

## Quarterly Activities Report for the Quarter ended 31 March 2016

### Greenfield Gold Exploration Activity

- ✓ During the March quarter DGO Gold Limited ("DGO" or "the Company") continued to implement its sediment hosted gold green field exploration strategy supported by the research conducted at CODES at the University of Tasmania over the past decade.
- ✓ The Company now holds tenure (under joint venture, application or grant) across Western Australia and South Australia covering 1,367km<sup>2</sup>.
- ✓ The Company entered into a Joint Venture with TasEx Geological Services ("TasEx") over its Doolgunna Exploration licence, which covers approximately 68km<sup>2</sup> within the Proterozoic Yerrida Basin, taking the Company's total holdings in this area to 259km<sup>2</sup>.
- ✓ A further 35km<sup>2</sup> of tenure was also applied for at Mt Edwards during the quarter, taking the Company's total holdings in the Eastern Goldfields to 115km<sup>2</sup>.
- ✓ Approximately 417km<sup>2</sup> of additional land was taken up in South Australia during the Quarter at Meadows, Echunga and Yerelina, taking the total holdings in South Australia to 748km<sup>2</sup>.

### Corporate Activities:

- ✓ DGO Gold Limited and its subsidiary Yandan Gold Mines Pty Ltd (the Group) are expected to receive total income tax refunds of approximately \$230,000 (net of fees) in the next quarter as the result of the 2015 research and development activities.
- ✓ Company continues to hold 50 million listed fully paid ordinary in GBM Resources Limited and 212,766 listed fully paid ordinary shares in Talisman Mining Limited.
- ✓ The Company has 5,797,268 fully paid ordinary shares on issue.

## **EXPLORATION ACTIVITIES STRATEGY**

DGO is implementing its greenfield exploration strategy of using sediment hosted gold deposit (SHGD) analogues of world class gold deposits and the peak ages of gold deposition to target Australian sedimentary basins. This strategy is supported by the research conducted over the past decade at CODES at the University of Tasmania, which has focused on identifying districts in which SHGD's could occur in rocks in Australia that are of comparable geologic age to those of SHGD elsewhere in the world.

Some of the World's largest gold deposits, such as Witwatersrand in South Africa, The Carlin Trend deposits in Nevada, USA and Sukhoi Log in Eastern Russia are sediment hosted. DGO believes that Australian gold exploration has not been previously focused on sediment hosted gold mineralisation and or deposits.

DGO has commenced securing land holdings in key target areas in Western Australia and South Australia and is in the process of researching and reviewing past exploration data for these areas. This research will be used to identify drill ready targets, with exploration priorities determined by the identification of drill targets.

DGO now holds tenure covering a total of 1,367km<sup>2</sup> (under application, joint venture or granted) across Western Australia and South Australia covering some of the high priority targets identified by the CODES research. See Table 1 for a full listing of tenement applications.

### **SEDIMENT HOSTED GOLD AND BASE METALS, YERRIDA BASIN OF WA**

DGO holdings in the Proterozoic Yerrida Basin now total 259km<sup>2</sup> in an area that is highly prospective for sediment hosted gold and base metal mineralization (Juderina and Johnson Cairn Formations). The Company's holdings are located approximately 100km north of Meekatharra in Western Australia. See Figure 1 below.

During the quarter DGO entered in to a Farm-in and Joint Venture agreement over the granted TasEx Doolgunna Exploration Licence, which covers an area of 68km<sup>2</sup> within the Yerrida Basin. TasEx's Doolgunna Project is contiguous with DGO's western exploration licence application.

The Juderina Formation consists of sandstone, shale, siltstone, conglomerate and chert and is overlain by the shale and siltstone of the Johnson Cairn Formation. The Geological Survey of Western Australia (GSWA) estimate that the geological age of these formations range from 1600 to 2500Ma, the "right" age for the occurrence of sediment hosted gold mineralisation as indicated by the research by CODES at the University of Tasmania. The Juderina Formation overlies the basement Archaean granites to the west and south west of the tenements. The Narracoota Volcanics, part of the Bryah sedimentary basin separated from the Yerrida Basin Juderina and Johnson Cairn Formations by the deep seated Goodin Fault, occur to the east and north of the tenements.

The Narracoota Volcanics host Sandfire Resources' DeGrussa Copper Gold Mine and Sandfire Resources/Talisman Mining's recent Monty copper gold discovery.

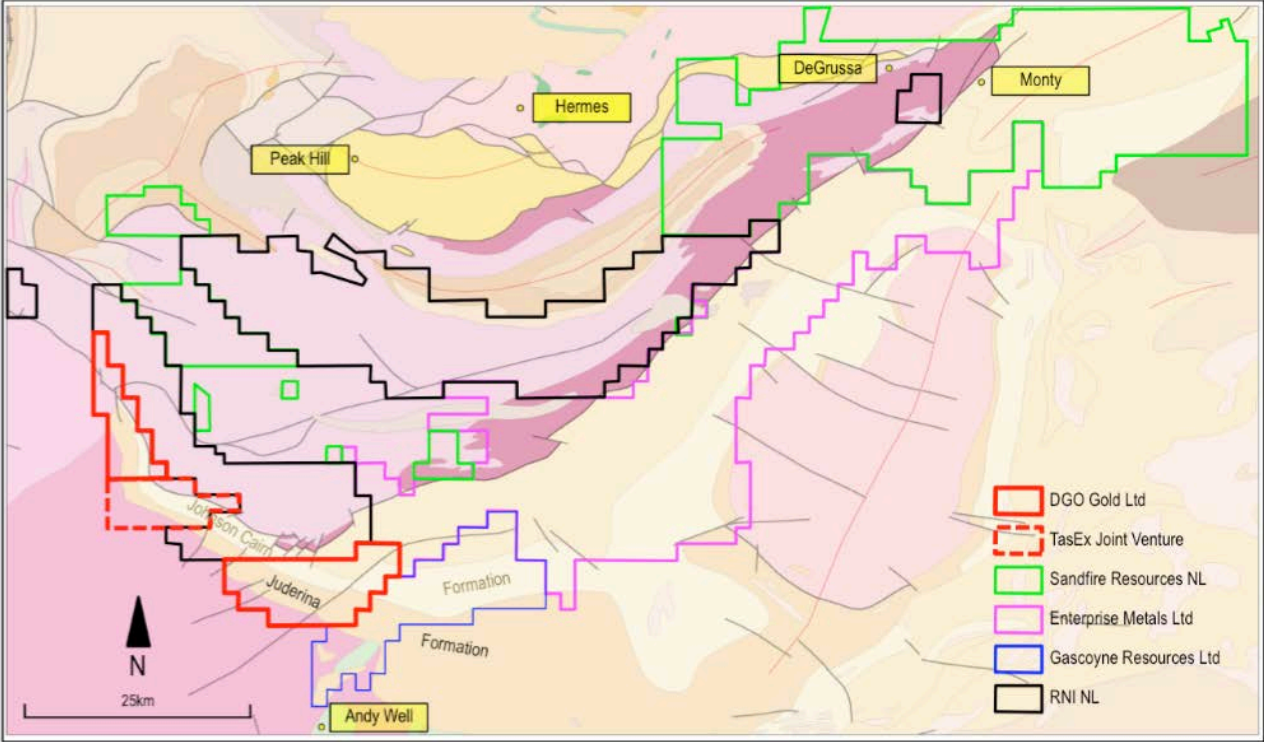


Figure 1: Tenement Applications, Location Diagram, Yerrida – Bryah Basin

Exploration by Enterprise Metals Limited as reported to the ASX in October 2013 identified a series of multi element geochemical anomalies broadly coincident with airborne SPECTREM (EM) bedrock conductors 15 – 25km east of DGO’s eastern exploration licence application. These anomalies appear to be associated with the Johnson Cairn Formation. The abundance of pyrite mineralisation in the carbonaceous shales of the Johnson Cairn Formation as intersected by the Enterprise Metals Limited drilling as described above is regarded by DGO as an important indicator of the prospectivity of the Johnson Cairn Formation

In addition the Geological Survey of Western Australia database indicates a number of base metal prospects immediately to the north of the company’s eastern exploration licence application. The database also indicates a gold prospect within the Juderina Formation in DGO’s western exploration licence application and a number of gold prospects and alluvial gold occurrences associated with the Juderina Formation within the tenement abutting the western exploration licence application. See Figure 2 below. The compilation and review of all past exploration data for the two DGO exploration licence applications, plus the surrounding areas, is underway.

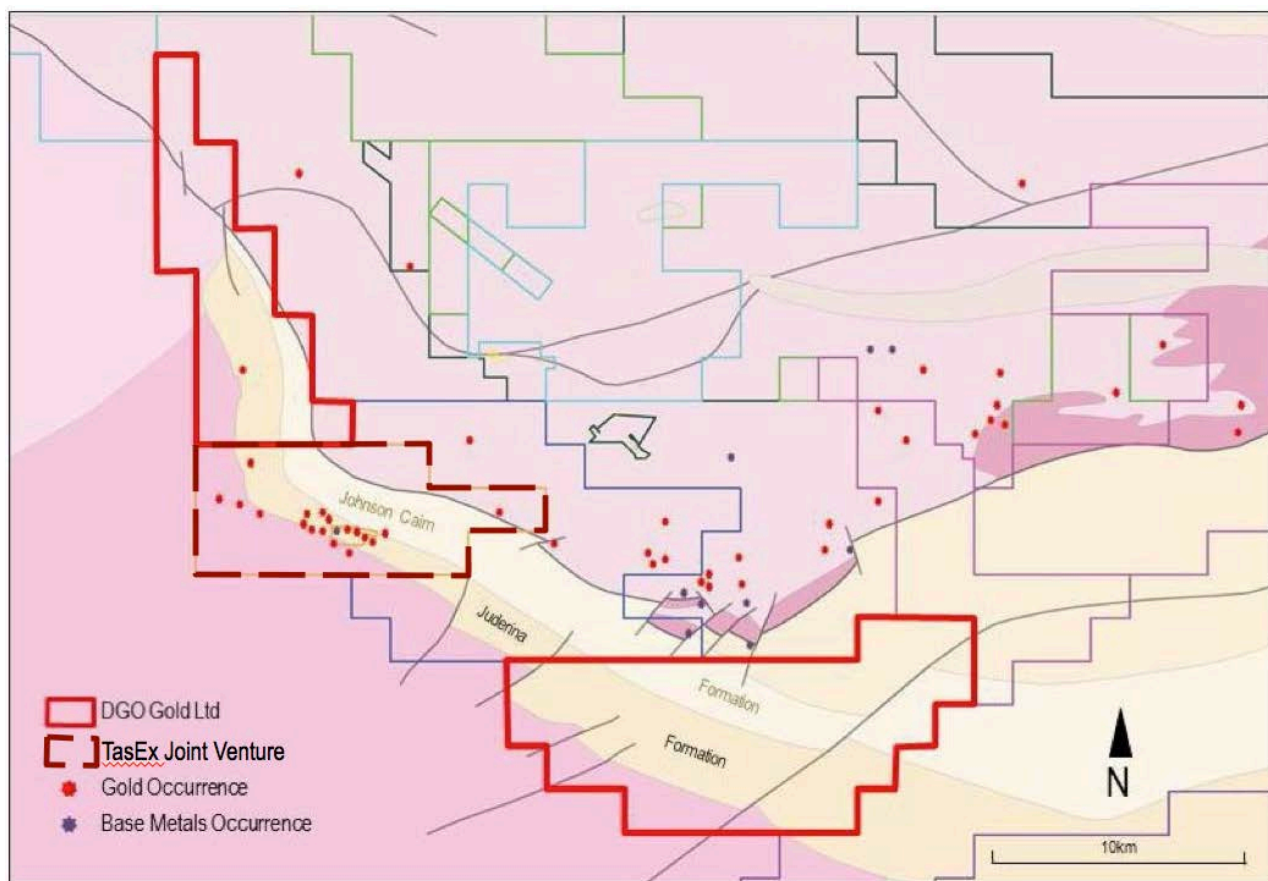


Figure 2: Tenement Applications, Mineral Occurrences, Yerrida Basin

## SEDIMENT HOSTED GOLD IN THE BLACK FLAG GROUP OF THE EASTERN GOLDFIELDS OF WA

The discovery of Invincible by Gold Fields Australia in 2012 on the edge of Lake Lefroy at Kambalda, St Ives and Baloo by Sirius Resources NL in 2015 has confirmed the prospectivity of the Black Flag Group (BFG) sediments, which have largely been ignored in the past, due to the focus of exploration on basalts and dolerites.

DGO has established land holdings at Mt Edwards, Ora Banda and Black Flag, with application for tenements in areas where BFG sediments are largely covered by overburden or transported younger sediments and consequently remain to be effectively explored. During the quarter the Ora Banda tenements, consisting of 11 Prospecting Licences, were granted and an additional exploration licence application was lodged adjacent to the regionally significant Zuleika Shear at Mt Edwards (See Figure 3 below).

Review of open file data over the applications at Black Flag has identified an anomalous gold zone, defined from broad spaced lines of predominantly shallow aircore drilling, that extends to the NNW for over 3.0km of strike, with limited follow up aircore / RC / diamond drilling having been completed. The majority of intersections occur in saprolite above black flag bed sediments, with zones of up to 60m of clay / saprolite cover.

At Mt Edwards open file data has confirmed that past exploration intersected gold mineralisation at the base of transported cover but has not tested the underlying BFG sediments.

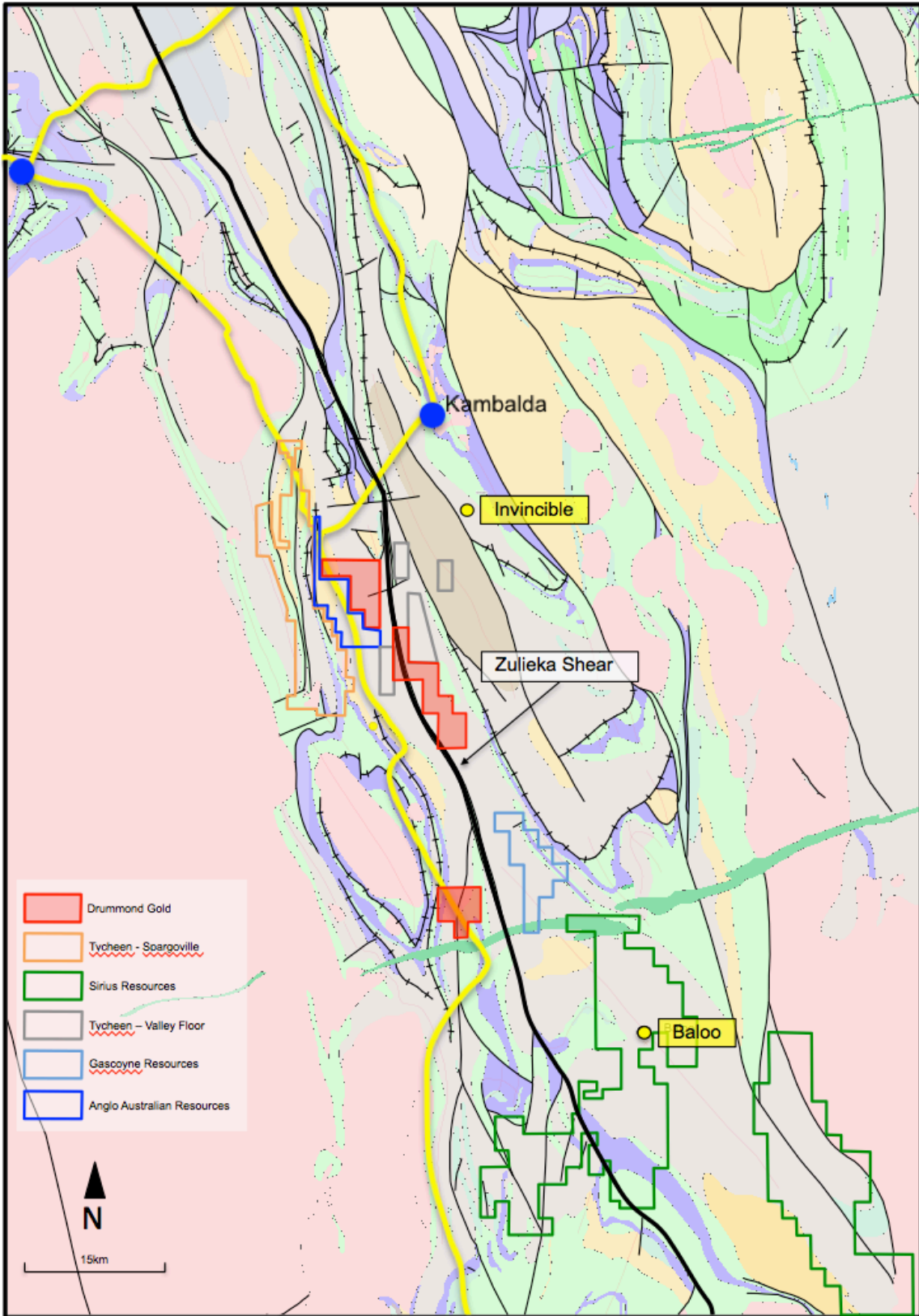


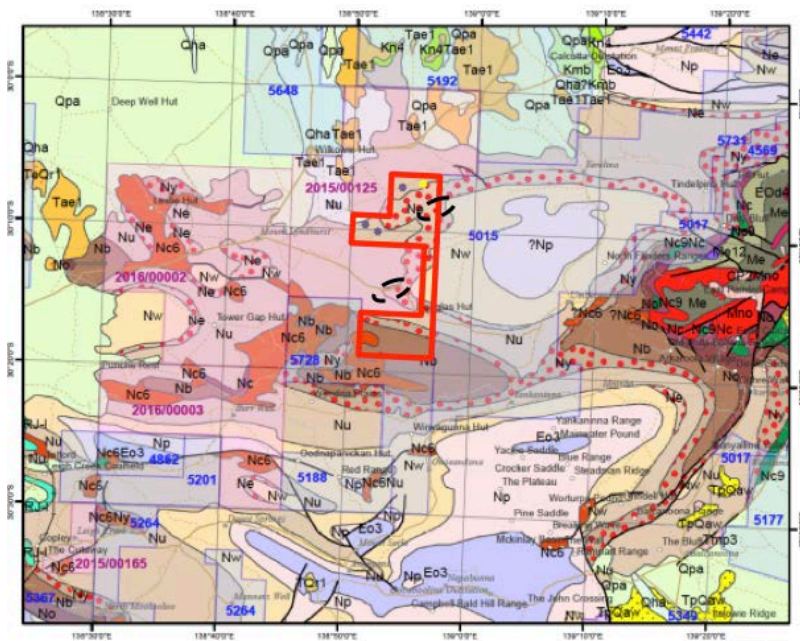
Figure 3: Tenement Locations, Mt Edwards, Black Flag Beds, Eastern Goldfields

## SOUTH AUSTRALIAN SUKHOI LOG ANALOGUE CODES TARGETS

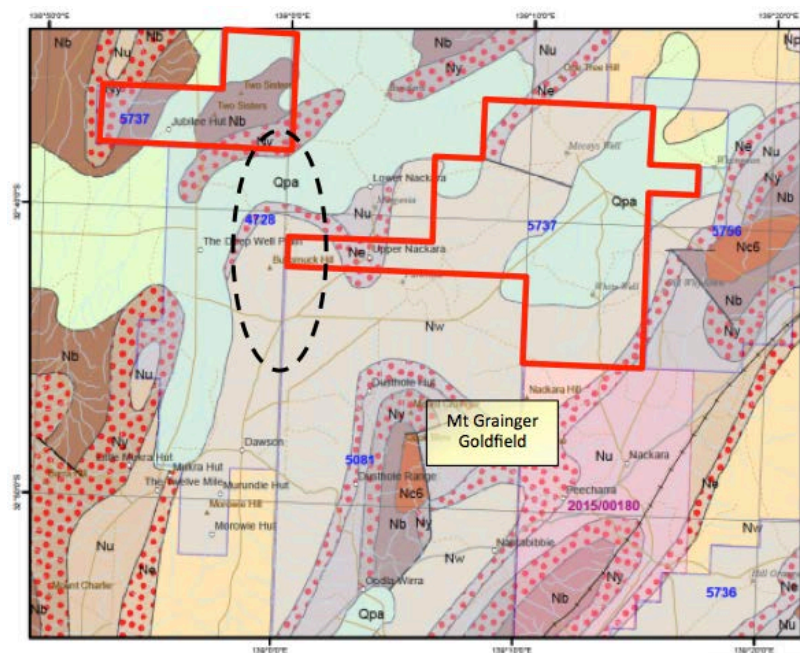
The Company now holds Exploration Licences (granted and under application), which cover a total of 748km<sup>2</sup> in South Australia. (see Figures below).

These holdings coincide with sediment hosted gold deposit targets identified by CODES consisting of anticlinal structures within geological sequences, which are age analogues of the giant Sukhoi Log deposit in eastern Russia.

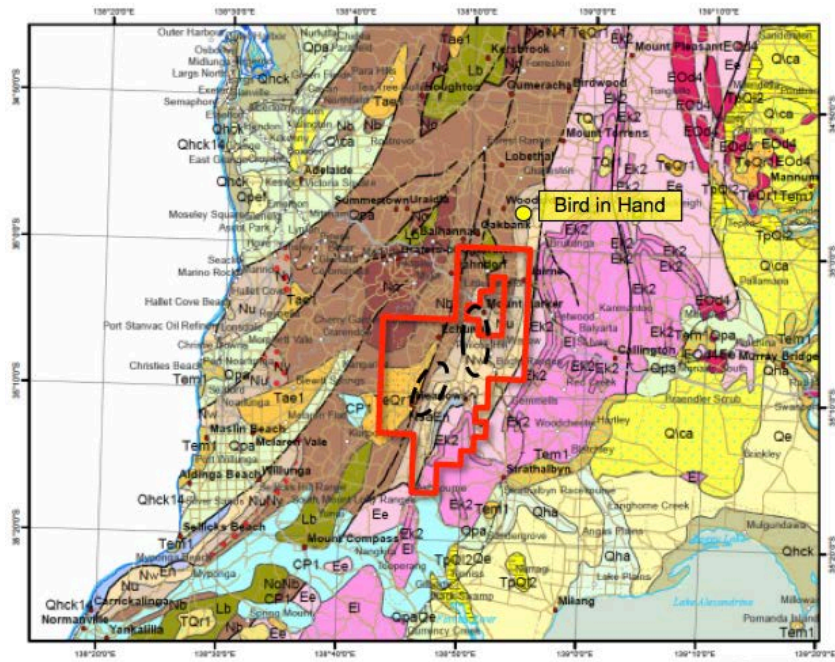
There is known gold mineralisation in the vicinity of the Mt Barker, Dawson and Yerelina areas. Compilation and review of available past exploration data within the target areas has commenced.



Yerelina, South Australia



Dawson, South Australia



Mount Barker, South Australia

Outlined in table 1 below is list of tenements granted and under application:

	Tenements - Granted	Tenements - Applications	Area (km2)
<b>Western Australia</b>			
	Mt Edwards		E15/1465, 1488, 61
	Ora Banda	P24/4946 - 4956	22
	Black Flag	P24/4986 - 4988, P24/4990 - 4992	P24/4989 14
		E24/197	18
	Mallina		E47/3327 - 3329 245
	Yerrida Basin	E51/1590	E51/1729, 1730 259
<i>Sub-Total</i>			<b>619</b>
<b>South Australia</b>			
	Mt Barker		E2015/00157, E2016/00017, E2016/00027 328
	Dawson	EL5737	275
	Yerelina		E2016/00034 145
<i>Sub-Total</i>			<b>748</b>
<b>TOTAL</b>			<b>1367</b>



## **CORPORATE**

AusIndustry has registered the 2015 financial year's research and development activities on sediment hosted gold deposits. The Group is in the process of finalising the 2015 income tax returns and is expected to receive income tax refunds totaling approximately \$230,000 (net of fees) something during the next quarter.

The Company continues to hold 50 million listed fully paid ordinary in GBM Resources Limited and 212,766 listed fully paid ordinary shares in Talisman Mining Limited.

At the date of this report there are 5,797,268 fully paid ordinary shares on issue.

A handwritten signature in black ink, appearing to read 'E. Eshuys', is positioned above the name and title of the signatory.

Eduard Eshuys  
EXECUTIVE CHAIRMAN

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Drummond Gold Limited

ABN

96 124 562 849

Quarter ended ("current quarter")

March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(78)	(92)
(b) development	-	-
(c) production	-	-
(d) administration	(55)	(425)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded	-	-
1.7 Other (research and development tax offset)	-	-
<b>Net Operating Cash Flows</b>	<b>(69)</b>	<b>(516)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments (i)	-	(100)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	32
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (sale of Mt Coolon Gold Mines Pty Ltd)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(68)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(69)</b>	<b>(584)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(69)	(584)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	163
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(16)
	<b>Net financing cash flows</b>	-	<b>147</b>
	<b>Net increase (decrease) in cash held</b>	<b>(69)</b>	<b>(437)</b>
1.20	Cash at beginning of quarter/year to date	89	457
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>20</b>	<b>20</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	21
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements	-	-
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### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	33
4.2	Development	-
4.3	Production	-
4.4	Administration	120
<b>Total (see note 6)</b>		<b>153</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	20	89
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>20</b>	<b>89</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	<b>Nil</b>		
6.2	Interests in mining tenements acquired or increased	P 24/4986 P 24/4987 P 24/4988 P 24/4990 P 24/4991 P 24/4992 E51/1590 EL5737	Nil Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100% 100% 100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	5,797,268	5,797,268	N/A	N/A
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	-	-	<i>Exercise Price</i>	<i>Expiry date</i>
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>	-	-	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-	-	-

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....Date: 29/ 04 /2016  
(Company Secretary)

Print name: Michael J Ilett

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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- 6 The estimated cash outflows of \$153,000 can be funded through the expected income tax refund of approximately \$230,000 (net of fees), a capital raising or from the partial sale of listed shares that the Company holds in GBM Resources Limited or Talisman Mining Limited.

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