



**DGR GLOBAL LIMITED
AND CONTROLLED ENTITIES**
ACN 052 354 837

FINANCIAL REPORT

**FOR THE HALF-YEAR
ENDED 31 DECEMBER 2016**

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Corporate Information

DIRECTORS

William Stubbs (Chairman)
Nicholas Mather (Managing Director)
Brian Moller
Vincent Mascolo

COMPANY SECRETARY

Karl Schlobohm

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

DGR Global Limited
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SOLICITORS

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

SHARE REGISTER

Link Market Services Limited
Level 15, 324 Queen Street
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Telephone: +61 7 3320 2235
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AUDITORS

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

COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: DGR

INTERNET ADDRESS

www.dgrglobal.com

AUSTRALIAN BUSINESS NUMBER

ABN 67 052 354 837

Directors' Report

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2016.

DIRECTORS

The names of persons who held office during or since the end of the half-year:

William Stubbs	(Non-Executive Chairman)
Nicholas Mather	(Managing Director and Chief Executive Officer)
Brian Moller	(Non-Executive Director)
Vincent Mascolo	(Non-Executive Director)

REVIEW OF OPERATIONS

The profit after income tax for the half year ended 31 December 2016 was \$4,874,777 (31 December 2015: profit of \$4,327,956).

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

Exploration and Development of Subsidiaries

During the half-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 reverse circulation and diamond core drilling were undertaken.

Significant activities which occurred during the half-year included:

Albatross Bauxite Pty Ltd (100%)

- Surrender of 2 EPMs following initial exploration results, and grant of one new EPM. The company now holds 4 granted EPMs in south east central Queensland.

Archer Resources Limited (63%)

- Rejuvenation as a zinc-copper-gold company, with fundraising commenced for advancement towards ultimate listing.
- Potential for world class copper gold discoveries at Mt Abbot, Calgoa-Colo and Three Sisters Projects and nickel cobalt copper discoveries at Hawkwood.
- Exploration target defined for the Ban Ban Zinc Project following 3D modelling and reinterpretation of historical drilling data.

Pinnacle Gold Pty Ltd (94%)

- Six (6) EPMs now granted for gold exploration.
- Five of the EPMs are over prospective gold targets situated between the former Black Jack and Mt Leyshon Mines near Charters Towers, Qld.

Coolgarra Minerals Pty Ltd (100%)

- Two (2) granted EPMs and 4 EPM applications for gold, nickel, cobalt and antimony in North Queensland.

Investments

Armour Energy Limited (23.3%) - ASX: AJQ

- Holds highly prospective whole basin oil and gas positions in Northern Territory and North West Qld covering 139,000 km², and a track record of exploration success.
- Acquired the petroleum resources, tenures, and production and transportation infrastructure of the former Origin Energy assets on the Roma Shelf (**Kincora Project**), with production of oil from the Emu Apple well commencing in August¹. Subsequently acquired the interests of Santos in the Kincora Project².
- Announces a 510% increase in 2C Contingent Resources at the Kincora Project³.
- Welcomes M.H. Carnegie as a cornerstone investor in a progressive \$40 million capital raising (Converting Notes and Rights issue) to fully develop the Kincora Project⁴.
- Executes initial **gas sales agreement** with Australian Pacific LPG to underpin restart at Kincora⁵.
- Wholly owned subsidiary Ripple Resources Pty Ltd emerges as a highly prospective lead-zinc explorer with over 20,000 km² under application or tenure in Northern Australia.

Directors' Report (Continued)

REVIEW OF OPERATIONS (CONTINUED)

SolGold plc (14.51%) - LSE: SOLG

- Focus on high grade world class copper gold porphyry system at **Cascabel** in Ecuador. Cascabel is close to the capital and ports, is at low elevation, and has adequate water supplies and access to power.
- Assay results from 20 drill holes to date confirm discovery of large scale, high grade porphyry system at the **Alpala** Prospect. Further significant long high grade drill intersections were announced to the London Stock Exchange during the last quarter and can be viewed on the LSE or SolGold company website. Hole 12 has returned the longest and highest grade intercepts to date⁶.
- Strong copper gold surface mineralisation discovered at the **Aguinaga** and **Trivino** Prospect⁷, with Cascabel's true potential beginning to emerge with 14 porphyry targets identified to date, seven of which are close to drill ready status⁸.
- Substantial treasury (USD 44 million) built to accelerate drilling and exploration after capital raisings that brought significant new shareholders Maxit Capital (Canada) and Newcrest (10%) on to the register⁹.
- New drilling contracts signed to underpin aggressive four year exploration program. Three rigs now drilling with 4th rig due to start in February¹⁰.

IronRidge Resources Limited (26.15%) - LSE: IRR

- Highly prospective hematite rich iron targets evident in **Tchibanga** and **Belinga Sud** licence areas in Gabon - total tenure 2,996 km². Tchibanga is less than 70 km from the port of Mayumba.
- Wholly owned subsidiary Eastern Exploration Pty Ltd discovers high grade Direct Shipping Ore (DSO) **bauxite** mineralisation at the **Monogorilby** project in Queensland, Australia and announces JORC compliant inferred maiden resource estimate¹¹.
- Initial drilling program at the May Queen **gold** prospect near Mongorilby confirms historical data and delivers multiple significant gold intersections¹².
- The right to acquire 60% of Tekton Minerals Pte. Ltd (and holds a Board position) which has exclusive rights to an extensive land package and associated major new **gold** discovery in **Chad**, Central Africa¹³.
- Secured highly prospective **lithium** tenements and rights to acquire historic lithium resource in **Ghana**, West Africa¹⁴ and added right to acquire highly prospective primary "hard rock" lithium exploration license in **Ivory Coast**, West Africa¹⁵.
- Additional highly prospective lithium tenement secured adjacent to lithium tenements already held in Ghana¹⁶.
- Gains access to highly prospective **gold** portfolio (six tenements) in **Ivory Coast**, and adds a further 3 tenements to the package at the end of the quarter¹⁷.
- 100% owned local subsidiary secures 3 highly prospective **lithium** pegmatite exploration permits in **Ivory Coast**¹⁸.

Dark Horse Resources Limited (13.04%) - ASX: DHR

- Significant advancement of the highly prospective **Nirihuau Coal Project** in Rio Negro province in Argentina (DHR earning up to 75%).
- Progressing the development of a thermal power station at Nirihuau to supply low-cost base-load power to the Rio Negro region and into the main Argentinian electricity supply network¹⁹.
- Plans for low cost coal production and sale to local industries within the San Juan province in Argentina (**Marayes Coal Project**).
- Expanded the company Argentinian focus with the acquisition of Oronegro SA, with exclusive rights to explore for **lithium** and other strategic minerals in San Luis and Cordoba provinces. Subsequently Oronegro enters an exclusive agreement to acquire the Las Tapias Mine, the principal historic spodumene mine in Argentina²⁰.
- Completed 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) for shares in LKO to the equivalent of \$9.2M. Dark Horse emerges as the holder of over 40% of LKO²¹.
- Enters Exclusive Agreement to acquire 85% of the **Los Domos Gold Project** in Santa Cruz province, Argentina which hosts a number of world class, multi-million-ounce gold deposits (including Cerro Negro and Cerro Vanguadia)²².

Aus Tin Mining Limited (21.77%) - ASX: ANW

- Becomes the second listed tin producer listed on the ASX with resumption of tin production at the **Granville Tin Project** in Tasmania²³.
- 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.
- Advancement of the Taronga Project with commitment to Stage 1 Development comprising trial mining and pilot plant operations.
- Field work confirms high grade cobalt results from target extension at the **Mt Cobalt Project** in Qld, and drilling program during the quarter confirms depth extensions of nickel and cobalt mineralisation²⁴.

Directors' Report (Continued)

REVIEW OF OPERATIONS (CONTINUED)

Corporate

- Supported associated companies with loans on commercial terms.
- Advancement of new development projects in Australia, Africa and the Americas focused on base metals, gold, bauxite, coal, oil and gas.

Footnotes:

¹AJQ ASX Releases 18/7, 21/7, 22/8 and 22/9/16

³AJQ ASX Release 19/7/16

⁵AJQ ASX Release 22/12/16

⁷SOLG LSE:AIM Releases 3/11 and 9/12/15

⁹SOLG LSE:AIM Releases 25/8, 26/9, 13/10 and 17/10/16

¹¹IRR LSE:AIM Releases 15/12/15, 20/7/16

¹³IRR LSE:AIM Releases 12/8 and 21/9/16

¹⁵IRR LSE:AIM Release 13/9/16

¹⁷IRR LSE:AIM Releases 24/11/16 and 5/1/17

¹⁹DHR ASX Releases 12/1 and 16/9/16

²¹DHR ASX Releases 3/9, 9/10, 28/11/16, 18/1/17

²³ANW ASX Releases 17/8, 19/10 and 21/12/16

²AJQ ASX Release 9/12/16

⁴AJQ ASX Releases 21/11 and 16/12/16

⁶SOLG LSE:AIM Release 20/10/15

⁸SOLG LSE:AIM Release 6/7/16

¹⁰SOLG LSE:AIM Releases 8/10 and 22/12/16

¹²IRR LSE:AIM Releases 20/9, 22/9 and 4/11/16

¹⁴IRR LSE:AIM Release 6/9/16

¹⁶IRR LSE:AIM Release 20/10/16

¹⁸IRR LSE:AIM Release 25/11/16

²⁰DHR ASX Releases 26/7, 15/8 and 5/10/16

²²DHR ASX Releases 22/11 and 16/12/16

²⁴ANW ASX Releases 5/7, 18/8, 17/10, 23/11/16

The current aggregate market value of DGR's listed assets may be represented as follows:

Investment	Number of Shares	Number of Options / Warrants (unlisted)	Market Value [#] A\$
SolGold plc	207,394,714	-	127,537,746
Dark Horse Resources Ltd	113,543,456	-	908,348
IronRidge Resources Ltd	62,293,334	-	32,428,588
Aus Tin Mining Ltd	360,833,715	-	3,608,337
Armour Energy Ltd	75,050,000	-	5,853,900
Total market value of DGR Global's listed assets			170,336,919
Total DGR Global shares on issue			562,031,877
Value attributable to each DGR share			30.31 cents

[#] Market value represents the market quoted price for listed investments at 8 March 2017. No value has been attributable to the options or prospects in development.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 16 January 2017, 2,000,000 ordinary \$0.065 shares were issued pursuant to underwriter options being exercised.

On 17 January 2017, 400,000 ordinary \$0.065 shares were issued pursuant to ESOP options being exercised.

The Directors are not aware of any other events since 31 December 2016 that impact upon the financial report as at 31 December 2016.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, under section 307C of the Corporations Act 2001, is set out on page 7 for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



Nicholas Mather
Managing Director

Brisbane
Date: 15 March 2017

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).

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

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

As lead auditor for the review of DGR Global Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



D P Wright

BDO Audit Pty Ltd

Brisbane, 15 March 2017

Consolidated Statement of Profit or Loss and other Comprehensive Income for the half-year ended 31 December 2016

	Note	Consolidated	
		6 Months to 31 December 2016 \$	6 Months to 31 December 2015 \$
Revenue and other income			
Revenue	2	2,000,697	1,483,497
Other income	2	9,120,718	11,764,877
Total revenue and other income		11,121,415	13,248,374
Exploration costs written off		(144,616)	(18,528)
Finance costs		(252,097)	(135)
Employee benefits expenses		(1,007,900)	(1,077,749)
Depreciation expenses		(19,288)	(18,279)
Legal expenses		(32,967)	(60,113)
Administration and consulting expenses		(647,083)	(646,957)
Share of profits (losses) of associates	6	(1,818,044)	(1,573,777)
Share based payments employment expense		-	(528,651)
Other expenses	2	-	(2,899,249)
Profit/ (loss) before income tax		7,199,420	6,424,936
Income tax (expense)/benefit	3	(2,324,643)	(2,096,980)
Profit / (loss) for the period		4,874,777	4,327,956
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value gains (losses) on financial assets at fair value through other comprehensive income		70,340,855	13,092
Share of associates other comprehensive income		345,776	-
Tax effect of net fair value gains (losses) on financial assets at fair value through other comprehensive income	3	(21,102,231)	(3,928)
Other comprehensive income for the half year, net of tax		49,584,400	9,164
Total comprehensive income for the period		54,459,177	4,337,120
Profit / (loss) for the period attributable to:			
Members of the parent company		4,932,636	4,330,822
Non-controlling interests		(57,859)	(2,866)
		4,874,777	4,327,956
Total comprehensive income for the period attributable to:			
Members of the parent company		54,517,036	4,339,986
Non-controlling interests		(57,859)	(2,866)
		54,459,177	4,337,120
		2016	2015
		Cents	Cents
Earnings per share			
Basic earnings per share	4	0.9	1.0
Diluted earnings per share	4	0.8	1.0

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

Consolidated Statement of Financial Position as at 31 December 2016

		Consolidated	
	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		712,482	531,101
Trade and other receivables		2,827,819	1,771,036
Other current assets		1,518	11,068
Total Current Assets		3,541,819	2,313,205
NON-CURRENT ASSETS			
Other financial assets	5	98,142,098	11,972,909
Investments accounted for using the equity method	6	16,974,872	9,340,496
Property, plant and equipment		463,256	510,601
Exploration and evaluation assets		5,521,044	5,090,663
Loans with related parties	7	4,393,187	18,194,410
Total Non-Current Assets		125,494,457	45,109,079
TOTAL ASSETS		129,036,276	47,422,284
CURRENT LIABILITIES			
Trade and other payables		819,345	913,419
Other financial liabilities	8	3,517,909	518,143
Total Current Liabilities		4,337,254	1,431,562
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	24,714,468	1,253,602
Provisions		633,429	633,429
Total Non-Current Liabilities		25,347,897	1,887,031
TOTAL LIABILITIES		29,685,151	3,318,593
NET ASSETS		99,351,125	44,103,691
EQUITY			
issued capital	9	29,757,081	28,968,824
Reserves		78,651,822	29,067,422
Accumulated losses		(9,582,898)	(14,515,534)
Equity attributable to members of the parent entity		98,826,005	43,520,712
Non-controlling interests		525,120	582,979
TOTAL EQUITY		99,351,125	44,103,691

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows for the half-year ended 31 December 2016

	Note	Consolidated	
		6 months to 31 December 2016 \$	6 months to 31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		330,073	495,354
Payments to suppliers and employees		(1,685,466)	(1,929,244)
Interest received		186,959	659,592
Interest and other costs of finance paid		(252,097)	(135)
Realised foreign exchange gains		-	1,823,696
Income tax paid		-	(2,196,264)
Net cash outflow from operating activities	11	(1,420,531)	(1,147,001)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit refunds (payments), net		-	(6,500)
Payments for property, plant and equipment		(11,943)	(32,845)
Payments for investments in financial assets at fair value through other comprehensive income		-	(559,743)
Proceeds from the sale of investments in financial assets at fair value through other comprehensive income		-	11,159
Payments for investments in convertible notes		(367,500)	-
Payments for exploration and evaluation assets		(537,185)	(443,348)
Loans to related parties		(1,303,475)	(17,772,003)
Net cash (outflow)/inflow from investing activities		(2,220,103)	(18,803,280)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		830,000	4,762,192
Proceeds from issue of shares in subsidiaries to non-controlling interests		-	165,000
Share issue costs		(7,751)	(113,776)
Proceeds from borrowings		2,999,766	-
Dividend paid		-	(813,401)
Net cash (outflow)/inflow from financing activities		3,822,015	4,000,015
Net increase/(decrease) in cash held		181,381	(15,950,266)
Cash at 1 July		531,101	19,636,608
Cash at 31 December		712,482	3,686,342

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2016

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Financial Assets Reserve	Change in Proportionate Interest Reserve	Profit Reserve	Total	Non-controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2015	24,057,609	(15,069,116)	6,299,134	(2,622,497)	18,524,938	5,407,201	36,597,269	(89,479)	36,507,790
Net profit (loss) for the period	-	4,330,822	-	-	-	-	4,330,822	(2,866)	4,327,956
Other comprehensive income	-	-	-	9,164	-	-	9,164	-	9,164
Total comprehensive income for the period	-	4,330,822	-	9,164	-	-	4,339,986	(2,866)	4,337,120
Issue of shares	5,132,900	-	-	-	-	-	5,132,900	-	5,132,900
Issue of shares to non-controlling shareholders	-	-	-	-	107,128	-	107,128	57,872	165,000
Share issue costs, net of tax	(316,693)	-	65,958	-	-	-	(250,735)	-	(250,735)
Change in proportionate interest	-	-	-	-	(645,931)	-	(645,931)	645,931	-
Share based payments	-	-	528,651	-	-	-	528,651	-	528,651
At 31 December 2015	28,873,816	(10,738,294)	6,893,743	(2,613,333)	17,986,135	5,407,201	45,809,268	611,458	46,420,726
Net profit (loss) for the period	-	(3,619,649)	-	-	-	-	(3,619,649)	(92,015)	(3,711,664)
Other comprehensive income	-	-	-	1,289,499	-	-	1,289,499	-	1,289,499
Total comprehensive income for the period	-	(3,614,649)	-	1,289,499	-	-	(2,330,150)	(92,015)	(2,422,165)
Issue of shares	-	-	-	-	-	-	-	-	-
Issue of shares to non-controlling shareholders	-	-	-	-	-	-	-	5,000	5,000
Change in proportionate interest	-	-	-	-	(58,536)	-	(58,536)	58,536	-
Share issue costs, net of tax	95,008	-	-	-	-	-	95,008	-	95,008
Share based payments	-	-	5,122	-	-	-	5,122	-	5,122
Transfers of reserves on disposal of investments	-	(157,591)	-	157,591	-	-	-	-	-
At 30 June 2016	28,968,824	(14,515,534)	6,898,865	(1,166,243)	17,927,599	5,407,201	43,520,712	582,979	44,103,691
Net profit (loss) for the period	-	4,932,636	-	-	-	-	4,932,636	(57,859)	4,874,777
Other comprehensive income	-	-	-	49,584,400	-	-	49,584,400	-	49,584,400
Total comprehensive income for the period	-	4,932,636	-	49,584,400	-	-	54,517,036	(57,859)	54,459,177
Issue of shares	830,000	-	-	-	-	-	830,000	-	830,000
Share issue costs, net of tax	(41,743)	-	-	-	-	-	(41,743)	-	(41,743)
At 31 December 2016	29,757,081	(9,582,898)	6,898,865	48,418,157	17,927,599	5,407,201	98,826,005	525,120	99,351,125

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

1. Summary of Significant Accounting Policies

Corporate information

The financial report of DGR Global Limited and its controlled entities (the "Group") for the half year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 15 March 2017. DGR Global Limited is a public company limited by shares that is incorporated and domiciled in Australia.

Basis of preparation of half-year financial statements

This general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcement made by DGR Global Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report, with the exception of convertible note receivables:

Financial assets at fair value through profit or loss

Investments in financial assets with embedded derivatives, such as convertible note receivables, as recognised at fair value through profit or loss. Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in profit or loss within other income or other expenses. Interest income from financial assets at fair value through profit or loss is included in profit or loss.

Going concern

The half-year report has 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 period ended 31 December 2016 the group generated a consolidated profit of \$4,874,777 and incurred operating cash outflows of \$1,420,531. As at 31 December 2016 the group had cash and cash equivalents of \$712,482, net current liabilities of \$795,435 and net assets of \$99,351,125.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group and to meet the Group's working capital requirements;
2. Collecting the loans to related parties or converting a proportion of the loans to equity;
3. Realisation of listed shares;
4. Successful exploration and subsequent exploitation of the Group's tenements and investments;
5. Reducing its working capital expenditure; and
6. Disposing of non-core assets.

These conditions give rise to a material uncertainty which may cast significant doubt over the Groups ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the Group's ability to sell its interest in its listed shares to support the Group's short term funding needs.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current half-year.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

	6 Months to 31 December 2016 \$	6 Months to 31 December 2015 \$
2. Profit / (Loss)		
Profit (loss) before income tax has been determined after:		
Revenue		
Interest	1,202,697	659,592
Management fees	798,000	823,905
Total revenue	<u>2,000,697</u>	<u>1,483,497</u>
Other income		
Foreign exchange gains	-	1,253,843
Recycling of available for sale reserve through profit or loss	-	(15,802)
Reversal of impairment of investment in associates	9,106,644	10,522,536
Gain on sale of land	10,000	-
Other income	4,074	4,300
Total other income	<u>9,120,718</u>	<u>11,764,877</u>
Other expenses		
- Impairment of investment in associate	-	(2,899,249)
3. Income Tax		
(a) Components of tax (benefit)/expense in profit or loss comprise:		
Current tax	-	270,407
Deferred tax	2,324,643	1,826,573
	<u>2,324,643</u>	<u>2,096,980</u>
(b) Numerical reconciliation of income tax payable to prima facie tax payable		
Prima facie tax expense on profit (loss) before income tax at 30% (2015: 30%)	2,159,826	1,927,481
Add tax effect of:		
Permanent differences	(71)	163,370
Derecognise tax losses	47,122	2,522
Other	117,766	3,607
	<u>2,324,643</u>	<u>2,096,980</u>
(c) Tax (benefit)/expense relating to items of other comprehensive income		
Available for sale financial assets	21,102,231	3,928
	<u>21,102,231</u>	<u>3,928</u>
(d) Amounts recognised directly in equity		
Net deferred tax - debited (credited) directly to equity	33,992	-
	<u>33,992</u>	<u>-</u>

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

3. Income Tax (continued)

	31 December 2016 \$	30 June 2016 \$
(e) Deferred tax assets/(liabilities)		
Deferred tax asset		
Carried forward tax losses	1,837,349	1,688,228
Accruals / provisions	48,617	66,006
Capital raising costs expensed	83,964	139,454
Investment in associates	229,397	287,567
Investments at fair value through other comprehensive income	174,389	789,758
	2,373,716	2,971,013
Deferred tax liability		
Property, plant and equipment	(67,599)	(67,599)
Investments at fair value through other comprehensive income	(20,440,635)	(1,050)
Related party loans	(248,634)	(214,473)
Investment in associates	(4,675,004)	(2,394,836)
Exploration and evaluation assets	(1,656,312)	(1,546,657)
	(27,088,184)	(4,224,615)
Net deferred tax asset/(liability)	(24,714,468)	(1,253,602)
Deferred tax assets not recognised		
Unused tax losses	1,604,423	1,447,350
Temporary differences	67,848	67,848
Tax benefit at 30% (30 June 2016: 30%)	501,681	454,560

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test must be passed. The majority of losses are carried forward at 31 December 2016 under COT.

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

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

4. Earnings Per Share

Calculation of basic and diluted earnings per share is in accordance with AASB 133 *Earnings per Share*.

Earnings in cents per ordinary share:

	6 Months to 31 December 2016 \$	6 Months to 31 December 2015 \$
Basic earnings (loss) per share - cents	0.9	1.0
Diluted earnings (loss) per share - cents	0.8	1.0
Net profit (loss) used in calculating basic and diluted earnings per share	4,932,636	4,330,822
	Number	Number
Weighted average number of ordinary shares used in the calculation of		
Basic earnings per share	553,074,500	442,205,241
Diluted earnings per share	598,624,500	442,205,241

The 9.5 million options out of the money are considered non-dilutive. These out of the money options may become dilutive in the future.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

5. Other Financial Assets

	31 December 2016 \$	30 June 2016 \$
Financial assets at fair value through other comprehensive income	87,191,674	10,789,985
Cash on deposit held as security	314,000	314,000
Security bonds	868,924	868,924
Convertible notes	9,767,500	-
	98,142,098	11,972,909
Financial assets at fair value through other comprehensive income		
Balance at beginning of reporting period	10,789,985	5,296,268
Additions - cash	-	1,009,890
Additions - loan/debtor conversions	6,060,834	2,833,663
Disposal of financial assets at fair value through other comprehensive income	-	(766,575)
Fair Value adjustment through other comprehensive income	70,340,855	2,416,739
Balance at end of reporting period	87,191,674	10,789,985

Financial assets at fair value through other comprehensive income comprise an investment in the ordinary issued capital of SolGold plc, listed on the London Stock Exchanges Alternative Investment Market ("AIM"), an investment in the ordinary issued capital of Lions Gate Metals Inc., listed on the Toronto Stock Exchange ("TSX") and an investment in the ordinary issued capital of Aus Tin Mining Ltd a company listed on the Australian Securities Exchange

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.

Security bonds

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

Convertible notes

During the period ended 31 December 2016 DGR Global subscribed for \$9.4 million worth of Convertible Notes in Armour Energy, in part repayment of the Bridging Finance Facility, the key terms of the notes are as follows:

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

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

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

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

6. Investments Accounted for Using the Equity Method

	31 December 2016 \$	30 June 2016 \$
Balance at beginning of reporting period	9,340,496	8,884,802
Additional investment - shares	-	-
Share of associates profits (losses) after income tax	(1,818,044)	(5,236,593)
Share of associates other comprehensive income	345,776	(493,967)
Reversal of impairment	9,106,644	6,186,254
Balance at end of reporting period	16,974,872	9,340,496

Reversal of impairment relates to the investments in Dark Horse Resources Ltd, IronRidge Resources Ltd and Armour Energy Ltd. At 30 June 2016 the share price of Dark Horse Resources Ltd, IronRidge Resources Ltd and Armour Energy Ltd was \$0.005, \$0.075 and \$0.055, respectively. At 31 December 2016 the share price of Dark Horse Resources Ltd, IronRidge Resources Ltd and Armour Energy Ltd had risen to \$0.009, \$0.232 and \$0.076, respectively. On this basis the investments in the associates have been written up to the lower of fair value, less costs to sell or the equity accounted value.

7. Loans with related parties

	Opening balance at 30 June 2016 \$	Advances - cash \$	Repayments - cash \$	Equity conversions \$	Convertible note conversions \$	Closing balance at 31 December 2016 \$
Armour Energy Ltd ¹	12,872,618	380,139	-	-	(9,400,000)	3,852,757
Dark Horse Resources Ltd	540,430	-	-	-	-	540,430
SolGold plc ²	4,776,404	923,596	-	(5,700,000)	-	-
Others	4,958	-	(4,958)	-	-	-
	18,194,410	1,303,735	(4,958)	(5,700,000)	(9,400,000)	4,393,187

¹ On 16 December 2016, DGR Global subscribed for \$9.4 million worth of Convertible Notes in Armour Energy, in part repayment of the Bridging Finance Facility

² On 26 August 2016, DGR Global converted SolGold plc loan facility in full to ordinary shares in SolGold plc. DGR was granted 54,862,500 shares at an issue price of \$0.1039 per share.

8. Other Financial Liabilities

	31 December 2016 \$	30 June 2016 \$
Borrowings	3,517,909	518,143
	3,517,909	518,143

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

On 29 July 2016, DGR Global Ltd received a loan of CAD\$3,000,000 from two international financiers for a term of six months. Interest is payable at the rate of 20% per annum every 30 days after the date of the advance. The loan is secured by SolGold plc shares held by DGR Global Ltd. The extension of the loan is currently being renegotiated.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

9. Issued Capital

	31 December 2016 \$	30 June 2016 \$
559,631,877 (30 June 2016: 550,881,877) fully paid ordinary shares	31,216,191	30,386,191
Share issue costs	(1,459,110)	(1,417,367)
	29,757,081	28,968,824

Ordinary shares participate in dividends and the proceeds on winding up the Company. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

There is no par value or authorised capital.

(a) Ordinary Shares

	31 December 2016 Number	30 June 2016 Number	31 December 2016 \$	30 June 2016 \$
Opening balance	550,881,877	414,246,224	30,386,191	25,253,291
31 July 2015 ¹	-	7,407,167	-	222,215
12 November 2015 ²	-	35,268,795	-	1,340,215
7 December 2015 ³	-	93,959,691	-	3,570,470
24 October 2016 ⁴	2,000,000	-	130,000	-
2 November 2016 ⁵	2,000,000	-	130,000	-
30 November 2016 ⁶	4,750,000	-	570,000	-
Closing balance	559,631,877	550,881,877	31,216,191	30,386,191

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

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

³ On 7 December 2015, a total of 93,959,691 ordinary \$0.038 shares were issued. 2,665,485 were issued pursuant to the Company's Rights issue and 23,815,349 were issued pursuant to a private placement.

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

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

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

(b) Options

As at 31 December 2016, there were 57,450,000 unissued ordinary shares of DGR Global Ltd under option, held as follows:

Options on Issue in DGR Global Ltd	Number	Exercise Price	Expiry
Unlisted employee options	9,500,000	\$0.12	29/05/17
Unlisted employee options	21,000,000	\$0.065	30/09/17
Unlisted Director options	22,950,000	\$0.065	25/11/17
Unlisted Underwriting options	4,000,000	\$0.065	12/12/17

10. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at 31 December 2016.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

10. Segment Reporting

The group reports information to the board of Directors along company lines. That is, the financial position of DGR Global Limited 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 thresholds and are therefore not reported separately, are aggregated as Other Subsidiaries.

31 December 2016	DGR Global \$	Archer Resources \$	Other \$	Total \$
(i) Segment performance				
<i>Revenue</i>				
External revenue	2,000,697	-	-	2,000,697
Inter-segment revenue	-	-	-	-
Total segment revenue	2,000,697	-	-	2,000,697
<i>Reconciliation of segment revenue to group revenue</i>				
Other income				14,074
Reversal of impairment of investment in associates				9,106,644
Total group revenue				11,121,415
<i>Segment net profit (loss) before tax</i>				
	67,925	(156,706)	(399)	(89,180)
<i>Reconciliation of segment result to group net profit / loss before tax</i>				
Share of losses of associates				(1,818,044)
Reversal of impairment of investment in associate				9,106,644
Net profit before tax				7,199,420

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016
10. Segment Reporting (continued)

31 December 2015	DGR Global \$	Archer Resources \$	Other \$	Total \$
(i) Segment performance				
<i>Revenue</i>				
External revenue	1,483,253	244	-	1,483,497
Inter-segment revenue	11,934	-	-	11,934
Total segment revenue	1,495,187	244	-	1,495,431
<i>Reconciliation of segment revenue to group revenue</i>				
Elimination of inter-segment revenue				(11,934)
Foreign exchange gains				1,253,843
Other income				4,300
Recycling adjustment on available for sale assets				(15,802)
Reversal of impairment of investment in associates				10,522,536
Total group revenue				13,248,374
<i>Segment net profit (loss) before tax</i>				
	(840,371)	(8,359)	(18,186)	(866,916)
<i>Reconciliation of segment result to group net profit / loss before tax</i>				
Share of losses of associates				(1,573,777)
Reversal of impairment of investment in associate				10,522,536
Impairment of investment in associate				(2,899,249)
Foreign exchange gains				1,253,844
Other income				4,300
Recycling adjustment on available for sale assets				(15,802)
Net profit before tax				6,424,936

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

10. Segment Reporting (continued)

(ii) Segment assets

31 December 2016	DGR Global	Archer Resources	Other	Total
	\$	\$	\$	\$
<i>Segment assets</i>	131,539,204	2,195,973	518,595	134,253,772
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment receivables and investments eliminations				(5,217,496)
<i>Total group assets</i>				129,036,276
<i>Segment asset additions for the period</i>				
- Exploration and evaluation assets	189,211	122,698	263,087	574,996
- Property, plant and equipment	11,943	-	-	11,943
- Investments in financial assets through other comprehensive income	6,060,834	-	-	6,060,834
30 June 2016	DGR Global	Archer Resources	Other	Total
	\$	\$	\$	\$
<i>Segment assets</i>	50,267,093	1,761,933	258,684	52,287,710
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment receivables and investments eliminations				(4,685,426)
<i>Total group assets</i>				47,422,284
<i>Segment asset additions for the period</i>				
- Exploration and evaluation assets	356,904	237,392	146,443	740,739
- Property, plant and equipment	36,614	-	-	36,614
- Investments in financial assets through other comprehensive income	3,843,553	-	-	3,843,553

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2016

11. Cash flow information

	31 December 2016 \$	31 December 2015 \$
Profit/(loss) after tax	4,874,777	4,327,955
Depreciation	19,288	18,279
Exploration and evaluation assets written off	144,616	18,528
Share based payments expense	-	528,651
Share of associates losses	1,818,044	1,582,452
Reversal of impairment of investment in associate	(9,106,644)	(7,631,961)
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
-(Increase)/decrease in trade and other receivables	(1,053,499)	(8,894)
-(Increase)/decrease in other assets	9,544	46,234
-Increase/(decrease) in deferred tax liabilities	2,358,635	1,826,573
-Increase/(decrease) in trade and other payables	(485,292)	(1,854,817)
	(1,420,531)	(1,147,001)
Non-cash investing and financing activities		
Conversion of loans with related parties for convertible notes	(9,400,000)	-
Conversion of loans with related parties for shares	(5,700,000)	-
Conversion of debtors for shares	(360,834)	-

12. Financial Instruments

The fair values of financial assets and financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

To provide an indication about the reliability of inputs used in determining fair value, the group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2016				
Financial assets at fair value through OCI	87,191,674	-	-	87,191,674
Convertible notes	-	-	9,767,500	9,767,500
Investments accounted for using the equity method	5,703,800	-	-	5,703,800
30 June 2016				
Financial assets at fair value through OCI	10,789,985	-	-	10,789,985
Investments accounted for using the equity method	9,340,496	-	-	9,340,496

Level 1: The fair value of financial instruments traded in active markets is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for available for sale financial asset held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on an observable market data, the instrument is included in level 3.

There are \$11,271,072 amount of investments accounted for using the equity method that are carried at amortised cost under the equity accounting method. These investments were previously at fair value under level 1. Following an increase in the market price of the shares previous impairments have been reversed and the carrying value represents the maximum permitted under equity accounting. If these investments were continued to be carried at fair value, the value would be \$15,472,946.

The convertible notes in level 3 are valued based using the present value of the expected cash inflows from the host debt and the value of the conversion option using an option pricing model. These valuation techniques use unobservable inputs. Specifically the option pricing model that incorporates the share price at the balance date, exercise price, life, volatility and risk free rate. An increase in the share price, life, volatility or risk free rate will result in an increase in the fair value of the asset. The notes were issued on 15 December 2016 and there was no material movement in fair value at 31 December 2016.

12. Events After Balance Sheet Date

On 16 January 2016, 2,000,000 ordinary \$0.065 shares were issued pursuant to underwriter options being exercised.

On 17 January 2017, 400,000 ordinary \$0.065 shares were issued pursuant to ESOP options being exercised.

The Directors are not aware of any other events since 31 December 2016 that impact upon the financial report as at 31 December 2016.

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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 attached financial report and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (a) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Nicholas Mather
Managing Director

Brisbane
Date: 15 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DGR Global Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of DGR Global Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DGR Global Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of DGR Global Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DGR Global Limited is not in accordance with the *Corporations Act 2001* including:

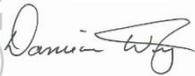
- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit Pty Ltd

BDO



D P Wright

Brisbane, 15 March 2017