



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

FINANCIAL REPORT

**FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

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Corporate Information

DIRECTORS

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

COMPANY SECRETARY

Karl Schlobohm

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

DGR Global Limited
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Phone: + 61 7 3303 0680
Fax: +61 7 3303 0681

SOLICITORS

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

SHARE REGISTER

Link Market Services Limited
Level 21, 10 Eagle 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 2017.

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)
Ben Cleary	(Non-Executive Director) - appointed 25 October 2017

REVIEW OF OPERATIONS

The profit after income tax for the half year ended 31 December 2017 was \$575,301 (31 December 2016: profit of \$4,874,777).

DGR Global's business is resource-project generation and discovery across a range of commodities, including copper, gold, nickel, cobalt, lithium, 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.

The DGR business model has been soundly endorsed by the best performing hedge fund in the world for 2016, with Tribeca Investment Partners providing up to \$10 million in converting note funding to further develop the resources company creation business¹.

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:

In association with Armour Energy Limited, DGR secures an 83.18% interest in a highly prospective oil project in the Kanywayaba Block, Uganda².

Auburn Resources Limited (63%) - formerly Archer Resources

- Rejuvenation as a zinc-copper-gold-nickel-cobalt company, with fundraising planned for advancement towards ultimate listing.
- Potential for world class copper gold discoveries at Mt Abbot, Calgoa and Three Sisters Projects and large sulphide nickel cobalt copper discoveries near Hawkwood³.
- Exploration target defined for the Ban Ban Zinc Project following 3D modelling and reinterpretation of historical drilling data along with a soil sampling program.

Pinnacle Gold Pty Ltd (94%)

- Five (5) EPMS held over prospective gold targets situated between the former Black Jack and Mt Leyshon Mines near Charters Towers, Qld.

Coolgarra Minerals Pty Ltd (100%)

- Four (4) granted EPMS and 1 EPM application for gold, nickel, cobalt and antimony in North Queensland.

Investments

Armour Energy Limited (22.57%) - ASX: AJQ

- 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 commenced⁴.
- Fully underwritten 1 for 6 rights issue @ 7.6 cents per share successfully completed⁵.
- Awarded further Roma Shelf petroleum acreage near the Kincora plant⁶.
- 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 hydrocarbons⁷.
- 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.
- Wholly owned subsidiary Ripple Resources Pty Ltd emerges as a highly prospective lead-zinc explorer with extensive tenure in Northern Australia.

REVIEW OF OPERATIONS (CONTINUED)

SolGold plc (13.47%) - 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.
- JORC compliant **Alpala Maiden Mineral Resource Estimate** released at the end of the quarter - refer SolGold LSE and TSX announcement for details⁸.
- Further significant long high grade drill intersections were announced to the market during the last quarter and can be viewed on the SolGold company website. Twelve (12) drilling rigs now operating at Cascabel⁹.
- Substantial treasury built to accelerate drilling and exploration after capital raisings that brought significant new shareholders on to the register. Most recent private placement raised £45 million¹⁰.
- SolGold granted **77 new Mineral Concessions** in Ecuador (held in 4 wholly owned subsidiaries) to become the dominant explorer¹¹.
- Extensive high grade copper, gold and zinc mineralisation already discovered in outcrops on several concessions in Southern Ecuador, particularly at the **La Hueca Project**¹².

IronRidge Resources Limited (24.4%) - LSE: IRR

- Completed acquisition of 100% of Tekton Minerals Pte. Ltd which has exclusive rights to an extensive land package and associated major new **gold** discovery in **Chad**, Central Africa³².
- Multiple gold intersections in trenching and gold in-soil anomalies defined at the **Echbara** prospect in Chad, only 25km from the Dorothe Project¹⁴.
- The multiple high grade gold intersections returned from fresh rock trenches at the **Dorothe** project, Chad during the previous quarter being followed up with an extensive expanded and in-fill exploration program that commenced in late November¹⁵.
- JV Agreement finalised with Gail Exploration in Cote d'Ivoire granting the company exclusive rights over a granted license covering 385 km² that is highly prospective for gold. The area is contiguous to 3 existing applications previously secured by the company and provides access to over 70 km strike of very prospective geology¹⁶.
- Multiple high-grade **lithium** pegmatite trenching and rock chip sampling results received for the **Ewoyaa** and **Abonku** prospects within the Mankessim licence area in **Ghana**, West Africa. A senior Ghanaian geologist has been recruited to head up further exploration including a drilling programme¹⁷.
- 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.
- 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 estimate¹⁸.
- Further high grade bauxite discovered, and two new bauxite target areas defined at **Koko**, 25km north-west of Monogorilby¹⁹.
- Initial drilling program at the May Queen **gold** prospect near Mongorilby confirms historical data and delivers multiple significant gold intersections²⁰. Fresh field reconnaissance confirms historic gold extensions at May Queen¹⁹.

Dark Horse Resources Limited (19.44%) - ASX: DHR

- Executed the acquisition and transfer agreements for the **PROAR** portfolio of gold prospective properties in Argentina. These are all located within the Deseado Massif which hosts numerous low sulphidation, epithermal deposits (including 6 operating mines), and includes a prospect adjacent the company's **Los Domos** Gold project²¹.
- Completed the first stage **lithium** exploration (mapping and sampling of surface and underground workings) of the **Las Tapias** mine, with assay results confirming the lithium richness of the Las Tapias pegmatite²¹.
- Extensive pegmatite features discovered by remote sensing interpretation across a further 4 project areas in the company's lithium tenement package²³.
- Following completion of 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 9.2 billion shares in LKO as well as 40,000 Convertible Notes.

Aus Tin Mining Limited (21.57%) - ASX: ANW

- Becomes the second listed tin producer listed on the ASX with resumption of tin production at the **Granville Tin Project** in Tasmania. First tin concentrate sales announced 6 October²⁴.
- 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 approved by the Glen Innes Severn Council on 21 December²⁵.
- New drilling program commenced early December to test extensions to cobalt mineralisation below the historic Smiths Mine at Mt Cobalt, west of Gympie. Initial test results are expected in the first quarter of 2018²⁶.

REVIEW OF OPERATIONS (CONTINUED)

Corporate

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

Footnotes:

¹DGR ASX Releases 22/8 and 25/10/17

³DGR ASX Releases 3/7 and 5/7/17

⁵AJQ ASX Releases 14/9 and 18/10/17

⁷AJQ ASX Release 19/9/17

⁹SOLG LSE/TSX Release 22/12/17

¹¹SOLG LSE/TSX Releases 29/8 and 28/11/17

¹³IRR LSE:AIM Release 5/9/17

¹⁵IRR LSE:AIM Releases 21/9 and 23/11/17

¹⁷IRR LSE:AIM Release 9/11/17

¹⁹IRR LSE:AIM Release 24/11/17

²¹DHR ASX Release 6/10/17

²³DHR ASX Release 16/11/17

²⁵ANW ASX Release 22/12/17

²AJQ ASX Release 14/9/17

⁴AJQ ASX Releases 29/9/17 and 2/1/18

⁶AJQ ASX Release 30/10/17

⁸SOLG LSE/TSX Release 3/1/18

¹⁰SOLG LSE/TSX Releases 16/6 and 8/11/17

¹²SOLG LSE/TSX Releases 31/10, 28/11,20/12/17

¹⁴IRR LSE:AIM Release 2/11/17

¹⁶IRR LSE:AIM Release 14/11/17

¹⁸IRR LSE:AIM Release 20/7/16

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

²²DHR ASX Releases 8/11 and 7/12/17

²⁴ANW ASX Release 6/10/17

²⁶ANW ASX Releases 12/12, 19/12, 21/12/17

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	204,151,800	-	79,962,783
Dark Horse Resources Ltd	311,242,864	-	5,913,614
IronRidge Resources Ltd	68,522,667	-	29,212,693
Aus Tin Mining Ltd	360,833,715	-	8,660,009
Lakes Oil Resources Ltd	408,065,120	-	816,130
Armour Energy Ltd	90,899,712	-	7,999,175
Total market value of DGR Global's listed assets			132,564,404
Total DGR Global shares on issue		-	613,181,877
Value attributable to each DGR share			\$0.216

[#] Market value represents the market quoted price for listed investments at 2 March 2018. No value has been attributable to the options or prospects in development.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 12 February 2018, 3,000,000 unlisted \$0.20 options expiring 12 February 2021 were issued under the employee share option scheme.

The Directors are not aware of any other events since 31 December 2017 that impact upon the financial report as at 31 December 2017.

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 2017.

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



Nicholas Mather
Managing Director

Brisbane
Date: 14 March 2018

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.



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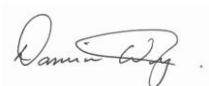
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DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF DGR GLOBAL LIMITED

As lead auditor for the review of DGR Global Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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
Director

BDO Audit Pty Ltd

Brisbane, 14 March 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017

	Note	Consolidated	
		6 Months to 31 December 2017 \$	6 Months to 31 December 2016 \$
Revenue and other income			
Revenue	2	923,125	2,000,697
Other income	2	7,477,011	9,120,718
Total revenue and other income		8,400,136	11,121,415
Exploration costs written off		(118,561)	(144,616)
Finance costs		(303,179)	(252,097)
Employee benefits expenses		(1,095,246)	(1,007,900)
Depreciation expenses		(15,102)	(19,288)
Legal expenses		(17,061)	(32,967)
Administration and consulting expenses		(967,148)	(647,083)
Share of profits (losses) of associates	6	(3,212,416)	(1,818,044)
Share based payments employment expense		(844,806)	-
Movement in fair value of Convertible note liability		(122,764)	-
Profit/ (loss) before income tax		1,703,853	7,199,420
Income tax (expense)/benefit	3	(1,128,552)	(2,324,643)
Profit / (loss) for the period		575,301	4,874,777
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		(30,057,776)	70,340,855
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	9,017,333	(21,102,231)
Other comprehensive income for the period, net of tax		(21,040,443)	49,584,400
Total comprehensive income for the period		(20,465,142)	54,459,177
Profit / (loss) for the period attributable to:			
Members of the parent company		568,192	4,932,636
Non-controlling interests		7,109	(57,859)
		575,301	4,874,777
Total comprehensive income for the period attributable to:			
Members of the parent company		(20,472,251)	54,517,036
Non-controlling interests		7,109	(57,859)
		(20,465,142)	54,459,177
		2017	2016
		Cents	Cents
Earnings per share			
Basic earnings per share	4	0.1	0.9
Diluted earnings per share	4	0.1	0.8

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 2017

	Note	Consolidated	
		31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		4,967,256	1,361,255
Trade and other receivables		1,332,734	889,274
Other current assets		82,429	24,977
Total Current Assets		6,382,419	2,275,506
NON-CURRENT ASSETS			
Other financial assets	5	121,998,645	150,213,824
Investments accounted for using the equity method	6	24,256,787	17,035,638
Property, plant and equipment		430,245	446,085
Exploration and evaluation assets		6,333,180	4,428,211
Loans with related parties	7	25,531	2,057,799
Total Non-Current Assets		153,044,388	174,181,557
TOTAL ASSETS		159,426,807	176,457,063
CURRENT LIABILITIES			
Trade and other payables		1,077,035	1,018,538
Income tax payable		-	399,159
Total Current Liabilities		1,077,035	1,417,697
NON-CURRENT LIABILITIES			
Other financial liabilities	8	8,207,764	-
Deferred tax liabilities	3	31,065,750	39,101,489
Provisions		1,089,554	1,089,554
Total Non-Current Liabilities		40,363,068	40,191,043
TOTAL LIABILITIES		41,440,103	41,608,740
NET ASSETS		117,986,704	134,848,323
EQUITY			
Issued capital	9	33,545,921	30,787,204
Reserves		98,592,163	118,787,800
Accumulated losses		(14,658,515)	(15,226,707)
Equity attributable to members of the parent entity		117,479,569	134,348,297
Non-controlling interests		507,135	500,026
TOTAL EQUITY		117,986,704	134,848,323

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 2017

	Note	Consolidated	
		6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts in the course of operations		417,819	330,073
Payments to suppliers and employees		(2,141,049)	(1,685,466)
Interest received		35,140	186,959
Interest and other costs of finance paid		(61,207)	(252,097)
Realised foreign exchange gains		13,232	-
Income tax paid		(546,114)	-
Net cash outflow from operating activities	12	(2,282,179)	(1,420,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(11,943)
Payments for investments in associates		(3,611,705)	-
Payments for investments in convertible notes		-	(367,500)
Payments for exploration and evaluation assets		(2,070,612)	(537,185)
Net loans to related parties		966,780	(1,303,475)
Net cash (outflow)/inflow from investing activities		(4,715,537)	(2,220,103)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,773,550	830,000
Share issue costs		(14,833)	(7,751)
Proceeds from borrowings		8,085,000	2,999,766
Costs of borrowings		(240,000)	-
Net cash (outflow)/inflow from financing activities		10,603,717	3,822,015
Net increase/(decrease) in cash held		3,606,001	181,381
Cash at 1 July		1,361,255	531,101
Cash at 31 December		4,967,256	712,482

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 2017

	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 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
Exercise of options	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
Net profit (loss) for the period	-	(2,196,943)	-	-	-	-	(2,196,943)	(25,094)	(2,222,037)
Other comprehensive income	-	-	-	36,689,112	-	-	36,689,112	-	36,689,112
Total comprehensive income for the period	-	(2,196,943)	-	36,689,112	-	-	34,492,169	(25,094)	34,467,075
Exercise of options	1,015,200	-	-	-	-	-	1,015,200	-	1,015,200
Share issue costs, net of tax	14,923	-	-	-	-	-	14,923	-	14,923
Transfers to profit reserves	-	(3,446,866)	-	-	-	3,446,866	-	-	-
At 30 June 2017	30,787,204	(15,226,707)	6,898,865	85,107,269	17,927,599	8,854,067	134,348,297	500,026	134,848,323
Net profit (loss) for the period	-	568,192	-	-	-	-	568,192	7,109	575,301
Other comprehensive income	-	-	-	(21,040,443)	-	-	(21,040,443)	-	(21,040,443)
Total comprehensive income for the period	-	568,192	-	(21,040,443)	-	-	(20,472,251)	7,109	(20,465,142)
Exercise of options	2,773,550	-	-	-	-	-	2,773,550	-	2,773,550
Share issue costs, net of tax	(14,833)	-	-	-	-	-	(14,833)	-	(14,833)
Share based payments	-	-	844,806	-	-	-	844,806	-	844,806
At 31 December 2017	33,545,921	(14,658,515)	7,743,671	64,066,826	17,927,599	8,854,067	117,479,569	507,135	117,986,704

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 2017

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 2017 was authorised for issue in accordance with a resolution of the Directors on 14 March 2018. 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 2017 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 2017 and considered together with any public announcement made by DGR Global Limited during the half-year ended 31 December 2017 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.

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 2017 the group generated a consolidated profit of \$575,301 and incurred operating cash outflows of \$2,282,179. As at 31 December 2017 the group had cash and cash equivalents of \$4,967,256, net current assets of \$5,305,383 and net assets of \$117,986,704.

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

Comparatives

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

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017
2. Profit / (Loss)

	6 Months to 31 December 2017 \$	6 Months to 31 December 2016 \$
Profit (loss) before income tax has been determined after:		
Revenue		
Interest	125,125	1,202,697
Management fees	798,000	798,000
Total revenue	923,125	2,000,697
Other income		
Foreign exchange gains	13,232	-
Reversal of impairment of investment in associates	5,617,282	9,106,644
Gain on sale of land	-	10,000
Fair value movement on convertible notes	1,842,597	
Other income	3,900	4,074
Total other income	7,477,011	9,120,718

3. Income Tax

	6 Months to 31 December 2017 \$	6 Months to 31 December 2016 \$
(a) Components of tax expense/(benefit) in profit or loss comprise:		
Current tax	146,957	-
Deferred tax	981,595	2,324,643
	1,128,552	2,324,643
Components of tax expense/(benefit) in other comprehensive income comprise:		
Deferred tax	(9,017,333)	21,102,231
	(9,017,333)	21,102,231
(b) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense/(benefit) as follows:		
Prima facie tax on profit / (loss) before income tax at 30% (2016: 30%)	511,156	2,159,826
Add tax effect of:		
Permanent differences	635,888	(71)
Other	(18,492)	47,122
Derecognise tax losses	-	117,766
Income tax expense/(benefit)	1,128,552	2,324,643
Amounts recognised directly in equity:		
Net deferred tax - debited (credited) directly to equity	-	33,992
	-	33,992

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017
3. Income Tax (continued)
(c) Recognised deferred tax assets and liabilities

31 December 2017	Opening balance	Net charged to income	Net charged to other comprehensive income	Net charged to other equity	Closing balance
	\$	\$	\$	\$	\$
Deferred tax asset					
Carried forward tax losses	1,716,256	358,035	-	-	2,074,291
Accruals/provisions	164,945	53,935	-	-	218,880
Capital raising costs expensed	83,964	(19,312)	-	-	64,652
Borrowing costs	-	54,000	-	-	54,000
Investment in associates	372,124	(372,124)	-	-	-
AFS revaluation	405,059	-	(282,640)	-	122,420
	2,742,348	74,534	(282,640)	-	2,534,243
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(36,024,310)	-	9,299,973	-	(26,724,337)
Financial assets through profit and loss	-	(332,757)	-	-	(332,757)
Related party loans	(110,011)	110,011	-	-	-
Investment in associates	(4,313,454)	(730,233)	-	-	(5,043,687)
Exploration and evaluation assets	(1,328,463)	(103,150)	-	-	(1,431,613)
Property Plant and Equipment	(67,599)	-	-	-	(67,599)
	(41,843,837)	(1,056,129)	9,299,973	-	(33,599,993)
Net deferred tax recognised	(39,101,489)	(981,595)	9,017,333	-	(31,065,750)
Deferred tax assets not recognised					
Unused tax losses	1,762,042	(16,984)	-	-	1,745,059
Unused capital losses	67,848	-	-	-	67,848
Temporary differences	-	-	-	-	-
Tax benefit at 30%	548,967	(5,095)	-	-	543,872

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

3. Income Tax (continued)

(c) Recognised deferred tax assets and liabilities (continued)

30 June 2017	Opening balance	Net charged to income	Net charged to other comprehensive income	Net charged to other equity	Closing balance
	\$	\$	\$	\$	\$
Deferred tax asset					
Carried forward tax losses	1,688,228	28,028	-	-	1,716,256
Accruals/provisions	66,006	98,939	-	-	164,945
Capital raising costs expensed	139,454	(55,490)	-	-	83,964
Investment in associates	287,567	84,557	-	-	372,124
AFS revaluation	789,759	(546,483)	161,783	-	405,059
	2,971,014	(390,451)	161,783	-	2,742,348
Deferred tax liability					
Financial assets at fair value through other comprehensive income	(1,050)	1,113,374	(37,136,634)	-	(36,024,310)
Related party loans	(214,473)	104,462	-	-	(110,011)
Investment in associates	(2,394,836)	(1,918,619)	-	-	(4,313,454)
Exploration and evaluation assets	(1,546,658)	218,195	-	-	(1,328,463)
Property Plant and Equipment	(67,599)	-	-	-	(67,599)
	(4,224,616)	(482,588)	(37,136,634)	-	(41,843,837)
Net deferred tax recognised	(1,253,602)	(873,039)	(36,974,849)	-	(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

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

3. Income Tax (continued)

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 2017 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*.

	6 Months to 31 December 2017 \$	6 Months to 31 December 2016 \$
<i>Earnings in cents per ordinary share:</i>		
Basic earnings (loss) per share - cents	0.1	0.9
Diluted earnings (loss) per share - cents	0.1	0.8
Net profit (loss) used in calculating basic and diluted earnings per share	568,192	4,932,636
	Number	Number
Weighted average number of ordinary shares used in the calculation of		
Basic earnings per share	585,431,331	553,074,500
Diluted earnings per share	585,431,331	598,624,500

The 36,875,000 options and 40,000,000 convertible notes on issue at 31 December 2017 are out of the money and are considered non-dilutive. These out of the money options and convertible notes may become dilutive in the future.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

5. Other Financial Assets

	31 December 2017	30 June 2017
	\$	\$
Financial assets at fair value through other comprehensive income	108,465,167	138,522,943
Cash on deposit held as security	314,000	314,000
Security bonds	1,203,765	1,203,765
Convertible notes	12,015,713	10,173,116
	121,998,645	150,213,824

Financial assets at fair value through other comprehensive income

Balance at beginning of reporting period	138,522,943	10,789,985
Additions - cash	-	726,130
Additions - loan/debtor conversions	-	6,150,834
Disposal of financial assets at fair value through other comprehensive income	-	(2,392,367)
Fair Value adjustment through other comprehensive income	(30,057,776)	123,248,361
Balance at end of reporting period	108,465,167	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 and the Toronto Stock Exchange ("TSX"), an investment in the ordinary issued capital of Lions Gate Metals Inc, listed on the Toronto Stock Exchange ("TSX"), an investment in the ordinary issued capital of Aus Tin Mining Ltd a company listed on the Australian Securities Exchange and an investment in the ordinary issued capital of Lakes Oil NL a company listed on the Australian Securities Exchange.

Classification of assets at fair value through other comprehensive income

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

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

	31 December 2017	30 June 2017
	\$	\$
Opening balance at beginning of reporting period	-	-
Additions - Armour Energy Convertible notes	10,173,116	9,400,000
Additions - Lakes Oil NL Convertible notes	-	367,500
Additions - Conversion of Armour Energy Convertible note interest	733,407	405,616
Fair Value movement	1,109,190	-
Closing balance at end of reporting period	12,015,713	10,173,116

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

5. Other Financial Assets (continued)

Convertible notes (continued)

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

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

On 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 Armour Energy's election. On 5 October 2017, interest accrued on the Armour Energy convertible notes to 30 September 2017 of \$733,407 was paid via the issue of additional convertible notes at Armour Energy's election.

Additionally, during the financial year ended 30 June 2017 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).

6. Investments Accounted for Using the Equity Method

Name	Country of incorporation and principle place of business	Principle Activity	Shares	Ownership Interest		Carrying Amount	
				31 December 2017 %	30 June 2017 %	31 December 2017 \$	30 June 2017 \$
Armour Energy Ltd	Australia	Oil & Gas Exploration	ORD	23%	22%	8,635,473	5,253,500
Dark Horse Resources Ltd	Australia	Mineral Exploration	ORD	19%	24%	3,073,270	1,867,429
IronRidge Resources Ltd	Australia	Mineral Exploration	ORD	24%	26%	12,548,044	9,914,709
						24,256,787	17,035,638

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

6. Investments Accounted for Using the Equity Method (continued)

(A) Movements during the period in equity accounted investments	31 December 2017 \$	30 June 2017 \$
Balance at beginning of reporting period	17,035,638	9,340,496
Additional investment - shares	4,816,283	1,581,601
Share of associates profits (losses) after income tax	(3,212,416)	(2,912,545)
Share of associates other comprehensive income	-	-
Net reversal of impairment	5,617,282	9,026,086
Balance at end of reporting period	<u>24,256,787</u>	<u>17,035,638</u>

Net reversal of impairment relates to the investments in Dark Horse Resources Ltd, Armour Energy Ltd and IronRidge Resources Ltd. At 30 June 2017 the share price of Dark Horse Resources Ltd, Armour Energy Ltd and IronRidge Resources Ltd was \$0.006, \$0.07 and £0.3525, respectively. At 31 December 2017 the share price of Dark Horse Resources Ltd and Armour Energy Ltd had risen to \$0.017, \$0.095 respectively whereas the share price of IronRidge Resources Ltd has fallen to £0.2725. The investments in Dark Horse Resources Ltd and Armour Energy Ltd have been written up to the lower of fair value, less costs to sell or the equity accounted value, while the investment in IronRidge Ltd has been impaired following the recognition of the Groups share of losses.

(B) Fair value of investments in associates with published price quotations	31 December 2017 \$	30 June 2017 \$
Fair value of investment in Armour Energy Ltd	8,635,473	5,253,500
Fair value of investment in Dark Horse Resources Ltd	5,291,129	1,867,457
Fair value of investment in IronRidge Resources Ltd	32,268,437	37,140,658
	<u>46,195,039</u>	<u>44,261,615</u>

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

6. Investments Accounted for Using the Equity Method (continued)

(C) Summarised financial information of associates

The results of the Group's associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership interest %	Current assets \$	Non-current assets \$	Current liabilities \$	Non-current liabilities \$	Revenues \$	Profit/loss \$	Other comprehensive income
31 December 2017								
Armour Energy Ltd	23%	6,744,901	88,068,126	8,897,676	39,591,116	3,112,680	(8,352,878)	-
Dark Horse Resources Ltd	19%	1,795,300	11,034,420	1,855,987	1,931	21,086	(1,793,328)	-
IronRidge Resources Ltd	24%	13,986,068	16,636,563	593,959	-	3,623	(4,009,507)	-
		22,526,269	115,739,109	11,347,622	39,593,047	3,137,389	(14,155,713)	-
30 June 2017								
Armour Energy Ltd	22%	9,474,792	82,260,100	6,872,650	35,811,227	618,276	(11,474,692)	-
Dark Horse Resources Ltd	24%	307,749	10,248,410	1,467,151	1,931	9,369,133	4,086,495	-
IronRidge Resources Ltd	26%	2,511,290	9,786,242	868,144	-	4,228	(5,227,753)	-
		12,293,831	102,294,752	9,207,945	35,813,158	9,991,637	(12,615,950)	-

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

6. Investments Accounted for Using the Equity Method (continued)

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

	Armour Energy Ltd		Dark Horse Resources Ltd		IronRidge Resources Ltd	
	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 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	(1,885,505)	(2,562,901)	(348,541)	993,835	(978,370)	(1,343,479)
Share of other comprehensive income	-	-	-	-	-	-
Additional investment	1,204,578	-	-	1,581,601	3,611,705	-
(Impairment)/reversal	4,062,900	3,688,651	1,554,382	(1,275,691)	-	6,613,126
Closing carrying amount	8,635,473	5,253,500	3,073,270	1,867,429	12,548,044	9,914,709

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

	Armour Energy Ltd		Dark Horse Resources Ltd		IronRidge Resources Ltd	
	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$
Share of net assets	10,456,825	10,957,997	2,132,418	2,491,564	7,327,373	3,009,358
Goodwill	16,338,068	16,517,823	940,852	930,247	5,220,671	6,905,351
Net impairment	(18,159,420)	(22,222,320)	-	(1,554,382)	-	-
Closing carrying amount	8,635,473	5,253,500	3,073,270	1,867,429	12,548,044	9,914,709

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

7. Loans with related parties

	Opening balance at 30 June 2017 \$	Advances - cash and capitalised interest \$	Repayments - cash \$	Equity conversions \$	Convertible note conversions \$	Closing balance at 31 December 2017 \$
Armour Energy Ltd ¹	2,057,799	58,228	(1,000,000)	(1,116,027)	-	-
Others	-	25,531	-	-	-	25,531
	2,057,799	83,759	(1,000,000)	(1,116,027)	-	25,531

Loan with Armour Energy Ltd

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

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

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

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.

8. Other financial liabilities

	31 December 2017 \$	30 June 2017 \$
Convertible notes	8,122,764	-
Related party loans	85,000	-
	8,207,764	-

Movements in carrying value

	31 December 2017 \$	30 June 2017 \$
Opening balance	-	-
Face value of convertible notes issued	8,000,000	-
Movement in fair value	122,764	-
Closing balance	8,122,764	-

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

8. Other financial liabilities (continued)

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

9. Issued Capital

	31 December 2017 \$	30 June 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)
	33,545,921	30,787,204

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 2017 Number	30 June 2017 Number	31 December 2017 \$	30 June 2017 \$
Opening balance	570,511,877	550,881,877	32,231,391	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	2,000,000	-	130,000	-
29 September 2017	17,720,000	-	1,151,800	-
27 November 2017	22,950,000	-	1,491,750	-
Closing balance	613,181,877	570,511,877	35,004,941	32,231,391

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

9. Issued Capital (continued)

(a) Ordinary Shares (continued)

- ¹ On 24 October 2016, 2,000,000 ordinary \$0.065 shares were issued pursuant to the exercise of ESOP options.
- ² On 2 November 2016, 2,000,000 ordinary \$0.065 shares were issued pursuant to the exercise of underwriter options.
- ³ On 30 November 2016, 4,750,000 ordinary \$0.12 shares were issued pursuant to the exercise of director 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 31 December 2017, there were 36,875,000 unissued ordinary shares of DGR Global Ltd under option, held as follows:

Options on Issue in DGR Global Ltd	Number	Exercise Price	Expiry
Unlisted employee options	19,375,000	\$0.20	8/11/20
Unlisted Director options	17,500,000	\$0.20	28/11/20

During the half year 19,270,000 unlisted \$0.065 employee options and 22,950,000 unlisted \$0.065 Director options were exercised.

10. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets at 31 December 2017.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

11. 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 discreetly, together with an aggregated group total. Accordingly, each company within the group that meets or exceeds the relevant threshold tests is separately disclosed below. The financial information of the subsidiaries that do not exceed the thresholds and are therefore not reported separately, are aggregated as Others.

31 December 2017	DGR Global \$	Archer Resources \$	Others \$	Total \$
(i) Segment performance				
<i>Revenue</i>				
External revenue	923,125	-	-	923,125
Inter-segment revenue	-	-	-	-
Total segment revenue	923,125	-	-	923,125
<i>Reconciliation of segment revenue to group revenue</i>				
Other income	7,477,011	-	-	7,477,011
Total group revenue				8,400,136
<i>Segment net profit (loss) before tax</i>	(570,177)	19,675	(150,511)	(701,013)
<i>Reconciliation of segment result to group net profit / loss before tax</i>				
Share of losses of associates				(3,212,416)
Reversal of impairment of investment in associate				5,617,282
Net profit before tax				1,703,853

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

11. Segment Reporting (continued)

31 December 2016	DGR Global \$	Archer Resources \$	Others \$	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

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Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

11. Segment Reporting (continued)

(ii) Segment assets

31 December 2017	DGR Global	Archer Resources	Others	Total
	\$	\$	\$	\$
<i>Segment assets</i>	162,575,302	1,988,273	361,270	164,924,845
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment receivables and investments eliminations				(5,498,038)
<i>Total group assets</i>				159,426,807

30 June 2017	DGR Global	Archer Resources	Others	Total
	\$	\$	\$	\$
<i>Segment assets</i>	179,605,592	1,793,261	443,066	181,841,919
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment receivables and investments eliminations				(5,384,856)
<i>Total group assets</i>				176,457,063

All segment asset additions occur in Australia.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

12. Cash flow information

	31 December 2017 \$	31 December 2016 \$
Profit/(loss) after tax	575,301	4,874,777
Depreciation	15,102	19,288
Exploration and evaluation assets written off	118,561	144,616
Share based payments expense	844,806	-
Share of associates losses	3,212,416	1,818,044
Reversal of impairment of investment in associate	(5,617,282)	(9,106,644)
Movement in fair value of convertible note liability	122,764	-
Movement in fair value of convertible note receivable	(1,109,190)	-
Changes in operating assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (Increase)/decrease in trade and other receivables	(441,143)	(1,053,499)
- (Increase)/decrease in other assets	(53,911)	9,544
- Increase/(decrease) in tax payable	(399,159)	-
- Increase/(decrease) in deferred tax liabilities	981,597	2,358,635
- Increase/(decrease) in trade and other payables	(532,041)	(485,292)
	(2,282,179)	(1,420,531)
Non-cash investing and financing activities		
Conversion of loans with related parties for convertible notes	-	(9,400,000)
Conversion of interest with related parties for convertible notes	733,407	-
Conversion of loans with related parties for shares	-	(5,700,000)
Conversion of debtors for shares	-	(360,834)

13. Fair Value

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

(a) The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2017 and 30 June 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2017				
Financial assets at fair value through OCI	108,465,167	-	-	108,465,167
Convertible note receivable	367,500	-	11,648,213	12,015,713
Convertible note payable	-	-	8,122,764	8,122,764
30 June 2017				
Financial assets at fair value through OCI	138,522,943	-	-	138,522,943
Convertible note receivable	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 31 December 2017 and 30 June 2017. The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

13. Fair Value (continued)

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

Description	Fair value at reporting date \$	Unobservable Inputs*	Range of inputs	Relationship of unobservable inputs to fair value
31 December 2017				
Convertible note receivable	11,648,213	Share price volatility	50%	Lower volatility (-10 bps) would increase FV by \$471,352; higher volatility (+10 bps) would decrease FV by \$460,873.
		Risk-adjusted discount rate	7%	Lower discount rate (-100 bps) would increase FV by \$59,838; higher discount rate (+100 bps) would decrease FV by \$60,439.
Convertible note payable	8,122,764	Share price volatility	60%	Higher volatility (+10 bps) would increase FV by \$116,321; lower volatility (-10 bps) would decrease FV by \$104,333.
		Risk-free interest rate	1.96%	Lower discount rate (-25 bps) would increase FV by \$26,225; higher discount rate (+25 bps) would decrease FV by \$130,696.
30 June 2017				
Convertible note receivable	9,805,616	Share price volatility	50%	Lower volatility (-10 bps) would increase FV by \$427,273; higher volatility (+10 bps) would decrease FV by \$341,818.
		Risk-adjusted discount rate	7%	Lower discount rate (-100 bps) would increase FV by \$149,264; higher discount rate (+100 bps) would decrease FV by \$145,795.

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

(c) The following table presents the Group's assets and liabilities which are not carried at fair value at 31 December 2017 and 30 June 2017 wherein their carrying values do not approximate their fair value at 31 December 2017 and 30 June 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Carrying value \$
31 December 2017				
Investments accounted for using the equity method	46,195,038	-	-	24,256,787
30 June 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 31 December 2017 and 30 June 2017.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2017

14. Share based payments

The fair values of options granted in the period ending 31 December 2017 were calculated by using a Black-Scholes options pricing model applying the following inputs:

	DGR Global Ltd ESOP	DGR Global Ltd Underwriter Options
Exercise price	\$0.20	\$0.20
Life of the option	3 years	3 years
Underlying share price	\$0.10	\$0.10
Expected share price volatility	61.364%	61.364%
Risk free interest rate	1.94%	1.89%
Number of options issued	19,375,000	17,500,000
Fair value (black-scholes) per option	\$0.023	\$0.023
Total value of options issued	\$444,407	\$400,399

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

15. Events After Balance Sheet Date

On 12 February 2018, 3,000,000 unlisted \$0.20 options expiring 12 February 2021 were issued under the employee share option scheme.

The Directors are not aware of any other events since 31 December 2017 that impact upon the financial report as at 31 December 2017.

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 2017 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: 14 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DGR Global Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DGR Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

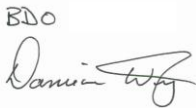
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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



D P Wright

Director

Brisbane, 14 March 2018

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