

DGO Gold Limited

Leveraged to the gold price with exploration upside

DGO Gold Ltd (ASX:DGO) is a gold and copper discovery company with a suite of tenements throughout WA and SA in highly prospective provinces with access to processing infrastructure on success. DGO also has strategic shareholdings in a number of complementary ASX-listed gold companies, 14.5% holding in De Grey Mining (ASX:DEG), 6.8% in Dacian Gold (ASX:DCN) and 20.1% in Yandal Resources (ASX:YRL). The company's strategy is wealth creation from investment appreciation and, exploration and evaluation across its organic options, from extensive drilling and geophysical campaigns, which are expected to continue through 2022. The key to delivering tangible value is through organic discovery and that means working the asset base. DGO's differentiated strategic portfolio approach leverages deep domain expertise. The company anticipates maintaining an underlying exploration spend to <5% of its market capitalisation, in the order of \$8mn pa to be funded through realising its portfolio holdings, utilising its secured debt facility of \$15mn (currently drawn to \$3mn) and equity issues. In a post-COVID environment with the world heading along a changing energy and technology pathway, the future for metals demand and pricing looks robust.

A differentiated business model

DGO is a gold and copper exploration company offering a differentiated approach; exploration of highly prospective greenfield opportunities and strategic equity holdings (ordinary shares) in complementary ASX-listed metals plays. The company strategy is to create shareholder value through exposure to both the upside potential of their own exploration projects assets and a portfolio of liquid listed investments with tier-1 growth potential. DGO's current investments are De Grey Mining (ASX: DEG), Dacian Gold (ASX:DCN) and Yandal Resources (ASX:YRL).

There is exploration with encouraging results at Pernatty

DGO aims to maintain a consistent level of exploration expenditure in the order of \$8mn pa pursuing large-scale mineralisation plays. Recent key drilling results include highly encouraging data at Pernatty, Stuart Shelf (SA), defining a 15km transition zone with intersections of ~4m grading up to 0.9%CuEq. A gravity survey is planned through the current quarter to better define another three priority Carrapateena-style targets at Pernatty, whilst further drilling will be undertaken at the Bryah, Yerrida in the Murchison area. By definition, early-stage exploration is a high risk process, with potentially high return in the success case, but can be long-dated and expensive. The Mallina tenements adjoin DEG's Mallina Gold province including the intrusion-related gold at Hemi. The Bryah and Yerrida tenements target DeGrussa style copper-gold and Zambian copper belt mineralisation potential.

Capitalised for its investment portfolio

The company's capitalisation trades at a discount to its portfolio of listed share investments, providing a 'free option' on the success of the exploration portfolio. DGO's strategy is differentiated from its ASX-designated peer companies providing an alternate, potentially attractive return profile to the gold price and a nominal free option on any future discoveries.

Historical earnings and ratios (In A\$m unless otherwise stated)

Year end	Revenue	EBITDA adj.*	NPAT adj.	NPAT rep.	EPS adj. (c)	EPS rep. (c)
06/18a	0.0	(0.4)	(0.4)	(0.6)	(3.8)	(5.6)
06/19a	0.0	(1.0)	(1.0)	(5.1)	(4.0)	(19.6)
06/20a	0.0	(3.0)	(3.2)	(0.1)	(5.5)	(0.2)
06/21a	0.0	(11.5)	(11.7)	(7.0)	(15.9)	(9.9)

Source: Company data; *EBITDA, NPAT and EPS adjusted for one-time, non-cash items

Metals & Mining

11th March 2022

Share details

ASX code	DGO
Share price	\$2.55
Market capitalisation	\$212.9M
Shares on issue	83.5M
Net cash at 31-Dec-2021	\$0.3M
Free float	43.6%

Share Performance (12 months)



Upside Case

- A leveraged play on the gold price through its share portfolio provides direct upside
- Exploration results deliver above-expectation outcomes
- Board and management bring significant gold, mining and finance experience

Downside Case

- Gold price volatility likely to have more share price impact than operational results
- Exploration results disappoint or require additional capital
- Further equity issues cannot be discounted to support in-ground works (dilutionary)

Catalysts

- Gold price rally on geopolitical tensions continues
- 2022 exploration results

Comparable companies (Aust/NZ)

Genesis Mining (ASX:GMD), Carnaby Resources (ASX:CNB), Encounter Resources (ASX:ENR), Musgrave Minerals (ASX:MGV)

Board and Management

Eduard Eshuys	Executive Chair
Bruce Pamcutt	Executive Director
Ross Hutton	Non-Executive Director
Katina Law	Non-Executive Director

Company Contact

Ed Eshuys (Exec Chair) +61 3 9133 6251
admin@dgogold.com.au

RaaS Contact

Andrew Williams +61 417 880 680
andrew.williams@raasgroup.com.au

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR. This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd trading as Research as a Service ("RaaS"). This research is issued in Australia by RaaS and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2022 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.