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龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

龍資源有限公司*

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

(Stock Code: 1712)

**ANNOUNCEMENT OF THE INTERIM RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2023**

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 2023 together with comparative figures for the corresponding period ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE 6 MONTHS ENDED 30 JUNE 2023

		6 months to 30 Jun 2023	6 months to 30 Jun 2022
		<i>AU\$'000</i>	<i>AU\$'000</i>
	<i>Note</i>	(Unaudited)	(Unaudited)
Revenue from customers		33,155	24,403
Cost of sales	2(a)	(29,148)	(17,931)
Gross profit		4,007	6,472
Other revenue	2(b)	206	–
Other income	2(c)	390	356
Exploration expenditure		(179)	(131)
Management and administration expenses	2(d)	(2,171)	(1,971)
Exploration and evaluation costs written off	2(d)	–	(33)
Operating expenses	2(d)	(225)	(987)
Finance costs	2(e)	(11)	(9)
Foreign exchange (loss)/gain		(1,368)	543
Profit before tax		649	4,240
Income tax expense	3	(623)	(621)
Profit after income tax		26	3,619
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic and diluted earnings per share	13	0.02	2.29

The notes on pages 7 to 24 form part of this interim results announcement.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	6 months to 30 Jun 2023	6 months to 30 Jun 2022
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Profit after income tax (brought forward)	<u>26</u>	<u>3,619</u>
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>1,667</u>	<u>(2,071)</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)	<u>1,667</u>	<u>(2,071)</u>
Total comprehensive income for the period	<u>1,693</u>	<u>1,548</u>
Profit attributable to:		
Members of Dragon Mining Limited	<u>26</u>	<u>3,619</u>
	<u>26</u>	<u>3,619</u>
Total comprehensive income attributable to:		
Members of Dragon Mining Limited	<u>1,693</u>	<u>1,548</u>
	<u>1,693</u>	<u>1,548</u>

The notes on pages 7 to 24 form part of this interim results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	<i>Note</i>	At 30 Jun 2023 <i>AU\$'000</i> (Unaudited)	At 31 Dec 2022 <i>AU\$'000</i> (Audited)
CURRENT ASSETS			
Cash and cash equivalents		22,094	17,671
Trade and other receivables	4	2,277	3,462
Inventories	5	17,970	19,991
Other assets	6	1,592	627
TOTAL CURRENT ASSETS		43,933	41,751
NON-CURRENT ASSETS			
Property, plant, and equipment	7	50,410	54,427
Mineral exploration and evaluation costs	8	1,861	2,242
Right-of-use assets		1,415	1,531
Other assets	6	4,863	4,927
TOTAL NON-CURRENT ASSETS		58,549	63,127
TOTAL ASSETS		102,482	104,878
CURRENT LIABILITIES			
Trade and other payables	9	7,666	8,101
Provisions	10	2,554	3,114
Interest bearing liabilities	11	623	572
Other liabilities		104	82
Current tax liability		865	2,291
TOTAL CURRENT LIABILITIES		11,812	14,160
NON-CURRENT LIABILITIES			
Provisions	10	27,698	29,245
Interest bearing liabilities	11	688	877
TOTAL NON-CURRENT LIABILITIES		28,386	30,122
TOTAL LIABILITIES		40,198	44,282
NET ASSETS		62,284	60,596
EQUITY			
Contributed equity	12	140,408	140,420
Reserves		(914)	(2,588)
Accumulated losses		(77,210)	(77,236)
TOTAL EQUITY		62,284	60,596

The notes on pages 7 to 24 form part of this interim results announcement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	Contributed Equity AU\$'000	Accumulated Losses AU\$'000	Foreign Currency Reserve AU\$'000	Convertible Note Premium Reserve AU\$'000	Equity Reserve Purchase of Non- controlling Interest AU\$'000	Treasury Shares Reserve AU\$'000	Total Equity AU\$'000
At 31 December 2021 (Audited)	<u>140,454</u>	<u>(79,725)</u>	<u>(3,863)</u>	<u>2,068</u>	<u>1,069</u>	<u>(34)</u>	<u>59,969</u>
Profit after income tax for the period	-	3,619	-	-	-	-	3,619
Other comprehensive loss	-	-	(2,071)	-	-	-	(2,071)
Total comprehensive income for the period	-	3,619	(2,071)	-	-	-	1,548
Transactions with owners, recorded direct to equity							
Share buy-back transactions	(34)	-	-	-	-	34	-
Total transactions with owners	(34)	-	-	-	-	34	-
At 30 June 2022 (Unaudited)	<u>140,420</u>	<u>(76,106)</u>	<u>(5,934)</u>	<u>2,068</u>	<u>1,069</u>	<u>-</u>	<u>61,517</u>
At 31 December 2022 (Audited)	<u>140,420</u>	<u>(77,236)</u>	<u>(5,718)</u>	<u>2,068</u>	<u>1,069</u>	<u>(7)</u>	<u>60,596</u>
Profit after income tax for the period	-	26	-	-	-	-	26
Other comprehensive loss	-	-	1,667	-	-	-	1,667
Total comprehensive income for the period	-	26	1,667	-	-	-	1,693
Transactions with owners, recorded direct to equity							
Share buy-back transactions	-	-	-	-	-	(5)	(5)
Cancellation of shares	(12)	-	-	-	-	12	-
Total transactions with owners	(12)	-	-	-	-	7	(5)
At 30 June 2023 (Unaudited)	<u>140,408</u>	<u>(11,210)</u>	<u>(4,051)</u>	<u>2,068</u>	<u>1,069</u>	<u>-</u>	<u>62,284</u>

The notes on pages 7 to 24 form part of this interim results announcement.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2023

	6 months to 30 Jun 2023	6 months to 30 Jun 2022
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Receipts from customers	34,340	26,804
Payments to suppliers and employees	(25,392)	(22,895)
Payments for mineral exploration	(274)	(491)
Interest received	206	–
Interest paid	(4)	(2)
Income taxes paid	(1,216)	(1,040)
	<hr/>	<hr/>
Net cash from operating activities	7,660	2,376
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for property, plant, and equipment	(1,067)	(646)
Payments for development activities	(107)	(1,105)
Payments for exploration and evaluation	(375)	–
	<hr/>	<hr/>
Net cash used in investing activities	(1,549)	(1,751)
	<hr/>	<hr/>
Cash flows from financing activities		
Lease liability payments	(39)	(111)
Payments for share buy-back	(5)	–
	<hr/>	<hr/>
Net cash used in financing activities	(44)	(111)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	6,067	514
Cash and cash equivalents at the beginning of the year	17,671	14,370
Effects of exchange rate changes on cash and cash equivalents	(1,644)	(831)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	22,094	14,053
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The notes on pages 7 to 24 form part of this interim results announcement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting entity

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

The Company’s announcement of the consolidated interim results for the period ended 30 June 2023 was authorised for issue at the meeting of the Board of Directors held on 25 August 2023.

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

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

¹ For translation purposes

b) Basis of preparation

Statement of compliance

The consolidated interim results set out in this announcement do not constitute the consolidated interim financial statements of the Group as at and for the period ended 30 June 2023 but are extracted from those consolidated interim financial statements.

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

The consolidated interim financial statements do not include all notes of the type normally included within the consolidated annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the consolidated annual financial report.

The consolidated interim financial statements should be read in conjunction with the consolidated annual financial report for the year ended 31 December 2022 and considered together with any public announcements made by the Company during the period ended 30 June 2023.

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.

The Group has adopted the going concern basis for the preparation of these consolidated interim financial statements.

c) Changes in accounting policies and disclosures

Except as disclosed below, the accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group’s consolidated annual financial statements for the year ended 31 December 2022. All relevant new and amended Accounting Standards and Interpretations, which became applicable on 1 January 2023 have been adopted by the Group.

The adoption of these new amended Accounting Standards and Interpretations did not impact the accounting policies of the Group’s consolidated interim financial statements.

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

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 31 December 2022. All relevant new and amended Accounting Standards and Interpretations which became applicable on 1 January 2023 have been adopted by the Group.

As a result of this review, the Directors have determined that there is no material impact from the new and revised Accounting Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company’s accounting policies.

2. OTHER REVENUE, INCOME AND EXPENSES

	6 months to 30 June	
	2023	2022
	AU\$'000	AU\$'000
	(Unaudited)	(Unaudited)
(a) Cost of sales		
Cost of production net of inventory movements	23,961	14,604
Depreciation of mine properties, plant, and equipment	5,187	3,327
	<u>29,148</u>	<u>17,931</u>
<i>Cost of production net of inventory movements</i>		
Mining	12,260	11,722
Processing	8,197	7,132
Other production activities	723	522
Gold inventory movements	2,781	(4,772)
	<u>23,961</u>	<u>14,604</u>
(b) Other revenue		
Finance revenue and interest	206	–
	<u>206</u>	<u>–</u>
(c) Other income		
Service income	374	286
Other	16	70
	<u>390</u>	<u>356</u>
(d) Operating expenses		
Management and administration expenses	2,171	1,971
Exploration and evaluation assets written off	–	33
Depreciation of non-mine site assets	98	107
Rehabilitation costs	127	880
	<u>2,396</u>	<u>2,991</u>
(e) Finance costs		
Interest	4	2
Other	7	7
	<u>11</u>	<u>9</u>
(f) Total employee benefits including Directors' remuneration		
Wages and salaries	3,587	3,321
Defined contribution superannuation expense	767	755
	<u>4,354</u>	<u>4,076</u>

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 2023 (30 June 2022: nil).

The Group has fully utilised its tax losses in Finland. For the period ended 30 June 2023, the Company has recognised an income tax expense of AU\$623,000 (30 June 2022: AU\$621,000) and tax liability of AU\$865,000 (31 December 2022: tax liability AU\$2,291,000).

	6 months to 30 June	
	2023	2022
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
<i>Income tax expense</i>		
The major components of income tax expense are:		
<i>Current income tax</i>		
Current income tax expense	623	621
Adjustments in respect of current income tax of previous year	1,919	1,663
Income tax payable	(1,919)	(1,663)
	<hr/>	<hr/>
Income tax expense reported in the consolidated interim statement of profit or loss	623	621
	<hr/>	<hr/>

4. TRADE AND OTHER RECEIVABLES

	At	At
	30 Jun 2023	31 Dec 2022
	<i>AU\$'000</i>	<i>AU\$'000</i>
Trade receivables – fair value through profit or loss (i)	–	1,790
Trade receivables – amortised cost (ii)	1,640	572
Other receivables (iii)	637	1,100
	<hr/>	<hr/>
	2,277	3,462
	<hr/>	<hr/>

- (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 disclosed in note 1(i). 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 subsequent to 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 2023 AU\$'000	At 31 Dec 2022 AU\$'000
<i>Amounts not yet due</i>		
Within 1 month	1,640	2,362
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	–	–
	<hr/>	<hr/>
Trade receivables	1,640	2,362

5. INVENTORIES

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Ore and concentrate stockpiles – at cost	13,697	11,391
Gold in circuit valued – at cost	2,956	7,543
Raw materials and stores – at cost	1,317	1,057
	<hr/>	<hr/>
	17,970	19,991

6. OTHER ASSETS

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Current		
Prepayments	810	343
VAT receivable	782	284
	<u>1,592</u>	<u>627</u>
Non-current		
Environmental and other bonds at amortised cost	4,863	4,927
	<u>6,455</u>	<u>5,554</u>

7. PROPERTY, PLANT AND EQUIPMENT

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Land		
Gross carrying amount – at cost	1,336	1,305
Buildings		
Gross carrying amount – at cost	2,601	2,592
Less accumulated depreciation and impairment	(2,366)	(2,325)
Net carrying amount	<u>235</u>	<u>267</u>
Property, plant, and equipment		
Gross carrying amount – at cost	41,846	40,492
Less accumulated depreciation and impairment	(36,848)	(36,064)
Net carrying amount	<u>4,998</u>	<u>4,428</u>
Mine properties		
Gross carrying amount – at cost	159,231	159,648
Less accumulated amortisation and impairment	(115,390)	(111,221)
Net carrying amount	<u>43,841</u>	<u>48,427</u>
Total property, plant, and equipment		
Gross carrying amount – at cost	205,014	204,037
Less accumulated amortisation and impairment	(154,604)	(149,610)
Net carrying amount	<u>50,410</u>	<u>54,427</u>

Included within property, plant and equipment and mine properties are AU\$16.8 million of capitalised costs (31 December 2022: AU\$15.9 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 Financial Reporting Standards. If any such indication exists, the Group shall estimate each asset or cash generating unit (“CGU”) recoverable amount. The recoverable amount is determined as the higher of a CGU’s value in use (“VIU”) and its fair value less costs of disposal (“FVLCD”).

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

The Company has reviewed the Vammala CGU and Fäboliden mine properties 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 one indicator of possible impairment, being the market capitalisation of the Company at 30 June 2023 was below the book value of its equity resulting in impairment testing being performed.

Vammala CGU

The Vammala CGU impairment assessment utilises a life of mine discounted cash flow (“DCF”) model. The recoverable amount of AU\$52.7 million (31 December 2022: AU\$45.7 million) has been determined using the VIU methodology.

The key assumptions utilised in the impairment modelling included a gold price of US\$1,917/ounce (31 December 2022: US\$1,800/ounce), a USD:SEK exchange rate of 10.20 (31 December 2022: 10.25), a USD:EUR exchange rate of 0.91 (31 December 2022: 0.95) and a pre-tax discount rate of 7.5% (31 December 2022: 6.5%).

Sensitivity to changes in assumptions

The calculation of the recoverable value is most sensitive to the gold price and foreign exchange rates specifically EUR:USD.

A fall in the gold price to US\$1,869/ounce (31 December 2022: US\$1,755/ounce) (i.e., -2.5%) in the Vammala CGU would decrease the recoverable value by AU\$3.3 million (31 December 2022: AU\$4.5 million) and would not result in impairment.

A decrease in the USD:EUR foreign exchange forecast rate of -5% in the Vammala CGU would decrease the recoverable value by AU\$6.6 million (31 December 2022: AU\$7.4 million) and would not result in impairment.

Fäboliden Mine Properties

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 Expert's Valuation conducted in accordance with the requirements set out by the Accounting Professional and Ethical Standards Board professional standard APES225 Valuation Services. The Independent Experts Valuation was conducted to reflect all new information including the decision of the Court of Appeal rejecting the Company's leave of appeal application on 14 March 2023. On 4 April 2023, the Company submitted the appeal of the Court of Appeal's ruling to the Supreme Court. The process is expected to take between 6 – 8 months.

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 31 December 2022 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. The underground resources valuation is not co-dependent on the open cut mine operations.

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 year ended 30 June 2023 (31 December 2022: nil).

8. EXPLORATION AND EVALUATION COSTS

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Balance at beginning of financial period	2,242	1,625
Additions	788	4,273
Exploration write-off	–	(34)
Reclassification to mine properties	(1,229)	(3,575)
Net foreign exchange movement	60	(47)
	<u>1,861</u>	<u>2,242</u>
Total mineral exploration and evaluation expenditure	<u>1,861</u>	<u>2,242</u>

The recoverability of the carrying amount of exploration and evaluation is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest.

9. TRADE AND OTHER PAYABLES

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Trade payables and accruals	<u>7,666</u>	<u>8,101</u>

Ageing Analysis

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

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Within 1 month	7,664	7,523
1 to 2 months	2	578
2 to 3 months	-	-
Over 3 months	<u>-</u>	<u>-</u>
Trade payables and accruals	<u>7,666</u>	<u>8,101</u>

10. PROVISIONS

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Current		
Employee entitlements	1,619	1,408
Rehabilitation	788	1,565
Other	<u>147</u>	<u>141</u>
	<u>2,554</u>	<u>3,114</u>
Non-current		
Employee entitlements	26	19
Rehabilitation	<u>27,672</u>	<u>29,226</u>
	<u>27,698</u>	<u>29,245</u>
<i>Rehabilitation movement</i>		
Balance at 1 January	30,791	24,028
Net change in rehabilitation provision	(3,240)	7,799
Rehabilitation benefit/(expenditure) during the period	259	(575)
Discount unwinding	(387)	(23)
Net foreign exchange movement	<u>1,037</u>	<u>(438)</u>
Balance at 30 June	<u>28,460</u>	<u>30,791</u>

The provisions for rehabilitation are recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various Swedish and Finnish authorities. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. Accordingly, the provisions are expected to be settled primarily at the end of the mine life, although some amounts will be settled during the mine life. Rehabilitation provisions are estimated based on survey data, external contracted rates, and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The discount rate utilised for Finland at 30 June 2023 was 4.0% (31 December 2022: 2.5%) and in Sweden was 3.8% (31 December 2022: 2.5%). Additions during the relevant periods to the rehabilitation provision include obligations that do not have an associated mining asset recognised at the end of the reporting date. The long-term inflation rates are 2.1% and 1.9% in Finland and Sweden, respectively (31 December 2022: 1.9% and 1.8%).

As at 30 June 2023, there have been no changes to the acid forming characteristics of the waste rock area included in the Group's Svartliden Closure Plan. On 18 November 2019, the Company submitted its appeal to the Court of Appeal ("COA") challenging, amongst other things, the additional security required by the Swedish Land and Environment Court ("LEC") for an engineered cover to the entire waste rock area. On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the EPA request for additional collateral security.

On 1 July 2022, the Company lodged an application for leave to appeal certain aspects of the Court's ruling to the Supreme Court. The Supreme Court denied leave to appeal on 20 September 2022, whereby the COA decision gained legal force and the rehabilitation plan items have been sent back to the LEC.

The Group continues to complete progressive rehabilitation at all its sites. Rehabilitation expected to be undertaken in the subsequent reporting period has been recognised as a current liability.

11. INTEREST BEARING LIABILITIES

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Lease liabilities		
Current		
Lease liabilities	<u>623</u>	<u>572</u>
Non-current		
Lease liabilities	<u>688</u>	<u>877</u>
	<u>1,311</u>	<u>1,449</u>

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
As at 1 January	1,449	2,013
Additions	90	58
Accretion of interest	(3)	(6)
Payments	(277)	(639)
Net foreign exchange movement	52	23
	<u>1,311</u>	<u>1,449</u>
As at 31 December	<u>1,311</u>	<u>1,449</u>

Loan facility

The Group has an unsecured AU\$27.0 million loan facility with AP Finance Limited (“**Facility**”). On 28 June 2023, the Company extended the expiry date of the Facility from 30 June 2024 to 31 December 2024. All other terms and conditions remain unchanged. At the date of this announcement, the Company has AU\$27.0 million in undrawn funds available. There have been no drawdowns since balance date. Refer to note 18 for changes to the Loan Facility after period end.

12. CONTRIBUTED EQUITY

	At 30 Jun 2023 <i>Number of Shares</i>	At 31 Dec 2022	At 30 Jun 2023 AU\$'000	At 31 Dec 2022 AU\$'000
Share capital				
Ordinary shares fully paid	158,096,613	158,171,613	140,408	140,420
Movements in issued capital	At 30 Jun 2023		At 31 Dec 2022	
	<i>AU\$'000</i>	<i>No. of Shares</i>	<i>AU\$'000</i>	<i>No. of Shares</i>
At 1 January	140,420	158,171,613	140,454	158,280,613
Share buy back and cancellation	(12)	(75,000)	(34)	(109,000)
	<u>140,408</u>	<u>158,096,613</u>	<u>140,420</u>	<u>158,171,613</u>
Balance at 30 June	<u>140,408</u>	<u>158,096,613</u>	<u>140,420</u>	<u>158,171,613</u>

The Company had previously repurchased 47,000 shares in the share buy-back of which 2,000 shares had been cancelled by 31 December 2022. The remaining 45,000 repurchased shares were cancelled by 9 January 2023.

On 6 January 2023, the Company repurchased a further 30,000 shares pursuant to the Share Buy-back Mandate granted by shareholders of the Company at the annual general meeting held 23 May 2022. The 30,000 repurchased shares were cancelled on 13 January 2023.

13. EARNINGS PER SHARE

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

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 year (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:

	2023	2022
Basic and diluted earnings per share		
Profit used in calculation of basic and diluted earnings per share (AU\$'000)	<u>26</u>	<u>3,619</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	<u>158,126,481</u>	<u>158,175,386</u>
Basic and diluted earnings per share (cents)	<u>0.02</u>	<u>2.29</u>

14. DIVIDENDS

The Board resolved not to declare any interim dividend for the period ended 30 June 2023 (30 June 2022: nil).

15. RELATED PARTY TRANSACTIONS

a) Subsidiaries

The consolidated 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	
			2023	2022
			%	%
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

b) Transactions with related parties

Except as disclosed elsewhere in the notes to the consolidated interim financial statements, the Company has the following transactions with related parties that are also exempted from the continuing connected transactions disclosures according to Rules 14A.73(6) and 14A.73(8) of the Listing Rules.

- (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 ("**Administrative Services**") including offering the use of certain space in the Company office premises located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("**Tanami**") and ASX listed base metals mining and exploration company Metals X Limited ("**Metals X**"). Tanami is an associate of APAC Resources Limited ("**APAC**"), a substantial shareholder of the Company, and hence a connected person of Dragon Mining pursuant to Rule 14A.07 of Chapter 14A of the Listing Rules. Tanami is a Company of which Messrs Dew, Smith and Procter, the Company's Non-Executive Chairman, Executive Director, and Independent Non-Executive Director are also Non-Executive Directors. Metals X is a Company of which Mr. Brett Smith is also Executive Director.
- (iii) The provision of services to Tanami commenced from 8 September 2014. During the period, the Company charged Tanami AU\$55,909 (30 June 2022: AU\$58,167) for CFO Services of which nil was outstanding at 30 June 2023 (30 June 2022: AU\$1,167) and AU\$62,485 (30 June 2022: AU\$58,248) for Administration Services of which nil was outstanding at 30 June 2023 (30 June 2022: AU\$12,155).
- (iv) The provision of services to Metals X commenced from 1 December 2020. During the period, the Company charged Metals X AU\$59,164 (30 June 2022: AU\$62,167) for CFO Services of which nil was outstanding at 30 June 2023 (30 June 2022: AU\$1,167) and AU\$167,453 (30 June 2022: AU\$147,529) for Administration Services of which nil was outstanding at 30 June 2023 (30 June 2022: AU\$21,885).
- (v) The Company and Allied Group Limited ("**AGL**") have a sharing of administrative and management services agreement ("**Agreement**") pursuant to which, the Company agrees to engage AGL and AGL agrees to provide or procure its agents or nominees to provide administrative and management services as set out in the Agreement to the Company and its subsidiaries. As at 30 June 2023, AGL owns 43.50% (30 June 2022: 41.89%) interest in APAC, an entity with significant influence over the Group, for an indirect interests of 28.84% (30 June 2023: 28.82%), The Agreement was renewed on 23 December 2022 for a term of three years commenced on 1 January 2023 and ending 31 December 2025. During the period, AGL charged the Company HK\$108,000 or AU\$20,681 (30 June 2022: HK\$96,000 or AU\$17,159) for administrative and management services of which HK\$32,000, or AU\$6,217 was outstanding at 30 June 2023 (30 June 2022: HK\$32,000 or AU\$5,798).

Entity with significant influence over the Group

As at 30 June 2023, the following entities have significant influence over the Group:

- (i) Allied Properties Resources Limited (“APRL”), a wholly owned subsidiary of APAC, owns 45,596,727 (30 June 2022: 45,596,727) ordinary shares of the Company for an interest of 28.84% (30 June 2022: 28.82%).
- (ii) Sincere View International Limited owns 31,111,899 (30 June 2022: 31,111,899) ordinary shares of the Company for an interest of 19.59% (30 June 2022: 19.59%).

16. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The Group has identified its operating segments to be Sweden and Finland, based on geographical location, different national regulatory environments, and different end products. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produces gold bullion from the Svartliden Production Centre and processed ore from test-mining activities at the Fäboliden Gold Mine. Dragon Mining Oy in Finland produces gold concentrate from the Vammala Production Centre and, processed ore from the Jokisivu, Kaapelinkulma and Orivesi Gold Mines.

Discrete financial information about each of these operating segments is reported to the Board and executive management team (the chief operating decision makers) on at least a monthly basis.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the consolidated financial statements.

Segment results include management fees and interest charged on intercompany loans, both of which are eliminated in the Group result. They also include foreign exchange movements on intercompany loans denominated in AUD, and external finance costs that relate directly to segment operations. This segment results also include intercompany sales of concentrate which occur at rates that reflect market value.

Unallocated corporate costs are non-segmental expenses such as head office expenses and finance costs that do not relate directly to segment operations.

Disaggregation of revenue and major customers

External sales in Finland relate to concentrate from the Vammala Production Centre in Finland. These sales are all made under an ongoing arrangement to one customer and the quantity of concentrate sales is agreed by the parties in advance of delivery.

Inter-segment sales in Finland relate to concentrate on-sold to the Svartliden Processing Centre for further processing.

External sales in Sweden relate to gold bullion sold on-market through National Australia Bank.

The Group's segments reflect the disaggregation of revenue by geography and product types as described above.

	Sweden At 30 Jun 2023 AU\$'000	Finland At 30 Jun 2023 AU\$'000	Unallocated At 30 Jun 2023 AU\$'000	Total At 30 Jun 2023 AU\$'000
Segment revenue				
Gold sales to external customers	33,156	(1)	–	33,155
Inter-segment sales	–	22,984	–	22,984
Elimination of inter-segment revenue	–	–	(22,984)	(22,984)
Total revenue	<u>33,156</u>	<u>22,983</u>	<u>(22,984)</u>	<u>33,155</u>
Other revenue				
Interest revenue	<u>12</u>	<u>193</u>	<u>1</u>	<u>206</u>
Total other revenue	<u>12</u>	<u>193</u>	<u>1</u>	<u>206</u>
Segment interest expense	–	<u>1</u>	<u>3</u>	<u>4</u>
Total interest expense	<u>–</u>	<u>1</u>	<u>3</u>	<u>4</u>
Depreciation and amortisation	<u>178</u>	<u>5,069</u>	<u>38</u>	<u>5,285</u>
	<u>178</u>	<u>5,069</u>	<u>38</u>	<u>5,285</u>
Segment result				
Pre-tax segment result	(241)	1,614	–	1,373
Income tax expense	–	(623)	–	(623)
Post-tax segment result	<u>(241)</u>	<u>991</u>	<u>–</u>	<u>750</u>
Unallocated items:				
Corporate services revenue				239
Corporate costs				(1,396)
Finance costs				(14)
Elimination of inter-company interest, expense, and management fees in segment results				<u>447</u>
Profit after tax as per the consolidated interim statement of profit or loss				<u>26</u>
	Sweden At 30 Jun 2023 AU\$'000	Finland At 30 Jun 2023 AU\$'000	Australia At 30 Jun 2023 AU\$'000	Total At 30 Jun 2023 AU\$'000
Non-current assets by geographic location	<u>28,913</u>	<u>29,422</u>	<u>214</u>	<u>58,549</u>

	Sweden At 30 Jun 2022 AU\$'000	Finland At 30 Jun 2022 AU\$'000	Unallocated At 30 Jun 2022 AU\$'000	Total At 30 Jun 2022 AU\$'000
Segment revenue				
Gold sales to external customers	23,312	1,091	–	24,403
Inter-segment sales	–	23,694	–	23,694
Elimination of inter-segment revenue	–	–	(23,694)	(23,694)
Total revenue	<u>23,312</u>	<u>24,785</u>	<u>(23,694)</u>	<u>24,403</u>
Segment interest expense	(1)	–	–	(1)
Unallocated interest expense	–	–	3	3
Total interest expense	<u>(1)</u>	<u>–</u>	<u>3</u>	<u>2</u>
Depreciation and amortisation	213	3,182	–	3,395
Unallocated depreciation and amortisation	–	–	39	39
Exploration expenditure written off	–	33	–	33
	<u>213</u>	<u>3,215</u>	<u>39</u>	<u>3,467</u>
Segment result				
Pre-tax segment result	(2,613)	6,742	–	4,129
Income tax expense	–	(621)	–	(621)
Post-tax segment result	<u>(2,613)</u>	<u>6,121</u>	<u>–</u>	<u>3,508</u>
Unallocated items:				
Corporate interest revenue and other income				286
Corporate costs				(590)
Finance costs				41
Elimination of inter-company interest, expense, and management fees in segment results				<u>374</u>
Profit after tax as per the consolidated interim statement of profit or loss				<u>3,619</u>
	Sweden At 31 Dec 2022 AU\$'000	Finland At 31 Dec 2022 AU\$'000	Australia At 31 Dec 2022 AU\$'000	Total At 31 Dec 2022 AU\$'000
Non-current assets by geographic location	<u>28,607</u>	<u>34,268</u>	<u>252</u>	<u>63,127</u>

17. 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.

	At 30 Jun 2023 AU\$'000	At 30 Jun 2022 AU\$'000
Within one year	28	35
One year or later and no later than five years	<u>200</u>	<u>130</u>
	<u>228</u>	<u>165</u>

b) Capital commitments

Commitments relating to the acquisition of equipment contracted for but not recognised as liabilities are as follows:

	At 30 Jun 2023 AU\$'000	At 30 Jun 2022 AU\$'000
Within one year	433	–
One year or later and no later than five years	<u>803</u>	<u>–</u>
	<u>1,236</u>	<u>–</u>

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:

	At 30 Jun 2023 AU\$'000	At 30 Jun 2022 AU\$'000
Within one year	651	413
One year or later and no later than five years	<u>2,603</u>	<u>1,200</u>
	<u>3,254</u>	<u>1,613</u>

18. SIGNIFICANT EVENTS AFTER PERIOD END

As announced on 31 May 2023, the Company and Aurion Resources Ltd (TSXV: AU) (“**Aurion**”) entered into the Agreement, pursuant to which, in consideration for the issuance of 37,500 Option Grant Shares to the Company, the Company shall grant Aurion the Option to purchase the Interests from the Group on or before 30 September 2023, at the Consideration of €5.0 million (equivalent to approximately AU\$8.2 million at that time). As previously announced, Completion of the Agreement was conditional upon the acceptance by the TSX Venture Exchange (the “**TSXV**”). The completion of the Agreement had taken place on 10 July 2023 and 37,500 Option Grant Shares had been granted to the Company as consideration for the grant of Option.

On 9 August 2023, the Company received a notice from Aurion whereby it proposed that the consideration of €5.0 million (equivalent to approximately AU\$8.4 million) for the exercise of the Option shall be paid by Aurion on 8 September 2023, of which, €4.0 million (equivalent to approximately AU\$6.7 million) shall be settled in cash and €1.0 million (equivalent to approximately AU\$1.7 million) shall be settled by way of an issue of common shares of Aurion (“**Consideration Shares**”). Upon completion of the exercise of the Option and the allotment of the said Consideration Shares, the Company shall hold a total of 2,452,910 common shares of Aurion, representing approximately 1.89% of the enlarged number of issued common shares of Aurion.

On 20 July 2023, the Company amended the following details of its unsecured AU\$27.0 million Loan Facility Agreement with AP Finance Limited:

- the Loan Facility interest rate shall be changed from 4% per annum to the Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 3% per annum; and
- the Company may select the interest period of one (1), two (2) or three (3) months commencing on the Funding Date.

All other terms and conditions remain unchanged. There have been no drawdowns from the Loan Facility at the date of this announcement.

On 4 August 2023, the Company advised that up to 31 July 2023, it has utilised HK\$24.6 million (approximately AU\$4.6 million) of the net proceeds of HK\$39.6 million (approximately AU\$7.6 million) to fund the environmental bond of €2.8 million in relation to the Group’s Jokisivu Gold Mine in Finland. The Company can apply for progressive release of the environmental bond from the Regional State Administration Agency upon completion of the rehabilitation work. The unutilised amount of the Net Proceeds of HK\$15.0 million (approximately AU\$2.9 million) remains expected to be utilised by 31 December 2023.

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 (“**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 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, and the Uunimäki Gold Project (“**Uunimäki**”). Annual production from Finland is in the range of 21,000 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 tonnes per annum 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 campaign 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;
- 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 is made 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 because the Group cares for the people who work for it and also because safety is essential to an operationally sound business. 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 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, 2 LTI's occurred at the Group's Finnish operations, both related to slipping on ice occurring during January 2023. Vammala and Jokisivu recorded 178 and 178 LTI free days, respectively. In Sweden, Svartliden recorded 2,646 days LTI free and Fäboliden 1,661 days LTI free.

	30 Jun 2023	30 Jun 2022
Lost Time Injury Frequency Rate	<u>32.2</u>	<u>10.6</u>

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

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

OPERATIONS OVERVIEW

Finland Operations

Vammala Plant

During the period, 100% of the Vammala mill feed was sourced from Jokisivu. The Vammala Plant treated 166,330 tonnes of ore (30 June 2022: 158,202 tonnes) with an average grade of 2.3 g/t gold (30 June 2022: 2.4 g/t) and achieved a process recovery of 84.8% (30 June 2022: 84.4%) to produce 10,295 ounces of gold in concentrate (30 June 2022: 10,383 ounces).

Vammala Production Centre

	30 Jun 2023	30 Jun 2022
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Ore mined (tonnes)	178,712	190,297
Mined grade (g/t gold)	2.4	2.5
Ore milled (tonnes)	166,330	158,202
Head grade (g/t gold)	2.3	2.4
Process recovery (%)	84.8%	84.4%
Gold production (oz)	10,295	10,383

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 178,712 tonnes at 2.4 g/t gold; 86,217 tonnes of ore came from ore stopes (30 June 2022: 103,001 tonnes) and the remaining 92,495 tonnes of ore came from ore development (30 June 2022: 87,296 tonnes).

Jokisivu Gold Mine

	30 Jun 2023	30 Jun 2022
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Ore mined (tonnes)	178,712	190,297
Mined grade (g/t gold)	2.4	2.5
Ore milled (tonnes)	166,330	158,202

During the period, mining at Jokisivu focussed on developing the Arpola and Kujankallio deposits simultaneously. Development of the Jokisivu decline progressed 37 metres from the 639m level to the 643m level.

Kaapelinkulma Gold Mine

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

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

The Group maintains valid exploration tenure at Kaapelinkulma with exploration and evaluation activities in the area resuming during the latter part of the year, with the completion of a 20 hole diamond core drilling campaign targeting the near surface, northerly extensions of the northern gold occurrence at Kaapelinkulma. Further details are provided later in the Exploration Review on page 43.

If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024.

Orivesi Gold Mine

Mining activities at Orivesi ceased in June 2019. The Company is awaiting approval of its Orivesi Closure Plan before it can commence rehabilitation work.

The Group maintains valid exploration tenure at Orivesi with exploration and evaluation activities in the area are continuing.

Uunimäki Gold Project

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

The Company applied for a new Exploration Licence covering 89.22 hectares and encompassing the Uunimäki gold occurrence in southern Finland during 2020. The Company was advised by the Finnish Safety and Chemicals Agency (“**Tukes**”) that the Exploration Licence had been granted on the 11 January 2022, but was subject to an appeal against Tukes decision to grant. Notification was received during the period from the Turku Administrative Court (“**Court**”) advising that the Court had rejected the appeals lodged against the granting of the Uunimäki Exploration Licence and the Exploration Licence was now legally valid.

Sweden Operations

Svartliden Production Centre

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

Svartliden Plant

During the period, most of the Vammala flotation concentrate was processed at the Svartliden Plant, which has continued to operate at below break-even to ensure the retention of staff and operational facilities in readiness for the resumption of ore processing when full-scale mining at Fäboliden is achieved. A 12.9% increase in flotation concentrate milled tonnes partially compensated for 19.0% lower head grade to produce 9,451 ounces of gold from concentrate (30 June 2022: 10,036 ounces of gold from concentrate).

	Svartliden Plant	
	30 Jun 2023	30 Jun 2022
Vammala flotation concentrate milled (tonnes)	2,819	2,496
Concentrate process recovery (%)	95.2%	92.3%
Head grade (g/t gold)	109.71	135.5
Gold production from concentrate (oz)	9,451	10,036

Fäboliden Gold Mine

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

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

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

Refer to the Permitting section covered under Operational Risks for further information on the Company Environmental Permit to commence full-scale mining at Fäboliden.

Employees

The total number of employees and contractors of the Group as at 30 June 2023 was 67 (30 June 2022: 88). Total staff costs including Directors' emoluments amounted to AU\$4.4 million (30 June 2022: AU\$4.1 million). The Group periodically reviews remuneration packages. The Directors' service fees were reviewed and approved by the Remuneration Committee on 22 November 2022. The remuneration packages for our employees generally include a basic salary component and, in certain circumstances, performance related productive incentive payments. 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, as well as other miscellaneous benefits. 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 Group, and prior to each exploration or operational activity.

Environment, Social and Governance

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

The Group's performance is reported annually and reviewed by the Audit and Risk Management Committee and the Board. Details are outlined in the "Risk Management and Internal Control" section in the Corporate Governance Report included in the Company's published 2022 annual report.

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

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

- work within the legal permitting framework and operate in accordance with our environmental management systems;
- identify, monitor, measure, evaluate and minimise our impact on the surrounding environment;
- give environmental aspects due consideration in all phases of the Groups mining projects, from exploration through to development, operation, production, and final closure; and
- act systematically to improve the planning, execution, and monitoring of its environmental performance.

Refer to the Environmental Review on pages 52 to 63 for discussion on the Group's compliance with relevant laws and regulation that have a significant impact on the Group.

The Company's 2022 ESG Report is available on the Company's website at www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/index.htm under section "Investor" and "Sustainability" respectively.

Operational Risks

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

Safety

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

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

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

Production

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

The process recovery rate and production costs are dependent on many technical assumptions and factors, including the 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 and tonnage. Plant breakdown or availability and throughput restraints may also affect the operation.

Permitting

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

As previously announced, the LEC rejected Dragon Mining's application for an Environmental Permit to commence full-scale mining at Fäboliden ("**Ruling**") as a whole, notwithstanding that the Environmental Impact Assessment ("**EIA**") was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place.

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

On 14 March 2023, the COA issued its decision, not granting the application for leave of appeal against the LEC decision to deny the Company an Environmental Permit to commence full scale mining at Fäboliden. The COA did not state its reasons for the decision.

On 6 April 2023, the Company submitted an appeal against the COA decision to the Swedish Supreme Court based on the following advice from its Swedish environmental lawyers:

1. The arguments remain as to the reason for a leave of appeal. In short, that there are reasons for another court to reconsider the facts of the case (a permit for a larger operation was issued previously), that the Ruling as to the questions of protected species shows that the legislation is not clear, that the scope of the Ruling can be questioned (the question of impact on reindeer has been decided upon in the mineral concession).
2. The above is supported by case law: in a ruling from the Swedish Supreme Court, it stated that the standard for granting a leave of appeal is set lower at the COA and that the granting of leave of appeals should be more often issued in environmental cases due to the most often complex matter of law and science.

The process is estimated to take between 6 and 8 months.

If the Company faces significant delay in the ongoing appeal process and in obtaining environmental approval for full-scale mining, it could materially and adversely affect the Company's profitability. Such delays would likely require the Company to re-evaluate the continued operation of Svartliden.

Social and Political

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

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

FINANCIAL REVIEW

The Group's operations for the period ended 30 June 2023 returned a profit before tax of AU\$0.7 million (30 June 2022: profit before tax AU\$4.2 million) and a net profit after tax of AU\$0.02 million (30 June 2022: net profit after tax AU\$3.6 million).

The decrease in net profit for the period is primarily due to the following factors:

- an increase in costs associated with mining at depth including additional ground support, an increased use of chemicals and reagents used in processing ore and concentrate, combined with price increases in the current inflationary environment;
- higher unrealised foreign exchange losses caused by fluctuations in the USD:SEK, USD:EUR, AUD:SEK, AUD:EUR and AUD:HKD during the Report Period; and
- an increase in depreciation and amortisation charges associated with a decrease in Ore Reserves.

Revenue from Customers

The Group sold 11,599 ounces of gold (30 June 2022: 9,288 ounces of gold), which delivered a 35.9% increase in revenue from customers to AU\$33.2 million (30 June 2022: AU\$24.4 million). The Group sold gold at an average spot price of US\$1,933 per ounce (30 June 2022: US\$1,860 per ounce).

Cost of Sales

Cost of sales for the period was AU\$29.2 million representing a 62.6% increase compared to the previous period (30 June 2022: AU\$17.9 million). Cost of sales includes mining, processing, other production activities, changes in inventory, and depreciation as follows:

	30 Jun 2023	30 Jun 2022	% change
Total gold sold (oz)	11,599	9,288	24.9%
Total gold produced (oz)	10,295	10,383	(0.8%)
	30 Jun 2023	30 Jun 2022	% change
	AU\$'000	AU\$'000	
Cost of sales			
a) Mining costs	12,260	11,722	4.6%
b) Processing costs	8,197	7,132	14.9%
Other production costs	723	522	38.5%
c) Gold inventory movements	2,781	(4,772)	(158.3%)
d) Depreciation expense	5,187	3,327	55.9%
Total cost of sales	29,148	17,931	62.6%

- a) Mining costs increased by 4.6% against the previous period. Despite a 6.1% decrease in ore tonnes mined, mining costs were impacted by increased ground support and the higher cost associated with mining at depth. Ore was mined from Jokisivu with the Group's Finnish operations mining 178,712 ore tonnes (30 June 2022: 190,297 ore tonnes) at an average cost of AU\$68.51 per ore tonne mined (30 June 2022: AU\$60.66 per ore tonne mined) representing an increase of 12.9% per ore tonne mined.
- b) Group processing costs increased by 14.9% which includes both Vammala and Svartliden. Vammala processing costs were AU\$4.4 million (30 June 2022: AU\$3.6 million) representing an increase of 19.6%. Vammala processed 166,330 ore tonnes (30 June 2022: 158,202 ore tonnes) representing an increase of 5.1%. Vammala processing unit costs were AU\$26.20 per ore tonne milled (30 June 2022: AU\$23.04 per ore tonne milled), an increase of 13.7%. Svartliden processed 2,819 tonnes of concentrate from Vammala (30 June 2022: 2,496 tonnes of concentrate), an increase of 12.9%.
- c) When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. During the period, the gold inventory movement resulted in costs of AU\$2.8 million being capitalised to inventory (30 June 2022: AU\$4.8 million capitalised to inventory). Fluctuations in inventory levels and value are a normal part of the Group's business operations which stem from the timing of gold pours, shipments, grade, and ore source impacting leaching and residence times, and inventory valuations.
- d) Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes over Ore Reserves, dependent on the class of asset. Depreciation costs for the period increased as a result of a decrease in the Ore Reserves.

Gross Profit

The 35.9% increase in revenue from customers compared to the 62.6% increase in cost of sales delivered a 38.1% decrease in gross profit for the period of AU\$4.0 million (30 June 2022: AU\$6.5 million increase in gross profit) and gross profit ratio of 12.1% (30 June 2022: 26.5%).

Management and Administration and Other Expenses

Other expenses include corporate costs, and rehabilitation provision changes associated with the Group's non-producing assets recognised directly in profit or loss and depreciation of non-mining assets.

There were no evaluation costs 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 2023, the Group had net assets of AU\$62.3 million (31 December 2022: AU\$60.6 million); a working capital surplus of AU\$32.1 million (31 December 2022: surplus AU\$27.6 million); and a closing market capitalisation of AU\$35.9 million or HK\$189.7 million (31 December 2022: AU\$24.6 million or HK\$129.7 million). A market capitalisation deficiency compared to net assets is an indication of possible impairment. At the end of each period, the Group performs impairment testing which did not require any asset impairment write downs for the period.

As at 30 June 2023, the Group had AU\$22.1 million in cash and cash equivalents (31 December 2022: AU\$17.7 million). During the period, the Group funded its activities with positive cash inflows from its Finnish operations.

As at 30 June 2023, the Group's gearing ratio decreased to 2.1% (31 December 2022: 2.4%), calculated by dividing total borrowings by total equity.

Interest Bearing Liabilities – AU\$27 million Unsecured Loan Facility with AP Finance Limited

The Company has an unsecured AU\$27.0 million Loan Facility with AP Finance Limited (“**Facility**”). On 28 June 2023, the Company extended the Facility availability period from 30 June 2024 to 31 December 2024. All other terms and conditions remain unchanged. The Company has not made any drawdowns since balance date. For further details on changes to the Loan Facility refer to Significant Events After Period End on page 64 of this announcement.

Use of Net Proceeds from the Company's Placement

The net proceeds from the Placement in January 2021, were HK\$39.6 million (approximately AU\$7.6 million), the entire amount will be used to contribute, in part, to the funding 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 HK\$1.99 per share (approximately AU\$0.33 per share at that time) under the Placement.

Purpose	Proposed use of proceeds <i>HK\$ Million</i>	Purpose of proceeds expressed as	Actual amount utilised from 22 January 2021	Unutilised amount as at 30 June 2023 <i>HK\$ Million</i>	Revised expected timeline for the unutilised amount
		% of net proceeds %	to 30 June 2023 <i>HK\$ Million</i>		
Fund environmental bond obligations	\$39.6	100%	–	\$39.6	To be utilised by 31 December 2023

The Company operates a number of assets in both Finland and Sweden each with its own requirement for environmental bonds. As at 30 June 2023, 100% of the net proceeds remain available to fund the Group's environmental bond obligations for its operations in Finland and Sweden.

The net proceeds were initially expected to be used within 12 months from the Placement completion date. The reason for revising the expected timeline for the unutilised amount is that the Company has appealed each of the bonding requirements, arguing for a reduction in 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. As at 30 June 2023, the various appeal proceedings were on-going and therefore the net proceeds were not yet utilised to fund the Group's environmental bond obligations. For further details on the utilisation of net proceeds refer to Significant Events After Period End on page 64 of this announcement.

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. 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, the Company expects the majority of the appeals would have progressed, if not concluded, by the end of 2023. 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 will be utilised by 31 December 2023.

On receipt of confirmation from the relevant environmental courts in Finland and Sweden, the Company will update its shareholders as and when appropriate if there are material developments on the usage of the proceeds of the Placement.

Financial Risks

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

Foreign Exchange

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

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

Commodity Price

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

Liquidity

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

Credit

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the consolidated 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, environmental and other bonds. While the Company has policies in place to ensure that sales are made to customers with an appropriate credit history, the Company is exposed to a concentration of credit risk in relation to its gold concentrate sales to a nearby smelter in Finland.

Interest Rate

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

Costs

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

Charges on Company Assets

Other than the right-of-use assets which are subject to lease, there were no charges on the Company's assets as at 30 June 2023 and 31 December 2022.

Contingent Liabilities

As at 30 June 2023, the Group has not made any material changes to any of its contingent liabilities as disclosed in the Company's 2022 annual report.

Company Strategy and Future Developments

The Company is principally engaged in gold exploration, mining, and processing in the Nordic region. The Company's objective is to focus on the development of existing and new mining assets in reasonable proximity to our process plants in Vammala, Finland and Svartliden, Sweden. The Company's a long-term business strategy is to operate responsibly considering the interests of all stakeholders including its staff, contractors, and the public including civic groups, with close attention to the environment and the general amenity in 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 governance and social responsibilities, including a focus on ongoing safety and environmental compliance, and positive interaction with the communities within which it operates.

On 14 March 2023, the COA issued its decision, not granting the application for leave of appeal for Fäboliden. On 6 April 2023, the Company submitted an appeal against the COA decision to the Swedish Supreme Court based on advice from its Swedish environmental lawyers. The process is estimated to take between 6 and 8 months.

During the period, the Company repurchased 30,000 shares in the Company (the "**Shares**") pursuant to the Buy-back Mandate granted by shareholders of the Company at the annual general meeting held 23 May 2022. The Buy-back Mandate has been renewed at the annual general meeting held 22 May 2023 ("**AGM**"). Pursuant to the renewed Buy-back Mandate, the Company is allowed to buy back up to 15,809,661 Shares, being 10% of the total number of issued Shares as at the date of the AGM, in the open market at approximate timing (the "**Share Buy-back**"). The Company will carry out any Share Buy-back in compliance with the constitution of the Company, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Corporations Act 2001 (Cth) in Australia and all other applicable laws and regulations to which the Company is subject.

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

Other than those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates, or joint ventures 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.

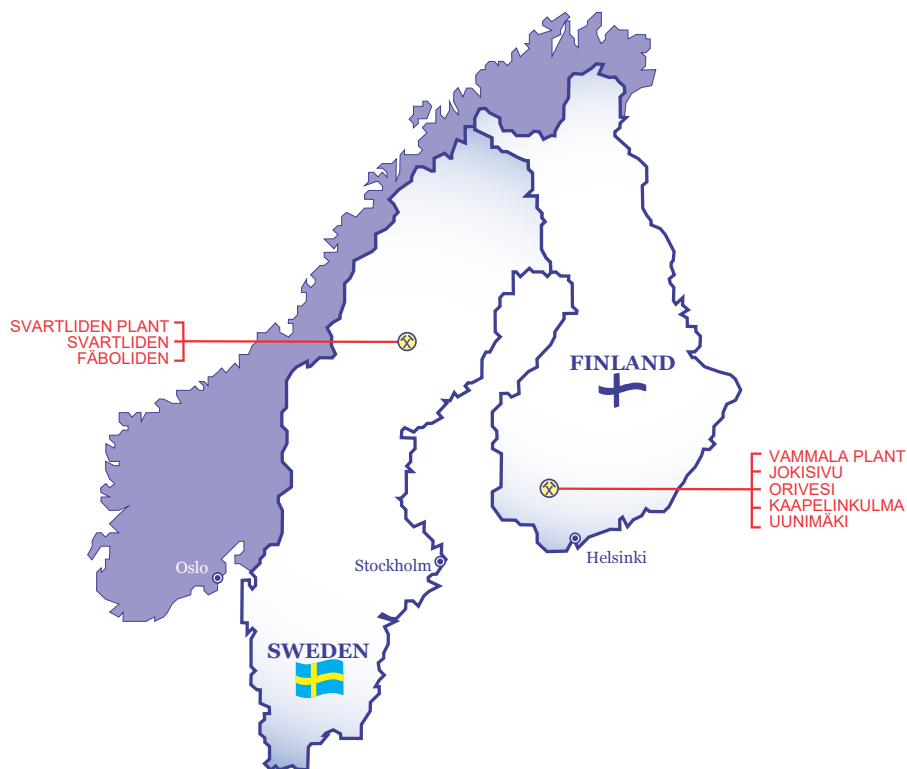
Purchase, Sale or Redemption of the Company's Listed Securities

On 6 January 2023, the Company repurchased 30,000 shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK\$24,900 (approximately AU\$4,619). During January 2023, the Company cancelled 75,000 repurchased shares including 45,000 shares repurchased, but not cancelled, in 2022. Having considered the share price and the available financial resources of the Company, the Directors formed the view that the share buy-back and the subsequent cancellation of the bought-back shares should enhance the value of the shares in the interests of the Company and the shareholders as a whole.

Month	Number of Shares repurchased	Purchase price per Share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	<u>30,000</u>	0.83	0.83	<u>24,900</u>
Total	<u>30,000</u>			<u>24,900</u>

ADVANCED PROJECTS AND EXPLORATION REVIEW

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



Project Locations

The Company continued to advance exploration activities on the Company's key projects with drilling campaigns completed at the Jokisivu Gold Mine (“**Jokisivu**”) in southern Finland. A total of 43 diamond core drill holes were completed during the period for an advance of 5,304 metres (30 June 2022: 16 diamond core holes for 2,970 metres).

In addition to drilling, the Company received the final results for drilling campaigns completed in late 2022 at Jokisivu and the Kaapelinkulma Gold Mine (“**Kaapelinkulma**”).

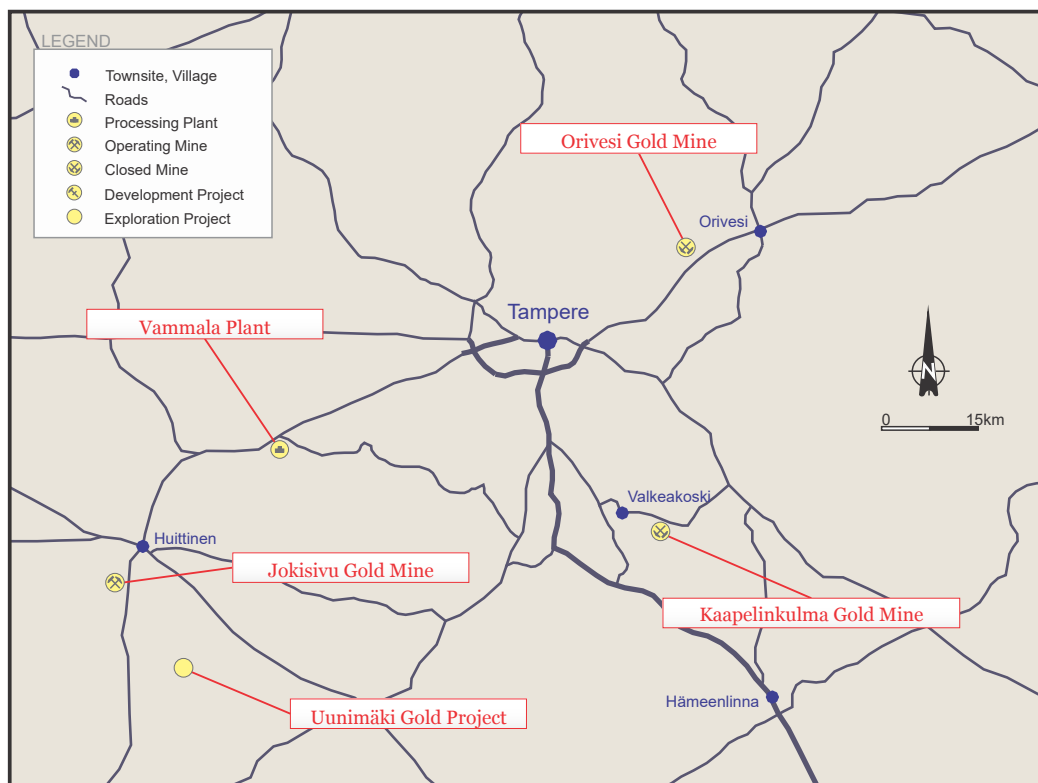
The information in this review that relates to exploration activities has been taken from announcements previously released to The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on:

- 9 February 2023 – Jokisivu Continues to Return Encouraging Intercepts.
- 19 July 2023 – Dragon Mining Advances Exploration on Key Projects in Southern Finland.

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

Exploration Finland

In southern Finland, the Company holds a series of projects that encompass a total area of 6,349 hectares that collectively form the Vammala Production Centre (“**VPC**”). The VPC is located 165 kilometres northwest of the Finnish capital Helsinki and includes the Vammala Plant, a 300,000 tonnes per annum conventional crushing, milling and flotation facility, the operational Jokisivu gold mine, Kaapelinkulma where mining ceased in April 2021, Orivesi Gold Mine (“**Orivesi**”) where mining ceased in 2019 and the Uunimäki Gold Project (“**Uunimäki**”).



Vammala Production Centre

Jokisivu Gold Mine

At Jokisivu, 43 underground diamond core holes were drilled during the period for an advance of 5,304 metres (30 June 2022: 16 holes for 2,970 metres). Drilling was directed over a series of campaigns in the Arpola, Basin Zones and Kujankallio areas.

Final results have been received for 29 of the 43 holes drilled and also for the final 8 underground diamond core drill holes completed at Jokisivu in late 2022. These drill holes have returned a series of significant intercepts above 1.0 g/t gold including the encouraging 1.00 metre @ 20.80 g/t gold, 3.80 metres @ 35.14 g/t gold, 1.00 metre @ 23.20 g/t gold and 8.00 metres @ 4.74 g/t gold from the Arpola area and 2.15 metres @ 22.98 g/t gold, 2.00 metres @ 10.00 g/t gold, 2.10 metres @ 34.74 g/t gold, 6.00 metres @ 3.78 g/t gold, 4.50 metres @ 4.99 g/t gold, 1.35 metres @ 30.41 g/t gold and 1.50 metres @ 74.10 g/t gold from the Basin Zones area. All results have been received for the campaigns undertaken in the Arpola area, results are still pending for 4 holes from the Basin Zones campaign and the 10 holes drilled during the period at Kujankallio.

The results received align well with expectations, identifying and better defining the extent and geometry of the extensions to known mineralised zones in the Arpola area and further improving definition of the mineralised zones in the Basin Zones area. The results also provide additional information to support future mine planning and development in these areas.

Drilling continues to progress on the 20 hole underground diamond core campaign that is targeting the Main and Hinge Zones at Kujankallio between the 660m and 680m levels.

Kaapelinkulma Gold Mine

A 20 hole, diamond core drilling program from surface was completed during 2022, directed at the Kaapelinkulma North gold occurrence and its northerly extensions. Final results were received during the period, returning a number of significant intercepts above 1.0 g/t gold including 2.90 metres @ 5.98 g/t gold, 3.10 metres @ 4.34 g/t gold, 3.80 metres @ 5.23 g/t gold, 2.00 metres @ 5.43 g/t gold and 0.70 metres @ 17.56 g/t gold.

Orivesi Gold Mine

No exploration activities were undertaken on the Orivesi group of tenements during the period.

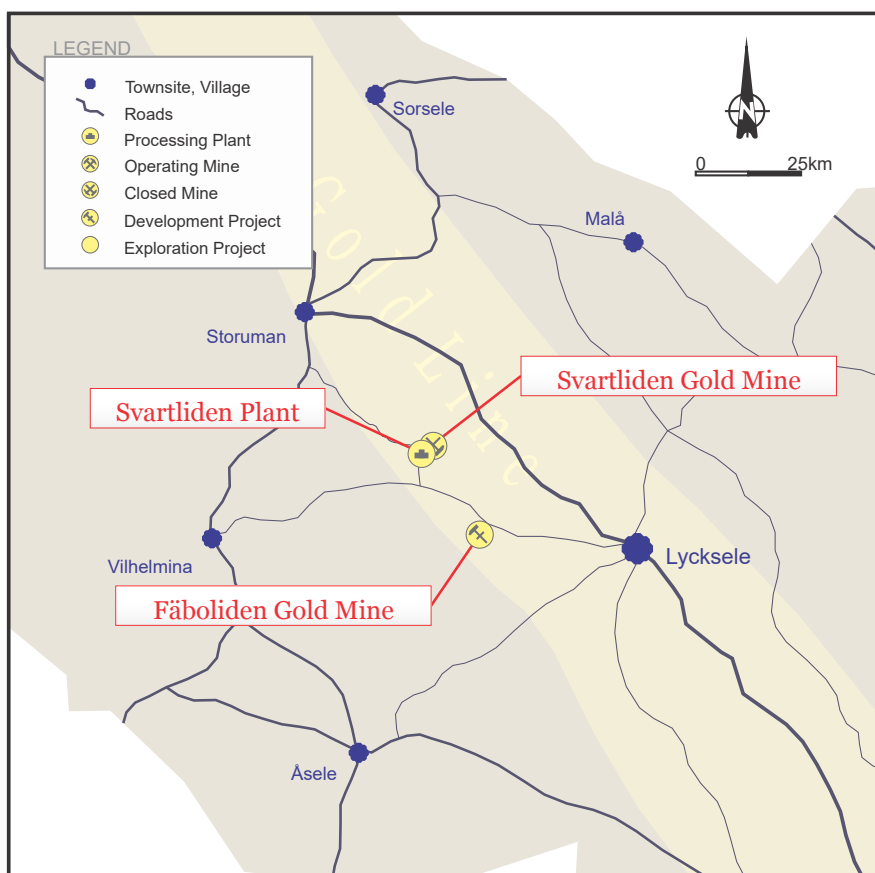
Uunimäki Gold Project

The Company applied for a new Exploration Licence covering 89.22 hectares and encompassing the Uunimäki gold occurrence in southern Finland during 2020. The Company was advised by the Finnish Safety and Chemicals Agency (“**Tukes**”) that the Exploration Licence had been granted on the 11 January 2022, but was subject to an appeal against Tukes decision to grant. Notification was received during the period from the Turku Administrative Court (“**Court**”) advising that the Court had rejected the appeals lodged against the granting of the Uunimäki Exploration Licence and the Exploration Licence was now legally valid.

Uunimäki represents an advanced gold opportunity that has previously been subjected to diamond core drilling (36 holes, 3,424 metres) and other exploratory activities including ground geophysical surveys and geochemical till surveys by the Geological Survey of Finland. Upon the Exploration Licence becoming legally valid, the Company will look to determine if the identified zones of higher-grade gold mineralisation within the Uunimäki mineralised system occurs at tonnage levels that could potentially be amenable to mining, and processing at the Company’s Vammala Plant.

Exploration Sweden

In northern Sweden, the Company holds 2,818 hectares of tenure that collectively is known as the Svartliden Production Centre (“**SPC**”). Located 750 kilometers north of Stockholm, the SPC includes the Svartliden Plant, a 300,000 tonne per annum conventional comminution and carbon in leach (“**CIL**”) plant, the Fäboliden Gold Mine (“**Fäboliden**”) and the closed Svartliden Gold Mine (“**Svartliden**”).



Svartliden Production Centre

Fäboliden Gold Mine

Following the ruling received from the Land and Environment Court in Sweden pertaining to the Environmental Permit to commence full-scale mining at Fäboliden, no exploration activities were undertaken during the period on the Fäboliden group of tenements.

Svartliden Gold Mine

No exploration activities were undertaken during the period on the Svartliden group of tenements.

Resources and Reserves

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

The Mineral Resources reported as of 31 December 2022 and inclusive of Ore Reserves returned a total for the Group of 14,000 kt grading 3.2 g/t gold for 1,400 kozs from the Mineral Resource estimates for the Jokisivu Gold Mine, Kaapelinkulma Gold Mine and Orivesi Gold Mine in Finland and the Fäboliden Gold Mine and Svartliden Gold Mine in Sweden. The Group total represents a 1.0% decrease in tonnes and 4.0% decrease in ounces when compared to the total Mineral Resource for the Group as of 31 December 2021.

Updating of the Ore Reserves lifted the total Ore Reserve for the Group to 4,200 kt grading 2.7 g/t gold for 370 kozs. from the Jokisivu Gold Mine and Fäboliden Gold Mine. This represents a 4.0% decrease in tonnes and 4.0% decrease in ounces, when compared to the total Group Ore Reserve as of 31 December 2021.

The Mineral Resource and Ore Reserve estimates were reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and are based on information compiled by a Competent Person as defined in the JORC Code. Mineral Resource and Ore Reserve information presented in this report has previously been released in detail to the HKEX on the 16 March 2023 – Mineral Resource and Ore Reserve Estimates Updated.

Mineral Resources	Measured			Indicated			Inferred			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Group Total –												
31 December 2022	940	3.9	120	6,700	3.0	640	6,500	3.2	680	14,000	3.2	1,400

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

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

Percentage variances between the 31 December 2022 and 31 December 2021 estimates are calculated using unrounded estimates.

The Group total Mineral Resources were reported at various project specific cut-off grades ranging from 0.9 g/t gold to 2.6 g/t gold based on operating costs, mining and processing recoveries from project actuals and gold prices ranging from US\$1,500 per troy ounce to US\$1,920 per troy ounces that have been extrapolated for the potential economic extraction of the resource at a level approximating 120% of an average consensus forecast gold prices ranging from US\$1,260 per troy ounce to US\$1,600 per troy ounce.

Ore Reserves	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Group Total – 31 December 2022	490	2.6	42	3,700	2.8	330	4,200	2.7	370

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

Ore Reserve estimates are reported on a dry tonne basis.

Percentage variances between the 31 December 2022 and 31 December 2021 estimates are calculated using unrounded estimates.

Ore Reserves for the Jokisivu Gold Mine were reported at an economic in-situ stope ore cut-off grade of 1.5 g/t gold and in-situ ore development cut-off grade of 0.8 g/t gold is based on a medium-term consensus forecast gold price of US\$1,600 per troy ounce gold, a EUR:USD exchange rate of 1.01, process recovery of 86%, mining factors and costs.

Ore Reserves for the Fäboliden Gold Mine were reported at an in-situ Ore cut-off grade is 1.33 g/t gold is based on a long-term consensus forecast gold price of US\$1,500 per troy ounce, a USD:SEK exchange rate of 8.66, process recovery of 80%, mining factors and costs.

Competent Persons Statement

The information in this report that relates to Exploration Results was previously released to the HKEx on 9 February 2023 – Jokisivu Continues to Return Encouraging Intercepts and 19 July 2023 – Dragon Mining Advances Exploration on Key Projects in Southern Finland. These documents can be found at www.hkex.com.hk (Stock Code: 1712). It fairly represents information and supporting documentation compiled by Mr. Neale Edwards who is a full-time employee of Dragon Mining Limited a Fellow of the Australian Institute of Geoscientists. Mr. Edwards has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Edwards has previously provided written consent for the 9 February 2023 and 19 July 2023 releases.

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results as reported on the 9 February 2023 and 19 July 2023, and the assumptions and technical parameters underpinning the results in the 9 February 2023 and 19 July 2023 releases continue to apply and have not materially changed.

The information in this report that relates to Mineral Resources was previously released to the HKEx 16 March 2023 – Mineral Resource and Ore Reserve Estimates Updated. This document can be found at www.hkex.com.hk (Stock Code: 1712). It is based on information compiled by Mr Shaun Searle an associate of MoJoe Mining Pty Ltd and a member of the Australian Institute of Geoscientists, Mr David Allmark formerly of RPM Advisory Services Pty Ltd and a Registered Member of the Australian Institute of Geoscientists and Mr Jeremy Clark formerly of RPM Global Asia Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported on the 16 March 2023, and the assumptions and technical parameters underpinning the results in the 16 March 2023 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 Resource estimates presented in this report have not been materially modified and are consistent with the 16 March 2023 release.

The information in this report that relates to Ore Reserves was previously released to the HKEx 16 March 2023 – Mineral Resource and Ore Reserve Estimates Updated. This document can be found at www.hkex.com.hk (Stock Code: 1712). It is based on information compiled by Mr Joe McDiarmid, a full-time employee of MoJoe Mining Pty Ltd and who is a Chartered Professional of the Australasian Institute of Mining and Metallurgy.

The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves as reported on the 16 March 2023, and the assumptions and technical parameters underpinning the results in the 16 March 2023 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 Ore Reserve estimates presented in this report have not been materially modified and are consistent with the 16 March 2023 release.

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 its requirements under those regulations and is not aware of any breach of such requirements as they apply to the Company, except where indicated below.

Finland

Vammala Production Centre

The Company has previously advised that the Regional State Administration Agencies ("AVI") had issued a new Environmental Permit to process 300,000 tonnes per annum of ore at Vammala. The Permit contains new crushing conditions, which the Company appealed to the Vaasa Administrative Court ("VAC") on 20 April 2020.

On 2 June 2022, a decision was received from the VAC giving the Company permission to crush ore at Vammala during the week and weekends provided that the groundwater effects of the tailings area were monitored. The VAC also requested that the environmental bond needed to be increased to include surface structures for the tailings area.

Two applications for Leave to Appeal the Vammala Environmental Permit were submitted to the Supreme Administrative Court ("SAC") on the VAC rulings. On 14 February 2023, the SAC requested a response from the Company on the appeals, with the Company responding to the SAC on 21 April 2023. Subsequently, the SAC requested that the appellants provide their comments by 26 June 2023. A decision from the SAC is pending.

Preparatory work related to the installation of groundwater monitoring tubes has been completed with the planned installation of six pipes to be completed during August 2023. At the end of May 2023, water samples were taken from the household water wells of five residents located near the Vammala mill for annual well water sampling in accordance with the new Vammala Environmental Permit regulations.

An updated waste management plan, including the cover structure plan for the tailings area and an updated bond estimate, was sent to AVI on 20 January 2023. Approval from AVI is not expected until a decision is received from the SAC on the Vammala Environmental Permit. The Company has requested leave of 6 months to place the bond once the AVI decision is final.

Updating of the discharge water monitoring program was completed by external consultants KVVY Tutkimus Oy (“**KVVY**”), and the groundwater monitoring program was completed by Finnish consultants Envineer Oy (“**Envineer**”). Both programs were submitted to the Pirkanmaa Centre for Economic Development, Transport, and the Environment (“**PIR ELY**”) for approval on 13 January 2023. In late January 2023 a request for supplemental information and clarification of the programs was received from PIR ELY. Updated plans were submitted to PIR ELY on 22 March 2023 and approval of both the discharge water monitoring program and the groundwater monitoring program was received from PIR ELY on 8 May 2023.

The annual water monitoring report for 2022 was completed by KVVY on 16 February 2023 and submitted to the relevant authority. Although there is variation in the load level between years, the load in the Kovero-oja ditch has decreased since 2013. The effect of the water from the Vammala Mill area on the water quality of the Kovero-oja ditch is seen from the water’s high electrolyte concentration and high nickel and sulphate concentrations. Based on the monitoring results, the effect of discharge waters from the Vammala plant to the water quality of the close-by lake Rautavesi is minor.

PIR ELY was informed that the crushing of Jokisivu ore at Vammala with the current crushing equipment was due for completion on 31 May 2023. The crushed ore will be transported to Vammala and fed to the mill. At Jokisivu, the Company has permission to crush 100,000 tonnes of rock a year. According to a preliminary estimate, crushed ore will be fed to Vammala until October 2023. After October, it is anticipated that crushing will take place in Vammala and with mobile crushing equipment.

The 2023 tailings dam area raising plan for Vammala was sent to the ELY Centre of Kainuu (dam safety authority) on 2 May 2023.

The dust control work in the tailings area has been carried out with liming and sprinkler water system as necessary.

Orivesi Gold Mine

The Company has previously advised that its closure plan for the Orivesi mine was submitted to AVI for approval. In January 2022, AVI granted the Company additional time to provide its responses to statements and opinions received during 2021. The Company's response was submitted to AVI on 28 February 2022. The Natura screening study commenced in February 2022 by external consultants AFRY Oy ("**AFRY**"). The screening study includes water estimation and modelling work for the phases when the mine is full of water and diverted into Lake Ala-Jalkajärvi, and how it will affect downstream into the Natura area. Expected completion of the Natura screening study is early 2023. The Natura screening study conducted by AFRY was halted in late 2022 and the Company engaged external consultants Envineer to complete the assessment. It is expected that the assessment will be completed in early 2024. Envineer produced the closure plan for Orivesi mine. The Company now intends to conduct a direct Natura assessment instead of Natura screening study. The Natura assessment supplements the Orivesi closure plan.

During May 2023, two water samples were taken from the waters discharging from the waste rock area. The results can be used in the Natura assessment for water quality modelling, i.e., the stage where the mine is full of water, and it is diverted forward to lake Ala-Jalkajärvi and into the Horhanpuro ditch Natura area.

The Company has previously announced the presence of litter stored between the 66m and 85m levels. The bulk of the material was deposited before the Company purchased the mine in late 2003 and recommenced mining in 2007.

In May 2022, the Company, and Outokumpu Mining Oy ("**Outokumpu**") signed a collaboration agreement to remove the litter. Work according to the workplan to remove litter stored between the 66m and 85m levels commenced with external consultants, YIT Suomi Oy ("**YIT**"), commencing sitework during the first week of August 2022.

In early September 2022, the main contractor completed the decline and ground supporting and repair works including scaling, road reconstruction and meshing and bolting where required. The decline was repaired to the 85m level and all necessary mine infrastructure reconstruction works were completed. The diamond drilling program continued to check geotechnical conditions of the pillar above the 66m level and the area closest to the stope between the 66m-85m levels.

Development of the new tunnel commenced in December 2022, and it was completed in early March 2023. The new tunnel was developed to the bottom of the 66m-85m stope so that stope material can be safely removed. A meeting was held with all authorities, Tukes, PIR ELY and the Finnish Police on 14 March 2023 before the stope emptying phase began, with the aim of working through the risks of the emptying work, and things to be considered before the emptying phase began so that all parties were aligned regarding safety.

The emptying phase of the stope with a remote-controlled loading machine commenced on 2 May 2023 and was completed on 17 May 2023. In total 281 truckloads (7,064 tonnes) of stope material (the major component of the tonnes is waste rock) were driven to surface. After emptying, an inspection was carried out with PIR ELY and the Finnish Police to verify that the stope was empty and could be backfilled. The backfilling of the stope commenced on 17 May and was completed on 25 May 2023. The backfilling of the stope was done with waste rock produced during the excavation of the new tunnel. On 30 May 2023, an inspection was held together with PIR ELY and the Finnish Police to check the completion of the backfill of the stope. Demolition of mine infrastructure commenced after backfilling of the stope.

Screening and sorting of the stope material commenced on 22 May 2023 and is estimated to be completed in July 2023. After screening and sorting, the middle-size fraction rocks and bigger rocks can be placed in the waste rock area, but the final placement of the very fine-grained rock material is still unclear, and the final placement will be determined after all the sample analysis is completed. All the litter/waste material will be transported to an appropriate waste handling facility.

The project's external environmental quality supervisor from Envineer will prepare a comprehensive final report on the project once all the work phases and sample analysis are finalised.

There has been no discharge of 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 has a pH of approximately 7, 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 being reflected in the metal concentrations in the downstream Lake Peräjärvi.

The annual water monitoring report for 2022 was completed by KVVY on 3 March 2023 and submitted to the relevant authorities. The high sulphate concentrations in the water of the Lake Ala-Jalkajärvi and Lake Peräjärvi deeper parts have prevented the natural full circulation, and the turnover of deeper parts water is almost non-existent in Lake Peräjärvi in particular, from a depth of about 5 to 7 meters. The effects of the mine's nitrogen load have also been significant due to the poor dilution conditions. The reduction of the nitrogen load is however already visible in Ala-Jalkajärvi as shown by a decrease in concentrations. In Lake Peräjärvi, the effects can be seen at a depth of five meters at reduced concentrations, but concentrations near the bottom are still at the same level or show a slight increase. The cessation of the nitrate load from the mine may lead to an increase of the internal load if water at the bottom part of Lake Peräjärvi remains oxygen-free.

The autumn cycle of the Lake Ala-Jalkajärvi is sometimes successful in temporarily improving the oxygen level in the bottom part of the lake. In 2022, there was no proper full water cycle based on monitoring results. The cessation of mine's discharge water is reflected in the reduction of the electrical conductivity and sulphate concentrations in the surface level water quality, but also in the lake's intermediate water level compared to previous years. 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. The pH of the Lake Ala-Jalkajärvi water remained about 7 pH, which reduces the harmful effects of metals.

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

Jokisivu Gold Mine

On 15 February 2021, the Company received the new Environmental Permit from AVI. The Environmental Permit included a significant, but not unexpected bond increase of 3.4 million EUR (approximately AU\$5.6 million) and a few new conditions, which will be difficult to achieve. On 26 March 2021, the Company submitted an appeal to the VAC Administrative Court in relation to Environmental Permit Order 16, which required the waste rock area to be partially landscaped before the completion of mining operations. On 27 January 2023, the decision from the VAC overruling the updated Environment Permit, except for one amendment to the Permit Order 22 reducing the bond amount to 2.8 million EUR (approximately AU\$4.6 million), was received. According to the VAC, the Environmental Permit update was overruled as they considered AVI did not have sufficient technical information available to issue a revised Environmental Permit. The Company can apply for a partial release decision of the bond from AVI upon completion of closure works in accordance with the Environmental Protection Act.

The new Environmental Permit application and its schedule have been discussed with AVI. AVI has granted time until the end of 2023 to submit an updated application. In late 2023, the Company intends to hold a meeting with AVI and the supervising authority, the ELY Centre of South-West Finland (“**VAR ELY**”), where the progress of supplemental information will be reviewed. The Company has started the work to update the Jokisivu Environmental Permit application together with Envineer and KVVY. The new permit application will include updates, reviews and surveys related to waste management plan, waste rocks, water balance and water body impact assessment, noise, and dust issues as well as risk assessment and closing works. According to the preliminary schedule, an updated application will be filed in late 2023. Related to the Jokisivu water issues, and as preparation work related to new environmental permit application, the Company has engaged KVVY to conduct an impact assessment of the effects of the discharge water from the mine on the water quality of the lower part of the river Loimijoki.

As the original permit application is now back with AVI, the bond amount is one of the items that could be re-evaluated during the new permit application process.

The Jokisivu flying squirrel mapping study was undertaken on 11 and 12 May 2022 by AFRY and their report was received on 24 October 2022. Results of the study showed that there is a viable population of flying squirrels in the area. The AFRY report recommends the installation of new flying squirrel huts and repairing of the old huts located within the area. The installation of 13 new huts was undertaken during June of 2023 and several older huts underwent repair. A similar mapping study was undertaken in 2018.

An annual water monitoring report for 2022 was completed by KVVY on 7 February 2023 and submitted to the relevant authorities. The total volume of discharge water diverted to the Paukkionoja ditch in 2022 was 169,314m³ (2021: 192,652 m³). Based on the monitoring results, the sulphate and nitrogen load to Paukkionoja ditch, and further to the Loimijoki river decreased compared to 2021. Diffuse load determines the water quality of the Paukkionoja ditch at the time of overflows, and the nutrient level of the water in Paukkionoja was occasionally higher than the natural level above the mine. Despite this, the effects of mine waters are clearly visible in Paukkionoja ditch, and especially with smaller flows, the sulphate, chloride, and nitrogen concentrations of the water rise significantly below the mine. The nitrogen load is for the most part in the nitrate form that doesn't consume oxygen, which reduces the harmful impacts on water bodies. However, the concentration of ammonium nitrogen in the ditch also clearly rises above the natural level. Based on the monitoring results, the effects of discharge waters from the Jokisivu mine to the water quality of the nearby river Loimijoki are minor. All discharge water analysis in the year 2022 have been conducted in compliance with the permit conditions.

Approval was received from VAR ELY for the crushing of ore at Jokisivu during this year. The amount of material expected to be crushed at the mine during 2023 is 100,000 tons, including ore and waste rocks. In line with the annual reporting requirements, the amount of ore rocks and waste rocks crushed in the area must be specified.

Kaapelinkulma Gold Mine

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

The Company is continuing exploration activities in the area with a view to recommencing mining operations and is investigating the possibility of utilising the waste rock outside the mine area. Changes to the current Environmental Permit are required before the recommencement of mining activities. If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024. PIR ELY confirmed the supplemented closure plan is now in compliance with the Environmental Permit and no further supplements are needed. PIR ELY also confirmed the research plan for contaminated soils that was prepared by Envineer has been accepted. Planned activities would also commence in 2024 in line with the closure plan.

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

The annual water monitoring report for 2022 was completed by KVVY and submitted to PIR ELY and the city of Valkeakoski on 26 January 2023. No water has been pumped from the open pit mine since April 2021. The water from the waste rock area and the field areas will continue to be diverted through the two settling ponds to the measuring well and onwards into the discharge ditch. During the mining operation and even after the termination of the operation, the water from the mining area will have affected the quality of the Haavanoja ditch water below the mine. It has been shown from time to time, increased nitrogen, sulphate, and chloride concentrations, as well as increased electrical conductivity. Arsenic and uranium concentrations, and at times nickel concentrations, were elevated in the water of Haavanoja ditch during the mining operation compared to the results of the preliminary monitoring. In 2022, the average nitrogen, sulphate and chloride concentrations had clearly decreased compared to the previous year and corresponded to the level of the preliminary monitoring carried out in 2017–2018. In 2022, Haavanoja's aluminum, arsenic, nickel, and uranium concentrations had also decreased from the previous year. Monitoring will continue in 2023 in accordance with the post-monitoring program.

On 18 November 2022, the Geological Survey of Finland (“**GTK**”) finalised their report on the possibility of utilising waste rock outside the mine area. The **GTK** responded, advising Kaapelinkulma’s waste rock was estimated to have utilisation potential outside of the mining area, however due to elevated arsenic content it will need further investigation. The Company plans to carry out additional detailed studies and sampling of different waste rock types in the waste rock stockpiling area during 2023. The **GTK** report has been sent to PIR ELY and ELY Lapland. The Ministry of Economic Affairs and Employment of Finland has commenced a project on the mine waste circular economy to save the natural environment, which forms part of the national circular economy program. The program is coordinated by ELY Lapland. More detailed surveys on the quality and re-use potential of the waste rock were ordered from the **GTK**. Sampling works were carried out on 9 and 10 May 2023. **GTK** extracted 22 aggregate samples from the waste rock area for further research and characterisation.

Till material has been transported from the local school construction site currently about 4000m³. PIR ELY had no objections to storing till at the mine site. The till will be used in Kaapelinkulma as landscaping material.

Sweden

Svartliden Rehabilitation Plan (U3)

The Company has previously announced that work to update the Svartliden Rehabilitation Plan (“**Closure Plan**”) was submitted to the Swedish Land and Environment Court (“**LEC**”) in April 2017. In May 2018, the Company updated the Closure Plan cost assessment and provided its responses to comments received from the Environmental Protection Agency (“**EPA**”) and the County Administrative Board (“**CAB**”), both of whom considered the Closure Plan and the proposed security bond as insufficient. From 24 to 26 April 2019, the Closure Plan, U1 and U2 investigations were heard by the **LEC**. On 3 September 2019, the **LEC** delivered its rulings on each of the matters. On 18 November 2019, the Company lodged an appeal in the Environment Court of Appeal (“**COA**”) against the following rulings by the **LEC**:

- the 41.0 million SEK (approximately AU\$6.4 million) additional collateral security being requested;
- the Permit conditions during the closure phase; and
- restrictions that would prevent the **CAB** from incrementally returning the Company’s security bond as rehabilitation work is progressed.

On 21 February 2021, the Company submitted its responses to statements issued by the CAB, EPA and Vapsten reindeer herders to the COA. The main hearing in the COA was held on 21-22 September 2021. On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the EPA request for additional collateral security. The COA decision was appealed by the Company to the Supreme Court on 25 March 2022. The Supreme Court denied leave to appeal on 20 September 2022, whereby the COA decision gained legal force and the rehabilitation plan items have been sent back to the LEC.

On 22 December 2022 the LEC requested the Company's view on how to proceed with the (returned) U3 case. The Company responded on 17 February 2023 and proposed a drilling and sampling program of the waste rock dump and tailings storage facility, along with humidity cell testing. On 26 April 2023, the Company proposed new investigation and provisional conditions including a provisional CPI increase of the current 33.3 million SEK security bond by 10.7 million SEK (approximately AU\$1.5 million) to a total of 44.0 million SEK. The Company is now awaiting the LEC's response.

As at 30 June 2023, the Company has not recognised the additional rehabilitation costs nor deposited any additional security bond amount.

Svartliden Change Permit for Fäboliden Ore Processing

On 30 June 2021, the Company submitted its Environmental Impact Assessment (“EIA”) with the change permit application to the LEC. The LEC thereafter requested supplementary information, which was submitted on 1 November 2021. The CAB, EPA, Vapsten reindeer herders and Lycksele Municipality has thereafter submitted further questions in August 2022. The Company submitted its responses to the LEC on 15 November 2022.

During March 2023, the CAB and Vapsten reindeer herders submitted statements regarding the change permit application. On 18 April 2023, the Company responded to the LEC requesting for the change permit application to be finalised. The Company noted the change permit is a prerequisite for production in Fäboliden in addition to current concentrate processing.

Fäboliden Environmental Permit

On 1 December 2017, the Company was granted an Environmental Permit to conduct test-mining activities at Fäboliden. The Company's test-mining operations were completed during September 2020 whereby all test-mining activities ceased as per the Environmental Permit. The Company submitted a request to the CAB on 19 August 2021 to transport and process up to 29,000 tonnes of marginal low grade waste rock from the test-mining stockpiles in Fäboliden. The CAB confirmed the request on 3 September 2021. Transport and processing were successfully carried out during October to December 2021. As a result, the environmental impact associated with the Fäboliden waste rock dump has reduced.

The Company is actively pursuing environmental approval of its application for full-scale mining activities at Fäboliden, which was submitted to the LEC in July 2018. On 4 April 2020, the application was publicly announced, and the Company submitted its responses to statements issued by the CAB and other stakeholders on 5 March 2021. Following this, additional information was deemed necessary by the CAB and as a result further field work and investigations were conducted during the remainder of year and submitted 8 December 2021. The main hearing was held during April 2022. No material problems were indicated by the LEC or the CAB who stated that the permit is permissible based on their suggested permit conditions.

On 28 June 2022, the LEC rejected the Group's Environmental Permit application for full-scale mining at Fäboliden, despite approving the EIA. The LEC cited the impact ore transport may have on reindeer herding and property owners along the public road. The LEC questioned the necessity of gold mining versus reindeer herding. Some species protection issues were raised, and the LEC stated that the water quality and discharge limit investigations were difficult to understand. Following legal advice, the Company submitted a detailed appeal to the COA on 15 December 2022.

On 14 March 2023, the Court of Appeal issued its decision, not granting the Company's application for a leave of appeal against the LEC decision to deny the Company an Environmental Permit to commence full scale mining at Fäboliden. The decision does not state the reason for the COA rejection of the Company's application for leave of appeal.

On 6 April 2023, the Company appealed the judgment to the Swedish Supreme Court based on the following advice from its Swedish environmental lawyers:

1. The arguments remain as to the reason for a leave of appeal. In short, that there are reasons for another court to reconsider the facts of the case (a permit for a larger operation was issued previously), that the Ruling as to the questions of protected species shows that the legislation is not clear, that the scope of the Ruling can be questioned (the question of impact on reindeer has been decided upon in the mineral concession).
2. The above is supported by case law: in a ruling from the Swedish Supreme Court it stated that the standard for granting a leave of appeal is set lower at the Land and Environmental Court of Appeal and that the granting of leave of appeals should be more often issued in environmental cases due to the most often complex matter of law and science.

The process is estimated to take between 6 and 8 months from the date of submission.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the period, the Company applied the principals of, and complied with, the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code under Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period ended 30 June 2023.

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 2023, 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 2023 as set out in the interim results announcement, have been agreed by the Company's Auditors, Ernst & Young, to the amounts set out in the Company's draft consolidated interim financial statements for the period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Audit and Assurance Standards Board and consequently, no assurance has been expressed by Ernst & Young on this interim results announcement.

DIVIDENDS

No dividend has been paid or declared since the commencement of the period and no dividend has been recommended by the Directors for the period ended 30 June 2023 (30 June 2022: nil).

SIGNIFICANT EVENTS AFTER PERIOD END

As announced on 31 May 2023, the Company and Aurion Resources Ltd (TSXV: AU) ("**Aurion**") entered into the Agreement, pursuant to which, in consideration for the issuance of 37,500 Option Grant Shares to the Company, the Company shall grant the Option to Aurion to purchase the Interests from the Group on or before 30 September 2023, at the Consideration of €5.0 million (equivalent to approximately AU\$8.2 million at that time). Completion of the Agreement was conditional upon the acceptance by the TSX Venture Exchange (the "**TSXV**"). The completion of the Agreement had taken place on 10 July 2023 and 37,500 Option Grant Shares had been granted to the Company as consideration for the grant of Option.

On 9 August 2023, the Company received a notice from Aurion whereby it proposed that the consideration of €5.0 million (equivalent to approximately AU\$8.4 million) for the exercise of the Option shall be paid by Aurion on 8 September 2023, of which, €4.0 million (equivalent to approximately AU\$6.7 million) shall be settled in cash and €1.0 million (equivalent to approximately AU\$1.7 million) shall be settled by way of an issue of common shares of Aurion (“**Consideration Shares**”). Upon completion of the exercise of the Option and the allotment of the said Consideration Shares, the Company shall hold a total of 2,452,910 common shares of Aurion, representing approximately 1.89% of the enlarged number of issued common shares of Aurion.

On 20 July 2023, the Company amended the following details of its unsecured AU\$27.0 million Loan Facility Agreement with AP Finance Limited:

- the Loan Facility interest rate shall be changed from 4% per annum to the Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 3% per annum; and
- the Company may select the interest period of one (1), two (2) or three (3) months commencing on the Funding Date.

All other terms and conditions remain unchanged. There were no drawdowns from the Loan Facility at the date of this announcement.

On 4 August 2023, the Company advised that up to 31 July 2023, it has utilised HK\$24.6 million (approximately AU\$4.6 million) of the net proceeds of HK\$39.6 million (approximately AU\$7.6 million) to fund the environmental bond of €2.8 million in relation to the Group’s Jokisivu Gold Mine in Finland. The Company can apply for progressive release of the environmental bond from the Regional State Administration Agency upon completion of the rehabilitation work. The unutilised amount of the Net Proceeds of HK\$15.0 million (approximately AU\$2.9 million) remains expected to be utilised by 31 December 2023.

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 2023 will be dispatched to the shareholders of the Company and published on the above websites in due course.

On behalf of the Board
Dragon Mining Limited
Arthur George Dew
Chairman

Hong Kong, 25 August 2023

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

* *for identification purpose only*