



龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

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(Incorporated in Western Australia with limited liability ACN 009 450 051)
(於西澳洲註冊成立的有限公司，澳洲公司註冊號碼009 450 051)

Stock Code 股份代號 : 1712

2022

Environmental, Social and
Governance Report

環境、社會及管治報告

* For identification purpose only 僅供識別

ABOUT THIS REPORT

Dragon Mining Limited (“Dragon Mining” or the “Company”) is pleased to present its Environmental, Social and Governance Report (“Report”) for the year ended 31 December 2022. The Company has a robust and comprehensive system of governance that is essential to the ongoing sound operation of the Company, and to balancing the interests of the Company’s shareholders, customers, suppliers, governments, and the various communities (collectively the “Stakeholders”) in which the Group operates.

Unless otherwise specified, the scope of this Report comprises Dragon Mining 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.

This Report has been prepared in accordance with the principles of materiality, quantitative approach and consistency recommended by the Hong Kong Exchanges and Clearing Limited.

OUR APPROACH AND PERFORMANCE

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

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

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

The Company’s Corporate Governance documents may be found on the Company’s website at www.dragonmining.com/corporate.

STAKEHOLDER ENGAGEMENT

Stakeholder and shareholder opinions are crucial for the continuous improvement of the Group’s ESG performance, and the Board recognises the importance of good communication with Stakeholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements, and circulars. Such published documents together with updated corporate information and news are made available on the Company’s website at www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/index.htm under the sections “Investor” and “Announcement” respectively.

MATERIALITY ASSESSMENT

The Group defines material stakeholder groups as those who have frequent connections, significant financial and operational influence, and form a long-term and strategic relationship with the Group.

ENVIRONMENTAL SUSTAINABILITY AND COMMITMENT

Central to Dragon Mining's ESG approach is our commitment to creating sustained value for all our stakeholders, shareholders, investors, and employees. This vision reflects our beliefs that business development is inherently intertwined with delivering ESG value.

Environmental monitoring and reporting forms part of the Group's proactive approach and includes:

- contribute to the conservation of biodiversity and integrated approaches to land-use planning;
- dust emission levels;
- noise levels;
- ground, surface, and discharge water quality;
- sediment analysis; and
- ensuring contractors and suppliers embrace and comply with the Company's environmental policy.

Process water at the Vammala Plant ("Vammala") is recirculated to reduce water emissions. Surface water run-off is collected and re-used in the process circuit. Dust controlling measures include the use of dust suppressants, liming, and use of water cannons and sprinklers. The crushing unit is also equipped with a dust controlling device.

Process water at the Svartliden Plant ("Svartliden") is recirculated to be re-used in the process circuit and to reduce water emissions. Svartliden has surrounding ditches that collect impacted surface water run-off to be re-used in the process. Dust control measures inside the process plant includes the use of water sprinklers. Dust control for the roads in the mine area is achieving using water trucks. The crushing unit outside the process plant is also equipped with dust filters.

Svemin, the Swedish Association of Mines, Mineral and Metal Producers, of which Dragon Mining (Sweden) AB is a member, has formulated a road map to guide member companies achieving a net positive contribution to biological diversity before 2030.

ENVIRONMENTAL COMPLIANCE

Ensuring environmental compliance is integral to the Group's operations. The Group implements robust environmental management systems and practices, from which we assess and identify potential environmental risks; conduct routine monitoring; and report the performance results to mitigate the impact of our operations on the environment. At every stage of the Groups operations, we strive to promote the efficient use of resources and the reduction and prevention of pollution. As a responsible miner we seek to meet, and where possible exceed, the regulatory requirements governing our environmental performance.

The Group complies with all applicable environmental laws, regulations, and standards. The main laws are set out in the Swedish Environmental Code and the Finnish Environmental Protection Act.

ENVIRONMENTAL COMPLIANCE (CONT'D)

A number of management plans are in place to provide a framework for the Group to effectively manage its environmental impact and responsibilities. Site specific management plans are reviewed regularly and include the following:

- Waste Management Plan;
- Tailings Storage Facility ("TSF") Management Plan;
- Safety Seveso Management Plans;
- Mine Closure Plan; and
- Environmental Monitoring Plans.

The principal environmental incidents that could potentially occur at the Groups operations include water substance levels exceeding permit limits; noise and dust levels exceeding permit limits; hydrocarbon spills; improper use and storage of chemical substances and hazardous materials; the destruction of local wildlife habitats; improper disposal of waste; the structural integrity of storage facilities; recharacterisation of waste rock; and other incidents that negatively impact the environment. Any environmental incidents are reported, investigated, remedied, and monitored by the Group's Environmental Specialists and, where appropriate, reported to the responsible authorities.

In 2022, there were no Environmental Permit breaches. All permit levels were complied with during the year.

CLIMATE CHANGE

In 2017 the Swedish Parliament adopted a new climate policy framework that consists of a climate act, climate targets and a climate policy council. Sweden's long-term target is to have net zero greenhouse emissions by 2045, at the latest. The Swedish framework provides businesses and society with the long-term conditions to implement the transition needed to address the challenge of climate change.

In Finland, the Government is working to ensure that Finland is carbon neutral and the first fossil-free welfare society by 2035 and carbon negative soon after that. The Government intends to assist local and regional authorities in preparing their own carbon neutrality plans and implementing climate change actions.

Metals and minerals are a crucial part of this transition in both Sweden and Finland. The Company will work within Sweden and Finland's present and future frameworks and systematically review and revise its environmental management system and processes to achieve continual improvement in environmental performance.

ENERGY CONSUMPTION

Reducing energy produced by the consumption of fossil fuels will have a significant beneficial environmental impact. Much of Sweden's energy comes from renewable generators sourced through hydro-electric schemes. Table 1 presents the Group's energy consumption and intensity at its mine and process sites. Intensity is calculated as kilowatts per hour ("kWh") per production tonne.

Note that the intensities between sites cannot be compared because the products from each site are not similar. The Group does not have any indirect energy use.

ENERGY CONSUMPTION (CONT'D)

TABLE 1: ENERGY CONSUMPTION

Resource 2022	Unit	Orivesi Gold Mine	Jokisivu Gold Mine	Kaapelinkulma Gold Mine	Vammala Plant	Svartliden Plant	
Energy usage	Electricity	GWh	0.23	4.22	0.03	10.42	6.97
	LPG heating	GWh	–	0.29	–	–	–
Energy intensity per tonne	Electricity	KWh/t	– ¹	13.21	– ²	32.07	146.20
	LPG heating	KWh/t	–	0.91	–	–	–

¹ Orivesi – no production in 2021 and 2022 (energy intensity not calculated).

² Kaapelinkulma – no production in 2022 (energy intensity not calculated).

Resource 2021	Unit	Orivesi Gold Mine ¹	Jokisivu Gold Mine	Kaapelinkulma Gold Mine	Vammala Plant	Svartliden Plant	
Energy usage	Electricity	GWh	0.20	6.41	0.06	10.48	7.83
	LPG heating	GWh	–	1.23	–	–	–
Energy intensity per tonne	Electricity	KWh/t	–	19.01	2.63	34.26	253.40
	LPG heating	KWh/t	–	3.65	–	–	–

¹ Orivesi – no production in 2020 and 2021 (energy intensity not calculated).

At the Group's underground mines, fresh air is heated in heating plants using LPG, which produces less CO₂ emissions compared to traditional heating plants that use petroleum. The heating plants at the Jokisivu Gold Mine ("Jokisivu") have been constructed within the last ten years and incorporate the latest in heating technology to optimize power usage, operating times and mine fresh air temperature resulting in energy/electricity savings at Jokisivu.

At Vammala, all buildings, plant, administration, and maintenance are heated by electricity. Total energy consumed was 10.42 GWh (2021: 10.48 GWh). The grinding process at Vammala consumes approximately 50% of the total energy.

At Vammala, all buildings, plant, administration, and maintenance are heated by electricity. Total energy consumed at the site was 10.48 GWh (2020: 10.62 GWh). The grinding process at Vammala consumes approximately 50% of the total energy. The installation of a new crushing circuit at Vammala has had a positive effect on total energy consumption.

At Svartliden electrical heating provides heating to the plant, administration, maintenance, and laboratory buildings. The energy consumed in 2022 was approximately 6.97 GWh (2021: 7.83 GWh).

In 2022, work was finished to install a larger pump raft in the historic Svartliden open pit to replace three stationary pumping stations, thereby reducing energy in water pumping. The pump raft will be online in approximately April 2023, after the winter conditions and when a new water level is established in the open pit.

WATER CONSUMPTION

The Group seeks to minimise water usage at its operations through the implementation of water efficient technologies and adoption of water recycling methodologies. The Group uses groundwater, surface water and recycled water in its operations. Continuous flow meters are used at each operation to control and monitor water discharge. Sanitary sewage is treated in a wastewater treatment plant.

Vammala recycles a large percentage of its water usage. In 2022, the plant used approximately 1.10 Mm³ of process water (2021: 1.10 Mm³) with 0.47 Mm³ (2021: 0.58 Mm³) discharged. The process water intensity was 3.39 m³ per processed ore tonne (2021: 3.60 m³ per processed ore tonne). At the mine sites, Jokisivu discharged 169,314 m³ of water (2020: 192,652 m³) because the underground mine has a positive seepage of water from multiple natural sources. Consumption of water in the Jokisivu mine cannot be calculated due to the positive seepage of water into the underground mine.

In 2022, there were no water usage at Orivesi due to the cessation of mining activities in mid-2019. All underground mine infrastructure was removed during 2020. During 2022, some mine infrastructure was installed in the upper part of the mine relating to 66-85 stope clearing project being undertaken with the previous mine owner, Outokumpu Oy. The development of the new tunnel into the other side of the stope containing the litter commenced in December 2022. This operation utilises lake water pumped from the nearby lake Ala-Jalkajärvi, which is the same lake the water was taken during the production time of the mine. There was no discharge water from Orivesi during 2020, 2021 and 2022.

At the Kaapelinkulma Gold Mine ("Kaapelinkulma") 2,415 m³ (2021: 24,195 m³) of water was discharged during 2022. There was no water pumping from the open pit to the settling ponds. Discharge water mainly originated from the waste rock area where it was diverted to the settling ponds then the discharge ditch. Open pit mining operations at Kaapelinkulma ceased in April 2021. There was no water usage at Kaapelinkulma during 2022 (2021: nil).

At Svartliden, the discharge of clean water in 2022 from the clear water pond was 1.28 Mm³ (2021: 1.32 Mm³). The volume of discharge water was lower during the summer as no water was being pumped from the open pit. Work to optimise the water handling system from the mine was also made during 2022 to enable decommissioning of the three water pumping stations and replace them with one larger water pump on a raft to allow better fluctuation of water levels and to save energy consumption. Water usage for the plant at Svartliden in 2022 was estimated to be 600,000-700,000 m³ (2021: 600,000-700,000 m³). All water used in processing is recycled and sourced from the TSF, and to a lesser extent from the clear water pond. Water for personal use is sourced from a water bore and in 2022 usage was estimated to be 1,600 m³ (2021: 1,600 m³).

There is also a small amount of domestic water used at all sites. Jokisivu and Vammala are connected to the municipality's water network. At Orivesi and Svartliden, drinking water is transported to the site and domestic water for other purposes is taken from the site's own wells. At Kaapelinkulma, all domestic water comes from its own well. Svartliden has a septic tank installed at site. There are no issues with sourcing water as in the Nordic countries, precipitation exceeds evaporation on a yearly level, so the Group uses groundwater, surface water and recycled water at its operations. There were no challenges in obtaining enough process water at Vammala. Water levels at the tailing's ponds are kept high to prevent the pond from freezing, whilst process water was pumped from the closed Stormi underground mine, which is located within close proximity to the Vammala Plant.

WATER CONSUMPTION (CONT'D)

TABLE 2: RESOURCE CONSUMPTION

Resources 2022		Unit	Orivesi Gold Mine	Jokisivu Gold Mine	Kaapelinkulma Gold Mine	Vammala Plant	Svartliden Plant
Production	Ore extracted	tonnes	–	319,535	–	–	–
	Waste rock extracted	tonnes	3,860 ¹	169,620	–	–	–
	Ore and gold concentrate (Processed ore tonnes)	tonnes	–	–	–	324,940	4,769
Energy	Electricity	GWh	0.23	4.22	0.03	10.42	6.97
	LPG heating	GWh	–	0.29	–	–	–
Fuels (Finland includes own use plus contractors)	Diesel	tonnes	1.19	307.41	–	14.20	31,628.22
	Fuel oil	tonnes	–	366.35	–	84.10	–
	Lubricant oils	litres	120.00	9,500.00	–	7,468.00	–
Water	Fresh water intake (process water pumped from the closed Storm mine)	m ³	–	–	–	680,000.00	–
Chemicals	Sodium hydroxide	litres	–	–	–	–	–
	Flocculant	tonnes	–	–	–	0.30	–
	Collector	tonnes	–	–	–	20.10	–
	NalBx xanthate	tonnes	–	–	–	22.10	–
	Frother	tonnes	–	–	–	6.50	–
	Cyanide	tonnes	–	–	–	–	120.00
	Sodium hydroxide	tonnes	–	–	–	–	45.45
	Hydrochloric acid	tonnes	–	–	–	–	32.45
	Iron sulphate	tonnes	–	–	–	–	203.53
	Hydrogen peroxide	tonnes	–	–	–	–	236.92
	Lime ²	tonnes	–	1.40	0.03	69.75	352.30
	Activated carbon	tonnes	–	–	–	–	3.85
Oxygen	tonnes	–	–	–	–	405.10	
Other	Rods used in grinding	tonnes	–	–	–	205.20	–
	Balls used in grinding	tonnes	–	–	–	257.00	–

¹ Relates to the 66-85 underground stope emptying at Orivesi.

² Lime was used to raise the water pH of settling ponds at Jokisivu and Kaapelinkulma.

WATER CONSUMPTION (CONT'D)

TABLE 2: RESOURCE CONSUMPTION (CONT'D)

Resources 2021	Unit	Orivesi Gold Mine	Jokisivu Gold Mine	Kaapelinkulma Gold Mine	Vammala Plant	Svartliden Plant	
Production	Ore extracted	tonnes	-	337,150	22,795	-	26,264
	Waste rock extracted	tonnes	-	118,377	28,435	-	-
	Ore and gold concentrate (Processed ore tonnes)	tonnes	-	-	-	305,933	30,906
Energy	Electricity	GWh	0.20	6.41	0.06	10.48	7.83
	LPG heating	GWh	-	1.23	-	-	-
Fuels (Finland includes own use plus contractors)	Diesel	tonnes	1.28	263.93	-	15.60	77.50
	Fuel oil	tonnes	-	352.24	26.18	84.70	-
	Lubricant oils	litres	5.00	12,000.00	250.00	3,726.00	-
Water	Fresh water intake (process water pumped from the closed Storm mine)	m ³	-	-	-	651,000.00	-
Chemicals	Sodium hydroxide	litres	-	-	-	-	-
	Flocculant	tonnes	-	-	-	0.60	-
	Collector	tonnes	-	-	-	15.20	-
	NalBx xanthate	tonnes	-	-	-	19.70	-
	Frother	tonnes	-	-	-	6.20	-
	Cyanide	tonnes	-	-	-	-	125.00
	Sodium hydroxide	tonnes	-	-	-	-	39.67
	Hydrochloric acid	tonnes	-	-	-	-	39.86
	Iron sulphate	tonnes	-	-	-	-	202.36
	Hydrogen peroxide	tonnes	-	-	-	-	446.62
	Lime	tonnes	0.57	0.20	189.00	-	332.40
	Activated carbon	tonnes	-	-	-	-	7.80
	Oxygen	tonnes	-	-	-	-	311.73
Other	Rods used in grinding	tonnes	-	-	-	204.10	-
	Balls used in grinding	tonnes	-	-	-	27.00	36.20

ENVIRONMENTAL EMISSIONS

The Group operates according to specific Environmental Management Plans (the "Plans") approved by the respective environmental authorities. The Plans determine the frequency of monitoring and measuring of our various activities. Sampling measurements are performed in compliance with industry standards, using the latest equipment and measurement devices. Samples are tested at accredited national and international laboratories. All emission mitigation measures are site specific.

The foundation for the Group's emission policies, controls, procedures, and reporting are derived from the respective environmental permit ("Permit") for each of the Group's operations. The Permits are site specific and prescribe the relevant operating parameters as defined by the relevant authorities. Permit regulations and the required emissions data reporting are set by the respective authorities. Where required, independent third parties are involved in analysing samples for reporting to the relevant authorities.

- At Vammala, water flows are measured and sampled regularly with concentrations of nickel, sulphate and many other substances monitored. During October-November 2022 several new flow meters and data loggers were installed to different points of the Vammala mill water cycle. Also, continuous pH-sensors were installed in the discharge water monitoring points around Vammala.
- The permit for Jokisivu includes a condition that sets pH limits and solid particle density in discharged water. No permit breaches occurred during 2022 (2021: nil). The concentration of dust particles is not regulated within the permit. However, the Group maintains both passive and active processes to minimise and manage dust particles.
- The permit for Orivesi includes a condition that sets pH limits, aluminum and zinc limits, and solid particle density in discharged water. No water has been discharged since mid-2019 at Orivesi due to the cessation of mining activities. During the latter part of 2022, some water was used relating to the 66-85 stope clearing project and new tunnel development. The water was taken from the nearby lake Ala-Jalkajärvi, which is the same lake the water was taken during the operational time of the mine. No water discharged during the year 2022.
- The permit for Kaapelinkulma includes a condition that sets pH and solid particle density in discharged water. No permit breaches occurred in 2022 (2021: 1).
- The process water at Svartliden is recirculated to reduce water emissions. Process water is treated in both the Svartliden Plant and separate lime sedimentation ponds, both of which decrease water emissions. A water treatment plant is also available at Svartliden, which can be used to treat water from the tailings pond if required. Emissions are monitored at several key locations on the Svartliden site, with permit levels set at the outgoing clarification pond spillway. During 2022 all emissions were below Permit levels.
- Emissions in Sweden were minimal during 2022 due to the completion of test mining activities at Fäboliden.

ENVIRONMENTAL EMISSIONS (CONT'D)

Classification of environmental emissions

Scope 1

Emissions are direct emissions from sources owned or controlled by Dragon Mining and emissions are generated onsite. Examples of Scope 1 emissions are caused by the Company's process plants at Vammala in Finland and Svartliden in Sweden, vehicles, and use of explosives.

Scope 2

Emissions are indirect GHG emissions that Dragon Mining causes through its consumption of purchased energy in the form of electricity, heat, cooling, or steam.

Scope 3

Emissions are indirect emissions from sources that are owned or controlled by others. The Scope 3 category includes emissions from the procurement of goods and services and the end use of sold products. These include e.g., waste management, water management, logistics, work trips and emissions from materials manufacturing and procurement.

In both Finland and Sweden, all emissions are calculated as Scope 1.

ENVIRONMENTAL EMISSIONS AND GHG DATA

Consistent with the Groups internal reporting, environmental data is listed in kilograms and tonnes.

TABLE 3: TYPES OF EMISSIONS

Vammala Plant	Scope	Unit	2022	2021
– Arsenic	1	kg	1.09	2.01
– Nickel	1	kg	93	95
– Zinc ¹	1	kg	8.10	10.40
– Cadmium ¹	1	kg	0.05	0.06
– Sulphate	1	kg	181,007	286,626
– Nitrogen ¹	1	Kg	1,145	2,171
– Solid material	1	kg	4,158	6,209

Svartliden Plant	Scope	Unit	2022	2021
– Nickel	1	kg	14.15	17.50
– Zinc	1	kg	12.52	10.52
– Cadmium	1	kg	0.02	0.02
– Sulphate	1	kg	488,010	814,847
– Arsenic	1	kg	5.96	10.70
– Nitrogen	1	kg	6,160	14,956

¹ Emissions calculated by the Water Protection Association.

ENVIRONMENTAL EMISSIONS AND GHG DATA (CONT'D)

TABLE 4: TYPES OF GHG GASES

Vammala Plant	Scope	Unit	2022	2021
Diesel (and light fuel oil)				
– Carbon dioxide (CO ₂)	1	tonne	2,431	2,564

¹ Includes calculated emissions from all Finnish operating sites and contractor transportation of ore to the Vammala Plant.

Jokisivu Mine	Scope	Unit	2022	2021
LPG heating				
– Carbon dioxide (CO ₂)	1	tonne	67	286
– Nitrogen oxide (NO _x)	1	tonne	0.12	0.53

Svartliden Plant	Scope	Unit	2022	2021
Propane				
– Carbon dioxide (CO ₂)	1	tonne	1.25	1.47
– Nitrogen oxide (NO _x)	1	kg	1.35	97
Diesel				
– Carbon dioxide (CO ₂)	1	tonne	80.40	198.90
– Nitrogen oxide (NO _x)	1	tonne	1.20	3.00

TABLE 5: HAZARDOUS WASTE PRODUCED BY OPERATION

Hazardous waste	Unit	2022	2021
Vammala	tonne	5.67	10.83
Jokisivu	tonne	1.66	2.30
Orivesi	tonne	0.80	–
Kaapelinkulma	tonne	–	1.41
Svartliden	tonne	1.28	2.61

Hazardous waste produced during 2022 consisted of solid waste, solid aerosol waste, solid painting waste, fluorescent tubes, laboratory waste, solvent waste, and used lubricants. All hazardous waste is disposed of at appropriate facilities licensed for the receipt and treatment of such waste.

ENVIRONMENTAL EMISSIONS AND GHG DATA (CONT'D)

TABLE 6: NON-HAZARDOUS WASTE PRODUCED BY OPERATION

Non-hazardous waste	Unit	2022	2021
Vammala	Tonne	70.30	76.53
Jokisivu	Tonne	215.63	228.85
Orivesi	Tonne	16.73	25.65
Kaapelinkulma	Tonne	0.05	8.66
Svartliden	Tonne	46.46	37.20

Non-hazardous waste is stored in appropriate containers at each operation and includes biowaste, energy waste (paper and cardboard), metal waste (iron, plate), packaging wood, sanitary waste, community waste, rubber waste, and mixed waste.

At Jokisivu, waste rock is the main waste component of non-hazardous waste and is classified as potentially acid forming. In 2022, 169,620 tonnes of waste rock were produced (2021: 118,377 tonnes) and 186,423 tonnes of waste rock was used as backfill (2021: 112,247 tonnes). In 2022, 11,266 tonnes were transported to the waste rock stockpile or used as Arvola open pit backfill (2021: 5,271 tonnes). Jokisivu produced 0.53 tonnes of waste rock per ore tonne produced (2021: 0.35 tonnes of waste rock per ore tonne produced). During 2022, 15,809 tonnes of waste rock was crushed, and it was used in underground mine infrastructure maintenance works (2021: 15,810 tonnes).

At Orivesi, waste rock is separated into two waste rock areas according to its environmental impact qualities. Inert waste rock has been used as a construction material onsite. In 2022, 3,860 tonnes of waste rock was produced, from development associated with emptying the 66-85 stope, and transported to the waste rock stockpile (2021: nil). None of the waste rock from the surface waste stockpile or from underground storage was used as backfill (2021: nil). The 3,860 tonnes of waste rock produced during 2022 will be used as a backfill material of the 66-85 stope during 2023.

The Dragon Mining 2022, 2021 and 2020 Annual Reports provide an update on the presence of historical waste material stored in the upper levels of Orivesi.

The Group's priority is to reduce the volume of hazardous waste produced by its activities. Across all sites, waste is sorted according to waste quality. Where possible, operations shall recycle waste or convert waste to energy. Metals are recycled at all sites and glass waste generated in Vammala, excluding laboratory glass waste, is also recycled. All chemicals are stored in appropriate containers equipped with a safety basin. The handling of non-recyclable hazardous waste is contracted to an external recycling company that specialises in the types of hazardous waste material produced by the operations. Non-hazardous waste is sorted into biowaste, wood, glass, metal, energy, household, and mixed waste. The sorted waste, that is not recycled or converted into energy, is collected by a local waste company, and transported to landfill or incinerated as appropriate.

EMPLOYMENT AND LABOUR PRACTICES

The Group's employment policies are documented in its Code of Conduct ("Code"), which provides clear guidance on the conduct and behaviour of all employees, including the Board and senior management. The Code is designed to encourage and foster a culture of integrity and responsibility with the focus on augmenting the Group's reputation as a valued employer, business partner, and good corporate citizen. Specifically, the Code provides guidance on the following aspects:

- compliance to laws, rules and regulations;
- conflicts;
- fair dealing;
- knowledge and information security (including handling of confidential information and disclose and securities trading);
- health, safety, and environment;
- employment practices; and
- whistleblowing and misconduct reporting.

The Group recognises, and endeavours to protect, the rights of its employees and is committed to providing equal opportunities. The Group engages in transparent and fair recruitment practices, and fair remuneration and disciplinary decisions without regard to gender, age, family position, or ethnic background. The remuneration packages for our employees include a basic salary component and (where appropriate) a productive incentive payment. The Group determines employee remuneration based on qualifications and experience, whilst the amount of annual incentive payment and achievement of set key performance indicators will be determined and assessed by the Remuneration Committee and the Board. The Group provides employees with welfare, pension, and healthcare benefits, in accordance with statutory requirements, plus some other miscellaneous items.

The Group invests significant time and resources to fulfil its obligations under the respective laws of the countries in which it operates. The Group has a Whistleblowing Policy that enables an employee to raise concerns about practices and procedures in their workplace. It enables employees to report concerns of fraud, illegal, immoral, illegitimate practices, misconduct, or malpractice in a way that will not be seen as being disloyal to colleagues. During the reporting period, the Group has not received any substantiated complaint from any individual or authority, nor has it paid or was liable to pay any penalty because of any employment law breach.

The Group is committed to responsible corporate governance, including the implementation of measures to encourage employees and representatives of the Group to identify and report in good faith any concerns relating to serious misconduct which is, or potentially could be:

- a criminal offence (including theft, drug use/sale, violence or threatened violence and criminal damage to property);
- a breach of a legal obligation;
- dishonest, fraudulent, or corrupt;
- a serious risk to the health of an individual, the public, the environment or the financial system;
- in breach of any of the Groups other codes of conduct or policies; or
- designed to conceal business records or other evidence related to any of the factors above.

EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

Preventing and addressing the Group's own involvement in the use of child or forced labour in any of its operations is central to our sustainability approach including our commitment to running a safe, responsible, and profitable business. In line with both the laws of the countries we operate in and our recruitment policy, the Group does not employ persons under the legal age of employment. In the year under review, the Group has not employed any person under the age of 18 and owing to the location of our operations the incurrence of child labour is not a significant risk factor.

TABLE 7: TOTAL WORKFORCE

Geographical region	2022	%	2021	%
– Finland	35	53%	38	51%
– Sweden	28	38%	31	41%
– Australia	6	9%	6	8%
Total	66	100%	75	100%
Gender	2022	%	2021	%
– Male	50	76%	56	75%
– Female	16	24%	19	25%
Total	66	100%	75	100%
Age diversity	2022	%	2021	%
< 19 years	–	0%	–	0%
20 to 29 years	2	3%	3	4%
30 to 39 years	16	24%	18	24%
40 to 49 years	20	30%	23	31%
50 to 59 years	16	24%	17	23%
60 years and above	12	18%	14	19%
Total	66	100%	75	100%
Employment type	2022	%	2021	%
– Full-time	64	97%	73	97%
– Part-time	2	3%	2	3%
Total	66	100%	75	100%

Employee turnover during 2022 in Finland was below 2.9% (2021: below 2.5%). Employee turnover during 2022 in Australia was nil (2021: nil). Sweden employee turnover is not presently tracked until full-scale mining activities commence at the Fäboliden. Employee turnover by age is not considered material given the low overall employee turnover.

The Group manages data protection and privacy as part of its IT processes and has several policies to manage IT related risks including off-site backup. The Group is required to carry out statutory commissioning and periodic inspections of the site areas.

ANTI-CORRUPTION

Dragon Mining is committed to responsible corporate governance, including the implementation of measures to encourage employees and representatives of the Company to identify and report in good faith any concerns relating to serious misconduct which is, or potentially could be a criminal offence, a breach of legal obligation, dishonest, fraudulent, or corrupt, a breach of the Company's policies (collectively, Inappropriate Conduct). Accordingly, the Board have endorsed a Whistleblower Policy to encourage and foster a culture of integrity and responsibility within the Group. The Whistleblower Policy provides for protected disclosure, how to report Inappropriate Conduct, confidentiality, and Whistleblower protections. The Company Whistleblower Policy undergoes a formal review every two years.

There were no matters relating to Inappropriate Conduct brought against the Group or its employees during the year (2021: nil).

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Policy on the Disclosure of Inside Information with respect to the procedures and internal controls for the handling and dissemination of inside information. All Directors have confirmed, following a specific inquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

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

The Company does not have a stand-alone anti-corruption policy as the existing provisions contained in other policies and procedures of the Company sufficiently support anti-corruption laws and regulations. During the year, reading material regarding "Update on Listing Rules and Corporate governance Code and Anti-corruption" was circulated to all directors of the Company.

DEVELOPMENT AND TRAINING

The Group is committed to fostering a culture of continuous learning in our organisation. Management is involved, together with external trainers, in designing training programmes that meet the needs of employees. Training content and topics are set to cover the key aspects of our operations to ensure all employees have the necessary skills to conduct their roles safely.

Types of training may include:

- compliance and regulatory;
- management skills and personal development – leadership skills, supervisory skills, KPI setting, communication and interpersonal skills, coaching skills, self-development skills;
- job specific training;
- comprehensive safety induction for all newly hired employees on their first day;
- mandatory job and activity specific health and safety training is provided to employees and contractors; and
- all completed training is recorded in the training register.

DEVELOPMENT AND TRAINING (CONT'D)

Due to the nature of the industry in which the Group operates, some training is mandatory and includes first aid, work safety, and inductions. Employees also have Union representation, and the Union provides ongoing training to nominated employee safety representatives.

In 2022, approximately 77% (2021: 29%) of blue collar and white-collar employees received training in Finland and 100% in Sweden (2021: nil). No training of blue collar or white-collar employees occurred in Sweden during 2021 due to COVID-19 restrictions.

Total training hours by gender	Hours	2022	2021
Female	hrs	403	192
Male	hrs	940	287
Total	hrs	1,343	479

Total training by employment category	%	2022	2021
Blue collar	%	90%	40%
White collar	%	85%	46%
Total training	%	88%	42%

HEALTH AND SAFETY

Safety is the Group's number one priority, and we make every effort to safeguard the health and wellbeing of our employees, contractors, and communities. The Group goes above and beyond what is expected to comply with local health and safety legislation. This is not just because we care for the people we work with, but also because a safe business is operationally sound. The Group's Code clearly communicates its attitude and commitment towards protecting employee health and safety including conflict resolution and fair dealings.

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 requirements.

The Group reports the Lost Time Injury Frequency Rate ("LTIFR") to measure workplace safety and track the efficiency of newly implemented safety scheme. Lost Time Injuries ("LTI") are injuries that have occurred in the workplace and where an employee requires time off to recover. Calculating the frequency provides a key metric to track over time and compare against peers within the mining industry. The LTIFR calculation is based on the number of injuries resulting in one lot shift sustained over a specific period per 1,000,000 work hours worked by all employees including sub-contractors over that period.

HEALTH AND SAFETY (CONT'D)

During the year, 5 LTI's occurred at the Group's Finnish operations. At Jokisivu, an employee transporting waste rock collided with the decline wall and injured their shin. At Vammala, a contractor slipped on an icy surface injuring their ribs and an employee injured their hand when it got caught between two iron rails. Vammala and Jokisivu recorded 68 and 60 LTI free days, respectively. In Sweden, Svartliden recorded 2,464 days LTI free and Fäboliden 1,480 days LTI free.

Lost Time Injury Frequency Rate	2022	2021
LTIFR	26.9	9.9

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

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

The Group is committed to upholding human rights and respect cultures, customs, and values in all dealings with people, places, and companies involved in our activities. The Group strives to implement environmentally and socially responsible supply chain practices by working closely with all stakeholders including, suppliers, local community, and the respective authorities.

The Group recognises that gold is one of the major precious metals that can be used for money laundering and financing of terrorism.

Gold doré bars produced at the Svartliden Plant, and gravity gold concentrate produced at the Vammala Plant, are transported to the refiner in Switzerland ("Refiner") for refining into gold bullion. The Group is confident the Refiner complies with national and international provisions on the prevention of money laundering and terrorism financing, and the responsible handling of precious metals through its entire supply chain (up and downstream).

Gold bullion credits are credited by the Refiner to the Group's gold bullion account held with JP Morgan. Since the Group sells its gold bullion through large financial institutions on the London Bullion Market, the Group has no access on who ultimately purchases the gold bullion.

A system is in place to ensure procurement and operational practices are free from unfair business practices. Every supplier of goods and services must sign the Group's service agreement, which outlines the requirements and expectations of the Group on the following:

- work management and supervision;
- employee rights and responsibilities;
- permitting;
- general safety;
- employment practices;
- handling and storage of hazardous chemicals; and
- fuel transportation.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT (CONT'D)**TABLE 8: SUPPLIERS BY GEOGRAPHICAL REGION**

Geographical region	2022	%	2021	%
– Finland	367	59%	399	59%
– Sweden	213	34%	231	34%
– Australia	43	7%	48	7%
Total	678	100%	678	100%

The Group engages numerous external parties in its day-to-day operations including construction services, concentrate and ore transportation services, labour providers and personnel hire services, environment, and process consultants, chemical, water analysis and laboratories services, drilling services, tailings dam construction, as well as suppliers of raw materials, auxiliary materials, and machines and equipment. To assist in maintaining a transparent supply chain, the Group only procures goods and services from suppliers and contractors whose trade, employment practices and company values are aligned to ours.

The Group's service agreement communicates our expectations related to human and labour rights, safety, and the environment. Compliance is actively monitored by onsite managers who identify and report any issues to the wider management team via daily, weekly, and monthly management meetings. Any necessary action will be actioned in a timely manner.

PRODUCT STEWARDSHIP AND RESPONSIBILITY

At Dragon Mining, we value responsible environmental management, seek continual improvement of our environmental performance, and aspire to be effective environmental stewards.

The Group has several internal checks to ensure purchases are co-authorised in accordance with an approval hierarchy. Gold is sold through an independent third party on-market and the end quantity sold is reconciled back to the original shipped ounces. The gold room is fitted with security such as cameras; a password protected entrance; and dual sign off at each stage of handling.

The Group has two production plants, the Vammala Plant in Finland, and the Svartliden Plant in Sweden. The Vammala Plant is a conventional flotation facility that produces gold concentrate, which is transported to the Svartliden Plant to produce gold doré bars, and (a lesser amount of) gravity gold. Both the gold doré bars and gravity gold are transported directly to the Refiner. The Group has a contract with the Refiner that specifies issues relating to health and safety, labelling, services quality, and methods of redress.

PRODUCT STEWARDSHIP AND RESPONSIBILITY (CONT'D)

For example, the labelling of each shipment includes information on the following:

- number of boxes;
- gross and net weight;
- detailed packing list;
- estimate of fineness of gold and silver;
- information relevant its transportation;
- estimated value of the shipment; and
- a list of any deleterious elements.

The usage of packaging material for gold doré bar shipments is minimal and therefore not a material Group KPI.

The service agreement sets out the Group's position on data security privacy, and intellectual property rights including:

- work related documents are the property of the Group unless otherwise specifically agreed. Suppliers and others on site shall not pass on information related to the production process, financial or any other confidential matter to third parties;
- destruction of documents containing confidential information must be carried out reliably; and
- any photography or video recording on site requires permission.

Gold in concentrate, gravity gold and gold doré bars are produced in accordance with the terms of the respective contracts which specify, among other things, the shipment quality and quantity requirements, penalties for impurities, which is not uncommon in the mining industry, and shipment rejection. The Group has had no shipments rejected during 2022 (2021: nil).

COMMUNITY

The Group is very clear on the need to earn the respect and support of the communities in which it is located by operating within its permit levels, and by demonstrating a tangible commitment to environmental sustainability.

The Group operates in four national regulatory environments (including Australia and Hong Kong) and the supra-national regime of the European Union. While compliance with these regulatory environments and specific operational license conditions are the basis of the Group's environmental management procedures, the Group is committed to the principle of developing and implementing appropriate practices in environmental design and management and will actively work to:

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

The Group is committed to operating in a way that contributes to the sustainable development of mineral resources through efficient, balanced, and long-term management, while showing due consideration for the wellbeing of people, protection of the environment and the development of local economies.

The Group's Sustainability Policy seeks to ensure it is a constructive partner to advance the social, economic, and institutional development of the communities in which it operates. Permitting in the Group operating regions require an extensive phase of community consultation. The Group carries out its activities regarding the interests of any affected landowners and other stakeholders. The Group fully acknowledges the rights, cultures, customs, and values of people affected by the development and exploitation of mineral resources.

During 2022, the Group undertook the following local community activities:

- Support to Stormi (Vammala) and Jokisivu (Huittinen) schools in Finland;
- Support to Storuman (Svartliden) school traffic safety campaign; and
- Support and co-operation with local Wildlife Management Area in Sweden (Fäboliden).



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