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 2021

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 2021 together with comparative figures for the corresponding period ended 30 June 2020 as follows:

* *For identification purposes only*

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE 6 MONTHS ENDED 30 JUNE 2021

	Note	**6 months to 30 Jun 2021 *AU$'000* (Unaudited)**	6 months to 30 Jun 2020 *AU$'000* (Unaudited)
Revenue from customers		**25,590**	35,921
Cost of sales	*2(a)*	**(22,715)**	(26,739)
Gross profit		**2,875**	9,182
Other revenue	*2(b)*	**1**	6
Other income	*2(c)*	**500**	192
Exploration expenditure		**(327)**	(42)
Management and administration expenses	*2(d)*	**(1,954)**	(1,867)
Evaluation costs written off	*2(d)*	**(7)**	(871)
Operating expenses	*2(d)*	**(112)**	(73)
Finance costs	*2(e)*	**(18)**	(63)
Foreign exchange loss		**(261)**	(206)
Profit before tax		**697**	6,258
Income tax expense	*3*	**(963)**	–
(Loss)/profit after income tax		**(266)**	6,258
Basic and diluted (loss)/earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic and diluted (loss)/earnings per share	*12*	**(0.17)**	4.51

The notes on pages 8 to 24 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 JUNE 2021

	6 months to 30 Jun 2021 *AU$'000* **(Unaudited)**	6 months to 30 Jun 2020 *AU$'000* (Unaudited)
(Loss)/profit after income tax (brought forward)	**(266)**	6,258
Other comprehensive (loss)/income		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
(Loss)/gain on foreign currency translation	**(20)**	501
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	**(20)**	501
Total comprehensive (loss)/income for the period	**(286)**	6,759
(Loss)/profit attributable to:		
Members of Dragon Mining Limited	**(266)**	6,258
	(266)	6,258
Total comprehensive (loss)/income attributable to:		
Members of Dragon Mining Limited	**(286)**	6,759
	(286)	6,759

The notes on pages 8 to 24 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

	Note	At 30 Jun 2021 AU$'000 (Unaudited)	At 31 Dec 2020 AU$'000 (Audited)
CURRENT ASSETS			
Cash and cash equivalents		**17,556**	14,352
Trade and other receivables	*4*	**3,612**	6,278
Inventories	*5*	**16,137**	16,114
Other assets		**470**	209
Tax receivables	*3*	**410**	–
TOTAL CURRENT ASSETS		**38,185**	36,953
NON-CURRENT ASSETS			
Property, plant, and equipment	*6*	**42,185**	38,534
Mineral exploration and evaluation costs	*7*	**4,541**	3,989
Right-of-use assets		**327**	377
Other assets		**5,423**	5,544
TOTAL NON-CURRENT ASSETS		**52,476**	48,444
TOTAL ASSETS		**90,661**	85,397
CURRENT LIABILITIES			
Trade and other payables	*8*	**4,368**	6,548
Provisions	*9*	**2,598**	2,351
Interest bearing liabilities	*10*	**183**	147
Other liabilities		**296**	321
Current tax liability	*3*	**–**	303
TOTAL CURRENT LIABILITIES		**7,445**	9,670

	Note	At **30 Jun 2021** ***AU$'000*** **(Unaudited)**	At 31 Dec 2020 *AU$'000* (Audited)
NON-CURRENT LIABILITIES			
Provisions	*9*	**23,252**	19,025
Interest bearing liabilities	*10*	**136**	3,217
Other liabilities		**8**	7
TOTAL NON-CURRENT LIABILITIES		**23,396**	22,249
TOTAL LIABILITIES		**30,841**	31,919
NET ASSETS		**59,820**	53,478
EQUITY			
Contributed equity	*11*	**140,619**	133,991
Reserves		**(516)**	(496)
Accumulated losses		**(80,283)**	(80,017)
TOTAL EQUITY		**59,820**	53,478

The notes on pages 8 to 24 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2021

	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$'000*	Total Equity *AU$'000*
At 31 December 2019 (audited)	133,991	(90,210)	(3,554)	2,068	1,069	43,364
Profit for the period	–	6,258	–	–	–	6,258
Other comprehensive income	–	–	501	–	–	501
Total comprehensive profit for the period	–	6,258	501	–	–	6,759
At 30 June 2020 (unaudited)	133,991	(83,952)	(3,053)	2,068	1,069	50,123
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**

The notes on pages 8 to 24 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 30 JUNE 2021

	6 months to 30 Jun 2021 *AU$'000* **(Unaudited)**	6 months to 30 Jun 2020 *AU$'000* (Unaudited)
Cash flows from operating activities		
Receipts from customers	**29,116**	37,471
Payments to suppliers and employees	**(25,275)**	(25,448)
Payments for mineral exploration	**(1,564)**	(36)
Interest received	**1**	6
Interest expense	**(11)**	(78)
Income tax paid	**(1,817)**	–
Net cash from operating activities	**450**	11,915
Cash flows from investing activities		
Payments for property, plant, and equipment	**(676)**	(1,731)
(Disposal)/proceeds from sale of property, plant, and equipment	**360**	3
Payments for development activities	**(565)**	(3,762)
Payments for bond held on deposit	**–**	(27)
Return/(payment) of environmental bonds	**7**	(31)
Net cash used in investing activities	**(874)**	(5,548)
Cash flows from financing activities		
Lease liability payments	**(45)**	(50)
Repayment of loan	**(3,000)**	(3,000)
Restricted use proceeds from issue of shares	**6,862**	–
Share issue costs	**(234)**	–
Net cash from/(used in) financing activities	**3,583**	(3,050)
Net increase in cash and cash equivalents	**3,159**	3,317
Cash and cash equivalents at the beginning of the period	**14,352**	8,182
Effects of exchange rate changes on cash and cash equivalents	**45**	246
Cash and cash equivalents at the end of the period	**17,556**	11,745

The notes on pages 8 to 24 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 Interim Results ("**Announcement**") as at and for the period ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 18 August 2021.

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 and gold mineral exploration. 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 Investments Pty Ltd	Australia 18 December 2008	–	100%	Dormant
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 2021 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 Appendix 16 to 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 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 Annual Financial Report.

The Consolidated Interim Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and considered together with any public announcements made by the Company during the period ended 30 June 2021.

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) Going concern basis of preparation

The Group has adopted the going concern basis of preparation.

The Group achieved a profit before tax of AU$0.7 million and a net loss after income tax of AU$0.3 million for the period ended 30 June 2021 (30 June 2020: net profit AU$6.3 million).

At 30 June 2021, the Group has cash and equivalents of AU$17.6 million (31 Dec 2020: AU$14.4 million), including the restricted use net proceeds from the placement of AU$6.6 million ("**Net Proceeds**"). In addition, the Company has an unsecured AU$12.0 million Loan Facility with AP Finance Limited (together the "**Available Funds**"). On 30 July 2021, the Company extended the Loan Facility repayment date from 30 June 2022 to 31 December 2022. The Group has a working capital surplus of AU$30.3 million (31 Dec 2020: AU$27.6 million) and is debt free at the date of this announcement.

Despite throughput and crushing constraints impacting concentrate production at the Vammala Plant and operating the Svartliden Plant at below break-even, the Group achieved net operating cash flows of AU$0.5 million (30 June 2020: AU$11.9 million). The Group expects to resolve the production issues at the Vammala Plant with the installation of a new replacement Crusher planned for the September 2021 maintenance shutdown.

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

- based on 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 approval of the Company's Environmental Permit ("**Permit**") application for Fäboliden.
- the timing of additional environmental bond payments ("**Bond Payments**") is ultimately determined by the relevant authority. The Forecast includes approximately AU$11.4 million of Bond Payments which include:
    - o Svartliden – 37.7 million SEK (approximately AU$5.9 million) being the additional collateral security requested by the Environmental Court which was appealed by the Company in 2019. The Main Hearing in the Environmental Court of Appeal will be held on 21 and 22 September 2021; and
    - o Jokisivu – 3.4 million EUR (approximately AU$5.5 million) contained in permit order 16. On 26 March 2021, the Company submitted an appeal of permit order 16 to the Administrative Court. The forecast assumes a hearing date will be set within the Forecast Period.

- the Forecast includes a drawdown of AU$4.8 million to cover the short fall between the Bond Payments and Net Proceeds.

- 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. Accordingly, the Directors are satisfied that at the date of signing of the financial report, it is appropriate for the consolidated interim financial statements to be prepared on a going concern basis.

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 or source additional cash from equity markets.

The Company anticipates its application for a Permit will be granted following the Main Court Hearing in early 2022. During the period, The County Administration Board ("**CAB**") also submitted a statement verifying that they deemed the Permit permissible provided certain conditions were met. 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$10.1 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 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. In any event, it is likely the Company will be required to source additional funding through either debt, equity, or a combination of both before mining activities at Fäboliden could progress.

If the Permit application is further delayed, not granted or the Company is unable to source additional funding, as a contingency, the Company can choose to put the Svartliden operations on care and maintenance. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should these events transpire.

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 Financial Statements for the year ended 31 December 2020. All relevant new and amended Accounting Standards and Interpretations, which became applicable on 1 January 2021 have been adopted by the Group.

As a result of this review, the Directors have determined that there is no material impact of the new and revised accounting standards and interpretations on the Group's financial position or performance.

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 Group's Annual Consolidated Financial Statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021 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.

Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract

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.

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.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or later.

Amendments to IFRS 4, IFRS 16, IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate is replaced with an alternative nearly risk-free interest rate.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2. OTHER REVENUE, INCOME AND EXPENSES

		6 months to 30 June	
		2021	2020
		AU$'000	*AU$'000*
		(Unaudited)	(Unaudited)
(a)	**Cost of sales**		
	Cost of production net of inventory movements	**20,145**	23,258
	Depreciation of mine properties, plant, and equipment	**2,570**	3,481
		22,715	26,739
	Cost of production net of inventory movements		
	Mining	**13,063**	14,346
	Processing	**6,639**	6,318
	Other production activities	**699**	625
	Gold inventory movements	**(256)**	1,969
	Cost of production net of inventory movements	**20,145**	23,258
(b)	**Other revenue**		
	Finance revenue and interest	**1**	–
	Rent and sundry revenue	**–**	6
		1	6
(c)	**Other income**		
	Sale of property, plant, and equipment	**361**	2
	Other	**139**	190
		500	192
(d)	**Operating expenses**		
	Management and administration expenses	**1,954**	1,867
	Evaluation assets written off	**7**	871
	Depreciation of non-mine site assets	**112**	73
		2,073	2,811
(e)	**Finance costs**		
	Interest	**11**	54
	Other	**7**	9
		18	63
(f)	**Total employee benefits including Directors' remuneration**		
	Wages and salaries	**3,286**	3,723
	Defined contribution superannuation expense	**683**	501
		3,969	4,224

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 2021 (30 June 2020: Nil).

The Company has recognised an income tax expense of AU$963,000 and tax receivable asset of AU$410,000 for the period ended 30 June 2021 (30 June 2020: Nil).

	6 months to 30 June	
	2021	2020
	AU$'000	*AU$'000*
	(Unaudited)	(Unaudited)
Income Tax Expense		
The major components of income tax expense are:		
Current income tax		
Current income tax expense	**963**	–
Adjustments in respect of current income tax of previous year	**(410)**	(303)
Income tax receivable	**410**	–
Deferred income tax		
Income tax benefit arising from previously unrecognised tax loss	**–**	303
Income tax expense reported in the statement of comprehensive income	**963**	–

4. TRADE AND OTHER RECEIVABLES

	At 30 Jun 2021	At 31 Dec 2020
	AU$'000	*AU$'000*
Trade receivables – fair value through profit or loss (i)	**–**	4,153
Trade receivables – amortised cost (ii)	**1,924**	866
Other receivables (iii)	**1,688**	1,259
	3,612	6,278

(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 2021 *AU$'000*	At 31 Dec 2020 *AU$'000*
Amounts not yet invoiced	**–**	4,153
Within 1 month	**1,924**	856
1 to 2 months	**–**	7
2 to 3 months	**–**	–
Over 3 months	**–**	3
Trade receivables	**1,924**	5,019

5. INVENTORIES

	At 30 Jun 2021 *AU$'000*	At 31 Dec 2020 *AU$'000*
Ore and concentrate stockpiles – at cost	**10,228**	7,261
Gold in circuit valued – at cost	**5,098**	8,003
Raw materials and stores – at cost	**811**	850
	16,137	16,114

6. PROPERTY, PLANT, AND EQUIPMENT

	At 30 Jun 2021 *AU$'000*	At 31 Dec 2020 *AU$'000*
Land		
Gross carrying amount – at cost	**1,364**	1,377
Buildings		
Gross carrying amount – at cost	**2,654**	2,580
Less accumulated depreciation and impairment	**(2,220)**	(2,185)
Net carrying amount	**434**	395
Property, plant, and equipment		
Gross carrying amount – at cost	**35,933**	36,083
Less accumulated depreciation and impairment	**(33,461)**	(33,448)
Net carrying amount	**2,472**	2,635

	At **30 Jun 2021** ***AU$'000***	At 31 Dec 2020 *AU$'000*
Mine properties		
Gross carrying amount – at cost	**141,281**	136,247
Less accumulated amortisation and impairment	**(103,366)**	(102,120)
Net carrying amount	**37,915**	34,127
Total property, plant, and equipment		
Gross carrying amount – at cost	**181,232**	176,287
Less accumulated amortisation and impairment	**(139,047)**	(137,753)
Net carrying amount	**42,185**	38,534

Included within mine properties and property, plant, and equipment is AU$15.2 million (31 December 2020: AU$14.4 million) relating to 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 Accounting 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 impairment indicators being:

1. the market capitalisation of the Company at 30 June 2021 was below the book value of its equity; and

2. in response to the European Court of Justice preliminary ruling on the impact of operations on animal species as laid out in the Habitats Directive, the Main Court Hearing for the Fäboliden Environmental Permit application was expected to be early 2022, pending formal confirmation by the Court. The time extension is to allow the Company sufficient time to prepare the additional supplementary information for submission to the Swedish Land and Environmental Court prior to the holding of a Main Court Hearing.

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.

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 2020 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, are valued using area multiples and geoscientific approaches.

No impairment has been recognised for the period ended 30 June 2021 (30 June 2020: Nil).

7. MINERAL EXPLORATION AND EVALUATION COSTS

	At 30 Jun 2021 *AU$'000*	At 31 Dec 2020 *AU$'000*
Balance at beginning of financial period	**3,989**	8,699
Additions	**1,604**	8,713
Exploration write-off	**(7)**	(2,381)
Reclassification to mine properties	**(1,058)**	(11,037)
Net foreign exchange movement	**13**	(5)
Total mineral exploration and evaluation expenditure	**4,541**	3,989

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 2021** *AU$'000*	At 31 Dec 2020 *AU$'000*
Trade payables and accruals	**4,368**	6,548

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 2021** *AU$'000*	At 31 Dec 2020 *AU$'000*
Within 1 month	**4,313**	6,544
1 to 2 months	**43**	1
2 to 3 months	**12**	3
Trade payables and accruals	**4,368**	6,548

9. PROVISIONS

	At **30 Jun 2021** *AU$'000*	At 31 Dec 2020 *AU$'000*
Current		
Employee entitlements	**1,787**	1,839
Rehabilitation	**612**	313
Other	**199**	199
	2,598	2,351
Non-current		
Employee entitlements	**64**	149
Rehabilitation	**23,188**	18,876
	23,252	19,025
Rehabilitation movement		
Balance at 1 January 2021	**19,189**	18,992
Additions[1]	**4,953**	26
Rehabilitation borrowing discount unwound	**–**	–
Net foreign exchange movement	**(342)**	171
Balance at 30 June 2021	**23,800**	19,189

[1] Additions to rehabilitation provision amounts have been recognised for all sites during the period. The largest increase of 1.2 million EUR (approximately AU$1.8 million) was made at Jokisivu 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 1.9% and 2.0% (31 December 2021: 0.2% and 0.2% respectively) in Finland and Sweden, respectively.

As at the date of this announcement, 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 Land and Environmental Court for an engineered cover to the entire waste rock area. The Company is awaiting notification of a hearing date from the Land and Environmental Court of Appeal. On 21 to 22 September 2021, the Swedish Land and Environmental Court of Appeal will hold a main hearing regarding these issues.

10. INTEREST BEARING LIABILITIES

	At 30 Jun 2021 *AU$'000*	At 31 Dec 2020 *AU$'000*
Current		
Lease liabilities	**183**	147
Non-current		
Loan principal	**–**	3,000
Lease liabilities	**136**	217
	136	3,217

The Group has an unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**").

On 6 January 2021, the Company made a voluntary prepayment towards its Loan Facility of AU$3.0 million (including interest payable to that date) to repay the balance remaining on its 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 30 July 2021, the Company extended the Loan Facility availability period from 30 June 2022 to 31 December 2022.

11. CONTRIBUTED EQUITY

Share capital	**30 Jun 2021** *Average number of shares*	31 Dec 2020	**30 Jun 2021** *AU$'000*	31 Dec 2020 *AU$'000*
Ordinary shares fully paid	**158,840,613**	138,840,613	**140,619**	133,991

Movements in issued capital	*AU$'000*	*No. of Shares*
Balance at 1 January 2021	**133,991**	138,840,613
Issue of new shares net of transaction costs	**6,862**	20,000,000
Transaction costs for issued share capital	**(234)**	–
Balance at 30 June 2021	**140,619**	158,840,613

On 22 January 2021, the issued share capital was increased by net AU$6,632,371 by the issue of 20,000,000 ordinary shares of AU$0.33 each after transaction costs (31 December 2020: Nil).

12. (LOSS)/EARNINGS 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 2021	At 30 Jun 2020
Basic and diluted (loss)/earnings per share		
(Loss)/profit used in calculation of basic (loss)/earnings per share (AU$'000)	**(266)**	6,258
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic (loss)/earnings per share	**157,689,928**	138,840,613
Basic and diluted (loss)/earnings per share (cents)	**(0.17)**	4.51

13. DIVIDENDS

The Board resolved not to declare any interim dividend for the period ended 30 June 2021 (30 June 2020: 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**	
			2021	2020
			%	%
Dragon Mining Investments Pty Ltd	Australia	Ordinary	**100**	100
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 also 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 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$49,500 (30 June 2020: AU$49,500) for CFO Services of which AU$24,750 was outstanding on 30 June 2021 (30 June 2020: AU$24,750) and AU$13,569 (30 June 2020: AU$30,337) for Administration Services of which AU$2,171 was outstanding at 30 June 2021 (30 June 2020: AU$4,248).

(iv) The provision of services to Metals X commenced from 1 December 2020. During the period, the Company charged Metals X AU$50,000 (30 June 2020: Nil) for CFO Services of which Nil was outstanding on 30 June 2021 (30 June 2020: Nil) and AU$2,000 (30 June 2020: Nil) for Administration Services of which there was no outstanding amounts at 30 June 2021 (30 June 2020: Nil).

Entity with significant influence over the Group

As at 30 June 2021, the following entities have significant influence over the Group:

(i) Allied Properties Resources Limited ("**APRL**"), a wholly owned subsidiary of Allied Group Limited, owns 41,032,727 ordinary shares of the Company for an interest of 25.83% (30 June 2020: 19.97%). On 12 August 2021, shareholders of the Company voted in favour of the resolution to approve APAC Resources Limited's ("**APAC**") acquisition of the relevant interest in 41,032,727 shares of the Company, for an interest of 25.83%, by acquiring all the issued share capital of APRL on the terms and conditions set out in the Sale and Purchase Agreement ("**Proposed Transfer**"). Completion of the Proposed Transfer took place on 13 August 2021 in accordance with the terms and conditions of the Sale and Purchase Agreement. Following the said completion, APAC, via APRL, became a substantial shareholder in the Company.

(ii) Sincere View International Ltd. owns 31,111,899 ordinary shares of the Company for an interest of 19.59% (30 June 2020: 20.02%).

15. SEGMENT INFORMATION

	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	**23,780**	**22,361**	**(20,551)**	**25,590**
Other revenue				
Sundry revenue	**1**	**–**	**–**	**1**
Total other revenue	**1**	**–**	**–**	**1**
Segment interest expense	**2**	**–**	**–**	**2**
Unallocated interest expense	**–**	**–**	**9**	**9**
Total interest expense	**2**	**–**	**9**	**11**
Depreciation and amortisation	**213**	**2,446**	**–**	**2,659**
Unallocated depreciation and amortisation	**–**	**–**	**23**	**23**
Exploration write-off	**–**	**7**	**–**	**7**
	213	**2,453**	**23**	**2,689**
Segment result				
Pre-tax segment result	**(4,876)**	**5,463**	**–**	**587**
Income tax expense	**–**	**(963)**	**–**	**(963)**
Post-tax segment result	**(4,876)**	**4,500**	**–**	**(376)**
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 Statement of Profit or Loss				**(266)**

	Sweden 30 Jun 2020 *AU$'000*	Finland 30 Jun 2020 *AU$'000*	Unallocated 30 Jun 2020 *AU$'000*	Total 30 Jun 2020 *AU$'000*
Segment revenue				
Gold sales to external customers	27,493	8,428	–	35,921
Inter-segment sales	–	25,593	–	25,593
Elimination of inter-segment revenue	–	–	(25,593)	(25,593)
Total revenue	27,493	34,021	(25,593)	35,921
Other revenue				
Sundry revenue	–	6	–	6
Total other revenue	–	6	–	6
Segment interest expense	1	–	–	1
Unallocated interest expense	–	–	53	53
Total interest expense	1	–	53	54
Depreciation and amortisation	112	3,420	22	3,554
Disposal of exploration	–	871	–	871
	112	4,291	22	4,425
Segment result				
Pre-tax segment result	(2,102)	8,190	–	6,088
Income tax expense	–	–	–	–
Post-tax segment result	(2,102)	8,190	–	6,088
Unallocated items:				
Corporate interest revenue and other income				50
Corporate costs				(664)
Finance costs				(56)
Elimination of inter-company interest, expense, and management fees in segment results				840
Profit after tax as per the Consolidated Statement of Profit or Loss				6,258

	Sweden ***AU$'000***	**Finland** ***AU$'000***	**Australia** ***AU$'000***	**Total** ***AU$'000***
Non-current assets by geographic location				
As at 30 June 2021	**27,553**	**24,635**	**288**	**52,476**
As at 31 December 2020	24,928	22,277	1,239	48,444

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 2021	30 Jun 2020
	AU$'000	*AU$'000*
Within one year	**34**	31
One year or later and no later than five years	**155**	147
	189	178

b) Short-term lease expense commitments

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

	30 Jun 2021	30 Jun 2020
	AU$'000	*AU$'000*
Within one year	**13**	48

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 2021	30 Jun 2020
	AU$'000	*AU$'000*
Within one year	**321**	321

17. SIGNIFICANT EVENTS AFTER PERIOD END

On 30 July 2021, the Company extended the availability period of its Loan Facility with AP Finance Limited from 30 June 2022 to 31 December 2022. 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 30 June 2021, the Company announced a change of joint company secretary and alternate authorised representative for the Company under rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with effect from 1 July 2021.

On 12 August 2021, shareholders of the Company voted in favour of the resolution to approve APAC Resources Limited's ("**APAC**") acquisition of the relevant interest in 41,032,727 shares of the Company, for an interest of 25.83%, by acquiring all the issued share capital of Allied Properties Resources Limited ("**APRL**") on the terms and conditions set out in the Sale and Purchase Agreement ("**Proposed Transfer**"). Completion of the Proposed Transfer took place on 13 August 2021 in accordance with the terms and conditions of the Sale and Purchase Agreement. Following the said completion, APAC, via APRL, became a substantial shareholder in the Company.

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 "**Stock Exchange**").

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, and the Kaapelinkulma Gold Mine ("**Kaapelinkulma**") which ceased production in April 2021. 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 wellbeing 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, two LTI's occurred at the Group's Finnish operations. At Jokisivu, a diamond driller sustained an eye injury while using an angle grinder and at Vammala, a worker sustained a hand injury. Vammala, Jokisivu and Kaapelinkulma recorded 120, 113, and 1,610 LTI free days, respectively. In Sweden, Svartliden recorded 1,955 days LTI free and Fäboliden 1,024 days LTI free.

	30 Jun 2021	30 Jun 2020
Lost Time Injury Frequency Rate	**9.1**	4.2

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 Pandemic

The COVID-19 pandemic has had a significant impact on, individuals, communities, and businesses globally. Employees at all levels of the Company's business were asked to change the way they work, and how they interacted professionally and socially. In line with the various Government health measures, the Group implemented significant controls and requirements at all its sites 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.

The Group's COVID-19 response protocols reinforce, and operate concurrently with, public health advice. They include:

- social distancing protocols;
- suspension of large indoor gatherings;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;

- access to site restrictions and temperature screening;
- self-isolation following international travel, development of symptoms or interaction with a confirmed case of COVID-19;
- increased inventory of hand sanitiser and hygiene supplies; and
- increased focus on cleaning and sanitation.

The COVID-19 pandemic, and the various Government measures so far introduced have not, to date, significantly disrupted the Group's operations and no adjustments have been made to the Group's interim financial results. However, the scale and duration of possible future Government measures, vaccine rollout, and their impact on the Group's operations and financial situation, necessarily remains highly uncertain.

Finland Operations

Vammala Plant

Gold production in Finland decreased by 8.4% compared to the period ending 30 June 2020 due to throughput restraints in the crushing and milling circuit, lower head grade and recovery. The Vammala Plant treated 152,332 tonnes of ore with an average grade of 2.6 g/t gold and achieved a process recovery of 85.2% to produce 11,080 ounces of gold in concentrate.

During the period, Vammala mill feed was sourced from Jokisivu and Kaapelinkulma.

- 119,849 tonnes of ore from Jokisivu at an average grade of 2.4 g/t gold; and
- 32,483 tonnes of ore from Kaapelinkulma at an average grade of 3.4 g/t gold.

	Vammala Production Centre	
	30 Jun 2021	30 Jun 2020
Ore mined (tonnes)	**211,963**	177,540
Mined grade (g/t gold)	**2.6**	2.6
Ore milled (tonnes)	**152,332**	160,342
Head grade (g/t gold)	**2.7**	2.8
Process recovery (%)	**85.2%**	85.3%
Gold production (oz)	**11,080**	12,102

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 189,018 tonnes at 2.5 g/t gold; 71,810 tonnes of ore came from ore stopes (30 June 2020: 63,496 tonnes) and the remaining 117,208 tonnes of ore came from ore development (30 June 2020: 83,175 tonnes).

	Jokisivu Gold Mine	
	30 Jun 2021	30 Jun 2020
Ore mined (tonnes)	**189,018**	146,671
Mined grade (g/t gold)	**2.5**	2.6
Ore milled (tonnes)	**119,849**	137,558

Development of the Jokisivu decline progressed a total of 15 meters in January 2021 from the 570m level to the 571m level.

Kaapelinkulma Gold Mine

Production at Kaapelinkulma came from open-pit mining with 22,795 tonnes of ore grading 3.6 g/t gold mined and the removal of 29,495 tonnes of waste rock. 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.

	Kaapelinkulma Gold Mine	
	30 Jun 2021	30 Jun 2020
Ore mined (tonnes)	**22,795**	30,869
Waste rock (tonnes)	**29,495**	282,435
Strip ratio	**1.3:1**	9.1:1
Mined grade (g/t gold)	**3.6**	2.6

The Group maintains valid exploration tenure at Kaapelinkulma with exploration and evaluation activities in the area continuing. Further details are provided later in the Exploration Review on page 43.

Orivesi Gold Mine

The Company is awaiting approval of its Orivesi Closure Plan since the cessation of mining activities in June 2019. Further details are provided later in the Environmental Review on pages 45 and 46. The Group maintains valid exploration tenure at Orivesi with exploration and evaluation activities in the area continuing.

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 391,610 ounces of gold from Svartliden Gold Mine ore and external concentrates up to the end of 2016.

During the period, the Svartliden Plant continued to process concentrate from Vammala 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 Production Centre	
	30 Jun 2021	30 Jun 2020
Ore milled (tonnes)	**–**	1,296
Head grade (g/t gold)	**–**	2.9
Ore process recovery (%)	**–**	82.0%
Vammala flotation concentrate milled (tonnes)	**2,721**	2,439
Concentrate process recovery (%)	**94.5%**	94.6%
Head grade (g/t gold)	**112.9**	141.0
Total gold production (oz)	**9,333**	10,544

Fäboliden Gold Mine

Fäboliden is located in northern Sweden, approximately 30 kilometres by road southeast of the Svartliden Plant. The Company conducted test-mining activities at the Fäboliden mine from May to September 2019 and June to September 2020. The Svartliden Plant processed 99,974 ore tonnes from Fäboliden with an average grade of 2.6 g/t gold and process recovery of 78.4% to produce 6,806 ounces of gold. The processing of Fäboliden ore at the Svartliden Plant was completed in November 2020.

Capitalised 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 relate solely to test mining have been fully written off.

	Fäboliden Gold Mine	
	30 Jun 2021	30 Jun 2020
Ore mined (tonnes)	**–**	10,322
Waste rock (tonnes)	**–**	2,652
Strip ratio	**–**	0.03:1
Mined grade (g/t gold)	**–**	2.5

The Company has continued to advance its application for an environmental permit to commence full scale mining activities at Fäboliden. Refer to the Environmental Review on page 49 for further information.

Employees

The total number of employees and contractors of the Group as at 30 June 2021 was 88 (30 June 2020: 82). Total staff costs including Directors' emoluments amounted to AU$4.0 million (30 June 2020: AU$4.2 million). The Group periodically reviews remuneration packages from time to time. The stipends of Directors were reviewed and approved by the Remuneration Committee on 21 November 2020. 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. The Group's responses to the COVID-19 pandemic are set out on pages 26 and 27 of this Announcement.

Environment, and Social and Governance

At Dragon Mining we value responsible environmental management, seek to continually improve environmental performance, and aspire to be effective environmental stewards. 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 Company operates in four national regulatory environments and the supra-national regime of the European Union. While compliance with these regulatory environments and specific operational licence conditions are the basis of the Company's environmental management procedures, the Company is committed to the principle of developing and implementing best applicable practices in environmental design and management and will actively work to:

(i) operate within the legal permitting framework and in accordance within the Company's carefully designed environmental management systems;

(ii) identify, monitor, measure, evaluate and minimise the Company's impact on the surrounding environment;

(iii) give environmental aspects due consideration in all phases of the Groups mining projects, from exploration through to development, operation, production, and final closure; and

(iv) act systematically to improve the planning, execution, and monitoring, of its environmental performance.

The Board retains the overall responsibility for the Group's Environmental, Social and Governance ("**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 wellbeing of people; protection of the environment; and development of the local and national economies in the countries in which the Group operates. The Group is very clear on the need to work closely with the local communities in each jurisdiction in which it operates, and places great importance on earning the respect and support of those communities.

The Group's performance is reported annually and reviewed by the Audit and Risk Management Committee and Board, details of which are outlined in our "Risk Management and Internal Control" section contained in the Corporate Governance Report included in the Company's published 2020 Annual Report. For further information on the Company's corporate governance please refer to the Corporate Governance Report in the Company's published 2020 Annual Report or by accessing the Company's website at www.dragonmining.com/governance. The Company's 2020 ESG Report is available on the Company's website at http://www.irasia.com/listco/hk/dragonmining/index.htm and www.dragonmining.com.

Operational Risks

The Group's response to the COVID-19 pandemic is included under the Business Review on pages 26 and 27.

The Company faces operational risks on a continual 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.

Dragon Mining 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.

Dragon Mining 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

During the period, most of the Group's ore production came from Jokisivu with some ore production from Kaapelinkulma before the completion of open-pit mining activities in April 2021. 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 2021 and 2022.

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.

The application for an environmental permit to commence full-scale mining at Fäboliden was submitted to the Land and Environmental Court in July 2018. The Company's application continues to face significant delay in obtaining environmental approval which could materially and adversely affect the Company's profitability. Further delays would likely require the Company to re-evaluate the continued operation of Svartliden. At the date of this announcement, the Company is not aware of any reason for any delay caused because of the COVID-19 pandemic. The Environmental Review from page 44 provides updates on rehabilitation and status of permitting at the Company'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, political and economic instability, and natural disaster, all of which 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.

FINANCIAL REVIEW

The Group's operations for the period returned a net loss of AU$0.3 million (30 June 2020: net profit of AU$6.3 million). As previously announced, such net loss was the impact of throughput restraints in the crushing and milling circuit and lower head grade and recoveries resulting in a decrease in the quantity of gold concentrate produced at the Vammala Plant. 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.

As noted earlier, no adjustments have been made to the Group's result as at 30 June 2021 for the impacts of COVID-19.

Revenue from Customers

The Group sold 10,860 ounces of gold (30 June 2020: 14,488 ounces of gold) to deliver revenue from operations of AU$25.6 million (30 June 2020: AU$35.9 million). The 28.8% decrease in revenue is driven by a 25.0% decrease in actual gold sold during the period. Stronger USD gold prices during the period provided some offset to the decreases in gold sales.

The Group sold gold at an average spot price of US$1,805 per ounce during the period compared to US$1,671 per ounce in 6-months ending 30 June 2020.

Cost of Sales

Cost of sales for the period were AU$22.7 million representing a 15% decrease compared to the previous period (30 June 2020: AU$26.7 million). Cost of sales includes mining, processing, other production activities, changes in inventory, and depreciation as follows:

	30 Jun 2021	30 Jun 2020	% change
Total gold sold (oz)	**10,860**	14,488	(25.0%)
Total gold produced (oz)	**11,080**	12,102	(8.4%)

	30 Jun 2021 *AU$'000*	*30 Jun 2020 *AU$'000*	% change
Cost of sales			
Mining	**13,063**	14,346	(8.9%)
Processing	**6,639**	6,318	5.1%
Other production activities	**699**	625	11.8%
Gold inventory movements	**(256)**	1,969	(113.0%)
Depreciation	**2,570**	3,481	(26.2%)
Cost of production net of inventory movements	**22,715**	26,739	(15.0%)

* Comparative figures have been presented net of inventory movements

a) Group mining costs for the 6-month period decreased by 8.9% and total ore tonnes mined increased by 12.8%. Ore was sourced from both Kaapelinkulma and Jokisivu, the latter producing 13.1% more tonnes from ore stoping activities and 40.9% more tonnes from ore development activities for the period. The Group mined 211,963 ore tonnes (30 June 2020: 187,862 ore tonnes) at an average cost per ore tonne of AU$61.63 which represents a decrease of 19.3% against the previous period (30 June 2020: AU$76.36 per ore tonne). An increase in the Jokisivu ore stockpile has resulted in the associated mining costs being transferred to inventory. These costs will be expensed during the period in which the related revenue is recognised.

b) Group processing costs for the 6-month period increased by 5.1% despite 5.0% lower production at the Vammala Plant which, as noted previously, was impacted by throughput and crushing constraints. As a result, Vammala processing cost per tonne of $22.45 represents an increase of 8.5% compared against the previous period (30 June 2020: AU$20.12 per ore tonne processed). In Sweden, the Svartliden Plant processed 2,721 tonnes of concentrate from Vammala (30 June 2020: 2,439 tonnes) representing an increase of 11.6%. A net drawdown of gold-in-circuit inventory from the Svartliden Plant resulted in additional processing costs previously transferred to inventory being expensed during the period.

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 6-month period, the net inventory movement resulted in costs of $0.26 million being transferred to inventory.

d) Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes dependent on the class of asset. The asset carrying values for those operations that have ceased (Orivesi in June 2019, Kaapelinkulma in April 2021, and Fäboliden test mining in September 2020) have reduced depreciation by 26.2% in 2021.

Gross Profit

The 28.8% decrease in revenue compared to the 15.0% decrease in cost of sales delivered a gross profit for the period of AU$2.9 million (30 June 2020: AU$9.2 million) and gross profit ratio of 11.2% (30 June 2020: 25.6%).

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 2021, the Group had net assets of AU$59.8 million (31 December 2020: AU$53.5 million); a working capital surplus of AU$30.3 million (31 December 2020: surplus AU$27.6 million); and a closing market capitalisation of AU$46.8 million or HK$273.2 million (31 December 2020: AU$56.3 million or HK$336.0 million). The market capitalisation deficiency compared to net assets is an indication of possible impairment, The Group has performed impairment testing which did not result in any asset impairment write downs for the Group.

At 30 June 2021, the Group had AU$17.6 million in cash and cash equivalents (31 December 2020: AU$14.4 million) and funded its activities with positive cash inflows from operations.

At 30 June 2021, the Company's gearing ratio was 0.5% (31 December 2020: 6.3%), 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**").

On 6 January 2021, the Company made a voluntary repayment of the outstanding balance of its Loan Facility of AU$3.0 million (including interest payable to that date).

On 30 July 2021, the Company extended the Loan Facility availability period from 30 June 2022 to 31 December 2022. 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.

Placement of Shares

On 22 January 2021, the Company issued a total of 20,000,000 ordinary shares ("**Placing Shares**") in the share capital of the Company at HK$2.05 per share ("**Placing Price**") pursuant to the placing agreement ("**Placing Agreement**") entered into between the Company and Morton Securities Limited ("**Placing Agent**") dated 7 January 2021 ("**Placement**"). Pursuant to the Australian Corporations Act, the shares do not have a nominal or par value, and as such, there is no maximum aggregate nominal value of the Placing Shares.

The Placing Shares have been successfully placed to not less than six independent places who are individuals, professionals, institutional or other investors whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement who (including its ultimate beneficial owners) are (i) third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) and regarded as public (as defined in the Listing Rules); and (ii) not regarded as a related party (as defined under section 228 of the Australian Corporations Act) of the Company.

The Placing Price represented a premium of approximately 2.50% over the closing price of HK$2.00 per share as quoted on the Stock Exchange on 7 January 2021; being the date on which the terms of the Placement was fixed.

As disclosed in the announcement of the Company dated 7 January 2021, it is expected that the Group requires significant additional funds for the payment of additional environmental bonds for its mines in Finland and Sweden, which are initially expected to be demanded by the relevant authorities in early 2021 due to change of local regulatory policies requiring more upfront cash down payments. Having considered the existing financial resources available to the Group, the Directors are of the view that the Group requires additional funding for such payment, and that the Placement will strengthen the financial position and liquidity of the Group and provide financial resources to the Group without incurring interest costs. The Directors also believe that the Placement represents an opportunity to raise capital for the Company while broadening its Shareholder and capital base.

The net proceeds of the Placement were AU$6.6 million (or approximately HK$39.6 million), the entire amount which 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.

Use of Net Proceeds from the Company's Placement

As at 30 June 2021, 100% of the net proceeds remain available to fund the Group's environmental bond obligations for its operations in Finland and Sweden.

Purpose	Proposed use of proceeds *AU$' million*	Purpose of proceeds expressed as % of net proceeds *%*	Actual Amount utilised from 22 Jan 2021 to 30 Jun 2021 *AU$' million*	Unutilised as at 30 Jun 2021 *AU$' million*	Revised expected timeline for the unutilised amount
Fund environmental bond obligations.	$6.6	100%	–	$6.6	To be utilised by end of 2022.

The Company operates a number of assets in both Finland and Sweden each with its own requirement for environmental bonds.

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 2021, the various appeal proceedings were ongoing 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 with at least a first hearing by such courts in the first half 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 the end of 2022.

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 with an interest-bearing liability denominated in HKD, 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

There were no charges on the Company's assets as at 30 June 2021 or 31 December 2020.

Contingent Liabilities

As at 30 June 2021, there are no material updates to the contingent liabilities contained in Company's 2020 Annual Report.

Company Strategy

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.

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

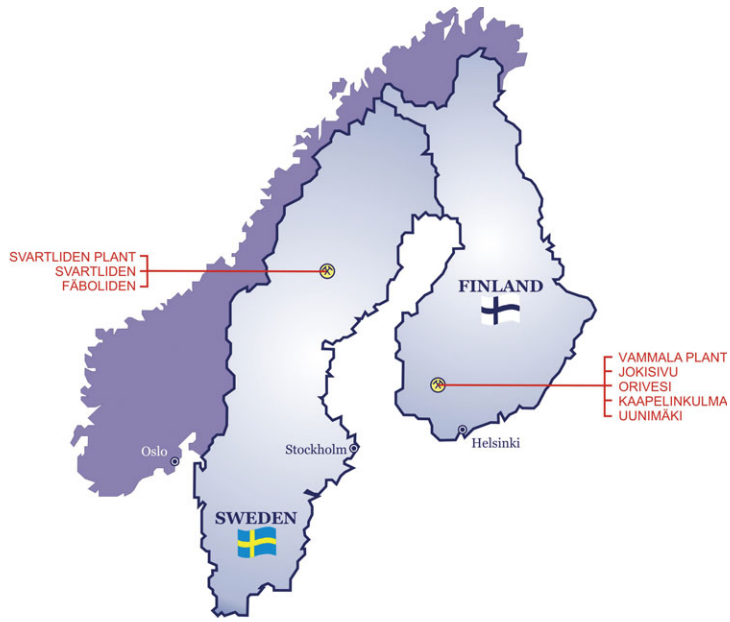
Save for those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the period. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments 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 2021, 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 continued to advance exploration during the period with activities completed on the Company's key projects in the Nordic Region.



A total of 72 diamond core holes were drilled during the period for a total advance of 9,111m (2020 HY – 91 holes, 11,361m).

Drilling was undertaken at the Jokisivu Gold Mine ("**Jokisivu**") in southern Finland and the Fäboliden Gold Mine ("**Fäboliden**") in northern Sweden to generate additional information to support future mine planning and development. The Company also completed a reconnaissance drilling campaign at the site of the Orivesi Gold Mine ("**Orivesi**") in southern Finland. No drilling was undertaken at the Kaapelinkulma Gold Mine ("**Kaapelinkulma**") in southern Finland during the period.

Results were received during the period for two campaigns that were drilled at Jokisivu prior to the half-year and for two campaigns completed at Jokisivu during the period. Results were also received for a campaign of drilling that was completed at Kaapelinkulma in late 2020 and the drilling campaign completed at Fäboliden during the period.

The drilling generated a series of significant intercepts from Jokisivu and Fäboliden that align well with expectations, further defining the extent and geometry of the targeted mineralised zones. The results received from the Kaapelinkulma campaign were lower than expectations.

Updates of the Company's Mineral Resources and Ore Reserves were also completed during the period, yielding an increase in the Company's Proved and Probable Ore Reserves. The increases obtained are primarily attributable to Jokisivu where the mine life for the underground operation has increased to ca. 6 years (2020 HY – ca. 4 years).

Details of the completed activities have previously been released to The Stock Exchange of Hong Kong Limited on:

- 6 January 2021 – Drilling Campaigns Advance on Dragon Mining's Finnish and Swedish Projects;

- 16 March 2021 – Resources and Reserves Updated for Dragon Mining's Nordic Production Centres; and

- 29 June 2021 – Drilling Returns Encouraging Intercepts from the Company's Key Nordic Projects.

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

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 16 March 2021 or the Exploration Results released from 6 January 2021 and 29 June 2021, and the assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the 16 March 2021 release and the Exploration Results in the 6 January 2021 and 29 June 2021 releases continue to apply and have not materially changed.

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 announcement have not been materially modified and are consistent with the 16 March 2021 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 January 2021 and 29 June 2021 releases. Mr. Neale 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.

Exploration Finland

Jokisivu Gold Mine

At Jokisivu, 46 underground diamond core drill holes directed at the Kujankallio Main Zone and Kujankallio Hinge Zone were drilled during the period for an advance of 7,063m (2020 HY – 63 holes, 8,603m). These holes represent part of five completed or still active campaigns that were designed to provide additional information to support future mine planning and development in the Kujankallio area.

Results were received during the period for two campaigns completed in late 2020, a 12-hole campaign that targeted the Arpola Footwall Zone from the 205m level, spanning from the flying squirrel area to, and including the Osmo Zone ("**Campaign 9**"). The second campaign represented a 12-hole campaign that targeted the Arpola Footwall Zone in the flying squirrel area between the 100m and 145m levels ("**Campaign 10**"). These campaigns returned a series of significant intercepts greater than 1 g/t gold including the high-grade highlights 9.30m @ 21.31 g/t gold, 2.9 @ 28.65 g/t gold and 4.10m @ 14.61 g/t gold. The results from these campaigns improved the definition of the extent and geometry of the Arpola Footwall Zones in the targeted areas.

During the period results were received for the initial drilling campaign of 2021, a 10-hole campaign that targeted the Kujankallio Hinge Zone ("**Campaign 1**") below the 560m level. Results have also been received for the second campaign ("**Campaign 2**") of drilling undertaken in 2021, a 7-hole campaign that targeted the Kujankallio Main Zone below the 560m level. The results from both campaigns align with expectations and provide additional information to improve confidence in the definition of the resources in the targeted areas.

Final results remain pending for the three other campaigns completed or still active at Jokisivu. The third campaign ("**Campaign 3**") is a 16-hole campaign directed at both the Kujankallio Main Zone and Kujankallio Hinge Zone below the 560m level, the fourth campaign ("**Campaign 4**") is a 6-hole campaign targeting the Kujankallio Hinge Zone and the fifth campaign ("**Campaign 5**") of drilling is a 7-hole campaign targeting the extensions of the Kujankallio Main Zone.

Drilling will continue at Jokisivu during the second half of 2021, initially completing the ongoing campaigns at Kujankallio before moving to the Arpola area to follow-on from the successful drilling campaigns undertaken in this area during 2020.

Kaapelinkulma Gold Mine

During the period, the Company did not undertake drilling at Kaapelinkulma, but did receive results for the 8-hole, diamond core drilling campaign that was carried out between November and December 2020 (2020 HY – 28 holes, 2,757m). This campaign was directed at the down plunge extensions of the Southern and Northern gold deposits at Kaapelinkulma and the lateral extensions of the recently identified lower diorite unit that is located approximately 200m below the Southern deposit.

Results from the campaign were lower than expectations, with a best intercept of 0.8m @ 11.65 g/t gold received.

Orivesi Gold Mine

The Company completed drilling at Orivesi during the period. The 15-hole, 679.30 metre reconnaissance diamond core drilling campaign targeted an area of geochemical anomalism at the western end of the Orivesi Mining Concession and a zone of geophysical anomalism at the eastern end of the Orivesi Mining Concession (2020 HY – 0 holes, 0m).

On receipt of the results from this campaign, a review will be undertaken before planning further exploration programs at Orivesi.

Uunimäki Gold Project

The Company applied for a new Exploration Licence encompassing the Uunimäki gold occurrence in Southern Finland during 2020. It represents an advanced gold opportunity that has previously been subjected to diamond core drilling (36 holes – 3,424m) and other exploratory activities including ground geophysical surveys and geochemical surveys by the Geological Survey of Finland.

The application remains pending at the end of the period, the Company acquiring available geochemical, geophysical, and drilling datasets from the Geological Survey of Finland during the period in preparation for future field activities.

Exploration Sweden

Fäboliden Gold Mine

A campaign of diamond core drilling at Fäboliden that commenced in October 2020 was completed with the drilling of the final 13 holes, 1,369m of the 32-hole campaign during the period. Drilling was undertaken to improve the drill density in the northern part of the Fäboliden gold deposit in preparation for the next iteration of resource estimation.

Analytical results from the campaign generated a series of significant intercepts including highlights, 6m @ 21.07 g/t gold, 26m @ 2.46 g/t gold, 23m @ 2.19 g/t gold and 9m @ 5.83 g/t gold. The drilling campaign successfully generated the information required to improve the definition of the extent and geometry of mineralisation in the north part of the Fäboliden gold deposit. It is envisaged that an update of the Fäboliden Mineral Resource incorporating the results from the recent drilling campaign will commence in late 2021.

Group Resources and Reserves

The annual update of the Company's Mineral Resource and Ore Reserve estimates as at 31 December 2020 was completed during the period. The update of the Company's total Measured, Indicated and Inferred Mineral Resource effectively replenished material mined during 2020, returning a 1% decrease in tonnes and 2% increase in ounces when compared to the total Measured, Indicated and Inferred Mineral Resource as at 31 December 2019.

Updating of the total Proved and Probable Ore Reserve estimate for the Company yielded a 15% increase in tonnes and 7% increase in ounces, when compared to the total Proved and Probable Ore Reserve as at 31 December 2019. The increase in Ore Reserves is primarily attributable to Jokisivu where the mine life for the underground operation has increased to ca. 6 years (2020 HY – ca. 4 years).

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 Company'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 Company, except as indicated below.

Finland Review

Vammala Production Centre

Dragon Mining previously advised the Regional State Administration Agencies ("**AVI**") had issued a new Environmental Permit to process 300,000 TPA, including Kaapelinkulma ore at Vammala. The new permit contains new crushing conditions which the Company appealed to the Administrative Court of Vaasa ("**Administrative Court**") on 20 April 2020. During the period, the Company provided the Administrative Court with additional crusher noise measurements and noise reduction actions. The Company has agreed to the inclusion of new noise measurements in the permit order and commenced planning the construction of noise barriers. The Company can continue to operate under its existing permit conditions until a decision is handed down.

During the half year, dust protection work commenced at the tailings dam area to minimise dusting. On 28 May 2021, the Pirkanmaa Centre for Economic Development, Transport, and the Environment ("**PIR ELY**") attended a meeting onsite to inspect the work. During the meeting, Dragon Mining and PIR ELY discussed the importance of considering noise, dust and visibility impacts resulting from the clear-cutting and thinning of local forest. The Company also explained how its plans to pipe mill water from the pumping station to the Horvelo area, included in its Environmental Permit application, reduces the need for run-off of mill drainage waters.

On 15 June 2021, an assessment of the health effects of tailings area dust was received from the Finnish Institute of Occupational Health. The report contains dust monitoring data from a one-year period and dust composition data. Based on the composition data of the tailings dust and the particle measurements made in the area, the dust from the tailings area is not estimated to pose health risks to the residents of the surrounding area.

On 25 February 2021, the Company's 2020 Annual Water Monitoring Report was delivered to PIR ELY and the City of Sastamala. The report confirmed the mild and rainy winter had caused an increase in the total amount of discharge water. The total nickel and sulphate loads had increased but improvements in seepage water pumping back to the tailings area will reduce the amount of discharge water and loads in the future.

Dragon Mining conducts a triennium sediment and benthic animal monitoring program in the waters downstream of the Vammala Plant. The results are included in the Benthic Animal Report, completed on 26 May 2021, and sent to several authorities including PIR ELY, the Cities of Orivesi and Tampere, and the Lake Näsijärvi Fishing Area Association (together the "**Authorities**"). Results from monitoring show discharge water from the plant have only a minor impact on water quality at Lake Rautavesi.

Sediment samples taken from the Ekojoki river show elevated nickel content levels. Copper concentrations were quite low at all sample points. Zinc content was slightly elevated from the natural level, especially at the Rautavesi sampling stations. Cadmium content in the Ekojoki was slightly elevated. Mercury and chromium concentrations were low throughout the study area. One sediment sample contains around 20 times higher concentrations of lead compared to earlier years reports. That matter was discussed with PIR ELY and the water protection association, KVVY Tutkimus Oy ("**KVVY**"). The elevated lead concentration is possibly from lead shots used in duck hunting. New sediment samples were taken during May 2021, the results of which are pending.

The benthic fauna in the Ala-Jalkajärvi and Peräjärvi lakes are very small and as benthic fauna was not studied pre-mining, the effects of mining cannot be determined. The ecological classification of the Ekojoki Myllyahti was excellent (type-specific taxa and percentage similarity) or good (type-specific EPT tribes). The ecological status of the Rautavesi riparian zone was excellent (type-specific taxa) or satisfactory (percentage similarity).

Orivesi Gold Mine

The Company has previously advised that its Closure Plan for the Orivesi mine has been submitted to AVI for approval. Supplementary information requested by AVI was submitted on 29 January 2021. Finnish consultants, 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. Results of the soil contamination studies have been received and will be included in the final version of the remediation plan to be sent to PIR ELY.

In October 2018, PIR ELY requested further information from the Company on the presence of litter stored between the 66m and 85m levels. The bulk material was deposited before the Company purchased the mine in 2003 and recommenced mining in 2007.

The Company has previously submitted a risk assessment to PIR ELY advising that safe removal of the non-hazardous material was not possible. On 9 April 2021 and 16 April 2021, the Company sent a geomechanical assessment of the conditions of the stope area to PIR ELY and AVI. The Company has provided supplementary risk assessments and applied for the granting of a retrospective environmental permit from AVI. AVI announced the Company's Environmental Permit application on 21 May 2021, the announcement period ends on 28 June 2021.

On 3 June 2021, PIR ELY issued a letter to Dragon Mining and the previous mine owners, Outokumpu Mining Oy ("**Outokumpu**") advising of their shared responsibility in the removal of the litter.

On 28 April 2021 TUKES approved the Company's workplan to repair the decline and the 66m level with works to commence in June 2021.

There has been no discharge water from the mine site since mid-2019 resulting in a measurable decrease in nitrogen concentration in nearby lake Ala-Jalkajärvi. The Ala-Jalkajärvi Lake water is approximately 7pH, which reduces the harmful effects of metals. The metal concentrations in Lake Ala-Jalkajärvi have decreased significantly in recent years and the effect is also gradually reflected in the metal concentrations in the next Lake Peräjärvi.

A Sediment Sampling Report was received from KVVY on 12 May 2021. Sediment samples were taken from two sampling points at Lake Ala-Jalkajärvi to provide information in relation to lime treatments carried out during 2018 and 2019. The report was sent to the respective Authorities and shows a decrease in cobalt and manganese concentrations from one sampling point and no change from the other sampling point, compared to prior reporting.

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$5.5 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.

On 29 April 2021, the Water Monitoring Plan was updated by KVVY and sent to PIR ELY. The 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. Pre-work activities commenced in June 2021 with construction planned to commence in August 2021. Samples have been taken to investigate the quality of the soil material in the mine site area to determine whether it is suitable for use in construction.

During May 2021, samples were taken from the waste rock stockpile area and sent for metal solubility and acid base testing to investigate whether the waste rock might be suitable for use outside of mining. Results are pending.

Kaapelinkulma Gold Mine

An appeal originally received by AVI in June 2017, was rejected in November 2017, and was then appealed and later dismissed by the Administrative Court on 10 June 2019. The Administrative Court found some appellants had failed to demonstrate the suffering of any harm as stated in the Administrative Judicial Procedure Act, therefore determining no legal justification for the appeal. The appellants application for leave to appeal the Administrative Court ruling to the Supreme Administrative Court was also rejected.

In July 2019, PIR ELY rejected an appeal by the Finnish Nature Conservation Associations of Valkeakoski for the initiation of an administrative coercion related to operations at the Kaapelinkulma mine, in respect to the Nature Conservation Act. During the period, the secondary claims raised and the remainder of the appeal, including a claim for costs, were rejected by the Hämeenlinna Administrative Court.

On 29 September 2020, the Company received a letter from the Administrative Court advising that opponents have appealed PIR ELY's decision because PIR ELY did not impose a compulsion order on Kaapelinkulma in 2019. Opponents believe that the noise levels are too high in the Natural area. The Company submitted a response to Administrative Court on 19 October 2020. On 12 February 2021, the Company received two decisions from the Administrative Court rejecting all opponent claims.

On 28 January 2021, the Kaapelinkulma Closure Plan was submitted to 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 recommence mining operations and investigate the possibility of utilising the waste rock outside the mine area. Both would need changes to current environmental permit. If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024 upon approval of the Closure Plan.

The counting of the woodland brown butterfly in the Kaapelinkulma area was completed on 12 July 2020 and according to calculations, the number of butterflies is approximately the same as the previous years. Follow up counting will be conducted during June and July 2021.

Sweden Review

Svartliden Rehabilitation Plan (U3)

Work to update the Svartliden Closure Plan was completed in April 2017 and submitted to the Swedish Land and Environmental Court ("**Environmental Court**"). In May 2018, the Company provided an updated cost assessment and its responses to comments received from the Environmental Protection Agency and the County Administrative Board ("**CAB**"), both of whom viewed the proposed actions in 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 Environmental Court. On 3 September 2019, the Environmental Court delivered its rulings on each matter. On 18 November 2019, the Company lodged an appeal in the Environmental Court of Appeal against the following rulings by the Environmental Court:

(i) the 37.7 million SEK (approximately AU$5.9 million) additional collateral security being requested by the Environmental 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 to 22 September 2021, the Environmental Court of Appeal will hold a main hearing regarding these issues.

Svartliden Conditions of Tailings Depositions (U1)

On 3 September 2019, the Environmental 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 to the Environmental Court in June 2021.

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 Environmental 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 Environmental Court provided additional rulings on clarification pond discharge limits that remained consistent with the current permit conditions.

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

On 21 to 22 September 2021, the Environmental Court of Appeal will hold a main hearing regarding these issues.

Fäboliden Environmental Permit

The Company continues to advance the application for the Fäboliden Environmental Permit to allow full scale mining to commence at Fäboliden. On 30 March 2021, the Environmental Court informed the Company of its plans to hold a Main Court Hearing during the week starting 7 June 2021. On 3 May 2021, the CAB submitted a statement verifying that they deemed the permit permissible provided their conditions are met.

However, 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 investigations and assessments for Fäboliden to date have been conducted according to accepted practice and are extensive. However, the recent EU Court ruling implies that additional field work and assessments are now necessary. The risk of a negative outcome for the Environmental Permit application in its current form due to this new ruling has forced the Company to prepare additional supplementary information for submission to the Environmental Court prior to the holding of a Main Court Hearing.

The necessary work has been initiated as a priority and the Environmental Court has been fully informed of the situation. The Company's legal firm contacted the Environmental Court on its behalf on 14 May 2021 and requested that the main hearing, planned to be held in June 2021, be suspended. The Company has asked the Environmental Court for permission to submit its material on 25 October 2021 with the date for a new Main Court Hearing anticipated for early 2022.

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 2021 (30 June 2020: Nil).

Corporate Governance Practices

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 2021, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**HKEx Listing Rules**") on The Stock Exchange of Hong Kong Limited.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the HKEx Listing Rules as the code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code throughout the period ended 30 June 2021.

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 2021, 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 2021 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 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.

Significant Events After Period End

On 30 July 2021, the Company extended the availability period of its Loan Facility with AP Finance Limited from 30 June 2022 to 31 December 2022. 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 30 June 2021, the Company announced a change of joint company secretary and alternate authorised representative for the Company under rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with effect from 1 July 2021.

On 12 August 2021, shareholders of the Company voted in favour of the resolution to approve APAC Resources Limited's ("**APAC**") acquisition of the relevant interest in 41,032,727 shares of the Company, for an interest of 25.83%, by acquiring all the issued share capital of Allied Properties Resources Limited ("**APRL**") on the terms and conditions set out in the Sale and Purchase Agreement ("**Proposed Transfer**"). Completion of the Proposed Transfer took place on 13 August 2021 in accordance with the terms and conditions of the Sale and Purchase Agreement. Following the said completion, APAC, via APRL, became a substantial shareholder in the Company.

Disclosure of Change in Information of Directors

Pursuant to Rule 13.51B(1) of the HKEx Listing Rules, changes of information of the Directors during the period are set out as below:

Chairman and Non-Executive Director – Mr Arthur G Dew

- With effect from 1 January 2021, Mr Dew retired as Chairman and Non-Executive Director of Allied Properties (H.K.) Limited, a company previously listed on The Stock Exchange of Hong Kong Limited.

- With effect from 27 April 2021, Mr Dew resigned as a Non-Executive Director of SHK Hong Kong Industries Limited, a company previously listed on The Stock Exchange of Hong Kong Limited until 22 April 2021.

Alternate Director to Mr Arthur G Dew – Mr Wong Tai Chun Mark

- Mr Wong remains as an Executive Director of SHK Hong Kong Industries Limited (a company previously listed on The Stock Exchange of Hong Kong Limited until 22 April 2021).

Non-Executive Director – Ms Lam Lai

- Since April 2021, Ms Lam has been redesignated as the Vice President of Citychamp Watch & Jewellery Group Limited (Stock Code: 256).

Independent Non-Executive Director – Mr Pak Wai Keung Martin

- Mr Pak ceased to be an Independent Non-Executive Director of China Huiyuan Juice Group Limited after its delisting on the Main Board of The Stock Exchange of Hong Kong Limited on 18 January 2021.

- Mr Pak ceased to be an Independent Non-Executive Director of Convoy Global Holdings Limited after its delisting on the Main Board of The Stock Exchange of Hong Kong Limited on 4 May 2021.

Changes in Directors' Emoluments and the Basis of Determining Directors' Emoluments

There have been no changes to the Directors emoluments during the period.

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 2021 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 2021

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 Caldow Procter, Mr Pak Wai Keung Martin and Mr Poon Yan Wai as Independent Non-Executive Directors.