B. SHAREHOLDERS RIGHTS

Set out below is a summary of certain provisions of the Constitution of the Company and salient provisions of certain laws of Australia applicable to an Australian incorporated company.

The Company was incorporated in Australia on 23 April 1990 under the Companies (Western Australia) Code under the name Torum Mining N.L. as a no liability company and was registered in Western Australia. The Company's name was changed from Torum Mining N.L. to Dragon Mining N.L. on 5 July 1990. On 19 September 1990, the Company was listed and began trading on the ASX under the stock code "DRA". The Directors believe the founders were geologists with extensive experience in mining and exploration. The founders are no longer with the Company. On 16 February 2007, the Company changed its corporate structure from that of a public no liability company to a public company limited by shares and traded as "Dragon Mining Limited" from then on.

1. CLASSES OF SHARES

Pursuant to the Constitution, the Company may issue any Shares with or without preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. When the Company issues Shares which do not carry voting rights, the words "non-voting" shall appear in the class name of such Shares. Whilst the share capital includes Shares with different voting rights, the class name of each class of Shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

2. PRE-EMPTIVE RIGHTS ON NEW ISSUES OF SHARES

Under the Australian Corporations Act, Shareholders do not have any right to be offered any Shares which are being newly issued for cash before those Shares can be offered to non-Shareholders.

3. ALTERATION OF SHARE CAPITAL

The Board may do anything which it considers desirable to give effect to any resolution or other action authorising or effecting the alteration of the share capital of the Company or the variation or abrogation of rights attaching to any class of Shares or to adjust the rights of all parties and, in particular, may (without limitation):

(a) round or disregard any fraction of Shares or any fractional entitlement; and

(b) determine that as between the holders of Shares or other entitlements one or more of them has a preference or special advantage as regards dividend, capital, voting or otherwise.

4. BUY-BACKS

Subject to compliance with the Australian Corporations Act and the Listing Rules, there are no restrictions on reducing the Company's share capital or share buy-backs.

5. VOTING RIGHTS

The Australian Corporations Act states that:

- a member of the Company who is entitled to attend and cast a vote at a meeting of the members may appoint any person or corporate representative as that member's proxy to attend and vote for that member at the meeting; and

- a proxy appointed to attend and vote for a member has the same rights as the member that appointed that proxy, to speak and vote at the meeting and join in a demand for a poll.

Articles 16 and 17 of the Constitution contain practical rules about entitlements to attend and vote (including by proxy) which reflect the above statutory position.

6. DISTRIBUTION OF ASSETS ON A WINDING-UP

The Constitution provides that if the Company is wound up and after distribution of assets to repay the paid-up capital, there remain assets available for distribution to members (in that capacity), those assets will be distributed:

(a) to members in relation to each class of Shares in accordance with the respective rights to those assets established by the terms of issue of each class of the Shares; and

(b) so that (to the greatest possible extent), in relation to each class of Shares, the amount distributed to the members holding Shares of that class is distributed in the proportions which the amounts paid (including any amounts credited) on the Shares of a member is of the total amounts paid and payable (including amounts credited) on the Shares of all members in that class of Shares,

except that a member who is in arrears in payment of any call, but whose Shares (of whatever class) have not been actually forfeited, is not entitled to share in that distribution until the amount owing in respect of the call has been fully paid and satisfied.

7. TRANSFER OF SHARES

Subject to the Constitution and the Listing Rules, a member may transfer all or any of the member's Shares by an instrument in writing in the usual or common form or in such other form as the board may accept. Article 9.1 of the Constitution provides that except where permitted by the Stock Exchange of Hong Kong Limited, there is no restriction on the transfer of Shares. The board may decline to register a transfer of shares where to do so would contravene the Listing Rules and must do so when required by law (including the Listing Rules).

8. VARIATION OF RIGHTS

If at any time the issued Shares are divided into different classes, the rights attached to any class of Shares (unless the terms of issue of that class otherwise provide) may only be varied or abrogated with either:

- the consent in writing of the holders of 75% of the issued Shares of that class; or
- the sanction of a special resolution passed at a separate meeting of the holders of Shares of that class.

9. DIRECTORS' INTERESTS IN MATTERS

Each Director must declare and disclose a material interest to the Board as required by the Australian Corporations Act at the first meeting of the Board after the Director becomes a Director or at the first meeting of the board after the Director becomes aware of the facts which give rise to the material interest, or at the meeting of the board at which the question of entering into the contract or arrangement which gives rise to that material interest is first considered, whichever is the earlier.

10. RESTRICTIONS ON DIRECTORS VOTING

A Director (including any Alternate Director) who has a material personal interest (directly or indirectly) in a matter that is being considered at a meeting of the Directors will only be excluded or prohibited from voting on the matter, being counted in a quorum for the purposes of the meeting or being present while the matter is being considered, if the Director is so prohibited or excluded under the Australian Corporations Act.

This is unless the matter being considered relates to any contract or arrangement or any other proposal in which the Director or any of his or her close associates has a material personal interest, in which case such Director (including any Alternate Director) will be excluded from voting on that matter and being counted in a quorum for the purposes of that meeting.

11. DISPOSAL OF ASSETS

The Australian Corporations Act contains no specific restrictions on the powers of directors to dispose of the assets of a company. However, in exercising those powers, the directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of the Company as required under directors' duties in Chapter 2D of the Australian Corporations Act and fiduciary obligations under general law in Australia.

The Company cannot give a financial benefit to a related party of the Company without Shareholder approval, unless one of the exceptions specified in Chapter 2E of the Australian Corporations Act applies. A related party is defined in section 228 of the Australian Corporations Act, which includes a director of the Company or a person or entity related to a director.

12. RECONSTRUCTIONS

There are statutory provisions under Australian law which facilitate certain reconstructions and amalgamations approved by:

- a majority in number of the members present and voting; and
- 75% of the votes cast on the resolution.

Such reconstructions or amalgamations must also be approved by order of an Australian court.

13. WINDING UP

The board of the Company may authorise the presentation of a petition for the winding up of the Company by the court.

14. TAKEOVER REGULATION

The takeovers provisions in Chapter 6 of the Australian Corporations Act apply to certain dealings in the Shares. Those provisions apply to listed companies and unlisted companies with more than 50 members.

The Australian Corporations Act prohibits a person acquiring a ''relevant interest'' (basically power to vote or dispose of the share) in the voting shares in a company incorporated in Australia to which Chapter 6 of the Australian Corporations Act applies if, as a result, the ''voting power'' of the acquirer (or any other person) would:

- increase from 20% or below to more than 20%; or
- increase their voting power if that person already holds more than 20% but less than 90% of the voting power in that company.

This is unless an exception applies. These exceptions include acquisitions:

- under a formal takeover offer in which all Shareholders can participate;
- with the approval of the Shareholders given at a general meeting of the Company; and
- in 3% increments every six months (provided that the acquirer has had voting power of at least 19% in the target company for at least six months).

A person who has made a takeover bid where at the end of the offer period that person (and its associates) have a relevant interest in 90% or more of the issued shares and acquired 75% or more (by number) of shares held by other shareholders, may compulsorily acquire any remaining shares it does not hold at the same price offered under the bid, within one month after the end of the offer period. Even if a takeover bid has not been made, a person who otherwise lawfully acquires a relevant interest in 90% or more of the issued shares is able to acquire the remaining shares for fair value (confirmed by an independent expert), within six months after the person first acquires an interest in 90% or more of the issued shares.

Under the Australian Foreign Acquisition and Takeovers Act 1975 (Cth) and accompanying regulations, proposed acquisitions by foreign persons may require the prior approval of the Treasurer of Australia (advised by the Foreign Investment Review Board).

15. SHAREHOLDERS PROTECTIONS

The Company was incorporated in Australia and is subject to the Australian Corporations Act and other applicable laws and regulations in Australia. Set out below is a discussion on the key shareholders' protection standards offered under the Constitution and the Australian laws and regulations that the Company considers material to the Shareholders and potential investors and as required under the Joint Policy Statement.

15.1 Matters requiring a Super-Majority Vote

The Joint Policy Statement requires the following matters to be approved by a super–majority vote of the shareholders:

- changes to the rights attached to any class of shares of an overseas company (vote by members of that class);
- material changes to an overseas company's constitutive documents, however framed; and
- voluntary winding up of an overseas company.

Under the Australian Corporations Act, there is a "special resolution" voting threshold for certain matters, which is effectively a 75% approval threshold. Under the Australian Corporations Act and the Constitution, a special resolution of members is required to approve:

- changes to the rights attached to any class of shares;
- any modification to, or repeal of, the Constitution; and
- where the Company is being wound up by the Court or voluntarily.

15.2 Meanings of a Super-Majority Votes

The Joint Policy Statement requires a super-majority vote to mean at least a two-third majority where an overseas company has a low quorum requirement. When an overseas company's threshold for deciding the matters in the paragraph headed ''Matters requiring a Super-Majority Vote'' above is a simple majority only, these matters must be decided by a significantly higher quorum.

Under section 9 of the Australian Corporations Act, a special resolution means a resolution of which notice has been given in accordance with certain prescribed rules and that it has been passed by at least 75% of the votes cast by members entitled to vote on that resolution.

15.3 Variation of rights

The Constitution provides that a special resolution or the consent in writing of 75% of those in a class is required to approve a variation of rights of that class of shares. The Constitution also provides that a quorum of shareholders who hold at least one third of the issued shares of the relevant class of shares present in person or by proxy and entitled to vote is required to form a quorum of all general meetings of that class.

15.4 Changes to the Constitution

Section 136(2) of the Australian Corporations Act and the Constitution provides that a special resolution of Shareholders is required for any modification to, or repeal of, the Constitution. The Constitution also provides that no rule shall be rescinded, altered or amended and no new rule shall be made until the same has been approved by a special resolution.

15.5 Individual Members to Approve Increase in Members' Liability

The Joint Policy Statement requires that there should not be any alteration in an overseas company's constitutional document to increase an existing member's liability to the company unless such increase is agreed by such member in writing.

Under section 140(2)(b) of the Australian Corporations Act, unless a member of the Company agrees in writing to be bound, that member will not be bound by any alteration of the Constitution made after the date on which they became a member, if and to the extent that alteration increases the member's liability to contribute to the share capital of, or otherwise to pay money to, the Company.

15.6 Appointment of Auditors

The Joint Policy Statement requires that the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two tier board structure. Australian law does not require two tier board structures.

The Constitution provides that the members of the Company may, at any general meetings, convened and held in accordance with the Constitution, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place for the remainder of the term.

15.7 Appointment

Section 327B(1) of the Australian Corporations Act provides that a public company must appoint an auditor at its first annual general meeting and must appoint an auditor to fill any vacancy in the office of auditor at each subsequent annual general meeting. Appointments are made by way of a resolution passed by a simple majority of members.

15.8 Removal

Section 329(1) of the Australian Corporations Act provides that an auditor of the company may be removed by simple majority resolution of the members of a company at a general meeting, provided notice of intention to move the resolution is given to the company at least two months before the meeting.

15.9 Remuneration

Section 250R(1) of the Australian Corporations Act provides that the business of an annual general meeting may include the consideration of the annual financial report, directors' report and auditor's report, the election of directors, the appointment of the auditor, and the fixing of the auditor's remuneration. However, there is no requirement under the Australian Corporations Act for the auditor's remuneration to be approved by a majority of members. It is a matter for the Board of directors under Australian law.

15.10 Annual General Meetings

The Joint Policy Statement requires that an overseas company is required to hold a general meeting each year as its annual general meeting. Generally, not more than 15 months should elapse between the date of one annual general meeting of the overseas company and the next.

Section 250N of the Australian Corporations Act provides that the Company must hold an annual general meeting at least once in each calendar year and within five months after the end of its financial year.

15.11 Notice of General Meetings

The Joint Policy Statement requires that an overseas company must give its members reasonable written notice of its general meetings.

Section 249H(1) of the Australian Corporations Act provides that a company must give at least 28 days' notice of a meeting of members. However, the Company may call, on shorter notice, (i) an annual general meeting, if all the members entitled to attend and vote at the annual general meeting agree beforehand; and (ii) any other general meeting, if members with at least 95% of the votes that may be cast at the meeting agree beforehand. An Australian listed company is required to give at least 28 days' notice of meeting of members. The Constitution provides that an annual general meeting shall be called by notice of not less than 28 clear days and not less than 20 clear business days. All other general meetings shall be called by notice of not less than 28 clear days and not less than ten clear business days.

15.12 Rights to speak and vote at the General Meetings

The Joint Policy Statement requires that all members must have the right to speak and vote at a general meeting, except in cases where a member is required by the Hong Kong Listing Rules to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interest in the transaction or arrangement).

Under the Australian Corporations Act, written notice of a meeting of a company's members must be given individually to each member entitled to vote at the meeting and to each director. A notice of meeting must set out, among other things, the time, date and place of the meeting and the general nature of the meeting's business. Section 250 of the Australian Corporations Act also provides that the chair at an annual general meeting must allow reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the company.

The Constitution provides that each member is entitled to notice of each general meeting and to be present and to speak at that general meeting.

15.13 Proxies or Corporate Representatives

The Joint Policy Statement requires that a recognised Hong Kong clearing house must be entitled to appoint proxies or corporate representatives to attend general meetings and creditors meetings. These proxies/corporate representatives should enjoy statutory rights comparable to those of other shareholders, including the right to speak and vote.

The Australian Corporations Act does not contain any provision to the effect that a recognised clearing house would be prohibited from appointing proxies/corporate representatives. Article 17.1(b) of the Constitution expressly gives Hong Kong Securities Clearing Company Limited the right to appoint a proxy.

The Constitution also provides that any voting member shall be entitled to appoint another person as his proxy to attend a general meeting and vote instead of him or her at that meeting. A voting member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. In addition, a proxy or proxies representing either a Voting Member who is an individual or a Voting Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Voting Member could exercise.