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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Placing Agent



萬基證券有限公司
MORTON SECURITIES LIMITED

On 7 January 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Placées to subscribe for up to 21,000,000 Placing Shares at the Placing Price of HK\$2.05 per Placing Share. The Placing Shares will be allotted and issued under the General Mandate.

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 21,000,000 Shares represent approximately 15.13% of the total number of issued Shares as at the date of this announcement and approximately 13.14% of the total number of issued Shares as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$2.05 per Placing Share represents (i) a premium of 2.50% over the closing price of HK\$2.00 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.61% to the average closing price of HK\$2.268 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$43.05 million and the net proceeds will be approximately HK\$41.74 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.99 per Placing Share. The Directors intend to apply the entire net proceeds for the payment of the additional environmental bonds.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions as set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

On 7 January 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure, on a best effort basis, not less than six Placees to subscribe for up to 21,000,000 Placing Shares at the Placing Price of HK\$2.05 per Placing Share. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date: 7 January 2021

Issuer: the Company

Placing Agent: Morton Securities Limited

Based on the confirmation of the Placing Agent and to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees, who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties and not regarded as a related party (as defined under section 228 of the Australian Corporations Act) of the Company. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder.

Number of Placing Shares

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and the Completion, the maximum number of Placing Shares of up to 21,000,000 Shares represent approximately 15.13% of the total number of issued Shares as at the date of this announcement and approximately 13.14% of the total number of issued Shares as enlarged by the allotment and issue of all the Placing Shares.

Pursuant to the Australian Corporations Act, the Shares do not have a nominal or par value, and as such, there is no maximum aggregate nominal value of the Placing Shares.

Placing Price

The Placing Price of HK\$2.05 per Placing Share represents (i) a premium of 2.50% over the closing price of HK\$2.00 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.61% to the average closing price of HK\$2.268 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares and market conditions.

Placing Commission

The Placing Agent will charge the Company a placing commission of 2% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the terms of the Placing Agreement, including the Placing Price and the placing commission, are arrived at on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank, upon allotment and issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon:

- (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) the Placees not becoming a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing; and
- (iii) the warranties given by the Company as set out in the Placing Agreement remaining true and correct.

The Company and the Placing Agent agree that, in relation to the granting of listing of and permission to deal in the Placing Shares, any condition which may be imposed by the Stock Exchange and/or the listing committee thereof shall be a condition to which the Company and Placing Agent cannot reasonably object. Save for condition (iii) above which can be waived by the Placing Agent, none of the conditions can be waived by any parties to the Placing Agreement.

In the event that the conditions above have not been satisfied or waived by the Placing Agent (as the case maybe) on or before the Long Stop Date, all liabilities of the parties thereto shall cease and determine and no party shall have any claim against the other party, save for any liability arising out of any antecedent breaches thereof.

The Placing Shares will not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Placing Shares will be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any securities will be distributed in Australia.

As any offer of the Placing Shares will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those Placing Shares for resale in Australia within 12 months of the date of their issue may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Placing Shares, the Placees will be required to undertake to the Company that they will not, for a period of 12 months from the date of issue of the Placing Shares, offer, transfer, assign or otherwise alienate those Placing Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with the Australian Securities and Investments Commission.

Warranty by the Company

The Company warrants and represents to and for the benefit of the Placing Agent that it shall not in any event issue any new Shares to the existing Shareholders from the date of the Placing Agreement and up to and including the Closing Date or the termination of the Placing Agreement, whichever is earlier.

Completion

Subject to the fulfilment of the conditions referred to in the Placing Agreement, Completion shall take place on the Closing Date.

Application for listing of the Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate to allot and issue of the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM subject to the limit up to 27,768,122 Shares (representing 20% of the total number of issued Shares as at the date of the AGM).

Up to the date of this announcement, the General Mandate has not been utilised. The maximum number of 21,000,000 Placing Shares to be allotted and issued will utilise approximately 75.63% of the General Mandate.

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company with immediate effect at any time between the date of the Placing Agreement and at or before 5:00 p.m. on the Closing Date upon the occurrence of the following events:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or

- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the sole and absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) any suspension of dealings in the Shares on the Stock Exchange for any period of seven consecutive trading days or more (other than as a result of announcing the Placing Agreement); or
- (v) any litigation or claim of any third party being threatened or instigated against any member of the Group which is material in the context of the Placing; or
- (vi) an order is made or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

- (vii) any demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity or any event, act or omission which gives rise to or is likely to give rise to any material liability of the Company; or
- (viii) any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and/or liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) which in the sole and absolute opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (ix) the Company commits any material breach of (or where the material breach is capable of being remedied, that breach has not been remedied within a reasonable time) or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (x) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its absolute opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

If the Placing Agreement shall be terminated pursuant to the paragraph above, the obligations of the Placing Agent shall be null and void and the Company shall not be liable to pay any commission and other provisions of the Placing Agreement (save for those set out in the Placing Agreement) shall forthwith cease and determine and no party thereto shall, save as provided for in the Placing Agreement, have any claim against the other party for compensation, costs, damages or otherwise.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Company is a company incorporated in Western Australia with limited liability, the Shares of which are listed on the main board of the Stock Exchange. The Group operates gold mines and processing facilities in Finland and Sweden. Its principal activities were gold mining and processing ore in Finland; gold mining, and processing gold concentrate in Sweden; and exploration, evaluation and development of gold projects in the Nordic region.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$43.05 million and the net proceeds will be approximately HK\$41.74 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.99 per Placing Share.

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

Based on the above, the Directors intend to apply the entire net proceeds for the payment of the additional environmental bonds.

The Directors have considered using rights issue as a way to raise funds, and is of the view that it will take a longer time to complete and incur additional administrative cost as compared to the Placing as rights issue involves the issue of a prospectus together with other application and administrative procedures so as to comply with the relevant laws under Hong Kong and Australia. The Directors believe that the Placing is more efficient in terms of time and costs for the Company.

Accordingly, the Board is of the view that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon the Completion (subject to the Completion, assuming all the Placing Shares are fully placed and that there is no other change in the shareholding structure of the Company from the date of this announcement up to the Completion) are set out below:

Shareholders	As at the date of this announcement		Immediately upon the Completion (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approximate Percentage	Number of Shares	Approximate Percentage
Allied Properties Resources Limited <i>(Note 1)</i>	31,881,727	22.96	31,881,727	19.95
Sincere View International Ltd. <i>(Note 2)</i>	40,475,899	29.15	40,475,899	25.32
The Placees	–	–	21,000,000	13.14
Other public Shareholders	66,482,987	47.89	66,482,987	41.59
Total	138,840,613	100.00	159,840,613	100.00

Notes:

1. The interests in 31,881,727 shares of the Company was held by Allied Properties Resources Limited, an indirect wholly-owned subsidiary of Allied Group Limited, a company listed on the Stock Exchange (stock code: 373). Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust, through a number of wholly-owned companies (including Minty Hongkong Limited), controlled approximately 74.96% of the total number of issued shares of Allied Group Limited (inclusive of Mr. Lee Seng Hui's personal interests). Therefore, each of Mr. Lee Seng Hui, Ms. Lee Su Hwei, Mr. Lee Seng Huang, Minty Hongkong Limited and Allied Group Limited was deemed to have an interest in the Shares held by Allied Properties Resources Limited for the purpose of the SFO.
2. The interests in 40,475,899 shares of the Company was held by Sincere View International Ltd.. Mr. Hon Kwok Lung controlled 80% of the issued shares of Sincere View International Ltd.. Accordingly, each of Mr. Hon Kwok Lung and his spouse, Ms. Lam Suk Ying, was deemed to have an interest in the Shares in which Sincere View International Ltd. was interested for the purpose of SFO.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions as set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company convened on 21 May 2020;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Australia”	Commonwealth of Australia;
“Australian Corporations Act”	Corporations Act 2001 (Cth) of Australia, as amended, supplemented or otherwise modified from time to time;
“Board”	the board of Directors;
“Business Day(s)”	any day on which licensed banks generally are open for business in Hong Kong, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“Closing Date”	the fifth Business Day after the fulfilment of the conditions set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing;
“Company”	Dragon Mining Limited, a company incorporated in Western Australia with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1712);

“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors at the AGM to issue, allot and deal with not exceeding 20% of the total number of issued Shares as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons;
“Last Trading Day”	7 January 2021, being the last trading day for the Shares prior to the publication of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	8 February 2021 or such other date as the Company and the Placing Agent may agree in writing;

“Placee(s)”	any individual, professional, institutional or other investors whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement who (including its ultimate beneficial owners) are (i) Independent Third Parties and regarded as public (as defined in the Listing Rules); and (ii) not regarded as a related party (as defined under section 228 of the Australian Corporations Act) of the Company;
“Placing”	the placing, on a best effort basis, of up to 21,000,000 Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Morton Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity as defined under the SFO;
“Placing Agreement”	the placing agreement dated 7 January 2021 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$2.05 per Placing Share;
“Placing Share(s)”	up to 21,000,000 Shares to be placed under the Placing;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);

“Share(s)”	fully paid ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board
Dragon Mining Limited
Arthur George Dew
Chairman

Hong Kong, 7 January 2021

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

* *For identification purpose only*