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 2018

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 2018 together with comparative figures for the corresponding period in 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018** AU$'000	2017 AU$'000
Revenue from customers	*20*	**37,850**	41,270
Cost of sales	*2(a)*	**(41,154)**	(35,732)
Gross (loss)/profit		**(3,304)**	5,538
Other revenue	*2(b)*	**216**	174
Other income	*2(c)*	**35**	92
Exploration expenditure		**(51)**	(167)
Management and administration expenses		**(3,754)**	(3,348)
Other expenses	*2(d)*	**(398)**	(270)
Finance costs	*2(e)*	**(191)**	(14)
Foreign exchange loss		**(782)**	(63)
Hong Kong listing costs	*2(g)*	**(1,302)**	(2,525)
Loss before tax		**(9,531)**	(583)
Income tax expense	*3*	**–**	–
Loss after income tax		**(9,531)**	(583)
Earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic earnings per share	*18*	**(9.90)**	(0.66)
Diluted earnings per share	*18*	**(9.90)**	(0.66)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018** *AU$'000*	2017 *AU$'000*
Loss after income tax (brought forward)		**(9,531)**	(583)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gain on foreign currency translation		**1,620**	1,127
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**1,620**	1,127
Total comprehensive (loss)/income for the period		**(7,911)**	544
Loss attributable to:			
Members of Dragon Mining Limited		**(9,531)**	(583)
		(9,531)	(583)
Total comprehensive (loss)/income attributable to:			
Members of Dragon Mining Limited		**(7,911)**	544
		(7,911)	544

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	**2018** **AU$'000**	2017 AU$'000
CURRENT ASSETS			
Cash and cash equivalents	*4*	**10,905**	6,609
Trade and other receivables	*5*	**3,990**	2,581
Inventories	*6*	**10,057**	9,110
Other assets	*9*	**429**	1,728
TOTAL CURRENT ASSETS		**25,381**	20,028
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	**26,556**	19,344
Mineral exploration and evaluation costs	*8*	**5,333**	5,562
Other assets	*9*	**5,480**	5,415
TOTAL NON-CURRENT ASSETS		**37,369**	30,321
TOTAL ASSETS		**62,750**	50,349
CURRENT LIABILITIES			
Trade and other payables	*10*	**6,409**	5,840
Provisions	*11*	**1,892**	2,215
Other liabilities		**107**	101
TOTAL CURRENT LIABILITIES		**8,408**	8,156
NON-CURRENT LIABILITIES			
Provisions	*11*	**12,617**	10,834
Interest bearing liabilities	*12*	**4,249**	–
Other financial liabilities		**29**	–
TOTAL NON-CURRENT LIABILITIES		**16,895**	10,834
TOTAL LIABILITIES		**25,303**	18,990
NET ASSETS		**37,447**	31,359
EQUITY			
Contributed equity	*13*	**133,991**	119,992
Reserves	*14*	**(23)**	(1,643)
Accumulated losses		**(96,521)**	(86,990)
TOTAL EQUITY		**37,447**	31,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Contributed Equity *AU$'000*	Accumulated Losses *AU$'000*	Foreign Currency Translation *AU$'000*	Convertible Note Premium Reserve *AU$'000*	Equity Reserve Purchase of Non-controlling Interest *AU$'000*	Total Equity *AU$'000*
At 1 January 2017	119,992	(86,407)	(5,907)	2,068	1,069	30,815
Loss for the period	–	(583)	–	–	–	(583)
Other comprehensive income	–	–	1,127	–	–	1,127
Total comprehensive income for the period	–	(583)	1,127	–	–	544
Transactions with owners in their capacity as owners:	–	–	–	–	–	–
At 31 December 2017	119,992	(86,990)	(4,780)	2,068	1,069	31,359
At 1 January 2018	**119,992**	**(86,990)**	**(4,780)**	**2,068**	**1,069**	**31,359**
Loss for the period	**–**	**(9,531)**	**–**	**–**	**–**	**(9,531)**
Other comprehensive income	**–**	**–**	**1,620**	**–**	**–**	**1,620**
Total comprehensive income for the period	**–**	**(9,531)**	**1,620**	**–**	**–**	**(7,911)**
Transactions with owners in their capacity as owners:						
Issue of shares (net of cost)	**13,999**	**–**	**–**	**–**	**–**	**13,999**
At 31 December 2018	**133,991**	**(96,521)**	**(3,160)**	**2,068**	**1,069**	**37,447**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	**2018**	2017
		AU$'000	*AU$'000*
Cash flows from operating activities			
Receipts from customers		**36,587**	42,363
Payments to suppliers and employees		**(45,048)**	(42,196)
Payments for mineral exploration		**(68)**	(278)
Interest received		**225**	59
Interest expenses		**(170)**	(2)
Net cash used in operating activities	*4*	**(8,474)**	(54)
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,249)**	(3,046)
Payments for development activities		**(5,329)**	–
Proceeds from bond held on deposit		**9**	16
Payments for evaluation activities		**–**	(631)
Payments for development of mine properties		**–**	(3,185)
Net cash used in investing activities		**(8,569)**	(6,846)
Cash flows from financing activities			
Proceeds from share issue		**17,890**	–
Drawdown of loan		**9,000**	–
Repayment of loan		**(5,000)**	–
Share issue costs		**(933)**	(1,430)
Net cash from/(used in) financing activities		**20,957**	(1,430)
Net (decrease)/increase in cash and cash equivalents		**3,914**	(8,330)
Cash and cash equivalents at the beginning of the period		**6,609**	15,407
Effects of exchange rate changes on cash and cash equivalents		**382**	(468)
Cash and cash equivalents at the end of the period	*4*	**10,905**	6,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Dragon Mining Limited (the "Company") was incorporated as an Australian Public Company, limited by shares on 23 April 1990, and is subject to the requirements of the *Corporations Act 2001* as governed by the Australian Securities and Investment Commission. The Company's registered office is located at Unit B1, 431 Roberts Road, Subiaco, Western Australia, 6008. The Company's shares were successfully listed on the Main Board of the Stock Exchange of Hong Kong on 5 November 2018.

The Company's Announcement of the Results for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 7 March 2019.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2018 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 Investments Pty Ltd	Australia 18 December 2008	–	100%	Dormant
Dragon Mining (Sweden) AB	Sweden 27 April 1993	SEK 100,000	100%	Gold Production
Viking Gold & Prospecting AB	Sweden 3 April 1996	SEK 100,000	100%	Dormant
Dragon Mining Oy	Finland 24 March 1993	EUR 100,000	100%	Gold Production

b) Basis of Preparation

Statement of Compliance

The Announcement of the Results for the year ended 31 December 2018 are general purpose financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

All IFRSs effective for the accounting period commencing 1 January 2018 have been adopted by the Group. In accordance with the transitional provisions of IFRS 9 Financial Instruments (IFRS 9), which was adopted 1 January 2018, the Group has elected not to restate comparative information (see note 1(aa)). Except for the impact of adopting IFRS 9, accounting policies have been consistently applied throughout all periods presented. There was no material impact of the new and revised standards and interpretations on the Group and the Group's accounting policies have been updated to reflect the new standards where applicable. Refer to note 20 for disclosure on the implementation of IFRS 15 Revenue from contracts with customers (IFRS 15) and IFRS 9.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. These financial statements are presented in Australian dollars ("AU$") and all values are rounded to the nearest thousand except when otherwise specified.

c) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Consolidated Entity.

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 Statements of Financial Position.

d) 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 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. Revenue is recognised in accordance with the price and quantity specified in the sales contract when the delivery obligations have been met.

e) **Income Taxes**

The income tax expense or benefit for the period is the tax payable on the current period'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.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 Cashflow 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, classified as operating cash flows.

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

g) 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 & 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.

h) Trade and Other Receivables

Policy applicable from 1 January 2018:

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. 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 sundry 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 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.

Policy applicable for annual reporting periods up to 31 December 2017:

Trade receivables have a 45-day term and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less doubtful debts.

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. Final settlement is based on the monthly average LME gold price for the month following delivery (the "quotational period"). The revenue adjustment mechanism embedded within the receivable has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Group recognises this embedded derivative at fair value through profit and loss with changes in fair value recognised as an adjustment to revenue in the statement of profit and loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect some or all amounts due according to the original terms of the transaction. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows. The amount of the provision is recognised in the Consolidated Statements of Profit or Loss.

Receivables from related parties are recognised and carried at the nominal amount due. When interest is charged it is taken up as revenue in profit or loss and included in other revenue.

i) 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.

j) 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.

k) 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 it's 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 financial year end.

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(n)).

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 de-recognition 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.

l) 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.

m) 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 Statement of Cashflows, 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.

n) 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.

o) 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's basis.

p) 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 and Other Comprehensive Income 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.

q) Interest Bearing Liabilities

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.

r) 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. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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.

s) **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.

t) **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 period 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.

u) **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 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".

v) 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.

w) Fair Value

The Group measures financial instruments, such as derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in note 23.

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 by 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.

x) 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 financial statements:

Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered to the customers facility as this is the point in time that the risks and rewards of ownership are transferred and the Group's performance obligations have been met in accordance with the sales agreements. Adjustments are made for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

Share issue costs

Listing costs totalling AU$3.60 million were incurred during the current year (2017: AU$4.12 million), with AU$2.29 million (2017: AU$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU$1.30 million (2017: AU$2.52 million) expensed to the Consolidated Statement of Profit or Loss.

The incurred costs assessed by management as being directly attributable to the proposed issue of new shares were transferred to contributed equity on the date when the shares are issued. Where costs have been jointly incurred for the listing of existing shares and the issue of new shares, the costs have been allocated based on the proportion of the projected number of new shares issued to the number of total shares. Costs that are related to the Hong Kong listing have been expensed as incurred.

y) 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.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 1(s). 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. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

Impairment of non-financial assets

In accordance with accounting policy note 1(n) 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 has been determined using the fair value less cost of disposal approach, classified as level 3 on the fair value hierarchy. Any variation in the assumptions used to determine fair value less cost of disposal 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 7 for further discussion of the current year impairment assessment.

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(e) 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.

These judgements and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

z) 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 period ended 31 December 2018 and are outlined below:

IFRS 16 Leases (effective from 1 January 2019)

IFRS 16, issued in January 2016, replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

Transition to AASB 16

The Group plans to adopt the modified retrospective approach on transition, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 January 2019.

The lease asset is measured as if AASB 16 had been applied from the commencement of the lease with any difference between the lease asset and liability recognised as an adjustment to opening retained earnings. Under this transition method, prior period comparative financial statements are not required to be restated and the cumulative impact of applying the standard is recognised in opening retained earnings on the initial date of application, being 1 January 2019. The Group has completed changes to the contracting process and the system implementation to ensure ongoing compliance with AASB 16.

The Group has completed an impact assessment of AASB 16 and adopted the short term leases practical expedient which enables leases that are less than 12 months from the date of transition to be expensed. On transition the existing leases were less than 12 months and as a result no right of use asset or liability will be recognised. It is expected that the expensed will be consistent with that disclosed in the Note 22(c) AU$67,000.

IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

This Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

Interpretation 23 is a clarification treatment of uncertain tax positions. The Group is not expecting a material impact on the adoption of the interpretation. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

Annual Improvements 2015-2017 (effective 1 January 2019)

The amendments clarify certain requirements in: IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — previously held interest in a joint operation; IAS 12 Income Taxes — income tax consequences of payments on financial instruments classified as equity; IAS 23 Borrowing Costs — borrowing costs eligible for capitalisation.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

Conceptual Framework for Financial Reporting (effective 1 January 2020)

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new framework will be minimal.

Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2022)

The amendments 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 investor's interests in associate or joint venture. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

Amendments to IAS 19, — Employee benefits on plan amendment, curtailment or settlement (effective 1 January 2019)

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

IFRS 17, — Insurance contracts (effective 1 January 2021)

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. This standard is not applicable to the Company as it is not an insurance entity.

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.

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

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 2018. Except for IFRS 15 Revenue from Contracts with Customers ("IFRS 15") and IFRS 9 Financial Instruments ("IFRS 9"), the adoptions of these new and amended Accounting Standards and Interpretations did not impact the accounting policies of the Group.

IFRS 15

The Group has adopted IFRS 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in IFRS 15 the standard has been applied using the full retrospective approach. In this regard, the Group has applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

IFRS 15 supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The accounting policy for the Group's main types of revenue are presented in note 1(d) which has been updated to reflect the application of IFRS 15. Additional disclosures relating to revenue from customers is set out in note 20.

All customer contracts in force at 1 January 2017 have been reviewed and assessed and it was determined that the adoption of IFRS 15 had no significant impact on the recognition and measurement of revenue.

IFRS 9

The Group has adopted IFRS 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. Accordingly, consistent accounting policies have not been applied throughout the Relevant Periods. IFRS 9 replaces parts of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policy presented in note 1(h) has been updated to reflect the application of IFRS 9 for the period from 1 January 2018.

Measurement and classification

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group have been assessed in terms of the requirements of IFRS 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of IFRS 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	**Original measurement category under IAS 39 (prior to 31 December 2017)**	**New measurement category under IFRS 9 (from 1 January 2018)**
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade receivables — concentrate sales	Host instruments — loans and receivables Embedded derivative — at fair value through profit and loss	Hybrid instruments — Financial asset at fair value through profit or loss
Trade receivables — other	Loans and receivables	Financial assets at amortised cost
Other receivables	Loans and receivables	Financial assets at amortised cost
Bonds and deposits	Loans and receivables	Financial assets at amortised cost
Intercompany loans	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities	Financial liability at amortised cost	Financial liability at amortised cost

The reclassification of financial instruments did not have a significant measurement impact on the financial statements.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, IFRS 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. IFRS 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. Where the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The Group's existing financial assets carried at amortised cost were reviewed and assessed for impairment at 1 January 2018 using reasonable and supportable information. With respect to bonds and cash balances these items were assessed to have a low credit risk as they are held by reputable institutions with high credit ratings. The ECL on other receivables is not considered to be material.

As a result of the adoption of IFRS 9, the Parent has reassessed intercompany balances with its subsidiaries at 1 January 2018. The directors have concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. These loans are assessed to have a credit risk other than low. Accordingly, the Group recognises lifetime ECL for these loans until they are derecognised. No additional cumulative loss allowance has been recognised by the parent at 1 January 2018.

Hedging

The Group does not apply hedge accounting.

2. OTHER REVENUE, INCOME AND EXPENSES

		2018	2017
		AU$'000	*AU$'000*
a)	**Cost of sales**		
	Cost of production net of inventory movements[1]	**37,666**	32,829
	Depreciation of mine properties, plant and equipment	**3,488**	2,903
		41,154	35,732
	[1]Cost of production net of inventory movements		
	Mining	**24,017**	21,408
	Processing	**12,279**	10,293
	Other production activities	**1,370**	1,128
	Cost of production net of inventory movements	**37,666**	32,829

		2018	2017
		AU$'000	*AU$'000*
b)	**Other revenue**		
	Finance revenue and interest	**209**	52
	Rent and sundry income	**7**	122
		216	174
c)	**Other income**		
	Other	**35**	92
		35	92
d)	**Other expenses**		
	Depreciation of non-mine site assets	**72**	65
	Disposal of exploration assets	**–**	205
	Evaluation assets written off	**326**	–
		398	270
e)	**Finance costs**		
	Interest	**174**	1
	Other	**17**	13
		191	14
f)	**Total employee benefits including Directors remuneration**		
	Wages and salaries	**7,771**	7,721
	Defined contribution superannuation expense	**1,245**	1,382
	Other employee benefits	**669**	676
		9,685	9,779
g)	**Hong Kong listing costs**		
	Listing costs incurred	**3,595**	4,123
	Share issue costs	**(2,293)**	(1,598)
	Listing costs expensed	**1,302**	2,525

Listing costs totalling AU$3.60 million were incurred during the current year (2017: AU$4.12 million), with AU$2.29 million (2017: AU$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU$1.30 million (2017: AU$2.52 million) expensed to the Consolidated Statement of Profit or Loss. Refer to note 1(x) for more information.

3. INCOME TAX

	2018	2017
	AU$'000	*AU$'000*

(a) Income Tax Expense

	2018	2017
The major components of income tax expense are:		
Current income tax		
Current income tax benefit	**–**	–
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	**–**	–

	2018	2017
	AU$'000	*AU$'000*

(b) Amounts charged or credited directly to equity

	2018	2017
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.

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2018 ***AU$'000***	2017 *AU$'000*
Accounting loss before income tax	**(9,531)**	(583)
At the Group's statutory income tax rate of 30% in Australia (2017: 30%)	**(2,859)**	(175)
Adjustments in respect of current income tax of previous year	**–**	–
Effect of different rates of tax on overseas income	**623**	(317)
Other	**(3,353)**	(2,593)
Previously unrecognised tax losses utilised/recognised	**–**	–
Tax losses and other temporary differences not recognised as benefit not probable	**5,589**	3,085
Aggregate income tax expense	**–**	–

	2018	2017
	AU$'000	*AU$'000*

(d) Deferred tax assets and liabilities

	2018	2017
Consolidated deferred income tax at reporting date relates to the following:		
Deferred tax assets (excluding tax losses)		
Leave entitlements	**46**	61
Rehabilitation provision	**393**	995
Share issue and listing costs	**2,125**	–
Mine Properties, Property, plant and equipment	**3,572**	9,816
Exploration costs	**928**	1,031
Accruals	**42**	–
Temporary differences not recognised	**(7,101)**	(11,898)
Set off deferred tax liabilities pursuant to set off provisions	**(5)**	(5)
Deferred income tax assets	**–**	–
Deferred tax liabilities		
Accelerated deduction	**–**	–
Mine Properties, Property, plant and equipment	**(5)**	(5)
Set off deferred tax liabilities pursuant to set off provisions	**5**	5
Deferred income tax liabilities	**–**	–

(e) Tax Losses

Future benefits of tax losses total approximately AU$15.5 million (2017: AU$11.0 million). The Consolidated Entity has available capital losses at a tax rate of 30% amounting to AU$6.1 million (2017: AU$3.7 million).

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.

(f) Tax consolidation

Effective July 1 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 2018, there are no tax consolidation adjustments (2017: 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

	2018	2017
	AU$'000	*AU$'000*
Cash at bank and on hand (i)	**10,905**	6,553
Short-term deposits	**–**	56
	10,905	6,609

(i) Cash at bank and on hand includes AU$8.2 million available for use only on the development of the Fäboliden Gold Project.

The Consolidated Entity's exposure to interest rate risk is disclosed in note 23(e). Short-term deposits represent the bank guarantee held on deposit with National Australia Bank for the lease of the corporate premises. These deposits are rolled over every 3 months in accordance with the lease terms.

a) Reconciliation of net loss after tax to net cash flows from operations

	2018	2017
	AU$'000	*AU$'000*
Net loss after tax	**(9,531)**	(583)
Adjustments for:		
Depreciation and amortisation	**3,886**	3,173
Net foreign exchange gains	**(55)**	(1,519)
Profit/(loss) on exploration assets	**–**	205
Changes in operating assets and liabilities:		
– Decrease in receivables	**(966)**	1,204
– (Increase)/decrease in other assets	**(271)**	516
– (Increase)/decrease in inventories	**(604)**	(2,048)
– (Decrease) in trade creditors and accruals	**(592)**	(982)
– (Decrease)/increase in provisions	**(341)**	(20)
Net operating cash flows	**(8,474)**	(54)

b) Reconciliation of liabilities from financing activities

	2018 AU$'000	2017 AU$'000
Opening balance — 1 January	–	–
Cash flow:		
Proceeds of borrowings	9,000	–
Repayment of borrowings	(5,000)	–
Non-cash changes:		
Foreign exchange adjustments	249	–
Balance at period end	4,249	–

5. TRADE AND OTHER RECEIVABLES

	2018 AU$'000	2017 AU$'000
Trade receivables	–	1,556
Trade receivables — fair value through profit or loss	749	–
Trade receivables — amortised cost (i)	2,094	–
Other receivables	1,147	1,025
	3,990	2,581

(i) The trade receivables relate to gold sold on market where the cash was received on the following business day. On this basis the probability of default was considered to be insignificant.

The Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

Ageing Analysis

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

	2018 AU$'000	2017 AU$'000
Within 1 month	2,843	–
1 to 2 months	–	1,556
2 to 3 months	–	–
Over 3 months	–	–
Trade debtors	2,843	1,556

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

	2018 AU$'000	2017 AU$'000
Within 1 month	2,843	–
1 to 2 months	–	1,556
2 to 3 months	–	–
Over 3 months	–	–
Trade debtors	2,843	1,556

6. INVENTORIES

	2018	2017
	AU$'000	*AU$'000*
Ore and concentrate stockpiles — at cost	**4,509**	4,337
Gold in circuit valued — at NRV	**4,499**	3,889
Raw materials and stores — at cost	**1,049**	884
	10,057	9,110

7. PROPERTY PLANT AND EQUIPMENT

	2018	2017
	AU$'000	*AU$'000*
Land		
Gross carrying amount — at cost	**1,390**	1,334
Buildings		
Gross carrying amount — at cost	**2,623**	2,422
Less accumulated depreciation and impairment	**(1,981)**	(1,809)
Net carrying amount	**642**	613
Property, plant and equipment		
Gross carrying amount — at cost	**33,527**	31,609
Less accumulated depreciation and impairment	**(31,458)**	(29,152)
Net carrying amount	**2,069**	2,457
Mine Properties		
Gross carrying amount — at cost	**113,429**	99,978
Less accumulated amortisation and impairment	**(90,974)**	(85,038)
Net carrying amount	**22,455**	14,940
Total property, plant and equipment		
Gross carrying amount — at cost	**150,969**	135,343
Less accumulated amortisation and impairment	**(124,413)**	(115,999)
Net carrying amount	**26,556**	19,344

Reconciliations

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

	2018 *AU$'000*	2017 *AU$'000*
Land		
Carrying amount at beginning of period	**1,334**	1,290
Additions	**–**	18
Disposals	**–**	(25)
Net foreign exchange movement	**56**	51
Carrying amount at end of period	**1,390**	1,334
Buildings		
Carrying amount at beginning of period	**613**	566
Additions	**98**	106
Depreciation	**(102)**	(87)
Net foreign exchange movement	**33**	28
Carrying amount at end of period	**642**	613
Property, plant and equipment		
Carrying amount at beginning of period	**2,457**	2,462
Additions	**719**	1,010
Depreciation	**(1,227)**	(1,136)
Net foreign exchange movement	**120**	121
Carrying amount at end of period	**2,069**	2,457
Mine properties		
Carrying amount at beginning of period	**14,940**	12,542
Additions	**3,596**	1,661
Reclassification from evaluation costs	**5,385**	2,004
Depreciation	**(2,231)**	(1,745)
Net foreign exchange movement	**765**	478
Carrying amount at end of period	**22,455**	14,940

The management of the Group recognises two cash-generating units ("CGU"), the Vammala Production Centre ("Vammala") and the Svartliden Processing Plant ("Svartliden"), which are tested for impairment in accordance with the accounting policy in the note 1(n). No impairment was recognised during the 2017 and 2018 financial years.

For the year ended 31 December 2018, the Group performed impairment testing utilising a life-of-mine discounted cash flow model for each cash generating unit. The key assumptions utilised in the impairment modelling included a gold price of US$1,270/ounce (2017: US$1,290/ounce), a USD:SEK exchange rate of 8.6 (2017: 7.8), a USD:EUR exchange rate of 0.85 (2017: 0.85) and a pre-tax real discount rate ranging between 7% – 9% (2017: 10% – 14%). The impairment modelling includes cash flows for Fäboliden which the Group has obtained a Test Mining Permit and is in the process of applying for a Full Mining Permit. The timing of the receipt of the Full Mining Permit may result in differences in the impairment result determined. Sensitivity analyses performed indicated that a decrease of the gold price to US$1,250/ounce or an increase in the pre-tax real discount rate by 100 basis points did not result in impairment.

8. MINERAL EVALUATION AND DEVELOPMENT COSTS

Mineral exploration and evaluation costs

	2018	2017
	AU$'000	*AU$'000*
Balance at beginning of financial period	**5,562**	2,231
Additions	**5,298**	5,293
Disposal	**–**	–
Exploration write off	**(326)**	(205)
Reclassification to mine properties	**(5,385)**	(2,004)
Net foreign exchange movement	**184**	247
Total mineral exploration and evaluation expenditure	**5,333**	5,562

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

9. OTHER ASSETS

	2018	2017
	AU$'000	*AU$'000*
Current		
Prepayments	**429**	1,728
Non-current		
Environmental and other bonds at amortised cost[1]	**5,480**	5,415

[1] 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 Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

10. TRADE AND OTHER PAYABLES

	2018	2017
	AU$'000	*AU$'000*
Trade payables and accruals	**6,409**	5,840

The Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

Ageing Analysis

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

	2018	2017
	AU$'000	*AU$'000*
Within 1 month	**5,418**	5,840
1 to 2 months	**974**	–
2 to 3 months	**10**	–
Over 3 months	**7**	–
Trade payables and accruals	**6,409**	5,840

11. PROVISIONS

	2018	2017
	AU$'000	*AU$'000*
Current		
Employee entitlements	**1,762**	2,138
Other	**130**	77
	1,892	2,215
Non-current		
Employee entitlements	**86**	34
Rehabilitation	**12,531**	10,800
	12,617	10,834
Rehabilitation movement		
Balance at 1 January 2018	**10,800**	
Additions	**1,050**	
Rehabilitation borrowing cost unwound	**–**	
Net foreign exchange movement	**681**	
Balance at 31 December 2018	**12,531**	

The provisions for rehabilitation are recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various Swedish and Finnish authorities. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. Accordingly, the provisions are expected to be settled primarily at the end of the mine life, although some amounts will be settled during the mine life.

Rehabilitation provisions are estimated based on survey data, external contracted rates and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The discount rate utilised for Finland in 2018 was 0% (2017: 0%) and in Sweden was 0% (2017: 0%). 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.

12. INTEREST BEARING LIABILITIES

	2018	2017
	AU$'000	*AU$'000*
Non-current		
Loan principal	**4,000**	–
Revaluation of HKD denominated drawdowns	**249**	–
	4,249	–

As at 31 December 2018:	**Interest Rate**	**Maturity**	***HK$'000***	***AU$'000***
AP Finance Limited				
Australian Dollar denominated draw downs	4%	30 June 2020		1,000
Hong Kong Dollar denominated draw downs	4%	30 June 2020	17,961	3,249

In February 2017, the Group entered a Hong Kong Dollar denominated unsecured loan facility with AP Finance Limited ("Loan Facility") for the Australian Dollars ("AUD") equivalent of AU$6.0 million. In August 2018, the Loan Facility was amended to increase the facility limit to AU$12.0 million. The Loan Facility was amended in December 2018 to extend the repayment date to 30 June 2020, all other terms and conditions remain unchanged. The Company has agreed with AP Finance Limited that the September 2018 drawdown of AU$1.0 million will be repayable in Australian Dollars. The rest of the Loan Facility remains repayable in Hong Kong Dollars. Refer to note 25 for drawdowns after period end.

13. CONTRIBUTED EQUITY

Share capital	**2018** Number of Shares	2017 Number of Shares	**2018** ***AU$'000***	2017 *AU$'000*
Ordinary shares fully paid	**138,840,613**	88,840,613	**133,991**	119,992

Movements in issued capital	*AU$'000*	No. Shares
At 1 January 2017	119,992	88,840,613
Balance at 31 December 2017 and 1 January 2018	119,992	88,840,613
Issue of fully paid ordinary shares [1]	17,890	50,000,000
Share issue expenses [2]	(3,891)	–
Balance at 31 December 2018	133,991	138,840,613

1 In conjunction with listing on the Main Board of the Stock Exchange of Hong Kong on 5 November 2018, the Company issued 50,000,000 fully paid ordinary shares at HK$2.03 (AUD equivalent $0.35) per share pursuant to its Public Offer document announced on the Stock Exchange of Hong Kong on 18 October 2018. The Public Offer shares were available and allotted to members of the public in Hong Kong as well as to professional, institutional and other investors in Hong Kong. The shares issued represent 36.01% of the total shares in issue immediately following completion of the Public Offer.

2 Refer to note 2(g) for detailed breakdown of listing costs capitalised to contributed equity and or expensed to the Statement of Consolidated Profit or Loss.

During the year there were no disclosable transactions relating to the purchases, sales or redemption of own shares by the Company, or any of its subsidiaries, of its listed securities.

No dividend for the years ended 31 December 2018 and 2017 was declared or paid by the Company. In addition, the Board resolved not to propose any final dividend for the year ended 31 December 2018.

14. RESERVES

	2018	2017
	AU$'000	*AU$'000*
Foreign currency translation reserve	**(3,160)**	(4,780)
Convertible note premium reserve	**2,068**	2,068
Equity reserve purchase of non-controlling interest	**1,069**	1,069
	(23)	(1,643)

Foreign currency translation reserve summary

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

Convertible note premium reserve summary

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.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) 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 Chairman (appointed 7 February 2014)
Mr Brett R Smith	Executive Director (appointed 7 February 2014)
Mr Carlisle C Procter	Independent Non-Executive Director (appointed 19 May 2015)
Mr Wong Tai Chun Mark	Alternate Director to Mr Arthur G Dew (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	
	2018	2017
	AU$	*AU$*
Short-term	**1,080,161**	920,393
Long-term	**116,375**	60,816
Post-employment	**101,738**	87,437
Total	**1,298,274**	1,068,646

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 2018 and 2017 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	
	2018	2017
	AU$	*AU$*
Salaries, allowances and benefits in kind	**924,852**	1,010,307
Performance related bonuses	**50,995**	–
Pension scheme contributions	**175,502**	227,786
Total	**1,141,348**	1,238,093

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	
	2018	2017
Nil to HK$1,000,000	**–**	–
HK$1,000,000-HK$1,500,000	**1**	2
HK$1,500,000-HK$2,000,000	**2**	–
HK$2,000,000-HK$2,500,000	**1**	2
HK$2,500,000-HK$3,000,000	**–**	–
HK$3,000,000-HK$3,500,000	**–**	–
Total	**4**	4

16. DIRECTORS AND EXECUTIVE OFFICERS REMUNERATION

		Short Term		Other Long-Term Benefits		Post-Employment		
In dollars		Salary & Fees	Bonuses	Annual Leave Accrued	Long Service Leave Accrued	Super-annuation Benefits	Total Remuneration	Proportion of Remuneration Performance Related
Directors		*AU$*	*AU$*	*AU$*	*AU$*	*AU$*	*AU$*	*%*
Mr Arthur G Dew[1]	2018	90,000	–	–	–	8,550	98,550	–
(Non-Executive Chairman)	2017	90,000	–	–	–	8,550	98,550	–
Mr Brett R Smith[2]	2018	300,000	200,000	26,591	19,696	47,500	593,787	34%
(Executive Director)	2017	300,000	82,393	25,045	–	36,327	443,765	–
Mr Carlisle C Procter	2018	37,930	–	–	–	3,603	41,533	–
(Independent Non-Executive Director)	2017	30,000	–	–	–	2,850	32,850	–
Mr. Poon Yan Wai[3]	2018	4,615	–	–	–	–	4,615	–
(Independent Non-Executive Director)	2017	–	–	–	–	–	–	–
Mr. Pak Wai Keung Martin[3]	2018	4,615	–	–	–	–	4,615	–
(Independent Non-Executive Director)	2017	–	–	–	–	–	–	–
Mr Mark Wong	2018	–	–	–	–	–	–	–
(Alternate Director)	2017	–	–	–	–	–	–	–
Total all specified Directors	**2018**	**437,161**	**200,000**	**26,591**	**19,696**	**59,653**	**743,101**	**27%**
	2017	**420,000**	**82,393**	**25,045**	**–**	**47,727**	**575,165**	**–**
Specified Executives								
Mr Neale M Edwards	2018	208,000	–	18,437	3,958	19,760	250,155	–
(Chief Geologist)	2017	208,000	–	18,437	3,987	19,760	250,184	–
Mr Daniel K Broughton	2018	210,000	25,000	18,614	29,079	22,325	305,018	8%
(Chief Financial Officer)	2017	210,000	–	13,347	–	19,950	243,297	–
Total all named Executives	**2018**	**418,000**	**25,000**	**37,051**	**33,037**	**42,085**	**555,173**	**8%**
	2017	**418,000**	**–**	**31,784**	**3,987**	**39,710**	**493,481**	**–**
Total all specified Directors and Executives	**2018**	**855,161**	**225,000**	**63,642**	**52,733**	**101,738**	**1,298,274**	**35%**
	2017	**838,000**	**82,393**	**56,829**	**3,987**	**87,437**	**1,068,646**	**–**

Notes:

1) Mr. Arthur Dew received certain emoluments in relation to his services for the Allied Group Limited, a substantial shareholder of the Company.

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

3) Messer's Poon and Pak we appointed Independent Non-Executive Directors effective from 5 November 2018.

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 reporting period.

17. REMUNERATION OF AUDITORS

The Auditor of Dragon Mining Limited is Ernst & Young.

	2018	2017
	AU$	*AU$*
Remuneration of Ernst & Young (Australia) for:		
–Auditing or reviewing accounts	**248,267**	521,618
–tax consulting	**33,000**	163,297
–audit services relating to the Hong Kong listing	**260,869**	172,682
	542,136	857,597
Remuneration of Ernst & Young (other than Australia) for:		
–Auditing or reviewing accounts	**94,934**	236,700
	94,934	236,700

18. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period (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:

	2018	2017
Basic earnings per share		
Loss used in calculation of basic earnings per share (AU$'000)	**(9,531)**	(583)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**96,532,921**	88,840,613
Basic loss per share (cents)	**(9.9)**	(0.66)

	2018	2017
Diluted earnings per share		
Loss used in calculation of basic earnings per share (AU$'000)	**(9,531)**	(583)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	**96,532,921**	88,840,613
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	**96,532,921**	88,840,613
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS. These may be dilutive in future if exercised	**–**	–
Diluted loss per share (cents)	**(9.9)**	(0.66)

19. 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 **2018** %	Equity Holding 2017 %
Dragon Mining Investments Pty Ltd	Australia	Ordinary	**100**	100
Dragon Mining (Sweden) AB	Sweden	Ordinary	**100**	100
Viking Gold & Prospecting AB	Sweden	Ordinary	**100**	100
Dragon Mining Oy	Finland	Ordinary	**100**	100

b) Transactions with related parties

The Company has the following transactions with related parties that are also exempted from continuing connected transactions according to Rule 14A.73(6) and 14A.73(8) of the Stock Exchange of Hong Kong 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 DK Broughton provides Chief Financial Officer Services and the Company also provides administrative services including offering the use of certain space in the Company office premise located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("Tanami"). Tanami is a Company of which Messer's Dew and Procter, the Company's Non-Executive Chairman and Independent Non-Executive Director are also Non-Executive Directors. The provision of services commenced from 8 September 2014 whereby the Company will charge Tanami for 48% of Mr DK Broughton's salary cost. During the year, the Company charged Tanami AU$100,000 (2017: AU$99,000) of which AU$24,750 was outstanding at 31 December 2018 (2017: AU$24,750).

Entity with significant influence over the Group

As a 31 December 2018, Allied Properties Resources Limited ("APRL"), a wholly owned subsidiary of Allied Properties (H.K.) Limited, owns 21,039,855 ordinary shares of the Company for an interest of 23.68%. The Company also has an unsecured AU$12 million loan facility with AP Finance Limited ("Loan Facility"), a subsidiary of Allied Properties (H.K.) Limited. The key provisions of the Loan Facility include (i) an interest rate of 4.0% per annum payable in arrears, and (ii) a loan with the term up to 30 June 2020. Refer to note 12.

20. 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. Dragon Mining Oy in Finland produces gold concentrate from the Vammala Production Centre and, processes ore from the Orivesi and Jokisivu 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 financial statements.

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

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

Disaggregation of revenue and major customers

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

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

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

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

	Sweden 2018 *AU$'000*	Finland 2018 *AU$'000*	Total 2018 *AU$'000*
Segment revenue			
Gold sales to external customers	**31,837**	**6,013**	**37,850**
Inter-segment sales	**–**	**31,819**	**31,819**
Elimination of inter-segment revenue	**–**	**–**	**(31,819)**
Total revenue	**31,837**	**37,832**	**37,850**
Other revenue			
Interest revenue	**3**	**–**	**3**
Sundry revenue	**–**	**7**	**7**
Unallocated interest revenue	**–**	**–**	**206**
Total other revenue	**3**	**7**	**216**
Segment interest expense	**–**	**–**	**–**
Unallocated interest expense	**–**	**–**	**173**
Total interest expense	**–**	**–**	**173**
Depreciation and amortisation	**109**	**3,451**	**3,560**
Loss on disposal of exploration	**–**	**326**	**326**
	109	**3,777**	**3,886**
Segment result			
Pre-tax segment result	**(7,319)**	**653**	**(6,666)**
Income tax expense	**–**	**–**	**–**
Post tax segment result	**(7,319)**	**653**	**(6,666)**
Unallocated items:			
Corporate interest revenue			**206**
Corporate costs			**(3,817)**
Finance costs			**(181)**
Elimination of inter-company interest expense and management fees in segment results			**927**
Loss after tax as per the Consolidated Statement of Profit or Loss			**(9,531)**
Segment assets	**26,723**	**26,583**	**53,306**
Unallocated items:			
Other corporate assets[1]			**9,458**
Total assets			**62,764**
Acquisitions of non-current assets	**4,244**	**187**	**4,431**

[1] Other corporate assets predominantly relates to cash and short-term deposits held within the Australian Parent of AU$9.3 million.

	Australia 2018 *AU$'000*	Sweden 2018 *AU$'000*	Finland 2018 *AU$'000*	Total 2018 *AU$'000*
Non-current assets by geographic location	**53**	**18,898**	**18,417**	**37,368**

	Sweden 2017 *AU$'000*	Finland 2017 *AU$'000*	Total 2017 *AU$'000*
Segment revenue			
Gold sales to external customers	36,007	5,263	41,270
Inter-segment	–	35,524	35,524
Elimination of inter-segment revenue	–	–	(35,524)
Total revenue	36,007	40,787	41,270
Other revenue			
Interest revenue	5	7	12
Other revenue	–	122	122
Unallocated interest revenue	–	–	40
Total other revenue	5	129	174
Segment interest expense	1	–	1
Depreciation and amortisation	43	2,925	2,968
Disposal of exploration	–	205	205
	43	3,130	3,173
Segment result			
Pre-tax segment result	(6,417)	8,098	1,681
Income tax expense	–	–	–
Post tax segment result	(6,417)	8,098	1,681
Unallocated items:			
Corporate interest revenue			40
Corporate costs			(4,475)
Finance costs			(5)
Elimination of inter-company interest expense and management fees in segment results			2,176
Loss after tax as per the Consolidated Statement of Profit or Loss			(583)

	Sweden 2017 *AU$'000*	Finland 2017 *AU$'000*	Total 2017 *AU$'000*
Segment assets	21,924	25,568	47,492
Unallocated items:			
Other corporate assets			2,857
Total assets			50,349
Segment acquisitions of non-current assets	15,073	15,196	30,269
Unallocated items:			
Corporate and other acquisitions	–	–	52
	15,073	15,196	30,321

[1] Other corporate assets predominantly relates to cash held within the Australian Parent of AU$1.1 million and prepayments AU$1.6 million.

	Australia 2017 *AU$'000*	Sweden 2017 *AU$'000*	Finland 2017 *AU$'000*	Total 2017 *AU$'000*
Non-current assets by geographic location	52	15,073	15,196	30,321

21. CONTINGENT ASSETS

Hanhimaa earn-in agreement (diluting to 30% interest)

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 remains as an early stage exploration project as at 31 December 2018 and therefore the company has not recognised any receivables from this agreement, as the risk of reversal is considered significant.

22. 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.

	2018	2017
	AU$'000	*AU$'000*
Within one year	**47**	43
One year or later and no later than five years	**201**	206
	248	249

b) Capital commitments

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

	2018	2017
	AU$'000	*AU$'000*
Within one year	**–**	–
	–	–

c) Operating lease expense commitments

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

	2018	2017
	AU$'000	*AU$'000*
Within one year	**67**	71
One year or later and no later than five years	**–**	–
	67	71

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:

	2018	2017
	AU$'000	*AU$'000*
Within one year	**321**	300
	321	300

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and Executives referred to in note 16 Directors and Executive Officers Remuneration that are not recognised as liabilities and are not included in the Directors' or Executives' remuneration.

23. 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 programme 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 financial statements at amortised cost represents their respective net fair values.

c) Fair values for instruments recognised at fair value

The fair values of the financial instruments as well as methods used to estimate the fair market value are summarised in the table below.

	As at 31 December 2018			
	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***
Trade receivables at fair value through profit or loss	**–**	**749**	**–**	**749**

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments is based on quoted market prices (Level 1).

For financial instruments not quoted in active markets, the Group uses a valuation technique such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs (Level 2).

The fair values of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that are not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk are not observable, the derivative would be classified as based on nonobservable market inputs (Level 3).

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 estimating the present value of the final settlement price using the LME forward metals prices at balance date. The embedded derivative in 2017 was not material.

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. Credit risk predominately arises from cash, cash equivalents, derivative financial instruments, deposits with banks and financial institutions and 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 delay 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.

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 or not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2018	2017
	AU$'000	*AU$'000*
Cash and cash equivalents		
Counterparties with external credit ratings		
AA–	**10,905**	6,609
A	**–**	–
Total cash and cash equivalents	**10,905**	6,609
Trade and other receivables		
Counterparties with external credit ratings		
AAA	**86**	122
AA–	**390**	248
A+	**–**	–
A–	**–**	–
Counterparties without external credit ratings		
Counterparties with no defaults in the past	**3,514**	2,211
Total trade and other receivables	**3,990**	2,581

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.

	2018	2017
Environmental and other bonds		
Counterparties with external credit ratings		
AAA	**5,480**	5,415
Counterparties without external credit ratings		
Counterparties with no defaults in the past	**–**	–
Total trade and other receivables	**5,480**	5,415

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:

	2018				2017			
	Floating interest rate	Fixed interest rate	Total	Average int. rate %	Floating interest rate	Fixed interest rate	Total	Average int. rate %
Financial assets								
Cash and cash equivalents	**10,905**	**–**	**10,905**	**0.97**	6,609	–	6,609	0.61
Environmental bonds	**5,480**	**–**	**5,480**	**–**	5,415	–	5,415	–
	16,385	**–**	**16,385**	**–**	12,024	–	12,024	0.61

The Group'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 Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed and variable interest rates.

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 the Australian Accounting 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 2018, the Company did not enter or hold any foreign exchange derivatives. At balance date, the Group had the following significant exposure to foreign currencies:

	2018 *AU$'000*	2017 *AU$'000*
USD exposure		
Entity with Euro functional currency		
Cash and cash equivalents	**20**	2,511
Trade receivables	**1,395**	–
Entity with AUD functional currency		
Trade receivables	**–**	9,984
Trade payables	**(853)**	–
Entity with SEK functional currency		
Cash and cash equivalents	**19**	–
Trade Receivables	**1,233**	–
Trade payables	**(1,210)**	(6,835)
Net USD Exposure	**604**	5,660
EUR exposure		
Entity with AUD functional currency		
Intercompany loan	**25,273**	26,242
Entity with SEK functional currency		
Cash and cash equivalents	**4**	28
Trade payables	**–**	(25)
Net EUR Exposure	**25,277**	26,245
AUD exposure		
Entity with SEK functional currency		
Cash and cash equivalents	**–**	909
Trade receivables	**–**	360
Entity with EUR functional currency		
Cash and cash equivalents	**1**	–
Trade receivables	**358**	–
Net AUD Exposure	**359**	1,269
SEK exposure		
Entities with AUD functional currency		
Trade payables	**63**	–
Net SEK Exposure	**14,581**	12,303
HKD exposure		
Entities with AUD functional currency		
Trade payables	**533**	–
Interest bearing liabilities	**3,249**	–
Net HKD Exposure	**3,782**	–

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) are used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. Within this context the programs undertaken are structured with the objective of maximising the Group's revenue from gold sales, but in any event, limiting derivative commitments to no more than 50% of the Group's gold Reserves. The value of these financial instruments at any point in time will, in times of volatile market conditions, show substantial variation over the short-term.

The Group is expose to commodity price volatility on the sale of metal in concentrate products such as copper and gold, which are 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.

For the year ended 31 December 2018, the Company did not enter or hold any commodity derivatives.

h) Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk, 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 2018.

31 December 2018

		Interest rate risk –1%		**Interest rate risk +1%**	
		Profit	**Equity**	**Profit**	**Equity**
	Note	***AU$'000***	***AU$'000***	***AU$'000***	***AU$'000***
Financial assets					
Cash and cash equivalents	*1*	**(109)**	**(109)**	**109**	**109**
Government bonds	*4*	**(55)**	**(55)**	**55**	**55**
Total (decrease)/increase		**(164)**	**(164)**	**164**	**164**

31 December 2017

		Interest rate risk –1%		Interest rate risk +1%	
		Profit	Equity	Profit	Equity
	Note	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Financial assets					
Cash and cash equivalents	*1*	(66)	(66)	66	66
Government bonds	*4*	(54)	(54)	54	54
Total (decrease)/increase		(120)	(120)	120	120

31 December 2018

	Note	Foreign exchange –10% Profit AU$'000	Foreign exchange –10% Equity AU$'000	Foreign exchange +10% Profit AU$'000	Foreign exchange +10% Equity AU$'000
Financial assets					
Cash and cash equivalents	*1*	**128**	**128**	**(128)**	**(128)**
Trade and other receivables	*2*	**976**	**976**	**(976)**	**(976)**
Intercompany loans	*3*	**3,593**	**3,593**	**(3,593)**	**(3,593)**
Financial liabilities					
Interest bearing liabilities		**(52)**	**(52)**	**52**	**52**
Total increase/(decrease)		**4,645**	**4,645**	**(4,645)**	**(4,645)**

31 December 2017

	Note	Foreign exchange –10% Profit AU$'000	Foreign exchange –10% Equity AU$'000	Foreign exchange +10% Profit AU$'000	Foreign exchange +10% Equity AU$'000
Financial assets					
Cash and cash equivalents	*1*	254	254	(254)	(254)
Trade and other receivables	*2*	998	998	(998)	(998)
Intercompany loans	*3*	3,854	3,854	(3,854)	(3,854)
Total increase/(decrease)		5,106	5,106	(5,106)	(5,106)

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

2. Trade receivables include AU$2.63 million of gold concentrate receivables denominated in USD.

3. Intercompany loans are denominated in AUD, SEK and EUR. 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 Profit or Loss.

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

i) 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 through the use of bank loans and equity raisings.

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

	2018	2017
	AU$'000	*AU$'000*
Within one year	**6,516**	5,942
Due between one and five years	**4,249**	–
	10,765	5,942

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes:

- Annual cash flow budgets;
- Two year cash flow forecasts; and
- Monthly rolling cash flow forecasts.

24. SIGNIFICANT EVENTS AFTER PERIOD END

On 31 January 2019, the Company made a further Loan Facility drawdown of AU$1.0 million from its Loan Facility. The drawdown was used to fund existing development projects, pay additional listing costs and provide additional working capital. As at the date of this announcement, the Company has AU$7.0 million in undrawn funds remaining.

25. PARENT ENTITY DISCLOSURE

	2018	2017
	AU$'000	*AU$'000*
CURRENT ASSETS		
Cash and cash equivalents	**9,273**	1,120
Trade and other receivables	**60**	37
Other assets	**56**	1,647
TOTAL CURRENT ASSETS	**9,389**	2,804
NON-CURRENT ASSETS		
Property, plant and equipment	**2**	2
Investments in subsidiaries	**–**	4,478
Intercompany loans	**7,635**	3,678
TOTAL NON-CURRENT ASSETS	**7,637**	8,158
TOTAL ASSETS	**17,026**	10,962
CURRENT LIABILITIES		
Trade and other payables	**4,818**	669
Provisions	**115**	170
TOTAL CURRENT LIABILITIES	**4,933**	839
NON-CURRENT LIABILITIES		
Provisions	**86**	34
Interest bearing liabilities	**4,249**	–
TOTAL NON-CURRENT LIABILITIES	**4,335**	34
TOTAL LIABILITIES	**9,268**	873
NET ASSETS	**7,758**	10,089
EQUITY		
Contributed equity	**133,991**	119,992
Reserves	**2,068**	2,068
Accumulated losses	**(128,301)**	(111,971)
TOTAL SHARE HOLDERS EQUITY	**7,758**	10,089

	Contributed Equity *AU$'000*	Accumulated Losses *AU$'000*	Convertible Note Premium Reserve *AU$'000*	Total Equity *AU$'000*
At 1 January 2017	119,992	(111,101)	2,068	10,959
Loss for the period	–	(870)	–	(870)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the period	–	(870)	–	(870)
Transactions with owners in their capacity as owners:				
At 31 December 2017	119,992	(111,971)	2,068	10,089

	Contributed Equity ***AU$'000***	**Accumulated Losses** ***AU$'000***	**Convertible Note Premium Reserve** ***AU$'000***	**Total Equity** ***AU$'000***
At 1 January 2018	**119,992**	**(111,971)**	**2,068**	**10,089**
Loss for the period	**–**	**(16,331)**	**–**	**(14,682)**
Other comprehensive loss	**–**	**–**	**–**	**(1,649)**
Total comprehensive income for the period	**–**	**(16,331)**	**–**	**(16,331)**
Transactions with owners in their capacity as owners:				
Issue of shares net of costs	**13,999**	**–**	**–**	**13,999**
At 31 December 2018	**133,991**	**(128,301)**	**2,068**	**7,758**

BUSINESS REVIEW

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Dragon Mining Limited comprises Dragon Mining Limited ("Dragon Mining" or the "Company"), the parent entity, and its subsidiaries. Of these subsidiaries, the operating entities are Dragon Mining (Sweden) AB in Sweden and Dragon Mining Oy in Finland.

The Company operates gold mines and processing facilities in Finland and Sweden. In Finland, the Vammala Production Centre ("Vammala") consists of a conventional 300,000 tpa crushing, milling and flotation plant ("Vammala Plant"), the Orivesi Gold Mine ("Orivesi") and the Jokisivu Gold Mine ("Jokisivu"). In March 2019, the Vammala Plant will begin processing ore from the Company's Kaapelinkulma Gold Mine ("Kaapelinkulma") upon commencement of first mining activities. Annual production from Finland is in the range of 23,000 to 30,000 ounces of gold depending on the grade of ore and gold concentrate feed.

In Sweden, the processing operation is known as the Svartliden Production Centre ("Svartliden"), consisting of a 300,000 tonne per annum carbon-in-leach ("CIL") processing plant ("Svartliden Plant") and the Svartliden Gold Mine (mining completed 2013). As mining of the original Svartliden Gold Mine has finished, no ore will be processed in Sweden until the Fäboliden Gold Mine ("Fäboliden") commences test mining in May 2019, with first production scheduled for August 2019.

The principal activities of the Company during the period were:

- Gold mining, and processing ore in Finland;
- Processing gold concentrate in Sweden; and
- Exploration, evaluation and development of gold projects in the Nordic region.

There have been no significant changes in the nature of those activities during the period.

OPERATIONS OVERVIEW

Safety Performance

The Company finished the year with a 12 month rolling lost time injury ("LTI") frequency rate, per million work hours of 4.32 (2017: 0.0). One LTI occurred at the Company's Finnish operations during 2018. Impressively Orivesi has achieved over 1,489 days LTI free, Vammala and Jokisivu recorded 298 and 1,105 LTI free days respectively and Svartliden recorded over 1,000 days LTI free.

Finland Operations

Vammala Plant

The Vammala Plant has produced 336,219 ounces of gold in concentrate to 31 December 2018. During 2018, the Vammala Plant treated 308,070 wet metric tonnes ("WMT") of ore (2017: 315,058 WMT of ore) with an average grade of 3.8 g/t gold (2017: 3.1 g/t gold) to produce 24,883 ounces of gold (2017: 28,204 ounces of gold) at a recovery level of 87.5% (2017: 87.1%) and a C1 cash cost of US$992 per ounce (2017: US$723 per ounce). Vammala mill feed was sourced from Orivesi and Jokisivu, comprising:

- 34,570 DMT of ore from Orivesi at an average grade of 4.8 g/t gold; and
- 273,500 DMT of ore from Jokisivu at an average grade of 2.6 g/t gold.

	Vammala Production Centre	
	2018	2017
Ore Mined (WMT)	**301,430**	313,674
Mined Grade (g/t gold)	**3.8**	3.1
Ore Milled (WMT)	**308,070**	317,792
Head Grade (g/t)	**2.9**	3.1
Recovery %	**87.5%**	87.1%
Gold Production (oz)	**24,883**	28,204
C1 Cash Cost (US$/ounce gold) [1]	**US$992**	US$723

[1] The Company has adopted the C1 cash cost definitions as set out by Mackenzie Wood (formerly Brook Hunt), which are not in accordance with IFRS. Where used, the information has not been subject to audit by the Group's external auditors.

Orivesi Gold Mine

Total ore mined from Orivesi was 37,140 WMT at 3.9 g/t gold. 14,030 WMT of ore came from ore stopes (2017: 54,005 WMT), the remaining 23,110 WMT came from ore development (2017: 15,287 WMT).

	Orivesi Gold Mine	
	2018	2017
Ore Mined (WMT)	**37,140**	69,291
Mined Grade (g/t gold)	**3.9**	3.9

At Orivesi, mining in the deep parts of the Kutema lode system ceased during Q1 2018, with production coming mainly from the Sarvisuo lode system.

Orivesi gold production for the year was negatively impacted by:

- a decrease in higher grade ore tonnes with the shortfall not fully compensated by the addition of lower grade ore tonnes from the Jokisivu Mine;

- 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 mineralization in the upper parts of Orivesi;

- highly unstable conditions encountered in the upper parts of Orivesi during the last quarter of 2018 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; and

- mechanical problems with the crusher in December rendered the operation unable to process the high grade Orivesi ore during the last two weeks in December. As a result, these tonnes with a grade of 9.4 g/t of gold were substituted with low grade ore tonnes from Jokisivu. These high grade tonnes will be processed in 2019.

Development work at Orivesi advanced 1,291 metres during the year (2017: 1,085 metres). Successful drilling campaigns carried out at Orivesi during early 2018 yielded a series of new intercepts that resulted in additional moderate to high grade mineable tonnes being defined, extending production to May 2019.

Jokisivu Gold Mine

Production from Jokisivu came from the main zone of the Kujankallio deposit and the Arpola deposit, with ore coming from both stope and development works. Total ore mined from Jokisivu was 264,679 WMT at 2.8 g/t gold. 113,391 WMT of ore came from ore stopes (2017: 54,005 WMT) and the remaining 151,288 WMT (2017: 152,979 WMT) came from ore development.

	Jokisivu Gold Mine	
	2018	2017
Ore Mined (DMT)	**264,679**	244,383
Mined Grade (g/t gold)	**2.8**	2.9

The increase in ore mined was a result of low grade ore from Jokisivu being used to assist with the shortfall of high grade ore from Orivesi.

Successful drilling campaigns undertaken at Jokisivu during 2018 returned a series of significant intercepts and effectively replaced resource tonnes mined from Jokisivu over the course of the year. Deepening of the Jokisivu decline advanced 175 metres and is now at the 420-metre level.

Kaapelinkulma Gold Mine

The Company continued to advance Kaapelinkulma towards mine start up with the commencement of pre-strip activities in 2018. Refer to Advanced Projects and Exploration Review on page 70 and the Environmental Review on page 73 for further updates on mine start up and permitting.

Sweden Operations

Svartliden Production Centre

The Svartliden Plant is a CIL facility that has a processing capacity of approximately 300,000 TPA, located in northern Sweden, approximately 700 kilometres north of Stockholm. The Svartliden Plant has been part of an integrated operation comprising the plant and an open pit and underground mining operation. Brought into production in March 2005, Svartliden has produced a total of 391,610 ounces of gold up to the end of 2016 which is the last time Svartliden produced gold from external concentrates. Since that time, Svartliden has been processing gold concentrate from Orivesi and Jokisivu into gold doré bars.

During 2018, the Svartliden Plant has operated at below breakeven to ensure the retention of staff in readiness for the commencement of mining and first processing of ore tonnes from Fäboliden. The mining of Fäboliden is expected to commence in May 2019 with first production scheduled in August 2019.

Almost 100% of Jokisivu and Orivesi flotation concentrate was processed at Svartliden throughout the year, a small amount of flotation concentrate was delivered to the Boliden Harjavalta smelter in addition to a small amount of gravity gold delivered to the Argor-Heraeus refinery.

In May 2018, the Fäboliden Test Mining Permit gained legal force, enabling the Company to commence the initial phase of test mining work in August 2018, refer to the Advance Project and Exploration Review on page 70 for further details. Fäboliden will recommence test mining operations in May 2019, and the Svartliden Plant is expected to commence processing Fäboliden test mining ore in August 2019.

The Company also received certified shipper status in Sweden to allow streamlined gold shipments.

Employees

The total number of headcount of the Group as at 31 December 2018 was 82 (2017: 83). Total staff costs including Directors emoluments amounted to AU$9.7 million (2016: AU$9.8 million). The Group reviews remuneration packages from time to time. The remuneration packages for our employees generally include a basic salary component and a productive incentive payment. 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 benefits as well as other miscellaneous items. We provide training to our employees to improve the skills and professional knowledge they need for our operations and their personal development, including initial training upon entering our Company/induction session prior to each exploration or operational activity on work safety and environmental protection.

Environment, and Social and Governance

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 operates in three national regulatory environments 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 Company's environmental management procedures, the Company is committed to the principle of developing and implementing best applicable 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, operation, production and final closure; and

- act systematically in the planning, execution, monitoring and improvement of environmental performance.

The Company is committed to operating in a way which 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 the local and national economy and of society in general.

The Board has overall responsibility for the Company's strategy and reporting in respect of Environmental, Social and Governance ("ESG") issues. The Board reviews the effectiveness of the Group's risk management and internal control systems, which are put in place to identify, evaluate and manage the Company's operating risks, environmental risks, social governance and financial risks. Based upon the assessments made by the Company's appropriately qualified senior management, and the Company's external Auditor, the Board considers that such systems are effective and adequate. As part of the Hong Kong listing rules the Company expects to release its annual ESG Report within 3 months of it releasing the Company's Annual Report.

Operational Risks

The Company faces operational risks on a continual 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 much more extensive.

- *Safety*

  Lost time injuries, serious workplace accidents or significant equipment failures may lead to harm to the Company's employees or other persons, temporary operation stoppage or closure of an operating mine, which could delay production schedules and disrupt operations, and impose a material and 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") taking into account evolving scientific knowledge and technology, management practices and community expectations.

The Company ensures it maintains compliance with the applicable laws, regulations and the 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 community on OH&S issues; and
- developing risk management systems to appropriately identify, assess, monitor and control hazards in the workplace.

- *Production*

  The Company has two pre-production assets, Fäboliden in Sweden and Kaapelinkulma in Finland ("Pre-production Assets"). As at 31 December 2018, neither Pre-Production Asset had commenced commercial production and any delay or failure to commence production in accordance with the current timetable may adversely impact the Company's results for 2019.

  The recovery rate and production costs are dependent on a many technical assumptions and factors, namely 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, tonnage, dilution and plant recovery.

  Plant breakdown or availability affect the operation.

- *Permitting*

  The Company 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.

  The application for a full-scale mining Permit for Fäboliden was submitted to the Land and Environmental Court in July 2018. If the Company faces significant delay in obtaining the full-scale mining Permit, it could materially and adversely affect the Company's profitability. Such delays would likely require the Company to re-evaluate the continued operations of the Svartliden operations. The Environmental Review on page 73 provides updates on rehabilitation and status of permitting at the Company's Swedish and Finnish operations.

- *Social and Political*

  The Company 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 or other adverse effects affecting the political climate.

In addition to the above micro level risks, the Company is exposed to other risk which include, but are not limited to, cyber attack, environmental activism, political and economic instability, and natural disaster. All of which can have varying degrees of impact on the Company and its operating activities. Where available and appropriate to do so, the Board will seek to minimise exposure through the use of insurance and or actively monitoring the Company's ongoing exposure on a whole.

FINANCIAL REVIEW

While the Finland operations still returned a profit and remain cash positive, the Hong Kong listing expenses and the cost of carrying the operations in Sweden, resulted in the Group generating a net loss after tax for the year ended 31 December 2018 of AU$9.5 million (2017: Loss AU$0.6 million). A net loss of AU$5.0 million was forecast when the prospectus was published in October of 2018.

Such net loss is primarily due to the factors that had a significant impact on annual production:

- a decrease in higher grade ore tonnes with the shortfall not fully compensated by the addition of lower grade ore tonnes from the Jokisivu Mine;

- 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 mineralization in the upper parts of Orivesi;

- highly unstable conditions encountered in the upper parts of Orivesi during the last quarter of 2018 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; and

- mechanical problems with the Crusher in December rendered the operation unable to process the high grade Orivesi ore during the last two weeks in December. As a result, these tonnes with a grade of 9.4 g/t of gold were substituted with low grade ore tonnes from Jokisivu. These high grade tonnes will be processed in 2019.

On 27 February 2019, the Company issued a profit warning announcement on the websites of the Stock Exchange of Hong Kong and the Company to advise of the significant variance in loss against the loss incurred in prior year.

Listing on the Stock Exchange of Hong Kong and Initial Public Offer

On 19 October 2018, the Company delisted from the ASX, and, on 5 November 2018, shares in the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong.

In conjunction with the listing, the Company completed an Initial Public Offering ("IPO") of 50,000,000 shares at HK$2.03 per share (approximately AU$0.35 per share). Total proceeds from the IPO were HK$101.5 million (AU$17.9 million). For detail on the use of net proceeds, refer to page 69.

Listing costs totalling AU$3.60 million were incurred during the current year (2017: AU$4.12 million), with AU$2.29 million (2017: AU$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU$1.30 million (2017: AU$2.52 million) expensed to the Consolidated Statement of Profit or Loss. Refer to note 1(x) to the Consolidated Financial Statements for more information.

Interest Bearing Liabilities – AU$12 million unsecured loan facility with AP Finance Limited

During the year, the Company made drawdowns totalling AU$9.0 million and voluntary prepayments totalling AU$5.0 million on its AU$12.0 million unsecured loan facility with AP Finance Limited ("Loan Facility").

On 27 December 2018, the Company extended the Loan Facility availability period from 31 December 2019 to 30 June 2020, all terms and conditions remain unchanged. As at 31 December 2018, the Company has AU$8.0 million in remaining funds available.

Refer to the section titled 'Significant Events after Balance Date' on page 68 for details of drawdowns made in 2019.

Revenue from Customers

During the year, the Company sold 22,498 ounces of gold (2017: 25,739 ounces of gold) at an average gold price of US$1,267 per ounce (2017: US$1,258 per ounce). Revenue from operations amounted to AU$37.9 million (2017: AU$41.3 million), a decrease of 8.3% against previous year's revenue. Gold production was 11.8% lower than the previous year due to a decrease in higher grade ore tonnes from Orivesi, partially offset by an increase in lower grade ore tonnes from Jokisivu.

Cost of Sales

Because of lower production and processing lower grade ore, the Company's 2018 C1 Cash Cost increased 37.1% to US$992 per ounce (2017: US$723 per ounce). Cost of sales increased to AU$41.2 million (2017: AU$35.7 million), representing an increase of 15.2%.

Cost of sales includes mining, processing, other production activities and depreciation as follows:

Cost of sales	**2018** *AU$'000*	2017 *AU$'000*	% change
Mining costs	**24,017**	21,408	12.2%
Processing costs	**12,279**	10,293	19.3%
Other production cost	**1,370**	1,128	21.5%
Depreciation	**3,488**	2,903	20.2%
Total	**41,154**	35,732	15.2%

- Mining unit costs increased by 4.3% to €49 per tonne of ore (2017: €47 per tonne), the unit cost variance is volume driven with 301,430 ore tonnes mined during the year (2017: 314,660 ore tonnes mined). In EUR terms, mining costs were relatively stable over the year, however the 6.9% depreciation of the average AUD/EUR (Dec 2018: AUD/EUR 0.6328 versus Dec 2017: AUD/EUR 0.6794) added a further AU$1.6 million to translated mining costs. Fluctuations in inventory levels and value are a normal part of the business operations which result from the timing of gold pours, shipments, grade, ore source impacting leaching residence times, and inventory revaluations. Ore stockpiles ended the year with an AU$1.1 million credit movement, the corresponding entry being a debit to cost of sales (2017: a debit movement in ore stockpiles with a corresponding credit to cost of sales).

- Processing unit costs at the Vammala Plant were consistent at €13 per ore tonne milled (2017: €13 per tonne). The AUD depreciation against the EUR increased processing costs by AU$0.4 million and an overall credit to inventory stockpiles of AU$1.0 million increased cost of sales.

- Other production activities increased 21.5% to AU$1.4 million (2017: AU$1.1 million) due to an increase in provisions.

- Depreciation increased 20.1% to AU$3.5 million (2017: AU$2.9 million) due to the limited remaining mine life at Orivesi which will see reserve related assets fully depreciated by mid-2019.

Gross Profit

Cost of sales exceed revenue from customers resulting in a gross loss for the year of AU$3.3 million (2017: gross profit of AU$5.5 million).

Other Revenue

Other revenue remained relatively stable at AU$0.2 million (2017: AU$0.2 million) and includes interest earned on the proceeds from the Company's Public Offer made in conjunction with its listing on the Stock Exchange of Hong Kong and waste rock sold for crushing in Finland.

Finance Costs

Finance costs increased to AU$0.2 million (2017: AU$0.1 million) due to the interest repayments of 4% made on the drawn balance of the Company's AU$12.0 million unsecured Loan Facility with AP Finance Limited.

Hong Kong Listing Expenses

Listing expenses for 2018 consisted of professional fees incurred in relation to the Company's listing on the Main Board of the Stock Exchange of Hong Kong. The balance of AU$1.3 million in the Consolidated Statement of Profit of Loss represents those residual expenses not related to the issuing of new shares and thus were not eligible to be capitalised. A total of AU$3.6 million listing expenses was incurred during the year, of which AU$2.3 million was capitalised.

Working Capital, Liquidity and Gearing Ratio

At 31 December 2018, the Company had net assets of AU$37.5 million (2017: AU$31.4 million), a working capital surplus of AU$16.7 million (2017: surplus AU$10.2 million), and a market capitalisation of approximately AU$31.6 million (2017: AU$16.9 million) or HK$174.9 million.

The Company had AU$10.9 million in cash and cash equivalents (2017: AU$6.6 million), which includes AU$8.2 million in remaining IPO proceeds to be used for Fäboliden (2017: AU$6.6 million). At 31 December 2018, the Company has an AU$12.0 million unsecured loan facility with AP Finance Limited ("Loan Facility") of which it had AU$8.0 million in unutilised funds remaining available. During the year, the Company funded its activities through cash inflows from operating activities, debt and net proceeds raised from the IPO. As at 31 December 2018, the Company's gearing ratio was 11% (2017: nil), calculated by dividing total borrowing by total equity.

Key Movements on the Consolidated Statement of Financial Position

- Total current assets increased to AU$25.4 million (2017: AU$20.0 million). Cash and cash equivalents increased by AU$4.3 million and includes the remaining net proceeds from the IPO. Other assets decreased with the capitalisation of prepaid share issue costs, upon completion of the Hong Kong listing.

- Total non-current assets increased to AU$37.4 million (2017: AU$30.3 million). Property Plant and Equipment includes Mine Properties which represents the accumulation of all acquired exploration, evaluation and development expenditure, particularly in relation to the development of the Fäboliden and Kaapelinkulma Gold Projects; and

- Total non-current liabilities increased to AU$16.9 million (2017: AU$10.8 million) due to AU$4.2 million increase in interest bearing liabilities (refer to Interest Bearing Liabilities below), being the HKD denominated Loan Facility and consisting of AU$4.0 million in drawdowns and an AU$0.2 million revaluation. The remaining movement relates to the adverse foreign exchange conversion on the Company's EUR and SEK rehabilitation provisions to AUD.

Financial Risks

Full details of the Company's Financial Risk Management policies are provided in note 23 of the Consolidated Financial Statements.

- *Foreign Exchange*

  The Company sells its bullion and gold concentrate in USD, its majority of costs are denominated in SEK and EUR, an interest-bearing liability denominated in HKD, 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.

- *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. The Company currently does not intend to hedge commodity price risk soon.

- *Liquidity*

  The Company is exposed to liquidity risk through its financial liabilities and its ability to meet obligations to repay its financial liabilities as and when they fall due. The Company intends to maintain a balance between continuity of funding and flexibility using bank loans and equity raisings.

- *Credit*

  Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

  Credit risk is managed on a group basis and predominately arises from cash and cash equivalents deposited with banks and financial institutions, trade and other receivables and 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 further cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Company constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed and variable interest rates.

- *Costs*

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

Charges on Company Assets

There were no charges on the Company's assets as at 31 December 2018 and 31 December 2017.

Contingent Liabilities

As at 31 December 2018, the Company's did not have any material contingent liabilities.

Company Strategy

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 production plants in Vammala, Finland and Svartliden, Sweden. The Company operates with a long-term business strategy to operate responsibly taking into account the interests of all stakeholders including its staff, contractors, the public including civic groups, the environment and the general amenity of its areas of operation, and produce positive financial outcomes through (i) the economic operations of its operating mines and production plants; (ii) development of new projects consistent with the Company's objective, such as the Fäboliden and Kaapelinkulma Gold Projects; and (iii) attention to the Company's corporate and social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operates.

Dividends

No dividend has been paid or declared since the commencement of the period and no dividend has been recommended by the Directors for the year ended 31 December 2018 (2017: nil).

Annual General Meeting

The forthcoming Annual General Meeting ("AGM") will be held on 23 May 2019. 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 2019, the registers of members of the Company in Hong Kong and Australia will be closed from Monday, 20 May 2019 to Thursday, 23 May 2019, 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 (i) the Company's principal share registrar, Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street Abbotsford VIC, 3067, Melbourne for registration no later than 4:30pm. on Friday, 17 May 2019 (Australian time); (ii) 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 4:30pm. on Friday, 17 May 2019 (Hong Kong time).

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

During the year ended 31 December 2018, save for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong on the Listing Date, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

Pre-Emptive Rights

There are no provisions for pre-emptive rights in the Company's Constitution, or in the Corporations Act in Australia where the Company is registered, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares are held by the public as at the date of this announcement.

Significant Events after Balance Date

On 31 January 2019, the Company made a further Loan Facility drawdown of AU$1.0 million from it Loan Facility. The drawdown was used to fund existing development projects, pay additional listing costs and provide additional working capital. As at the date of this announcement, the Company has AU$7.0 million in undrawn funds remaining.

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

Save for those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the year. Apart 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.

Use of Net Proceeds from The Company's Initial Public Offer

The net proceeds from the Company's listing on the Main Board of the Stock Exchange of Hong Kong, after deducting underwriting commission and listing expenses, amounted to HK$53.9 million (AU$9.5 million).

The Company has previously advised in the Prospectus that 90.0% of the net proceeds, representing approximately HK$48.5 million would be used to fund mine development, capital expenditure and operating expenditure activities associated with Fäboliden during 2018 and 2019. The Prospectus allocated the net proceeds as follows:

- Approximately 13.5% of the net proceeds would be used to fund mine development and capital expenditure activities at Fäboliden for the three months ending 31 December 2018; and
- Approximately 76.5% of the net proceeds will be used for funding mine development, capital expenditure and operating expenditure activities at Fäboliden Project for the year ending 31 December 2019; and
- The balance of approximately 10.0% of the net proceeds, representing approximately HK$5.4 million, would be used for working capital and general corporate purposes.

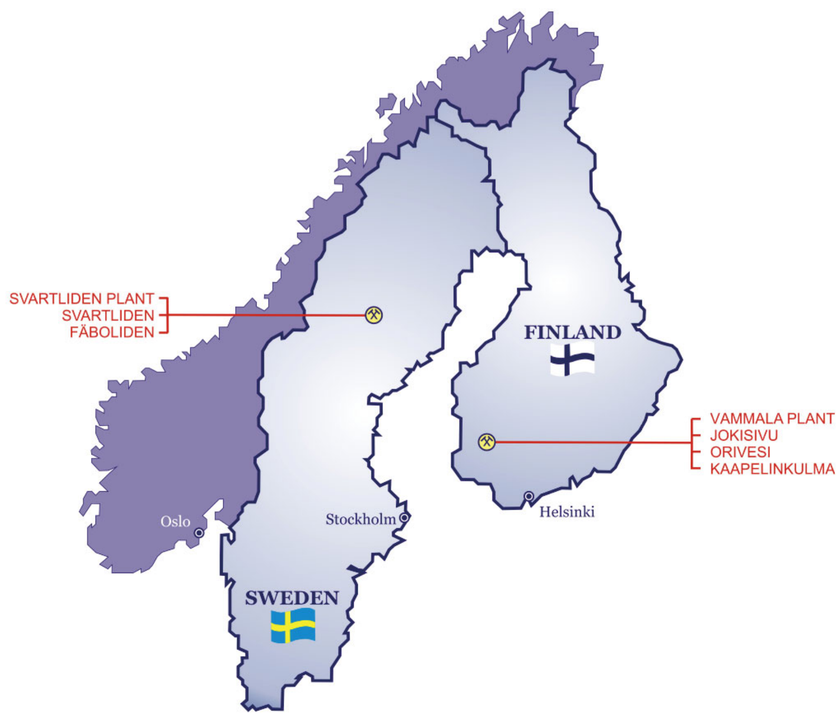
As at 31 December 2018, a total amount of AU$0.8 million (approximately HK$4.6 million) of the net proceeds had been used by the Company in accordance with the allocation set out in the Prospectus as follows, note the table is presented in the Company's presentation currency:

Purpose	Proposed use of proceeds	Purpose of proceeds expressed as % of net proceeds	Actual Amount utilised from 5 Nov 2018 to 31 Dec 2018	% utilised from Listing from 5 Nov 2018 to 31 Dec 2018	Proposed use for 2019	Proposed % use for 2019	Expected usage timeframe
	AU$'000	*%*	*AU$'000*	*%*	*AU$'000*	*%*	
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2018. Use restricted to mine development and capital expenditure activities at Fäboliden.	1,282	13.5%	382	29.8%	900	70.2%	Remainder expected to be utilised by August 2019.
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2019. Use restricted to mine development, capital expenditure and operating expenditure at Fäboliden including Fäboliden processing costs at Svartliden.	7,268	76.5%	–	0.0%	7,268	100.0%	Net proceeds allocated to 2019 are expected to be utilised by August 2019.
Working capital and corporate purposes	950	10.0%	409	43.1%	541	56.9%	Remainder to be utilised by early 2019.
Totals	9,500	100.0%	791	8.3%	8,709	91.7%	

ADVANCED PROJECTS AND EXPLORATION REVIEW

The Company continued to advance drilling activities on its projects in southern Finland and northern Sweden during 2018. Drilling was primarily undertaken to better define the extent and geometry of known mineralised zones and provide information to support mine planning and development.

In Finland, 112 diamond core holes were drilled during the year from underground positions for an advance of 17,059.55 metres (2017–164 holes for 20,641.10 metres). A total of 13,650 samples (2017–18,317 samples) were submitted for analysis in Finland. In Sweden, a total of 15 holes were drilled from surface for an advance of 707.50 metres (2017 – nil). A total of 670 samples (2017 – nil) were submitted for analysis in Sweden.



Results continued to highlight the prospective nature of the Company's project portfolio, returning a series of significant intercepts from the campaigns that targeted the Sarvisuo and the Sarvisuo West lode systems at the Orivesi Gold Mine (Orivesi") and the Kujankallio Main Zone ("Kujankallio Main Zone") and Kujankallio Hinge Zone ("Kujankallio Hinge Zone") of the Kujankallio deposit and the Arpola deposit at the Jokisivu Gold Mine (Jokisivu"). Results for all holes have subsequently been incorporated into updates of the Orivesi and Jokisivu Mineral Resource estimates.

Full details of the drilling programs have been previously released to the Australian Stock Exchange ("ASX") or the Hong Kong Stock Exchange ("HKEX") on:

- 17 April 2018 – Update of Activities Completed in Southern Finland (ASX);
- 15 June 2018 – Orivesi Drilling Returns Significant Gold Intercepts (ASX);
- 17 July 2018 – Update of Activities Completed at the Jokisivu Gold Mine (ASX); and
- 28 December 2018 – Drilling at the Jokisivu Gold Mine Returns Significant Results (HKEX).

These releases can be found at www.asx.com.au (Code: DRA) or www.hkex.com.hk (Stock Code: 1712).

In addition to drilling, the Company also continued to advance both the Kaapelinkulma and Fäboliden towards production.

Finland

Jokisivu Gold Mine

At Jokisivu a total of 57 underground diamond core holes were drilled over three campaigns for an advance of 12,103.45 metres. These campaigns included:

- A 27-hole, 6,947.65 metre campaign that was drilled from the 350m level and designed to further evaluate the Kujankallio Main Zone between the 340m and 420m levels;

- A 26-hole, 4,451.40 metre campaign that was drilled from the 410m level and designed to further evaluate the Kujankallio Hinge Zone between the 410m and 470m levels; and

- A 4-hole program totalling 704.40 metres, drilled from the 350m level targeting the extensions of the Arpola deposit.

Each campaign yielded a series of significant intercepts, the results supporting current geological models, further delineating the principal mineralised zones in the Kujankallio Main Zone and Kujankallio Hinge Zone area, whilst providing confidence that high-grade mineralised zones associated with the Arpola deposit continue at depth.

The Company also submitted an application for a new Mining Concession with the Finnish Safety and Chemicals Agency ("Tukes"). The application is contiguous with Dragon Mining's current Mining Concession holding and secures extensions of the known gold deposits at Jokisivu in preparation for future mine development.

In 2019, drilling programs will continue at Jokisivu from underground positions with the objective of further evaluating the extensions of the Kujankallio and Arpola deposits and associated satellite zones.

Orivesi Gold Mine

During 2018, 55 underground diamond core drill holes were completed for an advance of 4,956.10 metres during 2018. Campaigns included:

- A 25 hole, 2,451.70 metre campaign that targeted extensions of known gold bearing zones in the inner area at Sarvisuo West between the 340m and 420m levels;

- An 18 hole, 946.70 metre campaign that was directed at select targets in the outer area at Sarvisuo West from the 340m level; and

- A 12 hole, 1,557.70 metre campaign that was designed to improve the definition of known lodes in the upper Sarvisuo area between the 80m and 110m levels.

Each campaign returned a series of significant intercepts, the results from the campaign targeting the inner area at Sarvisuo West defining an 80 metre extension to the primary target at Sarvisuo West, at high-grades commensurate with results from previous exploration drilling in this area. This near vertical gold bearing zone is located in close proximity to existing underground development and will be mined during early 2019.

Exploration activities at Orivesi are currently on hold, pending a decision on the Leave to Appeal and an Appeal submitted by both the Company and the Centre for Economic Development, Transport and the Environment of Pirkanmaa, to the Supreme Administrative Court, in relation to the rejection of the Company's new Orivesi Environmental Permit by the Western and Inland Finland Regional State Administrative Office ("AVI").

Refer to Environmental Review on page 73 for specific permitting updates.

Kaapelinkulma Gold Project

During 2018, the Company continued to advance Kaapelinkulma towards mine start-up during 2018 with the establishment of critical onsite infrastructure, the removal of overburden from the open pit area and the construction of a noise barrier around the southern perimeter of the planned open pit.

Advancement of Kaapelinkulma towards mine start-up has incurred minimal capital investment to date as the Company continues to draw on its extensive experience of establishing mining operations in the Nordic Region. Mining of ore from Kaapelinkulma is scheduled to commence during Q2 2019, following the recent completion of the settling ponds, contractor's laydown area and the selection of a mining contractor.

Kaapelinkulma will be the Company's third gold mine in the southern Finland region, with ore extracted by open pit methods and transported by road to the Vammala Plant to produce a high grade gold flotation concentrate and gravity concentrate. Refer to Environmental Review on page 73 for specific permitting updates.

After the year end, a group of activists commenced protests at the mine site which included blockading the road access and trespassing on the Company's mine site, causing both inconvenience and interruption to the Company's staff and contractors. The trespassing was reported to the police and the police have taken action against the activists. At the time of writing, no major interruption to the Company's timetable has occurred but some delay and additional costs have eventuated. Further delay and costs could possible eventuate.

Sweden

Fäboliden Gold Project

The Company has previously announced that the County Administration Board ("CAB") in Vasterbotten had granted the Company an Environmental Permit for test mining operations at Fäboliden ("Test Mining Permit") subject to a number of conditions. The decision to grant the Test Mining Permit by the CAB was subsequently appealed on 29 December 2017 by a local nature conservation NGO ("Appeal"), and on 18 April 2018, the Swedish Land and

Environmental Court ("Court") ruled in favour of the Company and rejected the Appeal. The Test Mining Permit gained legal force on the 11 May 2018 after no further appeals were received by the Court, enabling the Company to commence the initial phase of test mining work in August 2018.

Drilling at Fäboliden resumed during 2018 with the completion of a 15 hole, 707.50 metre diamond core drilling campaign from surface. The campaign targeted areas where future waste rock and overburden dumps could be established. The areas were effectively sterilised with no significant gold results received.

The Company completed all required steps to commence pre-stripping activities but due to the Test Mining Permit conditions, only 6 weeks of operation was possible with approximately fifty percent of the overburden in the test mine area removed in 2018. Test mining activities will recommence at the beginning of May 2019.

Prior to commencing rock mining from the test mine, the Company is required to submit a technical description of the waste rock storage facility, ore stockpile, and catchment drains to the CAB for approval.

The test mining campaign at the project will incur minimal capital investment and will provide the Company with important information to optimise both mining and processing activities. The Company submitted its application to the Swedish Land and Environmental Court to secure an Environment Permit for full scale mining operations at Fäboliden on 6 July 2018.

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 the 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 Environmental Permit for production of 300,000 tpa and processing of ore from Kaapelinkulma was returned to the permitting authority, the Regional State Administrative Agencies – AVI Western and Inland Finland ("AVI"), by the Supreme Court. The Company was previously asked to provide an update and its preferred position for its application based on the requirements set out in Vaasa Administrative Court Decision No. 16/0096/2 May 2016.

During the year, supplementary work on the Environmental Permit was completed and delivered to AVI in October 2018. AVI is expected to issue a decision on the new permit by September 2019. Until such time, the Company can continue to operate under its existing permit conditions.

Orivesi Gold Mine

The Company has previously announced that the AVI had rejected the Company's application for a new environmental permit for Orivesi ("Permit"). The Company submitted the application to the AVI in 2010, with the extension related to the 2006 Environmental Permit. According to the AVI, the conditions for granting the Permit Extension were not met in the Company's application. On 13 June 2018, the Company announced that the Vaasa Administrative Court had rejected both the Company's and Pirkanmaa Centre for Economic Development, Transport and the Environment ("PIR ELY") appeals against the rejection of the new Environmental Permit for Orivesi. On 11 July 2018, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland in relation to the rejection of the Company's new Environmental Permit for Orivesi. The Company has received legal advice that the grounds for submitting the Leave to Appeal and Appeal are strong, given:

- Emissions at Orivesi have been progressively reduced each year;
- The Company complies with existing Environmental Permit conditions at Orivesi; and
- The Vaasa Administrative Court and AVI did not properly consider the effect of permit conditions and impacts on the environment.

The rejection by the AVI is not binding until the appeals process has been exhausted, until then Orivesi can continue to operate under its current 2006 environmental permit.

In October 2018, PIR ELY visited the mine site to discuss and request further information from the Company on the presence of waste material stored between the 66–85 level which had been deposited long before the Company purchased the mine in 2003 and recommenced mining activities in 2007. The Company submitted its explanation and was later requested to submit, for approval, its work procedure prior to the commencement of waste material removal by April 2019. On 15 October 2018, the Company announced the authorities had commenced a preliminary investigation of the matter to establish if an environmental crime had been committed. A number of interviews were held, including those who worked at the Orivesi mine in the 1990's prior to its ownership by the Company. No charges have been made against the Company or its employees. The Company is coordinating the removal of the waste in conjunction with investigations.

Jokisivu Gold Mine

The Company was asked by the Southwest Finland Centre for Economic Development, Transport and the Environment ("VAR ELY") to provide a statement on the environmental impacts of the planned waste rock enlargement area, which the Company provided. In 2018, VAR ELY provided their reply and in it requested the updating of the Environmental Permit. The Company will provide the update by September 2019.

An agreed upon investigation into the protected species of flying squirrel (Pteromys volans) was conducted in the Jokisivu district during Q2 2018. The results of the investigation indicated the flying squirrel population in the district is exceptionally dense and lively, due to the good nesting and nourishment opportunities on the mine site and surrounding areas. The Company continues to consider, the flying squirrel and its habitat, in its everyday activities.

The updating of the Jokisivu waste management plan is being conducted by an external consultant and is expected to be completed by end of March 2019.

Kaapelinkulma Gold Mine

Pursuant to the permit, the trees that stand in the southern part of Kaapelinkulma must be conserved as a protection zone to protect the woodland brown butterfly (lopinga achine) which is south from the cut forest. During the autumn of 2016, a section of trees, explicitly classified as a potential habitat for the woodland brown butterfly, was accidentally logged during tree felling activities to clear the land in preparation for mining. Failure to comply with permit regulations can result in criminal proceedings.

On 21 April 2017, the ELY Centre issued a statement approving of the Company's follow-up and future mitigation plan. While the Company was not charged, an individual working for the Company was charged relating to this tree clearing. On 29 January 2019, the Court dismissed all charges, including those against the employee, on the basis that no degradation or elimination of the woodland brown butterfly occurred. No appeal was lodged by the prosecutor.

A preliminary mine inspection was successfully conducted by The Finnish Safety and Chemicals Agency ("Tukes") in November 2018.

The Company has paid the required bond to Tukes and had confirmation that, irrespective of any appeal, the Company can commence mining activities as planned (refer to Advanced Projects and Exploration Review for further information). Two nearby residents of Kaapelinkulma submitted an appeal, to the Hämeenlinna Admirative Court ("Court"), against the bond amount requested by Tukes. The Court requested additional information from the Company, which was provided on 28 January 2019. As mentioned, the existence of an appeal does not preclude the Company from commencing mining works at Kaapelinkulma.

The updated Waste Management Plan ("Plan") was delivered to PIR ELY in November 2018 who in January 2019, approved the Plan. Should any new information regarding the characteristics of the waste rock be received that would have influenced the Plans approval had it been known, PIR ELY will apply the new information to its earlier decision and, if necessary, review whether approval of the Plan remains appropriate.

Sweden

Svartliden Rehabilitation Plan (U3)

Work to update the Svartliden Rehabilitation Plan ("Closure Plan") was completed in April 2017 and submitted to the Land and Environmental Court ("Court"). Comments from the Environmental Protection Agency ("EPA") and the CAB were received with both authorities viewing the proposed actions in the Closure Plan and the proposed closure bond as being insufficient. The Company provided its responses to the EPA and CAB comments, together with an updated cost assessment, back to the Land and Environmental Court in May 2018.

The Company received confirmation from the Court advising that a hearing regarding the Closure Plan, and other remaining investigation conditions relating to U1 and U2 below, is scheduled to occur in April 2019.

Svartliden Conditions of Tailings Depositions (U1)

The Company has two permits (one with conditions and one without) which allow for the deposit of tailings into the open pit, to a height of +415 meters above sea level. The permit without conditions will be addressed in April 2019 at the above hearing in the Land and Environmental Court.

Svartliden Permit Conditions (U2)

In April 2018, the Company submitted an additional investigation report into the final permit conditions on the outgoing clarification pond to the Land and Environmental Court. The CAB provided its comments back to the Company in July 2018 and advised it does not agree to the Company's proposed permit conditions. In October 2018, the Company provided additional comments outlining that its proposed permit conditions were based on thorough investigations and calculations which showed no risk for the environment. This matter will be addressed in April 2019 at the above hearing in the Land and Environmental Court.

Fäboliden Environmental Permit

As previously advised, the Environmental Permit for test mining was granted on 1 December 2017, is valid until 30 September 2027, and is subject to a few terms and conditions.

The Company is actively pursuing the full-scale mining permit which was submitted to the Land and Environmental court in July 2018.

Corporate Governance Practices

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

During the period from the Listing Date up to 31 December 2018, the Company has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 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 the code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date up to 31 December 2018.

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 2018, including the accounting principles and practices adopted by the Company.

The figures in respect of the Company's Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cashflow Statement, and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement, have been agreed by the Company's Auditors, Ernst & Young, to the amounts set out in the Company's draft Financial Statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Audit and Assurance Standards Board and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the website of the Stock Exchange of Hong Kong at www.hkexnews.hk and on the website of the Company at www.irasia.com/listco/hk/dragonmining/ and www.dragonmining.com. The Company's Annual Report for the year ended 31 December 2018 will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 7 March 2019

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; and Mr Carlisle Caldow Procter, Mr Pak Wai Keung Martin and Mr Poon Yan Wai as indenpendent non-executive directors.

* *for identification purposes only*