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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 RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "**Board**") of Dragon Mining Limited (the "**Company**" or "**Dragon**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 together with comparative figures for the corresponding year in 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** ***AU$'000***	2022 *AU$'000*
Revenue from customers	*22*	**60,495**	52,514
Cost of sales	*2(a)*	**(54,550)**	(45,173)
Gross profit		**5,945**	7,341
Other revenue	*2(b)*	**602**	104
Other income	*2(c)*	**9,089**	752
Exploration expenditure		**(274)**	(262)
Management and administration expenses	*2(d)*	**(5,087)**	(4,648)
Exploration and evaluation costs written off	*2(d)*	**(300)**	(34)
Other operating (expense)/benefit	*2(d)*	**(275)**	879
Finance costs	*2(e)*	**(59)**	(21)
Fair value loss on financial assets	*2(f)*	**(411)**	–
Foreign exchange (loss)/gain		**(1,703)**	628
Profit before tax		**7,527**	4,739
Income tax expense	*3*	**(2,338)**	(2,250)
Profit after income tax		**5,189**	2,489
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic and diluted earnings per share	*20*	**3.28**	1.57

The notes on pages 6 to 70 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	AU$'000	*AU$'000*
Profit after income tax (brought forward)	**5,189**	2,489
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,978**	(1,855)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)	**2,978**	(1,855)
Total comprehensive income for the year	**8,167**	634
Profit attributable to:		
Members of Dragon Mining Limited	**5,189**	2,489
	5,189	2,489
Total comprehensive income attributable to:		
Members of Dragon Mining Limited	**8,167**	634
	8,167	634

The notes on pages 6 to 70 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
		AU$'000	*AU$'000*
CURRENT ASSETS			
Cash and cash equivalents	*4*	**22,168**	17,671
Trade and other receivables	*5*	**3,416**	3,462
Inventories	*6*	**19,631**	19,991
Financial assets	*7*	**1,406**	–
Other assets	*8*	**1,071**	627
TOTAL CURRENT ASSETS		**47,692**	41,751
NON-CURRENT ASSETS			
Property, plant, and equipment	*9*	**47,730**	54,427
Mineral exploration and evaluation costs	*10*	**1,848**	2,242
Right-of-use assets	*11*	**1,241**	1,531
Other assets	*8*	**9,804**	4,927
TOTAL NON-CURRENT ASSETS		**60,623**	63,127
TOTAL ASSETS		**108,315**	104,878
CURRENT LIABILITIES			
Trade and other payables	*12*	**7,967**	8,101
Provisions	*13*	**2,222**	3,114
Interest bearing liabilities	*14*	**603**	572
Other liabilities		**85**	82
Current tax liability		**1,337**	2,291
TOTAL CURRENT LIABILITIES		**12,214**	14,160
NON-CURRENT LIABILITIES			
Provisions	*13*	**26,646**	29,245
Interest bearing liabilities	*14*	**697**	877
TOTAL NON-CURRENT LIABILITIES		**27,343**	30,122
TOTAL LIABILITIES		**39,557**	44,282
NET ASSETS		**68,758**	60,596
EQUITY			
Contributed equity	*15*	**140,408**	140,420
Reserves	*17*	**397**	(2,588)
Accumulated losses		**(72,047)**	(77,236)
TOTAL EQUITY		**68,758**	60,596

The notes on pages 6 to 70 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 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 1 January 2022	140,454	(79,725)	(3,863)	2,068	1,069	(34)	59,969
Profit after income tax for the year	–	2,489	–	–	–	–	2,489
Other comprehensive loss	–	–	(1,855)	–	–	–	(1,855)
Total comprehensive income for the year	–	2,489	(1,855)	–	–	–	634
Share buy-back and cancellation	(34)	–	–	–	–	27	(7)
Total transactions with owners	(34)	–	–	–	–	27	(7)
At 31 December 2022	140,420	(77,236)	(5,718)	2,068	1,069	(7)	60,596
At 1 January 2023	**140,420**	**(77,236)**	**(5,718)**	**2,068**	**1,069**	**(7)**	**60,596**
Profit after income tax for the year	**–**	**5,189**	**–**	**–**	**–**	**–**	**5,189**
Other comprehensive gain	**–**	**–**	**2,978**	**–**	**–**	**–**	**2,978**
Total comprehensive income for the year	**–**	**5,189**	**2,978**	**–**	**–**	**–**	**8,167**
Share buy-back and cancellation	**(12)**	**–**	**–**	**–**	**–**	**7**	**(5)**
Total transactions with owners	**(12)**	**–**	**–**	**–**	**–**	**7**	**(5)**
At 31 December 2023	**140,408**	**(72,047)**	**(2,740)**	**2,068**	**1,069**	**–**	**68,758**

The notes on pages 6 to 70 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**2023** *AU$'000*	2022 *AU$'000*
Cash flows from operating activities			
Receipts from customers		**60,541**	54,256
Payments to suppliers and employees		**(49,588)**	(44,252)
Payments for mineral exploration		**(456)**	(482)
Interest received		**601**	103
Interest paid		**(7)**	(6)
Income taxes paid		**(2,423)**	(1,233)
Net cash from operating activities	*4*	**8,668**	8,436
Cash flows from investing activities			
Payments for property, plant, and equipment		**(2,478)**	(1,461)
Payments for development activities		**(1,385)**	(2,754)
Payments for exploration and evaluation		**(1,161)**	(1,075)
Proceeds from sale of net smelter royalty		**6,435**	–
Payment for rehabilitation bonds		**(4,640)**	–
Net cash used in investing activities		**(3,229)**	(5,290)
Cash flows from financing activities			
Lease liability payments		**(167)**	(231)
Payments for share buy-back		**(5)**	(7)
Net cash used in financing activities		**(174)**	(238)
Net increase in cash and cash equivalents		**5,267**	2,908
Cash and cash equivalents at the beginning of the year		**17,671**	14,370
Effects of exchange rate changes on cash and cash equivalents		**(770)**	393
Cash and cash equivalents at the end of the year	*4*	**22,168**	17,671

The notes on pages 6 to 70 form part of this annual results announcement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND SUMMARY OF MATERIAL ACCOUNTING INFORMATION

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 results for the year ended 31 December 2023 was authorised for issue at the meeting of the Board of Directors held on 14 March 2024.

The announcement of the results of the Company for the year ended 31 December 2023, comprise the Company and its subsidiaries (together referred to as the "**Consolidated Entity**" or the "**Group**"). The Group is a for profit entity, primarily involved in gold mining operations and gold mineral exploration. The Company has direct and indirect interests in its subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Dragon Mining (Sweden) AB	Sweden 27 April 1993	SEK100,000	100%	Gold Production
Viking Gold & Prospecting AB	Sweden 3 April 1996	SEK100,000	100%	Dormant
Dragon Mining Oy	Finland 24 March 1993	EUR100,000	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 results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2023 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the IFRSs which collectively includes all applicable individual International Financial Reporting Standards ("**IFRS**"), International Accounting Standards, and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

All IFRSs effective for the accounting period commencing 1 January 2023 have been adopted by the Group and, except as noted below, accounting policies have been consistently applied throughout all periods presented. The adoption of the new and revised standards and interpretations effective 1 January 2023 had no material impact on the financial position or performance of the Group. The Group's accounting policies have been updated to reflect the new standards where applicable.

These consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

The Group has adopted the going concern basis for the preparation of this announcement.

c) Liquidity management

The Group achieved a profit before tax of AU$7.5 million (31 Dec 2022: AU$4.7 million) and a net profit after income tax of AU$5.2 million for the year ended 31 December 2022 (31 Dec 2022: net profit after income tax of AU$2.5 million). At 31 December 2023, the Group has cash and equivalents of AU$22.2 million (31 Dec 2022: AU$17.7 million), including the restricted use net proceeds from the placement completed 22 January 2021 of AU$2.7 million ("**Net Proceeds**"). On 20 December 2023, the Company extended the expiry date of its unsecured AU$27.0 million loan facility with AP Finance Limited ("**Loan Facility**") from 31 December 2024 to 30 June 2025, all other terms and conditions remain unchanged (together the "**Available Funds**").

As at 31 December 2023, the Group has a net current asset position of AU$35.5 million (31 Dec 2022: AU$27.6 million). The Loan Facility is undrawn at the date of this announcement.

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

- based on production forecasts, the Group's Finnish activities are expected to generate positive operating cash flows.

- the Group will continue to support the Swedish operations at below break-even to maintain operational readiness pending the outcome of the Group's Environmental Permit application for the Fäboliden Gold Mine ("**Fäboliden**").

- while the timing of additional environmental bond payments is ultimately determined by the relevant authority, the Forecast includes AU$31.5 million of additional environmental bond payments ("**Bond Payments**") throughout the Forecast Period. The Bond Payments consist of approximately AU$24.9 million during 2024 and AU$6.5 million during 2025.

- the Forecast assumes a progressive drawdown of the Loan Facility during the Forecast Period.

- the Forecast excludes cash flows associated with commencing full-scale mining activities at Fäboliden including any associated environmental bond.

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

d) Basis of consolidation

Control is achieved when the Company is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights in an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;

- rights arising from other contractual arrangements; and

- the Company's voting rights and potential voting rights.

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The income, expenses, assets, and liabilities of a subsidiary acquired or disposed of during the year are included in the Company's consolidated statement of profit or loss or the consolidated statement of financial position from the date the Company gains control until the date the Company ceases to have control.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control of a subsidiary, the Company:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;

- derecognises the carrying amount of any non-controlling interest;

- derecognises the cumulative translation differences recorded in equity;

- recognises the fair value of any investment retained;

- recognises the fair value of the consideration received;

- recognises any surplus or deficit in the consolidated statement of profit or loss; and

- reclassifies the Company's share of items previously recognised in other comprehensive income to the consolidated statement of profit or loss or retained earnings as appropriate.

Investments in subsidiaries are carried at cost less impairment in the Company's separate statement of financial position.

e) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from the sale of gold bullion and concentrate when control of the product has been transferred to the customer.

Concentrate sales

Concentrate is sold to a third-party through a standard Incoterm Delivery-At-Place ("**DAP**") agreement. Once the concentrate has been delivered, the Group has met its performance obligations and control passes. Revenue is recognised based on the estimated final settlement price and is determined with reference to the forward gold price. Adjustments are made for variations in assay and weight between delivery and final settlement. The final settlement price received is based on the monthly average London Metal Exchange ("**LME**") gold price for the month following delivery. Adjustments relating to quotational period pricing are recognised and measured in accordance with the policy at note 1(h).

Bullion sales

Bullion is sold on the market through the Group's metal account. The only performance obligation under the contract is the sale of gold bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs when the Group instructs the refiner to transfer the gold to the customer by crediting the metal account of the customer. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

f) Income taxes

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and for unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting or taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent it is probable that a taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

Tax consolidation legislation

The Company implemented the Australian tax consolidation legislation as of 1 July 2003. The Company has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

g) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of good and services tax ("**GST**") except:

- where the GST incurred on a purchase of goods and services is not recoverable from the tax authority; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the tax authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

h) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each Company is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group Companies

The results and financial position of all the subsidiaries of the Company (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that reporting date;

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any monetary items that form part of the net investment in a foreign entity are taken to shareholders' equity. When a foreign operation is sold, or borrowings are repaid the proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

i) Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. This category includes trade receivables relating to concentrate sales that are subject to quotation period pricing.

The terms of the concentrate sales contract contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. The final settlement is based on the monthly average LME gold price for the month following delivery (the "**quotational period**"). Movements in the fair value of the concentrate debtors are recognised in other revenue.

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

j) Inventories

Finished goods, gold concentrate, gold in circuit and stockpiles of unprocessed ore have been valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure.

Costs are assigned to stockpiles and gold in circuit inventories based on weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the cost to sell. Consumables have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

k) **Financial assets and liabilities**

Initial recognition and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification of financial assets at initial recognition, depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Hedging

Hedges of a net investment in a foreign operation are accounted for in a similar way as cash flow hedges. Gains or losses on the effective portion of the hedge are recognised directly in equity (in the FCTR) while any gains or losses relating to the ineffective portion are recognised in the profit or loss. On disposal of the foreign operation, the cumulative value of gains or losses recognised in the FCTR are transferred to profit or loss.

Hedge Ineffectiveness

The Group aims to transact only highly effective hedge relationships, and in most cases the hedging instruments have a 1:1 hedge ratio with the hedged items. However, at times, some hedge ineffectiveness can arise and is recognised in profit or loss in the period in which it occurs.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with debt instruments carried at amortised cost and/or FVOCI. The Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

l) Deferred waste

As part of open-pit mining operations, the Group incurs stripping (waste removal) costs during the development and production phase of its operations. When development stripping costs are incurred, expenditure is capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production ("**UOP**") method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred in the production phase create two benefits:

- the production of inventory; or
- improved access to future ore.

Where the benefits are realised in the form of inventories produced in the period, production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, and the benefit is improved access to future ore, the costs are recognised as a stripping activity asset in mine properties. If the costs of the inventories produced and the stripping asset are not separately identifiable, an allocation is undertaken based on the waste to ore stripping ratio (for the ore component concerned). If mining of waste in a period occurs more than the expected stripping ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life of component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventories produced.

Amortisation is provided using a UOP method over the life of the identified component of orebody. The UOP method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves) component.

m) Property, plant, and equipment

Mine properties: areas in production

Areas in production represent the accumulation of all acquired exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to an area of interest in which mines are being prepared for production or the economic mining of a mineral reserve has commenced.

When further development expenditure, including waste development, is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward to the extent that a future economic benefit is established, otherwise such expenditure is classified as part of the cost of production. Amortisation of costs is provided using a UOP method (with separate calculations being made for each mineral resource).

The UOP method results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The costs are carried forward to the extent that these costs are expected to be recouped through the successful exploitation of the Group’s mining leases. The net carrying value of each mine property is reviewed regularly and, to the extent that its carrying value exceeds its recoverable amount, the excess is fully provided against in the financial year in which it is determined.

Plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

The cost of an item of plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant, and equipment other than mining plant and equipment and land. The depreciation rates used for each class of depreciable assets are:

Other plant and equipment	5-50%
Buildings	4-33%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment

The carrying values of mine properties, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Refer to note 1(p).

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

n) Mineral exploration and evaluation costs

Exploration expenditure is expensed to the consolidated statement of profit or loss as and when it is incurred and included as part of cash flows from operating activities in the consolidated statement of cash flows. Exploration costs are only capitalised to the consolidated statement of financial position if they result from an acquisition.
Evaluation expenditure is capitalised to the consolidated statement of financial position. Evaluation is deemed to be activities undertaken from the beginning of the definitive feasibility study conducted to assess the technical and commercial viability of extracting a mineral resource before moving into the development phase.

The criteria for carrying forward costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

- Exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

Farm out arrangements

In respect of Farm Outs, the Company does not record any expenditure made by the Farmee on its account. Where there is capitalised exploration expenditure it also does not recognise any gain or loss on its exploration and evaluation Farm Out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Cash received from the Farmee is treated as a reimbursement of expenditure incurred (where expenditure is capitalised) or gains on disposal if there is no capitalised expenditure.

o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities normally of three months or less, and bank overdrafts excluding any restricted cash. Restricted cash is not available for use by the Company and is therefore not considered highly liquid (i.e., rehabilitation bonds).

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the consolidated statement of financial position.

p) Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

q) Trade and other payables

Trade and other payables are carried at amortised cost due to their short-term nature and they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

s) Interest bearing liabilities

Interest bearing liabilities includes leases, loans, and borrowings.

Leases

The Group assesses each contract at inception to determine whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets:

Property	5-50%
Plant and equipment	4-33%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 1(p).

The Group's right-of-use assets are included in note 11.

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in interest-bearing liabilities in note 14.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated considering any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the consolidated statements of profit or loss when the liabilities are derecognised, as well as through the amortisation process.

t) **Employee benefits**

Wages, salaries, and other short-term benefits

The liability for wages, salaries and other short-term benefits is recognised at the present value of expected future payments.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds or national government bonds as appropriate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions made by the Group to employee superannuation funds, defined contribution plans, are charged to the consolidated statement of profit or loss in the period employees' services are provided.

u) **Restoration and rehabilitation costs**

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation, and revegetation of affected areas.

An obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting on the provision is recorded as a finance cost in the consolidated statement of profit or loss. The carrying amount capitalised is depreciated over the life of the related asset.

v) Earnings per share

Basic earnings per share ("**EPS**") is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares.

The result is then divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There were no borrowing costs eligible for capitalisation during the year (2022: no borrowing costs eligible for capitalisation).

x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Operating segments results are regularly reviewed by the Company's chief operating decision makers and are used to make decisions about the allocation of resources and to assess performance using discrete financial information. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- geographical location;
- national regulatory environment;
- nature of the products and services; and
- nature of the production processes.

Operating segments that do not meet the quantitative criteria as prescribed by IFRS 8 Operating Segments are reported separately. An operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the consolidated financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for all other segments.

y) Contributed equity

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following Judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered to the customer's facility as this is the point in time that control is transferred, and the Group's performance obligations have been met in accordance with the sales agreements. Adjustments are made to the receivables for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement to reflect the change in fair value of the receivables.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group did not include the renewal period as part of the lease term of property. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Production start date

The Group assesses the stage of each mine under development/construction to determine when a mine transitions into the production phase, this being when the mine is substantially complete and ready for its intended use.

The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. Some of the criteria used to identify the production start date include, but are not limited to:

- level of capital expenditure incurred compared with the original construction cost estimate;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements. It is also at this point that depreciation/amortisation commences.

aa) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next reporting period are:

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. The ore reserves, mineral resources or mineralisation are reported in accordance with the Aus.IMM Australian Code for reporting of Identified Mineral Resources and Ore Reserves (the "**Code**").

The information has been prepared by or under supervision of competent persons as identified by the Code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

At 31 December 2023, the Group had an increase in its Resources and Reserves. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment through depreciation, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of comprehensive income. However, quantification of the future impact is not considered practicable.

Mine rehabilitation provisions

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 1(u). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site.

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents the Group's best estimate of the present value of the future rehabilitation costs required. The restoration activities in relation to Svartliden and Orivesi are expected to commence once all necessary approvals have been obtained.

Contingent liabilities

The Group assesses all open legal matters at each reporting date to determine whether a provision should be recognised or contingent liability disclosed. Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that arise from past events but are not recognised because:

- it is not probable that an outflow of economic benefits will be required to settle the obligation; or

- the amount cannot be measured reliably.

Contingent liabilities are not recognised, but are disclosed, unless the possibility of an outflow is remote. The Group has disclosed the contingent liabilities identified at year end in note 23.

Impairment of non-financial assets

In accordance with accounting policy note 1(p) the Consolidated Entity, in determining whether the recoverable amount of its cash-generating units is the higher of fair value less costs of disposal or value-in-use against which asset impairment is to be considered, undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its mine properties, forward estimates of:

- mine life, including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction with given technology;

- production levels and demand;

- metal price;

- inflation;

- cash costs of production;

- discount rates applicable to the cash-generating unit; and

- future legal changes and/or environmental permits.

Impairment is recognised when the carrying amount of the cash-generating unit exceeds its recoverable amount. The recoverable amount for each cash-generating unit ("**CGU**") is determined using the higher of the CGU's value in use ("**VIU**") and its fair value less costs of disposal ("**FVLCD**"), classified as level 3 on the fair value hierarchy. Any variation in the assumptions used to determine the VIU or FVLCD would result in a change to the assessed recoverable value. If the variation in assumption had a negative impact on recoverable value, it could indicate a requirement for impairment of non-current assets.

Refer to note 9 for further discussion of the current year impairment trigger assessment and calculation of the CGU recoverable values.

Income taxes

The Group is subject to income taxes in Australia, Sweden, and Finland. The Group's accounting policy for taxation stated in note 1(f) requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position.

Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless the repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends, and other capital management transactions. Judgements are also required about the application of income tax legislation.

bb) Accounting standards and interpretations issued but not yet effective

The following accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 31 December 2023 and are outlined below:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1 (effective 1 January 2024)

Amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer settlement must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and
- Disclosures.

The amendments must be applied retrospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments is also required to apply the 2022 amendments and vice versa.

Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)

In May 2023, the Board issued *amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures*. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permissible and must be disclosed.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective 1 January 2024)

The amendment to *IFRS 16 Leases* specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment to IFRS 16 is applied retrospectively to sale and leaseback transactions entered into after the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application of the amendment is permitted.

Lack of exchangeability – Amendments to IAS 21 (effective 1 January 2025)

In August 2023, the Board issued *Lack of Exchangeability (Amendments to IAS 21)*. The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. Early adoption is permitted but will need to be disclosed.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective date to be determined)

The amendments to *IFRS 10 Consolidated Financial Statements* and *IFRS 128 Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in *IFRS 3 Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

cc) Changes in Accounting Policies on Adoption of New and Amended Accounting Standards and Interpretations

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are relevant to the Group and effective as at 1 January 2023.

The adoptions of these new and amended Accounting Standards and Interpretations did not impact the accounting policies or the consolidated financial statements of the Group.

2. OTHER REVENUE, INCOME AND EXPENSES

		2023 AU$'000	2022 AU$'000
(a)	**Cost of sales**		
	Cost of production net of inventory movements	**44,895**	38,373
	Depreciation of mine properties, plant, and equipment	**9,655**	6,800
		54,550	45,173
	Cost of production net of inventory movements		
	Mining	**23,603**	22,228
	Processing	**18,397**	15,916
	Other production activities	**1,553**	807
	Gold inventory movements	**1,342**	(578)
		44,895	38,373
(b)	**Other revenue**		
	Finance revenue and interest	**601**	103
	Rent and sundry revenue	**1**	1
		602	104
(c)	**Other income**		
	Sale of net smelter royalty *(refer to note 7)*	**8,252**	–
	Service income	**777**	638
	Other	**60**	114
		9,089	752
(d)	**Operating expenses**		
	Management and administration expenses	**5,087**	4,648
	Exploration and evaluation costs written off	**300**	34
	Depreciation of non-mine site assets	**281**	201
	Rehabilitation reduction	**(6)**	(1,080)
		5,662	3,803
(e)	**Finance costs**		
	Interest	**7**	6
	Other	**52**	15
		59	21
(f)	**Fair value change in financial assets**		
	Investments at fair value through profit or loss	**411**	–
		411	–
(g)	**Total employee benefits including Directors' remuneration**		
	Wages and salaries	**7,512**	7,042
	Defined contribution superannuation expense	**1,658**	1,568
		9,170	8,610
	Wages and salaries included in:		
	Cost of sales	**6,289**	5,949
	Management and administration expenses	**2,881**	2,661
		9,170	8,610

3. INCOME TAX

	2023	2022
	AU$'000	*AU$'000*
(a) Income tax expense		
The major components of income tax expense are:		
Current income tax		
Current income tax expense	**2,338**	2,250
Adjustments in respect of current income tax of previous year	**–**	–
Deferred income tax		
Income tax benefit arising from previously unrecognised tax loss	**–**	–
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of comprehensive income	**2,338**	2,250
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged/(credited) directly to equity	**–**	–

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

	2023	2022
	AU$'000	*AU$'000*
Accounting profit before income tax	**5,189**	2,489
At the Group's statutory income tax rate of 30% in Australia (2022: 30%)	**1,557**	747
Adjustments in respect of current income tax in foreign jurisdiction	**–**	–
Effect of different rates of tax on overseas income	**(712)**	(408)
Net non-deductible expense and non-assessable income	**819**	(368)
Tax losses and other temporary differences not recognised as benefit not probable	**674**	2,279
Aggregate income tax expense	**2,338**	2,250

(d) Recognised deferred tax assets and liabilities

	2023	2022
	AU$'000	*AU$'000*
Deferred tax assets (excluding tax losses)		
Leave entitlements	**94**	73
Rehabilitation provision	**3,015**	2,602
Lease liabilities	**59**	–
Mine properties, property, plant, and equipment	**700**	696
Accruals	**115**	42
Temporary differences not recognised	**(3,715)**	(3,283)
Set off deferred tax liabilities pursuant to set off provisions	**(268)**	(380)
Deferred income tax assets	**–**	–
Deferred tax liabilities		
Accelerated deduction		
Mine properties, property, plant, and equipment	**(71)**	(216)
Financial assets	**(6)**	–
Set off deferred tax liabilities pursuant to set off provisions	**77**	216
Deferred income tax liabilities	**–**	–

(e) Tax Losses

The Group has tax losses of approximately AU$20.8 million in Australia (2022: AU$19.9 million) and approximately AU$41.1 million in Sweden (2022: AU$39.0 million) that are available indefinitely for offsetting against future taxable profits of the jurisdictions in which the losses arose. The Australian tax consolidated group has available capital losses amounting to AU$2.6 million (2022: AU$2.6 million). The Group utilised its tax losses in Finland during the year (2022: the Group utilised its tax losses in Finland during the year).

The benefits of the tax losses will only be obtained by the companies in the Consolidated Entity if:

- they continue to comply with the provisions of the Income Tax Legislation relating to the deduction of losses of prior periods;
- they earn sufficient assessable income to enable the benefits of the deductions to be realised; and
- there are no changes in Income Tax Legislation adversely affecting the Company's ability to realise the benefits.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Tax consolidation

Effective 1 July 2003, for the purpose of income taxation, Dragon Mining Limited and its 100% Australian owned subsidiaries formed a Tax Consolidation Group ("**Tax Group**"). Members of the Tax Group have entered into a tax sharing and funding arrangement whereby each entity in the Tax Group has agreed to pay a tax equivalent amount to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the Tax Group.

For the year ended 31 December 2023, there are no tax consolidation adjustments (2022: nil). The nature of the tax funding arrangement for the Tax Group is such that no tax consolidation adjustments (contributions by or distributions to equity participants) would be expected to arise. The head entity of the Tax Group is Dragon Mining Limited. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

4. CASH AND CASH EQUIVALENTS

	2023	2022
	AU$'000	*AU$'000*
Cash at bank and on hand	**19,484**	10,169
Restricted use cash[1]	**2,684**	7,502
	22,168	17,671

[1] *Restricted use cash represents the net proceeds remaining from the Placement of shares completed in January 2021. In accordance with the terms and conditions of the Placing Agreement, the entire net proceeds are to be used for the payment of the additional environmental bonds in Finland and Sweden. For further information relating to the utilisation of restricted use cash during the year refer to note 8.*

	2023	2022
	AU$'000	*AU$'000*
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net profit after tax	**5,189**	2,489
Adjustments for:		
Depreciation and amortisation	**9,936**	7,001
Exploration write-off	**300**	34
Net foreign exchange loss/(gain)	**934**	(628)
Consideration shares	**(1,817)**	–
Fair value loss in financial assets	**411**	–
Changes in operating assets and liabilities		
Decrease in receivables	**46**	1,763
(Increase)/decrease in other assets	**(1,850)**	198
Decrease/(increase) in inventories	**360**	(312)
Decrease in trade creditors	**(1,350)**	(3,189)
(Decrease)/increase in provisions	**(3,491)**	1,080
Net operating cash flows	**8,668**	8,436

	2023	2022
	AU$'000	*AU$'000*
(b) Reconciliation of liabilities from financing activities		
Opening balance – 1 January	**1,449**	2,013
Cash flows:		
Repayment of lease liabilities	**(167)**	(231)
Non-cash changes:		
Additions to lease liabilities	**186**	58
Accrued payments	**(358)**	(414)
Foreign exchange adjustments on borrowings and lease liabilities	**190**	23
Balance at year end	**1,300**	1,449

5. TRADE AND OTHER RECEIVABLES

	2023	2022
	AU$'000	*AU$'000*
Trade receivables – fair value through profit or loss (i)	**–**	1,790
Trade receivables – amortised cost (ii)	**2,826**	572
Other receivables (iii)	**590**	1,100
	3,416	3,462

(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 year 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.

The Group's exposure to credit risk and interest rate risk are disclosed in note 25(d) and 25(e).

Ageing Analysis

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

	2023	2022
	AU$'000	*AU$'000*
Amounts not yet due		
Within 1 month	**2,826**	2,362
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade receivables	**2,826**	2,362

6. INVENTORIES

	2023	2022
	AU$'000	*AU$'000*
Ore and concentrate stockpiles – at cost	**13,549**	11,391
Gold in circuit valued – at cost	**4,672**	7,543
Raw materials and stores – at cost	**1,410**	1,057
	19,631	19,991

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	AU$'000	*AU$'000*
Investments at fair value through profit or loss	**1,406**	–

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets comprise equity securities. The fair value of investments in quoted equity securities is determined by reference to their quoted closing bid price at the reporting date.

Following initial recognition, equity shares are measured at fair value being the published price quotation in an active market. Changes therein are recognised in the consolidated statement of profit or loss and presented as an unrealised gain/(loss). The fair value movement in the assets during the year was a loss of $0.41 million (2022: nil). Refer to note 1(k) for the Group's policy relating to the disclosure of financial assets.

Sale of Net Smelter Royalty to Aurion Resources Limited

The Group previously held a right to a 3% Net Smelter Return ("**NSR**") on future mineral production from Aurion Resources Limited ("**Aurion**") with respect to the Kutuvuoma Gold Project and Silassekä Vanadium Project in northern Finland. The Group was also entitled to receive a bonus payment upon the defining of one million ounces of gold equivalent material categorised as Measured and Indicated and for every additional one million ounces of gold equivalent material categorised as Measured and Indicated ("**Interests**").

On 31 May 2023, the Company and Aurion Resources Ltd (TSXV: AU) ("**Aurion**") entered into an 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 its Interests ("**Option**") at the consideration of €5.0 million ("**Consideration**"). Completion of the Agreement occurred on 10 July 2023 and 37,500 Option Grant Shares were granted to the Company as consideration for the grant of Option.

On 9 August 2023, the Company received notice from Aurion of its intent to exercise the Option. On 8 September 2023, Aurion paid the Consideration consisting of €4.0 million (equivalent to approximately AU$6.7 million) in cash and €1.0 million (equivalent to approximately AU$1.7 million) by way of an issue of common shares of Aurion subject to 4-month escrow (Consideration Shares). Following allotment of the Consideration Shares, the Company holds a total of 2,452,910 common shares of Aurion, representing approximately 1.89% of the number of issued common shares of Aurion.

At 31 December 2023, the Company continues to hold 2,452,910 Aurion shares which are escrowed until 8 January 2024. There have been no share sales as at the date of this announcement.

8. OTHER ASSETS

	2023	2022
	AU$'000	*AU$'000*
Current		
Prepayments	**295**	343
Other receivables	**776**	284
	1,071	627
Non-current		
Environmental and other bonds at amortised cost[1]	**9,804**	4,927
Total other assets	**10,875**	5,554

The environmental bonds relate to cash that has been deposited with Swedish and Finnish government authorities. The bonds are held in an interest-bearing account and can only be drawn down when rehabilitation programs have been completed and authorised by the relevant government authority. The Group's exposure to credit risk and interest rate risk is disclosed in note 25(d) and 25(e).

[1] During the year, the Company utilised HK$24.6 million (approximately AU$4.6 million) from the net proceeds of HK$39.6 million (approximately AU$7.6 million) to fund the environmental bond of €2.8 million (approximately AU$4.6 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.

9. PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	AU$'000	*AU$'000*
Land		
Gross carrying amount – at cost	**1,354**	1,305
Buildings		
Gross carrying amount – at cost	**2,609**	2,592
Less accumulated depreciation and impairment	**(2,414)**	(2,325)
Net carrying amount	**195**	267
Property, plant, and equipment		
Gross carrying amount – at cost	**42,534**	40,492
Less accumulated depreciation and impairment	**(37,144)**	(36,064)
Net carrying amount	**5,390**	4,428
Mine properties		
Gross carrying amount – at cost	**160,226**	159,648
Less accumulated amortisation and impairment	**(119,435)**	(111,221)
Net carrying amount	**40,791**	48,427
Total property, plant, and equipment		
Gross carrying amount – at cost	**206,723**	204,037
Less accumulated amortisation and impairment	**(158,993)**	(149,610)
Net carrying amount	**47,730**	54,427

Included within property, plant and equipment and mine properties are AU$19.5 million of capitalised costs (31 December 2022: AU$18.3 million) relating to Fäboliden.

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

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

The Company has reviewed the Vammala CGU and Fäboliden 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 impairment indicators 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$35.9 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 weighted average gold price of US$1,825 per ounce (31 December 2022: US$1,800 per ounce), a USD:SEK exchange rate of 10.69 (31 December 2022: 10.25), a USD:EUR exchange rate of 0.88 (31 December 2022: 0.95) and a pre-tax discount rate of 8.1% (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 weighted average gold price to US$1,779/ounce (31 December 2022: US$1,755/ounce) (i.e., -2.5% in each consensus fore year) in the Vammala CGU would decrease the recoverable value by AU$2.6 million (31 December 2022: AU$4.5 million) and would not result in impairment.

A decrease in the foreign exchange forecast rate of -2.5% in the Vammala CGU would decrease the recoverable value by AU$2.1 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 Appeals' ruling to the Supreme Court. The process is estimated to take between 6 and 8 months however at the date of this announcement the Supreme Court is yet to make its determination on the Company's appeal.

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 31 December 2023 (31 December 2022: nil).

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of year:

	2023	2022
	AU$'000	*AU$'000*
Land		
Carrying amount at beginning of year	**1,305**	1,338
Net foreign exchange movement	**49**	(33)
Carrying amount at end of year	**1,354**	1,305
Buildings		
Carrying amount at beginning of year	**267**	374
Disposals	**–**	(23)
Depreciation	**(89)**	(30)
Net foreign exchange movement	**17**	(54)
Carrying amount at end of year	**195**	267
Property, plant, and equipment		
Carrying amount at beginning of year	**4,428**	4,210
Additions	**2,362**	1,384
Transfer from other asset classes	**–**	174
Depreciation	**(1,080)**	(1,346)
Net foreign exchange movement	**320**	6
Carrying amount at end of year	**5,390**	4,428
Mine properties		
Carrying amount at beginning of year	**48,427**	40,324
Additions	**606**	11,036
Decrease in rehabilitation assets	**(4,147)**	–
Disposals	**(387)**	–
Reclassification of evaluation costs	**2,047**	3,575
Depreciation	**(8,214)**	(5,101)
Net foreign exchange movement	**2,459**	(1,407)
Carrying amount at end of year	**40,791**	48,427

10. MINERAL EXPLORATION AND EVALUATION COSTS

	2023	2022
	AU$'000	*AU$'000*
Balance at beginning of financial year	**2,242**	1,625
Additions	**2,618**	4,273
Exploration write-off	**(300)**	(34)
Reclassification to mine properties	**(2,047)**	(3,575)
Net foreign exchange movement	**(665)**	(47)
Total mineral exploration and evaluation expenditure	**1,848**	2,242

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.

11. RIGHT-OF-USE ASSETS

	2023	2022
	AU$'000	*AU$'000*
Gross carrying amount – at cost	**2,551**	2,319
Less accumulated depreciation and impairment	**(1,310)**	(788)
Net carrying amount	**1,241**	1,531

Reconciliations

Reconciliations of the carrying amounts of right-of use asset classes at the beginning and end of the reporting year:

	2023	2022
	AU$'000	*AU$'000*
Right-of-use assets – property		
Carrying amount at beginning of year	**176**	223
Additions	**89**	58
Depreciation	**(85)**	(119)
Net foreign exchange movement	**(8)**	14
Carrying amount at end of year	**172**	176
Right-of-use assets – plant and equipment		
Carrying amount at beginning of year	**1,355**	1,820
Additions	**67**	–
Transfers to property, plant, and equipment	**–**	(174)
Depreciation	**(437)**	(277)
Net foreign exchange movement	**84**	(14)
Carrying amount at end of year	**1,069**	1,355
Net carrying amount	**1,241**	1,531

The Group's lease liabilities are included in interest-bearing liabilities at note 14.

12. TRADE AND OTHER PAYABLES

	2023	2022
	AU$'000	*AU$'000*
Trade payables and accruals	**7,967**	8,101

Ageing Analysis

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

	2023	2022
	AU$'000	*AU$'000*
Within 1 month	**7,967**	7,523
1 to 2 months	**–**	578
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade payables and accruals	**7,967**	8,101

13. PROVISIONS

	2023	2022
	AU$'000	*AU$'000*
Current		
Employee entitlements	**1,726**	1,408
Rehabilitation	**350**	1,565
Other	**146**	141
	2,222	3,114
Non-current		
Employee entitlements	**35**	19
Rehabilitation	**26,611**	29,226
	26,646	29,245
Rehabilitation movement		
Balance at 1 January	**30,791**	24,028
Net change in rehabilitation provisions	**(4,143)**	7,799
Rehabilitation expenditure during the year	**(934)**	(575)
Discount unwinding	**933**	(23)
Net foreign exchange movement	**314**	(438)
Balance at 31 December	**26,961**	30,791

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 the 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 31 December 2023 was 4.5% (31 December 2022: 2.5%) and in Sweden was 4.0% (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 2.0% and 2.2% in Finland and Sweden, respectively (31 December 2022: 1.9% and 1.8%).

Svartliden Closure Plan

As at 31 December 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 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 Environmental Protection Agency's ("**EPA**") request for additional collateral security. A contingent liability in relation to this additional security has been disclosed in note 23.

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 SEK 32.6 million collateral security bond by SEK 11.4 million to SEK 44.0 million. The CAB have stated that the provisional bond amount should be SEK 52.0 million.

On 8 December 2023, the EPA submitted a statement indicating in their view, the Company's proposed conditions are insufficient, and the security bond amount should be SEK 74.0 million. The LEC requested a response from the Company to the EPA statement, the Company responded on 29 January 2024. There have been no further developments as at the date of this announcement.

Vammala Environmental Permit

As disclosed in note 26, the Supreme Administrative Court upheld the Vammala Environmental Permit but required additional monitoring on of the environmental impacts, an updated plan on the cessation of operations and an evaluation of whether the operations have caused damages to private individuals.

The Company has estimated the impact of the most recent ruling at balance date to the provision for rehabilitation in conjunction with the Company's environmental consultants. On this basis, the closure plan and rehabilitation provision represents the Company's best estimate based on all known information at the date of this announcement.

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

14. INTEREST BEARING LIABILITIES

Lease liabilities	**2023** **AU$'000**	2022 AU$'000
Current		
Lease liabilities	**603**	572
Non-current		
Lease liabilities	**697**	877
	1,300	1,449

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

	2023 **AU$'000**	2022 AU$'000
As at 1 January	**1,449**	2,013
Additions	**186**	58
Accretion of interest	**–**	(6)
Payments	**(526)**	(639)
Net foreign exchange movement	**191**	23
As at 31 December	**1,300**	1,449

The Group's right-of-use lease assets are included at note 11.

Unsecured Loan facility with AP Finance Limited

The Company has an unsecured AU$27.0 million loan facility with AP Finance Limited ("**Loan Facility**"). On 20 December 2023, the Company extended the expiry date of its Loan Facility from 31 December 2024 to 30 June 2025.

On 23 June 2023, the Company amended the following details of the Loan Facility Agreement:

- the Loan Facility interest rate was 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. The Company has not made any drawdowns at the date of this announcement.

15. CONTRIBUTED EQUITY

Share capital	**2023** Number of Shares	2022	**2023** AU$'000	2022 AU$'000
Ordinary shares fully paid	**158,096,613**	158,171,613	**140,408**	140,420

Movements in issued capital	**2023** AU$'000	No. of Shares	2022 AU$'000	No. of Shares
At January	**140,420**	**158,171,613**	140,454	158,280,613
Share buy back and cancellation	**(12)**	**(75,000)**	(34)	(109,000)
Balance at 31 December	**140,408**	**158,096,613**	140,420	158,171,613

The Company had previously repurchased 47,000 shares in the Share Buy-back of which only 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.

16. DIVIDENDS

No dividend has been paid or declared since the commencement of the year and no dividend has been recommended by the Directors for the year ended 31 December 2023 (31 December 2022: nil).

17. RESERVES

	2023 AU$'000	2022 AU$'000
Foreign currency translation reserve	**(2,740)**	(5,718)
Convertible note premium reserve	**2,068**	2,068
Equity reserve purchase of non-controlling interest	**1,069**	1,069
Treasury share reserve	**–**	(7)
	397	(2,588)

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of the consolidated financial statements of foreign subsidiaries.

Convertible note premium reserve

This reserve is used to record the equity component of any convertible notes on issue. This is a historical reserve, and no convertible notes are currently on issue.

Equity reserve – purchase of non-controlling interest

This reserve is used to record differences between the consideration paid for acquiring the remaining non-controlling interest and the carrying value of net assets attributed to the non-controlling interest. This is a historical reserve, and all subsidiaries are now wholly owned.

Treasury shares reserve

This reserve is used to record the cost of shares repurchased the Company has repurchased from its shareholders but not cancelled or retired. During the year, 75,000 shares held in reserve were cancelled (2022: 109,000 shares).

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

Directors' and Executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Directors

Mr Arthur G Dew	Non-Executive Director and Chairman of the Board (appointed 7 February 2014)
Mr Wong Tai Chun Mark	Alternate Director to Mr Arthur G Dew (appointed 19 May 2015)
Mr Brett R Smith	Executive Director and Chief Executive Officer (appointed 7 February 2014)
Ms Lam Lai	Non-Executive Director (appointed 18 July 2019)
Mr Carlisle C Procter	Independent Non-Executive Director (appointed 19 May 2015)
Mr Pak Wai Keung Martin	Independent Non-Executive Director (appointed 5 November 2018)
Mr Poon Yan Wai	Independent Non-Executive Director (appointed 5 November 2018)

Executives

Mr Neale M Edwards	Chief Geologist (appointed 19 August 1996)
Mr Daniel K Broughton	Chief Financial Officer (appointed 8 September 2014)

(b) Compensation of key management personnel

Key Management Personnel

	Year ended 31 December	
	2023	2022
	AU$	*AU$*
Short-term	**1,320,242**	1,289,148
Long-term	**74,747**	63,093
Post-employment	**124,297**	121,348
Total	**1,519,286**	1,473,589

The remuneration of Key Management Personnel ("**KMP**") is determined by the Remuneration Committee having a regard to the position, experience, qualification and performance of the individuals and market trends.

Five highest paid employees

The five highest paid employees during the year included one Director and four specified employees, for both 2023 and 2022 years.

Details of the remuneration for the year of the remaining four highest paid employees who is neither a Director nor Chief Executive of the Company are as follows:

	Year ended 31 December	
	2023	2022
	AU$	*AU$*
Salaries, allowances, and benefits in kind	**1,099,928**	990,786
Performance related bonuses	**107,578**	82,772
Pension scheme contributions	**182,254**	172,584
Total	**1,389,760**	1,246,142

The number of non-Director and non-Chief Executive highest paid employees whose remuneration fell within the following bands, presented in Hong Kong Dollars, is as follows:

	As at 31 December	
	2023	2022
Nil to HK$1,000,000	**–**	–
HK$1,000,001-HK$1,500,000	**1**	1
HK$1,500,001-HK$2,000,000	**2**	2
HK$2,000,001-HK$2,500,000	**1**	1
HK$2,500,001-HK$3,000,000	**–**	–
HK$3,000,001-HK$3,500,000	**–**	–
Total	**4**	4

In dollars		Short-Term		Other Long-Term Benefits		Post-Employment		
		Salary & Fees	Bonuses	Annual Leave Accrued	Long Service Leave Accrued	Super-annuation Benefits	Total Emoluments	Proportion of Remuneration Performance Related
Directors		*AUD*	*AUD*	*AUD*	*AUD*	*AUD*	*AUD*	*%*
Mr Arthur G Dew[(1)]	2023	90,000	–	–	–	9,675	99,675	–
(Non-Executive Chairman)	2022	90,000	–	–	–	9,225	99,225	–
Mr Brett R Smith[(2)]	2023	320,700	200,000	28,797	6,460	55,475	611,432	33%
(Executive Director)	2022	320,700	200,000	23,225	6,407	52,872	603,204	33%
Ms Lam Lai	2023	40,000	–	–	–	–	40,000	–
(Non-Executive Director)	2022	40,000	–	–	–	–	40,000	–
Mr Carlisle C Procter	2023	40,000	–	–	–	4,300	44,300	–
(Independent Non-Executive Director)	2022	40,000	–	–	–	4,100	44,100	–
Mr Poon Yan Wai	2023	30,000	–	–	–	–	30,000	–
(Independent Non-Executive Director)	2022	30,000	–	–	–	–	30,000	–
Mr Pak Wai Keung Martin	2023	30,000	–	–	–	–	30,000	–
(Independent Non-Executive Director)	2022	30,000	–	–	–	–	30,000	–
Mr Mark Wong	2023	–	–	–	–	–	–	–
(Alternate Director)	2022	–	–	–	–	–	–	–
Total all specified Directors	**2023**	**550,700**	**200,000**	**28,797**	**6,460**	**69,450**	**855,407**	**23%**
	2022	**550,700**	**200,000**	**23,225**	**6,407**	**66,197**	**846,529**	**24%**
Specified Executives								
Mr Neale M Edwards	2023	224,448	–	10,906	8,171	24,131	267,656	–
(Chief Geologist)	2022	214,698	–	5,747	4,734	22,007	247,186	–
Mr Daniel K Broughton	2023	335,094	10,000	14,346	6,067	30,716	396,223	3%
(Chief Financial Officer)	2022	303,750	20,000	18,278	4,702	33,144	379,874	5%
Total all named Executives	**2023**	**559,542**	**10,000**	**25,252**	**14,238**	**54,847**	**663,879**	**2%**
	2022	**518,448**	**20,000**	**24,025**	**9,436**	**55,151**	**627,060**	**3%**
Total all specified Directors and Executives	**2023**	**1,110,242**	**210,000**	**54,049**	**20,698**	**124,297**	**1,519,286**	**14%**
	2022	**1,069,148**	**220,000**	**47,250**	**15,843**	**121,348**	**1,473,589**	**15%**

Notes:

1. Mr Arthur Dew received certain emoluments from Allied Group Limited in relation to his services to the Allied Group Limited, a company that owns a 43.5% (2022: 43.5%) interest in APAC Resources Limited, who is a significant shareholder of the Company.

2. Mr Brett Smith is also the Chief Executive Officer of the Company and his remuneration disclosed above includes those for services rendered by him as Chief Executive Officer.

The Executive Director remuneration shown above is for the provision of services in connection with the management of the affairs of the Company and the Group.

The Non-Executive Director and Independent Non-Executive Directors' remuneration shown above are for their services as Directors of the Company.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

No Director proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

19. REMUNERATION OF AUDITORS

The Auditor of Dragon Mining Limited is Ernst & Young.

	2023	2022
	AU$	*AU$*
Ernst & Young (Australia)		
Fees for audit and review of any statutory financial reports covering the Group	**296,616**	286,764
Fees for assurance services that are required by legislation to be provided by the auditor	**12,480**	11,440
Fees for other services		
– Tax compliance	**22,000**	18,000
– Tax advice	**83,899**	90,310
– Other non-audit services	**–**	–
Total	**414,995**	406,514
Ernst & Young (other than Australia)		
Fees for audit and review of any statutory financial reports covering the Group	**113,244**	105,704
Total	**113,244**	105,704

20. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit 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 profit after tax 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 after tax used in calculation of basic and diluted earnings per share (AU$'000)	**5,189**	2,489
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	**158,126,481**	158,175,361
Basic and diluted earnings per share (cents)	**3.28**	1.57

21. 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 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 year, the Company charged Tanami AU$111,409 (2022: AU$114,715) for CFO Services of which AU$9,250 was outstanding at 31 December 2023 (31 December 2022: AU$9,669) and AU$126,656 (31 December 2022: AU$87,285) for Administration Services of which AU$10,552 was outstanding at 31 December 2023 (31 December 2022: AU$10,507). The increase in Administration Services provided to Tanami relates to the provision of company secretarial and accounting services that were provided during the year.

(iv) The provision of services to Metals X commenced from 1 December 2020. During the year, the Company charged Metals X AU$123,197 (2022: AU$119,547) for CFO Services of which AU$10,672 was outstanding at 31 December 2023 (31 December 2022: AU$9,669) and AU$357,027 (31 December 2022: AU$266,346) for Administration Services of which AU$31,392 was outstanding at 31 December 2023 (31 December 2022: AU$23,247). The increase in Administration Services provided to Metals X relates to the provision of increased accounting services.

(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 31 December 2023, AGL owns 43.50% (31 December 2022: 43.50%) interest in APAC, an entity with significant influence over the Group, for an indirect interests of 28.84% (31 December 2022: 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 year, AGL charged the Company HK$302,000 or AU$58,296 (31 December 2022: HK$192,000 or AU$35,460) for administrative and management services of which HK$69,000, or AU$13,067was outstanding at 31 December 2023 (31 December 2022: HK$32,000 or AU$6,115).

(vi) The Company has an unsecured AU$27.0 million loan facility with AP Finance Limited ("**Lender**"). The Lender is a wholly owned subsidiary of AGL. As at 31 December 2023 AGL owns 43.50% (31 December 2022: 43.50%) interest in APAC, an entity with significant influence over the Group, for an indirect interests of 28.84% (31 December 2022: 28.82%). Refer to note 14 for further information regarding the Loan Facility.

Entity with significant influence over the Group

As at 31 December 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 (31 December 2022: 45,596,727) ordinary shares of the Company for an interest of 28.84% (31 December 2022: 28.82%).

(ii) Sincere View International Limited owns 31,111,899 (31 December 2022: 31,111,899) ordinary shares of the Company for an interest of 19.59% (31 December 2022: 19.59%).

22. 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. 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 2023 *AU$'000*	Finland 2023 *AU$'000*	Unallocated 2023 *AU$'000*	Total 2023 *AU$'000*
Segment revenue				
Gold sales to external customers	**55,775**	**4,720**	**–**	**60,495**
Inter-segment sales	**–**	**44,366**	**–**	**44,366**
Elimination of inter-segment revenue	**–**	**–**	**(44,366)**	**(44,366)**
Total revenue from customers	**55,775**	**49,086**	**(44,366)**	**60,495**
Other revenue				
Interest revenue	**189**	**370**	**42**	**601**
Sundry revenue	**1**	**–**	**–**	**1**
Total other revenue	**190**	**370**	**42**	**602**
Segment interest expense	**–**	**1**	**–**	**1**
Unallocated interest expense	**–**	**–**	**6**	**6**
Total interest expense	**–**	**1**	**6**	**7**
Depreciation and amortisation	**614**	**9,246**	**–**	**9,860**
Unallocated depreciation and amortisation	**–**	**–**	**76**	**76**
Exploration expenditure written off	**–**	**300**	**–**	**300**
	614	**9,546**	**76**	**10,236**
Segment result				
Pre-tax segment result	**(1,971)**	**11,248**	**–**	**9,287**
Income tax expense	**–**	**(2,338)**	**–**	**(2,338)**
Post-tax segment result	**(1,971)**	**8,920**	**–**	**6,949**
Unallocated items:				
Corporate interest revenue				**42**
Corporate services revenue				**777**
Corporate costs				**(2,704)**
Finance costs				**(20)**
Foreign exchange loss				**(467)**
Elimination of inter-company interest, expense, and management fees in segment results				**612**
Profit after income tax as per the consolidated statement of profit or loss				**5,189**

	Sweden 2023 *AU$'000*	Finland 2023 *AU$'000*	Australia 2023 *AU$'000*	Total 2023 *AU$'000*
Non-current assets by geographic location	**30,578**	**29,804**	**241**	**60,623**

	Sweden 2022 *AU$'000*	Finland 2022 *AU$'000*	Unallocated 2022 *AU$'000*	Total 2022 *AU$'000*
Segment revenue				
Gold sales to external customers	45,703	6,811	–	52,514
Inter-segment sales	–	43,089	–	43,089
Elimination of inter-segment revenue	–	–	(43,089)	(43,089)
Total revenue from customers	45,703	49,900	(43,089)	52,514
Other revenue				
Interest revenue	37	66	–	103
Sundry revenue	1	–	–	1
Total other revenue	38	66	–	104
Segment interest expense	(1)	1	–	–
Unallocated interest expense	–	–	6	6
Total interest expense	(1)	1	6	6
Depreciation and amortisation	398	6,528	–	6,926
Unallocated depreciation and amortisation	–	–	75	75
Exploration expenditure written off	–	34	–	34
	398	6,562	75	7,035
Segment result				
Pre-tax segment result	(6,504)	12,465	–	5,961
Income tax expense	–	(2,250)	–	(2,250)
Post-tax segment result	(6,504)	10,215	–	3,711
Unallocated items:				
Corporate services revenue				648
Corporate costs				(2,848)
Finance costs				(75)
Elimination of inter-company interest, expense, and management fees in segment results				1,053
Profit after income tax as per the consolidated statement of profit or loss				2,489

	Sweden 2022 *AU$'000*	Finland 2022 *AU$'000*	Australia 2022 *AU$'000*	Total 2022 *AU$'000*
Non-current assets by geographic location	28,607	34,268	252	63,127

23. CONTINGENT ASSETS AND LIABILITIES

(i) Hanhimaa Royalty

The Group has a right to a 2% Net Smelter Return ("**NSR**") on future mineral production from Agnico Eagle Mines Limited ("**Agnico Eagle**") with respect to the Hanhimaa Gold Project in northern Finland. Agnico Eagle will have the right to buy back 1 percentage point of the 2% NSR at any time for €2.0 million cash.

The Hanhimaa Gold Project is an early-stage exploration project as at 31 December 2023 and therefore the Company has not recognised any receivables from this agreement, as the risk of reversal is considered significant.

(ii) Endomines Royalty

The Group has a right to a 1% Net Smelter Return ("**NSR**") up to €1.5 million from Endomines Oy with respect to the Mining Properties in the Hattu Schist Belt in eastern Finland ("**Mining Properties**") as described in the Purchase Agreement dated 12 October 2006. The NSR is only payable from the Mining Properties, after the Mineral Resource as defined at the Pampalo Gold Mine, at the date of sale has been mined.

(iii) Svartliden Rehabilitation Provision (U3)

In accordance with the Group's legal requirements, a provision has been recognised to provide for the anticipated future rehabilitation costs at Svartliden. The basis for the provision amount is derived from the Svartliden rehabilitation closure plan ("**Closure Plan**"), which is reviewed and updated as necessary by an independent external consultant, in accordance with the Environmental Permit provisions.

In April 2017, work to update the Closure Plan was completed and, together with comments from the Environmental Protection Agency ("**EPA**") and the County Administration Board ("**CAB**"), was submitted to the Land and Environment Court ("**LEC**"). While the methods and unit costs have not been disputed, the Company's current bond is being disputed by the EPA and CAB, both of whom considered the proposed closure bond as insufficient.

The submitted Closure Plan includes segregating the potentially acid forming waste rock ("**PAF**") from the non-acid forming waste rock ("**NAF**") into separate cells. The cost of providing an engineered hard covering of the PAF cells was included in the costings provided to the LEC in May 2018.

On 3 September 2019, the Court delivered its Rulings on the Closure Plan, whereby the LEC:

- approved the Company's investigation reports supporting the Closure Plan; and
- required the Company to increase its existing rehabilitation collateral security bond from SEK32.6 million (approximately AU$4.6 million) to SEK74.0 million (approximately AU$10.4 million). The increase can take the form of a bank guarantee and is intended to provide additional security for an engineered covering of the entire waste rock area, in the event an engineered cover of the entire waste rock area is necessary.

On 18 November 2019, the Company lodged an appeal in the Court of Appeal ("**COA**") against the following LEC Rulings:

- the amount of additional collateral security bond being requested;
- the permit conditions during the closure phase; and
- the restrictions preventing the CAB from incrementally returning the Company's security bonds as rehabilitation work is progressed.

On 16 December 2019, the COA, having considered the Company's appeal document and grounds for appeal, granted the Company leave to appeal the LEC Rulings.

On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before the COA can consider the EPA request for an additional collateral security bond. The rehabilitation plan items were 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 SEK 32.6 million collateral security bond by SEK 11.4 million to SEK 44.0 million. The CAB have stated that the provisional bond amount should be SEK 52.0 million.

On 8 December 2023, the EPA submitted a statement indicating in their view, the Company's proposed conditions are insufficient, and the security bond amount should be SEK 74.0 million. The LEC requested a response from the Company to the EPA statement, the Company responded on 29 January 2024. There have been no further developments as at the date of this announcement.

As at 31 December 2023, the Company has not recognised the additional rehabilitation costs above SEK44.0 million nor deposited any additional security bond amount.

24. 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.

	2023	2022
	AU$'000	*AU$'000*
Within one year	**54**	27
One year or later and no later than five years	**250**	147
	304	174

(b) Capital commitments

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

	2023	2022
	AU$'000	*AU$'000*
Within one year	**433**	414
One year or later and no later than five years	**803**	768
	1,236	1,182

(c) Short-term lease expense commitments

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

	2023	2022
	AU$'000	*AU$'000*
Within one year	**1**	1

(d) 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:

	2023	2022
	AU$'000	*AU$'000*
Within one year	**651**	621
One year or later and no later than five years	**2,603**	2,483
	3,254	3,104

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and Executives referred to in note 18. Directors and Executive Officers Remuneration that are not recognised as liabilities are not included in the Directors' or Executives' remuneration.

25. FINANCIAL INSTRUMENTS

(a) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and commodity price risk), credit risk, liquidity risk, and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks, where considered appropriate, to minimise potential adverse effects on financial performance without limiting the Group's potential upside.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign currency and gold price risk and assessments of market forecasts for foreign exchange and gold prices. Liquidity risk is measured through the development of rolling future cash flow forecasts at various gold prices and foreign exchange rates.

Risk management is carried out by executive management with guidance from the Audit and Risk Management Committee under policies approved by the Board. The Board also provides regular guidance for overall risk management, including guidance on specific areas, such as mitigating commodity price, foreign exchange, interest rate and credit risks, by using derivative financial instruments.

The Consolidated Entity also has a risk management program to manage its financial exposures that includes, but is not limited to, the use of derivative products, principally forward gold sales and foreign currency contracts. The Company does not enter financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in economic derivatives, hedging coverage of foreign currency and gold, credit allowances, future cash flow forecast projections and financial instruments if considered necessary.

(b) Instruments recognised at amounts other than fair value

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements at amortised cost represents their respective net fair values.

(c) Fair values for instruments recognised at fair value

At 31 December 2023, the Group has the following trade receivables at fair value through profit or loss.

	As at 31 December 2023				As at 31 December 2022			
	Quoted market price (level 1)	**Valuation technique-market observable inputs (level 2)**	**Valuation technique-non-market observable inputs (level 3)**	**Total**	Quoted market price (level 1)	Valuation technique-market observable inputs (level 2)	Valuation technique-non-market observable inputs (level 3)	Total
	AU$'000	***AU$'000***	***AU$'000***	***AU$'000***	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Trade receivables at fair value through profit or loss	**–**	**–**	**–**	**–**	–	1,790	–	1,790
Financial assets at fair value through profit or loss	**1,406**	**–**	**–**	**1,406**	–	–	–	–

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market. Trade receivables relate to concentrate sales that are still subject to price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange ("**LME**") metal prices at the final settlement date. Sales that are still subject to price adjustments at balance sheet date are fair valued by applying a discounted cash flow model incorporating credit risk and forward pricing to estimate the present value of the final settlement price using the LME forward metals prices at balance date.

The Group holds 2,452,910 shares in Aurion Resources Limited (TSXV.AU), a company listed on the Toronto Stock Exchange and whose shares are quoted in Canadian dollars ("**CAD**"). The shares are measured at fair value with changes therein reflected in the consolidated statement of profit or loss.

There were no transfers between Level 1 and Level 2 during the year.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group'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. The Group's credit risk predominantly arises from cash, cash equivalents, deposits with banks and financial institutions and other receivables.

While the Group has policies in place to ensure that sales of its products are made to customers with an appropriate credit history, the Group does have a concentration of credit risk in relation to its gold concentrate sales in Finland due to dependence for a significant volume of its sales revenues on one buyer. There is generally a six-week turnaround between shipment of gold concentrate and payment from a gold concentrate customer. The Company reduces its credit risk in relation to gold concentrate receivables in Finland by insuring 90% of the nominal value of an assigned or internal invoice with a reputable high credit quality Nordic financial institution.

However, as invoices are raised at the end of each month and shipments occur frequently throughout the month, there is credit exposure to the smelting company for the value of one month of shipments as insurance coverage commences when an invoice is raised. Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Board approval. No financial guarantees have been given during the year (2022: nil).

In relation to managing other potential credit risk exposures, the Group has in place policies that aim to ensure that derivative counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to any one financial institution is limited as far as is considered commercially appropriate. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2023	2022
	AU$'000	*AU$'000*
Cash and cash equivalents		
Counterparties with external credit ratings		
AA-	**22,168**	17,671
A	**–**	–
Total cash and cash equivalents	**22,168**	17,671

	2023	2022
	AU$'000	*AU$'000*
Trade and other receivables		
Counterparties with external credit ratings		
AAA	**466**	311
AA-	**11**	11
A+	**–**	–
A-	**–**	–
Counterparties with no defaults in the past	**2,939**	3,140
Total trade and other receivables	**3,416**	3,462

For the purposes of determining credit exposures on receivables, receivable amounts that have been factored are evaluated against the credit rating of the factoring bank, where the factored amount is insured.

	2023	2022
	AU$'000	*AU$'000*
Environmental and other bonds		
Counterparties with external credit ratings		
AAA	**9,804**	5,210
Counterparties with no defaults in the past	**–**	–
Total environmental and other bonds	**9,804**	5,210

(e) Interest rate risk

At balance date, the Group had the following financial assets and liabilities exposed to interest rate risk that are not designated as cash flow hedges:

	2023					2022				
	Floating interest rate	**Fixed interest rate**	**Non-interest bearing**	**Total**	**Average int. rate %**	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Average int. rate %
	A$'000	*A$'000*	*A$'000*	*A$'000*		*A$'000*	*A$'000*	*A$'000*	*A$'000*	
Financial assets										
Cash and cash equivalents[1]	**22,168**	**–**	**–**	**22,168**	**1.9%**	17,671	–	–	17,671	0.4%
Trade receivables – fair value through profit or loss	**–**	**–**	**–**	**–**	**-%**	1,790	–	–	1,790	-%
Environmental bonds	**9,804**	**–**		**9,804**	**–**	5,210	–	–	5,210	-%
	31,972	**–**	**–**	**31,972**	**1.3%**	24,671	–	–	24,671	0.3%
Financial liabilities										
Lease liabilities	**–**	**1,300**	**–**	**1,300**	**-%**	–	1,449	–	1,449	-%
	–	**1,300**	**–**	**1,300**	**-%**	–	1,449	–	1,449	-%

(1) Includes HK$14.3 million (approximately AU$2.7 million) of restricted use net proceeds remaining from the Company's Placement of shares issued on 22 January 2021.

(2) The Group holds 2,452,910 shares in Aurion Resources Limited (TSXV.AU), a company listed on the Toronto Stock Exchange and whose shares are quoted in Canadian dollars ("**CAD**"). The shares are measured at fair value with changes therein reflected in the consolidated statement of profit or loss in accordance with accounting policy note 1(k).

The Group regularly 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.

(f) Foreign exchange risk

As the Group sells its bullion and gold concentrate in USD and the majority of costs are denominated in Swedish Krona ("**SEK**") and Euro ("**EUR**"), an appreciating EUR and SEK, or a weakening USD exposes the Group to risks related to movements in the USD:SEK and USD:EUR exchange rates.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk can be measured by performing a sensitivity analysis that quantifies the impact of different assumed exchange rates on the Group's forecast cash flows.

As part of the risk management policy of the Group, financial instruments (foreign exchange forwards) may be used from time to time to reduce exposure to unpredictable fluctuations in the USD:SEK and USD:EUR exchange rates. Within this context, programs undertaken are structured with the objective of minimising the Group's exposure to these fluctuations.

The value of any financial instruments at any point in time will, in times of volatile market conditions, show substantial variation over the short-term. The facilities provided by the Group's various counterparties do not contain margin calls.

The Company and Group's financial performance is also affected by movements in AUD:SEK and AUD:EUR. In accordance with the requirements of International Financial Reporting Standards, exchange gains and losses on intercompany loans that do not form part of the Company's net investment in foreign operations are recognised in the consolidated statement of profit or loss.

For the year ended 31 December 2023, the Company did not enter or hold any foreign exchange derivatives. At balance date, the Group had the following significant exposure to foreign currencies:

	2023	2022
	AU$'000	*AU$'000*
USD exposure		
Entity with Euro functional currency		
Cash and cash equivalents	**6,424**	5,645
Trade receivables	**3,108**	20,191
Entity with SEK functional currency		
Cash and cash equivalents	**260**	1,821
Trade receivables	**–**	41
Trade payables	**(1,330)**	(18,413)
Entity with AUD functional currency		
Cash and cash equivalents	**5,143**	–
Net USD exposure	**13,605**	9,285
EUR exposure		
Entity with AUD functional currency		
Cash and cash equivalents	**8**	5
Trade payables	**(4)**	–
Entity with SEK functional currency		
Cash and cash equivalents	**218**	17
Trade payables	**(377)**	(55)
Net EUR exposure	**(155)**	(33)
AUD exposure		
Entity with EUR functional currency		
Cash and cash equivalents	**366**	364
Entity with SEK functional currency		
Intercompany loan	**(1,545)**	(2,030)
Net AUD exposures	**(1,179)**	(1,666)
HKD exposure		
Entities with AUD functional currency		
Cash and cash equivalents	**2,684**	6,659
Other receivables	**57**	725
Trade payables	**(19)**	–
Net HKD exposure	**2,722**	7,384
CAD exposure		
Entity with Euro functional currency		
Financial assets	**1,386**	–
Entity with AUD functional currency		
Financial assets	**20**	–
Net CAD exposure	**1,406**	–

(g) Commodity price risk

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group, a variety of financial instruments (such as gold forwards and gold call options) may be used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. For the year ended 31 December 2023, the Company did not enter or hold any commodity derivatives (31 December 2022: nil).

The Group is exposed to commodity price volatility on the sale of gold in concentrate, which is priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange ("**LME**"). The exposure is outlined as trade receivables - fair value through profit or loss in note 5.

(h) Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk and foreign exchange risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for the prior year.

31 December 2023		**Interest rate risk -0.25%**		**Interest rate risk +0.25%**	
		Profit	**Equity**	**Profit**	**Equity**
	Note	***AU$'000***	***AU$'000***	***AU$'000***	***AU$'000***
Financial assets					
Cash and cash equivalents	*1*	**(55)**	**(55)**	**55**	**55**
Government bonds	*5*	**(25)**	**(25)**	**25**	**25**
Total (decrease)/increase		**(80)**	**(80)**	**80**	**80**

31 December 2022		Interest rate risk -0.25%		Interest rate risk +0.25%	
		Profit	Equity	Profit	Equity
	Note	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Financial assets					
Cash and cash equivalents	*1*	(44)	(44)	44	44
Trade receivables – fair value through profit or loss	*2*	(4)	(4)	4	4
Government bonds	*5*	(13)	(13)	13	13
Total (decrease)/increase		(61)	(61)	61	61

31 December 2023		**Foreign exchange -10%**		**Foreign exchange +10%**	
		Profit	**Equity**	**Profit**	**Equity**
	Note	***AU$'000***	***AU$'000***	***AU$'000***	***AU$'000***
Financial assets					
Cash and cash equivalents	*1*	**(1,510)**	**(1,510)**	**1,510**	**1,510**
Trade and other receivables	*2*	**(311)**	**(311)**	**311**	**311**
Financial assets at fair value through profit or loss	*3*	**(141)**	**(141)**	**141**	**141**
Intercompany loans	*4*	**(155)**	**(155)**	**155**	**155**
Financial liabilities					
Trade payables		**173**	**173**	**(173)**	**(173)**
Total (decrease)/increase		**(1,944)**	**(1,944)**	**1,944**	**1,944**

31 December 2022		Foreign exchange -10%		Foreign exchange +10%	
		Profit	Equity	Profit	Equity
	Note	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Financial assets					
Cash and cash equivalents	*1*	(749)	(749)	749	749
Trade and other receivables	*2*	(2,023)	(2,023)	2,023	2,023
Intercompany loans	*4*	(203)	(203)	203	203
Financial liabilities					
Trade payables		1,847	1,847	(1,847)	(1,847)
Total (decrease)/increase		(1,128)	(1,128)	1,128	1,128

1. Cash and cash equivalents include deposits at call at floating and short-term fixed interest rates.

2. Trade receivables include AU$1.8 million (2022: AU$1.8 million) of gold in concentrate and gold doré receivables denominated in USD. After year end, the Company received payment for all USD denominated gold concentrate and doré trade receivables.

3. The Group holds 2,452,910 shares in Aurion Resources Limited (TSXV.AU), a company listed on the Toronto Stock Exchange and whose shares are quoted in Canadian dollars ("**CAD**"). The shares are measured at fair value with changes therein reflected in the consolidated statement of profit or loss.

4. Intercompany loans are denominated in AUD and SEK. Though these loans are eliminated upon consolidation, changes in the value of the loans due to movements in exchange rates will influence the consolidated result, since exchange gains or losses on intercompany loans that do not form part of a reporting entity's net investment in a foreign operation are recognised in the consolidated statement of profit or loss.

5. Interest bearing environmental cash bonds that have historically been deposited with Swedish and Finnish government authorities.

(j) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility using bank loans and equity raisings.

The Company has an AU$27.0 million unsecured loan facility with AP Finance Limited ("**Loan Facility**"). On 28 June 2023, the Company amended the amended the following details of its Loan Facility Agreement with AP Finance Limited:

- the Loan Facility interest rate was 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.

On 20 December 2023, the Company extended the availability period of its Loan Facility from 31 December 2024 to 30 June 2025. All other Loan Facility terms and conditions remain unchanged. There have been no drawdowns from the Loan Facility at the date of this announcement.

The contractual maturities of the Group's financial liabilities are as follows:

	2023	2022
	AU$'000	*AU$'000*
Within one year	**9,992**	11,046
Within a year of more than one year but not exceeding two years	**697**	877
	10,689	11,923

Management and the Board monitor the Group's liquidity reserve on the basis of expected future cash flows. The information that is prepared by senior management and reviewed by the Board includes bi-annual cash flow budget and forecasts.

26. SIGNIFICANT EVENTS AFTER YEAR END

On 25 January 2024, the Company executed a toll treatment agreement with nearby operation, Botnia Exploration AB ("**Botnia**") in Sweden. The agreement is for a period of 12 months with an option to renew by written agreement of both parties. The contribution from the toll treatment of Botnia's gold bearing ore will assist the Company in reducing the cost of operating the Svartliden Plant. Toll treatment activities are expected to commence in the second half of 2024.

On 22 January 2024, the Supreme Administrative Court upheld the Vammala Environmental Permit but required additional monitoring on of the environmental impacts, an updated plan on the cessation of operations and an evaluation of whether the operations have caused damages to private individuals. The additional information, plan and schedules are to be submitted to AVI by the end of 2024. In addition, the Supreme Administrative Court also amended the Vammala Plant production capacity from approximately 300,000 tonnes per annum to a maximum of 300,000 tonnes per annum. A decision on the updated plan on the surface structures for the mining waste area that was submitted in December 2022, is expected, now that the permit is legally final, during the beginning of 2024, this decision will include an update to the financial guarantee for the extractive waste handling.

27. PARENT ENTITY DISCLOSURE

	2023	2022
	AU$'000	*AU$'000*
CURRENT ASSETS		
Cash and cash equivalents	**12,990**	6,684
Trade and other receivables	**189**	879
Financial assets	**20**	–
Other assets	**163**	137
TOTAL CURRENT ASSETS	**13,362**	7,700
NON-CURRENT ASSETS		
Property, plant, and equipment	**139**	144
Right-of-use assets	**101**	109
Investment in subsidiaries	**4,477**	4,478
Intercompany loans	**793**	532
TOTAL NON-CURRENT ASSETS	**5,510**	5,263
TOTAL ASSETS	**18,872**	12,963
CURRENT LIABILITIES		
Trade and other payables	**3,216**	6,398
Provisions	**279**	225
Interest bearing liabilities	**72**	73
TOTAL CURRENT LIABILITIES	**3,567**	6,696
NON-CURRENT LIABILITIES		
Provisions	**35**	19
Interest bearing liabilities	**34**	41
TOTAL NON-CURRENT LIABILITIES	**69**	60
TOTAL LIABILITIES	**3,636**	6,756
NET ASSETS	**15,236**	6,207
EQUITY		
Contributed equity	**140,412**	140,424
Reserves	**(1,575)**	(4,114)
Accumulated losses	**(123,601)**	(130,103)
TOTAL EQUITY	**15,236**	6,207

	Contributed Equity *AU$'000*	Accumulated Losses *AU$'000*	Convertible Note Premium Reserve *AU$'000*	Other Reserves *AU$'000*	Total Equity *AU$'000*
At 1 January 2022	140,458	(108,091)	2,068	(2,651)	31,784
Loss for the year	–	(22,012)	–	–	(22,012)
Other comprehensive loss	–	–	–	(3,558)	(3,558)
Total comprehensive loss for the year	–	(22,012)	–	(3,558)	(25,570)
Share buy-back and cancellation	(34)	–	–	27	(7)
At 31 December 2022	140,424	(130,103)	2,068	(6,182)	6,207
At 1 January 2023	**140,424**	**(130,104)**	**2,068**	**(6,182)**	**6,206**
Loss for the year	**–**	**6,503**	**–**	**–**	**6,503**
Other comprehensive income	**–**	**–**	**–**	**2,532**	**2,532**
Total comprehensive income for the year	**–**	**6,503**	**–**	**2,532**	**9,035**
Share buy-back and cancellation	**(12)**	**–**	**–**	**7**	**(5)**
At 31 December 2023	**140,412**	**(123,601)**	**2,068**	**(3,643)**	**15,236**

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 year 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 year.

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 not just because the Group cares for the people who work for it, but also because a safe business is operationally sound. The Group's Code of Conduct clearly communicates its commitment towards protecting employee health and safety including conflict resolution and fair dealing.

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

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

The Group reports the Lost Time Injury Frequency Rate ("**LTIFR**") to measure workplace safety and track the Group's 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 year, 3 LTI's occurred at the Group's Finnish operations. Vammala and Jokisivu recorded 1 LTI relating to slipping on ice occurring during January 2023. In July 2023, a contractor sustained an ankle injury during a fall at Vammala. Vammala and Jokisivu recorded 8 and 240 LTI free days, respectively. In Sweden, Svartliden recorded 2,708 days LTI free and Fäboliden 1,723 days LTI free.

	2023	2022
Lost Time Injury Frequency Rate	**26.7**	26.9

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

The Vammala Plant treated 321,096 tonnes of ore at an average grade of 2.3 g/t gold and achieved a process recovery of 84.9% to produce 20,159 ounces of gold in concentrate (2022: 21,030 ounces of gold in concentrate). The 4.1% decrease in gold production is a consequence of less tonnes and lower process recovery. During the year, Vammala mill feed was sourced from Jokisivu.

	Vammala Production Centre	
	2023	2022
Ore mined (tonnes)	**322,277**	319,535
Mined grade (g/t gold)	**2.4**	2.6
Ore milled (tonnes)	**321,096**	324,940
Head grade (g/t gold)	**2.3**	2.3
Process recovery (%)	**84.9%**	85.9%
Gold production (oz)	**20,159**	21,030

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 322,277 tonnes at 2.4 g/t gold; 155,185 tonnes of ore came from ore stopes (2022: 180,084 tonnes) and the remaining 167,093 tonnes of ore came from ore development (2022: 139,451 tonnes).

	Jokisivu Gold Mine	
	2023	2022
Ore mined (tonnes)	**322,277**	319,535
Mined grade (g/t gold)	**2.4**	2.6

During the year, mining at Jokisivu focussed on developing the Arpola and Kujankallio deposits simultaneously. The Arpola decline developed 138.5 metres from the 224.0 metre level to the 241.5 metre level. The Kujankallio decline progressed 36.9 metres from the 639.0 metre level to the 643.5 metre level. Jokisivu capital development for 2023 was 217 metres.

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 are continuing. Further details are provided later in the Exploration Review on page 88.

If exploration results are unsuccessful, rehabilitation works are expected to commence in 2026.

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. Further details are provided later in the Environmental Review on page 95.

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 year from the Turku Administrative Court advising it had rejected the appeals lodged against the granting of the Uunimäki Exploration Licence and the Company's 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, and ore from the test-mining campaign at Fäboliden.

Svartliden Plant

The Svartliden Plant 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. During the year, most of the Vammala flotation concentrate was processed at the Svartliden Plant. The average concentrate head grade reduced to 104.2 g/t of gold (2022: 134.3 g/t of gold) as a result of the following changes made to the operation of the process plant at Vammala:

- the first was an increase in the mass pull to aid total recovery which increased the tonnes of concentrate but reduced the grade; and

- from August 2023 the gravity circuit was run continuously. This collected gold that would otherwise end up in flotation concentrate to be processed at Svartliden.

	Svartliden Plant	
	2023	2022
Vammala flotation concentrate milled (tonnes)	**5,478**	4,771
Concentrate process recovery (%)	**95.4%**	87.2%
Head grade (g/t gold)	**104.2**	134.3
Gold production from concentrate (oz)	**17,509**	17,962

Fäboliden Gold Mine

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

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

Overburden and pre-stripping costs incurred during the development phase of the 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 Environmental Review on page 95 for information relating to the Group's environmental permit application to commence full scale mining operations at Fäboliden.

Employees

The total number of employees and contractors of the Group as at 31 December 2023 was 69 (31 December 2022: 66). Total staff costs, including Directors' emoluments, amounted to AU$9.2 million (31 December 2022: AU$8.6 million). The Group periodically reviews remuneration packages. The Directors' service fees were reviewed and approved by the Remuneration Committee on 9 March 2023. The remuneration packages for our employees generally include a basic salary component and, in certain circumstances, performance-related 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, and 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 Company'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 forthcoming 2023 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 Group's 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 95 to 102 for discussion on the Group's compliance with relevant laws and regulations that have a significant impact on the Group.

The Company's approach to ESG Governance and Reporting is in accordance with Appendix 27 (restructured as Appendix C2 since 31 December 2023) Environmental, Social and Governance Reporting Guide of the Listing Rules. The Group's Finnish entity, Dragon Mining Oy ("**DOY**") is also committed and adheres to the Towards Sustainable Mining ("**TSM**") initiative. On 30 October 2023, DOY submitted its sustainable mining self-evaluation report and social responsibility report to TSM network (Finland) for approval. The results and reports will be updated and published once a year on the TSM network website.

The Company's 2023 ESG Report will be available on the Company's website at www.dragonmining.com (under section Investor and Sustainability respectively) and www.irasia.com/listco/hk/dragonmining/index.htm (under section ESG Reports).

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:

- improving and monitoring OH&S performance;

- training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;

- communicating and openly consulting with employees, contractors, government, and the community on OH&S issues; and

- 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 year 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 2024.

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.

Vammala Permit

On 22 January 2024, the Supreme Administrative Court upheld the Vammala Environmental Permit which amends the Vammala Plant production capacity from approximately 300,000 tonnes per annum to a maximum of 300,000 tonnes per annum. Refer to Significant Events After Year End on page 88 for further information.

Fäboliden Environmental Permit Application

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:

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).

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 however at the date of this announcement the Supreme Court is yet to make its determination on the Company's appeal.

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 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 ongoing and recent geo-political events, which have contributed to an increase in the costs of some key inputs.

FINANCIAL REVIEW

The Group's operations for the year ended 31 December 2023 returned a profit before tax of AU$7.5 million (2022: profit before tax AU$4.7 million) and a profit after tax of AU$5.2 million (2022: profit after tax AU$2.5 million).

Such improvement in net profit after tax is primarily attributed to the sale of the Company's interests in the Kutuvuoma Gold Project and Silassekä Vanadium Project in northern Finland for a consideration of Euro 5,000,000 (equivalent to approximately A$8,400,000) partially offset by:

(a) 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;

(b) an increase in foreign exchange losses caused by exchange rate fluctuations in the following currencies, namely, USD:SEK, USD:EUR, AUD:SEK, AUD:EUR and AUD:HKD during the year; and

(c) an increase in depreciation and amortisation charges associated with a decrease in Ore Reserves.

Revenue from Customers

During the year, the Group sold 20,893 ounces of gold (2022: 20,296 ounces of gold) at an average gold price of US$1,943 per ounce (2022: US$1,802 per ounce). As a result, the Group's revenue increased 15.2% to AU$60.5 million (2022: AU$52.5 million).

Cost of Sales

Cost of sales for the year were AU$54.6 million (2022: AU$45.2 million) which includes AU$9.7 million of depreciation. Cost of sales includes mining, processing, other production activities, changes in inventory, and depreciation as follows:

	2023	2022	% change
Total gold sold (oz)	**20,839**	20,296	2.7%
Total gold produced (oz)	**20,159**	21,030	(4.1%)

Cost of sales	**2023** ***AU$'000***	2022 *AU$'000*	% change
Mining	**23,603**	22,228	6.2%
Processing costs	**18,397**	15,916	15. 6%
Other production costs	**1,553**	807	92.4%
Gold inventory movements	**1,342**	(578)	(332.2%)
Depreciation	**9,655**	6,800	42.0%
Total cost of sales	**54,550**	45,173	20.8%

a) Mining cost per tonne of ore mined increased 6.1% to AU$73.16 (2022: AU$68.96 per ore tonne mined). Ore was mined from Jokisivu with the Group's Finnish operations mining 322,277 ore tonnes (2022: 319,535 ore tonnes including ore from Kaapelinkulma). The increase in mining costs is due to an increase in costs associated with mining at depth including additional ground support, partially compensated by an increase in ore tonnes mined.

b) Group processing costs increased by 15.6%, which includes both Vammala and Svartliden. Vammala processing costs were AU$10.5 million (2022: AU$8.4 million) representing an increase of 25.9% (2022: 14.2% increase). Vammala processed 321,096 ore tonnes (2022: 324,940 ore tonnes) representing a decrease of 1.2% (2022: 6.2% increase). Vammala processing unit costs were AU$32.80 per ore tonne milled (2022: AU$25.74 per ore tonne milled), an increase of 27.4% (2022: 7.5% increase). Svartliden processed 5,478 tonnes of concentrate from Vammala (2022: 4,771 tonnes), an increase of 14.8% (2022: 2.8% increase).

c) When inventories are sold the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. During the year, the Group sold more gold than it produced resulting in inventory costs of AU$1.3 million being expensed to the profit or loss (2022: AU$0.6 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. The 42% increase in depreciation and amortisation charges is associated with a decrease in the Ore Reserves.

Gross Profit

Revenue from customers increased by 15.2% (2022: 5.0% increase) compared to a 20.8% increase in cost of sales (2022: 13.7% increase) resulting in an 19.0% decrease in gross profit (2022: 28.6% decrease) for the year of AU$6.0 million (2022: AU$7.3 million) and gross profit ratio of 9.8% (2022: 14.0%).

Other Income from Sale of Net Smelter Royalty to Aurion Resources Limited

On 31 May 2023, the Company and Aurion Resources Ltd (TSXV: AU) ("**Aurion**") entered an 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 its interests attached to the Kutuvuoma Project and the Silasselkä Project at the consideration of €5.0 million ("**Consideration**"). Completion of the Agreement occurred on 10 July 2023 and 37,500 Option Grant Shares were granted to the Company as consideration for the grant of Option.

On 9 August 2023, the Company received notice from Aurion of its intent to exercise the Option. On 8 September 2023, Aurion paid a Consideration consisting of €4.0 million (equivalent to approximately AU$6.7 million) in cash and €1.0 million (equivalent to approximately AU$1.7 million) by way of an issue of common shares of Aurion subject to 4-month escrow ("**Consideration Shares**"). Following allotment of the Consideration Shares, the Company holds a total of 2,452,910 common shares of Aurion, representing approximately 1.89% of the enlarged number of issued common shares of Aurion.

At 31 December 2023, the Company continues to hold 2,452,910 Aurion shares. There have been no Aurion shares sold as at the date of this announcement.

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.

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

Working Capital, Liquidity and Gearing Ratio

At 31 December 2023, the Group had net assets of AU$68.8 million (2022: AU$60.6 million); a working capital surplus of AU$35.5 million (2022: surplus AU$27.6 million); and a closing market capitalisation of AU$49.1 million or HK$260.9 million (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 year, the Group performs impairment testing which did not result in any asset impairment write downs for the year.

As at 31 December 2023, the Group had AU$22.2 million in cash and cash equivalents (2022: AU$17.7 million), including approximately AU$2.7 million restricted use net proceeds from the Company's Placement of Shares completed in January 2021. During the year, the Group has funded its activities with positive cash inflows from its Finnish operations.

As at 31 December 2023, the Company's gearing ratio was 1.9% (2022: 2.4%), calculated by dividing total borrowings by total equity.

Interest Bearing Liabilities – AU$27.0 million Unsecured Loan Facility with AP Finance Limited

On 9 March 2023, the Company increased its unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**") by AU$15.0 million taking the available funding under the Loan Facility to AU$27.0 million. The Loan Facility was increased to assist the Group with the expected payment of various rehabilitation bonds, the exact timing of which are unknown, at the Group's operations in Finland and Sweden.

On 28 June 2023, the Company amended the amended the following details of its Loan Facility Agreement with AP Finance Limited:

- the Loan Facility interest rate was 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.

On 20 December 2023, the Company extended the Loan Facility availability period from 31 December 2024 to 30 June 2025. All other terms and conditions remain unchanged. The Company has not made any drawdowns from the Loan Facility at the date of this announcement.

Use of Net Proceeds from the Company's Placement

The net proceeds from the Placement of shares completed 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.

During the year, the Company utilised HK$24.6 million (approximately AU$4.6 million) of the net proceeds 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 of HK$15.0 million (approximately AU$2.9 million) is expected to be utilised by 30 June 2024.

Purpose	Proposed use of proceeds	Purpose of proceeds expressed as % of net proceeds	Actual amount utilised from 22 Jan 2021 to 31 Dec 2023	Unutilised as at 31 Dec 2023	Revised expected timeline for the unutilised amount
	HK$ million	*%*	*HK$ million*	*HK$ million*	
Fund environmental bond obligations	$39.6	100%	$24.6	$15.0	To be utilised by 30 June 2024

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

As at 31 December 2023, approximately 38% of the net proceeds remain available to fund the Group's environmental bond obligations for its operations in Finland and Sweden.

The net proceeds were initially expected to be used within 12 months from the Placement completion date. The reason for revising the expected timeline for the unutilised amount is that the Company has appealed each of the bonding requirements for the reduction of the quantum of the environmental bonds, while certain third parties have also appealed some of the bonding requirements but arguing the quantum should be increased instead. As at 31 December 2023, the various appeal proceedings were on-going and therefore not all of the net proceeds has been utilised to fund the Group's environmental bond obligations.

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 remaining appeals would have progressed, if not concluded, by 30 June 2024. 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 remaining net proceeds of HK$15.0 million (approximately AU$2.6 million) will be utilised by 30 June 2024.

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

The following is a summary of the Company's financial risk management policies, the full details of which are provided in note 25 of the consolidated financial statements. 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 year.

The Group also holds 2,452,910 shares in Aurion Resources Limited (TSXV.AU), a company listed on the Toronto Stock Exchange whose shares are quoted in Canadian dollars ("**CAD**").

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 exposure 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 regularly 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 31 December 2023 and 31 December 2022.

Contingent Liabilities

As at 31 December 2023, the Group has disclosed its contingent liabilities at note 23 of the consolidated financial statements.

Company Strategy and Future Developments

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

Following year end, the Company executed a toll treatment agreement with nearby operation, Botnia Exploration Ab ("**Botnia**") in Sweden. The contribution from the toll treatment of Botnia's gold bearing ore will assist the Company in reducing the cost of the operating the Svartliden Plant. Toll treatment activities are expected to commence in the second half of 2024.

During the year, 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.

Dividends

No dividend has been paid or declared since the commencement of the year and no dividend has been recommended by the Directors for the year ended 31 December 2023 (2022: nil).

Annual General Meeting

The forthcoming Annual General Meeting ("**AGM**") will be held on 23 May 2024. A notice convening the AGM and all other relevant documents will be published and dispatched to shareholders of the Company.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on 23 May 2024, the registers of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 May 2024 (Hong Kong time).

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 the announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates, or joint ventures during the year. 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)
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
January	30,000	0.83	0.83	24,900
Total	**30,000**			**24,900**

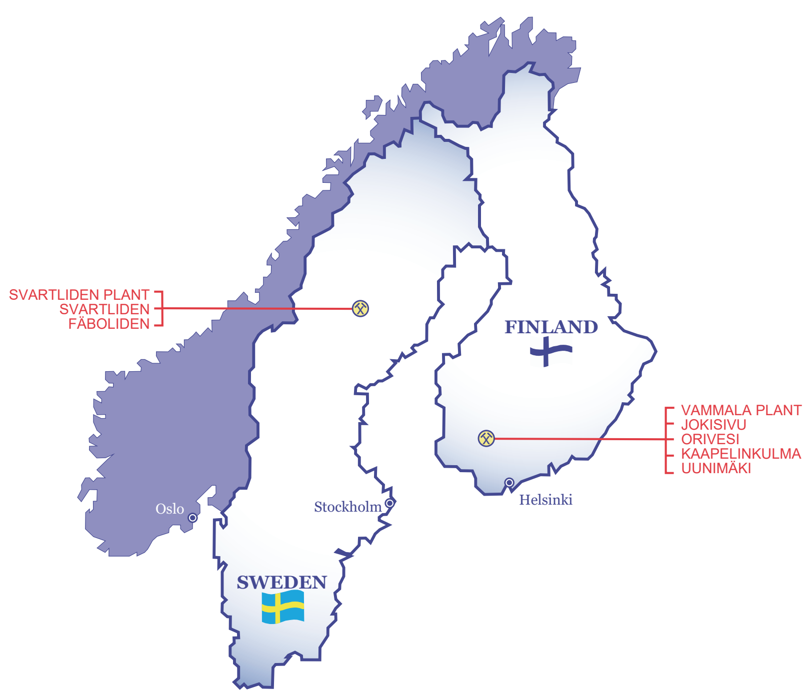
Significant Events After Year End

On 25 January 2024, the Company executed a toll treatment agreement with nearby operation, Botnia Exploration Ab ("**Botnia**") in Sweden. The agreement is for a period of 12 months with an option to renew by written agreement of both parties. The contribution from the toll treatment of Botnia's gold bearing ore will assist the Company in reducing the cost of operating the Svartliden Plant. Toll treatment activities are expected to commence in the second half of 2024.

On 22 January 2024, the Supreme Administrative Court upheld the Vammala Environmental Permit but require additional monitoring of the environmental impacts, an updated plan on the cessation of operations and an evaluation of whether the operations have caused damages to private individuals. The additional information, plan and schedules are to be submitted to AVI by the end of 2024. In addition, the Supreme Administrative Court amended the Vammala Plant production capacity from approximately 300,000 tonnes per annum to a maximum of 300,000 tonnes per annum. Now that the Environmental Permit is legally finalised, the Company is expecting a decision from the court on its closure plan update for the mining waste area surface structures in 2024, including an update to the financial guarantee for the extractive waste handling.

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 over the past seventeen years. 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 Location

During 2023, the Company continued to advance exploration activities on the Company's key project in southern Finland with drilling completed at the Jokisivu Gold Mine. A total of 75 diamond core drill holes were completed over the course of the year for a total advance of 9,607 metres.

The Company also received the final results for drilling campaigns completed in late 2022 at the Jokisivu Gold Mine and the Kaapelinkulma Gold Mine.

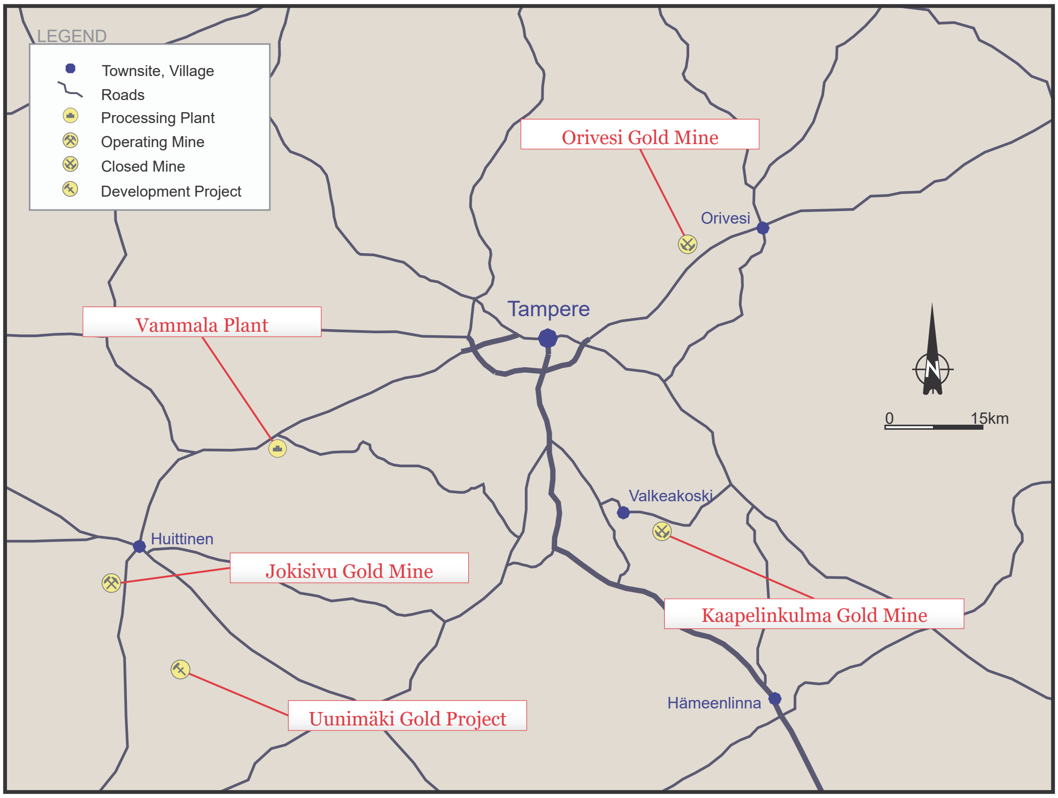
The information in this announcement that relates to exploration activities has been previously released to The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on:

- 9 February 2023 – Jokisivu Continues to Return Encouraging Intercepts.
- 19 July 2023 – Dragon Mining Advances Exploration on Key Projects in Southern Finland.
- 25 October 2023 – Jokisivu Drilling Returns High Grade Intercepts.
- 23 January 2024 – Final Results Received for the Kujankallio Drilling Campaign at Jokisivu.

These releases can be found at www.hkexnews.hk (Stock Code: 1712) and on the Company's website www.dragonmining.com.

Exploration Finland

In southern Finland, the Company holds several projects that collectively encompass an area of 1,201 hectares which 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 ("**Jokisivu**"), Kaapelinkulma 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

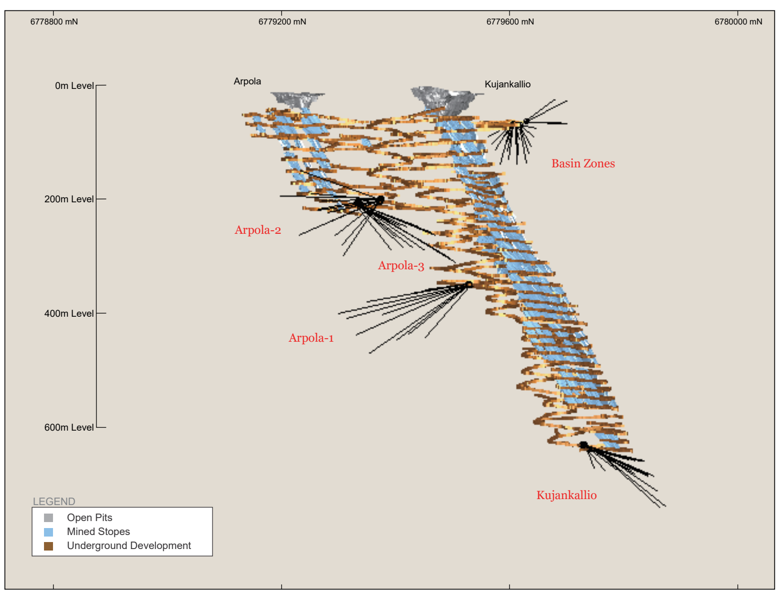
Jokisivu is located 40 kilometres southwest of the Company's Vammala Plant in southern Finland. It represents a structurally controlled orogenic gold system located in the Paleoproterozoic Vammala Migmatite Belt, comprising a set of parallel lodes of varying thickness and grade, hosted in a shear zone striking west-northwest within a quartz diorite unit. The shears are characterised by laminating, pinching, and swelling quartz veins and a well-developed, moderately plunging lineation. Gold mineralisation is contained within the quartz veins and shear zones within the barren host rocks.

Mineralisation in the Kujankallio area has been shown by drilling to extend over a 710-metre vertical extent from surface, whilst mineralisation in the Arpola area extends over a 410-metre vertical extent from surface.

Open-pit mining in the Kujankallio area commenced in 2009 and underground production in 2011. A small open pit was mined in the Arpola area in 2011 and underground production commenced from this area in 2014. Underground development has now extended at Jokisivu down to the 644m level, with approximately 3.0 million tonnes grading 2.8 g/t gold being mined from the open-pit and underground operations by the end of 2023.

At Jokisivu, 75 underground diamond core holes were drilled during 2023 for an advance of 9,607 metres (31 December 2022: 43 holes for 7,659 metres). Drilling during the year was directed at the Arpola, Kujankallio and Basin Zone areas in a series of campaigns including:

- the final 9-holes of an 11-hole campaign from the 350m level targeting the Arpola lode system between the 380m and 420m levels ("**Arpola-1**");
- a 12-hole campaign from the 210m level that targeted the Arpola lode system between the 230m and 330m levels ("**Arpola-2**");
- a 24-hole campaign from the 90m level targeting the Basin Zones between the 30m and 120m levels ("**Basin Zones**");
- a 23-hole campaign from the 550m level targeting the Kujankallio Main and Hinge Zones between the 660m and 680m levels ("**Kujankallio**") and
- the initial 7-holes of a 13-hole campaign from the 290m level targeting the Osmo Zone at Arpola between the 250m and 390m levels ("**Arpola-3**").



Jokisivu Gold Mine with 2023 Drilling Campaigns. View looking west

Final assays for 68 of the 75 holes drilled during 2023 have been received and reported to the Hong Kong Stock Exchange. Results were also received and reported for the final 8 holes completed at Jokisivu in late 2022 that targeted the Arpola lode system as part of an expanded Arpola-1 campaign. Results for all holes from the ongoing Arpola-3 campaign remain pending.

Results received generated a series of significant intercepts above 1.0 g/t gold including high-grade highlights 3.80 metres @ 35.14 g/t gold from Arpola-1, 2.10 metres @ 20.20 g/t gold, 4.50 metres @ 16.14 g/t gold and 2.00 metres @ 42.57 g/t gold from Arpola-2, 4.25 metres @ 13.47 g/t gold, 1.60 metres @ 26.91 g/t gold, 6.00 metres @ 8.86 g/t gold and 2.50 metres @ 17.28 g/t gold from Kujankallio and 2.15 metres @ 22.98 g/t gold, 2.10 metres @ 34.74 g/t gold, 1.35 metres @ 30.41 g/t gold and 1.50 metres @ 74.10 g/t gold from Basin Zones. The results align well with expectations, better defining the extent and geometry of extensions to known mineralised zones in the Arpola, Kujankallio and Basin Zones areas. The results also provided additional information to support future mine planning and development in these areas.

Kaapelinkulma Gold Mine

The Kaapelinkulma Gold Mine is located 65 kilometres east of the Company's Vammala Plant in in the municipality of Valkeakoski in southern Finland.

The Kaapelinkulma deposit represents an orogenic gold system located in the Paleoproterozoic Vammala Migmatite Belt, comprising a set of sub-parallel lodes in a tight array hosted within a sheared quartz diorite unit inside a tonalitic intrusive. Two separate gold occurrences, South and North have been identified at Kaapelinkulma.

The South gold occurrence is the larger of the two gold occurrences identified to date and was subject to open pit mining between February 2019 and April 2021 when Ore Reserves were exhausted. At the cessation of mining a total of 104 kt grading 3.2 g/t gold for 10.6 kozs had been mined from the open pit.

Final results were received for the 20-hole, diamond core drilling program that was completed during 2022. Directed at the Kaapelinkulma North gold occurrence and its northerly extensions, results received returned several 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.

A follow-up program of trenching was conducted in the Kaapelinkulma North area where near surface mineralisation was identified from drilling. The excavated trench was geologically mapped, highlighting two clear mineralized zones and one narrower zone. Twenty-four channel samples were collected from the trench, with 8 samples returning levels greater than 1.00 g/t gold.

The Company held a Reservation area covering the Palssa area, 20 kilometres southeast of Kaapelinkulma. Several rock samples were collected from the area, with only five of these returning values greater than 0.05 g/t gold. The Reservation area expired at the end of October 2023, the Company electing not to lodge applications for Exploration Permits in the Reservation area as a result of the modest return from rock sampling.

Orivesi Gold Mine

The Orivesi Gold Mine ("**Orivesi**") is located 80 kilometres to the northeast of the Vammala Plant, immediately to the west of the Orivesi township in the Pirkanmaa Region in southern Finland. The known gold lodes at Orivesi are hosted by the Paleoproterozoic Tampere Schist Belt and have been interpreted to represent a metamorphosed and deformed high-sulphidation epithermal gold system.

Orivesi was initially in operation between 1992 and 2003 on a series of near vertical pipe-like lodes at Kutema that were mined by the previous owner, Outokumpu Mining Oy down to the 720m level. The Company recommenced mining at Orivesi in June 2007, initially on remnant mineralisation associated with the near-vertical pipe like Kutema lode system above the 720m level. Two of the five principal lodes at Kutema continued below the historical extent of the decline at the 720m level and this area became the subject of a program of staged development and production stoping down to the 1205m level between January 2011 and January 2018. Mining from the Sarvisuo lodes, 300 metres east of Kutema commenced in April 2008 and was conducted between the 240m and 620m levels, as well as between the 360m and 400m levels and the 650m and 710m levels in the Sarvisuo West area. Mining at Orivesi ceased in June 2019. By the cessation of mining, 3.3 million tonnes of ore grading 7.1 g/t gold had been mined from the operation since mining first commenced.

Orivesi is located on Mining Concession, 2676 – Orivesi, which covers an area of 39.82 hectares. The Mining Concession at Orivesi remains valid, but a valid Environment Permit is no longer in place and the existing mine is currently in the process of being closed. The Group however holds exploration tenure in the area and is reviewing the option to undertake exploration campaigns in areas away from the known zones of mineralisation.

No exploration activities were undertaken on the Orivesi group of tenements during 2023.

Uunimäki Gold Project

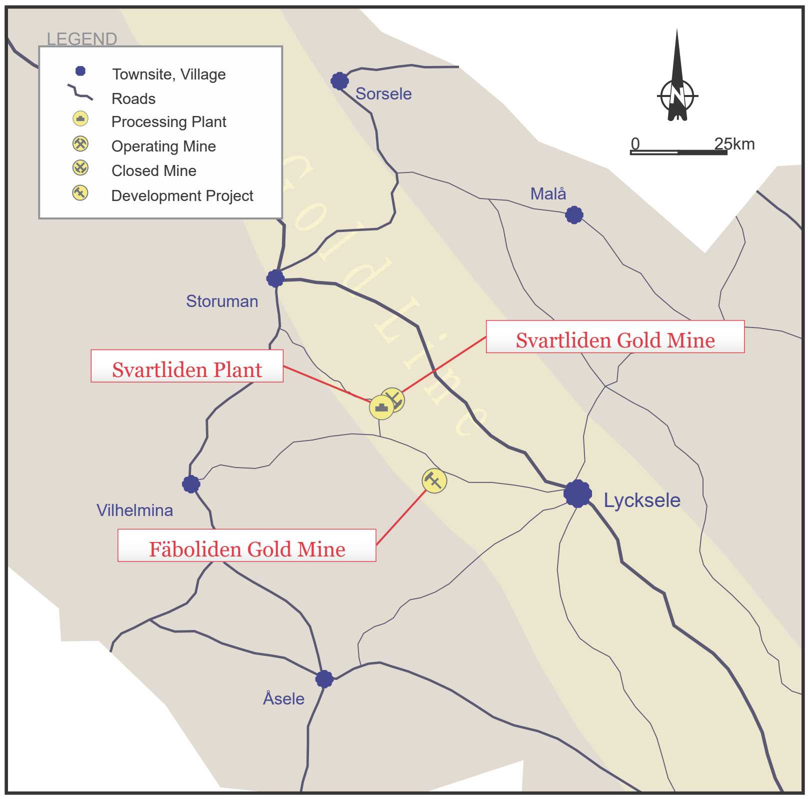
Uunimäki is located 60 kilometres south-southwest of the Company's Vammala Plant in southern Finland.

The Finnish Safety and Chemicals Agency ("**Tukes**") advised that the Exploration Licence covering 89.22 hectares and encompassing the Uunimäki gold occurrence became legally valid during 2023.

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. The Company will look to determine if the identified zones of higher-grade gold mineralisation within the Uunimäki mineralised system occur at levels that could be economically mined, transported, and processed 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

Fäboliden is located 40 kilometres west of the regional centre Lycksele in the Västerbotten County in northern Sweden. It represents a source of gold-bearing ore that can be trucked to, and processed at Dragon Mining's wholly owned Svartliden Plant, a conventional carbon-in-leach ("**CIL**") facility 30 kilometres by road to the northwest.

The Fäboliden project covers an area of 958.26 hectares and comprises the Fäboliden K nr 1 Exploitation Concession (122.0 ha) that encompasses the Fäboliden gold deposit, which is surrounded by Exploration Permits Fäboliden nr 11 and Fäboliden nr 84, which secure the immediate strike extensions of the Fäboliden host geological sequence.

No exploration activities were undertaken during 2023 at Fäboliden, with the Company continuing to advance activities to secure environmental approval that will allow the commencement of full-scale mining.

The Company lodged an application for a new Exploration Permit in the Svartliden area during the year. Encompassing areas previously held by the Company, the 813-hectare application secures identified targets and prospective geology as application activity by competitor companies has recently increased in the area.

Svartliden Gold Mine

The Svartliden Gold Mine ("**Svartliden**") is located in northern Sweden, 70 kilometres west of the regional centre of Lycksele in the Västerbotten County. Mining commenced at Svartliden in 2004, initially as an open pit operation, with underground operations commencing in 2011. Open pit and underground mining were carried out in tandem until the completion of open pit mining in April 2013. Underground mining was completed by the end of 2013 when mining of known Ore Reserves was exhausted. A total of 3.2 million tonnes grading 4.1 g/t gold was mined from Svartliden during its life producing 377 kozs of gold. The mined deposit represents an orogenic gold deposit hosted within a Paleoproterozoic metavolcanic-sedimentary sequence.

No exploration activities were undertaken during 2023 on the Svartliden group of tenements.

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 contained new crushing conditions, which the Company appealed to the Vaasa Administrative Court ("**VAC**") on 20 April 2020. The environmental permit decision was also subject to appeals made by private individuals as well as environmental non-government organisations ("**NGOs**").

The VAC gave its decision on the matter on 2 June 2022, partially approving the Company's appeal and prolonged the operational time for the crusher. The VAC also partially approved appeals by private individuals and the environmental NGOs. The VAC also required the Company to submit an updated plan for additional groundwater monitoring and the surface structures for the mining waste area by 31 December 2022.

Requests for leave to appeal and appeals to the Supreme Administrative Court ("**SAC**") have been filed by private individuals and the environmental NGOs. The appellants have inter-alia requested that the Environmental Permit be overturned, and the Company made to pay compensation for environmental damage.

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 SAC upheld the environmental permit in its 22 January 2024 decision. Refer to the Significant Events After Year End section on page 88 for details. On 22 February 2024, AVI advised the updated waste management plan and updated bond estimate has been made available for public inspection with stakeholder comments to be submitted by 4 April 2024. 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. 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 2023 regarding the water sampling results will be available in early 2024. The report will be completed by KVVY Tutkimus Oy.

On 16 August 2023, VAR ELY accepted the Company's environmental permit exception to crush 150,000 tonnes of inert waste rock at Jokisivu, which then increased to 165,000 tonnes. The exception to the environmental permit is for 1 year following which the Company needs to apply for permit change to continue.

On 2 May 2023, the Vammala Tailings Dam area raising plan was submitted to the ELY Centre of Kainuu (dam safety authority). The plan was approved following a final meeting held on 27 November 2023.

The Korvalamminoja discharge ditch was cleared over a distance of 350 meters in late 2023 following discussions with PIR ELY. Water flow in the ditch improved following the clearing work. Periodic maintenance of the Vammala measuring wells, flow metres and pH-sensors was carried out during the year.

Management of dust from the tailings area continued during the year. Dust monitoring reports received from Promethor Oy indicate dust measurements are below the guideline limit values at all measurement points. The reports have been provided to PIR ELY.

The annual internal dam safety meeting was held on 13 December 2023.

Orivesi Gold Mine

The Company has previously advised that the Orivesi Mine Closure Plan ("**Closure Plan**") was submitted to AVI for approval. A Natura screening study initially commenced by AFRY Oy ("**AFRY**") in February 2022 was subsequently changed to Envineer was completed in 2023. The study included 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. The Company now intends to conduct a direct Natura assessment intended to supplement the Closure Plan and is expected to be completed in 2024.

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

On 2 June 2021, PIR ELY issued an administrative request that divides the liability for the remediation of the litter between Outokumpu Mining Oy and the Company. The Company and Outokumpu Mining Oy ("**Outokumpu**") submitted a work plan to PIR ELY.

The emptying of the stope was completed on 30 May 2023, the material taken from the stope has been sorted and the classification of the material is ongoing. Pursuant to the current understanding, the amount of litter that can be considered hazardous was limited, for example 34 old mine lamp batteries were found, 22 car batteries as well as oil filters (76) and seven mostly empty oil grease cans. On 10 July 2023, PIR ELY visited the mine site to check the material handling areas and later issued an inspection notice confirming that the affected areas had been properly cleared and cleaned. The condition of the area is now in accordance with the mine's environmental permit (waste) conditions. A comprehensive final report of the stope emptying project will be compiled jointly with Outokumpu and expected to be completed in 2024. The preliminary investigation by the police will be completed in 2024 before the matter moves to the Prosecutor.

The Company is in the process of closing the Orivesi mine. In relation thereto, the Company has provided the AVI with a closure plan, and the matter is currently pending. The application has been subject to public consultation and the Company has filed a rejoinder to the statements regarding the Closure Plan on 28 February 2022. Additional studies that will complement the application are currently ongoing. A decision on the approval of the Closure Plan is unlikely during 2024.

The trial of the Finnish Safety and Chemical Agency ("**TUKES**") mine inspector related to statements given in the Orivesi case on 30 August 2023 have been dismissed. The Prosecutor did not appeal the dismissal and the judgement is final.

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.

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

The 2023 annual water monitoring report related to the water sampling results will be available in early 2024. The report will be completed by KVVY.

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 at that time) and a few new conditions, which will be difficult to achieve. On 26 March 2021, the Company submitted an appeal to the Vaasa Administrative Court ("**VAC**") 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 VAC overruled 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 because AVI did not have sufficient technical information available to issue a revised Environmental Permit. On 27 July 2023,the Company placed the 2.8 million EUR environmental bond in favor of VAR ELY on 27 July 2023.

The new Environmental Permit application and its schedule have been discussed with AVI. AVI has granted the Company until the end of March 2024 to submit an updated application. The application is being compiled together with Envineer and KVVY. The result of waste rock studies is expected to be received in March 2024.

A dust measurement report was finalised by Envineer and sent to ELY on 25 October 2023. The report included measurements related to the increased crushing in 2023. The daily average concentrations of respirable particles (PM10) caused by mining activities are below the limit values at all measurement points. Noise levels measured at the mine are below the guideline values (daytime 55 dB) as daytime average noise levels ("**LAeq**"). Although the measured average noise levels were lower than the guideline values, high momentary noise levels can be perceived as disturbing. The noise was not narrow-band, and no impulsiveness was detected.

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.

On 24 August 2023 the Company received an approval in statements from both PIR ELY and VAR ELY regarding the use and utilisation of approximately 3,500 tonnes of Jokisivu waste rock in the Vammala C-tailings area decantation well structure.

Vibration measurements taken during the year in response to concerns expressed by the local community indicate vibration levels are below the guideline values and do not pose a risk to structures/buildings.

The annual water monitoring report for 2023 regarding the water sampling results will be available in early 2024. The report will be completed by KVVY.

Kaapelinkulma Gold Mine

On 28 January 2021, the Kaapelinkulma Closure Plan ("**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.

Exploration activities are continuing in the area. The Company is investigating the possibility of utilising the waste rock outside the mine area.

Changes to the current Environmental Permit are required if the Company wants to continue mining activities. 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 contaminated soil cleaning works would commence in line with the Closure Plan.

The sediment sampling report taken from the Kaapelinkulma ditch monitoring points and lake Vallonjärvi bottom sediment point will be conducted in 2024.

Kaapelinkulma mine surface and ground water monitoring continued during 2023 in accordance with the post-monitoring program that PIR ELY had previously approved. The annual water monitoring report for 2023 will be available in early 2024. The report will be completed by KVVY Tutkimus Oy.

On 26 September 2023, a decision was received from the Administrative Court of Hämeenlinna regarding the NGO´s appeals related to TUKES (Mining safety authority) decision of Kaapelinkulma public and private interests. The Court rejected all appeals and appellant claims were not investigated.

Till material was transported from the local school construction site about 5700m³. PIR ELY had no objections to storing till at the mine site. The till will be used in Kaapelinkulma as landscaping material.

Sustainable Mining

Towards Sustainable Mining (TSM) is a globally recognised sustainability standard for the mining industry. Companies committed to it adhere to sustainable principles that benefit the environment, people, and the economy.

On 30 October 2023, the Group's sustainable mining self-evaluation reports and social responsibility report was submitted to TSM Finland network for approval. The results and reports will be updated and published once a year on the TSM network website.

Uunimäki exploration area

Before the start of diamond drilling activities in Uunimäki area, a habitat type, bird survey and a flying squirrel survey will be carried out. Envineer Oy was selected to carry out this work and the field works of these surveys will be carried out during the next summer season 2024.

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

- the 41.0 million SEK (approximately AU$6.4 million) additional collateral security being requested by the Environmental Court;

- 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 completed.

On 21 February 2021, the Company submitted its responses to statements issued by the CAB, EPA and Vapsten reindeer herders to the Court of Appeal. The main hearing in the Court of Appeal was held on 21-22 September 2021. On 25 February 2022, the Court of Appeal determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the question of additional collateral security. The Court of Appeal's 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 Court of Appeal's decision gained legal force and the rehabilitation plan items were sent back to the Environmental Court.

On 22 December 2022 the LEC requested the Companies view on how to proceed with the case. The company responded on 17 February 2023 and proposed a drilling and sampling program of the waste rock dump along with humidity cell testing along with additional investigations that will assist finalizing the case. Regarding the provisional bond amount the Company suggested an increase by approximately 10.7 million SEK to 44.0 million SEK. The Company suggested contacting the CAB to discuss the various aspects and scope of the investigations. The Company executed the drilling of the waste rock dump and tailings storage facility during the year, and associated test work has been initiated.

The EPA has issued several statements, the latest on 8 December 2023, claiming the investigation conditions proposed by the Company are not detailed enough and that the proposed provisional bond amount is insufficient and should instead be set to 74 million SEK, in line with 2019 LEC ruling. The LEC has subsequently requested the Company respond to the EPA's statement. Earlier in the year the CAB stated they have no comments on the proposed investigation conditions and that the provisional bond amount should be set to 52 million SEK.

Svartliden Change Permit for Fäboliden Ore Processing

The Company submitted its Environmental Impact Assessment ("**EIA**") with the change permit application to the Environmental Court on 30 June 2021. The Environmental Court 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 Environmental Court on 15 November 2022. In March 2023 the CAB and Vapsten reindeer herders submitted their respective responses to the LEC. On 18 April 2023 the Company responded to the LEC. After further correspondence with the LEC the Company submitted a response to the LEC on 19 September 2023. The Court notified the Company on 30 October 2023 that they now deem the case is ready for a ruling, however no indication was given when a ruling will be issued.

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 was successfully carried out during October to December 2021. As a result, the environmental impact associated with the waste rock dump in Fäboliden has been reduced.

The Company is actively pursuing environmental approval of its application for full-scale mining activities at Fäboliden, which was submitted to the Swedish Land and Environment Court (the "**Environment Court**") 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 Environment Court had preliminarily booked the main hearing for week 11, commencing 14 March 2022.

On 11 March 2022, the Company was informed that the main hearing had been postponed due to Covid infection of several court members. The main hearing was held during April 2022. No material problems were indicated by the Environment Court, or the CAB, who stated that the permit is permissible based on their suggested permit conditions.

On 28 June 2022, the Environment Court rejected the Group's Environmental Permit application for full-scale mining at Fäboliden, despite approving the Environmental Impact Assessment. The Environment Court cited the impact ore transport may have on reindeer herding and property owners along the public road. The Environment Court questioned the necessity of gold mining versus reindeer herding. Some species protection issues were raised, and the Environment Court stated that the water quality and discharge limit investigations were difficult to understand.

The Company has obtained legal advice and believes the impact of ore transportation can be mitigated through the application of measures, restrictions, and other conditions. The Company submitted its detailed appeal to the Land and Environment Court of Appeal ("**COA**") on 15 December 2022. On 14 March 2023 the COA issued their ruling denying the Company leave to appeal. The Company subsequently appealed the COA decision to the Supreme Court on 6 April 2023, based on the same legal grounds as the initial appeal. No ruling or correspondence from the Supreme Court has been received yet.

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 year, 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 (restructured as Appendix C1 since 31 December 2023) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 (restructured as Appendix C3 since 31 December 2023) 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 year ended 31 December 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 annual results of the Company for the year ended 31 December 2023, including the accounting principles and practices adopted by the Company. The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's Auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements. The work performed by the Company's Auditors 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 preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the designated website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/. The Company's Annual Report for the year ended 31 December 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, 14 March 2024

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

* *for identification purpose only*