	4,816,283	1,581,601
Sale of investment	-	-
Share of associates losses after income tax	(6,236,853)	(2,912,545)
Share of associates other comprehensive income	376,703	-
Net reversal of impairment	4,991,112	9,026,086
Reclassification on loss of significant influence to financial assets classified at fair value through other comprehensive income – derecognised carrying amount	(2,991,051)	-
Balance at end of year	17,991,832	17,035,638

Net reversal of impairment relates to the investments in Dark Horse Resources and Armour Energy. At 30 June 2017 the share price of Dark Horse Resources and Armour Energy was \$0.006 and \$0.07, respectively. The share price of DHR on the date DGR lost significant influence was \$0.024 and the share price of Armour Energy at 30 June 2018 was \$0.084. The investment in Armour Energy has been written up to the lower of fair value, less costs to sell or the equity accounted value, while the investment in IronRidge Resources 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

	2018 \$	2017 \$
Fair value of investment in Armour Energy Limited	7,635,576	5,253,500
Fair value of investment in Dark Horse Resources Limited	-	1,867,457
Fair value of investment in IronRidge Resources Limited	34,095,692	37,140,658
	41,731,268	44,261,615

Refer note 31 for further details on fair value.

FINANCIAL REPORT (CONT.)

NOTE 13: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

(B) SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

	Ownership interest %	Current assets \$	Non-current assets \$	Current liabilities \$	Non-current liabilities \$	Revenues \$
2018						
Armour Energy	22	9,037,623	92,483,704	10,543,173	46,132,323	14,748,819
Dark Horse Resources*	-	-	-	-	-	23,214
IronRidge Resources	24	9,208,488	16,890,343	1,452,776	-	52,648
		18,246,111	109,374,047	11,995,949	46,132,323	14,801,467
2017						
Armour Energy	22	9,474,792	82,260,100	6,872,650	35,811,227	618,276
Dark Horse Resources	24	307,749	10,248,410	1,467,151	1,931	9,369,133
IronRidge Resources	26	2,511,290	9,786,242	868,144	-	4,228
		12,293,831	102,294,752	9,207,945	35,813,158	9,991,637
		Profit / loss \$	Other comprehensive income \$			
2018 (CONT.)						
Armour Energy		(11,557,788)	1,487,500			
Dark Horse Resources*		(2,216,375)	-			
IronRidge Resources		(13,191,397)	176,843			
		(24,749,185)	1,664,343			
2017 (CONT.)						
Armour Energy		(11,474,692)	-			
Dark Horse Resources		4,086,495	-			
IronRidge Resources		(5,227,753)	-			
		(12,615,950)	-			

* Transferred to financial assets carried at fair value through other comprehensive income. The profit/loss and other comprehensive income represent results up to the date of loss of significance influence on 19 April 2018.

(D) RECONCILIATION OF THE CARRYING AMOUNT OF THE GROUP'S INVESTMENT IN ASSOCIATES

	ARMOUR ENERGY		DARK HORSE RESOURCES		IRONRIDGE RESOURCES	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Opening carrying amount	5,253,500	4,127,750	1,867,429	567,684	9,914,709	4,645,062
Share of profits (loss) after tax	(2,592,947)	(2,562,901)	(430,762)	993,835	(3,213,146)	(1,343,479)
Share of other comprehensive income	333,715	-	-	-	42,988	-
Additional investment	1,204,578	-	-	1,581,601	3,611,705	-
Reversal of impairment / (impairment)	3,436,730	3,688,651	1,554,383	(1,275,691)	-	6,613,126
Reclassification to financial assets at fair value through other comprehensive income	-	-	(2,991,050)	-	-	-
Closing carrying amount	7,635,576	5,253,500	-	1,867,429	10,356,256	9,914,709

(E) RECONCILIATION OF THE SHARE OF NET ASSETS TO THE CARRYING AMOUNT OF THE GROUP'S INVESTMENT IN ASSOCIATES

	ARMOUR ENERGY		DARK HORSE RESOURCES		IRONRIDGE RESOURCES	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Share of net assets	10,060,995	10,957,997	-	2,491,564	6,003,258	3,009,358
Goodwill	16,360,171	16,517,823	-	651,557	4,352,998	6,905,351
Net impairment	(18,785,590)	(22,222,320)	-	(1,275,692)	-	-
Closing carrying amount	7,635,576	5,253,500	-	1,867,429	10,356,256	9,914,709

FINANCIAL REPORT (CONT.)

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2018 \$	2017 \$
Land at cost	345,000	345,000
Freehold building at cost	72,728	70,700
Accumulated depreciation	(33,735)	(31,964)
	38,993	38,736
Plant and equipment at cost	359,309	350,277
Accumulated depreciation	(349,083)	(342,733)
	10,226	7,544
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	189,555	185,268
Accumulated depreciation	(182,931)	(171,407)
	6,624	13,861
Furniture and fittings at cost	108,903	108,903
Accumulated depreciation	(83,015)	(67,959)
	25,888	40,944
	426,731	446,085

	Land	Freehold building	Plant & equipment	Computers & office equipment	Furniture & fittings	Total
	\$	\$	\$	\$	\$	\$
2018						
Balance at the beginning of the year	345,000	38,736	7,544	13,861	40,944	446,085
Additions	-	2,028	9,032	4,287	-	15,347
Disposals	-	-	-	-	-	-
Depreciation expenses	-	(1,771)	(6,350)	(11,524)	(15,056)	(34,701)
Carrying amount at the end of the year	345,000	38,993	10,226	6,624	25,888	426,731
2017						
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

NOTE 15: EXPLORATION AND EVALUATION ASSETS

	2018	2017
	\$	\$
Exploration and evaluation assets	6,572,307	4,428,211
MOVEMENTS IN CARRYING AMOUNTS		
Balance at the beginning of the year	4,428,211	5,090,663
Additions	2,966,361	944,275
Written-off	(822,265)	(1,606,727)
Carrying amount at the end of the year	6,572,307	4,428,211

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

	2018	2017
	\$	\$
Prepayments	39,710	24,977

FINANCIAL REPORT (CONT.)

NOTE 17: TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Trade payables	852,997	648,289
Sundry payables and accrued expenses	248,386	99,292
Employee benefits	359,734	270,957
	1,461,117	1,018,538

Trade and other payables are non-interest bearing and are generally on 30-60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate fair value.

NOTE 18: OTHER FINANCIAL LIABILITIES

	2018 \$	2017 \$
Convertible notes	7,799,904	-
Loans from related parties	140,000	-
	7,939,904	-

MOVEMENTS IN CONVERTIBLE NOTES' CARRYING VALUE

	2018 \$	2017 \$
Opening balance	-	-
Face value of convertible notes issued	8,000,000	-
Movement in fair value	(200,096)	-
Closing balance	7,799,904	-

The principal terms of the convertible notes are as follows:

- Number of notes issued: 40,000,000
- Issue price: Face value of \$0.20 per convertible note
- Interest rate: 12% per annum
- Interest payments: Interest paid quarterly in arrears. Interest is payable as cash in the first year, and at DGR's election in the second year, either as cash or by way of an issue of securities. If interest in the second year is met via the issue of securities, this can either be notes of the same series, or (at Tribeca's election) DGR shares priced at the higher of 80% of VWAP, 20 cents, or 70% of NTA based on a marked to market assessment of the value of DGR's assets from time to time.
- Maturity date: 24 October 2019
- Conversion terms: Convertible at any time at the Convertible Note holder's election into one ordinary share in DGR subject to usual adjustment mechanisms in certain circumstances
- Security: Unsecured

NOTE 19: PROVISIONS – NON-CURRENT

	2018 \$	2017 \$
Site restoration	1,041,313	1,041,313
Long service leave	48,241	48,241
	<u>1,089,554</u>	<u>1,089,554</u>

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.

NOTE 20: ISSUED CAPITAL

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. 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.

ISSUED AND PAID UP CAPITAL

	2018 \$	2017 \$
613,181,877 (30 June 2017: 570,511,877) fully paid ordinary shares	35,004,941	32,231,391
Share issue costs	(1,459,020)	(1,444,187)
	<u>33,545,921</u>	<u>30,787,204</u>

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.

FINANCIAL REPORT (CONT.)

NOTE 20: ISSUED CAPITAL (CONT.)

ORDINARY SHARES

	2018		2017	
	Shares	\$	Shares	\$
At 1 July	570,511,877	32,231,391	550,881,877	30,386,191
24 October 2016 ¹	-	-	2,000,000	130,000
2 November 2016 ²	-	-	2,000,000	130,000
30 November 2016 ³	-	-	4,750,000	570,000
16 January 2017 ⁴	-	-	2,000,000	130,000
17 January 2017 ⁵	-	-	400,000	26,000
22 March 2017 ⁶	-	-	215,000	13,975
29 March 2017 ⁷	-	-	665,000	43,225
6 April 2017 ⁸	-	-	2,000,000	130,000
18 April 2017 ⁹	-	-	500,000	60,000
28 April 2017 ¹⁰	-	-	500,000	60,000
4 May 2017 ¹¹	-	-	500,000	60,000
17 May 2017 ¹²	-	-	500,000	60,000
22 May 2017 ¹³	-	-	666,667	80,000
29 May 2017 ¹⁴	-	-	2,933,333	352,000
2 August 2017 ¹⁵	2,000,000	130,000	-	-
29 September 2017 ¹⁶	17,720,000	1,151,800	-	-
27 November 2017 ¹⁷	22,950,000	1,491,750	-	-
At 30 June	613,181,877	35,004,941	570,511,877	32,231,391

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. On 2 August 2017, 2,000,000 \$0.065 ordinary shares were issued upon the exercise of options.

16. On 29 September 2017, 17,720,000 \$0.065 ordinary shares were issued upon the exercise of options.

17. On 27 November 2017, 22,950,000 \$0.065 ordinary shares were issued upon the exercise of options.

(B) OPTIONS

As at 30 June 2018, there were 40,875,000 unissued ordinary shares of DGR Global Limited under option, held as follows:

Options on issue in DGR Global Limited	Number	Exercise price	Expiry
Unlisted employee options	19,375,000	\$0.20	08/11/20
Unlisted Director options	17,500,000	\$0.20	28/11/20
Unlisted employee options	3,000,000	\$0.20	12/02/21
Unlisted employee options	1,000,000	\$0.20	12/02/21
Total options on issue	40,875,000		

(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.

FINANCIAL REPORT (CONT.)

NOTE 21: RESERVES (CONT.)

NATURE AND PURPOSE OF RESERVES (CONT.)

(III) FINANCIAL ASSETS REVALUATION RESERVE (CONT.)

Movements in the financial assets revaluation reserve are as follows.

	2018 \$	2017 \$
Balance 1 July	85,107,269	(1,166,243)
Revaluation - gross	(50,651,299)	123,248,361
Deferred tax	15,195,297	(36,974,849)
Transfer of reserves on disposal of investments	-	-
Deferred tax	-	-
Share of other comprehensive income in associates	376,703	-
Deferred tax	-	-
	50,027,970	85,107,269

(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.

	2018 \$	2017 \$
Balance 1 July	8,854,067	5,407,201
Transfer of profit after tax to profit reserve	-	3,446,866
Dividend declared	-	-
	8,854,067	8,854,067

NOTE 22: ACCUMULATED LOSSES

	2018 \$	2017 \$
Accumulated losses attributable to members of DGR Global at beginning of the financial year	(15,226,707)	(14,515,534)
Profit / (loss) for the year	(65,382)	2,735,693
Transfer of reserves on disposal of investments	-	(3,446,866)
Accumulated losses attributable to members of DGR Global at the end of the financial year	(15,292,089)	(15,226,707)

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.

	2018 \$	2017 \$
Payable within one year	557,000	787,000
Payable between one and five years	784,000	378,000
	<u>1,341,000</u>	<u>1,165,000</u>

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.

(B) LEASE EXPENDITURE COMMITMENTS

OPERATING LEASES (NON-CANCELLABLE)

MINIMUM LEASE PAYMENTS

	2018 \$	2017 \$
Not later than one year	488,014	469,245
Later than one year and not later than five years	40,799	528,813
Later than five years	-	-
	<u>528,813</u>	<u>998,058</u>

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 2018.

NOTE 25: SHARE-BASED PAYMENTS

DGR GLOBAL LIMITED OPTIONS

On 9 November 2017, 19,375,000 DGR Global Limited share options were granted to management and employees under the Employee Share Option Plan. The options are to take up one ordinary share in DGR Global Limited at a price of 20 cents each. The options vested immediately and are due to expire on 8 November 2020. A value of \$444,407 was calculated using the Black Scholes valuation methodology.

FINANCIAL REPORT (CONT.)

NOTE 25: SHARE-BASED PAYMENTS (CONT.)

DGR GLOBAL LIMITED OPTIONS (CONT.)

On 30 November 2017, 17,500,000 DGR Global Limited share options were granted to Directors as approved by shareholders at AGM of 29 November 2017. The options are to take up one ordinary share in DGR Global Limited at a price of 20 cents each. The options vested immediately and are due to expire on 28 November 2020. A value of \$400,399 was calculated using the Black Scholes valuation methodology.

On 12 February 2018, 3,000,000 DGR Global Limited share options were granted to management under the Employee Share Option Plan. The options are to take up one ordinary share in DGR Global Limited as a price of 20 cents each. The options vested immediately and are due to expire on 12 February 2021. A value of \$71,897 was calculated using the Black Scholes valuation methodology.

On 15 June 2018, 1,000,000 DGR Global Limited share options were granted to management under the Employee Share Option Plan. The options are to take up one ordinary share in DGR Global Limited as a price of 20 cents each. The options vested immediately and are due to expire on 12 February 2021. A value of \$25,014 was calculated using the Black Scholes valuation methodology.

Movements in a number of options are as follows.

	2018 no.	2018 WAEP	2017 no.	2017 WAEP
Outstanding at the beginning of the year	42,670,000	\$0.065	74,450,000	\$0.082
Granted during the year	40,875,000	\$0.20	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(42,670,000)	\$0.065	(19,630,000)	\$0.094
Expired during the year	-	-	(12,150,000)	\$0.012
Outstanding at the end of the year	40,875,000	\$0.20	42,670,000	\$0.065
Exercisable at the end of the year	40,875,000	\$0.20	42,670,000	\$0.065

The weighted average exercise price of options outstanding at the end of the year was \$0.20 (2017: \$0.065). The weighted average remaining contractual life of the options was 2.41 years (2017: 0.33 years).

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

FAIR VALUE

The fair values of options granted in 2018 were calculated by using a Black-Scholes options pricing model applying the following inputs (there were no share-based payments during the year ended 30 June 2017).

	DGR Global Limited	
	ESOP	Director options
Weighted average exercise price	\$0.20	\$0.20
Weighted average life of the option	2.41 years	2.42 years
Underlying share price	\$0.085 - \$0.10	\$0.10
Expected share price volatility	61.36% - 74.36%	61.36%
Risk free interest rate	1.94% - 2.13%	1.89%
Number of options issued	23,375,000	17,500,000
Fair value (Black-Scholes) per option	\$0.023 - \$0.025	\$0.023
Total value of options issued	\$541,317	\$400,400

RECONCILIATION OF RESERVE MOVEMENTS

	2018 \$	2017 \$
Opening balance at 1 July	6,898,865	6,898,865
Total share issue costs recognised in equity	-	-
Total share-based payments expense	941,717	-
Closing balance at 30 June	7,840,582	6,898,865

RECONCILIATION OF SHARE-BASED PAYMENTS EXPENSE

	2018 \$	2017 \$
DGR Global Limited options	941,717	-
Total share-based payments expense	941,717	-

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

The parent entity and ultimate controlling entity is DGR Global Limited which is incorporated in Australia. The names and other information about subsidiaries are provided in **note 12**.

FINANCIAL REPORT (CONT.)

NOTE 26: RELATED PARTY DISCLOSURES (CONT.)

(B) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with Key Management Personnel are provided in the Remuneration Report within the Directors' Report beginning page 25.

(C) TRANSACTIONS WITH RELATED PARTIES

1. DGR Global Limited has a commercial agreement with Armour Energy Limited, for the provision of administrative services. In consideration for the provision of the services, Armour Energy Limited pays DGR Global Limited a monthly management fee. For the year ended 30 June 2018 \$456,000 (2017: \$456,000) was paid or payable to DGR Global Limited for the provision of the services. The total amount receivable at year end was \$859 (2017: \$39,841).
2. DGR Global Limited has a commercial agreement with Aus Tin Mining Limited for the provision of administrative Services. In consideration for the provision of the Services, Aus Tin Mining Limited pays DGR Global Limited a monthly management fee. For the year ended to 30 June 2018 \$192,000 (2017: \$192,000) was paid or payable to DGR Global Limited for the provision of the Services. The total amount receivable at year end was \$455,185 (2017: \$200,085).
3. During the year ended 30 June 2017 DGR Global Limited sold a parcel of land to Aus Tin Mining Limited. 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 (2018: \$50,000).
4. DGR Global Limited has a commercial agreement with Dark Horse Resources Limited, for the provision of administrative services. In consideration for the provision of the services, Dark Horse Resources Limited pays DGR Global Limited a monthly management fee. For the year ended 30 June 2018 \$300,000 (2017: \$300,000) was paid or payable to DGR Global Limited for the provision of the services. The total amount receivable at year end was \$51,386 (2017: \$119,913).
5. DGR Global Limited has a commercial agreement with IronRidge Resources Limited for the provision of administrative Services. In consideration for the provision of the Services, IronRidge Resources Limited pays DGR Global Limited a monthly management fee. For the year ended 30 June 2018 \$288,000 (2017: \$288,000) was paid or payable to DGR Global for the provision of the Services. The total amount receivable at year end was \$44,797 (2017: \$7,421).
6. DGR Global Limited 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 Limited a monthly management fee. For the year ended 30 June 2018 \$360,000 (2017: \$360,000) was paid or payable to DGR Global Limited for the provision of the services. The total amount receivable at year end was \$117,320 (2017: \$19,030).

(D) LOANS WITH RELATED PARTIES

	2018 \$	2017 \$
Armour Energy Limited	-	2,057,799
Closing balance at 30 June	-	2,057,799

LOAN WITH ARMOUR ENERGY LIMITED

On 30 September 2015, DGR Global Limited executed an unsecured loan agreement with Armour Energy Limited 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 2001 (Cth)* and the *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.

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.

	2018 \$	2017 \$
Balance at 1 July	2,057,799	12,872,618
Cash advances	-	408,169
Capitalised interest	-	1,366,555
Cash repayments	(1,000,000)	(3,189,543)
Conversion to shares	(1,057,799)	-
Conversion to convertible notes	-	(9,400,000)
Closing balance at 30 June	-	2,057,799

FINANCIAL REPORT (CONT.)

NOTE 26: RELATED PARTY DISCLOSURES (CONT.)

(D) LOANS WITH RELATED PARTIES (CONT.)

LOAN WITH DARK HORSE RESOURCES LIMITED

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

	2018 \$	2017 \$
Balance at 1 July	-	540,430
Cash advances	-	-
Capitalised interest	-	74,904
Conversion to equity	-	(615,334)
Closing balance at 30 June	-	-

LOAN WITH SOLGOLD PLC

On 20 November 2015, DGR Global Limited agreed to provide short term funding to SolGold plc to provide working capital. Interest on the facility was 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 Limited 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 Limited and SolGold plc obtaining all necessary regulatory approvals.

	2018 \$	2017 \$
Balance at 1 July	-	4,776,404
Cash advances	-	1,372,773
Capitalised interest	-	-
Cash repayments	-	(449,177)
Conversion to equity	-	(5,700,000)
Closing balance at 30 June	-	-

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.

(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.

FINANCIAL REPORT (CONT.)

NOTE 27: OPERATING SEGMENTS (CONT.)

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS (CONT.)

(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; and
- 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 discretely, 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.

All segment asset additions occur in Australia.

30 JUNE 2018	DGR Global \$	Auburn \$	Others \$	Total \$
SEGMENT PERFORMANCE REVENUE				
External revenue	1,596,000	-	-	1,596,000
Interest revenue	1,680,518	-	-	1,680,518
Inter-segment revenue	-	-	-	-
Total segment revenue	3,276,518	-	-	3,276,518
RECONCILIATION OF SEGMENT REVENUE TO GROUP REVENUE				
Elimination of intersegment revenue				-
Total Group revenue				3,276,518
Segment net profit (loss) before tax	1,880,261	(24,700)	(161,149)	1,694,412
RECONCILIATION OF SEGMENT RESULT TO GROUP NET PROFIT (LOSS) BEFORE TAX				
Reversal of impairment of investment in associates				4,991,112
Share of losses of associates				(6,236,853)
Net profit (loss) before tax				448,671

30 JUNE 2018	DGR Global \$	Auburn \$	Others \$	Total \$
Segment assets	141,174,358	2,225,907	502,171	143,902,436
RECONCILIATION OF SEGMENT ASSETS TO GROUP ASSETS				
Inter-segment receivables and investments eliminated				(5,729,638)
Total group assets				138,172,798

30 JUNE 2017	DGR Global \$	Auburn \$	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				
Impairment of investment in associates				9,026,086
Share of losses of associates				(2,912,545)
Share of associates' other comprehensive income				-
Net profit (loss) before tax		-	-	3,926,182

30 JUNE 2017	DGR Global \$	Auburn \$	Others \$	Total \$
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

FINANCIAL REPORT (CONT.)

NOTE 28: PARENT COMPANY

The *Corporations Act 2001* (Cth)'s 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 Limited). 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	2018 \$	2017 \$
STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS	4,318,643	2,260,640
NON-CURRENT ASSETS		
- Loans (intragroup receivables)	-	1,323,400
- Loans (related parties)	1,755,861	2,057,799
- Security bonds	1,479,315	1,478,465
- Property, plant & equipment	426,726	446,085
- Exploration and evaluation assets	3,913,292	2,244,852
- Investment in Lions Gate Metals Inc	2,280	2,280
- Investment in SolGold plc	82,865,069	135,577,543
- Investment in Dark Horse Resources Limited	5,620,427	1,867,457
- Investment in Aus Tin Mining Limited	6,134,173	2,525,836
- Investment in Armour Energy Limited	7,635,576	5,253,500
- Investment in Auburn Resources Limited	4,056,401	4,056,401
- Investment in IronRidge Resources Limited	34,095,692	9,914,709
- Investment in Lakes Oil NL	1,484,319	408,065
- Investment in other subsidiaries	10	10
- Convertible notes in Armour Energy Limited	11,175,368	9,805,616
- Convertible notes in Lakes Oil NL	-	367,500
Total non-current assets	160,644,509	177,329,518
TOTAL ASSETS	164,963,152	179,590,158
CURRENT LIABILITIES	8,860,327	1,180,222
NON-CURRENT LIABILITIES	25,377,112	40,480,151
TOTAL LIABILITIES	34,237,439	41,660,373
NET ASSETS	130,725,713	137,929,785

PARENT ENTITY	2018 \$	2017 \$
SHAREHOLDERS' EQUITY		
Issued capital	33,545,924	30,787,204
Share-based payments reserve	7,756,175	4,881,535
Financial assets revaluation reserve	76,806,997	89,205,289
Profit reserve	8,854,067	8,854,067
Accumulated profits	3,762,550	4,201,690
TOTAL SHAREHOLDERS' EQUITY	130,725,713	137,929,785
STATEMENT OF COMPREHENSIVE INCOME		
PROFIT / (LOSS) FOR THE YEAR	(439,140)	2,131,925
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(12,398,292)	88,405,437

At 30 June 2018, 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\$0.075	2,280
SolGold plc	204,151,800	-	£0.228	82,865,069
Dark Horse Resources	330,613,371	-	\$0.017	5,620,427
Aus Tin Mining	360,833,715	-	\$0.017	6,134,173
Armour Energy	90,899,712	-	\$0.084	7,635,576
IronRidge Resources	281,316,158	-	£0.2795	34,095,692
Lakes Oil NL	742,159,370	-	\$0.002	1,484,319
Total quoted value				137,837,536

* Share price represents the market quoted price for listed investments at 30 June 2018. 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 2018 (2017: nil).

OPERATING LEASE COMMITMENTS

The operating lease commitments are the same as the Group as disclosed in **Note 23(b)**.

CONTINGENT LIABILITIES

The parent entity has no contingent liabilities.

FINANCIAL REPORT (CONT.)

NOTE 29: CASH FLOW INFORMATION

(A) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/ (LOSS) AFTER TAX

	2018 \$	2017 \$
Profit / (loss) after tax	(74,792)	2,652,740
Depreciation	34,701	37,285
Gain on sale of land	-	(10,000)
Exploration and evaluation assets written off	822,265	1,606,727
Share based payments expense	941,717	-
Share of losses associates	6,236,854	2,912,545
Reversal of impairment of investment in associate	(4,991,112)	(9,026,086)
Gain on loss of significant influence of Dark Horse Resources Limited	(4,478,780)	-
Fair value movement on convertible note receivable	(636,345)	-
Fair value movement on convertible note payable	(200,096)	-
Interest converted to convertible notes	(733,406)	-
Interest capitalised to related party loans	(58,227)	(1,441,459)
Management fees converted to shares	(200,000)	(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	(610,374)	881,762
(Increase) / decrease in other assets	(9,053)	(13,909)
Increase / (decrease) in trade and other payables	(365,383)	(12,354)
Increase / (decrease) in deferred tax liabilities	523,219	874,283
Increase / (decrease) in current tax payable	-	399,159
Increase / (decrease) in provisions	-	456,125
Net cash flow from operations	(3,798,812)	(2,505,900)
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Issue of shares in lieu of cash for services	-	-
Conversion of receivables for shares and convertible notes	(243,679)	(3,264,177)
Conversion of loans with related parties for shares	(1,057,799)	(6,315,334)
Conversion of loans with related parties for convertible notes	-	(9,400,000)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening balance	Financing cash flow	Non-cash flow changes	Closing balance
		Proceeds from borrowings	Fair value movement of convertible notes	
	\$	\$	\$	\$
Convertible notes	-	8,000,000	(200,096)	7,799,904
Loans from related parties	-	140,000	-	140,000

NOTE 30: FINANCIAL RISK MANAGEMENT

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	2,841,511	1,361,255
Trade and other receivables	1,483,286	889,274
Financial assets at fair value through other comprehensive income	96,115,003	138,522,943
Financial assets at fair value through profit or loss	11,175,368	10,173,116
Cash on deposit	314,000	314,000
Security bonds	1,207,949	1,203,765
Loans with related parties	-	2,057,799
	<u>113,137,117</u>	<u>154,522,152</u>
FINANCIAL LIABILITIES		
Trade and other payables	1,461,117	1,018,538
Other financial liabilities	7,939,904	-
	<u>9,401,021</u>	<u>1,018,538</u>

(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.

FINANCIAL REPORT (CONT.)

NOTE 30: FINANCIAL RISK MANAGEMENT (CONT.)

(A) GENERAL OBJECTIVES, POLICIES AND PROCESSES (CONT.)

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

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

(B) CREDIT RISK

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

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

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

The Group's material credit risk exposure is to loans with related parties. 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 \$857,809 in 2017 to a surplus of \$2,903,390 in 2018.

MATURITY ANALYSIS 2018	Carrying amount \$	Contractual cash flows \$	<6 months \$	6-12 months \$	1-3 years \$	>3 years \$
FINANCIAL LIABILITIES						
Trade and other payables	1,461,117	1,461,117	1,461,117	-	-	-
Other financial liabilities	7,939,904	8,140,000	140,000	-	8,000,000	-
Total	9,401,021	9,601,117	1,601,117	-	8,000,000	-

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	-	-	-

(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.

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.

2018	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total carrying amount \$	Weighted average effective interest rate* %
(I) FINANCIAL ASSETS					
Cash and cash equivalents	2,841,511	-	-	2,841,511	1.02
Trade and other receivables	-	-	1,483,286	1,483,286	-
Other financial assets	-	11,489,368	97,322,952	108,812,320	14.44
Related party loans	-	-	-	-	-
Total financial assets	2,841,511	11,489,368	98,806,238	113,137,117	

* on interest-bearing portion

FINANCIAL REPORT (CONT.)

NOTE 30: FINANCIAL RISK MANAGEMENT (CONT.)

(D) MARKET RISK (CONT.)

INTEREST RATE RISK (CONT.)

2018 (CONT.)	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount	Weighted average effective interest rate*
	\$	\$	\$	\$	%
(II) FINANCIAL LIABILITIES					
Trade and other payables	-	-	1,461,117	1,461,117	
Other financial liabilities	-	7,799,904	140,000	7,939,904	12
Total financial liabilities	-	7,799,904	1,601,117	9,401,021	

* on interest-bearing portion

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	-	-	1,361,255	0.01%
Trade and other receivables	-	-	889,274	889,274	-
Other financial assets	-	10,487,116	139,726,708	150,213,814	14.44%
Related party loans	-	2,057,799	-	2,057,799	15%
Total financial assets	1,361,255	12,544,915	140,615,982	154,522,152	
(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

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

At 30 June 2018 the effect on profit and equity as a result of changes in the interest rate at that date would be as follows.

	2018 \$	2017 \$
CHANGE IN PROFIT AND EQUITY		
Increase in interest rate by 1%	28,415	16,951
Decrease in interest rate by 1%	(28,415)	(16,951)

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 2018 the effect on profit and equity as a result of changes in equity security prices would be as follows.

	2018 \$	2017 \$
CHANGE IN EQUITY*		
Increase in equity security price by 10%	(9,611,500)	(13,852,294)
Decrease in equity security price 10%	9,611,500	13,852,294

* 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 Limited, Dark Horse Resources Limited and Lakes Oil NL, were remeasured to fair value on 30 June 2018 (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 \$
2018	+10	103
	-5	(51)
2017	+10	20
	-5	(10)

FINANCIAL REPORT (CONT.)

NOTE 31: FAIR VALUE

FAIR VALUE HIERARCHY

The following dotpoints list 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) ASSETS AND LIABILITIES MEASURED AND RECOGNISED AT FAIR VALUE

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 \$
2018				
Financial assets at fair value through other comprehensive income	96,115,003	-	-	96,115,003
Convertible note receivables	-	-	11,175,368	11,175,368
Convertible note payables	-	-	7,799,904	7,799,904
2017				
Financial assets at fair value through other comprehensive income	138,522,943	-	-	138,522,943
Convertible note receivables	367,500	-	9,805,616	10,173,116

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) SIGNIFICANT UNOBSERVABLE INPUTS

The table at right summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

2018	Fair value at 30 June 2018 \$	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
Convertible note receivables	11,175,368	Share price volatility	55%	Lower volatility (-10 bps) would increase FV by \$362,084; higher volatility (+10 bps) would decrease FV by \$315,500.
		Risk-adjusted discount rate	22%	Lower discount rate (-100 bps) would increase FV by \$102,414; higher discount rate (+100 bps) would decrease FV by \$101,169.
Convertible note payables	7,799,904	Share price volatility	60%	Higher volatility (+10 bps) would increase FV by \$103,257; lower volatility (-10 bps) would decrease FV by \$78,915.
		Risk-free interest rate	1.96%	Lower discount rate (-25 bps) would increase FV by \$23,820; higher discount rate (+25 bps) would decrease FV by \$20,224.
2017	Fair value at 30 June 2017 \$	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
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	22%	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.

(C) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

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 \$	Total \$
2018				
Investments accounted for using the equity method	41,731,267	-	-	41,731,267
2017				
Investments accounted for using the equity method	44,261,615	-	-	17,035,638

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

FINANCIAL REPORT (CONT.)

NOTE 32: SIGNIFICANT EVENTS AFTER REPORTING DATE

On 23 July 2018, the shareholders of Auburn Resources Limited approved a 3 to 1 share consolidation. Subsequently, Auburn Resources Limited raised \$1,150,000 by the issue of shares at 10 cents each comprising of the conversion of \$850,000 of debt to equity by DGR Global, a drilling contractors and key executives and 1:1 rights issue to raise \$300,000.

On 26 September 2018, DGR Global Limited announced that it had reached agreement with Tribeca Investment Partners (Tribeca) for a series of amendments to the terms of the \$10 million convertible note funding arrangements originally announced to the market on 22 August 2017. The material terms of the amendments agreed are as follows:

1. additional \$2m in funding provided (ie. \$10m now drawn);
2. the convertible note facility is now secured;
3. the entire \$10m convertible note facility now matures in 2 years time, representing an effective 12 month extension for the initial \$8m in funding drawn in 2017;
4. coupon rate remains at 12% per annum, but payable in cash; and
5. conversion price remains unchanged at 20 cents per note, for all notes issued.

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 accordance with a resolution of the Directors of DGR Global Limited, I state that:

In the opinion of the Directors:

1. the financial statements and notes of DGR Global Limited for the financial year ended 30 June 2018 are in accordance with the *Corporations Act 2001* (Cth), including:
 - giving a true and fair view of its financial position as at 30 June 2018 and its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
2. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in **note 1**;
3. 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
4. the remuneration disclosures contained in the Remuneration Report comply with s 300A of the *Corporations Act 2001* (Cth).

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* (Cth) for the financial year ended 30 June 2018.



NICHOLAS MATHER

CEO / MANAGING DIRECTOR

BRISBANE, 28 SEPTEMBER 2018



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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 2018, 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 2018 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.

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

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to Note 11 of the financial report.</p> <p>The Group carries investments in listed shares which are carried at fair value through other comprehensive income.</p> <p>The carrying amount of financial assets at fair value through other comprehensive income is a key audit matter due to the significance of the total balance.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining from management a schedule of investments held by the Group and vouching the movements to supporting documentation • Agreeing a sample of the additions and disposals of investments during the year to supporting documentation, and ensuring that gains and losses arising were treated appropriately • Reviewing 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 note assets and convertible note liability

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to Note 11 and 18 of the financial report.</p> <p>The Group carries investments in convertible notes and convertible notes liability, both of which are carried at fair value through profit or loss in accordance with AASB 9.</p> <p>The carrying value of the convertible notes 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 • the determination of the fair value of convertible notes involves significant judgement regarding the valuation methodology and the inputs and assumptions. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement of to determine the accounting treatment • Providing the valuation model to our internal experts to assess the reasonableness of the methodology and assumptions applied in the model and evaluating the results of their work • Assessing the reasonableness of the inputs to the valuation • Reviewing management's assessment of the movements in fair value of the convertible notes, ensuring that all gains and losses have been treated appropriately • Reviewing the adequacy of the disclosures in the financial report and agreeing these to the valuation model and the convertible note agreement

INDEPENDENT AUDITOR'S REPORT (CONT.)

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 of the financial report.</p> <p>The company holds investments in associates accounted for using the equity method.</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 the significance of the share of loss of associates and gain arising from discontinuing the use of equity method the significant reversals of impairments that had been recorded in prior years 	<p>Our audit procedures included:</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 2018, 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

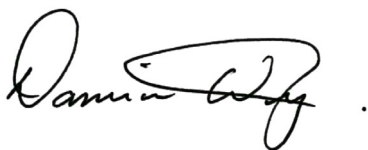
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of DGR Global Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd



D P Wright
Director

Brisbane, 28 September 2018



INTEREST IN TENEMENTS

Tenement type/number/name	Current holder	Interest (%)	Date of expiry
EPM 26000 Mt Red Head	Albatross Bauxite Pty Ltd	100	29-Nov-2018
EPMA 26838 Jumna Creek	Albatross Bauxite Pty Ltd	100	Under Application
EPMA 26839 Holland Creek	Albatross Bauxite Pty Ltd	100	Under Application
EPM 19379 Three Sisters	Auburn Resources Ltd	100	29-Jan-2021
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
EPM 26526 Auburn	Auburn Resources Ltd	100	3 January 2021
EPM 26529 Therevale	Auburn Resources Ltd	100	23 August 2021
EPM 26758 Hillgrove	Auburn Resources Ltd	100	27 August 2021
EPM 15134 Gayndah	Barlyne Mining Pty Ltd	100	29-Sep-2019
EPM 18451 Calgoa	Barlyne Mining Pty Ltd	100	20-May-2020
EPM 19087 Mt Abbot	Barlyne Mining Pty Ltd	100	28-Jul-2020
EPM 26274 Euri Creek	Barlyne Mining Pty Ltd	100	28-May-2020
EPM 26607 Otter Ridge	Barlyne Mining Pty Ltd	100	12/07/2021
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	23 November 2020
ML 3678 United Reefs	DGR Global Ltd	100	31-May-2022
ML 3741 Shamrock Extd.	DGR Global Ltd	100	30-Sep-2030
ML 3749 North Chinaman	DGR Global Ltd	100	31-Jul-2027
ML 3752 Shamrock Tailings	DGR Global Ltd	100	31-Jan-2021
ML 3753 Shamrock Tailings Extended	DGR Global Ltd	100	31-Aug-2021
ML 50059 Manumbar	DGR Global Ltd	100	31-Dec-2018
ML 50099 Manumbar Extd.	DGR Global Ltd	100	31-Aug-2025
ML 50148 Tableland	DGR Global Ltd	100	30-Apr-2029
ML 50291 Black Shamrock	DGR Global Ltd	100	Under Application
EPM 26769 Stockhaven	Pennant Resources Pty Ltd	100	27 August 2021
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

SHAREHOLDER INFORMATION

DISTRIBUTION SCHEDULE

Fully Paid Ordinary Shares, and Unlisted Options:

	Ordinary shares		Unlisted \$0.20 options exercisable on or before 8/11/2020		Unlisted \$0.20 options exercisable on or before 28/11/2020	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options
100,001+	413	584,078,993	16	19,375,000	4	17,500,000
50,001-100,000	163	13,154,210	-	-	-	-
10,001-50,000	487	13,281,631	-	-	-	-
5,001-10,000	237	2,053,938	-	-	-	-
1,001-5,000	188	596,298	-	-	-	-
1-1,000	217	16,807	-	-	-	-
Total	1,705	613,181,877	16	19,375,000	4	17,500,000

	Unlisted \$0.04 options exercisable on or before 12/02/2020		Unlisted convertible notes at \$0.20 per note	
	Number of holders	Number of options	Number of holders	Number of options
(100,001+)	2	4,000,000	2	40,000,000
(50,001-100,000)	-	-	-	-
(10,001-50,000)	-	-	-	-
(5,001-10,000)	-	-	-	-
(1,001-5,000)	-	-	-	-
(1-1,000)	-	-	-	-
(Total)	2	4,000,000	2	40,000,000

The number of shareholders holding less than a marketable parcel of shares is 367 (holding a total of 425,953 ordinary shares).

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

RESTRICTED SECURITIES

The Company has no restrictions over its issued share capital.

SHAREHOLDER INFORMATION (CONT.)

TWENTY LARGEST HOLDERS

The names of the twenty largest holders of ordinary shares in DGR Global Limited are:

Rank	Name	Balance on 13 September 2018	% IC
1	TENSTAR TRADING LTD	77,644,144	12.66
2	SAMUEL HOLDINGS PTY LTD	69,926,147	11.40
3	NICHOLAS MATHER & JUDITH MATHER	41,310,000	6.74
4	CITICORP NOMINEES PTY LIMITED	37,523,208	6.12
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	26,841,612	4.38
6	MR YEE TECK TEO	19,954,807	3.25
7	MR JEFFREY DOUGLAS PAPPIN	9,700,000	1.58
8	MR VINCENT DAVID MASCOLO	9,650,000	1.57
9	PINEGOLD PTY LTD	8,000,000	1.30
10	MATHER FOUNDATION LIMITED	7,020,788	1.14
11	AIKEN & ASSOCIATES LIMITED	5,392,717	0.88
12	BRIAN MOLLER	4,775,000	0.78
13	STUBBS SUPERANNUATION PTY LTD	6,305,356	1.03
14	MR WILLIAM GREGORY RUNGE & MRS WENDY KAY RUNGE	4,509,415	0.74
15	FORSYTH BARR CUSTODIANS LTD	4,300,000	0.70
16	DR STEVEN G RODWELL	4,226,232	0.69
17	CANCELER PTY LTD	4,150,000	0.68
18	HAYES PASTORAL CORPORATION PTY LTD	4,114,007	0.67
19	MR PETER HOWELLS	3,854,988	0.63
20	MRS ELIZABETH ANNE FARRELL	14,614,191	0.76
	Top 20	349,198,421	56.95
	Total	613,181,877	100.00

SUBSTANTIAL SHAREHOLDERS

The Company has received substantial shareholding notices from the following parties:

Name	Number of shares	Current %
NICHOLAS MATHER*	119,163,341	19.43
TENSTAR TRADING LIMITED	110,012,044	17.94

*Includes indirect holdings

CORPORATE DIRECTORY

DIRECTORS

William (Bill) Stubbs
Nicholas Mather
Brian Moller
Vincent Mascolo
Ben Cleary

COMPANY SECRETARY

Karl Schlobohm

SOLICITORS

Hopgood Ganim
Level 8, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

BANKERS

Macquarie Bank Limited (Brisbane Branch)
Level 16A, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Australia

SHARE REGISTRY

Link Market Services Limited
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: +61 1300 554 474
Fax: +61 2 9287 0303

AUDITORS

BDO Audit Pty Ltd
Level 10
12 Creek Street
Brisbane QLD 4000

COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX Limited)
ASX Code: DGR

INTERNET ADDRESS

www.dgrglobal.com.au

AUSTRALIAN BUSINESS NUMBER

67 052 354 837

TWITTER

@DGRGlobal

REGISTERED OFFICE AND PRINCIPAL BUSINESS ADDRESS

DGR Global Limited
Level 27
111 Eagle Street
Brisbane QLD 4000
Phone: +61 7 3303 0680
Fax: +61 7 3303 0681

DGR Global Limited

ABN 67 052 354 837

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