Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

VOLUNTARY ANNOUNCEMENT

SCOPING STUDY HIGHLIGHTS POTENTIAL FOR FÄBOLIDEN UNDERGROUND MINE

This announcement is made by Dragon Mining Limited 龍資源有限公司* ("**Dragon Mining**" or the "**Company**") on a voluntary basis to inform the shareholders of the Company and potential investors of our activities.

The Company is pleased to advise that they have received a positive result from the Fäboliden Underground Scoping Study (the "**Scoping Study**"), a preliminary technical and economic study that was initiated for the purpose of assessing the viability of undertaking underground mining at the Fäboliden Gold Mine ("**Fäboliden**") in northern Sweden.

The Scoping Study has been undertaken by independent mining consultants RPM Advisory Services Pty Ltd ("**RPM**") in Perth, Western Australia and was based on the development of an underground operation at Fäboliden once open-pit mining was completed, to provide 300,000 tonnes of ore annually for processing through the Company's wholly owned carbon-in-leach ("**CIL**") facility at Svartliden ("**Svartliden Plant**"). An application to undertake full scale mining at Fäboliden was lodged with the Umeå District Land and Environment Court (the "**Court**") in July 2018. The Company is currently responding to the Court's latest request for supplementary information.

The Scoping Study has been underpinned by the Fäboliden Mineral Resource as at 31 December 2019 which was prepared by a Competent Person in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). The Fäboliden Mineral Resource was reported to the Stock Exchange of Hong Kong Limited ("**HKEx**") on the 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life.

The Scoping Study has been completed to a +/– 35% level of accuracy using the parameters and assumptions as outlined in Table 2 – Material Assumptions and Appendix 1 – Scoping Study Summary.

The key production and financial results delivered by the Scoping Study include:

- *15 year underground operating life generating a total run-of-mine ("**ROM**") tonnes and grade of 4,410 kt grading 2.97 g/t gold at a 2.5 g/t gold in-situ stoping cut-off grade;*
- *average annual production of 23 kozs of gold, based on a production rate of 300 ktpa and 82% process recovery through the Company's CIL facility at Svartliden;*
- *estimated start-up capital cost of US$15.1 million and a total life-of-mine ("**LOM**") capital cost of US$77.8 million;*
- *net cash flow approximating US$72 million based on a long term consensus gold price of US$1,437 per ounce and a USD:SEK exchange rate of 9.66 and EUR:USD exchange rate of 1.09;*
- *estimated total operating cost of US$78.65 per ROM tonne;*
- *estimated Net Present Value ("**NPV**") at 10% of US$24 million and Internal Rate of Return ("**IRR**") of 27%; and*
- *payback period of 5.4 years.*

A sensitivity analysis of the project economics to key parameters, including gold price, total operating costs and total LOM capital costs at +/– 10% and +/– 20% levels was completed to demonstrate the sensitivity of the key value drivers and leverage to variations in metal prices. The results of the sensitivity analysis are presented in Table 1 and Figure 1.

Table 1 – Sensitivity Analysis.

		(20%)	**(10%)**	**0%**	**10%**	**20%**
Gold Price	NPV 10% (US$ M)	-26.3	-1.2	**24.0**	49.1	74.3
	IRR (%)	–	9	**27**	48	72
Total Operating Cost	NPV 10% (US$ M)	60.3	42.1	**24.0**	5.8	-12.4
	IRR (%)	60	42	**27**	14	1
Total LOM Capital Cost	NPV 10% (US$ M)	33.1	28.6	**24.0**	19.4	14.8
	IRR (%)	39	32	**27**	23	19

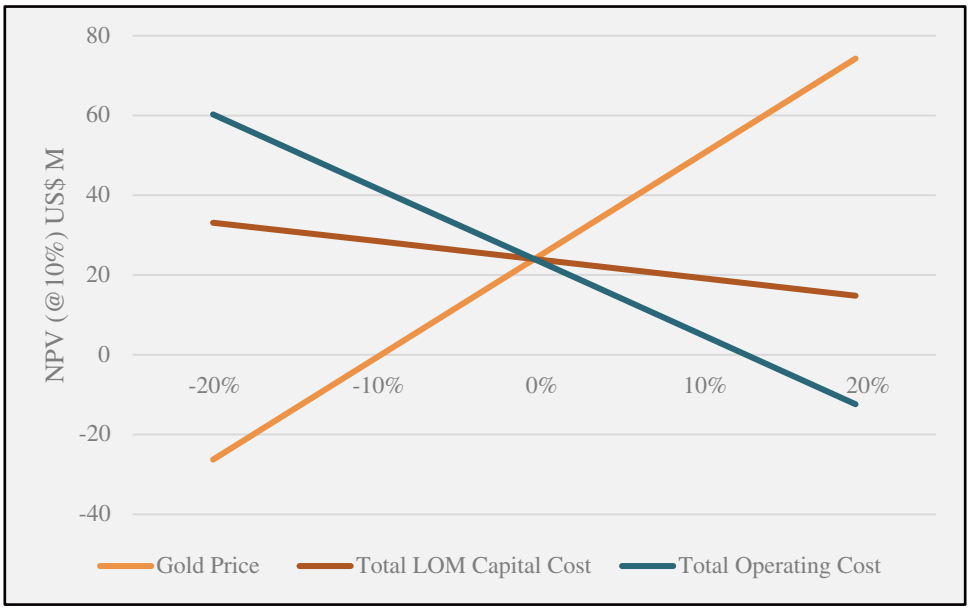

Figure 1 – Sensitivity Analysis Chart NPV (@10%) US$ M.

The Scoping Study demonstrated that Fäboliden has the potential for a viable underground operation that warrants a commitment from the Company to advance to the next stage of evaluation. Dragon Mining will now look to enhance the results of the Scoping Study through a series of drilling campaigns that will be designed to upgrade the Mineral Resource below the planned open-pit, in preparation for more detailed underground mining studies.

The results of the Scoping Study should be read in the context of the Cautionary Statement, Table 2 – Material Assumptions and the Scoping Study Summary in Appendix 1.

Cautionary Statement

The Fäboliden Underground Scoping Study (the "**Scoping Study**") referred to in this release is a preliminary technical and economic study that was undertaken for the purpose of assessing the viability to undertake underground mining at the Fäboliden Gold Mine. It is based on low level technical and economic assessments and is insufficient to support the estimation of Ore Reserves. Further exploration work and appropriate studies are required before Dragon Mining will be in a position to estimate any underground Ore Reserves or to provide assurance of an economic development case.

The Scoping Study is based on the material assumptions provided below in Table 2 and the Scoping Study Summary in Appendix 1. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the outcomes indicated by the Scoping Study will be achieved.

To achieve the outcomes indicated in the Scoping Study, funding in the order of US$15.1 million will likely be required. Investors should note however that there is no certainty that Dragon Mining will have or be able to raise that amount of funding when needed. It is also likely that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares. It is also possible that Dragon Mining could pursue other value realisation strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce Dragon Mining's proportionate ownership of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

The production target generated in the Scoping Study is underpinned by the Fäboliden Mineral Resource estimate as at 31 December 2019. This Mineral Resource estimate was prepared by a Competent Person, in accordance with the JORC Code and reported to the HKEx on the 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life.

The Scoping Study focused on the Indicated and Inferred Mineral Resources below the planned open-pit operation. The majority of the outlined ROM tonnes for the underground operation are in the Inferred category, the material defined as Indicated Mineral Resource represents the major portion of early production. The material classified as Inferred Mineral Resources is based on a drill spacing of greater than 50m by 50m. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Within the stope outlines, unclassified material was included where required. This represents material that is not included in the Mineral Resource but has been subject to the density of drill testing as the adjacent classified Mineral Resource material. The potential quantity and grade of the unclassified material is deemed conceptual in nature. There has been insufficient exploration to determine a Mineral Resources and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the production target itself will be realised.

The stated production target is based on the Company's current expectations of future results and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

Table 2 – Material Assumptions

Area	Comment
Mineral Resources	The Scoping Study was underpinned by the Fäboliden Mineral Resource as at 31 December 2019, which was prepared by Competent Person in accordance with the JORC Code. The Fäboliden Mineral Resource was reported to the HKEx on the 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life. The Mineral Resource estimate is based on 64,212 metres of drilling from 364 diamond core drill holes and 68 reverse circulation drill holes that have been completed since 1993. It extends over a strike length of 1,295 metres and to a vertical depth of 665 metres at an approximate width of 6 metres. Open-pit Ore Reserves were estimated by a LOM study, to a pre-feasibility level into the full-scale development of Fäboliden. The LOM study is based on the establishment of an open-pit mining operation and the haulage of ore to Dragon Mining's Svartliden Plant. The Ore Reserves demonstrate a base case operation, the Proved and Probable Ore Reserves representing an open-pit mining life of approximately eight years based on the developed mining schedule, which includes the final period of test mining. The Scoping Study focused on the Indicated and Inferred Mineral Resources below the planned open-pit operation. The majority of the outlined ROM tonnes for the underground operation are in the Inferred category, the material defined as Indicated Mineral Resource represents the major portion of early production. The material classified as Inferred Mineral Resources is based on a drill spacing of greater than 50m by 50m. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Within some of the stope outlines unclassified material was included, in most cases to maintain minimum stope width. This represents material that is not included in the Mineral Resource but has been subject to the density of drill testing as the adjacent classified Mineral Resource material. The potential quantity and grade of the unclassified material is deemed conceptual in nature. There has been insufficient exploration to determine a Mineral Resources and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the production target itself will be realised.

Area	Comment
Mining Factors and Assumptions	The mining method outlined in the Scoping Study is mechanised Sub-Level Open Stoping with Backfill, undertaken by a mining contractor. Mining is proposed to advance from bottom upwards in approximately 80 metre high panels leaving a sill pillar between the panels. A minimum stope width of 2 metres has been used in the Scoping Study. Dilution was set at 25% at 0.0 g/t gold and ore loss at 20%. Backfill material will be either waste rock from development or waste rock from surface. The conceptual underground mine designs have multiple declines at an average slope of 1 in 8 to service three mining areas over the 1,295 metre strike length of the deposit, with portals located within the planned open-pit design. Access drives from the declines to the mining areas will be developed at 20 metre vertical sub-levels. Proposed horizontal development will total approximately 34.5 kilometres over the life of the underground operation. Underground mining of the lodes will occur by means of trackless diesel/electric powered equipment such as drill jumbos, front end loaders and trucks. Open stopes will be developed over varying heights with sill pillars left at regular intervals. The mines production rate is 300,000 tonnes per year, with ore being transported by on-road trucks over public roads to the Svartliden Plant. Mining Costs are based on the current unit rates from Dragon Mining's underground operation at the Jokisivu Gold Mine ("**Jokisivu**") in southern Finland, which were used in the 31 December 2019 LOM study for the estimation of Ore Reserves at Jokisivu. Jokisivu is mined by the same method outlined in the Scoping Study for the proposed Fäboliden underground operation and at a similar annual production rate.

Area	Comment
Processing Factors and Assumptions	It is the intention to establish an integrated mining and processing operation, using the Company's infrastructure already present in the area. The wholly owned Svartliden Plant is a conventional comminution and carbon-in-leach ("**CIL**") circuit with a design capacity of 300,000 tonnes per annum. The technology used in the processing plant is well proven and the plant has been operating successfully since commissioning in 2005. It is supported by other associated infrastructure, including a tailings storage facility that has capacity to accommodate tailings generated from the processing of Fäboliden ore. The Svartliden Plant and associated infrastructure are located 30 kilometres by road from Fäboliden. A Process Recovery of 82% was selected for use in the Scoping Study. It represents the average recovery level obtained from bench scale metallurgical testing of Fäboliden material in 2014, 2016 and 2019 at a grind size of P80 of 75µm after 12 hours. These test work results have been verified from the processing of ore from the Fäboliden 2019 test mining campaign, when a grind size of P80 of 75µm was achieved through the Svartliden Plant and recovery levels ranged up to 82.5%. Processing costs that were used in the 31 December 2019 LOM study that was completed to a pre-feasibility level for the estimation of the Fäboliden open pit Ore Reserves, were utilised in the Scoping Study.
Environmental	Dragon Mining has commenced the formal permitting process for full scale mining at Fäboliden with consultation meetings with relevant stakeholders and the public held in early 2017. A permit application was submitted to the Umeå District Land and Environment Court in July 2018. The Company is currently preparing a response to the Court's latest request for supplementary information. The Svartliden Plant and associated infrastructure is currently fully permitted, but will require additional approval from authorities for the processing of ore from a full scale mining operation at Fäboliden.

Area	Comment
Infrastructure	The Fäboliden site will include offices, site amenities and structures for use by the contractor and the Company. These facilities will be established during the full scale open pit mining operation and be available for use for when underground mining commences. Haul roads, noise barriers, waste rock dump, overburden dump, ROM pad and water treatment facility will be established during open pit mining at Fäboliden and will continued to be used during the underground mining operation. Existing site infrastructure at Svartliden includes haul roads, a conventional CIL plant, stockpiles, offices, tailings dam and associated facilities.
Capital Costs	The capital cost estimates included in the Scoping Study are based on requirements after a decision to proceed with underground mining has been made. They have been included where existing capital items cannot be utilised or additional capital items are required. Capital costs estimates are based on order-of-magnitude of similar items or based on actual and historical costs at the Company's other underground operations. A total Start-up Capital cost of US$15.1 million has been estimated and a total LOM Capital cost of US$77.8 million have been estimated in the Scoping Study. No provision has been made for costs to cover the additional exploration and mining studies required to achieve a decision to mine. No capital requirements are needed for the Svartliden Plant.
Operating Costs	A total average operating cost of US$78.65 per ROM tonne was estimated in the Scoping Study. It comprises estimates for mining costs of US$38.30 per ROM tonne, processing costs of US$39.96 per ROM tonne (inclusive of administration and transport costs) and US$4.89 per metal (troy oz.) for freight and refining of the doré bars. All costs are inclusive of a 10% contingency.

Area	Comment
Revenue Factors	A gold price of US$1,437 per ounce was used in the Scoping Study. It represents the real, long term consensus forecast gold price from the July 2020 edition of the Energy & Metals Consensus Forecast.
Exchange Rates	Exchange rates of 1.09 for the EUR/USD and 9.66 for the USD/SEK were used in the Scoping Study. They were obtained from the National Australia Bank Limited ("**NAB**") consensus forecasts in June 2020.
Economic Parameters	An economic valuation has been undertaken utilising the physical and financial parameters outlined in the Scoping Study. A project financial model was established using an annual discount cash flow methodology to generate a NPV at 10% and IRR for the project in real terms on a post-tax basis. A sensitivity analysis has been undertaken on the gold price, total operating costs and total LOM capital expenditure at +/– 10% and +/– 20% levels. The results demonstrate the sensitivity of the key value drivers and leverage to variations in metal prices.
Study Accuracy	The Scoping Study was completed to a level of +/– 35% accuracy in compliance with expectations for delivery of a study at this stage of the development process.
Project Timing	It is the expectation of the Company that underground mining will commence at the conclusion of open pit mining at Fäboliden, with view to achieving a seamless transition between open-pit and underground production. Dragon Mining will now look to enhance the results of the Scoping Study through a series of drilling campaigns that will be designed to upgrade the Mineral Resource below the planned open-pit, in preparation for more detailed underground mining studies.

Background – Fäboliden Gold Mine

Dragon Mining has been active in the Nordic Region for over two decades and is an established gold producer generating in excess of 750,000 ounces of gold from open-pit and underground operations in both Sweden and Finland since 2005.

The Company's Svartliden Production Centre is located 700 kilometres north of the Swedish capital Stockholm and includes Fäboliden, the closed Svartliden Gold Mine and the Svartliden Plant. Fäboliden is located 30 kilometres by road from the Svartliden Plant.

The 1,964.98 hectare Fäboliden project area comprises the Fäboliden K nr 1 Exploitation Concession that hosts the Fäboliden gold deposit and two contiguous Exploration Permits, Fäboliden nr 11 and Fäboliden nr 83 that encompass the immediate strike extensions of the Fäboliden deposits host geological sequence. The Exploitation Concession is surrounded by a 1,095.62 hectare Land Designation area.

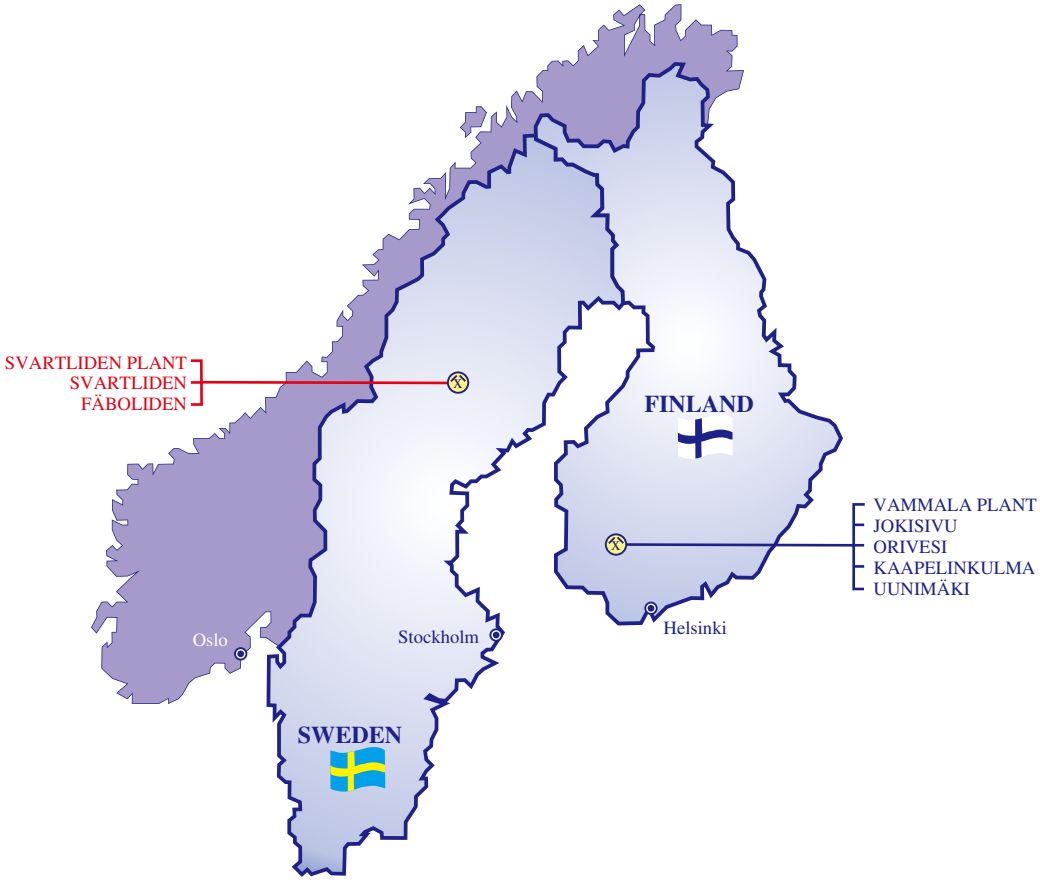

Figure 2 – Dragon Mining Projects.

Access to the project area is excellent with a sealed road running between the major regional towns Lycksele and Vilhelmina. An all year gravel road links the project area to the sealed road. The nearest village to the project is Fäbodliden, which is located 2.5 kilometres to the southeast.

The Fäboliden gold deposit is classified as an orogenic gold deposit, with mineralisation hosted by arsenopyrite bearing quartz veins, within a north-south trending reverse, mainly dip-slip, high angle shear zone in Paleoproterozoic metavolcano-sedimentary host rocks.

The mineralisation spans 1,295 metres along strike and includes a 665 metre vertical extent from 485mRL to -180mRL. It represents a tabular style of mineralisation, with multiple narrow higher grade zones within a broad lower-grade halo. Gold is generally fine grained ranging from 2μm to 40μm. It displays a strong association with sulphides and the most abundant gangue minerals. In particular sulphides, arsenopyrite, boulangerite and pyrrhotite are commonly associated with gold, whilst with silicate minerals the association with gold is diverse with feldspars, quartz and micas common.

A program of test mining has been carried out at Fäboliden since 2019 that has in accordance with the conditions of the Test Mining Permit mined 100,000 tonnes of ore by open pit methods. A permit application for full scale mining at Fäboliden was submitted to the Umeå District Land and Environment Court in July 2018. The Company is currently preparing a response to the Courts latest request for supplementary information.

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

Hong Kong, 16 October 2020

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

* *For identification purpose only*

APPENDIX 1

Scoping Study Summary
Fäboliden Gold Mine – Underground Operation

龍資源有限公司
DRAGON MINING LIMITED

SCOPING STUDY SUMMARY

FÄBOLIDEN GOLD MINE - UNDERGROUND OPERATION

OCTOBER 2020

CONTENTS

1.0 Executive Summary

The following report provides a summary of the results obtained from a Scoping Study that was initiated for the purpose of assessing the technical and economic viability of undertaking underground mining at the Fäboliden Gold Mine ("**Fäboliden**") in northern Sweden.

It is based on the development of an underground operation at Fäboliden, at the completion of open-pit mining, to provide 300,000 tonnes annually for processing through the Company's wholly owned carbon-in-leach facility at Svartliden ("**Svartliden Plant**"), which is located 30 kilometres by road from Fäboliden.

Based on a gold price of US$1,437 per ounce, the underground operation defined in the Scoping Study generated a real post-tax Net Present Value (@ 10%) of US$24 million and a post-tax Internal Rate of Return of 27%. Start-up capital costs have been estimated at US$15.1 million, including a 10% contingency level, with a payback period of 5.4 years.

The Scoping Study demonstrated that there is viable potential for an underground operation at Fäboliden, which warrants a commitment from the Company to advance to the next stage of evaluation.

The Scoping Study was undertaken by independent mining consultants RPM Advisory Services Pty Ltd ("**RPM**") in Perth, Western Australia and was underpinned by the Fäboliden Mineral Resource estimate as at 31 December 2019. It was completed to a level of +/– 35% accuracy in compliance with expectations for delivery of a study at this stage of the development process.

2.0 Project Location and Description

The Fäboliden Gold Mine ("**Fäboliden**") is located in northern Sweden, 700 kilometres north of the Swedish capital Stockholm and 30 kilometres by road southeast of Dragon Mining's wholly owned conventional comminution and carbon-in-leach ("**CIL**") facility at Svartliden ("**Svartliden Plant**").

The 1,964.98 hectare Fäboliden project area held by the Company comprises the Fäboliden K nr 1 Exploitation Concession that hosts the Fäboliden gold deposit and two contiguous Exploration Permits, Fäboliden nr 11 and Fäboliden nr 83 that encompass the immediate strike extensions of the Fäboliden deposits host geological sequence. The Exploitation Concession is surrounded by a 1,095.62 hectare Land Designation area.

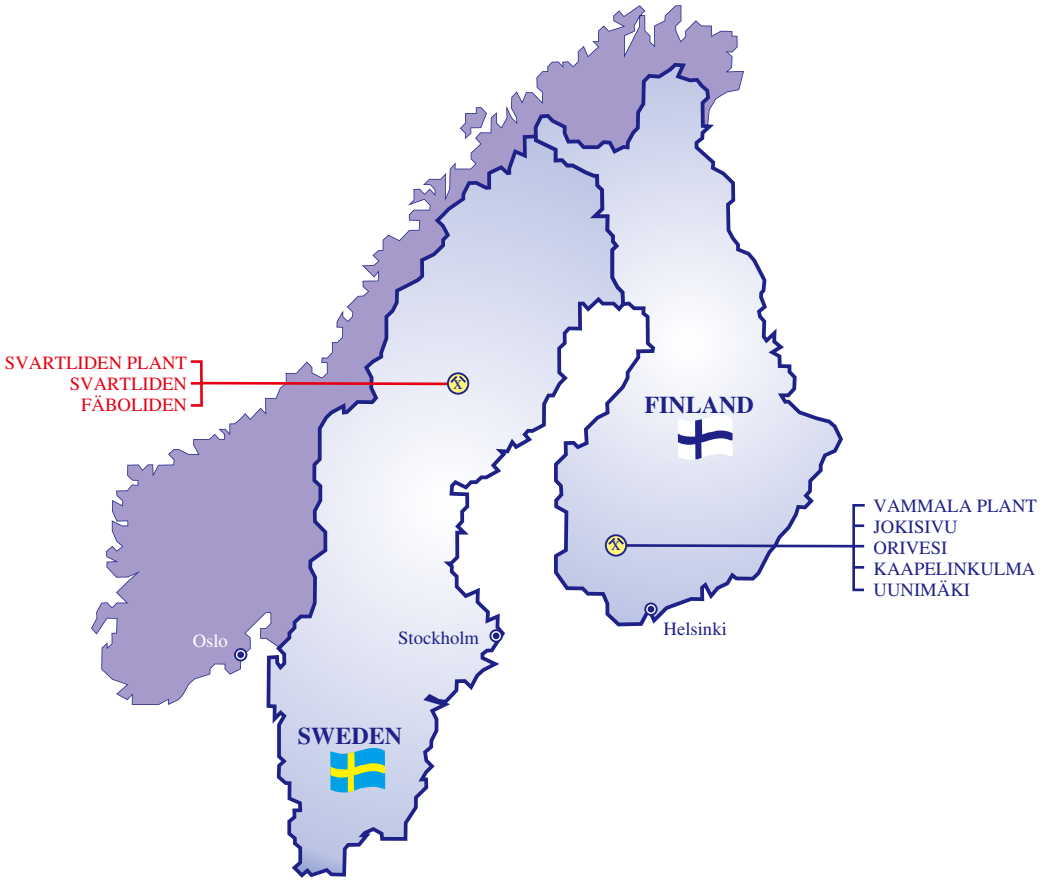

Figure 1 – Dragon Mining Projects.

Access to the project area is excellent with a sealed road running between the regional towns Lycksele and Vilhelmina. An all year gravel road links the project area to the sealed road. The nearest village to the project is Fäbodliden, which is located 2.5 kilometres to the southeast.

A program of test mining has been carried out at Fäboliden since 2019 that has in accordance with the conditions of the Test Mining Permit mined by open-pit methods 100,000 tonnes of ore, with processing completed at the Svartliden Plant.

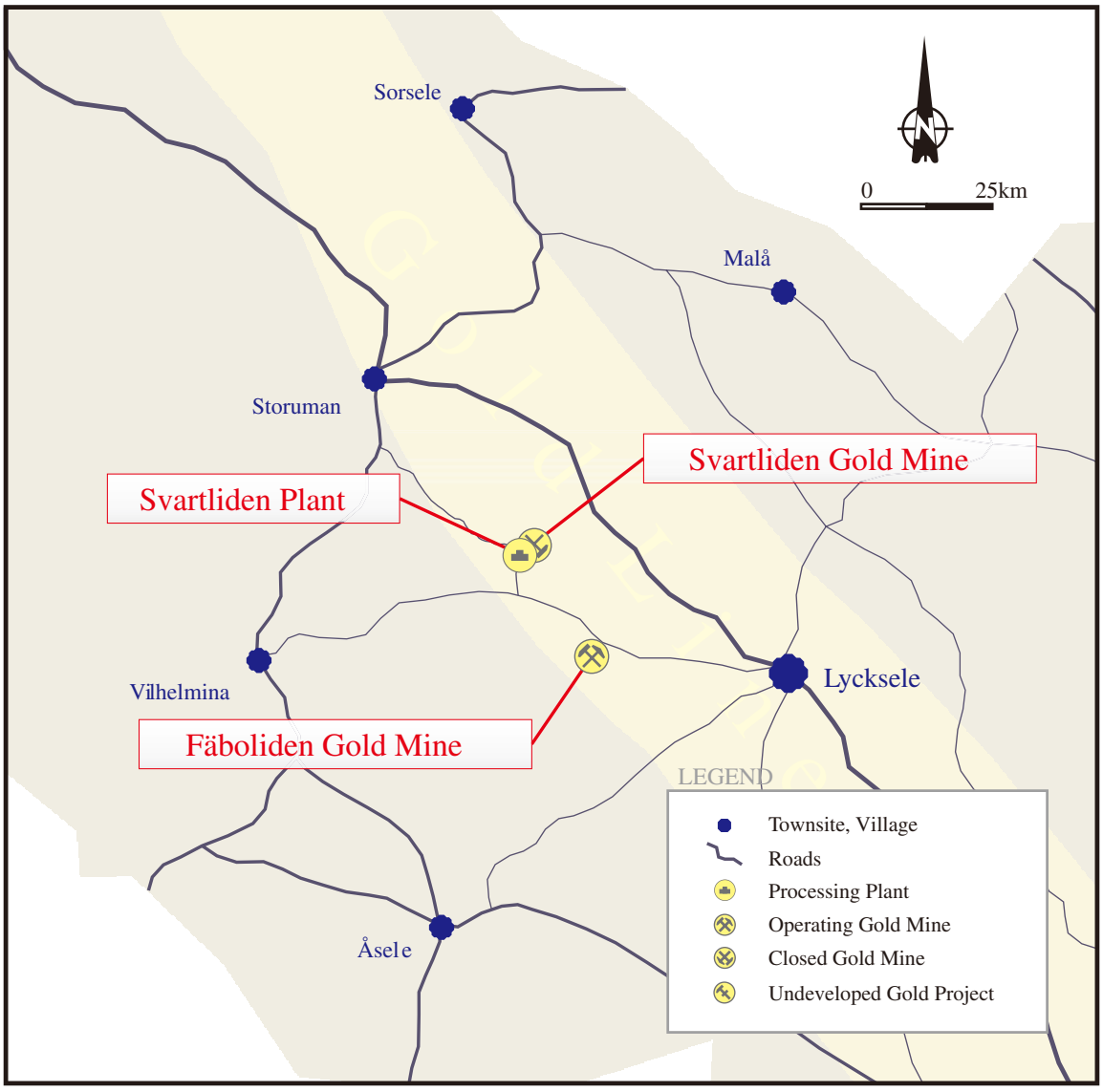

Figure 2 – Location of the Fäboliden Gold Mine and the Svartliden Plant.

3.0 Geology and Mineralisation

The Fäboliden gold deposit is located along the Gold Line, southwest of the Skellefte Mining District in northern Sweden. The geology in the area comprises Svecofennian meta-sediments with intercalations of meta-volcanics, mainly mafics of the Botnia Group.

The supracrustal rocks in the Lycksele-Storuman area are surrounded by intrusive alkali-calcic granites of the Revsund suite. The metamorphic grade in the area ranges from lower to middle amphibolite facies.

The Gold Line is host to a number of gold occurrences, of which the Svartliden gold deposit is the only occurrence to date that has been successfully mined. The Fäboliden gold deposit is one of the largest deposits discovered along the Gold Line and represents an orogenic gold deposit. Mineralisation is hosted in arsenopyrite bearing quartz veins, within a north-south trending reverse, mainly dip-slip shear zone in Paleoproterozoic metavolcano-sedimentary host rocks.

The metasediments are strongly foliated and biotite-rich. They are commonly argillitic, with coarser-grained arenitic zones. The arenitic zones are generally less-deformed and at times display primary sedimentary textures. The metavolcanic rocks are similar in appearance to the metasediments. The metavolcanic rocks are also fine-grained and biotite-rich; however, the metavolcanic rocks are commonly distinctly banded.

The stratigraphy strikes north-northeast – south-southwest and dips from approximately 50° to 70° east with the orientation steepening in the north. A foliation is apparent in most lithologies and is parallel to the stratigraphy.

The mineralisation spans 1,295 metres along strike and includes a 665 metre vertical extent from 485mRL to –180mRL. It represents a tabular style of mineralisation, with multiple narrow higher grade zones within a broad lower-grade halo that is up to 160 metres thick in places.

The host sequence is cross-cut by a set of northwest-southeast striking, flat lying undeformed and unmineralised dolerites and the narrow belt of supracrustal rocks is surrounded the Revsund Granite.

Gold is generally fine grained ranging from 2μm to 40μm. It displays a strong association with sulphides and the most abundant gangue minerals. In particular sulphides, arsenopyrite, boulangerite and pyrrhotite are commonly associated with gold, whilst with silicate minerals the association with gold is diverse with feldspars, quartz and micas common.

Native gold is not common, gold is primarily found in the silver-bearing electrum minerals (Gold-Ag10; Electrum-Ag30; Electrum-Ag40 and Electrum-Ag50), aurostibite, dyscrasite and aurostibite-FeNi.

4.0 Historic Exploration

Exploration at Fäboliden commenced in 1993 and has primarily involved drilling over a 21 year period, prior to Dragon Mining acquiring the asset in 2015 from the Bankruptcy Estate of the previous owners Lappland Goldminers Fäboliden AB ("**Lappland**").

Lappland completed a total of 333 drill holes, comprising 64,784 metres during this time. The majority of drilling was completed by diamond core methods, with 11 holes completed by reverse circulation methods. In addition to this 311 percussion holes were also drilled. They sought to establish a large tonnage, low grade gold mining and processing operation at Fäboliden, their drilling activities were supplemented with test mining and processing in 2005, Mineral Resource estimates in 2008, 2010 and 2011, and a Definitive Feasibility Study in 2012.

Drilling by Lappland was undertaken on a nominal grid spacing of 50 metres by 50 metres for the near surface material, increasing to 100 metres by 100 metres and greater for the depth extensions.

Since acquiring the asset in 2015, Dragon Mining has focused on the higher grade core of gold mineralisation within the broad low grade halo targeted by Lappland, with the objective of establishing an integrated mining and processing operation, using the Company's existing process infrastructure at Svartliden.

Dragon Mining has completed 100 diamond core drill holes for an advance of 5,212 metres and 59 reverse circulation drill holes for an advance of 1,648 metres. This drilling was carried out in 2015, 2018 and 2019, representing an infill campaign of the southern portion of the deposit reducing drill spacing in this area to a nominal 25 metre by 25 metre and 50 metre by 25 metre basis, an exploration-sterilisation campaign in the area of the proposed waste rock dump and a short-scale variability/grade control campaign undertaken on a nominal grid base of 10 metres by 6 metres in the area of the test-mining.

Table 1 – Summary of Drilling at Fäboliden.

Hole Type	Deposit Area Drill Holes		Mineral Resource Drill Holes	
	Number	Metres	Number	Metres
Percussion	311	1,555	–	–
Reverse Circulation	70	2,634	68	2,555
Diamond Core	422	69,047	364	61,417
Total	**803**	**73,236**	**432**	**64,212**

Drilling campaigns undertaken by Dragon Mining have allowed the Company to complete Mineral Resource estimations for the higher-grade core in 2015, 2016 and 2019 and generate Ore Reserves that form part of a Life of Mine ("**LOM**") study to a pre-feasibility level into the full-scale development of Fäboliden. The LOM study is based on the establishment of an open-pit mining operation and the haulage of ore to the Svartliden Plant.

Dragon Mining has also commenced the formal permitting process for full scale mining. A permit application was submitted to the Umeå District Land and Environment Court (the "**Court**") in July 2018. The Company is currently preparing a response to the Court's latest request for supplementary information.

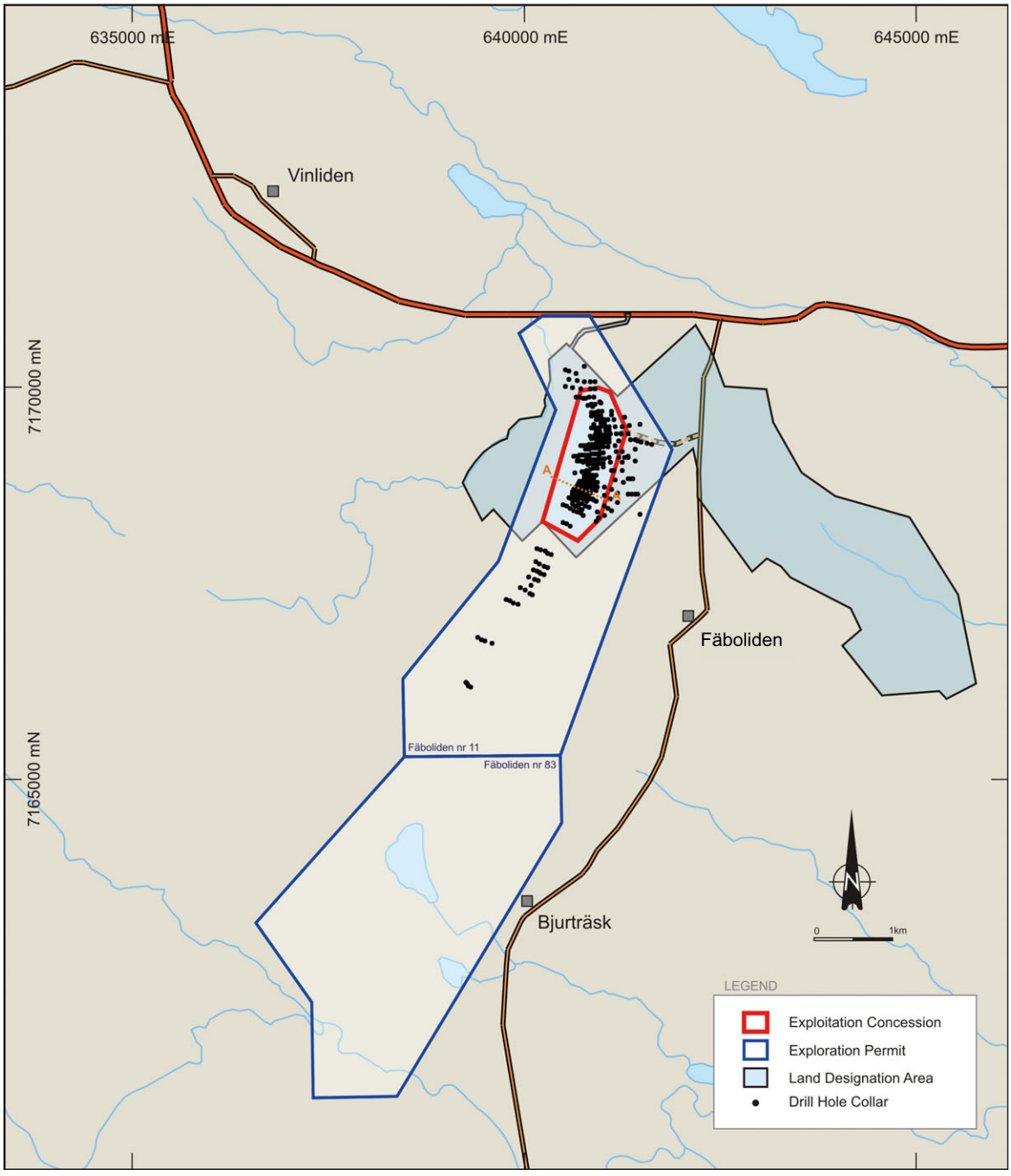

Figure 3 – Fäboliden Drill Hole Plan.

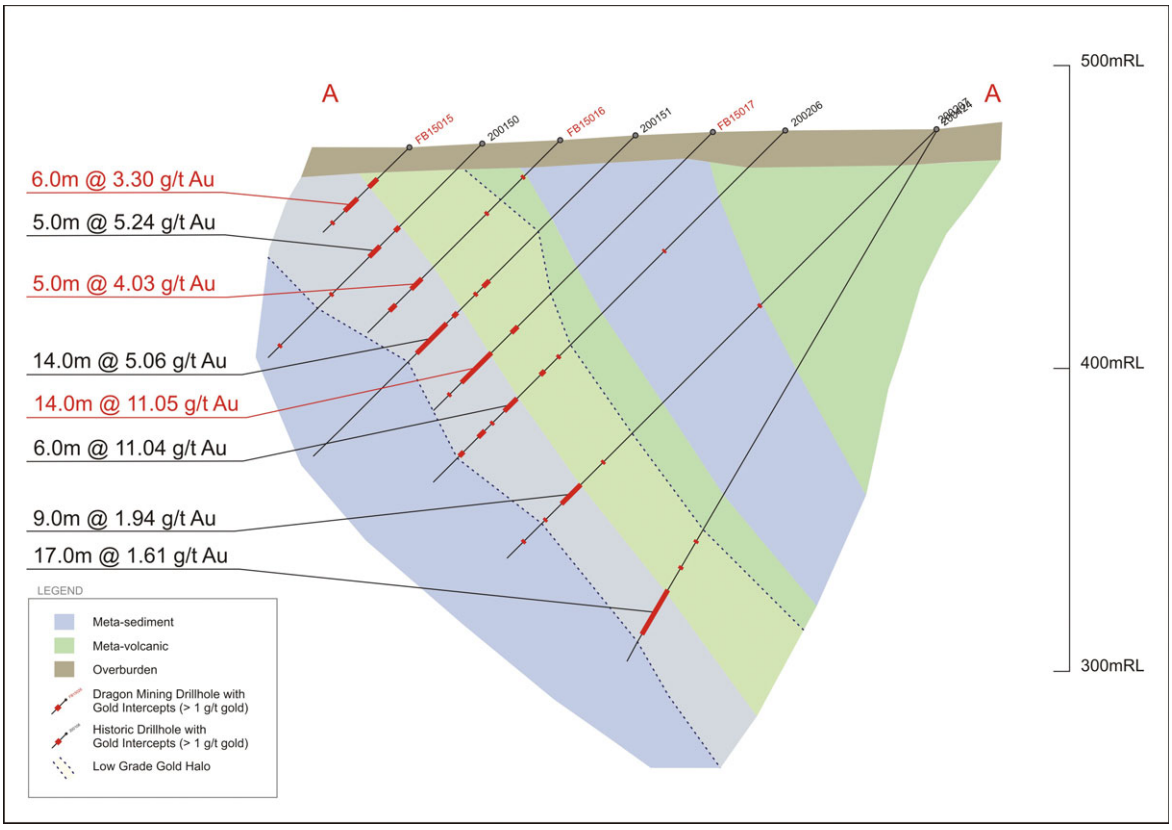

Figure 4 – Fäboliden Cross Section A-A.

5.0 Mineral Resource Statement

The Scoping Study was underpinned by the Mineral Resource estimate as at 31 December 2019. This Mineral Resource estimate was prepared by independent mining consultants RPM Advisory Services Pty Ltd ("**RPM**") in Western Australia, in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). It was reported to the Stock Exchange of Hong Kong Limited ("**HKEx**") on the 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life.

The Mineral Resource is defined over a strike length of 1,295 metres, includes a 665 metre vertical extent and has an average width of 6 metres. It remains open at depth and partially along strike.

The Company believes that there is no material change to the Mineral Resource estimates since the date of reporting. It however will be the intention of the Company to update the Fäboliden Mineral Resource at year end, to deplete both the Mineral Resource and open-pit Ore Reserves for material mined during the 2020 phase of test mining. This will have no impact on the results of the Scoping Study.

Table 2 – Mineral Resource estimate for the Fäboliden Gold Mine in northern Sweden as at 31 December 2019. Mineral Resources are reported inclusive of stockpiles and Ore Reserves.

	Measured			Indicated			Inferred			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Fäboliden Gold Mine												
Inside RF 120% Shell	150	3.3	16	3,000	2.9	280	620	2.4	48	3,700	2.8	340
Outside RF 120% Shell	–	–	–	1,500	2.9	140	5,700	3.2	590	7,200	3.2	730
Stockpiles	–	–	–	33	1.6	2	–	–	–	33	1.6	2
Total	**150**	**3.3**	**16**	**4,500**	**2.9**	**410**	**6,300**	**3.1**	**640**	**11,000**	**3.0**	**1,100**

Mineral Resources may not sum to equal totals due to rounding. Mineral Resources reported on a dry in-situ basis.

RF – Revenue Factor.

Reporting Cut-off Grades

Fäboliden Gold Mine – 1.1 g/t gold for material inside the RF 120% Pit Shell and 1.9 g/t gold for material outside the RF 120% Pit Shell.

Based on costs and recoveries from the updated Fäboliden Life-of-Mine study and a gold price of US$1,584 per troy ounce extrapolated for the potential economic extraction of the resource at a level approximating 120% of the long term forecast gold price of US$1,320 per troy ounce as at 20 January 2020.

Mineral Resources have been reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**").

In addition to the update of the Mineral Resources, Ore Reserves were estimated representing a Life of Mine ("**LOM**") study, to a pre-feasibility level into the full-scale development of Fäboliden. The LOM study is based on the establishment of an open-pit mining operation and the haulage of ore to Dragon Mining's Svartliden Plant. Mineral Resources were converted to Ore Reserves by means of the Life of Mine plan, together with the preparation of an economic model.

The Fäboliden Ore Reserves demonstrate a base case operation, the Proved and Probable Ore Reserves representing an open-pit mining life of approximately eight years based on the developed mining schedule, which includes the final period of test mining.

Table 3 – Open Pit Ore Reserves for the Fäboliden Gold Mine in northern Sweden as at 31 December 2019.

	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Fäboliden (OP)	170	2.9	16	2,100	2.8	190	2,300	2.8	210

Ore Reserve estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The quantities contained in the above table have been rounded to two significant figures to reflect the relative uncertainty of the estimate. Rounding may cause values in the table to appear to have computational errors.

All the estimates are on a dry tonne basis.

Fäboliden Gold Mine – The in-situ Ore cut-off grade is 1.3 g/t gold is based on a long term consensus forecast gold price of US$1,320 per troy ounce as at 20 January 2020, a USD:SEK exchange rate of 9.6, process recovery of 82%, mining factors and costs.

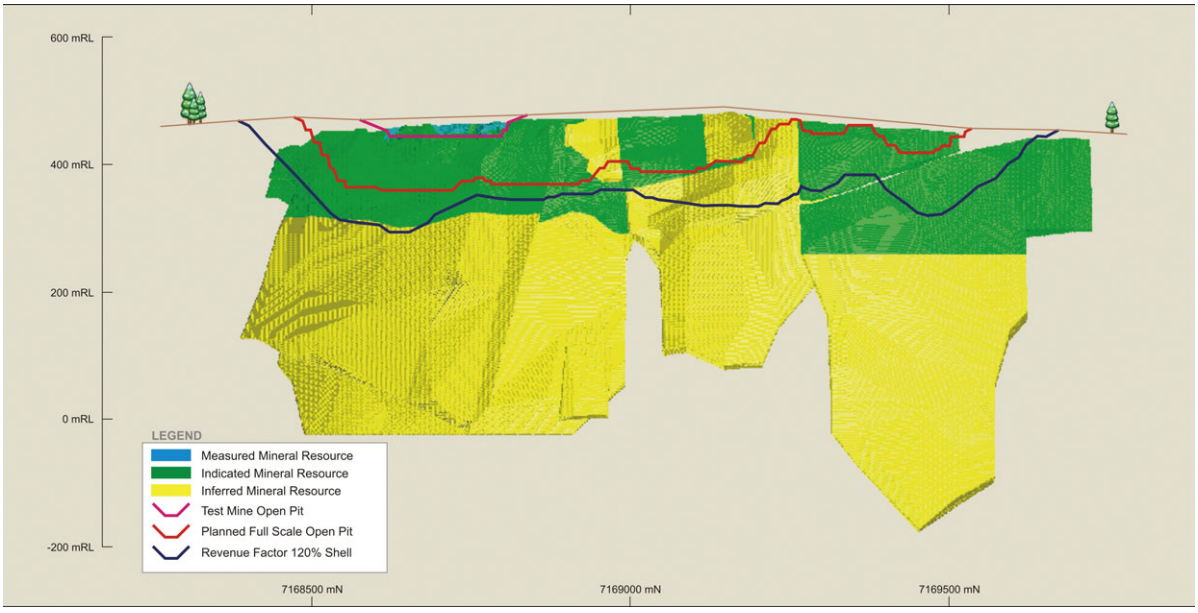

Figure 5 – Fäboliden Mineral Resource. View looking west.

6.0 Underground Mining

An underground mining study was carried out using the Fäboliden Mineral Resource as reported at 31 December 2019. The study focussed on the material below the planned open-pit.

The scope of work for the Scoping Study included:

- Collation of inputs and modifying factors;
- Cut-off grade determination;
- Identification of strategic underground mining options;
- Underground stope optimisation;
- Level by level evaluation;
- Scheduling; and
- Economic evaluation.

Key inputs and modifying factors were derived from:

- Mining Costs – are based on current unit rates from Dragon Mining's underground operation at the Jokisivu Gold Mine ("**Jokisivu**") in southern Finland, which were used in the 31 December 2019 LOM study for the estimation of Ore Reserves at Jokisivu. Jokisivu is mined by the same method that is outlined in the Scoping Study for the proposed Fäboliden underground operation and at a similar annual production rate;
- Processing Costs – represent processing costs used in the 31 December 2019 LOM study that was completed to a pre-feasibility level for the estimation of the Fäboliden open pit Ore Reserves;
- Process Recovery – 82%, which is derived from bench scale metallurgical testing carried out in 2014, 2016 and 2019; and
- Gold Price – US$1,437 per ounce, which represents the long term consensus forecast gold price from the July 2020 edition of the Energy & Metals Consensus Forecast.

6.1 Mining Parameters

The following criteria were used for the stope optimisation and design process.

Table 4 – Key Mining Parameters

Description	Level
Mining Method	Mechanised Sub-Level Open Stoping with Backfill
Hoisting Method	Truck Hauling
Mining Contractor/Owner Operated	Mining Contractor
Extraction	Bottom Up
Stope Length	5 metres
Sub-Level Interval	20 metres
Minimum Stope Width	2 metres
Decline Slope	1 in 8
Stand-off Distance from Stope to Decline	50 metres
Dilution	25% at 0.0 g/t gold
Ore Loss	20%
Mining Rate	300,000 tonnes per annum

6.2 Cut-Off Grade Determination

An in-situ stoping cut-off grade ("**COG**") of 2.5 g/t gold was estimated using the assumptions outlined in the Scoping Study. All costs include a 10% contingency. Key assumptions for calculation of the cut-off grade are outlined in Table 5.

Table 5 – Cut-Off Grade Key Assumptions

Parameter	Value
Gold Price	US$1,437 per ounce
Exchange Rate – USD:SEK	9.66
Exchange Rate – EUR:USD	1.09
Exchange Rate – USD:AUD	1.54
Mining Cost	US$38.30 per ROM tonne
Transport Cost – ROM to Mill	US$5.36 per ROM tonne
Processing Cost	US$34.06 per ROM tonne
Processing Recovery	82%
Freight and Refining of Doré	US$4.89 per metal (troy oz.)
Payable	100%

6.3 Production Target

The Production Target was determined through the use of a stope optimiser. The Mineable Shape Optimiser ("**MSO**") was used for the process based on the parameters and assumption as outlined in the Scoping Study. MSO is a mine planning tool that automates the design of stope shapes for a range of stoping methods for underground mines. Using constraints detailing mining method, COG and design parameters, MSO provides the optimal stope shape design to maximise the value of an orebody. The MSO was followed by a level by level evaluation, scheduling and economic evaluation, which at a in-situ 2.5 g/t gold COG returned a total run-of-mine ("**ROM**") tonnes and grade estimate of 4,410 kt grading 2.97 g/t gold.

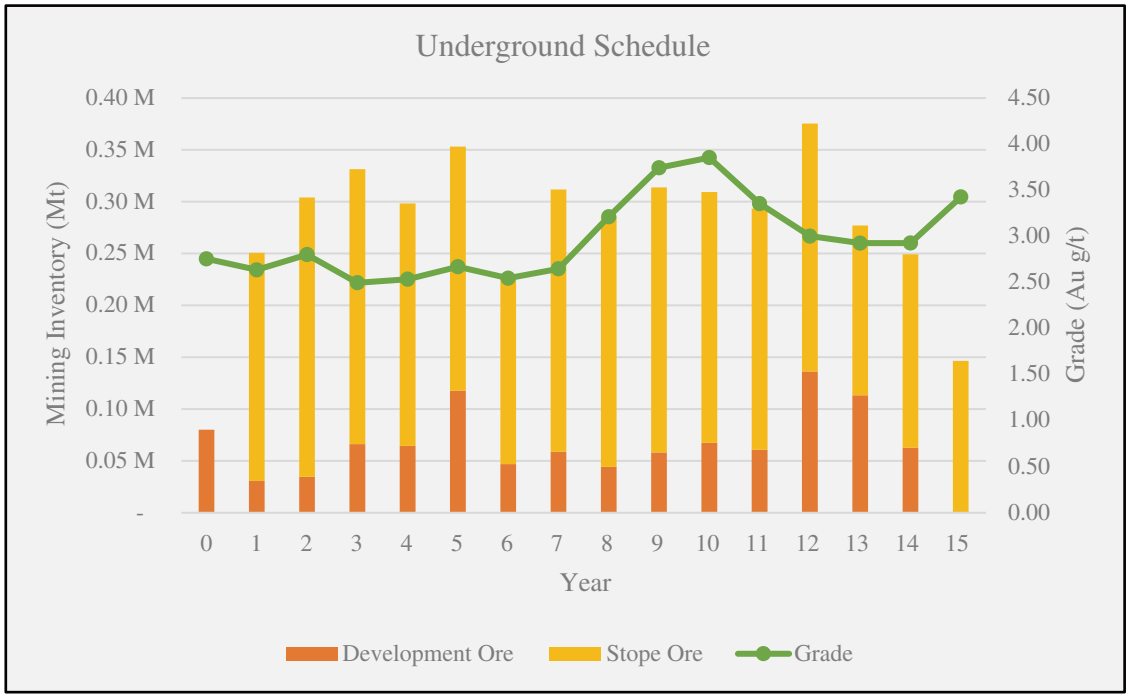

Figure 6 – Underground schedule at the 2.5 g/t gold in-situ stoping cut-off grade.

The majority of the outlined ROM tonnes for the underground operation are in the Inferred category, the material defined as Indicated Mineral Resource represents the major portion of early production. The material classified as Inferred Mineral Resources is based on a drill spacing of greater than 50m by 50m. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Within some of the stope outlines unclassified material was included, in most cases to maintain minimum stope width. This represents material that is not included in the Mineral Resource but has been subject to the density of drill testing as the adjacent classified Mineral Resource material. The potential quantity and grade of the unclassified material is deemed conceptual in nature. There has been insufficient exploration to determine a Mineral Resources and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the production target itself will be realised.

6.4 Mining Process

The most suitable mining method identified in the Scoping Study for the deposit is mechanised Sub-Level Open Stoping with Backfill, undertaken by a mining contractor. Mining is proposed to advance from bottom upwards in approximately 80 metre high panels leaving a sill pillar between the panels. Backfill material will be either waste rock from development or waste rock from surface. The conceptual underground mine designs have multiple declines to service three mining areas over the 1,295 metre strike length of the deposit, with portals located within the planned open-pit design. Access drives from the declines to the mining areas will be developed at 20 metre vertical sub-levels. Proposed development will total 34.5 kilometres over the life of the mine.

Underground mining of the lodes will occur by means of trackless diesel/electric powered equipment such as drill jumbos, front end loaders and trucks. Open stopes will be developed over varying heights with sill pillars left at regular intervals. The mines production rate is 300,000 tonnes per year, with ore being transported by on-road trucks over public roads to the Svartliden Plant, 30 kilometres by road to the northwest of Fäboliden.

This mining method is selective, safe, offers good ore recovery and minimises dilution and has successfully been employed at the Company's other underground operations in Finland and Sweden. It is the Company's desire to achieve a seamless transition from open-pit mining to underground mining, with infrastructure established at surface for open-pit mining to be used for the underground operation.

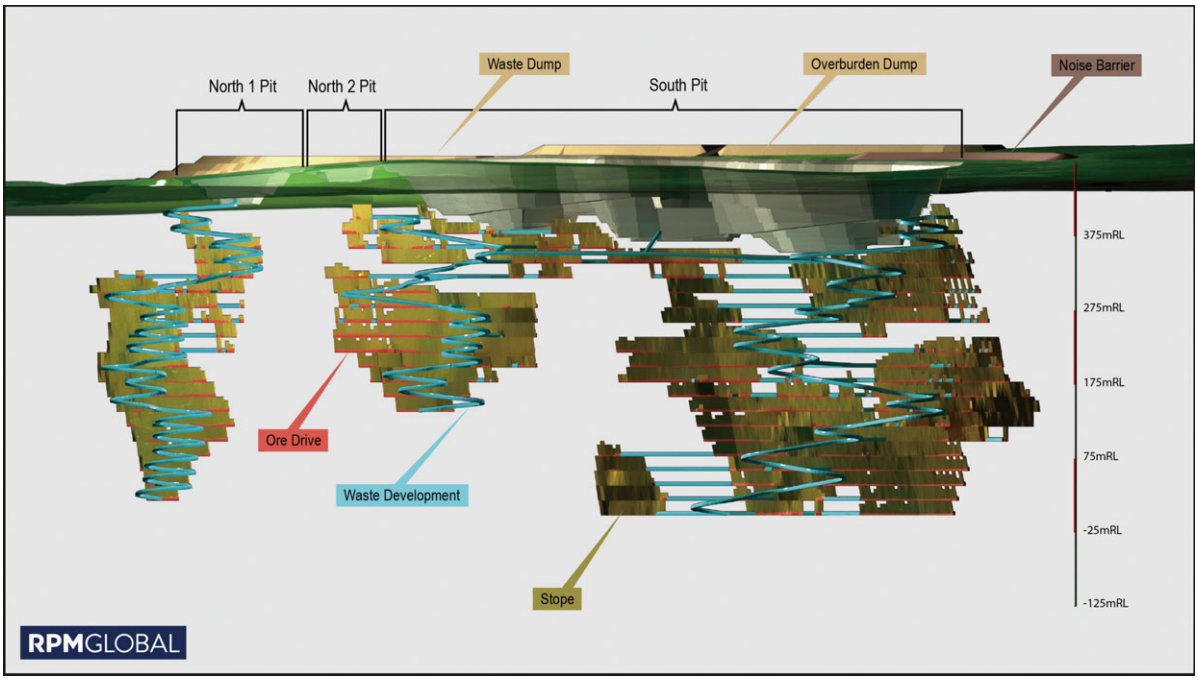

Figure 7 – Fäboliden Gold Mine conceptual underground operation. View looking east.

7.0 Metallurgy and Processing

The Company has completed three phases of bench-scale metallurgical test work on historic and recent drill core samples from the central and southern portion of the Fäboliden deposit and a production test on a bulk sample from remnant material left at surface from the test mining campaign completed by LGMAB in the northern portion of the deposit.

Comminution work has shown that ore from Fäboliden is similar in hardness to ore from the Company's Svartliden Gold Mine with Bond Ball Mill Index results at a test aperture of 106 µm ranging from 14.8 kWh/t to 14.9 kWh/t (Svartliden – 13.2 kWh/t to 14.9 kWh/t) and Bond Rod Mill Index results ranging from 17.2 kWh/t to 18.4 kWh/t (Svartliden – 17.1 kWh/t to 19.3 kWh/t). The ore from Fäboliden however is much less abrasive with a Bond Abrasion Index ranging between 0.2614 and 0.2890 (Svartliden – 0.5111 to 0.5932).

A series of baseline leach tests, replicating the Svartliden Plant circuit have been completed. Results from the bench-scale test work showed that gold recovery levels generally improve with grind size, the selection of a processing recovery level of 82% for the Scoping Study was based on the results from a 12 hour residence time and a grind size of P_{80} of 75µm.

These test work results have been verified from the processing of ore from the Fäboliden 2019 test mining campaign, when a grind size of P_{80} of 75µm was achieved through the Svartliden Plant during the period Week 44 to Week 48, recovery levels ranged up to 82.5%.

Table 6 – Results for baseline tests from bench-scale test work and production test.

Campaign	Laboratory	Notes	P_{80} (μm)	% Gold Extraction @ hours 2	4	8	12	16	24	Au Grade (g/t) Calc'd Head	Leach Residue	Consumption (kg/t) NaCN	Lime
2014	ALS	*1*	150	55.9	61.3	63.3		68.8	70.3	2.89	0.86	0.99	0.26
			106	57.7	64.8	67.7		74.1	76.6	3.54	0.83	0.92	0.25
			75	**56.8**	**63.1**	**65.3**		**70.4**	**70.4**	**2.67**	**0.79**	**0.93**	**0.31**
			53	71.5	75.3	74.5		82.0	84.4	3.18	0.50	1.19	0.25
2015		*2*	108				79.7			3.21	0.64		
2016	SGS	*3*	106	68.7	72.3	74.7	76.3	76.7	77.9	3.12	0.69	0.70	0.43
			75	**73.9**	**78.3**	**80.4**	**82.5**	**82.7**	**83.7**	**3.26**	**0.53**	**0.67**	**0.53**
			53	80.5	84.6	85.6	85.9	86.4	86.8	3.14	0.42	0.84	0.52
2019	ALS	*4*	**75**	**70.9**	**76.1**	**78.9**	**80.2**	**81.2**	**83.4**	**3.38**	**0.56**	**1.26**	**0.52**
			53	69.4	76.5	79.7	82.0	83.5	86.2	3.56	0.49	1.08	0.42
		5	**75**	**75.5**	**81.3**	**83.7**	**84.3**	**84.7**	**85.3**	**3.46**	**0.51**	**0.70**	**0.59**
			53	78.8	82.9	86.1	86.1	87.1	88.1	3.24	0.39	0.68	0.80
		6	**75**	**69.4**	**73.9**	**76.5**	**79.1**	**79.5**	**85.6**	**2.64**	**0.38**	**1.43**	0.30
			53	81.6	83.0	85.2	84.4	85.2	89.0	2.55	0.28	0.73	0.62
		7	**75**	**74.2**	**79.6**	**83.0**	**83.7**	**84.1**	**85.3**	**3.34**	**0.49**	**1.21**	**0.38**
			53	72.3	81.0	84.4	85.1	85.8	86.8	3.14	0.42	0.69	0.51
			75 O_2	**75.2**	**80.6**	**82.3**	**82.7**	**83.6**	**84.2**	**3.03**	**0.48**	**0.57**	**0.56**

Note 1 Master – 2004, 2005 and 2007 drill core from the central and southern portions of the deposit. Comprised 58% Main Zone and 42% Hanging Wall Zones.

Note 2 Production Test – 1,000 tonnes of ore extracted in 2005 from northern portion of the deposit.

Note 3 Master – 2015 drill core from the southern portion of the deposit. Comprised 61% Main Zone and 39% Hanging Wall Zones.

Note 4 High Sulphur (>2.5% S) – 2015 drill core from the southern portion of the deposit. Comprised 88% Main Zone and 12% Hanging Wall Zones.

Note 5 Medium Sulphur (1.8% to 2.5% S) – 2015 drill core from the southern portion of the deposit. Comprised 86% Main Zone and 14% Hanging Wall Zones.

Note 6 Low Sulphur (<1.8% S) – 2015 drill core from the southern portion of the deposit. Comprised 59% Main Zone and 41% Hanging Wall Zones.

Note 7 Master – 2015 drill core from the southern portion of the deposit. Comprised 78% Main Zone and 22% Hanging Wall Zones.

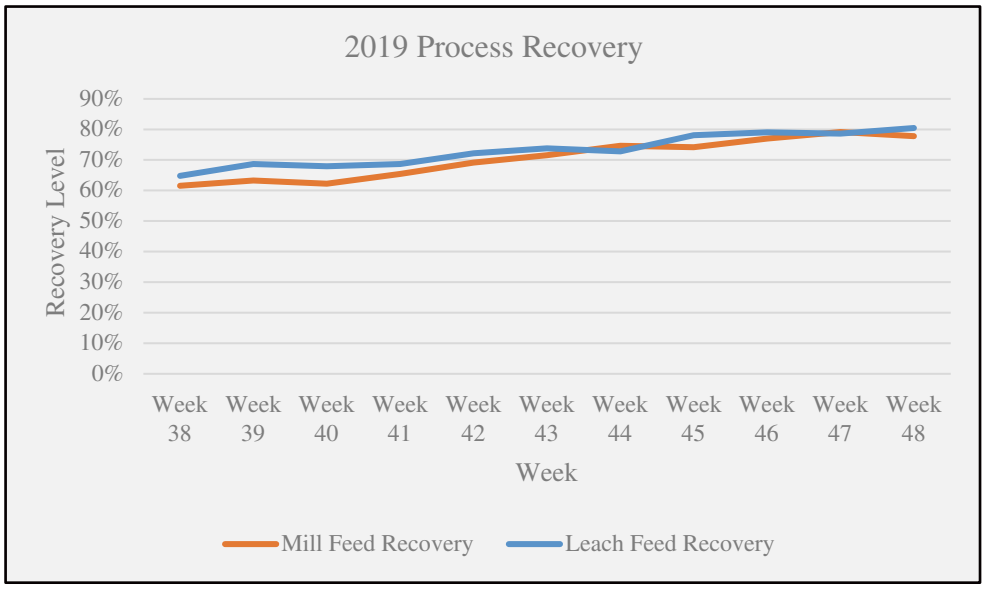

Figure 8 – Process Recovery from Fäboliden Test Mining in 2019.

The Svartliden Plant is a conventional comminution and carbon in leach ('**CIL**") circuit with a design capacity of 300,000 tonnes per annum. The technology used in the processing plant is well proven and the plant has been operating successfully since commissioning in 2005. The Svartliden Plant is located 30 kilometres by road from Fäboliden.

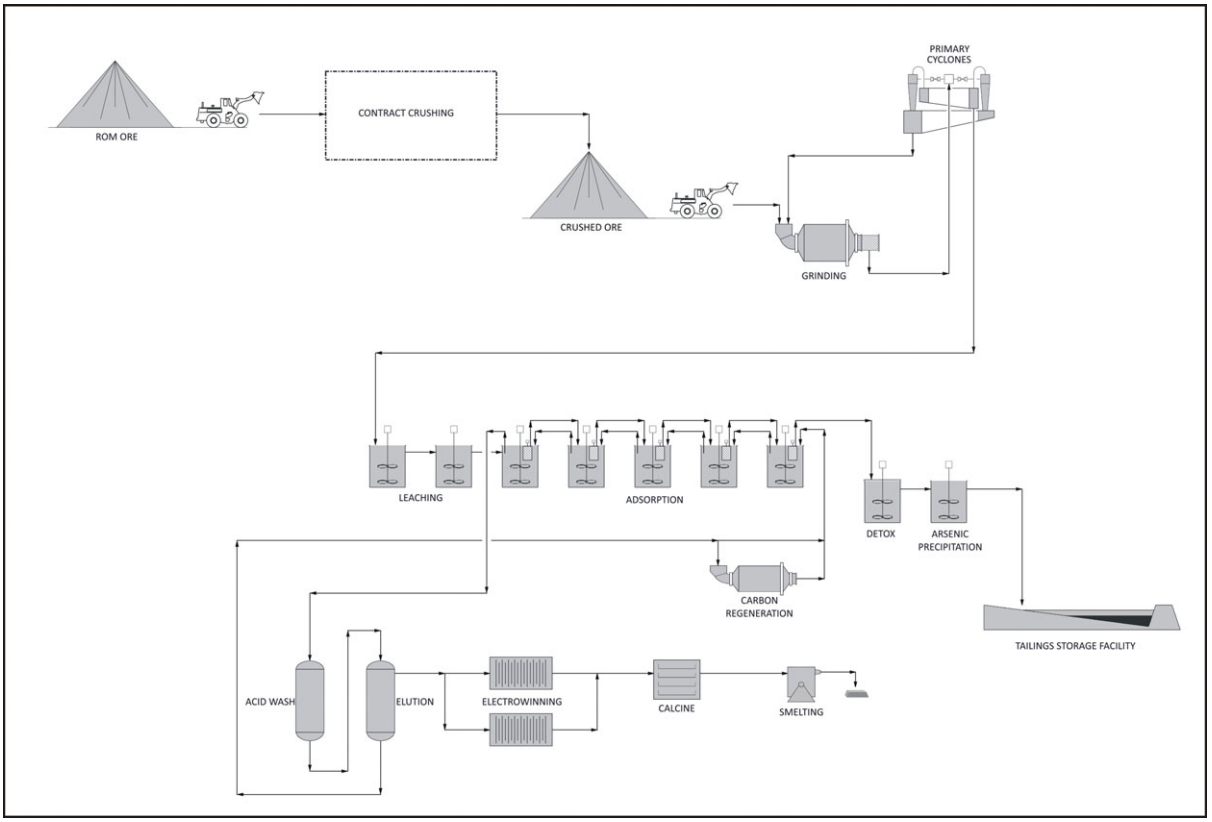

Figure 9 – Current Svartliden Plant Flow Sheet.

8.0 Infrastructure

The Fäboliden site will include offices, site amenities and structures for use by the contractor and the Company. These facilities will be established when full scale open pit mining commences and be available for use for when underground mining commences. Haul roads, noise barriers, waste rock dump, overburden dump, ROM pad, perimeter fence and water treatment facility will be established during open pit mining at Fäboliden and will continue to be used during underground mining.

Existing site infrastructure at Svartliden includes haul roads, a conventional CIL plant, stockpiles, offices, tailings dam and associated facilities.

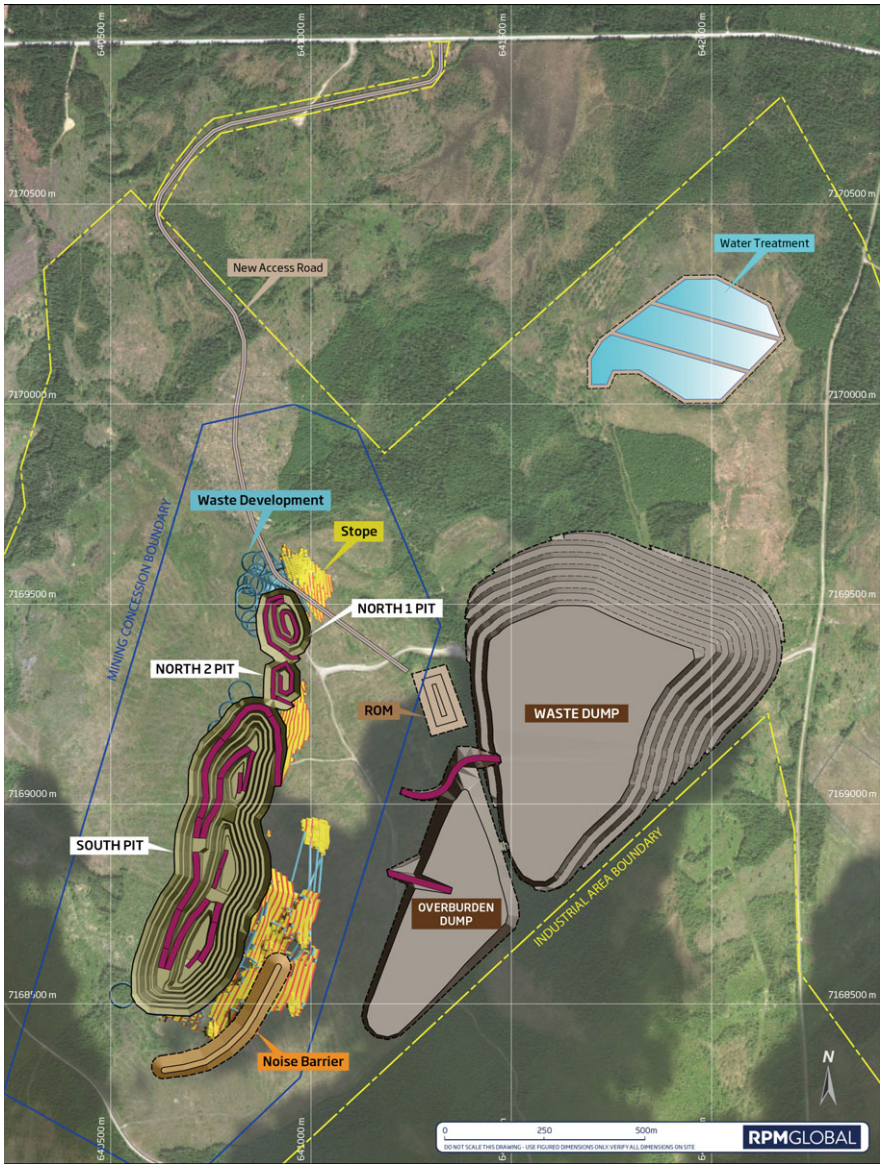

Figure 10 – Proposed site layout at Fäboliden.

9.0 Capital Expenditure

The capital cost estimates included in the Scoping Study are based on requirements after a decision to proceed with underground mining has been made. They have been included where existing capital items cannot be utilised or additional capital items are required. Capital costs estimates are based on order-of-magnitude of similar items or based on actual and historical costs at the Company's other underground operations. Underground capital cost estimates are included in Table 7.

The Scoping Study assumes a contract mining model to keep the start-up capital cost as low as possible. Roads, ROM pad, waste rock dumps, offices and other infrastructure will be established at the commencement of open-pit mining and will be used for the life of the underground mine.

No provision has been made for costs to cover the additional exploration and mining studies required to achieve a decision to mine.

No capital requirements are needed for the Svartliden Plant.

Table 7 – Underground Project Capital.

	Capital *(US$ M)*
Start-up Capital	
Mining Infrastructure	5.0
Mining Development	10.1
Total Start-up Capital	**15.1**
Working Capital	
Mining	51.0
Total Working Capital	**51.0**
Sustaining Capital	
Sustaining (@ 10%)	7.1
Total Sustaining Capital	**7.1**
Closure Cost	
Mine	4.6
Total Closure Cost	**4.6**
Total Life of Mine Capital	**77.8**

Table 8 – Start-up Capital

	Capital *(US$ M)*
Power Line	0.9
Transformers	0.8
Portals	0.1
Decline/Access Development	9.2
Primary Vent	1.5
Ventilation Tower	0.4
Primary Dewatering	0.3
Mine Administration & Underground Infrastructure	0.6
Contingency (@10%)	1.4
Total Start-up Capital	**15.1**

The capital costs presented are subject to a contingency of 10%. It is used to cover items of cost that fell within the scope of work but were not known or sufficiently detailed at the time the estimate was developed.

10.0 Operating Costs

The operating costs for the Scoping Study were collected by the Company.

Mining Costs are based on current unit rates from Dragon Mining's underground operation at the Jokisivu Gold Mine in southern Finland. These costs were used in the 31 December 2019 LOM study for the estimation of Ore Reserves at the Jokisivu Gold Mine and are based on contractor's rates.

Table 9 – Summary of Mining Costs.

Cost Area	**Unit Cost** *(US$/tonne ore)*
Ore Development	7.80
Underground Stoping Cost	11.63
Underground Opex Fixed Cost	11.39
Underground Backfill Cost	4.00
Contingency (@10%)	3.48
Total Mining	**38.30**

The Processing Costs represent processing, transport and administration costs as used in the 31 December 2019 LOM study that was completed to a pre-feasibility level for the estimation of the Fäboliden open pit Ore Reserves.

Table 10 – Summary of Processing Costs.

Cost Area	**Unit Cost** *(US$/tonne ore)*
ROM to Mill Transport	5.36
Crushing	9.83
Labour	7.38
Power	2.04
Maintenance Materials	2.02
Reagents and Consumables	6.84
Miscellaneous	1.78
Administration (G&A)	1.06
Contingency (@10%)	3.63
Total Processing	**39.96**

The Selling Costs are based on actual charges incurred by the Company for recent doré shipments.

Table 11 – Summary of Selling Costs.

Cost Area	Unit Cost *(US$/metal (ounce))*
Freight	4.51
Refining	0.38
Total Selling	**4.89**

The LOM total operating cost per ROM tonne is US$78.65 per tonne of ore.

Table 12 – Summary of Total Operating Costs.

Cost Area	Total Cost US$ M	US$/ ROM tonne	US$/ payable ounce
Mining	168.9	38.30	488.85
Processing	176.2	39.96	510.04
Selling	1.7	0.38	4.89
Total	**346.8**	**78.65**	**997.50**

11.0 Project Economics

An economic valuation has been carried out utilising the physical and financial parameters outlined in the Scoping Study. A project financial model was established using an annual discount cash flow methodology to generate a Net Present Value ('**NPV**") at 10% and Internal Rate of Return ("**IRR**") for the project in real terms on a post-tax basis.

The Scoping Study demonstrates that development of the project provides a positive economic return, the base case yielding a nominal NPV (@10%) of US$24 million and IRR of 27%.

Revenues are derived from a real, long term consensus forecast gold price of US$1,437 per ounce from the July 2020 edition of the Energy & Metals Consensus Forecast. Exchange rates of 1.09 for the EUR:USD and 9.66 for the USD:SEK were used in the Scoping Study. They were obtained from the National Australia Bank Limited ("**NAB**") consensus forecasts in June 2020.

Table 13 – Summary of estimated project financial and physical results.

Description	Units	Result
Total LOM Revenue	US$ M	496
Total LOM Net Cash Flow	US$ M	72
NPV (@10% post-tax, real)	US$ M	24
IRR (post-tax, real)	%	27
Payback	Years	5.4
LOM Mill Feed	kt	4,410
LOM Gold Grade	g/t Au	2.97
Average Ore Feed	tonnes per annum	300,000
Average Gold Production	koz per annum	23
Life of Mine	Years	15
Start-up Capital	US$ M	15.1
LOM Capital	US$ M	77.8

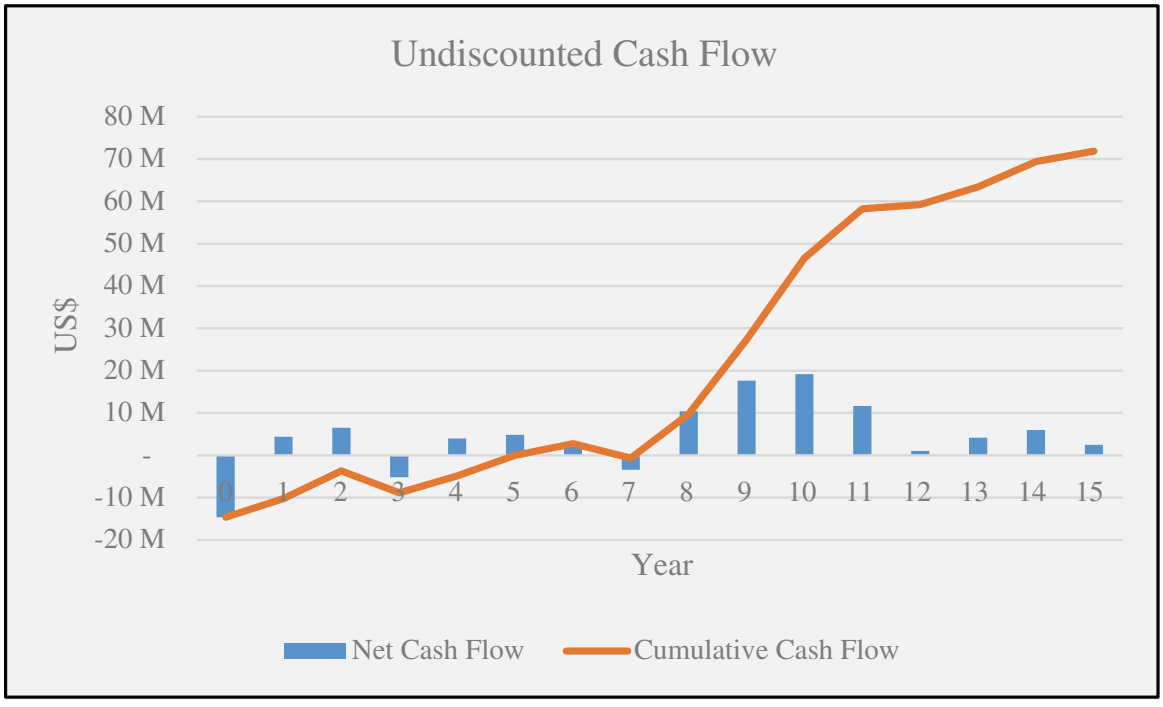

Figure 11 – Undiscounted Cash Flow.

11.1 Sensitivity Analysis

A sensitivity analysis of the project economics to key parameters, including gold price, total operating costs and total LOM capital costs at +/– 10% and +/– 20% levels was completed to demonstrate the sensitivity of the key value drivers and leverage to variations in metal prices.

Table 14 – Sensitivity Analysis.

		(20%)	**(10%)**	**0%**	**10%**	**20%**
Gold Price	NPV 10% (US$ M)	-26.3	-1.2	**24.0**	49.1	74.3
	IRR (%)	–	9	**27**	48	72
Total Operating Cost	NPV 10% (US$ M)	60.3	42.1	**24.0**	5.8	-12.4
	IRR (%)	60	42	**27**	14	1
Total LOM Capital Cost	NPV 10% (US$ M)	33.1	28.6	**24.0**	19.4	14.8
	IRR (%)	39	32	**27**	23	19

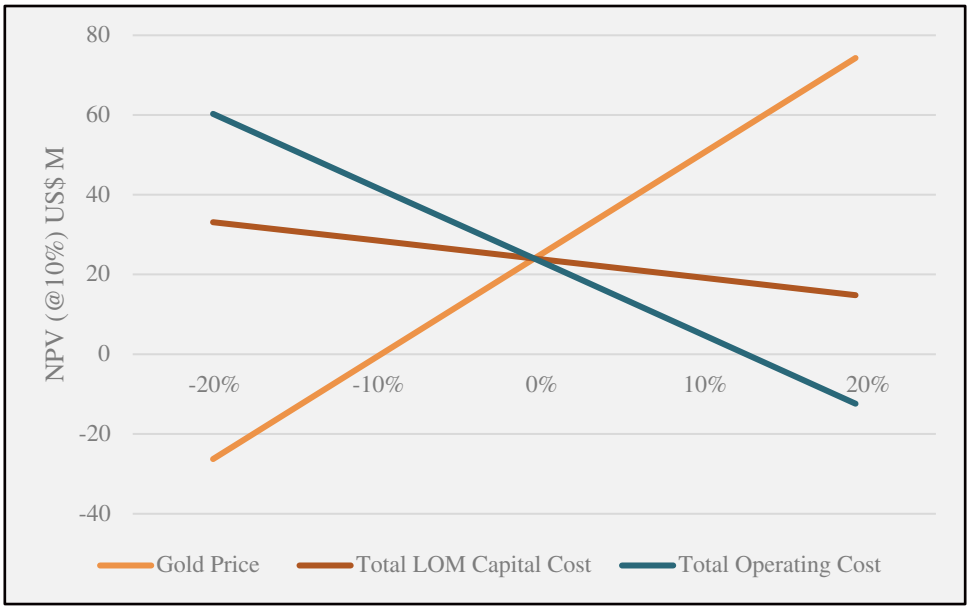

Figure 11 – Sensitivity Analysis Chart.

12.0 Basis For Funding

To achieve the potential outcomes indicated in the Scoping Study, start-up funding in the order of US$15.1 million will likely be required once a decision to proceed with underground mining has been made. This start-up figure does not take into account the additional drilling and mining studies required to achieve a decision to mine.

There is no certainty that Dragon Mining will have, or be able to raise that amount of funding when it is needed. It is also likely that such funding could be materially dilutive or otherwise available on terms that has a negative impact on Dragon Mining's shares or its equity participation in the project.

Dragon Mining is an established gold producer in the Nordic region generating in excess of 750,000 ounces of gold since 2005 from open-pit and underground operations in both Sweden and Finland. The existing Ore Reserves for the Company indicates that the Company will continue to mine in Finland until at least 2024 and in Sweden for a period of approximately 8 years once open-pit mining is able to commence at Fäboliden in the coming years. As such these operations are expected to continue to generate a positive cash flow for the Company over the period of their operation.

The Dragon Mining board and management have extensive experience in the resources industry and have played leading roles in the exploration, development and funding of resource projects. Whilst the Dragon Mining board believes it has a reasonable basis to believe that funding will be available as needed, there is no assurance guaranteed that the requisite funding for the Fäboliden underground operation will be secured.

13.0 Environmental and Social

Dragon Mining's operation in Sweden is headed by a Site Manager. It has a local management team, supervising Environment, Health and Safety ("**EHS**"). Local community relations are overseen by the Site Manager. Occupational Health and Safety is generally overseen by the Production Manager and environmental aspects are supervised by dedicated resources.

The Company is aware of the environmental, health and safety requirements applicable to their operations in Sweden by seeking applicable permits from relevant authorities, conducting regular monitoring of their environmental performance, hosting inspections from relevant occupational health and safety authorities and holding mandated stakeholder consultations or communication events.

The implementation of the occupational health and safety at the Company's sites meets industry standards. The preparedness of Dragon Mining's management to prevent incidents and manage occupational safety risks is demonstrated by well documented incident/accident recording and reporting, emergency response planning and regular communication with employees and contractors.

The environmental and social performance of the mining and processing operation in Sweden is expected to be maintained at a high level due to the Company's compliance with EHS regulatory standards and requirements and relationship with local stakeholders and communities.

Table 15 – Svartliden Production Centre Environmental Permitting Status.

			Validity		Supervision (Compliance Monitoring)	
Asset	Permit Name	Issuing Entity	Issuance	Expiry	Supervision Entity	Date & Findings of recent 2 years
Svartliden Plant	Environmental Permit M 1704-10	Umeå District Court, Land and Environment Court	30 November 2012	Until further notice.	Västerbotten County Administrative Board	
	Decision for cleaning devices of the water handling in Svartliden	Västerbotten County Administrative Board	18 February 2014	None	Västerbotten County Administrative Board	
	Decision for order of safety measures regarding notification for processing enriched ore in Svartliden	Västerbotten County Administrative Board	20 April 2015	None	Västerbotten County Administrative Board	
Fäboliden Gold Mine	Environmental Permit – Test Mining 551-5277-2016	Västerbotten County Administrative Board	23 November 2017	30 September 2027	Västerbotten County Administrative Board	

In December 2012 a new Operating Permit was received by Dragon Mining for the Svartliden operation. The permit included underground mining, tailings disposal in the completed open pit and adjusted discharge conditions.

On 23 November 2017, the CAB in Västerbotten granted Dragon Mining a Permit for test mining operations at Fäboliden ("**Test Mining Permit**"), the Test Mining Permit gained legal force on the 11 May 2018.

Dragon Mining has commenced the formal permitting process for full scale mining with consultation meetings with relevant stakeholders and the public held in early 2017. A permit application was submitted to the Umeå District Land and Environment Court (the "**Court**") in July 2018. The Company is currently preparing a response to the Courts latest request for supplementary information.

14.0 Risks

Key risks identified as part of the Scoping Study risk assessment process are outlined in Table 16.

Table 16 – Key Project Risks.

Area	Key Risks
Market	Gold Price, Exchange Rates
Geology	Complexity of the deposits geology
Resource/Reserves	Conversion of unclassified material to Mineral Resources, Inferred Mineral Resources to Indicated Mineral Resources and Mineral Resources to Ore Reserves
Mining	Geotechnical, selection of mining contractor, operating and capital costs, dilution and ore loss, gold grade
Metallurgy	Metallurgical recovery
Processing	Process recovery, operating and capital costs
Tailings	Permitting limits
Environmental	Permitting approval and timing
Costs	Over-runs
Development Funding	Access to capital to complete required drilling, metallurgical testing, feasibility level studies and project development

15.0 Recommendations

The Scoping Study has identified a number of areas for further assessment for inclusion in future feasibility level studies, including:

- Drill programs to improve the geological classification of the Inferred Mineral Resource to an Indicated Mineral Resource level at sufficient quantities to meet the payback period;
- Geotechnical mapping of future drilling programs;
- Consideration of specific geotechnical and hydrological drill programs and associated studies;
- Further bench-scale test work to evaluate the metallurgical characteristics of the different mineralised zones at depth;
- Evaluation of the size of the current processing plant, processing costs and process recoveries; and
- Further detailed underground mine design and scheduling.

16.0 Statements

Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists and a full time employee of the Company. Mr. Neale Edwards has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr. Neale Edwards has provided written consent for the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources dated 31 December 2019 for the Fäboliden Gold Project was previously released to the HKEx on the 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life. It fairly represents information and supporting documentation that was compiled or supervised by Mr. David Allmark who is a full-time employee of RPM Advisory Services Pty Ltd and a Registered Member of the Australian Institute of Geoscientists. Mr. Allmark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Mr. Allmark has previously provided written consent for the 16 March 2020 release.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported on the 16 March 2020, and the assumptions and technical parameters underpinning the estimates in the 16 March 2020 release continue to apply and have not materially changed.

Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources dated 31 December 2019 presented in this report have not been materially modified and are consistent with the 16 March 2020 release. Mr. Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.

The information in this report that relates to Ore Reserves for the Fäboliden Gold Mine was previously released to the HKEx on 16 March 2020 – Update of Fäboliden Ore Reserves Increases Open Pit Life. It fairly represents information compiled by Mr. Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr. Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr. Joe McDiarmid has previously provided written consent for 16 March 2020 release.

The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves as reported on the 16 March 2020, and the assumptions and technical parameters underpinning the estimates in the 16 March 2020 release continue to apply and have not materially changed.

Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Ore Reserves dated 31 December 2019 presented in this report have not been materially modified and are consistent with the 16 March 2020 release. Mr. Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.

Forward Looking Statements

This Summary Report includes certain forward looking statements. All statements, other than statements of historic fact are forward looking statements that involve various risks and uncertainties. There can be no assurances that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Such information contained herein represents management's best judgement as of the date hereof based on information currently available. Except for statutory liability which cannot be excluded, each of Dragon Mining, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this document and exclude all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. The Company does not assume any obligation to update any forward looking statement. Accordingly no person or entity should place undue reliance on any forward looking statement.
