4. LETTER FROM THE BOARD

DRAGON MINING LIMITED

龍資源有限公司*

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

(Stock Code: 1712)

Chairman and non-executive Director:
Mr. Arthur George Dew

Chief executive officer and executive Director:
Mr. Brett Robert Smith

Non-executive Director:
Ms. Lam Lai

Alternate Director:
Mr. Wong Tai Chun Mark
(Acting as the alternate Director to Mr. Arthur George Dew)

Independent non-executive Directors:
Mr. Carlisle Caldow Procter
Mr. Pak Wai Keung Martin
Mr. Poon Yan Wai

Registered office:
Unit 202, Echelon
77 South Perth Esplanade
South Perth,
Western Australia 6151
Australia

Principal place of business in Hong Kong:
22nd Floor,
Allied Kajima Building,
138 Gloucester Road, Wanchai,
Hong Kong

[REDACTED]

To the Shareholders:

Dear Sir or Madam,

**REORGANISATION PROPOSAL —
CHANGE OF THE HOLDING COMPANY OF THE GROUP FROM
DRAGON MINING LIMITED
(DOMICILED IN AUSTRALIA)
TO DRAGON GOLD MINING LIMITED
(DOMICILED IN HONG KONG),
THE SHARES OF WHICH ARE PROPOSED TO BE LISTED ON THE
MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF INTRODUCTION PURSUANT
TO A SCHEME OF ARRANGEMENT
(UNDER PART 5.1 OF THE CORPORATIONS ACT 2001 (CTH))**

1. INTRODUCTION

On 29 April 2026, the Board announced that the Company intends to put forward to the Shareholders a Reorganisation Proposal for changing of the holding company of the Group from the Company to the New Holdco by way of the Scheme.

Upon the Scheme becoming Effective and the Implementation Conditions being satisfied the following steps will occur in chronological order, (i) all Scheme Shares (being all the Shares in issue at the Record Date) will be cancelled, on the basis that the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any, who will receive cash instead) will receive one New Holdco Share for every one Scheme Share held at the Record Date; (ii) the New Holdco, a company incorporated in Hong Kong with limited liability, will issue to the Company on behalf of the Scheme Shareholders that number of New Holdco Shares equal to the total number of Scheme Shares cancelled, less one New Holdco Share; (iii) the Company will transfer and the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any) will receive the same number of New Holdco Shares as the number of Scheme Shares held by each of them at the Record Date, and will on that basis become New Holdco Shareholders; and (iv) the Company will issue to the New Holdco the same number of Shares as the number of Scheme Shares cancelled with all such Shares to be credited as fully paid. The New Holdco will therefore become the new holding company of the Group (accordingly, the Company and its existing subsidiaries will become subsidiaries of the New Holdco). Accordingly, the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any) will, when they become the New Holdco Shareholders, hold the same proportionate interests in the New Holdco as they hold in the Company at the Record Date and, will on that basis become the New Holdco Shareholders.

The New Holdco has made an application to the Stock Exchange for the listing of and permission to deal in the New Holdco Shares on the Main Board by way of introduction. Upon completion of the Reorganisation Proposal, the New Holdco will control and operate the same assets and businesses as the Company, and the listing status of the Company on the Stock Exchange will be withdrawn, while the New Holdco will become listed on the Main Board in the Company's stead.

The purpose of this document is to provide the Shareholders with details of the Reorganisation Proposal and to seek Shareholder approval thereof. If the Scheme does not become Effective on or before [REDACTED] or such later date as the Court may direct, the Scheme will lapse. Further details and effects of the Reorganisation Proposal are set out in this document.

2. OVERVIEW OF THE REORGANISATION PROPOSAL

Reference is made to the Company's announcement dated 29 April 2026 in relation to the Reorganisation Proposal. The Board proposes to change the holding company of the Group from the Company to the New Holdco by way of the Scheme, pursuant to which the structure of the Group will be reorganised such that upon the implementation of the Reorganisation Proposal the following steps will occur in chronological order, (i) all Scheme Shares (being all the Shares in issue at the Record Date) will be cancelled, on the basis that the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any, who will receive cash instead) will receive one New Holdco Share for every one Scheme Share held at the Record Date; (ii) the New Holdco, a company incorporated in Hong Kong with limited liability, will issue to the Company on behalf of the Scheme Shareholders that number of New Holdco Shares equal to the total number of Scheme Shares cancelled, less one New Holdco Share; (iii) the Company will transfer and the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any) will receive the same number of New Holdco Shares as the number of Scheme Shares held by each of them at the Record Date, and will on that basis become New Holdco Shareholders; and (iv) the Company will issue to the New Holdco the same number of Shares as the number of Scheme Shares cancelled with all such Shares to be credited as fully paid. The New Holdco will therefore become the new holding company of the Group (accordingly, the Company and its existing subsidiaries will become subsidiaries of the New Holdco). Accordingly, the Scheme Shareholders (other than the Non-Qualifying Overseas Shareholders, if any) will, when they become the New Holdco Shareholders, hold the same proportionate interests in the New Holdco as they hold in the Company at the Record Date and, will on that basis become the New Holdco Shareholders.

3. REASONS FOR THE REORGANISATION PROPOSAL

In recommending the Reorganisation Proposal, the Directors have given due consideration to the commercial and legal factors of having the holding company of the Group incorporated in Hong Kong. The Directors consider Hong Kong as the appropriate place of incorporation of the New Holdco for the following reasons:

(a) No substantial connection with Australia

The Company had a long history of listing on the ASX, which could be traced back to 19 September 1990. Nevertheless, through its course of development over the years, the "centre of gravity" of the Group is no longer in Australia:

(1) Assets and operations — the Group's major assets and operations are concentrated in Finland and Sweden. The Group has not held any material assets in Australia since the early 2000s, and this continued after the listing of the Company on the Main Board in 2018 and has only maintained administrative and commercial functions in Australia;

(2) The members of the Board are mainly based in Hong Kong (save for Mr. Arthur George Dew (non-executive Director), Mr. Brett Robert Smith (executive Director) and Mr. Carlisle Caldow Procter (independent non-executive Director)), the following Directors ordinarily reside in Hong Kong, namely: Mr. Wong Tai Chun Mark (as Mr. Dew's alternate Director), Ms. Lam Lai (non-executive Director), Mr. Pak Wai Keung Martin (independent non-executive Director), and Mr. Poon Yan Wai (independent non-executive Director) and business activities are managed and controlled by the local management teams of the Group in Sweden and Finland;

(3) Shareholders — as at the Latest Practicable Date, the total number of Shareholders is 679

(A) based on the disclosure of interests forms filed by the substantial shareholders (as defined under the SFO) and made available for inspection on the website of the Stock Exchange, none of the substantial shareholders of the Company have an Australian registered address;

(B) 223 Shareholders (approximately 32.8% of the Shareholders and holding approximately 97.4% of the total issued share capital in the Company) have non-Australian registered addresses; and

(C) indeed, 33 Shareholders (approximately 14.8% of the non-Australian Shareholders and holding approximately 96.8% of the total issued share capital in the Company) are having registered addresses in Hong Kong;

(4) General meetings — since listing on the Main Board in 2018, all of the Company’s general meetings have been held physically in Hong Kong instead of Australia.

(b) No adverse effect on Shareholders’ protection

Hong Kong is one of the Stock Exchange’s recognised jurisdictions under the Listing Rules for issuers seeking a listing on the Main Board. The Reorganisation Proposal would not have any adverse effect on the key protections that may be offered to the Shareholders under the applicable laws and regulations. It is also envisaged that a new set of memorandum of association and articles of association would be adopted upon completion of the Reorganisation Proposal to ensure compliance with the laws of Hong Kong and the latest requirements under the Listing Rules.

(c) Better management of regulatory and compliance risks

The subsistence of the Company in Australia places additional legal and compliance costs and burdens on the Company as the Company is required to comply, concurrently, with the different standards and requirements of various jurisdictions. For instance, the Company is inherently subject to the requirements of the Corporations Act as governed by the ASIC. Concurrently, it is also subject to the applicable requirements under the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance since it has been (and legally required to be) registered as a “non-Hong Kong company” under Part 16 of the Companies Ordinance.

Whilst every effort is being made and expended by the Directors and the senior management to ensure compliance with both Australian and Hong Kong laws, regulations and requirements, the risk of a compliance matter being inadvertently overlooked (albeit how small it would be) cannot be eliminated. It is also not impossible that the management of the Group might encounter situations of conflict of laws and regulations between those of the place of its incorporation and those of the place(s) of its operations. There is no assurance that such conflict of laws and regulations could be resolved in a timely and compliant manner. These duplicated compliance efforts and risks place additional demands on the Directors and senior management and divert their attention from the Group's existing businesses given the need to devote additional time, effort and resources in keeping track of the development of, and monitoring the on-going compliance with, Australian laws and regulations. The Reorganisation Proposal would enable the Group to eliminate such duplication of compliance requirements and the associated risks.

(d) Cost-benefit analysis

The Company has been investing additional resources to ensure continued compliance in both Australia and Hong Kong, in particular, (a) by retaining an Australian company secretary and a separate Hong Kong company secretary for the purpose of complying with both the Australian laws and the Listing Rules; and (b) by needing on-going legal compliance advice from both Australian and Hong Kong legal advisers. It is anticipated that after the Reorganisation Proposal:

(1) the Company will continue to hold its existing subsidiaries but may become dormant and will be considered for dissolution and/or liquidation in the future. It will no longer be necessary to maintain many staff in Australia, with almost all operations being centralised in Finland and Sweden;

(2) the New Holdco will not be subject to the requirements of the Corporations Act as governed by the ASIC and other applicable laws and regulations in Australia subsequent to the Reorganisation Proposal;

(3) the Australian company secretary role at the listed company level will no longer be required. Accordingly, the joint company secretary of the Company in Australia will be removed upon completion of the Reorganisation Proposal. The Company, while remaining incorporated in Western Australia, must have a local director and secretary. The duties of the local director and secretary shall however be minimal, hence reducing the fees payable to them; and

(4) occasions where concurrent Australian and Hong Kong legal advice are required to be obtained including but not limited to corporate reporting, environmental, social, and governance (ESG) requirements, as well as in the preparation of ore resources and reserves statements would be substantially reduced, thereby reducing the legal costs.

Based on the preliminary estimation by the Company, on a prudent basis, it is currently expected that the Reorganisation Proposal would reduce the relevant administrative and other additional costs by:

(1) approximately AU$0.3 million or 17% for the first year after the Reorganisation Proposal; and

(2) approximately AU$0.5 million or 23% annually thereafter,

as compared to those costs incurred in the financial year ended 31 December 2025.

(e) Enhancing Shareholders' confidence

Whilst the Company has advised the Shareholders of certain key relevant provisions of Australian laws in its Prospectus in 2018, such disclosures were not meant to be, and could not have been, exhaustive. Non-Australian Shareholders might therefore not be able to apprehend in full his/her/its legal standing, rights and/or obligations with respect to the Company under Australian laws with ease. The Company considers that with a majority of the shareholding by value now being outside of Australia, the non-Australian Shareholders will benefit from knowing that the Company would be subject to a legal framework that they are more accustomed to and familiar with. The Directors therefore consider that the Reorganisation Proposal will further increase Shareholders' confidence in the Company.

In forming their unanimous decision to recommend the Scheme to Shareholders, subject to the qualifications described above, the Directors also considered the potential disadvantages of the Scheme proceeding. In particular:

(a) You may disagree with the Board's unanimous recommendation and/or the Independent Expert's conclusion and believe that the Reorganisation Proposal is not in your best interests

Despite the unanimous recommendation of the Board and the conclusion of the Independent Expert, you may believe that the Reorganisation Proposal is not in your best interests.

For example, you may believe that a continuing investment in the Company as an Australian incorporated company will deliver higher returns over the long term than the New Holdco Shares offered under the Scheme.

You are not obliged to accept the Board's recommendation or to agree with the opinion of the Independent Expert.

(b) You may wish to maintain an interest in an Australian incorporated investment with the Company's specific characteristics and maintain your investment profile

You may wish to retain your Shares as you may want to preserve your investment in an Australian incorporated company with the specific characteristics of the Company.

Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. You should seek legal, financial or other professional advice in relation to your own circumstances.

(c) You may believe that there is potential for a Superior Proposal to materialise in the foreseeable future

You may believe that there is potential for a Superior Proposal to materialise in the foreseeable future. However, as at the date of this document, the Board is not aware of any Superior Proposal and has no basis for believing that a Superior Proposal will be received.

The Scheme Implementation Deed does not prevent a Third Party from making a Superior Proposal and does not prevent the Board from responding to an unsolicited written proposal. The Board will notify the Shareholders if a Superior Proposal is received before the Scheme Meeting and the Extraordinary General Meeting.

(d) The tax consequences of the Scheme may not suit your financial position

Implementation of the Scheme may potentially result in taxation consequences for you that may not be optimal depending on your individual circumstances.

A general guide to the Australian taxation implications of the Scheme is set out in Section 9 of this document. This guide is expressed in general terms only and you should seek professional advice regarding the taxation consequences applicable to your personal circumstances.

(e) The costs of implementing the Reorganisation Proposal

The Company estimates the costs of implementing the Reorganisation Proposal at [REDACTED] (approximately [REDACTED]).

(f) Proposal The Reorganisation Proposal may result in different investor protections applying

If the Scheme is implemented, Shareholders will hold shares in a company incorporated in Hong Kong instead of a company incorporated in Australia.

Appendix VI provides a summary of the differences between certain provisions of the Companies Ordinance and the Corporations Act.

In light of the above, the Directors believe that the Reorganisation Proposal, if could be achieved on a reasonable basis as contemplated in this document, would be beneficial to the Company and its Shareholders as a whole.

4. UNANIMOUS RECOMMENDATION OF THE DIRECTORS

Having taken into account the detailed reasons for the implementation and the effects of the Reorganisation Proposal as set out above and elsewhere in this document, the Directors consider that the Reorganisation Proposal is in the best interests of the Company and the Shareholders as a whole, in the absence of a Superior Proposal, and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Shareholders. Accordingly, the Directors unanimously recommend that the Shareholders vote in favour of the relevant resolution to be proposed at the Scheme Meeting and the Extraordinary General Meeting, respectively, to approve, among other things, the Scheme and its implementation, subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Shareholders.

Subject to the same qualifications, each Director intends to vote all Shares they hold (or that are held on their behalf) in favour of the Scheme.

Notwithstanding any of the Directors' personal interests in the outcome of the Scheme (refer Section 10.3), each Director considers that given the importance of the Scheme and their obligations as Directors, it is important and appropriate for them to provide a recommendation to Shareholders in relation to the Scheme.

5. INDEPENDENT EXPERT

The Independent Expert has been commissioned by the Company to prepare the Independent Expert's Report, which contains its opinion as to whether the Scheme is in the best interest of the Shareholders, details of which are set out in Appendix VIII of this document.

6. ACTIONS TO BE TAKEN

Your attention is drawn to Section 2.21 in this document for the recommended actions to be taken by you as Shareholders.

Shareholders are strongly encouraged to read this document (including the Independent Expert's Report at Appendix VIII) in its entirety before deciding how to vote on the Scheme. If you are in doubt about how to vote on the Scheme, you should seek your own independent professional advice.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the further details of the Reorganisation Proposal provided in this document, which comprises the explanatory memorandum for the Scheme Meeting, and other information set out in the appendices to this document.

For and on behalf of the Board

Dragon Mining Limited
Brett Robert Smith
Executive Director and Chief Executive Officer