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龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

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(Incorporated in Western Australia with limited liability)
(Stock Code: 1712)

INSIDE INFORMATION AND PROFIT WARNING

This announcement is made by Dragon Mining Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Company and the preliminary review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2018 (the “**Management Accounts**”), which have not been audited or reviewed by the auditors and/or the audit and risk management committee of the Company, it is expected that the Group will record a net loss for the year ended 31 December 2018 approximately AU\$9 million higher than the net loss for the year ended 31 December 2017. Such net loss is primarily due to the following two factors, outlined in the Company’s Prospectus issued on 18 October 2018, that had a significant impact on annual gold production:

- (a) a decrease in higher grade ore tonnes from the Orivesi Mine (“**Orivesi**”), with the shortfall not fully compensated by the addition of lower grade ore tonnes from the Jokisivu Mine; and
- (b) a focus on development activities in the upper parts of Orivesi, in preparation for the mining of high grade ore tonnes, that had the potential to be safely extracted, from previously unmined portions of mineralisation.

The conditions encountered in the upper parts of Orivesi during the last quarter of 2018, previously unknown at the time the Prospectus was issued, were highly unstable and, for safety reasons, access to the areas was delayed by the installation of intensive reinforcement or where the safety risk was too great, resulted in considerable tonnes being unsafe to mine.

The Company has yet to finalise the final results of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on a preliminary review of the Management Accounts which have not been reviewed or audited by the Company's auditors and/or the audit and risk management committee of the Company, and the actual results of the Group for the year ended 31 December 2018 may be different from what is disclosed herein. Shareholders and potential investors are advised to read carefully, the audited annual results announcement of the Company for the year ended 31 December 2018 which is scheduled to be issued on 7 March 2019 (Hong Kong time).

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 February 2019

As at the date of this announcement, the Board 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; and Mr. Carlisle Caldrow Procter, Mr. Pak Wai Keung Martin and Mr. Poon Yan Wai, as independent non-executive directors.

** for identification purpose only*