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龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

龍資源有限公司*

(Incorporated in Western Australia with limited liability ACN 009 450 051)

(Stock Code: 1712)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

The Board of Directors (the “**Board**”) of Dragon Mining Limited (the “**Company**” or “**Dragon Mining**”) announces the interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the half-year ended 30 June 2020 together with comparative figures for the corresponding half-year period in 2019 as follows:

* *for identification purposes only*

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	<i>Note</i>	6 months to 30 Jun 2020 AU\$'000 (Unaudited)	6 months to 30 Jun 2019 AU\$'000 (Unaudited)
Revenue from customers		35,921	22,271
Cost of sales	2(a)	(26,739)	(16,943)
Gross profit		9,182	5,328
Other revenue	2(b)	6	48
Other income	2(c)	192	315
Exploration expenditure		(42)	(25)
Management and administration expenses	2(d)	(1,867)	(2,199)
Other expenses	2(d)	(944)	(483)
Finance costs	2(e)	(63)	(22)
Foreign exchange loss		(206)	(262)
Profit before tax		6,258	2,700
Income tax expense	3	–	–
Profit after income tax		6,258	2,700
Earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic earnings per share	12	4.51	1.94
Diluted earnings per share	12	4.51	1.94

The notes on pages 7 to 20 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	6 months to 30 Jun 2020	6 months to 30 Jun 2019
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Profit after income tax (brought forward)	<u>6,258</u>	<u>2,700</u>
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Gain on foreign currency translation	<u>501</u>	<u>51</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>501</u>	<u>51</u>
Total comprehensive income for the period	<u>6,759</u>	<u>2,751</u>
Profit attributable to:		
Members of Dragon Mining Limited	<u>6,258</u>	<u>2,700</u>
	<u>6,258</u>	<u>2,700</u>
Total comprehensive income attributable to:		
Members of Dragon Mining Limited	<u>6,759</u>	<u>2,751</u>
	<u>6,759</u>	<u>2,751</u>

The notes on pages 7 to 20 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	<i>Note</i>	At 30 Jun 2020 <i>AU\$'000</i> (Unaudited)	At 31 Dec 2019 <i>AU\$'000</i> (Audited)
CURRENT ASSETS			
Cash and cash equivalents		11,745	8,182
Trade and other receivables	<i>4</i>	4,357	5,949
Inventories	<i>5</i>	14,846	16,684
Other assets		326	163
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		31,274	30,978
NON-CURRENT ASSETS			
Property, plant and equipment	<i>6</i>	35,681	33,347
Mineral exploration and evaluation costs	<i>7</i>	7,045	8,699
Right-of-use assets		365	320
Other assets		5,400	5,289
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		48,491	47,655
		<hr/>	<hr/>
TOTAL ASSETS		79,765	78,633
CURRENT LIABILITIES			
Trade and other payables	<i>8</i>	5,956	7,049
Provisions	<i>9</i>	1,815	2,263
Interest bearing liabilities	<i>10</i>	112	65
Other liabilities		299	226
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		8,182	9,603
NON-CURRENT LIABILITIES			
Provisions	<i>9</i>	18,200	19,114
Interest bearing liabilities	<i>10</i>	3,233	6,535
Other liabilities		27	17
		<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES		21,460	25,666
		<hr/>	<hr/>
TOTAL LIABILITIES		29,642	35,269
		<hr/>	<hr/>
NET ASSETS		50,123	43,364
EQUITY			
Contributed equity	<i>11</i>	133,991	133,991
Reserves		84	(417)
Accumulated losses		(83,952)	(90,210)
		<hr/>	<hr/>
TOTAL EQUITY		50,123	43,364
		<hr/>	<hr/>

The notes on pages 7 to 20 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Contributed Equity AU\$'000	Accumulated Losses AU\$'000	Foreign Currency Reserve AU\$'000	Convertible Note Premium Reserve AU\$'000	Equity Reserve Purchase of Non- controlling Interest AU\$'000	Total Equity AU\$'000
At 31 December 2018 (audited)	133,991	(96,521)	(3,160)	2,068	1,069	37,447
Profit for the period	-	2,700	-	-	-	2,700
Other comprehensive income	-	-	51	-	-	51
Total comprehensive profit for the period	-	2,700	51	-	-	2,751
At 30 June 2019 (unaudited)	133,991	(93,821)	(3,109)	2,068	1,069	40,198
At 31 December 2019 (audited)	133,991	(90,210)	(3,554)	2,068	1,069	43,364
Profit for the period	-	6,258	-	-	-	6,258
Other comprehensive income	-	-	501	-	-	501
Total comprehensive profit for the period	-	6,258	501	-	-	6,759
At 30 June 2020 (unaudited)	133,991	(83,952)	(3,053)	2,068	1,069	50,123

The notes on pages 7 to 20 form part of this interim results announcement.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2020

	6 months to 30 Jun 2020	6 months to 30 Jun 2019
	<i>AU\$'000</i>	<i>AU\$'000</i>
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Receipts from customers	37,471	23,056
Payments to suppliers and employees	(25,448)	(21,882)
Interest received	6	41
Interest expense	(78)	(15)
	<hr/>	<hr/>
Net cash from operating activities	11,951	1,200
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,731)	(2,810)
Proceeds from sale of property, plant and equipment	3	293
Payments for development activities	(3,762)	(2,993)
Payments for mineral exploration	(36)	(27)
(Payments)/proceeds from bond held on deposit	(27)	8
Payment of environmental bonds	(31)	–
	<hr/>	<hr/>
Net cash used in investing activities	(5,584)	(5,529)
	<hr/>	<hr/>
Cash flows from financing activities		
Lease liability payments	(50)	–
Drawdown of loan	–	2,000
Repayment of loan	(3,000)	–
	<hr/>	<hr/>
Net cash (used)/from financing activities	(3,050)	2,000
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	3,317	(2,329)
Cash and cash equivalents at the beginning of the period	8,182	10,905
Effects of exchange rate changes on cash and cash equivalents	246	(118)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	11,745	8,458
	<hr/>	<hr/>

The notes on pages 7 to 20 form part of this interim results announcement.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Dragon Mining Limited (the “**Company**” or the “**Parent Entity**”) was incorporated as an Australian Public Company, limited by shares on 23 April 1990, and is subject to the requirements of the Australian Corporations Act 2001 as governed by the Australian Securities and Investments Commission. The Company is domiciled in Australia and its registered office is located at Unit 202, 39 Mends Street, South Perth, WA 6151 Australia.

The Company’s Announcement of the Interim Results for the half-year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 20 August 2020.

The Announcement of the Interim Results of the Company for the half-year ended 30 June 2020, 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
龍資源有限公司 (Dragon Mining Limited ¹)	Hong Kong 17 May 2017	HK\$1.00	100%	Dormant

¹ *For translation purposes.*

b) Basis of Preparation

Statement of compliance

The interim consolidated results set out in this announcement do not constitute the Consolidated Interim Financial Statements of the Group for the half-year period ended 30 June 2020 but are extracted from those Consolidated Interim Financial Statements.

The Consolidated Interim Financial Statements are condensed general purpose financial statements prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The Consolidated Interim Financial Statements do not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the Annual Financial Report.

The Consolidated Interim Financial Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and considered together with any public announcements made by the Company during the half-year period ended 30 June 2020.

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

c) Changes in Accounting Policies and Disclosures

Except as disclosed below, the accounting policies adopted in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group’s Consolidated Interim Financial Statements for the year ended 31 December 2019. All relevant new and amended Accounting Standards and Interpretations which became applicable on 1 January 2020 have been adopted by the Group.

As a result of this review, the Directors have determined that there is no material impact of the new and revised accounting standards and interpretations on the Group’s financial position or performance.

d) New Standards, Interpretations and Amendments adopted by the Group

The accounting policies adopted in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group’s Annual Consolidated Financial Statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020 as follows:

Conceptual Framework for Financial Reporting

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting

- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 *Business Combinations* and developing accounting policies for regulatory account balances using IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

Amendments to IFRS 3 – Definition of a Business

The Standard amends the definition of a business in IFRS 3 *Business Combinations*. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Amendments to IAS 1 and IAS 8 – Definition of Material

This Standard amends IAS 101 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform

These amendments were issued in response to the effects of Interbank Offered Rates reform on financial reporting and provide mandatory temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

2. OTHER REVENUE, INCOME AND EXPENSES

	6 months to 30 June	
	2020	2019
	AU\$'000	AU\$'000
	(Unaudited)	(Unaudited)
(a) Cost of sales		
Cost of production net of inventory movements	23,258	13,769
Depreciation of mine properties, plant and equipment	3,481	3,174
	<u>26,739</u>	<u>16,943</u>
<i>Cost of production net of inventory movements</i>		
Mining	14,346	12,988
Processing	6,318	6,001
Other production activities	625	675
Gold inventory movements	1,969	(5,895)
	<u>23,258</u>	<u>13,769</u>
(b) Other revenue		
Finance revenue and interest	–	41
Rent and sundry revenue	6	7
	<u>6</u>	<u>48</u>
(c) Other income		
Sale of equipment	2	293
Other	190	22
	<u>192</u>	<u>315</u>
(d) Other expenses		
Management and administration expenses	1,867	2,199
Depreciation of non-mine site assets	73	34
Evaluation assets written off	871	449
	<u>2,811</u>	<u>2,682</u>
(e) Finance costs		
Interest	54	13
Other	9	9
	<u>63</u>	<u>22</u>
(f) Total employee benefits including Directors remuneration		
Wages and salaries	3,723	3,948
Defined contribution superannuation expense	501	608
Other employee benefits	358	361
	<u>4,582</u>	<u>4,917</u>

3. INCOME TAX

The Company is subject to income tax on profits arising in or derived from the jurisdiction in which the Company is domiciled and operates. Income tax expense is recognised based on management's estimate of the weighted average income tax rate expected for the full financial year.

No provision for Hong Kong profits tax has been made, as the Company had no assessable profits derived from or earned in Hong Kong during the six month period ended 30 June 2020 (six months ended 30 June 2019: Nil). The Company has no income tax expense for the six month period ended 30 June 2020 (six months period ended 30 June 2019: Nil).

4. TRADE AND OTHER RECEIVABLES

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Trade receivables – fair value through profit or loss ⁽ⁱ⁾	2,861	3,786
Trade receivables – amortised cost ⁽ⁱⁱ⁾	100	495
Other receivables ⁽ⁱⁱⁱ⁾	1,396	1,668
	<u>4,357</u>	<u>5,949</u>

- (i) Trade receivables that relate to concentrate sales that are subject to quotation period pricing are recognised at fair value through profit or loss. Concentrate sales are subject to the provisional pricing arrangements. The Group issues a provisional invoice at the end of the month following the month of delivery which is payable within fifteen days. A final invoice is issued by the Group within three days of receiving final assays, typically two months post-delivery, which is payable by the purchaser within five days of invoice receipt.
- (ii) Includes trade receivables for gold sold on market and settled within two days. The probability of default is considered to be insignificant. All amounts have been collected subsequent to year end.
- (iii) Other receivables include bank guarantees held on deposit with National Australia Bank for the lease of the corporate premises. These deposits are rolled over every three months in accordance with the lease terms. Due to the short-term nature and credit rating of the counterparty, the probability of default is insignificant.

Ageing Analysis

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

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Amounts not yet invoiced	1,633	2,899
Within 1 month	1,328	1,382
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	–	–
	<u>2,961</u>	<u>4,281</u>
Trade receivables	<u>2,961</u>	<u>4,281</u>

5. INVENTORIES

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Ore and concentrate stockpiles – at cost	8,010	10,355
Gold in circuit valued – at cost	5,792	5,416
Raw materials and stores – at cost	1,044	913
	<u>14,846</u>	<u>16,684</u>

6. PROPERTY, PLANT AND EQUIPMENT

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Land		
Gross carrying amount – at cost	<u>1,389</u>	<u>1,362</u>
Buildings		
Gross carrying amount – at cost	2,606	2,548
Less accumulated depreciation and impairment	<u>(2,146)</u>	<u>(2,052)</u>
Net carrying amount	<u>460</u>	<u>496</u>
Property, plant and equipment		
Gross carrying amount – at cost	35,441	34,231
Less accumulated depreciation and impairment	<u>(33,042)</u>	<u>(31,862)</u>
Net carrying amount	<u>2,399</u>	<u>2,369</u>
Mine Properties		
Gross carrying amount – at cost	131,053	123,978
Less accumulated amortisation and impairment	<u>(99,620)</u>	<u>(94,858)</u>
Net carrying amount	<u>31,433</u>	<u>29,120</u>
Total property, plant and equipment		
Gross carrying amount – at cost	170,489	162,119
Less accumulated amortisation and impairment	<u>(134,808)</u>	<u>(128,772)</u>
Net carrying amount	<u>35,681</u>	<u>33,347</u>

The Group has considered whether any impairment triggers exist at 30 June 2020 and have concluded that no triggers are present in the current period. No impairment was recognised during the half-year ended 30 June 2020. Included within Mine Properties is AU\$15.7 million (31 December 2019: AU\$16.3 million) relating to Fäboliden. The Company has a valid environmental test mining permit for Fäboliden and is in the progress of obtaining a full mining permit which is expected to be finalised by early 2021.

7. MINERAL EXPLORATION AND EVALUATION COSTS

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Balance at beginning of financial period	8,699	5,333
Additions	3,877	6,808
Exploration write off	(871)	–
Reclassification to mine properties	(4,692)	(3,136)
Reclassification to inventory	(100)	–
Net foreign exchange movement	132	(306)
	<u>7,045</u>	<u>8,699</u>
Total mineral exploration and evaluation expenditure	<u>7,045</u>	<u>8,699</u>

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.

8. TRADE AND OTHER PAYABLES

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Trade payables and accruals	<u>5,956</u>	<u>7,049</u>

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:

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Within 1 month	5,881	6,959
1 to 2 months	51	33
2 to 3 months	5	25
Over 3 months	19	32
	<u>5,956</u>	<u>7,049</u>
Trade payables and accruals	<u>5,956</u>	<u>7,049</u>

9. PROVISIONS

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Current		
Employee entitlements	<u>1,815</u>	<u>2,263</u>
Non-current		
Employee entitlements	132	122
Rehabilitation ¹	<u>18,068</u>	<u>18,992</u>
	<u>18,200</u>	<u>19,114</u>

¹ As at the date of this announcement, there have been no changes to the acid forming characteristics of the non-acid forming waste rock area included in the Group's Svartliden Closure Plan. On 18 November 2019, the Company submitted its appeal to the Environmental Court of Appeal challenging, amongst other things, the additional security required by the Land and Environmental Court for an engineered cover to the entire waste rock area. Further information on the appeal process from the Court of Appeal is pending.

10. INTEREST BEARING LIABILITIES

	At 30 Jun 2020 AU\$'000	At 31 Dec 2019 AU\$'000
Current		
Lease liabilities	<u>112</u>	<u>65</u>
Non-current		
Loan principal	3,000	6,000
Revaluation of Hong Kong Dollar denominated drawdowns	–	293
Lease liabilities	<u>233</u>	<u>242</u>
	<u>3,233</u>	<u>6,535</u>

The Group has an unsecured Loan Facility with AP Finance Limited (“**Loan Facility**”) for the Australian Dollars (“**AUD**”) equivalent of AU\$12.0 million. On 22 January 2020, the Company made a voluntary prepayment towards its Loan Facility of HK\$18,063,577 (including interest payable to that date) representing the portion of the Loan Facility repayable in Hong Kong dollars. At the date of this announcement, the Company has AU\$9.0 million in undrawn funds available. There have been no other drawdowns since balance date. The Company has agreed with AP Finance Limited that the September 2018, January and March 2019 drawdowns of AU\$1.0 million each will be repayable in Australian Dollars.

On 3 June 2020, the Company extended the Loan Facility availability period from 30 June 2021 to 31 December 2021; all other terms and conditions remained unchanged.

11. CONTRIBUTED EQUITY

	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Share capital	Number of Shares		AU\$'000	AU\$'000
Ordinary shares fully paid	138,840,613	138,840,613	133,991	133,991

There has been no movement in ordinary share capital during the six months ended 30 June 2020 (31 December 2019: Nil).

12. 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:

	At 30 Jun 2020	At 30 Jun 2019
Basic earnings per share		
Profit used in calculation of basic earnings per share (AU\$'000)	6,258	2,700
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	138,840,613	138,840,613
Basic earnings per share (cents)	4.51	1.94
Diluted earnings per share		
Profit used in calculation of basic earnings per share (AU\$'000)	6,258	2,700
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	<u>138,840,613</u>	<u>138,840,613</u>
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share	<u>138,840,613</u>	<u>138,840,613</u>
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted earnings per share. These may be dilutive in future if exercised	–	–
Diluted earnings per share (cents)	4.51	1.94

13. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

14. RELATED PARTY TRANSACTIONS

Subsidiaries

The Consolidated Interim 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	
			2020 %	2019 %
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
龍資源有限公司 (Dragon Mining Limited ¹)	Hong Kong	Ordinary	100	100

¹ For translation purposes.

Transactions with related parties

The Company has the following transactions with related parties that are also exempted from continuing connected transactions disclosures according to Rule 14A.73(6) and 14A.73(8) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

- (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 premises located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("**Tanami**"). Tanami is a Company of which Messers' Dew, Smith and Procter, the Company's Non-Executive Chairman, Executive Director 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 46% of Mr DK Broughton's salary cost. During the half-year period, the Company charged Tanami AU\$49,500 (30 June 2019: AU\$49,500) of which AU\$24,750 was outstanding at 30 June 2020 (30 June 2019: AU\$24,750).

Entity with significant influence over the Group

As at 30 June 2020, the following entities have significant influence over the Group:

- (i) Allied Properties Resources Limited ("**APRL**"), a wholly owned subsidiary of Allied Properties (H.K.) Limited, owns 27,730,727 ordinary shares of the Company for an interest of 19.97% (30 June 2019: 18.35%). 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 31 December 2021. Refer to note 10. For information only, as at 30 June 2020, Allied Properties (H.K.) Limited was in the process of privatization.
- (ii) Sincere View International Ltd. owns 27,500,899 ordinary shares of the Company for an interest of 19.81%.

15. SEGMENT INFORMATION

	Sweden 30 Jun 2020 AU\$'000	Finland 30 Jun 2020 AU\$'000	Unallocated 30 Jun 2020 \$'000	Total 30 Jun 2020 AU\$'000
Segment revenue				
Gold sales to external customers	27,493	8,428	–	35,921
Inter-segment sales	–	25,593	–	25,593
Elimination of inter-segment revenue	–	–	(25,593)	(25,593)
Total revenue	<u>27,493</u>	<u>34,021</u>	<u>(25,593)</u>	<u>35,921</u>
Other revenue				
Sundry revenue	–	6	–	6
Total other revenue	<u>–</u>	<u>6</u>	<u>–</u>	<u>6</u>
Segment interest expense	1	–	–	1
Unallocated interest expense	–	–	53	53
Total interest expense	<u>1</u>	<u>–</u>	<u>53</u>	<u>54</u>
Depreciation and amortisation	112	3,420	22	3,554
Exploration write off	–	871	–	871
	<u>112</u>	<u>4,291</u>	<u>22</u>	<u>4,425</u>
Segment result				
Pre-tax segment result	(2,102)	8,190	–	6,088
Income tax expense	–	–	–	–
Post-tax segment result	<u>(2,102)</u>	<u>8,190</u>	<u>–</u>	<u>6,088</u>
Unallocated items:				
Corporate interest revenue and other income				50
Corporate costs				(664)
Finance costs				(56)
Elimination of inter-company interest, expense and management fees in segment results				<u>840</u>
Profit after tax as per the Consolidated Statement of Profit or Loss				<u><u>6,258</u></u>

	Sweden 30 Jun 2019 AU\$'000	Finland 30 Jun 2019 AU\$'000	Unallocated 30 Jun 2019 \$'000	Total 30 Jun 2019 AU\$'000
Segment revenue				
Gold sales to external customers	19,436	2,835	–	22,271
Inter-segment sales	–	20,777	–	20,777
Elimination of inter-segment revenue	–	–	(20,777)	(20,777)
Total revenue	<u>19,436</u>	<u>23,612</u>	<u>(20,777)</u>	<u>22,271</u>
Other revenue				
Interest revenue	–	–	41	41
Sundry revenue	–	7	–	7
Total other revenue	<u>–</u>	<u>7</u>	<u>41</u>	<u>48</u>
Segment interest expense	–	–	13	13
Unallocated interest expense	–	–	–	–
Total interest expense	<u>–</u>	<u>–</u>	<u>13</u>	<u>13</u>
Depreciation and amortisation	67	3,141	1	3,209
Disposal of exploration	–	449	–	449
	<u>67</u>	<u>3,590</u>	<u>1</u>	<u>3,658</u>
Segment result				
Pre-tax segment result	(3,895)	6,853	–	2,958
Income tax expense	–	–	–	–
Post-tax segment result	<u>(3,895)</u>	<u>6,853</u>	<u>–</u>	<u>2,958</u>
Unallocated items:				
Corporate interest revenue and other income				63
Corporate costs				(1,576)
Finance costs				(16)
Elimination of inter-company interest, expense and management fees in segment results				<u>1,271</u>
Profit after tax as per the Consolidated Statement of Profit or Loss				<u>2,700</u>
	Australia 30 Jun AU\$'000	Sweden 30 Jun AU\$'000	Finland 30 Jun AU\$'000	Total 30 Jun AU\$'000
Non-current assets by Geographic location				
At 30 June 2020	<u>381</u>	<u>23,947</u>	<u>24,163</u>	<u>48,491</u>
At 31 December 2019	<u>255</u>	<u>23,241</u>	<u>24,159</u>	<u>47,655</u>

16. 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.

	30 Jun 2020 <i>AU\$'000</i>	30 Jun 2019 <i>AU\$'000</i>
Within one year	36	39
One year or later and no later than five years	162	181
	198	220

b) Short-term lease expense commitments

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

	30 Jun 2020 <i>AU\$'000</i>	30 Jun 2019 <i>AU\$'000</i>
Within one year	48	39
	48	39

c) 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:

	30 Jun 2020 <i>AU\$'000</i>	30 Jun 2019 <i>AU\$'000</i>
Within one year	321	321
	321	321

17. CONTINGENT LIABILITIES

PEIC dispute successfully appealed

As previously announced, PEIC Oy, one of the Group's electrical contractors at the time in Finland, ceased to provide electrical contracting services to Dragon Mining Oy ("DOY"). On 20 December 2017, the Company was informed by the Pirkanmaan District Court ("District Court") that PEIC Oy had applied to the District Court summoning a claim against DOY. On 17 December 2018, the District Court ruled in favour of PEIC Oy. On 22 February 2019, the Court of Appeal, having read the Group's appeal document and grounds for appeal, granted the Group leave to appeal the District Court's ruling. The basis for the Group's appeal challenged both the reasonableness and legitimacy of a number of historical demands being raised in PEIC Oy's claim.

The Group objected to all historical demands from PEIC Oy and maintained the view that PEIC Oy did not have a valid basis for its claim above the amount provided by the Company. By the judgment on 5 June 2020 No 375 (S 19/135) the Turku Court of Appeal overturned the judgment of the Pirkanmaa District Court and judged the case close to what was required and originally estimated by Dragon Mining. The deadline of PEIC Oy for petition for leave of appeal and appeal expires on 5 August 2020.

Orivesi waste material

During 2018, the Company received notice regarding the presence of waste material in the upper levels of the Orivesi Mine. As previously announced, the Company believes that the bulk of the waste material stored between the 66m and 85m levels had been deposited before the Company purchased the asset in 2003 and recommenced mining of ore in 2007. The Company submitted its explanation and a work procedure prior to the commencement of waste material removal in 2019 in which 28,000 kg of mixed waste and rock from the 66m level was safely removed. The Company is committed to the safe removal or containment of any remaining hazardous material and continues discussions with relevant parties to ensure this outcome.

On 6 March 2020, the Company submitted a risk assessment to the Pirkanmaa Centre for Economic Development, Transport and the Environment ("PIR ELY") based on the results of the four drill holes and water samples taken from the stope and other parts of the mine. The risk assessment confirmed there is no need to remove the material due to its non-hazardous environmental impact. Additionally, the risk assessment confirmed the safe removal of the material is also not possible. Considering these factors, the Company applied for a retrospective Environmental Permit. In July 2020, PIR ELY imposed a compulsion order that requires the Company to investigate the composition of the waste to ensure the findings from the initial risk assessment are representative of the total waste remaining. The Company has provided an amount in its accounts for future drilling and associated costs to comply with the compulsion order.

18. SIGNIFICANT EVENTS AFTER PERIOD END

There are no significant events after period end to report up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Nature of Operations and Principal Activities

The Group 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 Group operates gold mines and processing facilities in Finland and Sweden. In Finland, the Vammala Production Centre (“**Vammala**”) consists of a conventional 300,000 tonnes per annum (“**tpa**”) crushing, milling and flotation plant (“**Vammala Plant**”), the Jokisivu Gold Mine (“**Jokisivu**”) the Kaapelinkulma Gold Mine (“**Kaapelinkulma**”) and the Orivesi Gold Mine (“**Orivesi**”) which ceased production in June 2019. Annual production from Finland is in the range of 23,000 to 30,000 ounces of gold in concentrate depending on the grade of ore and gold concentrate feed.

In Sweden, the operation is known as the Svartliden Production Centre (“**Svartliden**”), consisting of a 300,000 tpa carbon-in-leach processing plant (“**Svartliden Plant**”) and the closed Svartliden Gold Mine (mining completed in 2013). The test-mining program recommenced at the Fäboliden Gold Mine (“**Fäboliden**”) in June 2020, with gold production to recommence in September 2020.

The principal activities of the Group during the half-year were:

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

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

Operations Overview

COVID-19 Pandemic Response

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. At the date of this announcement, the pandemic, together with the various Government measures so far introduced, have not significantly disrupted the Group’s operations. The Group mobilised its contingency plans. Some of the actions taken during the period included:

- a) working with the Group’s gold Refiner to ensure the continued collection and payment for the gold doré produced at Svartliden;

- b) managing the logistics and re-routing of gold shipments due to disruptions caused to international flights; and
- c) planning for longer lead times for approvals in Sweden.

The Group has implemented significant controls and requirements at all its sites to protect the health and safety of its workforce, their families, local suppliers and neighbouring communities while ensuring a safe environment for operations to continue as usual.

The Group's COVID-19 response protocols reinforce and operate concurrently with public health advice to include:

- social distancing protocols;
- suspension of large indoor gatherings;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- access to site restrictions and temperature screening;
- self-isolation following international travel, development of symptoms, or interaction with a confirmed case of COVID-19;
- increased inventory of hand sanitiser and hygiene supplies; and
- increased focus on cleaning and sanitation.

No adjustments have been made to the Group's result as at 30 June 2020 for the impacts of COVID-19. However, the scale and duration of possible future Government measures, and their impact on the Group's operations and financial situation, necessarily remains uncertain.

Safety Performance

The Group continues to focus on driving an improved safety culture across all its operations and finished the period with a 12-month rolling lost time injury ("LTI") frequency rate, per million work hours of 4.20 (2019 HY: 4.38). One LTI occurred at the Group's Finnish operations during the period. Vammala, Jokisivu and Kaapelinkulma have recorded 48, 1,654, and 1,278 LTI free days, respectively. In Sweden, Svartliden recorded 1,553 days LTI free and Fäboliden 690 days LTI free.

Finland Operations

Vammala Plant

During the half-year to 30 June 2020, the Vammala Plant treated 160,342 tonnes of ore with an average grade of 2.8 g/t gold and achieved a process recovery of 85.3% to produce 12,102 ounces of gold in concentrate. Gold production decreased by 17.3% compared to the 2019 half-year period as a result of the cessation of mining higher grade ore tonnes from Orivesi. During the half-year period, Vammala mill feed was sourced from Jokisivu and Kaapelinkulma with a small number of remaining tonnes from Orivesi processed in January 2020.

- 137,558 tonnes of ore from Jokisivu at an average grade of 2.7 g/t gold;
- 21,370 tonnes of ore from Kaapelinkulma at an average grade of 3.1 g/t gold; and
- 1,414 tonnes of ore from Orivesi stockpiles at an average grade of 3.2 g/t gold.

Vammala Production Centre

	30 Jun 2020	30 Jun 2019
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Ore Mined (tonnes)	177,540	157,176
Mined Grade (g/t gold)	2.6	3.2
Ore Milled (tonnes)	160,342	158,401
Head Grade (g/t gold)	2.8	3.3
Process Recovery (%)	85.3%	88.1%
Gold Production (oz)	12,102	14,655

Jokisivu Gold Mine

Production tonnes from Jokisivu were sourced from the Main Zone of the Kujankallio deposit and from the Arpola deposit, with ore coming from both stope and development works. Total ore mined from Jokisivu was 146,671 tonnes at 2.6 g/t gold; 63,496 tonnes of ore came from ore stopes (2019 HY: 73,873 tonnes) and the remaining 83,175 tonnes (2019 HY: 47,070 tonnes) came from ore development. Gold production for the period was 10,213 ounces of gold (2019 HY: 10,269 ounces of gold). The increase in mined and milled tonnes from Jokisivu compensated for the lower head grade and process recovery to deliver consistent gold production over the period.

Jokisivu Gold Mine

	30 Jun 2020	30 Jun 2019
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Ore Mined (tonnes)	146,671	120,943
Mined Grade (g/t gold)	2.6	2.9
Ore Milled (tonnes)	137,558	129,675
Head Grade (g/t gold)	2.7	2.8
Process Recovery (%)	85.9%	88.3%
Gold Production (oz)	10,102	10,269

Development of the Jokisivu decline progressed 227 metres laterally during the period, representing a vertical advancement of 29 metres to the 531.5 metre level.

Kaapelinkulma Gold Mine

Production at Kaapelinkulma came from open-pit mining with 30,869 tonnes of ore grading 2.6 g/t gold mined and the removal of 282,435 tonnes of waste rock. Stripping costs incurred during the development phase of Kaapelinkulma are capitalised as part of the depreciable cost of building, developing and constructing the mine. These capitalised costs are depreciated over the life of the mine based on units of production.

	Kaapelinkulma Gold Mine	
	30 Jun 2020	30 Jun 2019
Ore Mined (tonnes)	30,869	6,686
Waste Rock (tonnes)	282,435	115,270
Strip Ratio	9:1	17:1
Mined Grade (g/t gold)	2.6	2.9
Ore Milled (tonnes)	21,370	2,797
Head Grade (g/t gold)	3.1	3.6
Process Recovery (%)	81.3%	88.8%
Gold Production (oz)	1,760	288

Orivesi Gold Mine

Mining at Orivesi ceased in June 2019 after the Supreme Administrative Court of Finland upheld the decision by the Western and Inland Finland Regional State Administrative Office not to grant the Group a new Environmental Permit. Production during the half-year period came from the remaining 1,414 ore tonnes stockpiled which were milled in January 2020.

	Orivesi Gold Mine	
	30 Jun 2020	30 Jun 2019
Ore Mined (tonnes)	–	29,547
Mined Grade (g/t gold)	–	4.6
Ore Milled (tonnes)	1,414	25,929
Head Grade (g/t gold)	3.2	5.6
Process Recovery (%)	88.7%	87.1%
Gold Production (oz)	129	4,097

The Group maintains valid exploration tenure at Orivesi with exploration and evaluation activities in the area continuing.

Sweden Operations

Svartliden Production Centre

The Svartliden Production Centre (“**Svartliden**”) is located in northern Sweden, approximately 700 kilometres north of Stockholm. It was established as part of an integrated operation comprising the Svartliden Plant and the Svartliden open-pit and underground gold mining operation (“**Svartliden Gold Mine**”). Brought into production in March 2005, Svartliden produced a total of 391,610 ounces of gold from Svartliden Gold Mine ore and external concentrates up to the end of 2016.

During the latest half-year, the Svartliden Plant processed the remaining 1,296 Fäboliden ore tonnes stockpiled at Svartliden and continued to process the majority of gold in concentrate from the Vammala Production Centre to produce gold doré bars. The Svartliden Plant has continued to strategically operate at below breakeven to ensure the retention of staff and maintain the operational facilities in readiness for the resumption of test mining and full-scale mining activities at Fäboliden.

	Svartliden Production Centre	
	30 Jun 2020	30 Jun 2019
Ore milled (tonnes)	1,296	–
Head grade (g/t gold)	2.9	–
Ore process recovery (%)	82.0%	–
Vammala flotation concentrate milled (tonnes)	2,439	2,392
Concentrate process recovery	94.6%	94.5%
Head grade (g/t gold)	141.0	158.6
Total gold production (oz)	10,544	11,515

Fäboliden Gold Mine

The Fäboliden Gold Mine is located in northern Sweden, approximately 30 kilometres southeast of the Svartliden Plant. On 23 November 2017, the Company was granted an Environmental Permit for test-mining by the County Administration Board which gained legal force on 11 May 2018. In accordance with the Environmental Permit conditions, the Company conducted test mining activities between 1 May 2019 and 30 September 2019, with the first parcel of ore transported to Svartliden in June 2019. The processing of Fäboliden ore at the Svartliden Plant commenced in September 2019.

On 11 June 2020, test-mining activities recommenced at Fäboliden and 10,322 tonnes of ore were mined grading 2.5 g/t of gold by the end of June 2020. Subsequent to the period end, mining activities were shut down for 4 weeks during the Swedish holiday period. In August 2020, mining operations will resume and ore transport to Svartliden will commence in preparation for the start of processing in September 2020. Mining and ore transport to Svartliden will be completed in September 2020.

Fäboliden Gold Mine
30 Jun 2020 30 Jun 2019

Ore mined (tonnes)	10,322	–
Waste rock (tonnes)	2,652	19,545
Strip ratio	0.03:1	–
Mined grade (g/t gold)	2.5	–

Overburden and pre-stripping costs incurred during the development phase of the mine have been capitalised as part of the depreciable cost of building, developing and constructing the mine. These capitalised costs will be depreciated over the life of the mine based on units of production.

Employees

The total head count of the Group as at 30 June 2020 was 82 (2019 HY: 82). Total staff costs including Directors emoluments amounted to AU\$4.6 million (2019 HY: AU\$4.9 million), the difference coming from a reduction in total mining and administration salaries. 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 an initial training induction on work safety and environmental protection, upon entering the Company and prior to each exploration or operational activity. The Group's responses to the COVID-19 pandemic are set out on pages 21 and 22 of this announcement.

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 four national regulatory environments and the supra-national regime of the European Union. While compliance with these regulatory environments and specific operational licence 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 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 commensurate and operating effectively. The Company's Environmental, Social and Governance Report is available on the Company's website at <http://www.irasia.com/listco/hk/dragonmining/index.htm> and www.dragonmining.com.

Operational Risks

The Group's response to the COVID-19 pandemic including identifying and responding to Operations risk is included under the Operations Overview on pages 21 and 22 of this announcement.

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 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 stoppage or closure of an operating mine; delays to production schedules and disruption to operations; with material 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*

During the period, the Group continued ore mining activities from its two new mines, at Fäboliden and Kaapelinkulma. The processing of ore from test mining at Fäboliden is expected to resume during the third quarter of 2020. Any delay or failure to recommence production in accordance with the current timetable may adversely impact the Company's results for 2020.

The process recovery rate and production costs are dependent on many technical assumptions and factors, including 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 mining recovery.

Plant breakdown or availability may also affect the operation.

- *Permitting*

The Group 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 environmental approval for full-scale mining, it could materially and adversely affect the Company's profitability. Such delays would likely require the Company to re-evaluate the continued operation of Svartliden. At the date of this announcement, the Company is not aware of any reason for any delay caused as a result of the COVID-19 pandemic. The Environmental Review on pages 37 to 41 provides updates on rehabilitation and status of permitting at the Company's Finnish and Swedish operations.

- *Social and Political*

The Group 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, and with potential adverse effects on the political climate generally.

The Company is exposed to other risks which include, but are not limited to, cyber-attack, political and economic instability, and natural disaster, all of which could have varying degrees of impact on the Group and its operating activities. Where available and appropriate to do so, the Board will seek to minimise exposure through the use of insurance, while actively monitoring the Group's ongoing exposure as a whole.

FINANCIAL REVIEW

The Group's operations returned a net profit of AU\$6.3 million (2019 HY: net profit of AU\$2.7 million) despite the Group's operations in Sweden being carried at below break-even. The pandemic, together with the various Government measures so far introduced, have not significantly disrupted the Group's operations. No adjustments have been made to the Group's result as at 30 June 2020 for the impacts of COVID-19.

Revenue from Customers

The increase in revenue for the half-year reflected the following factors:

- Stronger USD gold spot prices were realised during the period, ranging from a low of US\$1,533/oz to a high of US\$1,830/oz, and averaging US\$1,671/oz (2019 HY: US\$1,313/oz);
- The Company sold 14,488 ounces of gold (2019 HY: 11,741 ounces of gold) to deliver revenue from operations of AU\$35.9 million (2019 HY: AU\$22.3 million), a revenue increase of 61.3%. The increase in the volume of gold sales also included a reduction in the build-up of gold inventory levels from 2019; while
- Gold production over the period decreased by 17.4% against the comparative half-year period due to the cessation of mining high grade ore tonnes from Orivesi in 2019.

Cost of Sales

Cost of sales for the period increased to AU\$26.7 million (2019 HY: AU\$16.9 million), a gain of 57.8%. The increase in cost of sales is proportionate to the increase in revenue over the half-year period. When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Cost of sales includes mining, processing, other production activities and depreciation as follows:

	30 Jun 2020	30 Jun 2019	% change
Total gold sold (oz)	14,488	11,741	23.4%
Total gold produced (oz)	12,100	14,655	(17.4%)
	30 Jun 2020	30 Jun 2019	% change
	AU\$'000	AU\$'000	
Cost of sales			
Mining costs	12,128	11,394	6.4%
Processing costs	10,505	1,700	517.9%
Other production costs	625	675	(7.4%)
Depreciation	3,481	3,174	9.7%
Total	26,739	16,943	57.8%

- (i) Total mining costs increased by 6.4% due to increased production of 187,862 ore tonnes (2019 HY: 157,176 ore tonnes). During the half-year period, mining costs per unit decreased by 10.9% to AU\$64.56 per ore tonne mined (2019 HY: AU\$ 22.54 per ore tonne mined).
- (ii) Total processing costs in the previous half-year were significantly reduced by a material build-up of gold inventory caused by the stockpiling of Orivesi ore at Vammala and longer leaching times for the Orivesi high-grade ore at Svartliden.
- (iii) Vammala processing costs per unit decreased by 10.8% to AU\$20.12 per ore tonne milled (2019 HY: AU\$22.54 per ore tonne milled).
- (iv) Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes dependent on the class of asset.

Gross Profit

The 61.3% increase in revenue compared to the 57.8% increase in cost of sales delivered a gross profit for the half-year period of AU\$9.2 million (2019 HY: AU\$5.3 million) and gross profit ratio of 25.6% (2019 HY: 23.9%).

Management and Administration and Other Expenses

Other expenses include the cost of evaluation assets written off as part of the Group's regular review of capitalised exploration and evaluation costs.

Working Capital, Liquidity and Gearing Ratio

At 30 June 2020, the Group had net assets of AU\$50.1 million (2019 FY: AU\$43.4 million); a working capital surplus of AU\$23.1 million (2019 FY: surplus AU\$21.4 million); and a closing market capitalisation of AU\$45.9 million or HK\$244.4 million (2019 FY: AU\$44.3 million or HK\$241.6 million).

The Group had AU\$11.8 million in cash and cash equivalents (2019 FY: AU\$8.2 million) and funded its activities through cash inflows from operating activities.

The Group has an AU\$12.0 million unsecured Loan Facility with AP Finance Limited of which AU\$9.0 million is unutilised. As at 30 June 2020, the Company's gearing ratio was 6.7% (2019 FY: 15.1%), calculated by dividing total borrowings by total equity.

Interest Bearing Liabilities – AU\$12 Million Unsecured Loan Facility with AP Finance Limited

The Company has an AU\$12.0 million unsecured Loan Facility with AP Finance Limited (“**Loan Facility**”), a wholly owned subsidiary of Allied Properties (H.K.) Limited which is a substantial shareholder of the Company.

On 22 January 2020, the Company made a voluntary prepayment towards its Loan Facility of HK\$18,063,577 (including interest payable to that date) representing the portion of the Loan Facility repayable in Hong Kong dollars. At the date of this announcement, the Company has AU\$9.0 million in undrawn funds available. There have been no other drawdowns since balance date.

Financial Risks

Details of the Company's Financial Risk exposures are provided as follows:

- ***Foreign Exchange***

The Company sells its bullion and gold concentrate in USD. The majority of its costs are denominated in SEK and EUR with 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. No hedging of foreign exchange exposure was used during the period.

- ***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. At present the Company has no plans to hedge commodity price risk.

- ***Liquidity***

The Company is exposed to liquidity risk through its financial liabilities and its ability obligations to make payment on its financial liabilities as and when they fall due. The Company maintains a balance in its approach to funding through the use of debt and or 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 Interim Statement of Financial Position.

Credit risk is managed on a group basis and predominantly 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 future 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 30 June 2020 or 31 December 2019.

Contingent Liabilities

As at 30 June 2020, the Company 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, and the public including civic groups, together with the environment and the general amenity of its areas of operation. It aims to 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 Group's newest operations at Fäboliden and Kaapelinkulma; 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.

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 period. Apart from 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.

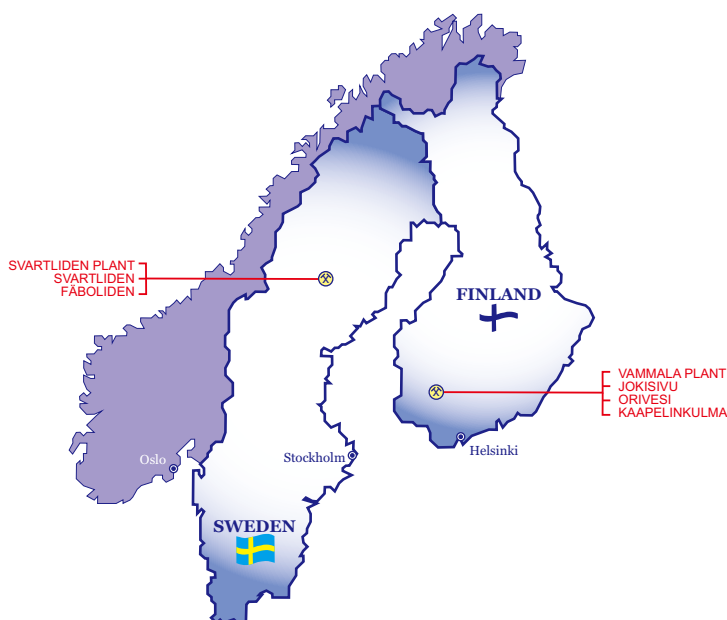
Purchase, Sale or Redemption of the Company's Listed Securities

During the half-year ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

ADVANCED PROJECTS AND EXPLORATION REVIEW

The Company had a productive half-year with exploration activities continuing at the Group's projects in the Nordic region. Drilling campaigns were completed at the Jokisivu Gold Mine (“**Jokisivu**”) and the Kaapelinkulma Gold Mine (“**Kaapelinkulma**”) to provide additional information to support future mine planning and development. The Company also recommenced early stage exploration activities over the project site of the Orivesi Gold Mine (“**Orivesi**”) with the undertaking of a geochemical survey and review of available historical geophysical datasets.

Updates of the Company's Mineral Resources and Ore Reserves were also completed during the half-year, yielding an increase in total Proved and Probable Ore Reserves tonnes and ounces, with the duration of the planned full-scale open-pit mining operation at the Fäboliden Gold Mine (“**Fäboliden**”) increasing to approximately eight years.

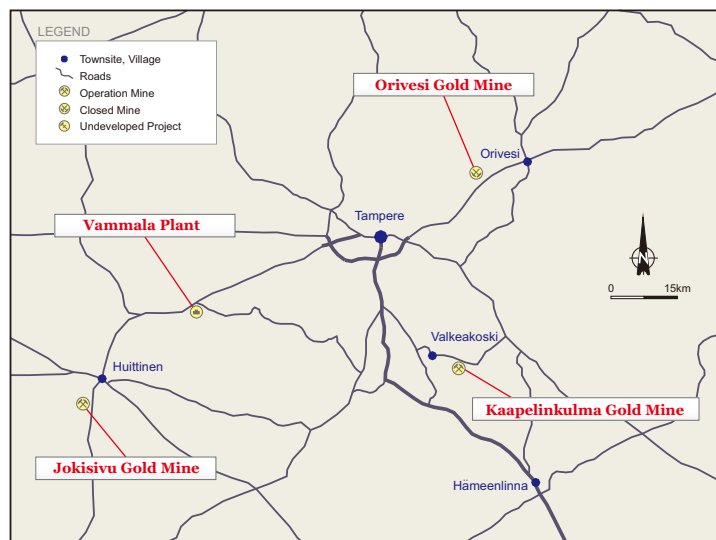


Details of the completed activities have previously been released to The Stock Exchange of Hong Kong Limited on:

- 27 February 2020 – Update on Exploration Activities Undertaken in Southern Finland;
- 16 March 2020 – Update of Fäboliden Ore Reserves increases Open Pit Life;
- 27 March 2020 – Resources and Reserves Updated for Dragon Mining's Nordic Production Centres;
- 9 June 2020 – Exploration Activities Continue to Advance in Southern Finland; and
- 23 June 2020 – Fäboliden Underground Scoping Study Commences.

These releases can be found at www.hkexnews.hk (Stock Code: 1712).

Finland



Vammala Production Centre

Jokisivu Gold Mine

At Jokisivu, 63 underground diamond core drill holes were completed over five campaigns for an advance of 8,603.25 metres (2019 HY – 24 holes, 2,111.50 metres). These campaigns included:

- a 13 hole, 1,503.05 metre campaign completed from the 495m level targeting the Kujankallio Main Zone and Kujankallio Hinge Zone (“**Campaign 1**”);
- a 5 hole, 548.60 metre campaign drilled from the 470m level directed at the Kujankallio Hinge Zone (“**Campaign 2**”);
- a 16 hole, 2,810.20 metre campaign from the 510m level targeting the Kujankallio Main Zone between the 525m and 565m levels (“**Campaign 3**”);
- a 20 hole, 2,229.00 metre campaign drilled from the 170m and 190m levels directed at the Kujankallio Main Zone and Kujankallio Hinge Zone (“**Campaign 4**”); and
- 19 holes, 1,513.40 metres of a 23 hole campaign drilled from the 170m level directed at the Arpolä Footwall Zones between the 135m and 220m levels (“**Campaign 5**”).

During the half-year, results have been received for Campaign 1 and Campaign 2 and the final series of holes from campaigns completed at Jokisivu in 2019. The results from all holes align with expectations and provide additional information to improve confidence in the definition of the resources in the targeted areas. Final results for Campaign, 3, Campaign 4 and Campaign 5 will be available in the second half of 2020.

A drilling rig remains on site and will continue drilling at Jokisivu for the remainder of 2020, initially targeting the Arpolo deposit until such time as drill stations are available at Kujankallio to further target the depth extensions of the Kujankallio Main Zone and Kujankallio Hinge Zone.

Kaapelinkulma Gold Mine

At Kaapelinkulma, drilling resumed during the half-year with a 28 hole, 2,757.25 metre campaign of diamond core drilling primarily directed at the northern gold deposit, 300 metres north of open-pit mining operation over the southern gold deposit at Kaapelinkulma. Twenty-five holes of the 28 hole campaign were designed to better determine the extent and geometry of the known zones of mineralisation at the northern deposit, whilst 3 holes of the 28 hole campaign were directed at examining the depth extensions of the southern deposit.

Geological logging of drill core is now underway, and analytical results are expected to be available during the coming months.

Orivesi Gold Mine

Following the cessation of mining at Orivesi during 2019, the Company embarked on a campaign of early-stage exploration to evaluate the merit of the Company's core project holding, in areas away from the Orivesi mine. Two programs have been completed, including a high-level review of available historic airborne and ground geophysical datasets and a base of till/top of bedrock geochemical survey.

The geophysical review was undertaken by independent geophysical consultants Resource Potentials in Perth, Western Australia and was the first integrated study of geophysical datasets to be carried out across the wider Orivesi area. The review resulted in the identification of a series of geophysical anomalies east of the Orivesi mine site, through to the Koukkujärvi copper-zinc mineral occurrence.

The base of till/top of bedrock geochemical survey was carried out over the western part of the Orivesi Mining Concession area on a nominal grid base of 50m by 50m. The results of low-level gold and multi-element analysis on till and rock samples collected have confirmed and better delineated areas of geochemical gold anomalism that were previously identified from the broader geochemical survey undertaken during the early 1990's. Gold values ranged up to 61ppb gold and correlated well with key pathfinder elements.

The success of the new geochemical survey, together with the review of the results from the 1990's geochemical program outside the Company's core project holding at Orivesi, have allowed a number of gold anomalous zones north and west of the Orivesi mine to be outlined.

The anomalous gold geochemical areas west of Orivesi and the areas of geophysical anomalism east of Orivesi have now been secured by Dragon Mining, with the submission of an application for a Reservation area. The Reservation area will allow Company geologists opportunity to examine each of these newly identified anomalous zones during the coming field season. The application has been successful, but was subject to a 30-day appeal process in accordance with the Finnish Mining Act. At the end of the period, the Company was advised that a number of appeals were lodged with the mining authority, the Finnish Safety and Chemicals Agency ("**Tukes**").

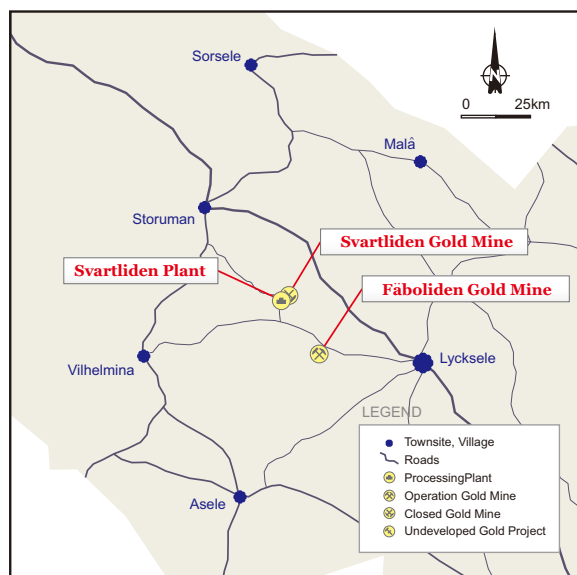
Sweden

Fäboliden Gold Mine

In accordance with the conditions of the Test Mining Permit, test mining activities recommenced at Fäboliden in May 2020 and will continue through to the end of September 2020.

The Company continues to work towards obtaining environmental approval for full-scale mining at Fäboliden. Having completed two supplementary information rounds, the application was publicly announced by the Land and Environment Court on 4 April 2020 with a deadline for comments set to 2 June 2020.

The majority of stakeholders have submitted their statements within the set deadline, whilst a small number of stakeholders have been granted an extension. The Company is currently reviewing the submitted statements and awaiting the remaining submissions along with instructions from the Land and Environment Court regarding the next step in the Fäboliden permitting process.



Svartliden Production Centre

The change permit application for the Svartliden process site, to allow the full-scale processing of Fäboliden ore and tailings disposal, has commenced with an initial consultation with the County Administration Board (“**CAB**”). On 8 June 2020, the CAB ruled that the change permit does not constitute a significant environmental impact. This allows the Company to undertake a smaller Environmental Impact Assessment and opportunity to advance through a more simplified permitting process.

During the half-year, the Company continued to look at adding further value to the project and engaged independent mining consultants RPM Advisory Services Pty Ltd (“**RPM**”) in Perth, Western Australia to undertake a scoping study. This Scoping Study will examine the potential to carry out underground mining at Fäboliden, focusing on the defined Mineral Resources outside the planned open-pit design that extends to a depth of 665 metres vertically below the natural surface.

The results from the study will be available in the second half of 2020 and will identify areas from which the Company can prioritise future activities, with view to achieving a seamless transition to underground mining at Fäboliden following the completion of open-pit mining.

Resources and Reserves

The annual update of the Company's Mineral Resource and Ore Reserve estimates as at 31 December 2019 was completed during the half-year. The update of the total Measured, Indicated and Inferred Mineral Resource for the Company yielded a 3% increase in tonnes and 3% increase in ounces when compared to the total Measured, Indicated and Inferred Mineral Resource as at 31 December 2018.

Updating of the total Proved and Probable Ore Reserve estimate for the Company returned a 30% increase in tonnes and 33% increase in ounces, when compared to the total Proved and Probable Ore Reserve as at 31 December 2018. The increase in Ore Reserves is largely attributable to the Fäboliden Ore Reserve estimate where the update of the base case operation resulted in the duration of the planned full-scale open-pit mining operation at Fäboliden increasing to approximately eight years, inclusive of the final period of test mining.

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 new Vammala Environmental Permit application for production of 300,000 tpa including the processing of ore from Kaapelinkulma was issued on 12 March 2020, following a lengthy process. The new permit contains much stricter permit conditions related to crushing than were imposed in the existing permit and the Group submitted an appeal of the conditions to the Administrative Court of Vaasa on 20 April 2020. Until such time, the Group can continue to operate under its existing permit conditions.

Following a submission containing additional information about Kaapelinkulma ore and actions proposed to deliver water management improvements around the Vammala site, the Centre for Economic Development, Transport and the Environment (the "**ELY Centre**") granted the Group interim permission to process 300,000 tpa of Kaapelinkulma ore at the Vammala site until a decision on the appeal of the new Vammala Environmental Permit is finalised.

During April 2020, the ELY Centre requested the Company implement additional measures to prevent dusting around the Vammala tailings area due to complaints from locals. In June 2020, a dust monitoring unit and weather station was installed in the tailings area and two dust monitoring units were installed in the yards of nearby neighbours. The Company can now monitor the amount of dust, wind speed and wind direction in real-time from an online service. The Company's future plans include widening the water spraying system to prevent dusting issues in the tailings area. Dusting preventative measures include the use of chemicals such as lime.

A contractor has been selected for the Miljoonaoja ditch project which involves separating the natural waters from the Vammala mill water cycle. The project is included in the Company's new Vammala Environmental Permit application and will reduce the need for run-off of the Mill drainage waters.

On 17 June 2020, the ELY Centre conducted an inspection of the Vammala site. No follow up actions have been received.

Orivesi Gold Mine

In June 2019, the Supreme Administrative Court upheld AVI's rejection of the Groups Environmental Permit. The Group had exhausted the known Ore Reserves as planned and has started the preparatory works towards the mine closure. In December 2019, the Closure Plan was submitted to AVI for approval. In May 2020, AVI requested supplementary information which was provided by the end of June 2020. The Closure Plan includes work by a local consultant, Envineer Oy, to prepare a research plan to clean and remediate any soil contamination areas. The types of areas included in the research plan will include the maintenance and storage areas, fuel tank storage locations, settling ponds and any roads previously exposed to sulphide containing waste rock.

The Company retains the right to undertake further exploration at Orivesi inside the Mining Concession area. The Company has applied for an extension to the previous exploration licence area around the mining concession area and for a broader reservation area around the mine surroundings. Both applications are subject to current appeals in the Administrative Court before they can gain legal force.

In October 2018, the Pirkanmaa Centre for Economic Development, Transport and the Environment ("**PIR ELY**") requested further information from the Company on the presence of waste material stored between the 66m and 85m levels. As previously announced by the Company, it is believed that the bulk of this material had been deposited before the Company purchased the mine in 2003 and recommenced mining of ore in 2007. On 6 March 2020, the Company submitted a risk assessment to PIR ELY based on the results of the four drill holes and water samples taken from the stope and other parts of the mine. The risk assessment confirmed there is no need to remove the material due to its non-hazardous environmental impact. Additionally, the risk assessment confirmed the safe removal of the material is also not possible. Taking into account these factors, the Company applied for a retrospective Environmental Permit. In July 2020, PIR ELY imposed a compulsion order that requires the Company to investigate the composition of the waste to ensure the findings from the initial risk assessment are representative of the total waste. The Company has provided an amount in its accounts for future drilling and associated costs to comply with the compulsion order.

On 27 May 2020, PIR ELY conducted its annual inspection of the Orivesi site. No follow up actions have been received. Tukes has also given permission for the Company to allow the water levels rise up to the 285m level.

Jokisivu Gold Mine

The work to update the Jokisivu Waste Management Plan was finalised by an external consultant. The work formed the basis for the application to update the Environmental Permit which was submitted AVI in late 2019. The update to the Environmental Permit was required due to the new Jokisivu 2 and Jokisivu 3 Mining Concessions and the need to extend the waste rock area. The Environmental Permit update recognised the change in environmental quality of the waste rock which seems to have, at least in some parts of the waste rock area, changed from inert to potentially acid forming. In February 2020, AVI requested supplementary information which the Company provided. In May 2020, AVI announced the hearing would be during the third quarter of 2020.

During the period, planning for the new settling pond and development of additional water treatment measures was commenced by Envineer Oy. Construction of the new settling pond is due to start between March and June 2021.

Kaapelinkulma Gold Mine

An appeal originally received by AVI in June 2017, which they rejected in November 2017, was then appealed to the Vaasa Administrative Court and dismissed by this Court on 10 June 2019. The Vaasa Administrative Court ruled some appellants failed to demonstrate they had suffered any harm as stated in the Administrative Judicial Procedure Act, and therefore the Vaasa Administrative Court determined they had no legal justification to appeal. The appellants applied seeking leave to appeal to the Supreme Administrative Court but were rejected.

In July 2019, PIR ELY rejected an appeal by the Finnish Nature Conservation Association's of Valkeakoski for the initiation of an administrative coercion related to operations at the Kaapelinkulma mine, in respect to the Nature Conservation Act. During the period, the secondary claims raised and the remainder of the appeal, including a claim for costs, were rejected by the Hämeenlinna Administrative Court.

Preparation of the Kaapelinkulma preliminary Closure Plan was commenced by Envineer Oy during the period. Water samples were taken from the ditches around the waste rock area and aggregate samples taken from the waste rock area, for laboratory testing and will provide a basis for suitable future risk assessments and closure measures.

In April 2020, a water sample from the last measuring well was taken with 22 mg/l of contained solids which exceeded the permit limit of 20mg/l. This matter and resulting preventative actions were reported to PIR ELY.

The counting of the woodland brown butterfly has commenced in Kaapelinkulma area. The counting was completed on 12 July 2020 and according to calculations, the number of butterflies is approximately the same as the previous years.

An unofficial inspection by PIR ELY was held in Kaapelinkulma during May 2020. No follow up actions required.

A plan for the continuing operations at Kaapelinkulma has been compiled for review by PIR ELY and used to determine whether the continued operations can continue under the existing permit. PIR ELY are expected to provide their decision by mid-August 2020.

Sweden

Svartliden Rehabilitation Plan (U3)

Work to update the Svartliden Rehabilitation Plan (“**Closure Plan**”) was completed in April 2017 and submitted to the Swedish Land and Environmental Court (“**Court**”). In May 2018, the Company provided an updated cost assessment and its responses to comments received from the Environmental Protection Agency (“**EPA**”) and the County Administrative Board (“**CAB**”), both of whom viewed the proposed actions in the Closure Plan and the proposed closure bond as insufficient. From 24 to 26 April 2019, the Closure Plan, U1 and U2 investigations were heard by Court (“**Hearing**”). On 3 September 2019, the Court delivered its rulings on each matter.

On 18 November 2019, the Company lodged an appeal against in the Environmental Court of Appeal against the following rulings by the Court:

- the amount of additional collateral security being requested by the Court;
- the permit conditions during the closure phase; and
- restrictions that would prevent the CAB from incrementally returning the Company’s security bond as rehabilitation work is progressed.

Further information on the appeal process from the Court of Appeal is pending.

Svartliden Conditions of Tailings Depositions (U1)

On 3 September 2019, the Court approved the Company’s permit application to deposit tailings into the Svartliden open pit to +441 meters above sea level. The approval remains subject to the Company’s other permit conditions, which exclude the deposition of tailings from full-scale mining at Fäboliden. As a result, the Company will now apply to change the permit conditions to include the deposition of tailings from full-scale mining at Fäboliden in the permit.

The Company has a separate permit allowing tailings from the Fäboliden test mining to be deposited into the Svartliden open-pit.

Svartliden Permit Conditions (U2)

In April 2018, the Company submitted to the Court an additional investigation report proposing changes to the final permit conditions for the clarification pond discharge limits. In July 2018, the CAB provided its comments which disagreed with the Company's proposals. In October 2018, the Company responded with investigations and calculations that showed the proposed changes did not pose any further risk to the environment.

On 3 September 2019, the Court provided additional rulings on clarification pond discharge limits that remained consistent with the current permit conditions.

On 16 December 2019, the Environmental Court of Appeal granted the Company leave to appeal the Court's rulings on the clarification pond discharge limits. The Company submitted its appeal on 18 November 2019.

Further information on the appeal process from the Court of Appeal is pending.

Fäboliden Environmental Permit

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

The Company is actively pursuing environmental approval for full-scale mining, the application for which was submitted to the Land and Environmental Court in July 2018.

Dividends

No dividend had been paid or declared during the period and no dividend has been recommended or declared by the Directors for the half-year period ended 30 June 2020 (2019 HY: Nil).

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 half-year period ended 30 June 2020, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**HKEx Listing Rules**") 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**”) set out in Appendix 10 to the HKEx Listing Rules 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 ended 30 June 2020.

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 interim results of the Company for the half-year period ended 30 June 2020, including the accounting principles and practices adopted by the Company. The figures in respect of the Company’s Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Interim Statement of Financial Position, the Consolidated Interim Statement of Changes in Equity, the Consolidated Interim Statement of Cashflows, and the related notes thereto for the half-year period ended 30 June 2020 as set out in the interim results announcement, have been agreed by the Company’s Auditors, Ernst & Young, to the amounts set out in the Company’s draft Interim Financial Statements for the period. 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 interim results announcement.

Significant Events after Period End

There are no significant events after period end to report up to the date of this announcement.

Disclosure of Change in Information of Directors

Pursuant to Rule 13.51B(1) of the HKEx Listing Rules, changes of information of the Directors during the period are set out as below:

Executive Director – Mr Brett R Smith

- On 24 January 2020, Mr Smith was appointed as Non-Executive Director of ASX listed company, Elementos Limited.
- On 10 July 2020, Mr Smith was appointed as Executive Director of ASX listed company, Metals X Limited.

Changes in Directors’ emoluments and the basis of determining Directors’ emoluments

There have been no changes to the Directors emoluments during the half-year period.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the designated website of The Stock Exchange of Hong Kong Limited 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 Interim Report for the half-year period ended 30 June 2020 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, 20 August 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.