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龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

龍資源有限公司*

(Incorporated in Western Australia with limited liability ACN 009 450 051)

(Stock Code: 1712)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2022

The Board of Directors (the “**Board**”) of Dragon Mining Limited (the “**Company**” or “**Dragon Mining**”) announces the interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the period ended 30 June 2022 together with comparative figures for the corresponding period ended 30 June 2021 as follows:

* For identification purposes only

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the 6 months ended 30 June 2022

	<i>Note</i>	6 months to 30 Jun 2022 <i>AU\$'000</i> (Unaudited)	6 months to 30 Jun 2021 <i>AU\$'000</i> (Unaudited)
Revenue from customers		24,403	25,590
Cost of sales	2(a)	(18,811)	(22,715)
Gross profit		5,592	2,875
Other revenue		–	1
Other income	2(b)	356	500
Exploration expenditure		(131)	(327)
Management and administration expenses	2(c)	(1,971)	(1,954)
Exploration and evaluation costs written off	2(c)	(33)	(7)
Operating expenses	2(c)	(107)	(112)
Finance costs	2(d)	(9)	(18)
Foreign exchange gain/(loss)		543	(261)
Profit before tax		4,240	697
Income tax expense	3	(621)	(963)
Profit/(loss) after income tax		3,619	(266)
Basic and diluted earnings/(loss) per share attributable to ordinary equity holders of the parent (cents per share)			
Basic and diluted earnings/(loss) per share	12	2.29	(0.17)

The notes on pages 7 to 23 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
For the 6 months ended 30 June 2022

	6 months to 30 Jun 2022	6 months to 30 Jun 2021
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Profit/(loss) after income tax (brought forward)	<u>3,619</u>	<u>(266)</u>
Other comprehensive loss		
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>		
Differences arising from the translation of the financial statements of foreign subsidiaries	<u>(2,071)</u>	<u>(20)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	<u>(2,071)</u>	<u>(20)</u>
Total comprehensive income/(loss) for the period	<u>1,548</u>	<u>(286)</u>
Profit/(loss) attributable to:		
Members of Dragon Mining Limited	<u>3,619</u>	<u>(266)</u>
	<u>3,619</u>	<u>(266)</u>
Total comprehensive income/(loss) attributable to:		
Members of Dragon Mining Limited	<u>1,548</u>	<u>(286)</u>
	<u>1,548</u>	<u>(286)</u>

The notes on pages 7 to 23 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Note</i>	At 30 Jun 2022 <i>AU\$'000</i> (Unaudited)	At 31 Dec 2021 <i>AU\$'000</i> (Audited)
CURRENT ASSETS			
Cash and cash equivalents		14,053	14,370
Trade and other receivables	4	3,528	5,225
Inventories	5	23,670	19,679
Other assets		205	825
TOTAL CURRENT ASSETS		41,456	40,099
NON-CURRENT ASSETS			
Property, plant, and equipment	6	52,818	46,246
Mineral exploration and evaluation costs	7	1,823	1,625
Right-of-use assets		1,730	2,043
Other assets		4,925	5,287
TOTAL NON-CURRENT ASSETS		61,296	55,201
TOTAL ASSETS		102,752	95,300
CURRENT LIABILITIES			
Trade and other payables	8	3,959	5,496
Provisions	9	5,778	3,114
Interest bearing liabilities	10	716	622
Other liabilities		–	122
Current tax liability		1,215	1,697
TOTAL CURRENT LIABILITIES		11,668	11,051
NON-CURRENT LIABILITIES			
Provisions	9	28,459	22,889
Interest bearing liabilities	10	1,108	1,391
TOTAL NON-CURRENT LIABILITIES		29,567	24,280
TOTAL LIABILITIES		41,235	35,331
NET ASSETS		61,517	59,969
EQUITY			
Contributed equity	11	140,420	140,454
Reserves		(2,797)	(760)
Accumulated losses		(76,106)	(79,725)
TOTAL EQUITY		61,517	59,969

The notes on pages 7 to 23 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2022

	Contributed Equity AU\$'000	Accumulated Losses AU\$'000	Foreign Currency Reserve AU\$'000	Convertible Note Premium Reserve AU\$'000	Equity Reserve Purchase of Non- controlling Interest AU\$'000	Treasury Shares Reserve AU\$'000	Total Equity AU\$'000
At 31 December 2020 (audited)	133,991	(80,017)	(3,633)	2,068	1,069	-	53,478
Loss for the period	-	(266)	-	-	-	-	(266)
Other comprehensive loss	-	-	(20)	-	-	-	(20)
Total comprehensive loss for the period	-	(266)	(20)	-	-	-	(286)
Transactions with owners, recorded direct to equity							
Shares issued	6,862	-	-	-	-	-	6,862
Share issue transaction costs	(234)	-	-	-	-	-	(234)
Total transactions with owners	6,628	-	-	-	-	-	6,628
At 30 June 2021 (unaudited)	140,619	(80,283)	(3,653)	2,068	1,069	-	59,820
At 31 December 2021 (audited)	140,454	(79,725)	(3,863)	2,068	1,069	(34)	59,969
Profit for the period	-	3,619	-	-	-	-	3,619
Other comprehensive loss	-	-	(2,071)	-	-	-	(2,071)
Total comprehensive income for the period	-	3,619	(2,071)	-	-	-	1,548
Transactions with owners, recorded direct to equity Share buy-back transactions	(34)	-	-	-	-	34	-
Total transactions with owners	(34)	-	-	-	-	34	-
At 30 June 2022 (unaudited)	140,420	(76,106)	(5,934)	2,068	1,069	-	61,517

The notes on pages 7 to 23 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2022

	6 months to 30 Jun 2022	6 months to 30 Jun 2021
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Receipts from customers	26,804	29,116
Payments to suppliers and employees	(23,341)	(25,275)
Payments for mineral exploration	(295)	(1,564)
Interest received	–	1
Interest paid	(2)	(11)
Income taxes paid	(1,040)	(1,817)
	<hr/>	<hr/>
Net cash from operating activities	2,126	450
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Cash flows from investing activities		
Payments for property, plant, and equipment	(646)	(676)
Proceeds from sale of property, plant, and equipment	–	360
Payments for development activities	(869)	(565)
Return of environmental bonds	–	7
	<hr/>	<hr/>
Net cash used in investing activities	(1,515)	(874)
	<hr/>	<hr/>
Cash flows from financing activities		
Lease liability payments	(111)	(45)
Repayment of loan	–	(3,000)
Restricted use proceeds from issue of shares	–	6,862
Share issue costs	–	(234)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(111)	3,583
	<hr/>	<hr/>
Net increase in cash and cash equivalents	500	3,159
Cash and cash equivalents at the beginning of the period	14,370	14,352
Effects of exchange rate changes on cash and cash equivalents	(817)	45
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	14,053	17,556
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The notes on pages 7 to 23 form part of this interim results announcement.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

Dragon Mining Limited (the “**Company**” or the “**Parent Entity**”) was incorporated as an Australian Public Company, limited by shares on 23 April 1990, and is subject to the requirements of the Australian Corporations Act 2001 as governed by the Australian Securities and Investments Commission. The Company is domiciled in Australia and its registered office is located at Unit 202, Level 2, 39 Mends Street, South Perth, Western Australia 6151, Australia.

The Company’s announcement of the Consolidated Interim Results as at and for the period ended 30 June 2022 was authorised for issue at the Board Meeting of the Company held on 18 August 2022.

The announcement comprises the Company and its subsidiaries (together the “**Consolidated Entity**” or the “**Group**”). The Company is a for profit entity, primarily involved in gold mining operations, mineral exploration, evaluation, and development of gold projects in the Nordic region. The Company has direct and indirect interests in its subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Dragon Mining (Sweden) AB	Sweden 27 April 1993	SEK 100,000	100%	Gold Production
Viking Gold & Prospecting AB	Sweden 3 April 1996	SEK 100,000	100%	Dormant
Dragon Mining Oy	Finland 24 March 1993	EUR 100,000	100%	Gold Production
龍資源有限公司 (Dragon Mining Limited) ¹	Hong Kong 17 May 2017	HK\$1.00	100%	Dormant

¹ *For translation purposes.*

b) Basis of preparation

Statement of compliance

The Consolidated Interim Results set out in this announcement do not constitute the Consolidated Interim Financial Statements of the Group as at and for the period ended 30 June 2022 but are extracted from those Consolidated Interim Financial Statements.

The Consolidated Interim Financial Statements are condensed general purpose financial statements prepared in accordance with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The Consolidated Interim Financial Statements do not include all notes of the type normally included within the Consolidated 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 Consolidated Annual Financial Report.

The Consolidated Interim Financial Statements should be read in conjunction with the Consolidated Annual Financial Report for the year ended 31 December 2021 and considered together with any public announcements made by the Company during the period ended 30 June 2022.

The Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. These Consolidated Interim Financial Statements are presented in Australian dollars (“AUD”) and all values are rounded to the nearest thousand except when otherwise specified.

c) Liquidity management

The Group achieved a profit before tax of AU\$4.240 million (30 June 2021: AU\$0.697 million) and a net profit after income tax of AU\$3.619 million for the period ended 30 June 2022 (30 June 2021: net loss AU\$0.266 million).

At 30 June 2022, the Group has cash and equivalents of AU\$14.053 million (31 Dec 2021: AU\$14.370 million), including the restricted use net proceeds from the placement of AU\$6.633 million (“**Net Proceeds**”). In addition, the Company has an unsecured AU\$12.000 million Loan Facility with AP Finance Limited (together the “**Available Funds**”). After year end, the Loan Facility repayment date was extended from 30 June 2023 to 31 December 2023. The Group has a working capital surplus of AU\$29.788 million (31 December 2021: AU\$29.048 million) and is debt free at the date of this announcement.

The Company has prepared a cash flow forecast (“**Forecast**”) extending for at least 12-months from the signing date of the financial report (“**Forecast Period**”). The Forecast includes the following significant assumptions:

- based on budgeted production forecasts, the Group’s activities are expected to generate positive operating cash flows.
- the Company will continue to support the Swedish operations at below break-even to maintain operational readiness pending the outcome of the Company’s environmental permit appeal for Fäboliden.
- the timing of additional environmental bond payments is ultimately determined by the relevant authority. The Forecast includes approximately AU\$8.1 million of Bond Payments which include:
 - o The Company submitted an appeal of Jokisivu permit order 16 to the Administrative Court. The Forecast assumes a decision from the Administrative Court will be received during the Forecast Period and have included 3.4 million EUR (approximately AU\$5.7 million) contained in permit order 16; and
 - o Vammala 1.4 million EUR (approximately AU\$2.4 million) bond increase.
- the Forecast excludes cash flows associated with commencing full-scale mining activities at Fäboliden, including any Bond Payments.

Based on the Forecast, the expected positive cash margins generated from Finnish operations and Available Funds, the Directors consider these are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

While the Forecast demonstrates the Company will not need to access its Loan Facility, if the Group's Finnish operations fail to achieve the anticipated production and cash flow outcomes, the Company may be required to make drawdowns from its Loan Facility.

The main hearing for the Fäboliden permit case was held in the Swedish Court during April 2022. On 28 June 2022, the Swedish Court rejected the Company's application for an environmental permit to commence full-scale mining at Fäboliden ("**Ruling**") as a whole notwithstanding that the environmental impact assessment was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place.

On 19 July 2022, the Company lodged an initial appeal to the Swedish Court requesting an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company's extension request. The Company anticipates its application for an environmental permit will be determined following its Appeal of the Ruling.

The Company has submitted documents to the Swedish Land and Environmental Court ("**Environmental Court**") proposing an environmental bond of 64.0 million SEK (approximately AU\$9.9 million), consisting of an upfront payment of 7.0 million SEK (approximately AU\$1.1 million) plus a variable cost of 2.6 SEK (approximately AU\$0.4) per tonne of waste rock mined. This results in linear down payments of up to 55.0 million SEK (approximately AU\$8.6 million) over the first 5–7 years of operation. While a Bond Payment will be required, the final magnitude is uncertain.

d) Changes in accounting policies and disclosures

Except as disclosed below, the accounting policies adopted in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Annual Financial Statements for the year ended 31 December 2021. All relevant new and amended Accounting Standards and Interpretations, which became applicable on 1 January 2022 have been adopted by the Group.

The adoption of these new amended Accounting Standards and Interpretations did not impact the accounting policies of the Group's Consolidated Interim Financial Statements.

e) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Consolidated Annual Financial Statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022 as follows:

Reference to the Conceptual Framework – Amendments to IFRS 3 – Business Combinations

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are intended to update a reference to the Conceptual Framework without significantly changing requirements of IFRS 3. The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant, and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a ‘directly related cost approach’. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions.

AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

AIP IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39.

IAS 41 Agriculture - Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

2. OTHER REVENUE, INCOME AND EXPENSES

	6 months to 30 June	
	2022 <i>AU\$'000</i> (Unaudited)	2021 <i>AU\$'000</i> (Unaudited)
(a) Cost of sales		
Cost of production net of inventory movements	14,604	20,145
Depreciation of mine properties, plant, and equipment	3,327	2,570
Rehabilitation costs	880	–
	18,811	22,715
<i>Cost of production net of inventory movements</i>		
Mining	11,722	13,063
Processing	7,132	6,639
Other production activities	522	699
Gold inventory movements	(4,772)	(256)
Cost of production net of inventory movements	14,604	20,145
(b) Other income		
Sale of property, plant, and equipment	–	361
Service income	286	133
Other	70	6
	356	500
(c) Operating expenses		
Management and administration expenses	1,971	1,954
Exploration and evaluation assets written off	33	7
Depreciation of non-mine site assets	107	112
	2,111	2,073
(d) Finance costs		
Interest	2	11
Other	7	7
	9	18
(e) Total employee benefits including Directors' remuneration		
Wages and salaries	3,321	3,286
Defined contribution superannuation expense	755	683
	4,076	3,969

3. INCOME TAX

The Company is subject to income tax on profits arising in or derived from the jurisdiction in which the Company is domiciled and operates. Income tax expense is recognised based on management's estimate of the weighted average income tax rate expected for the full financial year.

No provision for Hong Kong profits tax has been made, as the Company had no assessable profits derived from or earned in Hong Kong during the period ended 30 June 2022 (30 June 2021: Nil).

The Group has fully utilised its tax losses in Finland. For the period ended 30 June 2022, the Company has recognised an income tax expense of AU\$621,000 (30 June 2021: AU\$963,000) and tax liability of AU\$1,215,000 (31 December 2021: tax receivable asset AU\$1,697,000).

	6 months to 30 June	
	2022	2021
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
<i>Income Tax Expense</i>		
The major components of income tax expense are:		
<i>Current income tax</i>		
Current income tax expense	621	963
Adjustments in respect of current income tax of previous year	1,663	(410)
Income tax (payable)/receivable	(1,663)	410
	<hr/>	<hr/>
Income tax expense reported in the Consolidated Interim Statement of Profit or Loss	621	963
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4. TRADE AND OTHER RECEIVABLES

	At	At
	30 Jun 2022	31 Dec 2021
	<i>AU\$'000</i>	<i>AU\$'000</i>
Trade receivables – fair value through profit or loss (i)	–	–
Trade receivables – amortised cost (ii)	1,408	3,150
Other receivables (iii)	2,120	2,075
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	3,528	5,225
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- (i) Trade receivables that relate to concentrate sales that are subject to quotation period pricing are recognised at fair value through profit or loss. Concentrate sales are subject to the provisional pricing arrangements. The Group issues a provisional invoice at the end of the month following the month of delivery which is payable within fifteen days. A final invoice is issued by the Group within three days of receiving final assays, typically two months post-delivery, which is payable by the purchaser within five days of invoice receipt.
- (ii) Includes trade receivables for gold sold on market and settled within two days. The probability of default is considered to be insignificant. All amounts have been collected after period end.
- (iii) Other receivables include bank guarantees held on deposit with National Australia Bank for the lease of the corporate premises. These deposits are rolled over every three months in accordance with the lease terms. Due to the short-term nature and credit rating of the counterparty, the probability of default is insignificant.

Ageing Analysis

An aged analysis of the trade debtors as at the end of the reporting period, based on invoice date, is as follows:

	At 30 Jun 2022 <i>AU\$'000</i>	At 31 Dec 2021 <i>AU\$'000</i>
Amounts not yet invoiced	–	–
Within 1 month	1,408	3,150
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	–	–
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Trade receivables	1,408	3,150
	<hr/>	<hr/>

5. INVENTORIES

	At 30 Jun 2022 <i>AU\$'000</i>	At 31 Dec 2021 <i>AU\$'000</i>
Ore and concentrate stockpiles – at cost	12,394	11,720
Gold in circuit valued – at cost	10,346	7,271
Raw materials and stores – at cost	930	688
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	23,670	19,679
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6. PROPERTY, PLANT, AND EQUIPMENT

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Land		
Gross carrying amount – at cost	1,276	1,338
Buildings		
Gross carrying amount – at cost	2,632	2,669
Less accumulated depreciation and impairment	(2,334)	(2,295)
Net carrying amount	298	374
Property, plant, and equipment		
Gross carrying amount – at cost	39,620	38,928
Less accumulated depreciation and impairment	(35,426)	(34,718)
Net carrying amount	4,194	4,210
Mine properties		
Gross carrying amount – at cost	155,610	146,444
Less accumulated amortisation and impairment	(108,560)	(106,120)
Net carrying amount	47,050	40,324
Total property, plant, and equipment		
Gross carrying amount – at cost	199,138	189,379
Less accumulated amortisation and impairment	(146,320)	(143,133)
Net carrying amount	52,818	46,246

Included within property, plant, and equipment and mine properties is AU\$15.7 million (31 December 2021: AU\$15.2 million) relating to the Fäboliden Gold Project (“**Fäboliden**”).

At the end of each reporting period, the Group is required to review whether there is any indication that an asset may be impaired, in accordance with International Financial Reporting Standards. If any such indication exists, the Group shall estimate each asset or cash generating unit (“**CGU**”) recoverable amount. The recoverable amount is determined as the higher of a CGU’s value in use (“**VIU**”) and its fair value less costs of disposal (“**FVLCD**”).

In assessing the CGUs, management of the Company has determined that the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the Vammala CGU. As the Svartliden Plant has an interdependency on the Vammala CGU, the impairment assessment of the Vammala CGU includes the Svartliden Plant. Expenditure relating to the development of Fäboliden has been capitalised as mine development and assessed as a separate asset to the Vammala CGU. The Group has determined that there is no active market for intermediate components.

The Company has reviewed the Vammala CGU and Fäboliden for indications of impairment using both external and internal sources of information which included current performance, changes in exchange rates, gold price, market capitalisation and environmental permitting delays.

The Company identified two indicators of possible impairment, being:

1. the market capitalisation of the Company at 30 June 2022 was below the book value of its equity; and
2. the Swedish Land and Environmental Court (the “**Court**”) ruling rejecting the Company’s application for an environmental permit to commence full-scale mining at Fäboliden (“**Ruling**”) as a whole notwithstanding that the environmental impact assessment was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place. On 19 July 2022, the Company lodged an initial appeal (the “**Appeal**”) with the Swedish Land and Environmental Court (the “**Court**”) to request an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company’s extension request.

Vammala CGU

The Vammala CGU impairment assessment utilises a life-of-mine discounted cash flow (“**DCF**”) model. The recoverable amount has been determined using the VIU methodology.

Fäboliden Valuation

Fäboliden comprises the open cut mining operation, the underground resources, and exploration assets. The key assumptions utilised in the impairment modelling have been provided by an Independent Experts Valuation conducted in accordance with the requirements set out by the Accounting Professional and Ethical Standards Board professional standard APES225 Valuation Services. The external valuation considers assumptions around gold spot price, forecast inflation, foreign exchange, discount rates, and the likelihood of the Fäboliden environmental permit being granted.

Fäboliden open cut mine operations

The fair value of the open cut mining operation was determined using a DCF analysis with support from comparable transactions. The fair value measurement is categorised as Level 3 in the fair value hierarchy utilising inputs that are not based on observable market data. The DCF valuation deals with recently estimated Ore Reserves from December 2021 based on a life of mine plan, up-to-date operating and capital costs, full mine closure costs, and other technical parameters.

Fäboliden underground resources

The underground resource at Fäboliden is valued using the comparable transactions methodology using resource multiples.

Fäboliden exploration assets

The value of the exploration assets related to Fäboliden nr 11 and nr 84, are valued using area multiples and geoscientific approaches.

No impairment has been recognised for the period ended 30 June 2022 (30 June 2021: Nil).

7. MINERAL EXPLORATION AND EVALUATION COSTS

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Balance at beginning of financial period	1,625	3,989
Additions	1,465	4,004
Exploration write-off	(33)	(561)
Reclassification to mine properties	(1,156)	(5,742)
Net foreign exchange movement	(78)	(65)
	<u>1,823</u>	<u>1,625</u>

The recoverability of the carrying amount of exploration and evaluation is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest. Mineral exploration and evaluation costs are reclassified to mine properties when those costs relate to an area of interest in which mines are being prepared for production or the economic mining of a mineral reserve has commenced.

8. TRADE AND OTHER PAYABLES

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Trade payables and accruals	<u>3,959</u>	<u>5,496</u>

Ageing Analysis

An aged analysis of the trade creditors and accruals as at the end of the reporting period, based on invoice date, is as follows:

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Within 1 month	3,800	4,878
1 to 2 months	159	618
2 to 3 months	-	-
	<u>3,959</u>	<u>5,496</u>

9. PROVISIONS

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Current		
Employee entitlements	1,574	1,769
Rehabilitation	4,015	1,149
Other	189	196
	<u>5,778</u>	<u>3,114</u>
Non-current		
Employee entitlements	78	10
Rehabilitation	28,381	22,879
	<u>28,459</u>	<u>22,889</u>
<i>Rehabilitation movement</i>		
Balance at 1 January 2022	24,028	19,189
Additions ¹	8,601	5,363
Rehabilitation expenditure during the period	(73)	
Rehabilitation borrowing discount unwound	–	–
Net foreign exchange movement	(160)	(524)
Balance at 30 June 2022	<u>32,396</u>	<u>24,028</u>

¹ Additions to rehabilitation provision amounts have been recognised for all sites during the period. The largest increase of 5.2 million EUR (approximately AU\$7.6 million) was made at Vammala to provide for scope changes to the closure plan provided by Envineer Oy. The rehabilitation closure costs have also increased due to an increase in the long-term inflation rate to 2.3% and 3.0% (31 December 2021: 0.2% and 0.2%) in Finland and Sweden, respectively.

As at 30 June 2022, there have been no changes to the acid forming characteristics of the non-acid forming waste rock area included in the Group's Svartliden Closure Plan. On 18 November 2019, the Company submitted its appeal to the Environmental Court of Appeal challenging, amongst other things, the additional security required by the Swedish Land and Environmental Court for an engineered cover to the entire waste rock area. On 25 February 2022, the Environmental Court of Appeal determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the Environmental Protection Agency's request for additional collateral security.

10. INTEREST BEARING LIABILITIES

	At 30 Jun 2022 AU\$'000	At 31 Dec 2021 AU\$'000
Current		
Lease liabilities	<u>716</u>	<u>622</u>
Non-current		
Lease liabilities	<u>1,108</u>	<u>1,391</u>

The Group has an unsecured AU\$12.0 million loan facility with AP Finance Limited (“**Loan Facility**”). On 3 August 2022, the Company extended the expiry date of its Loan Facility from 30 June 2023 to 31 December 2023. All other terms and conditions remain unchanged.

At the date of this announcement, the Company has AU\$12.0 million in undrawn funds available. There have been no drawdowns since balance date.

11. CONTRIBUTED EQUITY

	30 Jun 2022 <i>Number. of shares</i>	31 Dec 2021	30 Jun 2022 AU\$'000	31 Dec 2021 AU\$'000
Share capital				
Ordinary shares fully paid	158,173,613	158,280,613	140,420	140,454
Movements in issued capital			<i>AU\$'000</i>	<i>No. of Shares</i>
Balance at 1 January 2022			140,454	158,280,613
Share cancellation			<u>(34)</u>	<u>(107,000)</u>
Balance at 30 June 2022			<u>140,420</u>	<u>158,173,613</u>

The Company has previously repurchased 667,000 shares in the share buy-back of which 560,000 shares had been cancelled by 31 December 2021. The remaining 107,000 repurchased shares were cancelled by 7 January 2022.

12. EARNINGS/(LOSS) PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and dilutive convertible notes). There have been no post balance sheet movements impacting the diluted earnings per share. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	At 30 Jun 2022	At 30 Jun 2021
Basic and diluted earnings/(loss) per share		
Profit/(loss) used in calculation of basic earnings/(loss) per share (AU\$'000)	<u>3,619</u>	<u>(266)</u>
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings/(loss) per share	<u>158,175,386</u>	<u>157,689,928</u>
Basic and diluted earnings/(loss) per share (cents)	<u>2.29</u>	<u>(0.17)</u>

13. DIVIDENDS

The Board resolved not to declare any interim dividend for the period ended 30 June 2022 (30 June 2021: Nil).

14. RELATED PARTY TRANSACTIONS

Subsidiaries

The Consolidated Interim Financial Statements include the financial statements of Dragon Mining Limited and the subsidiaries listed in the following table:

Name of Entity	Incorporation	Class	Equity Holding	
			2022 %	2021 %
Dragon Mining (Sweden) AB	Sweden	Ordinary	100	100
Viking Gold & Prospecting AB	Sweden	Ordinary	100	100
Dragon Mining Oy	Finland	Ordinary	100	100
龍資源有限公司 (Dragon Mining Limited) ¹	Hong Kong	Ordinary	100	100

¹ For translation purposes.

Transactions with related parties

The Company has the following transactions with related parties that are exempted from continuing connected transactions disclosures according to Rule 14A.73(6) and 14A.73(8) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- (i) The Company has effected Directors' and Officers' Liability Insurance.
- (ii) In addition to his role as the Company's Chief Financial Officer, Mr. Daniel Broughton provides Chief Financial Officer Services ("**CFO Services**") and the Company also provides administrative services ("**Administration Services**") including offering the use of certain space in the Company office premises located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("**Tanami**") and ASX listed base metals mining and exploration company Metals X Limited ("**Metals X**"). Tanami is an associate of APAC Resources Limited, a substantial shareholder of the Company, and hence a connected person of Dragon Mining pursuant to Rule 14A.07 of Appendix 14 of the Listing Rules. Tanami is a Company of which Messrs Dew, Smith and Procter, the Company's Non-Executive Chairman, Executive Director, and Independent Non-Executive Director are also Non-Executive Directors. Metals X is a Company of which Mr. Brett Smith is also Executive Director.
- (iii) The provision of services to Tanami commenced from 8 September 2014. During the period, the Company charged Tanami AU\$58,167 (30 June 2021: AU\$49,500) for CFO Services of which AU\$1,167 was outstanding on 30 June 2022 (30 June 2021: AU\$24,750) and AU\$58,248 (30 June 2021: AU\$13,569) for Administration Services of which AU\$12,155 was outstanding at 30 June 2022 (30 June 2021: AU\$2,171). The increase in Administration Services provided to Tanami relates to the provision of company secretarial services that were provided during the period.
- (iv) The provision of services to Metals X commenced from 1 December 2020. During the period, the Company charged Metals X AU\$62,167 (30 June 2021: AU\$50,000) for CFO Services of which AU\$1,167 was outstanding on 30 June 2022 (30 June 2021: Nil) and AU\$147,529 (30 June 2021: AU\$2,000) for Administration Services of which AU\$21,885 at 30 June 2022 (30 June 2021: Nil).

Entity with significant influence over the Group

As at 30 June 2022, the following entities have significant influence over the Group:

- (i) Allied Properties Resources Limited ("**APRL**"), a wholly owned subsidiary of APAC Resources Limited ("**APAC**"), owns 45,596,727 ordinary shares of the Company for an interest of 28.82% (30 June 2021: 25.83%).
- (ii) Sincere View International Ltd. owns 31,111,899 ordinary shares of the Company for an interest of 19.59% (30 June 2021: 19.59%).

15. SEGMENT INFORMATION

	Sweden 30 Jun 2022 AU\$'000	Finland 30 Jun 2022 AU\$'000	Unallocated 30 Jun 2022 AU\$'000	Total 30 Jun 2022 AU\$'000
Segment revenue				
Gold sales to external customers	23,312	1,091	–	24,403
Inter-segment sales	–	23,694	–	23,694
Elimination of inter-segment revenue	–	–	(23,694)	(23,694)
Total revenue	<u>23,312</u>	<u>24,785</u>	<u>(23,694)</u>	<u>24,403</u>
Segment interest expense	(1)	–	–	(1)
Unallocated interest expense	–	–	3	3
Total interest expense	<u>(1)</u>	<u>–</u>	<u>3</u>	<u>2</u>
Depreciation and amortisation	213	3,182	–	3,395
Unallocated depreciation and amortisation	–	–	39	39
Exploration write-off	–	33	–	33
	<u>213</u>	<u>3,215</u>	<u>39</u>	<u>3,467</u>
Segment result				
Pre-tax segment result	(2,613)	6,742	–	4,129
Income tax expense	–	(621)	–	(621)
Post-tax segment result	<u>(2,613)</u>	<u>6,121</u>	<u>–</u>	<u>3,508</u>
Unallocated items:				
Corporate interest revenue and other income				286
Corporate costs				(590)
Finance costs				41
Elimination of inter-company interest, expense, and management fees in segment results				<u>374</u>
Profit after tax as per the Consolidated Interim Statement of Profit or Loss				<u><u>3,619</u></u>

	Sweden 30 Jun 2021 AU\$'000	Finland 30 Jun 2021 AU\$'000	Unallocated 30 Jun 2021 AU\$'000	Total 30 Jun 2021 AU\$'000
Segment revenue				
Gold sales to external customers	23,780	1,810	–	25,590
Inter-segment sales	–	20,551	–	20,551
Elimination of inter-segment revenue	–	–	(20,551)	(20,551)
Total revenue	<u>23,780</u>	<u>22,361</u>	<u>(20,551)</u>	<u>25,590</u>
Other revenue				
Sundry revenue	1	–	–	1
Total other revenue	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
Segment interest expense	2	–	–	2
Unallocated interest expense	–	–	9	9
Total interest expense	<u>2</u>	<u>–</u>	<u>9</u>	<u>11</u>
Depreciation and amortisation	213	2,446	–	2,659
Unallocated depreciation and amortisation	–	–	23	23
Exploration write-off	–	7	–	7
	<u>213</u>	<u>2,453</u>	<u>23</u>	<u>2,689</u>
Segment result				
Pre-tax segment result	(4,876)	5,463	–	587
Income tax expense	–	(963)	–	(963)
Post-tax segment result	<u>(4,876)</u>	<u>4,500</u>	<u>–</u>	<u>(376)</u>
Unallocated items:				
Corporate interest revenue and other income				133
Corporate costs				(791)
Finance costs				896
Elimination of inter-company interest, expense, and management fees in segment results				(128)
Loss after tax as per the Consolidated Interim Statement of Profit or Loss				<u>(266)</u>
	Sweden AU\$'000	Finland AU\$'000	Australia AU\$'000	Total AU\$'000
Non-current assets by geographic location				
As at 30 June 2022	<u>28,873</u>	<u>32,120</u>	<u>303</u>	<u>61,296</u>
As at 31 December 2021	<u>28,487</u>	<u>26,389</u>	<u>325</u>	<u>55,201</u>

16. EXPENDITURE COMMITMENTS

a) Exploration commitments

Due to the nature of the Consolidated Entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Consolidated Entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The approximate minimum level of exploration requirements to retain current tenements in good standing is detailed below.

	30 Jun 2022 <i>AU\$'000</i>	30 Jun 2021 <i>AU\$'000</i>
Within one year	35	34
One year or later and no later than five years	130	155
	165	189

b) Short-term lease expense commitments

Future operating lease commitments not provided for in the financial statements are as follows:

	30 Jun 2022 <i>AU\$'000</i>	30 Jun 2021 <i>AU\$'000</i>
Within one year	1	13

c) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are as follows:

	30 Jun 2022 <i>AU\$'000</i>	30 Jun 2021 <i>AU\$'000</i>
Within one year	413	321
One year or later and no later than five years	1,200	–
	1,613	321

17. SIGNIFICANT EVENTS AFTER PERIOD END

On 19 July 2022, the Company lodged an initial appeal (the “**Appeal**”) to the Swedish Land and Environmental Court (the “**Court**”) to request an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company's extension request.

On 3 August 2022, the Company extended the expiry date of its AU\$12.0 million loan facility with AP Finance Limited from 30 June 2023 to 31 December 2023. All other terms and conditions remain unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Nature of Operations and Principal Activities

The Group comprises Dragon Mining Limited (“**Dragon Mining**” or the “**Company**”), the parent entity, and its subsidiaries (together referred to as the “**Group**”). Of these subsidiaries, the operating entities are Dragon Mining (Sweden) AB in Sweden and Dragon Mining Oy in Finland. Dragon Mining is an Australian company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Group operates gold mines and processing facilities in Finland and Sweden. In Finland, the Vammala Production Centre (“**Vammala**”) consists of a conventional 300,000 tonnes per annum (“**tpa**”) crushing, milling and flotation plant (“**Vammala Plant**”), the Jokisivu Gold Mine (“**Jokisivu**”), the Orivesi Gold Mine (“**Orivesi**”) which ceased production in June 2019, the Kaapelinkulma Gold Mine (“**Kaapelinkulma**”) which ceased production in April 2021, and the Uunimäki Gold Project (“**Uunimäki**”). Annual production from Finland is in the range of 23,000 to 30,000 ounces of gold in concentrate depending on the grade of ore and gold concentrate feed.

In Sweden, the operation is known as the Svartliden Production Centre (“**Svartliden**”), consisting of a 300,000 tpa carbon-in-leach processing plant (“**Svartliden Plant**”) together with the closed Svartliden Gold Mine (mining completed in 2013), and the Fäboliden Gold Mine (“**Fäboliden**”) where a programme of test mining was completed in September 2020.

The principal activities of the Group during the period were:

- Gold mining, and processing ore in Finland;
- Gold mining, and processing gold concentrate in Sweden; and
- Exploration, evaluation, and development of gold projects in the Nordic region.

There have been no significant changes in those activities during the period.

Health and Safety

Safety is one of the Group’s main priorities, and every effort to safeguard the health and well-being of the Group’s employees and contractors, together with the people in the communities in which the Group operates. The Group aims to go beyond what is expected to meet local health and safety legislation. This is not just because the Group cares for the people who work for it, but also because a safe business is operationally sound. The Group’s Code of Conduct clearly communicates its commitment towards protecting employee health and safety including conflict resolution and fair dealing.

The Group strives to maintain its safety culture through its leadership team, which delivers a clear safety message to all employees. The Group has well documented safety procedures and visible safety boards located at its operations. Safety inductions to new employees and service agreements for suppliers of goods and services promote the Group’s safety culture.

The Group maintains a significant number of health and safety measures, which are implemented upon commissioning of new equipment and monitored by way of periodic inspections. Prior to commissioning, each piece of equipment and machinery is subjected to a start-up check to ensure it meets the safety standards.

The Group reports the Lost Time Injury Frequency Rate (“**LTIFR**”) to measure workplace safety and track the Group’s newly implemented safety scheme. Lost Time Injuries (“**LTI**”) are injuries that have occurred in the workplace and where an employee requires time off to recover. Calculating the frequency provides a key metric to track over time and compare against peers within the mining industry.

During the period, 1 LTI was recorded at the Group’s Finnish operations when a contractor at the Vammala Plant slipped on an icy surface. Vammala and Jokisivu recorded 98 and 478 days, LTI free, respectively. In Sweden, Svartliden recorded 2,280 days LTI free and Fäboliden 1,327 days LTI free.

	30 Jun 2022	30 Jun 2021
Lost Time Injury Frequency Rate	<u>10.6</u>	<u>9.1</u>

The LTIFR calculation is based on the number of injuries resulting in one lost shift sustained over a specific period per 1,000,000 work hours worked by all employees including sub-contractors over that period.

The Group has not sustained any work-related fatalities at any of its operations since its incorporation.

COVID-19

The majority of previously implemented COVID-19 controls remained in place at all sites during the period to protect the health and safety of its workforce, their families, local suppliers, and neighbouring communities, while ensuring a safe environment for operations to continue.

To date, COVID-19 has not significantly disrupted the Group’s operations and no adjustments have been made to the Group’s financial results for the period. The Group regularly updates its COVID-19 assessment in line with public health advice.

Finland Operations

Vammala Plant

Gold production in Finland decreased by 6.3% compared to the prior period due to lower ore tonnes mined, lower head grade and process recovery. The Vammala Plant treated 158,202 tonnes of ore with an average grade of 2.4 g/t gold and achieved a process recovery of 84.4% to produce 10,383 ounces of gold in concentrate. During the period, Vammala mill feed was sourced from Jokisivu.

	Vammala Production Centre	
	30 Jun 2022	30 Jun 2021
Ore mined (tonnes)	190,297	211,963
Mined grade (g/t gold)	2.5	2.6
Ore milled (tonnes)	158,202	152,332
Head grade (g/t gold)	2.4	2.7
Process recovery (%)	84.4%	85.2%
Gold production (oz)	10,383	11,080

Jokisivu Gold Mine

Production tonnes from Jokisivu were sourced from the Main Zone of the Kujankallio deposit and from the Arpola deposit. Total ore mined from Jokisivu was 190,297 tonnes at 2.5 g/t gold; 103,001 tonnes of ore came from ore stopes (30 June 2021: 71,810 tonnes) and the remaining 87,296 tonnes of ore came from ore development (30 June 2021: 117,208 tonnes).

	Jokisivu Gold Mine	
	30 Jun 2022	30 Jun 2021
Ore mined (tonnes)	190,297	189,018
Mined grade (g/t gold)	2.5	2.5
Ore milled (tonnes)	158,202	119,849

During the period, mining at Jokisivu was concentrated on developing the Arpola and Kujankallio deposits simultaneously. Development of the Jokisivu decline progressed 180 metres from the 588m level to the 612m level.

Kaapelinkulma Gold Mine

Mining activities ceased in April 2021, and all stripping costs incurred during the development phase as part of the depreciable cost of building, developing, and constructing the mine have been fully amortised.

The Group is exploring the possibility of utilising waste rock outside the mine area as an aggregate.

The Group maintains valid exploration tenure at Kaapelinkulma with exploration and evaluation activities in the area continuing with surface exploration drilling planned during the third quarter of 2022. Further details are provided later in the Exploration Review from pages 37 to 42.

Orivesi Gold Mine

The Company is awaiting approval of its Orivesi Closure Plan since the cessation of mining activities in June 2019. The Group maintains valid exploration tenure at Orivesi with exploration and evaluation activities in the area are continuing. Further details are provided later in the Environmental Review from pages 42 to 50.

Uunimäki Gold Project

The Uunimäki Gold Project (“**Uunimäki**”) is located 80 kilometres southwest of Tampere in the Satakunta Region in southern Finland. The Uunimäki gold occurrence was discovered by the Geological Survey of Finland (“**GTK**”) during 2008. It represents an advanced gold opportunity within trucking distance to the Company’s Vammala Plant.

The Company made an application for the area in 2020 and was advised by the Finnish Safety and Chemicals Agency (“**Tukes**”) that the Uunimäki Exploration Licence was granted on the 11 January 2022. The Tukes decision was subsequently appealed, and the appeal process is ongoing.

Sweden Operations

Svartliden Production Centre

Svartliden is located in northern Sweden, approximately 750 kilometres by road north of Stockholm. It was established as part of an integrated operation comprising the Svartliden Plant and the Svartliden open-pit and underground gold mining operation (“**Svartliden Gold Mine**”). Brought into production in March 2005, Svartliden produced a total of 399,676 ounces of gold from the Svartliden Gold Mine, external concentrates up to the end of 2016, and ore from the test-mining campaign at Fäboliden.

Svartliden Plant

During the period, 100% of the Vammala flotation concentrate was processed at the Svartliden Plant which has continued to operate at below break-even to ensure the retention of staff and operational facilities in readiness for the resumption of ore processing when full-scale mining at Fäboliden is achieved.

	Svartliden Plant	
	30 Jun 2022	30 Jun 2021
Vammala flotation concentrate milled (tonnes)	2,496	2,721
Concentrate process recovery (%)	92.3%	94.5%
Head grade (g/t gold)	135.49	112.9
Total gold production (oz)	10,036	9,333

Fäboliden Gold Mine

Fäboliden is located in northern Sweden, approximately 30 kilometres southeast of the Svartliden Plant. The Company conducted test-mining activities at Fäboliden from May to September 2019 and June to September 2020. During October and November 2021, a further 26,264 tonnes of low-grade stockpiled material remaining on the surface from test-mining, was transported to Svartliden.

The Svartliden Plant has processed 126,238 tonnes of ore from Fäboliden with an average grade of 2.5 g/t gold and a process recovery of 79.9% to produce 8,068 ounces of gold. The processing of Fäboliden ore at the Svartliden Plant was completed in November 2021.

Overburden and pre-stripping costs incurred during the development phase of the mine have been capitalised as part of the depreciable cost of building, developing, and constructing the mine. These capitalised costs will be depreciated over the life of the mine based on units of production. All capitalised costs that related only to test-mining have been fully written off.

The main hearing for the Fäboliden permit case was held in the Swedish Land and Environmental Court (the “**Court**”) during April 2022. On 28 June 2022, the Court rejected the Company’s application for an environmental permit to commence full-scale mining at Fäboliden (“**Ruling**”) as a whole notwithstanding that the environmental impact assessment was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place.

On 19 July 2022, the Company lodged an initial appeal (the “**Appeal**”) to the Court requesting an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company’s extension request.

Employees

The total number of employees and contractors of the Group as at 30 June 2022 was 88 (30 June 2021: 88). Total staff costs including Directors' emoluments amounted to AU\$4.1 million (30 June 2021: AU\$4.0 million). The Group periodically reviews remuneration packages. The stipends of Directors were reviewed and approved by the Remuneration Committee on 23 November 2021. The remuneration packages for our employees generally include a basic salary component and a productive incentive payment. We determine employee remuneration based on factors such as qualifications and years of experience, whilst the amount of annual incentive payment will be assessed and determined by the Remuneration Committee and the Board against the key performance indicators achieved. We also provide our employees with welfare benefits, including pension and healthcare benefits, as well as other miscellaneous items. We provide training to our employees to improve the skills and professional knowledge they need for our operations and their personal development, including an initial training induction on work safety and environmental protection upon entering the Company, and prior to each exploration or operational activity.

Environment, and Social and Governance

Dragon Mining has a robust, comprehensive system of corporate governance. The Company views this as essential to the ongoing sound operation of the Company, and to balancing the interests of the Company's various stakeholders, including shareholders, customers, suppliers, Governments, and the various communities in which the Company operates.

The Group's performance is reported annually and reviewed by the Audit and Risk Management Committee and the Board. Details are outlined in the "Risk Management and Internal Control" section in the Corporate Governance Report included in the Company's published 2021 Annual Report.

The Board retains overall responsibility for the Group's ESG management and is committed to operating in a manner that contributes to the sustainable development of mineral resources through efficient, balanced, long-term management, while showing due consideration for the well-being of people; protection of the environment; and development of the local and national economies in the countries in which the Group operates.

The Group recognises its responsibility for minimising the impact of its activities on, and protecting, the environment. The Group is committed to developing and implementing sound practices in environmental design and management and actively operates to:

- work within the legal permitting framework and operate in accordance with our environmental management systems;
- identify, monitor, measure, evaluate and minimize our impact on the surrounding environment;

- give environmental aspects due consideration in all phases of the Groups mining projects, from exploration through to development, operation, production, and final closure; and
- act systematically to improve the planning, execution, and monitoring, of its environmental performance.

The Company's 2021 ESG Report is available on the Company's website at www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/index.htm under section "Investor" and "ESG Reports" respectively.

Operational Risks

The Group faces operational risks on a continuing basis. The Company has adopted policies and procedures designed to manage and mitigate those risks wherever possible. However, it is not possible to avoid or even manage all possible risks. Some of the operational risks are outlined below but the total risk profile, both known and unknown, is more extensive.

Safety

LTI, serious workplace accidents or significant equipment failures may lead to harm to the Company's employees or other persons; temporary stoppage or closure of an operating mine; delays to production schedules and disruption to operations; with material adverse impact on the business.

The Company continues to work closely with all stakeholders to promote continuous safety improvements and Occupational Health and Safety ("**OH&S**") considering evolving scientific knowledge and technology, management practices and community expectations. The Group ensures it maintains compliance with the applicable laws, regulations, and standards of the countries, it operates in by:

- (i) improving and monitoring OH&S performance;
- (ii) training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;
- (iii) communicating and openly consulting with employees, contractors, government, and community on OH&S issues; and
- (iv) developing risk management systems to appropriately identify, assess, monitor, and control hazards in the workplace.

Production

All of the Group's ore production for the period came from Jokisivu. Further delays in the Company's application for an environmental permit to commence full scale mining activities at Fäboliden may adversely impact the Company's full year results for 2022 and 2023.

The process recovery rate and production costs are dependent on many technical assumptions and factors, including geological, physical, and metallurgical characteristics of ores. Any change in these assumptions and factors may have an adverse effect on the Group's production volume or profitability. Actual production may vary from expectation for a variety of reasons, including grade, tonnage, dilution, and mining recovery. Plant breakdown or availability and throughput restraints may also affect the operation.

Permitting

The Group may encounter difficulties in obtaining all permits necessary for its exploration, evaluation, and production activities at its existing operations or for pre-production assets. It may also be subject to ongoing obligations to comply with permit requirements which can incur additional time and costs.

As previously announced, the Swedish Land and Environmental Court (the "**Court**") rejected Dragon Mining's application for an environmental permit to commence full-scale mining at Fäboliden ("**Ruling**"). On 19 July 2022, the Company lodged an initial appeal (the "**Appeal**") to the Court to request an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company's extension request. If the Company faces significant delay in the appeal process and in obtaining environmental approval for full-scale mining, it could materially and adversely affect the Company's profitability. Such delays would likely require the Company to re-evaluate the continued operation of Svartliden.

The Environmental Review from pages 42 to 50 provides updates on rehabilitation and the status of permitting at the Group's Finnish and Swedish operations.

Social and Political

The Group has faced and may continue to face activist opposition from groups or individuals opposed to mining generally, or to specific projects, resulting in delays or increased costs. Such opposition may also have adverse effects on the political climate generally.

The Group is exposed to other risks which include, but are not limited to, cyber-attack, and natural disasters, that could have varying degrees of impact on the Group and its operating activities. Where available and appropriate to do so, the Board will seek to minimise exposure using insurance, while actively monitoring the Group's ongoing exposure. The Group's awareness of the risks from political and economic instability have been heightened by recent geo-political developments in Ukraine.

FINANCIAL REVIEW

The Group's operations for the period returned a net profit after tax of AU\$3.6 million (30 June 2021: net loss after tax of AU\$0.3 million). A previously announced, such net profit is attributable to higher average gold prices achieved over the period, lower operating costs in Finland, and an increase in ore stockpiles and gold-in-circuit at Vammala and Svartliden, respectively. The Group's operations in Sweden continued to be carried at below break-even to maintain operational readiness for the anticipated commencement of full-scale mining activities at Fäboliden upon approval of the Company's environmental permit application. No adjustments have been made to the Group's result as at 30 June 2022 for the impacts of COVID-19.

Revenue from Customers

The Group sold 9,288 ounces of gold (30 June 2021: 10,860 ounces of gold) resulting in a 4.6% decrease in revenue from operations of AU\$24.4 million (30 June 2021: AU\$25.6 million). The impact of the 14.5% decrease in gold sold was partially offset by higher average gold prices achieved during the period of US\$1,860 (30 June 2021: US\$1,805 per ounce).

Cost of Sales

Cost of sales for the period were AU\$18.8 million representing a 17.2% decrease compared to the previous period (30 June 2021: AU\$22.7 million). Cost of sales includes mining, processing, other production activities, changes in inventory, depreciation, and rehabilitation as follows:

	30 Jun 2022	30 Jun 2021	% change
Total gold sold (oz)	9,288	10,860	(14.5%)
Total gold produced (oz)	10,383	11,080	(6.3%)
	30 Jun 2022	30 Jun 2021	%
	<i>AU\$'000</i>	<i>AU\$'000</i>	change
Cost of sales			
a) Mining	11,722	13,063	(10.3%)
b) Processing	7,132	6,639	7.4%
Other production activities	522	699	(25.3%)
c) Gold inventory movements	(4,772)	(256)	1,764.1%
d) Depreciation	3,327	2,570	29.5%
e) Rehabilitation costs	880	–	–
Cost of production net of inventory movements	18,811	22,715	(17.2%)

- a) Mining costs decreased by 10.3% in line with the 10.2% decrease in volume of ore tonnes mined. Jokisivu produced 43.4% more tonnes from ore stoping activities and 25.5% less tonnes from ore development activities. The Group mined 190,297 ore tonnes (30 June 2021: 211,963 ore tonnes) at a lower average cost per ore tonne of AU\$60.66 (30 June 2021: AU\$61.63 per ore tonne).

- b) An 3.9% increase in Vammala milled tonnes contributed to a 7.4% increase in processing costs and a 2.6% increase in processing unit costs to AU\$23.04 per tonne (30 June 2021: AU\$22.45 per tonne). In Sweden, the Svartliden Plant processed 2,496 tonnes of concentrate from Vammala (30 June 2021: 2,721 tonnes) representing a decrease of 8.3%.
- c) When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. During the period, an increase in ore stockpiles in Vammala and gold-in-circuit inventory in Svartliden increased the value of inventory by AU\$4.8 million.
- d) Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes dependent on the class of asset.
- e) Changes in the Orivesi rehabilitation provision are recognised direction in profit or loss. The Group has previously recognised an additional €1.5 million (approximately AU\$2.2 million) associated with the removal of litter stored between the 66m and 85m underground levels. The addition cost represents 50% of the total cost agreed with Outokumpu. The bulk material was deposited before the Company purchased the mine in 2003 and recommenced mining in 2007.

Gross Profit

The 4.6% decrease in revenue compared to the 17.2% decrease in cost of sales delivered a 94.5% increase in gross profit for the period of AU\$5.6 million (30 June 2021: AU\$2.9 million) and gross profit ratio of 22.9% (30 June 2021: 11.2%).

Management and Administration and Other Expenses

Other expenses include the cost of evaluation assets written off as part of the Group's regular review of capitalised exploration and evaluation costs.

Working Capital, Liquidity and Gearing Ratio

At 30 June 2022, the Group had net assets of AU\$61.5 million (31 Dec 2021: AU\$60.0 million); a working capital surplus of AU\$29.788 million (31 Dec 2021: surplus AU\$29.048 million); and a closing market capitalisation of AU\$26.8 million or HK\$151.9 million (31 Dec 2021: AU\$49.0 million or HK\$277.0 million). A market capitalisation deficiency compared to net assets is an indication of possible impairment. At the end of each period, the Group performs impairment testing which did not result in any asset impairment write downs for the period.

At 30 June 2022, the Group had AU\$14.1 million in cash and cash equivalents (31 Dec 2021: AU\$14.4 million) and funded its activities with positive cash inflows from operations.

At 30 June 2022, the Company's gearing ratio was 3.0% (31 Dec 2021: 3.4%), calculated by dividing total borrowings by total equity.

Interest Bearing Liabilities – AU\$12 million Unsecured Loan Facility with AP Finance Limited

The Company has an unsecured AU\$12.0 million Loan Facility with AP Finance Limited (“**Loan Facility**”). At the date of this announcement, the Company has AU\$12.0 million in undrawn funds available. There have been no drawdowns since balance date.

On 3 August 2022, the Company extended the Loan Facility availability period from 30 June 2023 to 31 December 2023. All other terms and conditions remain unchanged.

Use of Net Proceeds from the Company’s Placement

The net proceeds from the Placement in January 2021, were AU\$6.6 million (or approximately HK\$39.6 million), the entire amount will be used to contribute to the funding of a part of the various environmental bonds relating to the Company’s operations in Finland and Sweden. The net placing price, after deducting such fees, costs, and expenses, is approximately AU\$0.33 per share (HK\$1.99 per share) under the Placement.

Purpose	Proposed use of proceeds <i>Million</i>	Purpose of proceeds expressed as % of net proceeds <i>%</i>	Actual Amount utilised from 22 Jan 2021 to 30 Jun 2022 <i>Million</i>	Unutilised as at 30 Jun 2022 <i>Million</i>	Revised expected timeline for the unutilised amount
Fund environmental bond obligations.	AU\$6.6	100%	–	AU\$6.6	To be utilised by 30 June 2023

The Company operates a number of assets in both Finland and Sweden each with its own requirement for environmental bonds. As at 30 June 2022, 100% of the net proceeds remain available to fund the Group’s environmental bond obligations for its operations in Finland and Sweden.

The net proceeds were initially expected to be used within 12-months from the Placement completion date. The reason for revising the expected timeline for the unutilised amount is that the Company has appealed each of the bonding requirements for the reduction of the quantum of the environmental bonds, while certain third parties have also appealed some of the bonding requirements but arguing the quantum should be increased instead. As at 30 June 2022, the various appeal proceedings were on-going and therefore the net proceeds were not yet utilised to fund the Group’s environmental bond obligations.

To the best estimates of the Company based on its experience with the time to process appeals in the environmental courts in Finland and Sweden, it expects the majority of the appeals would have proceeded by the end of 2022. Based on the above and subject to any subsequent further appeals to be made by the Company and/or third parties, it is anticipated that the net proceeds of AU\$6.6 million will be utilised by 30 June 2023.

The revised expected timeline for the unutilised amount is subject to the actual time taken for the appeals to be processed, as well as the final adjudication by the courts on the deadline for the Group to settle the payment for the environmental bonds. On receipt of confirmation from the relevant environmental courts in Finland and Sweden, the Company will update its shareholders as and when appropriate if there are material developments on the usage of the proceeds of the Placement.

Financial Risks

Details of the Company's Financial Risk exposures are provided as follows:

Foreign Exchange

The Company sells its bullion and gold concentrate in USD. Most of its costs are denominated in SEK and EUR, while the Company's presentation currency is AUD.

The Company may use foreign exchange forwards from time to time to reduce exposure to unpredictable fluctuations in the foreign exchange rates if considered suitable by the Directors. No hedging of foreign exchange exposure was used during the period.

Commodity Price

The Company is exposed to movements in the gold price. The Company may use a variety of financial instruments (such as gold forwards and gold call options) from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams if considered suitable by the Directors. At present the Company has no plans to hedge commodity price risk.

Liquidity

The Company is exposed to liquidity risk through its financial liabilities and its obligations to make payment on its financial liabilities as and when they fall due. The Company maintains a balance in its approach to funding using debt and or equity raisings.

Credit

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Consolidated Interim Statement of Financial Position.

Credit risk is managed on a group basis and predominantly arises from cash and cash equivalents deposited with banks and financial institutions, trade and other receivables and environmental and other bonds. While the Company has policies in place to ensure that sales are made to customers with an appropriate credit history, the Company is exposed to a concentration of credit risk in relation to its gold concentrate sales to a nearby smelter in Finland.

Interest Rate

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Company constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed and variable interest rates.

Costs

Fuel, power, labour, and all other costs can vary from existing rates and assumptions.

Charges on Company Assets

Other than the right of use assets which are subject to lease, there were no charges on the Company's assets as at 30 June 2022 or 31 December 2021.

Contingent Liabilities

As at 30 June 2022, the Group has not made any material changes to any of its contingent liabilities last disclosed in its 2021 Annual Report.

Company Strategy and Future Developments

The Company is principally engaged in gold exploration, mining, and processing in the Nordic region. The Company's objective is to focus on the development of existing and new mining assets in reasonable proximity to our process plants in Vammala, Finland and Svartliden, Sweden. The Company operates with a long-term business strategy to operate responsibly considering the interests of all stakeholders including its staff, contractors, and the public including civic groups, together with the environment and the general amenity of its areas of operation. It aims to produce positive financial outcomes through (i) the economic operations of its operating mines and process plants; (ii) development of new projects consistent with the Company's objective, such as the Group's newest operations at Fäboliden; and (iii) attention to the Company's corporate and social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operates.

On 19 July 2022, the Company lodged its initial appeal (the "**Appeal**") to the Swedish Land and Environmental Court (the "**Court**") to request an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling On 1 August 2022, the Court granted the Company's extension request.

The Company has previously announced a proposed on-market share buy-back under the general mandate, pursuant to which, the Company was allowed to buy back up to 15,884,061 shares, being 10% of the total number of issued shares as at the date of the annual general meeting held 21 May 2021 (the general mandate has been renewed on 23 May 2022), on The Stock Exchange of Hong Kong Limited. The Company has completed the repurchase of 667,000 shares in December 2021, and all shares had been cancelled by 7 January 2022. The Company will continue to carry out the Share Buy-Back in compliance with the constitution of the Company, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Buy-Backs, the Corporations Act 2001 (Cth) in Australia and all other applicable laws and regulations to which the Company is subject to.

Significant Investments Held, Material Acquisitions and Disposal of Subsidiaries, Associates or Joint Ventures and Future Plans for Material Investments or Capital Assets

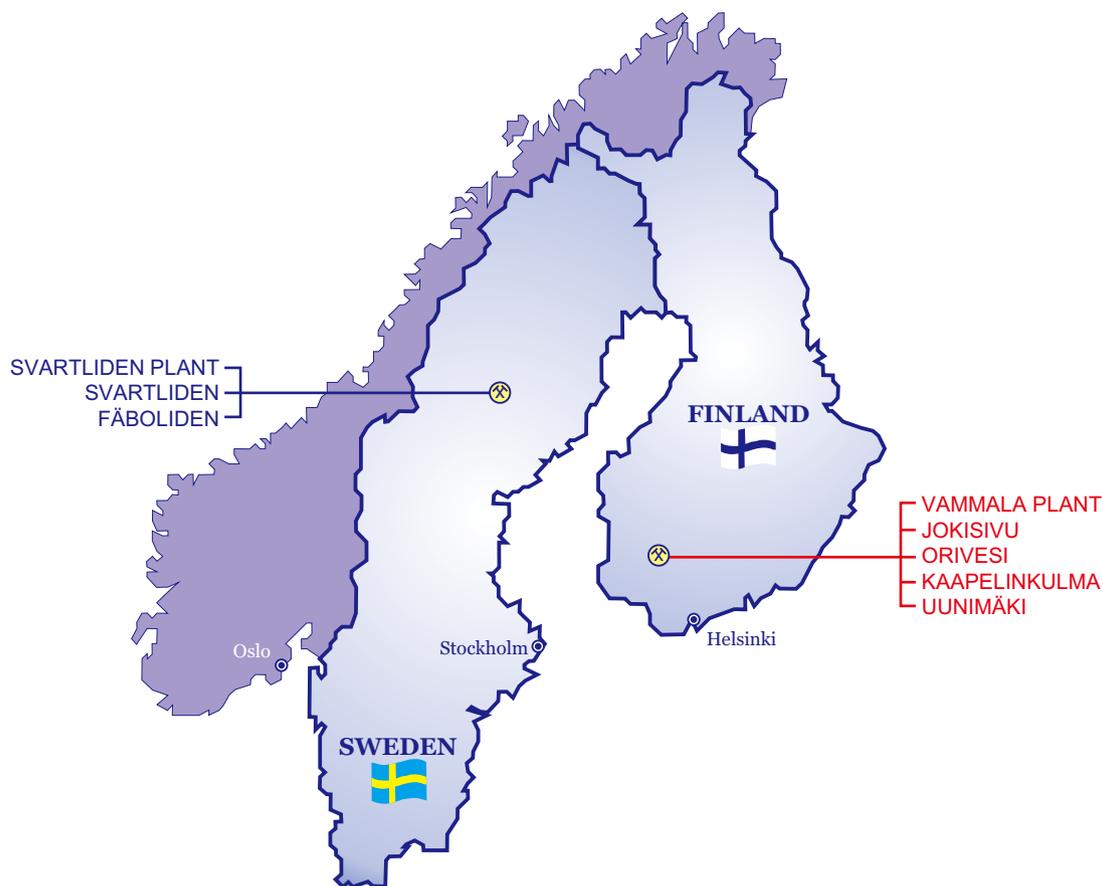
Save for those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the period. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Purchase, Sale, or Redemption of the Company's Listed Securities

During the period ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed shares.

ADVANCED PROJECTS AND EXPLORATION REVIEW

Dragon Mining is an established gold producer that holds a portfolio of prospective projects in Sweden and Finland. Entering the Nordic Region in 2000, the Company has successfully brought into operation a series of open-cut and underground gold mines that have produced over 800,000 ounces of gold since 2005. This has been achieved through the Company's commitment to actively explore its project holding in order to maintain its annual production profile.



Project Locations

During the period, the Company continued to advance exploration activities on its key projects, with drilling completed at Jokisivu. A total of 16 diamond core holes were drilled for a total advance of 2,970.10 metres (30 June 2021: 72 holes, 9,110.60 metres).

No drilling was completed during the period at Kaapelinkulma and Orivesi in Finland or Fäboliden in Sweden.

Results were reported during 2022 for two campaigns that were drilled at Jokisivu in 2021. In addition, the Company completed an integrated review and targeting exercise of available historical geophysical datasets that cover Dragon Mining's project area at Fäboliden. Updates of the Company's Mineral Resource and Ore Reserve estimates as of 31 December 2021 were also completed during the period.

The information in this report that relates to Mineral Resources, Ore Reserves and Exploration activities has been taken from the following announcements that were released to the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on:

- 23 March 2022 – Dragon Mining's Mineral Resources and Ore Reserves Updated.
- 6 April 2022 – Update on Exploration Activities in Southern Finland.

These releases can be found at www.hkexnews.hk (Stock Code: 1712) and www.dragonmining.com.

Exploration Finland

Jokisivu Gold Mine

At Jokisivu, 16 underground diamond core drill holes were completed during the period from two campaigns comprising:

- 4 holes in a 5 hole, 1,005 metre campaign drilled from the 350m level targeting the Arpola area between the 400m and 450m levels ("**2022 Campaign 1**"); and
- 2 holes in a 30 hole, 5,500 metre campaign drilled from the 205m and 215m levels ("**2022 Campaign 2**") targeting:
 - the Osmo Zone in the Arpola area between the 250m and 300m levels;
 - the Arpola Footwall Zones between the 250m and 300m levels; and
 - the Arpola Flying Squirrel Zone between the 230m and 300m levels.

Final results remain pending for the two 2022 campaigns, the drilling of which will continue into the second half of the 2022 calendar year. All results are expected to be available for inclusion in the next update the Mineral Resource and Ore Reserve estimates, which is scheduled to be carried out at the end of 2022.

During the period, the Company reported results for the final two diamond core drilling campaigns that were completed at Jokisivu in 2021. Results reported were for a 7 hole, 1,185.00 metre campaign that was directed at the Kujankallio Main Zone from the 560m level (“**2021 Campaign 5**”) and a 9 hole, 2,151.80 metre campaign that targeted the Arpola area between the 300m and 350m levels from drill stations located on the 350m level (“**2021 Campaign 6**”). These campaigns each returned a number of significant intercepts above 1 g/t gold, including 5.25 metres @ 7.71 g/t gold, 1.35 metres @ 18.10 g/t gold, 10.50 metres @ 5.04 g/t gold, 3.00 metres @ 9.00 g/t gold, and 7.50 metres @ 2.30 g/t gold from 2021 Campaign 5. 2021 Campaign 6 returned 0.75 metres @ 26.30 g/t gold, 3.45 metres @ 5.41 g/t gold, 0.75 metres @ 113.00 g/t gold, 3.90 metres @ 6.64 g/t gold, 13.70 metres @ 6.76 g/t gold, 2.20 metres @ 7.95 g/t gold, 2.00 metres @ 37.75 g/t gold and 5.20 metres @ 4.67 g/t gold.

The results aligned well with expectations, further defining the extent and geometry of the targeted mineralised zones.

Uunimäki Gold Project

Dragon Mining was advised by the Finnish Safety and Chemicals Agency (“**Tukes**”) during the period that the Uunimäki Exploration Licence had been granted. The decision by Tukes to grant the Exploration Licence has subsequently been appealed.

The Exploration Licence covers an area of 89.22 hectares and encompasses the Uunimäki gold occurrence in southern Finland. It represents an advanced gold opportunity that has previously been subjected to diamond core drilling (36 holes, 3,424 metres) and other exploratory activities including ground geophysical surveys and geochemical till surveys.

Exploration Sweden

Fäboliden Gold Mine

Independent consultants Resource Potentials Pty Ltd (“**ResPot**”) in Western Australia, completed an integrated review and targeting exercise of available historical geophysical datasets that covered the Fäboliden project area during the period. This exercise represents the first of this nature to be undertaken, incorporating data from detailed airborne magnetic, radiometric, and frequency-domain electromagnetics surveys and IP and Slingram ground surveys over Fäboliden. The study identified and prioritised a series of targets on the existing Dragon Mining holding, which will form the platform for future exploration activities in the Fäboliden area.

Resources and Reserves

The Company completed its annual update of Mineral Resources and Ore Reserves for the Company's projects in the Nordic region during the period.

The Mineral Resources reported as of 31 December 2021 and inclusive of Ore Reserves returned a 2.6% increase in tonnes and 0.7% increase in ounces when compared to the total Mineral Resource for the Group as of 31 December 2020.

Updating of the Ore Reserves lifted the total Ore Reserve for the Group with an 11.0% increase in tonnes and 15.9% increase in ounces, when compared to the total Group Ore Reserve as of 31 December 2020.

The Mineral Resource and Ore Reserve estimates were compiled and reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

Mineral Resources	Measured			Indicated			Inferred			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (koz)									
Group Total – 31 December 2021	870	4.1	110	7,300	3.1	720	6,200	3.4	670	14,000	3.3	1,500
Group Total – 31 December 2020	980	4.5	140	6,300	3.2	650	6,700	3.3	710	14,000	3.3	1,500

Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape, and continuity of the occurrence and on the available sampling results. The quantities contained in the above table have been rounded to two significant figures to reflect the relative uncertainty of the estimate. Rounding may cause values in the table to appear to have computational errors.

Mineral Resources are reported on a dry in-situ basis.

Percentage variances between the 31 December 2021 and 31 December 2020 estimates are calculated using unrounded estimates.

Ore Reserves	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Group Total – 31 December 2021	430	2.7	38	3,900	2.8	350	4,300	2.8	380
Group Total – 31 December 2020	600	2.6	51	3,300	2.7	280	3,900	2.7	330

Ore Reserve estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The quantities contained in the above table have been rounded to two significant figures to reflect the relative uncertainty of the estimate. Rounding may cause values in the table to appear to have computational errors.

Ore Reserve estimates are reported on a dry tonne basis.

Percentage variances between the 31 December 2021 and 31 December 2020 estimates are calculated using unrounded estimates.

Competent Persons Statement

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources and Ore Reserves as reported on the 23 March 2022 or the Exploration Results reported on 6 April 2022, and the assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the 23 March 2022 release and the Exploration Results in the 6 April 2022 release continue to apply and have not materially changed.

Mr Shaun Searle who is an associate of MoJoe Mining Pty Ltd and a Member of the Australian Institute of Geoscientists, Mr Joe McDiarmid who is a Chartered Professional of the Australasian Institute of Mining and Metallurgy and is a full-time employee of MoJoe Mining Pty Ltd, and Mr Neale Edwards who is a Fellow of the Australian Institute of Geoscientists and a full-time employee of Dragon Mining, provided written consent for the inclusion in the 23 March 2022 release of the matters on their information in the form and context in which it appears.

Mr Neale Edwards who is a Fellow of the Australian Institute of Geoscientists and a full-time employee of Dragon Mining, provided written consent for the inclusion in the 6 April 2022 release of the matters on his information in the form and context in which it appears.

Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources and Ore Reserves presented in this report have not been materially modified and are consistent with the 23 March 2022 release. Mr Edwards also confirms that the form and context in which the Exploration Results presented in this report have not been materially modified and are consistent with the 6 April 2022 release. Mr Edwards has provided written consent approving the use of previously reported Mineral Resources, Ore Reserves and Exploration Results in this report in the form and context in which they appear.

In relation to the Mineral Resources and Ore Reserves dated 31 December 2020 as reported on the 16 March 2021, Mr David Allmark who at the time of release was a full time employee of RPM Advisory Services Pty Ltd and a member of the Australian Institute of Geoscientists, Mr Richard Tyrell who is a Member of the Australasian Institute of Mining and Metallurgy and who at the time of release was a full-time employee of RPM Advisory Services Pty Ltd, Mr John Hearne who is a Chartered Professional and Fellow of the Australasian Institute of Mining and Metallurgy and who at the time of release was a full-time employee of RPM Advisory Services Pty Ltd and Mr Neale Edwards who is a Fellow of the Australian Institute of Geoscientists and a full-time employee of Dragon Mining, provided written consent for the inclusion in the 16 March 2021 release of the matters on their information in the form and context in which it appears.

Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources and Ore Reserves presented in this report dated 31 December 2020 have not been materially modified and are consistent with the 16 March 2021 release. Mr Edwards has provided written consent approving the use of previously reported Mineral Resources and Ore Reserves in this report in the form and context in which they appear.

ENVIRONMENTAL REVIEW

The Company is very clear on the need to earn the respect and support of the community by operating in a socially responsible manner, and by demonstrating a tangible commitment to environmental sustainability.

The Group's operations are subject to environmental regulations under statutory legislation in relation to its exploration and mining activities. The Company believes that it has adequate systems in place for the management of the requirements under those regulations and is not aware of any breach of such requirements as they apply to the Group.

Finland Review

Vammala Plant

Dragon Mining previously advised that the Regional State Administration Agencies (“**AVI**”) had issued an environmental permit to process 300,000 tpa ore at Vammala. The permit contained new crushing conditions which the Company appealed to the Administrative Court of Vaasa (the “**Administrative Court**”) on 20 April 2020. The Company implemented new noise measurement reduction controls during the half year and continued to operate under the existing permit conditions whilst awaiting a final decision on its appeal from the Administrative Court.

On 2 June 2022, a decision was received from the Administrative Court imposing time restrictions on the crushing of ore on weekends and for the groundwater effects of the tailings area to be continually monitored. The Administrative Court requested that the environmental bond be increased to include surface structures for the tailings area. The Administrative Court rejected most claims by non-government organisations and neighbours.

Noise measurement surveys were carried out during January 2022. The surveys concluded that the crusher noise levels are inside the limit values and noise-impulse sounds were low. The report was submitted to the Administrative Court on 11 February 2022, prior to the Administrative Court handing down a decision on the environmental permit. The Company plans to install two shipping container walls near the crusher in the direction of the nearest neighbours to further reduce the noise of the crusher.

The Company previously advised that piping of the mill water from the pumping station to the Horvelo area was completed in the latter part of 2021. In line with the Company’s environmental plan, the Company will construct embankments and a fence around the Horvelo-pond and install a new measuring well during 2022.

A meeting was held at Vammala with EHP Environment OY (“**EHP**”) to discuss ways to better manage the mill water. In May 2022, EHP instructed the Company to install new flowmeters and measuring wells and undertake other water management improvements. In line with the new Vammala environmental permit, and instructions from EHP, the Company undertakes to implement the updates during the second half of 2022.

On 23 February 2022, the annual water monitoring report for 2021 was completed by KVVY Tutkimus OY (“**KVVY**”) and submitted to the Pirkanmaa Centre for Economic Development, Transport, and the Environment (“**PIR ELY**”) and the City of Sastamala. The load on the Kovero-oja ditch has decreased since 2013 with the water being recycled and pumped back into the tailings pond. During 2016 to 2018, collection ditches and back pumping were enhanced on the northeast side of the tailings ponds and the Miljoonaoja ditch area which resulted in reduced nickel loads. In the autumn of 2020, the Miljoonaoja run-off water has been separated from the leachate water and the leachate water is pumped back to the tailing’s ponds.

In 2021, the total discharge water nickel load from the mill was 0.3 kg/d (95 kg/a) and the sulphate and the sulphate loads returned an average of 785 kg/d (286.6 t/a). Based on the monitoring results, the effect of discharge water from the Vammala Plant to the water quality of the close-by Lake Rautavesi is minor.

Orivesi Gold Mine

As part of the Orivesi closure plan, Envineer Oy (“**Envineer**”), were engaged to prepare a research plan to clean and remediate any soil contaminated areas, including maintenance and storage areas, fuel tank storage locations, settling ponds and any roads previously exposed to sulphide and containing waste rock.

On 9 August 2021, results of the soil contamination studies were received from Envineer. The final study shows that hydrocarbons were found in service and storage areas and that concentrations exceeded the lower reference values. The study suggests that elevated levels of hydrocarbon containing soils, and road areas with sulphide containing waste rocks, could be transported to the waste rock stockpile area and the material stored below the cover structures of the waste rock pile. Oil hydrocarbons in one area were found to be high, the report suggested that this material should be transported to the waste handling facility. Results of the soil contamination report was submitted to PIR ELY on 13 August 2021.

The Natura screening study being undertaken by Afry Oy is expected to be completed by September 2022. The screening study includes water estimation and modelling work for the phases when the mine is full of water and its diversion into Lake Jalkajärvi and the affects downstream in the Natura area.

Work at Orivesi continues in conjunction with the authorities and the previous operator of the mine, Outokumpu Mining Oy (“**Outokumpu**”), to safely remove the litter from an old stope between the 66m and 85m levels. During May 2022, a collaboration agreement was signed between Dragon Mining and Outokumpu regarding the works and costs for emptying of the stope. Preparatory works have commenced, and completion of the project is scheduled for the second half of 2023.

The annual water monitoring report for 2021 was completed by KVVY on 15 February 2022 and was submitted to the relevant authorities. The high sulphate concentrations in the deeper water level of Lake Ala-Jalkajärvi and Lake Peräjärvi has prevented the natural full circulation, and the turnover of deeper water is almost non-existent in Lake Peräjärvi, particularly from a depth of approximately 5 to 7 meters. The effects of the mine’s nitrogen load have also been significant due to poor dilution conditions. The reduction of the nitrogen load is however already visible in Ala-Jalkajärvi as evidenced by a decrease in concentrations. In Lake Peräjärvi, the effects can be seen at a depth of 5 meters at reduced concentrations, but concentrations near the bottom are still at a slight increase or at the same level. The cessation of the nitrate load from the mine may lead to an increase of the internal load if the bottom part of the water remains oxygen-free.

The autumn cycle of Lake Ala-Jalkajärvi has at times proved successful and temporarily improved the oxygen at the bottom of the lake. In 2021, there was no proper full cycle based on monitoring results. Compared to previous years, the cessation of the mine’s discharge water is reflected in the reduction of the electrical conductivity and sulphate concentrations in water quality in the lake’s intermediate water level.

The metal concentrations in Lake Ala-Jalkajärvi have decreased significantly in recent years and the effect is also gradually reflected in the metal concentrations Lake Peräjärvi. The pH level in Lake Ala-Jalkajärvi water remained about 7 pH, which reduces the harmful effects of metals.

No indications of the effects of mining water have been observed in recent years in Paarlahti, which is the most distant monitoring point.

The experimental fisheries monitoring report for the Orivesi mine for 2021 was completed on 11 March 2022 by KVVY and submitted to authorities. The recovery phase of Lake Ala-Jalkajärvi perch stock that began in 2014 has not continued. The experimental catch in 2021 was lower than in previous observation years and consisted exclusively of relatively large perch individuals. Although the mine ceased discharging water in 2019, perch reproduction has so far been rare. Experimental fishing is undertaken every three years.

KVVY finalised their Sediment Sampling Report and sampling of Lake Ala-Jalkajärvi lime treatment undertaken during 2020 and 2021. Lime treatment at Lake Ala-Jalkajärvi was carried out during 2018 and 2019. The report was submitted to authorities on 28 March 2022.

Sediment monitoring of the mine is carried out on nearby lakes and ditches every three years. In 2021 the easily soluble proportion of all metals studied was at the same or lower level compared to the year 2018 at Lake Ala-Jalkajärvi. In particular, the easily soluble proportions of nickel, aluminum and zinc had clearly decreased compared to 2015 and 2018. However, for cadmium, the easily soluble fraction has developed in the opposite direction and was clearly higher in the years after liming compared to the pre-liming situation.

The calcium content of the surface layer of Lake Ala-Jalkajärvi sediment was higher in both observation points than in the lower sediment layers and corresponded to the year 2019 level. In the observations of 2020 and 2021, the concentrations of arsenic, copper, and zinc in the surface sediment of Lake Ala-Jalkajärvi exceeded the lower guide values of the Public Investment Management Association (“PIMA”) regulation. Uranium concentrations in the sediment of Lake Ala-Jalkajärvi clearly exceeded the maximum concentration of Finnish stream sediment. The normalised elemental concentrations in the sediment of Lake Ala-Jalkajärvi, were as a rule, elevated from the natural state. Of the metals studied, the most significant elevations were observed for cadmium, copper, zinc and arsenic compared to the concentration levels according to the dredging and disposal guidelines for sediments. Normalisation means that the measured concentrations are changed to correspond to a composition of standard sediment with a clay content of 25% and 10% of organic matter. Normalisations are performed using transformation formulas. After normalisation, the levels of contaminants can be compared between different regions.

In the surface sediment of Lake Peräjärvi, the concentrations of cadmium, copper and zinc had clearly increased from the natural levels. In the ditch descending from Lake Peräjärvi onwards, the concentration of metals no longer deviated from the natural level.

In the surface sediment of Lake Kutemajärvi, metal concentrations, apart from chromium and nickel, were higher than the average natural concentrations. The zinc content in Lake Kutemajärvi was more clearly elevated compared to other metals.

On 21 March 2022, the Administrative Court overturned the compulsion order issued by PIR ELY in 2020. In its decision the Administrative Court stated that the environmental permit does not allow the placing of litter in the stope and therefore PIR ELY has taken action to remedy the situation.

The Company applied for a retrospective environmental permit to leave the litter inside the stope 66-85 at Orivesi which was announced by AVI on 21 May 2021. An official request for a response to statements and opinions for the retrospective environmental permit application were received from AVI on 11 October 2021, and the Company provided its responses on 3 December 2021. On 14 April 2022, a negative decision was received from AVI concerning the permit to leave litter inside the stope 66-85 at Orivesi.

Jokisivu Gold Mine

On 15 February 2021, Dragon Mining received the new environmental permit from AVI. The permit includes a significant but not unexpected bond increase of 3.4 million EUR (approximately AU\$5.8 million) and a few new conditions, which will be difficult to achieve. On 26 March 2021, the Company submitted an appeal of permit order 16, requiring the waste rock area to be partially landscaped before the completion of mining operations, to the Administrative Court. The Company is expecting a decision from the Administrative Court during the second half of 2022.

On 29 April 2021, the Water Monitoring Plan was updated by KVVY and submitted to PIR ELY. The Water Monitoring Plan includes an increase in sampling frequency and analysis of some additional substances required by the new permit conditions.

On 27 May 2021, the final plan for the settling ponds and water management was received from Envineer and approved by PIR ELY. Construction activities commenced in September 2021 with the removal and excavation of topsoil from the construction area, which was trucked to the east of the Arvola open pit. Construction work on the new settling ponds was completed by mid-December 2021. Envineer will conduct a final report for submission to PIR ELY in early 2022. The external supervisor from Envineer completed the final report of the settling pond project on 15 March 2022 and it was submitted to the Southwest Finland Centre for Economic Development, Transport, and the Environment (“**VAR ELY**”). On 31 March 2022, approval was received from VAR ELY to take the Jokisivu new settling ponds in use. A new continuous pH monitoring unit was installed in a new measuring well between the new settling ponds on 31 May 2022.

The Annual Water Monitoring Report for 2021 was completed by KVVY on 22 February 2022. The report was submitted to relevant authorities. Based on the monitoring results, the effects of discharge waters from the Jokisivu mine to the water quality of the nearby Loimijoki River is minor. All discharge water analysis in the year 2021 and the first half of the year 2022 has followed the permit conditions.

Jokisivu flying squirrel mapping was carried out on 11 and 12 May 2022 by Afry Oy. The final mapping report is expected by August 2022. A similar mapping was last conducted in 2018. The Geological Survey of Finland (the “**GTK**”) was contacted on the possibilities of utilising Jokisivu waste rock outside of the mine site. The GTK will familiarise themselves with the existing material and will give suggestions and recommendations on going forward. The final report of the phase 1 has not yet been completed.

On 12 May 2022, VAR ELY’s periodic inspection was held at Jokisivu mine. Everything was in accordance with the conditions of the environmental permit and VAR ELY advised that they have all the reports and measurements pertaining to the permit.

Kaapelinkulma Gold Mine

As previously advised, on 28 January 2021, the Kaapelinkulma closure plan was submitted to PIR ELY. On 4 March 2021, the Company received a statement from PIR ELY requesting supplementary information which was provided by KVVY and Envineer and included in the Company's response to PIR ELY on 28 April 2021.

The Company is continuing exploration activities in the area with a view to recommencing mining operations and investigating the possibility of utilising the waste rock outside the mine area. Changes to the current environmental permit are required before continuation of mining activities. If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024, upon approval of the closure plan.

PIR ELY have confirmed that the supplemental closure plan complies with the environmental permit and no further submissions are required. PIR ELY also confirmed that the research plan for contaminated soils prepared by Envineer has been accepted. Planned activities can commence in 2024 upon approval of the closure plan.

A Sediment Sampling Report from Kaapelinkulma ditch monitoring points and Lake Vallonjärvi bottom sediment point for 2021 was received from KVVY on 7 October 2021. Metal concentrations in the sediments of the ditch points were mainly low and corresponded to the natural level, except for the ditch point below the mine (OP2), where the arsenic content of the sediment had increased from the natural level. Also, at the downstream ditch point of the Vallonoja (OP3), the concentrations of zinc and lead in the surface sediment were higher than the level estimated to be natural. Preliminary sediment monitoring was carried out before the start of mining operations in 2017. Compared to 2017, the mercury and uranium content of the sediment had increased in the area below the mine at ditch OP2, but concentrations were still at the level estimated to be natural at all observation sites, except at ditch point OP3. As a rule, elemental concentrations were higher in Lake Vallonjärvi than in ditch points. In Lake Vallonjärvi chromium, copper, nickel, and zinc were found to be higher than the background level and the levels were higher than in year 2017. Lake Vallonjärvi sediment reflects the load flowing from the entire catchment area. The next sediment survey will be conducted in 2024.

Counting of the woodland brown butterfly was completed in June 2021 and the final report was received from Ramboll on 14 October 2021. The report concluded that the woodland brown butterfly numbers were slightly higher in 2021 than in the 2018-2020 calculations. Since 2018 there have been no clear changes in the abundance or occurrence of the butterflies in the monitoring areas. Both Kaapelinkulma and Koivussuo woodland brown butterfly numbers are viable based on summer 2018-2021 calculations. The next butterfly counting is in three years. The final report was sent to PIR ELY.

The annual water monitoring report for 2021 carried out by KVVY was completed on 25 February 2022 and submitted to the relevant authorities. The quality of the discharge water in 2021 and the first half of the year 2022 was according to the limit values specified in the environmental permit.

No water has been pumped from the open pit mine since April 2021. The water from the waste rock area and field areas will continue to be diverted through the two settling ponds to the measuring well and into the discharge ditch.

The GTK is preparing a report on the possibility of utilising Kaapelinkulma waste rock outside the mine site. Phase 1 of GTK's investigation is to familiarise themselves with existing materials and preparing a report on their recommendations.

Sweden Review

Svartliden Rehabilitation Plan (U3)

The Company has previously announced that work to update the Svartliden closure plan was submitted to the Swedish Land and Environmental Court (the "**Court**") in April 2017. In May 2018, the Company updated the closure plan cost assessment and provided its responses to the Environmental Protection Agency ("**EPA**") and the County Administrative Board ("**CAB**"), both of whom considered the closure plan and the proposed closure bond as insufficient.

From 24 to 26 April 2019, the closure plan, U1 and U2 investigations were heard by the Court. On 3 September 2019, the Court delivered its rulings on each of the matters. On 18 November 2019, the Company lodged an appeal in the Environmental Court of Appeal (the "**Court of Appeal**") against the following rulings by the Environmental Court.

- (i) the 41.0 million SEK (approximately AU\$6.9 million) additional collateral security being requested by the Court;
- (ii) the permit conditions during the closure phase; and
- (iii) restrictions that would prevent the CAB from incrementally returning the Company's security bond as rehabilitation work is progressed.

On 21 February 2021, the Company submitted its responses to statements issued by CAB, the EPA, and Vapsten Sami Village to the Court of Appeal.

On 21 to 22 September 2021, the Court of Appeal determined that further studies were required to reduce the level of uncertainty before it could consider the EPA request for an additional 41.0 million SEK collateral security.

On 1 July 2022 the Company lodged an application for leave to appeal certain aspects of the Court's ruling to the Supreme Court.

Svartliden Conditions of Tailings Depositions (U1)

On 3 September 2019, the Court approved the Company's permit application to deposit tailings into the Svartliden open pit to +441m above sea level. The approval remains subject to the Company's other permit conditions, which exclude the deposition of tailings from full-scale mining at Fäboliden. The Company has engaged in consultation with stakeholders and submitted its Environmental Impact Assessment ("EIA") to the Court in June 2021. Supplementary information was provided to the Court on 1 November 2022.

On 25 June 2022, the Company submitted further information requested by the EPA, CAB, Vapsten Sami village and the Civil Contingencies Agency.

Svartliden Permit Conditions (U2)

In April 2018, the Company submitted an additional investigation report proposing changes to the final permit conditions for the clarification pond discharge limits to the Court. In July 2018, the CAB provided its comments which disagreed with the Company's proposals.

On October 2018, the Company responded with investigations and calculations that showed the proposed changes did not pose any further risk to the environment.

On 3 September 2019, the Court provided additional rulings on clarification pond discharge limits that remained consistent with the current permit conditions.

On 16 December 2019, the Court of Appeal granted the Company leave to appeal the Court's rulings on the clarification pond discharge limits. The Company submitted its appeal on 18 November 2019.

On 1 July 2022 the Company lodged an application for leave to appeal certain aspects of the Court's ruling to the Supreme Court.

Fäboliden Environmental Permit

On 1 December 2017, the Company was granted an environmental permit to conduct test-mining activities at Fäboliden. The Company's test-mining operations were completed during September 2020 and all test-mining activities ceased as per the environmental permit.

The Company submitted a request to CAB on 19 August 2021 to transport and process up to 29,000 tonnes of marginal low grade waste rock from the test-mining stockpiles in Fäboliden. CAB confirmed the request on 3 September 2021. Transport and processing at the Svartliden Plant was successfully carried out during October to December 2021. As a result, the environmental impact associated with the waste rock dump in Fäboliden has reduced.

As previously advised, on 4 March 2021, the European Court of Justice (the “**EU Court**”) issued a preliminary ruling that rejected then established Swedish case law regarding implementation of the Habitats Directive. The EU Court clarified that the prohibitions regarding the impact of operations on animal species as laid out in the Habitats Directive applied both to the relevant species’ local population generally, and to individual members of that species.

The possible implications of this ruling, for the Company’s specific case were first communicated to the Company in correspondence from the CAB on 3 May 2021. There is currently no blanket interpretation of the EU Court’s preliminary ruling, meaning that the exact implications for ongoing cases in the Swedish courts are unclear.

The Company’s legal firm contacted the Court on its behalf on 14 May 2021 and requested that the main hearing, planned for June 2021, be suspended to enable the Company time to submit its updated material on 25 October 2021. The date for a new Main Court Hearing was scheduled for 2022.

The Court’s main hearing was held during April 2022. On 28 June 2022, the Court rejected the Company’s application for an environmental permit to commence full-scale mining at Fäboliden (“**Ruling**”) as a whole notwithstanding that the environmental impact assessment was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place.

On 19 July 2022, the Company lodged an initial appeal (the “**Appeal**”) to the Swedish Land and Environmental Court (the “**Court**”) requesting an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company’s extension request.

Compliance with Corporate Governance Code

The Board is committed to achieving good corporate governance standards. The Board believes that good corporate governance is essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

During the period ended 30 June 2022, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period ended 30 June 2022.

The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees to regulate dealings in securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of inside information in relation to the Company or its securities.

Audit and Risk Management Committee and Review of Financial Information

The Audit and Risk Management Committee consists of three Independent Non-Executive Directors. The Audit and Risk Management Committee has reviewed the interim results of the Company for the period ended 30 June 2022, including the accounting principles and practices adopted by the Company. The figures in respect of the Company’s Consolidated Interim Statement of Profit or Loss, the Consolidated Interim Statement of Other Comprehensive Income, the Consolidated Interim Statement of Financial Position, the Consolidated Interim Statement of Changes in Equity, the Consolidated Interim Statement of Cash Flows, and the related notes thereto for the period ended 30 June 2022 as set out in the interim results announcement, have been agreed by the Company’s Auditors, Ernst & Young, to the amounts set out in the Company’s draft Consolidated Interim Financial Statements for the period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Audit and Assurance Standards Board and consequently, no assurance has been expressed by Ernst & Young on this interim results announcement.

Dividends

No dividend had been paid or declared during the period and no interim dividend has been recommended or declared by the Directors for the period ended 30 June 2022 (30 June 2021: Nil).

Significant Events After Period End

On 19 July 2022, the Company lodged an initial appeal (the “**Appeal**”) to the Swedish Land and Environmental Court (the “**Court**”) to request for an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the Court granted the Company’s extension request.

On 3 August 2022, the Company extended the expiry date of its AU\$12.0 million loan facility with AP Finance Limited from 30 June 2023 to 31 December 2023. All other terms and conditions remain unchanged.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the designated website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the Company's website at www.irasia.com/listco/hk/dragonmining/ and www.dragonmining.com. The Company's Interim Report for the half-year period ended 30 June 2022 will be dispatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board
Dragon Mining Limited
Arthur George Dew
Chairman

Hong Kong, 18 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Arthur George Dew as Chairman and Non-Executive Director (with Mr. Wong Tai Chun Mark as his Alternate); Mr. Brett Robert Smith as Chief Executive Officer and Executive Director; Ms. Lam Lai as Non-Executive Director; and Mr. Carlisle Caldwell Procter, Mr. Pak Wai Keung Martin and Mr. Poon Yan Wai as Independent Non-Executive Directors.