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 2019

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 2019 together with comparative figures for the corresponding half-year period in 2018 as follows:

* *For identification purposes only*

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Note	**6 months to 30 Jun 2019 *AU$'000* (Unaudited)**	6 months to 30 Jun 2018 *AU$'000* (Unaudited)
Revenue from customers		**22,271**	19,742
Cost of sales	*2(a)*	**(16,943)**	(21,917)
Gross profit/(loss)		**5,328**	(2,175)
Other revenue	*2(b)*	**48**	4
Other income	*2(c)*	**315**	19
Exploration expenditure		**(25)**	(30)
Management and administration expenses	*2(d)*	**(2,199)**	(1,846)
Other expenses	*2(d)*	**(483)**	(34)
Finance costs	*2(e)*	**(22)**	(51)
Foreign exchange loss		**(262)**	(782)
Hong Kong listing costs		**–**	(406)
Profit/(loss) before tax		**2,700**	(5,301)
Income tax expense	*3*	**–**	–
Profit/(loss) after income tax		**2,700**	(5,301)
Earnings/(loss) per share attributable to ordinary equity holders of the parent (cents per share)			
Basic earnings/(loss) per share	*13*	**1.94**	(5.97)
Diluted earnings/(loss) per share	*13*	**1.94**	(5.97)

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

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Note	**6 months to 30 Jun 2019 *AU$'000* (Unaudited)**	6 months to 30 Jun 2018 *AU$'000* (Unaudited)
Profit/(loss) after income tax (brought forward)		**2,700**	(5,301)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gain on foreign currency translation		**51**	456
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**51**	456
Total comprehensive income/(loss) for the period		**2,751**	(4,845)
Profit/(loss) attributable to:			
Members of Dragon Mining Limited		**2,700**	(5,301)
		2,700	(5,301)
Total comprehensive income/(loss) attributable to:			
Members of Dragon Mining Limited		**2,751**	(4,845)
		2,751	(4,845)

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

	Note	**6 months to 30 Jun 2019** *AU$'000* **(Unaudited)**	At 31 Dec 2018 *AU$'000* (Audited)
CURRENT ASSETS			
Cash and cash equivalents		**8,458**	10,905
Trade and other receivables	*4*	**4,334**	3,990
Inventories	*5*	**15,945**	10,057
Other assets		**232**	429
TOTAL CURRENT ASSETS		**28,969**	25,381
NON-CURRENT ASSETS			
Property, plant and equipment	*6*	**28,548**	26,556
Mineral exploration and evaluation costs	*7*	**6,251**	5,333
Other assets		**5,298**	5,480
TOTAL NON-CURRENT ASSETS		**40,097**	37,369
TOTAL ASSETS		**69,066**	62,750
CURRENT LIABILITIES			
Trade and other payables	*8*	**6,561**	6,409
Provisions	*9*	**2,177**	1,892
Interest bearing liabilities	*10*	**6,300**	–
Other liabilities		**140**	107
TOTAL CURRENT LIABILITIES		**15,178**	8,408
NON-CURRENT LIABILITIES			
Provisions	*9*	**13,614**	12,617
Interest bearing liabilities	*10*	**–**	4,249
Other financial liabilities		**76**	29
TOTAL NON-CURRENT LIABILITIES		**13,690**	16,895
TOTAL LIABILITIES		**28,868**	25,303
NET ASSETS		**40,198**	37,447
EQUITY			
Contributed equity	*11*	**133,991**	133,991
Reserves		**28**	(23)
Accumulated losses		**(93,821)**	(96,521)
TOTAL EQUITY		**40,198**	37,447

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Contributed Equity *AU$'000*	Accumulated Losses *AU$'000*	Foreign Currency Translation *AU$'000*	Convertible Note Premium Reserve *AU$'000*	Equity Reserve Purchase of Non-controlling Interest *AU$'000*	Total Equity *AU$'000*
At 31 December 2017 (audited)	119,992	(86,990)	(4,780)	2,068	1,069	31,359
Loss for the period	–	(5,301)	–	–	–	(5,301)
Other comprehensive income	–	–	456	–	–	456
Total comprehensive (loss)/ profit for the period	–	(5,301)	456	–	–	(4,845)
At 30 June 2018 (unaudited)	119,992	(92,291)	(4,324)	2,068	1,069	26,514
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**

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Note	**6 months to 30 Jun 2019** *AU$'000* **(Unaudited)**	6 months to 30 Jun 2018 *AU$'000* (Unaudited)
Cash flows from operating activities			
Receipts from customers		**23,056**	19,447
Payments to suppliers and employees		**(21,912)**	(22,563)
Payments for mineral exploration		**(27)**	(45)
Interest received		**41**	4
Interest expenses		**15**	(19)
Net cash from/(used) in operating activities		**1,173**	(3,176)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,810)**	(1,789)
Payments for development activities		**(2,993)**	(3,556)
Proceeds from sale of property, plant and equipment		**293**	–
Proceeds from bond held on deposit		**8**	8
Net cash used in investing activities		**(5,502)**	(5,337)
Cash flows from financing activities			
Drawdown of loan		**2,000**	5,000
Share issue costs		**–**	(355)
Net cash proceeds from financing activities		**2,000**	4,645
Net (decrease)/increase in cash and cash equivalents		**(2,329)**	(3,868)
Cash and cash equivalents at the beginning of the period		**10,905**	6,609
Effects of exchange rate changes on cash and cash equivalents		**(118)**	185
Cash and cash equivalents at the end of the period		**8,458**	2,926

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Dragon Mining Limited (the “Company” or the “Parent Entity”) was incorporated on 23 April 1990 and is domiciled in Australia. The Company’s registered office is located at Unit B1, 431 Roberts Road, Subiaco, WA 6008 Australia. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 5 November 2018.

The Consolidated Interim Financial Statements of the Company as at and for the half-year ended 30 June 2019 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)	Hong Kong 17 May 2017*	HK$1.00	100%	Dormant

* Entity was acquired on 25 January 2019 and remains non-operational at 30 June 2019.

b) Basis of Preparation

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 ("Listing Rules") 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 2018 and considered together with any public announcements made by the Company during the half-year period ended 30 June 2019.

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 Financial Statements for the year ended 31 December 2018. All relevant new and amended Accounting Standards and Interpretations which became applicable on 1 January 2019 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 2018, except for the adoption of new standards effective as of 1 January 2019 as follows:

IFRS 16 Leases ("IFRS 16")

IFRS 16, issued in January 2016, replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees, with limited exception, to account for leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective approach of adoption at the date of initial application, being 1 January 2019. On an ongoing basis, the Group has elected to use the recognition exemption in IFRS 16 for lease contracts that, at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short term leases), and lease contracts for which the underlying asset is of low value. On transition, the Group elected to use the practical expedient not to apply the requirements of IFRS 16 to leases for which the lease term ends within 12 months of the date of initial application of the Standard.

The Group has a lease contract for office accommodation with a lease term that ends in December 2019. Prior to the adoption of IFRS 16, the Group classified these leases as operating leases and recognised lease payments as an operating expense in the profit or loss on a straight-line basis over the lease term. Under IFRS 16, lease payments on short term and low value leases are also recognised as an expense on a straight-line basis over the lease terms. As all leases were treated as short term leases at the date of initial application, the adoption of IFRS 16 had no impact on the Group. Furthermore, as at 30 June 2019, all lease contracts are considered to be short term contracts.

IFRIC 23 Uncertainty over Income Tax Treatments

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

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

Interpretation 23 is a clarification treatment of uncertain tax positions. The Group has considered the impact on its Consolidated Interim Financial Statements and assessed that the effect of the new standard will be minimal.

Several other new and amended Accounting Standards and Interpretations applied for the first time from 1 January 2019 but did not have an impact on the Group and, hence, have not been disclosed.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. OTHER REVENUE, INCOME AND EXPENSES

		6 months to 30 June	
		2019	2018
		AU$'000	*AU$'000*
		(Unaudited)	(Unaudited)
a)	**Cost of sales**		
	Cost of production net of inventory movements	**13,769**	20,535
	Depreciation of mine properties, plant and equipment	**3,174**	1,382
		16,943	21,917
	Cost of production net of inventory movements		
	Mining	**11,394**	12,038
	Processing[1]	**1,700**	7,860
	Other production activities	**675**	637
	Cost of production net of inventory movements	**13,769**	20,535

[1] At 30 June 2018, the Group had a significant build-up of ore, concentrate stockpiles and gold in circuit offsetting processing costs. When inventories are sold the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. Cost of sales includes an impairment write down of AU$2.7 million to recognise inventory at the lower of cost and net realisable value.

		2019	2018
b)	**Other revenue**		
	Finance revenue and interest	**41**	4
	Rent and sundry income	**7**	–
		48	4
c)	**Other income**		
	Other	**22**	19
	Sale of equipment	**293**	–
		315	19
d)	**Other expenses**		
	Management and administration expenses	**2,199**	1,846
	Depreciation of non-mine site assets	**34**	34
	Evaluation assets written off	**449**	–
		2,682	1,880

		6 months to 30 June	
		2019	2018
		AU$'000	*AU$'000*
		(Unaudited)	(Unaudited)
e)	**Finance costs**		
	Interest	**13**	43
	Other	**9**	8
		22	51
f)	**Total employee benefits including Directors remuneration**		
	Wages and salaries	**3,948**	4,195
	Defined contribution superannuation expense	**608**	597
	Other employee benefits	**361**	381
		4,917	5,173

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 assessible profits derived from or earned in Hong Kong during the six month period ended 30 June 2019 (six months ended 30 June 2018: Nil). The Company has no income tax expense for the six month period ended 30 June 2019 (six months period ended 30 June 2018: Nil).

4. TRADE AND OTHER RECEIVABLES

	At **30 Jun 2019** ***AU$'000***	At 31 Dec 2018 *AU$'000*
Trade receivables – at fair value through profit or loss	**441**	749
Trade receivables – at amortised cost[1]	**1,789**	2,094
Other receivables – at amortised cost	**2,104**	1,147
	4,334	3,990

[1] The trade receivables relate to gold sold on market where the cash was received on the following business day. On this basis, the probability of default was considered to be insignificant.

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 2019** ***AU$'000***	At 31 Dec 2018 *AU$'000*
Within 1 month	**2,230**	2,843
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade debtors	**2,230**	2,843

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

Within 1 month	**2,230**	2,843
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade debtors	**2,230**	2,843

5. INVENTORIES

	At **30 Jun 2019** ***AU$'000***	At 31 Dec 2018 *AU$'000*
Ore and concentrate stockpiles – at cost	**8,159**	4,509
Gold in circuit valued – at net realisable value	**6,744**	4,499
Raw materials and stores – at cost	**1,042**	1,049
	15,945	10,057

In accordance with its accounting policy, the Company has stated inventories at the lower of cost and net realisable value.

6. PROPERTY PLANT AND EQUIPMENT

	At 30 Jun 2019 ***AU$'000***	At 31 Dec 2018 *AU$'000*
Land		
Gross carrying amount – at cost	**1,376**	1,390
Buildings		
Gross carrying amount – at cost	**2,576**	2,623
Less accumulated depreciation and impairment	**(2,011)**	(1,981)
Net carrying amount	**565**	642
Property, plant and equipment		
Gross carrying amount – at cost	**34,029**	33,527
Less accumulated depreciation and impairment	**(31,608)**	(31,458)
Net carrying amount	**2,421**	2,069
Mine Properties		
Gross carrying amount – at cost	**117,058**	113,429
Less accumulated amortisation and impairment	**(92,872)**	(90,974)
Net carrying amount	**24,186**	22,455
Total property, plant and equipment		
Gross carrying amount – at cost	**155,039**	150,969
Less accumulated amortisation and impairment	**(126,491)**	(124,413)
Net carrying amount	**28,548**	26,556

7. MINERAL EXPLORATION AND EVALUATION COSTS

	At 30 Jun 2019 ***AU$'000***	At 31 Dec 2018 *AU$'000*
Mineral exploration and evaluation costs		
Balance at beginning of financial period	**5,333**	5,562
Additions	**3,372**	5,298
Exploration write off	**(449)**	(326)
Reclassification to mine properties	**(1,777)**	(5,385)
Net foreign exchange movement	**(228)**	184
Total mineral exploration and evaluation expenditure	**6,251**	5,333

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 2019 *AU$'000*	At 31 Dec 2018 *AU$'000*
Trade payables and accruals	**6,561**	6,409

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 2019 *AU$'000*	At 31 Dec 2018 *AU$'000*
Within 1 month	**6,362**	5,418
1 to 2 months	**14**	974
2 to 3 months	**178**	10
Over 3 months	**7**	7
Trade payables and accruals	**6,561**	6,409

9. PROVISIONS

	At 30 Jun 2019 *AU$'000*	At 31 Dec 2018 *AU$'000*
Current		
Employee entitlements	**2,047**	1,762
Other	**130**	130
	2,177	1,892
Non-current		
Employee entitlements	**106**	86
Rehabilitation	**13,508**	12,531
	13,614	12,617

10. INTEREST BEARING LIABILITIES

	At **30 Jun 2019** ***AU$'000***	At 31 Dec 2018 *AU$'000*
Current		
Loan	**6,280**	–
Other financial liabilities	**20**	–
	6,300	–
Non-current		
Loan	**–**	4,249
	–	4,249

As at 30 June 2019:	**Interest Rate**	**Maturity**	***HK$'000***	***AU$'000***
AP Finance Limited				
Australian Dollar denominated drawdowns	4%	30 June 2020	–	3,000
Hong Kong Dollar denominated drawdowns	4%	30 June 2020	17,961	3,280

The Group has a Loan Facility with AP Finance Limited ("Loan Facility") for the Australian Dollars ("AUD") equivalent of AU$12.0 million and has a repayment date of 30 June 2020. The Company 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. The rest of the Loan Facility remains repayable in Hong Kong Dollars. Subsequent to period end, the Company extended the Loan Facility repayment date to 31 December 2020, all other terms and conditions remain unchanged.

11. CONTRIBUTED EQUITY

Share capital	**30 Jun 2019**	31 Dec 2018	**30 Jun 2019** ***AU$'000***	31 Dec 2018 *AU$'000*
	Number of Shares			
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 2019.

12. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

13. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) 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/(loss) 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/(loss) per share.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	At 30 Jun 2019	At 30 Jun 2018
Basic earnings/(loss) per share		
Profit/(loss) used in calculation of basic earnings/(loss) per share (AU$'000)	**2,700**	(5,301)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings/(loss) per share	**138,840,613**	88,840,613
Basic earnings/(loss) per share (cents)	**1.94**	(5.97)
Diluted earnings/(loss) per share		
Profit/(loss) used in calculation of basic earnings/(loss) per share (AU$'000)	**2,700**	(5,301)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings/(loss) per share	**138,840,613**	88,840,613
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings/(loss) per share	**138,840,613**	88,840,613
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted earnings/(loss) per share. These may be dilutive in future if exercised	**–**	–
Diluted earnings/(loss) per share (cents)	**1.94**	(5.97)

14. RELATED PARTY TRANSACTIONS

Subsidiaries

The Consolidated Financial Statements include the financial statements of Dragon Mining Limited and the subsidiaries listed in the following table:

Name of Entity	Incorporation	Class	Equity Holding	
			2019	2018
			%	%
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)	Hong Kong	Ordinary	**100**	–

Transactions with related parties

The Company has the following transactions with related parties that are also exempted from continuing connected transactions according to Rule 14A.73(6) and 14A.73(8) of the Listing Rules.

(i) The Company has effected Directors' and Officers' Liability Insurance.

(ii) In addition to his role as the Company's Chief Financial Officer, Mr DK Broughton provides Chief Financial Officer Services and the Company also provides administrative services including offering the use of certain space in the Company office premise located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("Tanami"). Tanami is a Company of which Messer's Dew and Procter, the Company's Non-Executive Chairman and Independent Non-Executive Director are also Non-Executive Directors. The provision of services commenced from 8 September 2014 whereby the Company will charge Tanami for 48% of Mr DK Broughton's salary cost. During the half-year, the Company charged Tanami AU$49,500 (30 June 2018: AU$49,500) of which AU$24,750 was outstanding at 30 June 2019 (30 June 2018: AU$24,750).

Entity with significant influence over the Group

As at 30 June 2019, Allied Properties Resources Limited, a wholly owned subsidiary of Allied Properties (H.K.) Limited, owns 25,487,855 ordinary shares of the Company for an interest of 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 2020. Refer to note 10.

15. SEGMENT INFORMATION

	Sweden 30 Jun 2019 *AU$'000*	Finland 30 Jun 2019 *AU$'000*	Unallocated 30 Jun 2019 *AU$'000*	Total 30 Jun 2019 *AU$'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	**19,436**	**23,612**	**(20,777)**	**22,271**
Other revenue				
Interest revenue	**–**	**–**	**41**	**41**
Sundry revenue	**–**	**7**	**–**	**7**
Total other revenue	**–**	**7**	**41**	**48**
Segment interest expense	**–**	**–**	**13**	**13**
Unallocated interest expense	**–**	**–**	**–**	**–**
Total interest expense	**–**	**–**	**13**	**13**
Depreciation and amortisation	**67**	**3,141**	**1**	**3,209**
Disposal of exploration	**–**	**449**	**–**	**449**
	67	**3,590**	**1**	**3,658**
Segment result				
Post-tax segment result	**(3,895)**	**6,853**	**–**	**2,958**
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				**1,271**
Profit after tax as per the Consolidated Statement of Profit or Loss				**2,700**

	Sweden 30 Jun 2018 *AU$'000*	Finland 30 Jun 2018 *AU$'000*	Unallocated 30 Jun 2018 *AU$'000*	Total 30 Jun 2018 *AU$'000*
Segment revenue				
Gold sales to external customers	17,980	1,762	–	19,742
Inter-segment	–	16,201	–	16,201
Elimination of inter-segment revenue	–	–	(16,201)	(16,201)
Total revenue	17,980	17,963	(16,201)	19,742
Other revenue				
Interest revenue	–	1	–	1
Other revenue	–	–	–	–
Unallocated interest revenue	–	–	3	3
Total other revenue	–	1	3	4
Segment interest expense	–	–	–	–
Depreciation and amortisation	40	1,341	–	1,382
Disposal of exploration	–	–	–	–
	40	1,341	–	1,382
Segment result				
Post-tax segment result	(4,681)	(405)	–	(5,086)
Unallocated items:				
Corporate interest revenue				3
Corporate costs				(1,664)
Finance costs				(47)
Elimination of inter-company interest expense and management fees in segment results				1,493
Loss after tax as per the Consolidated Statement of Profit or Loss				(5,301)

	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 2019	142	20,841	19,114	40,097
At 31 December 2018	53	18,898	18,417	37,368

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 2019	30 Jun 2018
	AU$'000	*AU$'000*
Within one year	**39**	29
One year or later and no later than five years	**181**	149
	220	178

b) 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 2019	30 Jun 2018
	AU$'000	*AU$'000*
Within one year	**321**	300
	321	300

17. SIGNIFICANT EVENTS AFTER PERIOD END

During the period, the Company met bond obligations and was given permission from The Finnish Safety and Chemicals Agency ("Tukes") to commence mining activities at Kaapelinkulma, which it did on 7 February 2019. The Hämeenlinna Administrative Court received two appeals from local residents in Kaapelinkulma. The appeals were against the amount of bond requested by Tukes and paid by the Company. On 2 July 2019, the Hämeenlinna Administrative Court rejected the two appeals.

On 15 July 2019, the Company extended the repayment date of its Loan Facility from 30 June 2020 to 31 December 2020, and all other terms and conditions remain unchanged.

On 18 July 2019, the Company appointed Ms Lai Lam as Non-Executive Director of the Board of Directors.

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 and was placed on care and maintenance pending approval of the Group's closure plan. In May 2019, the Vammala Plant began processing ore from Kaapelinkulma following commencement of mining activities at this operation in early 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). A program of test-mining recommenced at the Fäboliden Gold Mine ("**Fäboliden**") in May 2019, with first gold production scheduled for August 2019.

The principal activities of the Group during the 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

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 4.38 (HY2018: 3.97). One LTI occurred at the Group's Finnish operations during the period. Impressively Orivesi achieved over 1,671 days LTI free, Vammala, Jokisivu and Kaapelinkulma have recorded 125, 1,288, and 912 LTI free days, respectively. In Sweden, Svartliden recorded 1,195 days LTI free and Fäboliden 325 days LTI free.

Finland Operations

Vammala Plant

The Vammala Plant produced 14,655 ounces of gold in concentrate in the half-year to 30 June 2019 and treated 158,401 tonnes of ore with an average grade of 3.3 g/t gold and process recovery of 88.1% to produce 14,655 ounces of gold. Gold production increased by 23.8% compared to the 2018 half-year period and was driven by an increase in mined tonnes and grade from Orivesi prior to ceasing production, some of which was carried over from production scheduled for 2018. Mill feed for Vammala was sourced from Jokisivu, Orivesi and Kaapelinkulma, comprising:

- 25,929 tonnes of ore from Orivesi at an average grade of 5.6 g/t gold; 129,675 tonnes of ore from Jokisivu at an average grade of 2.8 g/t gold; and

- 2,797 tonnes of ore from Kaapelinkulma at an average grade of 3.6 g/t gold.

	Vammala Production Centre	
	30 Jun 2019	30 Jun 2018
Ore Mined (tonnes)	**157,176**	146,482
Mined Grade (g/t gold)	**3.2**	2.9
Ore Milled (tonnes)	**158,401**	151,910
Head Grade (g/t gold)	**3.3**	2.8
Process Recovery (%)	**88.1%**	87.1%
Gold Production (oz)	**14,655**	11,838

Jokisivu Gold Mine

Production from Jokisivu came from the Main Zone of the Kujankallio deposit and the Arpola deposit, with ore coming from both stope and development works. Total ore mined from Jokisivu was 120,943 tonnes at 2.9 g/t gold; 73,873 tonnes of ore came from ore stopes (HY2018: 65,721 tonnes) and the remaining 47,070 tonnes (HY2018: 66,078 tonnes) came from ore development. Gold production for the period was 10,270 ounces of gold (HY2018: 10,056 ounces of gold). A higher average head grade and process recovery resulted in increased gold production over the period.

	Jokisivu Gold Mine	
	30 Jun 2019	30 Jun 2018
Ore Mined (tonnes)	**120,943**	131,799
Mined Grade (g/t gold)	**2.9**	2.8
Ore Milled (tonnes)	**129,675**	136,273
Head Grade (g/t gold)	**2.8**	2.6
Process Recovery (%)	**88.3%**	87.3%
Gold Production (oz)	**10,269**	10,056

Development of the Jokisivu decline progressed 335 metres laterally during the period, representing a vertical advancement of 40 metres to the 465 metre level.

Successful drilling campaigns undertaken at Jokisivu during 2018 returned a series of significant intercepts and effectively replenished Mineral Resources mined from Jokisivu over the course of 2018.

Kaapelinkulma Gold Mine

In April 2019, the Group commenced ore production from its new open-pit gold mine at Kaapelinkulma. During the period, the Group mined 6,686 tonnes of ore grading 2.36 g/t gold and moved 115,270 tonnes of waste rock. Stripping costs incurred during the development phase of Kaapelinkulma 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.

	Kaapelinkulma Gold Mine	
	30 Jun 2019	30 Jun 2018
Ore Mined (tonnes)	**6,686**	–
Waste Rock (tonnes)	**115,270**	–
Strip Ratio	**17:1**	–
Mined Grade (g/t gold)	**2.94**	–
Ore Milled (tonnes)	**2,797**	–
Head Grade (g/t gold)	**3.6**	–
Process Recovery (%)	**88.8%**	–
Gold Production (oz)	**288**	–

Orivesi Gold Mine

The unavailability of the primary crusher at Vammala during the last two weeks of 2018 combined with mining ceasing later than originally planned in June 2019, resulted in the availability of additional high-grade ore tonnes for processing during the period. Upon exhaustion of known Ore Reserves, Orivesi commenced its transition to care and maintenance status, with the remaining ore stockpile to be processed later in 2019.

Total ore mined from Orivesi was 29,547 tonnes grading 4.6 g/t gold; 28,562 tonnes of ore and came from ore stopes (HY2018: 6,594 tonnes) within the Sarvisuo lode system. The following areas 490-L2, 340-L87, 150-L57,150Lp57, and 150-L2, were successfully mined out during the period with the remaining 986 tonnes of ore from development (HY2018: 8,104 tonnes). Gold production for the period was 4,097 ounces of gold (30 June 2018: 1,782 ounces of gold).

The Supreme Administrative Court of Finland ("**Court**") decision to uphold the Western and Inland Finland Regional State Administrative Office decision to not grant the Group a new Environmental Permit (refer Environmental Review on page 35) did not impact the Group's production activities. The Company has six months to submit a mine closure plan to the Regional State Administrative Agency of Western and Inland Finland for approval. In light of this process, the Group does not expect to commence rehabilitation work within the next 12 months. The Group has considered its future rehabilitation obligations in light of all available information and is satisfied the provision amount is reasonable.

	Orivesi Gold Mine	
	30 Jun 2019	30 Jun 2018
Ore Mined (tonnes)	**29,547**	14,683
Mined Grade (g/t gold)	**4.6**	2.9
Ore Milled (tonnes)	**25,929**	15,637
Head Grade (g/t gold)	**5.6**	4.0
Process Recovery (%)	**87.1%**	85.5%
Gold Production (oz)	**4,097**	1,782

All capitalised costs for Orivesi have been fully written off. The Group continues to hold valid exploration tenure at Orivesi with exploration and evaluation activities set to continue. Refer to the Advanced Projects and Exploration Review on page 34.

Sweden Operations

Svartliden Production Centre

The Svartliden Plant is located in northern Sweden, approximately 700 kilometres north of Stockholm. It was established as part of an integrated operation comprising the plant and an open pit and underground mining operation. Brought into production in March 2005, Svartliden has produced a total of 391,610 ounces of gold up to the end of 2016, which is the last time Svartliden produced gold from external concentrates. Since that time, the Svartliden Plant has been processing gold concentrates from the Company's Vammala Production Centre.

During the period, the Svartliden Plant has operated at below breakeven to ensure the retention of staff and operational facilities in readiness for the processing of ore from Fäboliden. In accordance with the Environmental Permit, test-mining activities at Fäboliden recommenced on 1 May 2019.

As anticipated, conditions at Fäboliden at recommencement were challenging due to the spring snow melt. This was further compounded by significantly higher than average rainfall during May. The weather and ground conditions have now returned to normal and activity on site is ramping-up to optimum levels.

By 30 June 2019, the majority of the overburden had been removed, with approximately 15% remaining in the southwest corner of the open pit. In the northern part of the open pit the operation progressed to rock mining, with the first blast successfully fired on 24 June 2019. This blast included approximately 7,000 tonnes of low grade marginal ore and transport of this material to the Svartliden Plant commenced the week following the blast. This initial batch of marginal ore will be fed to the Svartliden Plant during the mill start-up phase, as the Company looks to optimise the process to handle the Fäboliden ore type.

The challenging recommencement to mining has placed additional pressure on the test mining schedule to achieve completion by 30 September 2019, the end of the Environmental Permit operating window. The Company is investigating options to minimise this risk from both a production capacity and permitting perspective.

On 22 February 2019, the Land and Environment Court ("**Court**") issued its request for supplementary information to the Company's permit application for full-scale mining, submitted in July 2018. The request contained a combination of questions from the Court, The Geological Survey of Sweden, and the County Administration Board. The Swedish Environmental Protection Agency has abstained from requesting additional information. The Company supplied the requested supplementary information on 28 June 2019. The Court has informed the media that they are under-resourced; this can have an adverse effect on permitting timeframes.

All of the Jokisivu and Orivesi flotation concentrate was processed at the Svartliden Plant throughout the period; a small amount of gravity gold was delivered to the Argor-Heraeus refinery in Switzerland.

Employees

The total head count of the Group as at 30 June 2019 was 82 (HY2018: 84). Total staff costs including Directors emoluments amounted to AU$4.9 million (30 June 2018: AU$5.2 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.

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 effective and adequate. 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 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 commenced ore mining activities from its two new mines, at Fäboliden and Kaapelinkulma. Processing of ore is expected to occur during the third quarter of 2019. Any delay or failure to commence production in accordance with the current timetable may adversely impact the Company's results for 2019.

  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 the full-scale mining Permit, it could materially and adversely affect the Company's profitability. Such delays would likely require the Company to re-evaluate the continued operation of Svartliden. The Environmental Review on page 35 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 group's 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 A$2.7 million (HY2018: loss of A$5.3 million) for the half-year period despite the Group's operations in Sweden being carried at below break-even.

Revenue from Customers

- Stronger USD gold spot prices were realised during the period, ranging from a low of US$1,270/oz to a high of US$1,433/oz, and averaging US$1,313/oz (HY2018: US$1,301/oz).

- The Company sold 11,741 ounces of gold (HY2018: 11,627 ounces of gold) to deliver revenue from operations of AU$22.3 million (HY2018: AU$19.7 million), an increase of 11.7%.

- Gold production over the period increased by 23.8% against the prior half-year period due to an increase in high-grade ore tonnes from Orivesi. As previously announced, operational problems in December 2018 reduced the amount of high-grade Orivesi ore that could be processed during the last two weeks of 2018. These tonnes, with a grade of 9.4 g/t of gold, were processed in 2019.

Cost of Sales

- Cost of sales for the period decreased to AU$16.9 million (HY2018: AU$21.9 million), a drop of 22.8%. At 30 June 2018, the Group had a significant build-up of ore and concentrate stockpiles at its Finnish operations and gold in circuit at Svartliden offsetting processing costs. When inventories are sold the carrying amount of those inventories will be recognised as an expense in the period in which the related revenue is recognised.

- The build-up in inventory reflected the stockpiling of high-grade Orivesi ore to be processed in the second half of 2019. Both ore and concentrate stockpiles at the Vammala Production Centre contained approximately +5,300 ounces of gold at period end. At Svartliden, concentrate stockpiles and gold in circuit contained +4000 ounces of gold at period end. Inventory fluctuations are a normal course of business, in this case exacerbated by longer leaching times for the Orivesi high-grade ore.

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

Cost of sales	**30 Jun 2019** ***AU$'000***	30 Jun 2018 *AU$'000*	% change
Mining costs	**11,394**	12,038	(5.4%)
Processing costs	**1,700**	7,860	(78.4%)
Other production costs	**675**	637	6.0%
Depreciation	**3,174**	1,382	129.7%
Total	**16,943**	21,917	(22.7%)

- Mining unit costs decreased by 15.1% to EUR45 per tonne of ore (2018: EUR53 per tonne); the lower unit cost per tonne is volume driven with 157,176 ore tonnes mined during the period (HY2018: 146,482 ore tonnes mined).

- Processing costs have been reduced by a AU$5.9 million inventory movement during the period. The estimated ounces contained in ore stockpiles, concentrate and gold in circuit was approximately 9,440 ounces of gold (HY2018: 6,282 ounces of gold) valued at AU$14.9 million (HY2018: AU$9.0 million).

- Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes dependent on the asset.

- Depreciation increased 129.7% to AU$3.2 million (HY2018: AU$1.4 million) due to the increase in mined and milled tonnes.

Other Revenue and Other Income

Other revenue includes interest earned on the proceeds from the Company's Public Offer made in conjunction with its listing on the Stock Exchange. Other income includes proceeds from the sale of equipment at Orivesi in preparation for the mines transition onto care and maintenance.

Management and Administration and Other Expenses

Management and administration expenses increased, in part due to the cost of operating within another jurisdiction (including Hong Kong Compliance Advisor fees, legal fees, joint company secretaries, printing and other statutory costs).

Other expenses include the cost of evaluation assets written off.

Working Capital, Liquidity and Gearing Ratio

At 30 June 2019, the Group had net assets of AU$40.1 million (HY2018: AU$37.5 million); a working capital surplus of AU$13.8 million (FY2018: surplus AU$16.7 million); and a closing market capitalisation of AU$58.4 million or HK$338.8 million (FY2018: AU$31.6 million or HK$174.9 million).

The Group had AU$8.5 million in cash and cash equivalents (FY2018: AU$10.9 million), which includes AU$5.6 million in remaining IPO proceeds to be used for Fäboliden (FY2018: AU$8.2 million).

At 30 June 2019, the Company had an AU$12.0 million unsecured Loan Facility with AP Finance Limited ("**Loan Facility**") with AU$6.0 million unutilised. During the year, the Company funded its activities through cash inflows from operating activities, debt and net proceeds raised from the IPO.

As at 30 June 2019, the Company's gearing ratio was 15.7% (FY2018: 11.3%), calculated by dividing total borrowings by total equity.

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

During the period, the Company made two further drawdowns of AU$1.0 million each from its 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 15 July 2019, the Company extended the availability of the Loan Facility from 30 June 2020 to 31 December 2020; all terms and conditions remain unchanged. As at 30 June 2019, the Company has AU$6.0 million in remaining funds available.

Key Movements on the Consolidated Interim Statement of Financial Position

- Total current assets increased to AU$29.0 million (FY2018: AU$25.4 million). Cash and cash equivalents decreased by AU$2.4 million as the Group continued to utilise the remaining net proceeds from the IPO to fund the development of Fäboliden. Inventories increased due to the significant build up on ore and concentrate stockpiles and gold in circuit at Svartliden.

- Total non-current assets increased to AU$39.9 million (FY2018: AU$37.4 million). Property Plant and Equipment includes Mine Properties which represents the accumulation of all acquired exploration, evaluation and development expenditure, particularly deferral of pre-production waste stripping costs at the Fäboliden and Kaapelinkulma Gold Projects.

- Total current liabilities increased due to the reclassification of the Loan Facility which had an expiry date of 30 June 2020 at period end. The Company extended the Loan Facility expiry date to 31 December 2020 post period end.

- Apart from the previously mentioned Loan Facility reclassification, Total Non-Current Liabilities decreased to AU$13.5 million (FY2018: AU$16.9 million). The Vammala rehabilitation provision increased by AU$0.8 million with rehabilitation costs aligned to the depleted Mineral Reserves and cost items for soil recondition, covering of the tailings dam and monitoring moved to be in line with the environmental bond.

- The AU$2.0 million increase in interest bearing liabilities relates to the AUD denominated Loan Facility and consists of AU$2.0 million in drawdowns made in the six months ended 30 June 2018.

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. The Company does not plan to hedge commodity price risk.

- ***Liquidity***

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

- ***Credit***

  Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company's maximum exposures to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Consolidated 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 2019 or 30 June 2018.

Contingent Liabilities

As at 30 June 2019, 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, the public including civic group's, 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 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 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

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

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

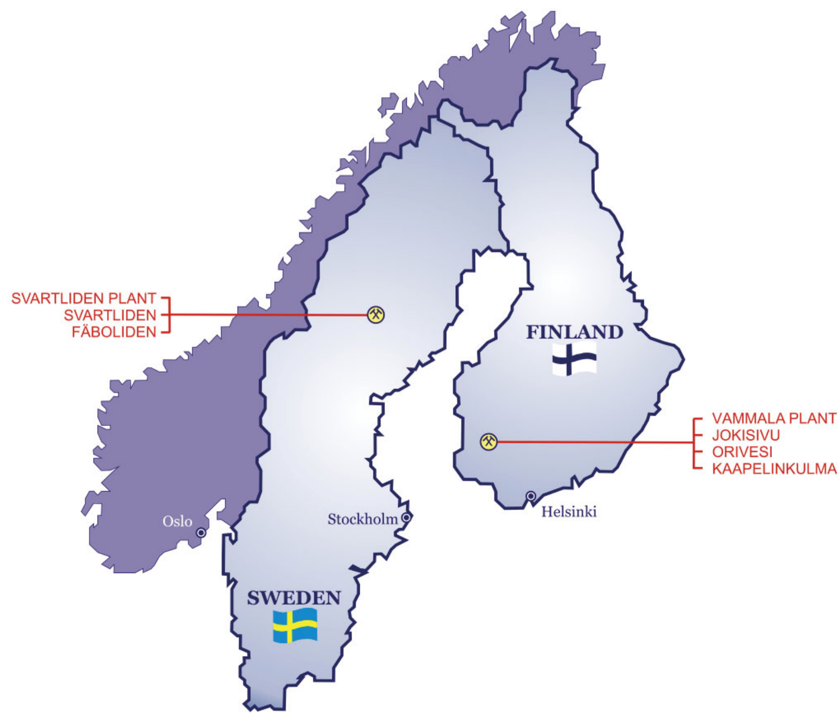
As at 30 June 2019, a total amount of AU$3.6 million of the net proceeds had been used by the Company.

Purpose	Proposed use of proceeds	Purpose of proceeds expressed as % of net proceeds	Actual Amount utilised from 5 Nov 2018 to 31 Dec 2018	% utilised from 5 Nov 2018 to 31 Dec 2018	Actual Amount utilised from 1 Jan 2019 to 30 Jun 2019	% utilised from 1 Jan 2019 to 30 Jun 2019	Proposed use for remainder 2019	Proposed % use for remainder 2019	Expected timeframe
	AU$'000	*%*	*AU$'000*	*%*	*AU$'000*	*%*	*AU$'000*	*%*	
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2018. Use restricted to mine development and capital expenditure activities at Fäboliden.	1,283	13.5%	382	29.8%	900	70.2%	–	–	Remainder to be utilised in 2019.
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2019. Use restricted to mine development, capital expenditure and operating expenditure at Fäboliden including Fäboliden processing costs at Svartliden.	7,268	76.5%	–	–	1,374	18.9%	5,894	81.1%	Production from test mining expected to commence in August 2019.
Working capital and corporate purposes	950	10.0%	409	43.1%	541	56.9%	–	–	
Totals	9,500	100.0%	791	8.3%	2,815	29.6%	5,894	62.0%	

ADVANCED PROJECTS AND EXPLORATION REVIEW

The Company continued to advance activities on its Nordic projects during the half-year period ended 30 June 2019.

Updates of the Company's Mineral Resources and Ore Reserves as at 31 December 2018 were completed during the period. The Mineral Resources returned a 0.1% increase in tonnes and 1.2% decrease in ounces when compared to the last formal update of the Company's Mineral Resources as at 30 September 2017.



Updating of the Company's Ore Reserves yielded a 13.0% increase in tonnes and 0.9% increase in ounces, when compared to the total Ore Reserve as at the 30 September 2017. Full details of the Company's Mineral Resources and Ore Reserves were released to the HKEX on the 12 April 2019 – Mineral Resources and Ore Reserves Updated.

During period, a diamond core drilling program was undertaken at Jokisivu to better define the extent and geometry of the Arpola Footwall Zones between the 120m and 210m levels and provide information to support future mine planning and development of this area. The 24 hole, 2,111.50 metre program was completed from underground drill stations located at the 120m and 170 m levels. The program yielded a series of significant intercepts, which support current geological models of the Arpola Footwall Zones area. A second program of diamond core drilling targeting the Kujankallio area will commence in August 2019.

With the exhaustion of defined Ore Reserves at Orivesi and the placing of the mine on care and maintenance, pending development of a mine closure plan, exploration efforts focussed on a review of available geological, geochemical and geophysical datasets, with the objective of defining any further target areas within the Company's Orivesi project area. This review is ongoing but has already generated a number of promising targets that potentially could provide a platform from which future exploration can recommence.

The Company also continued to advance both the Kaapelinkulma Gold Project ("**Kaapelinkulma**") and the Fäboliden Gold Project ("**Fäboliden**") towards production.

Full scale mining commenced at Kaapelinkulma during the period with the first parcel of ore extracted from the open pit and trucked to and processed at the Vammala Plant. The Company incurred minimal capital investment to achieve mine start-up at Kaapelinkulma, as it drew on its extensive experience of commencing a mining operation in the Nordic region.

Test mining also recommenced at Fäboliden during the period, the initial blast of waste rock and ore occurring on the 24 June 2019. The test mining campaign has incurred minimal capital investment and will provide the Company with important information to further optimise both mining and processing activities, once full-scale operations can commence.

ENVIRONMENTAL REVIEW

The Company is very clear on the need to earn the respect and support of the community by operating in a socially responsible manner, and by demonstrating a tangible commitment to environmental sustainability.

The Company's operations are subject to environmental regulations under statutory legislation in relation to its exploration and mining activities. The Company believes that it has adequate systems in place for the management of the requirements under those regulations and is not aware of any breach of such requirements as they apply to the Company, except where indicated below.

Finland

Vammala Production Centre

The Environmental Permit for production of 300,000 tpa and the processing of ore from Kaapelinkulma was returned to the permitting authority, the Regional State Administrative Agency of Western and Inland Finland ("**AVI**"), by the Supreme Court. In April 2019, AVI asked the Company to provide supplementary information for its application based on the requirements set out in Vaasa Administrative Court Decision No. 16/0096/2 May 2016.

The new Environmental Permit Application was made public on 23 May 2019. Interested parties are able to issue statements and provide responses on the announcement up to 24 June 2019. All statements and opinions have been delivered to the Company for its reply. AVI is expected to issue a decision on the new permit during 2020. Until such time, the Company can continue to operate under its existing permit conditions.

Orivesi Gold Mine

The Company has previously announced that its 2010 application for an extension to its 2006 Environmental Permit had been rejected by AVI. Furthermore, the Vaasa Administrative Court had also rejected both the Company's and the Pirkanmaa Centre for Economic Development, Transport and the Environment ("**PIR ELY**") appeals against the rejection decision. In July 2018, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court ("**Court**") and on 6 June 2019, the Court upheld the rejection decision by AVI.

Prior to the decision, the Group had exhausted the known Ore Reserves as planned and has since been transitioning Orivesi to care and maintenance status. The rejection decision has no material impact on the Group's production for the year. The Group still retains valid exploration and mining tenure for Orivesi. The Company has six months to submit the mine closure plan to AVI for approval.

In October 2018, PIR ELY requested further information from the Company on the presence of waste material stored between the 66–85 level. 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. The Company submitted its explanation and a work procedure prior to the commencement of waste material removal and during the period, removed 28,000 kg of mixed waste from level 66.

The Company is committed to the safe removal of the remaining waste material and continues discussions with relevant parties to ensure this outcome. To better understand the safety issues, the Company has proposed to drill into the waste material and complete a risk analysis to facilitate the mitigation of any potential safety threats.

On 15 October 2018, the Company announced that the authorities had commenced a preliminary investigation of the matter to establish if an environmental crime had been committed. A number of interviews were held, including with those who worked at the Orivesi mine in the 1990s, prior to the Group's ownership. No charges have been made against the Company or its employees. The Company continues to coordinate the removal of the waste in conjunction with investigations.

Jokisivu Gold Mine

The work to update the Jokisivu Waste Management Plan is being conducted by an external consultant. The work will form the basis for the application to update the Environmental Permit, to be submitted to the permitting authority, the Regional State Administrative Agency of Southern Finland ("**AVI**") during the second half of 2019. The update to the Environmental Permit is required due to the new Jokisivu 2 and Jokisivu 3 mining leases and the need to extend the waste rock area. The Environmental Permit update will recognise 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.

Kaapelinkulma Gold Mine

During the period, the Company met bond obligations and was given permission from The Finnish Safety and Chemicals Agency ("**Tukes**"), irrespective of any appeal to commence mining activities, which it did so on 7 February 2019. Mining initially operated from mid-April to the end of May. The Company monitors its noise and dust emissions so not to disrupt wildlife and adjacent Natura area, mining ceased from the end of May to ensure minimal disruption to the nesting of local Osprey.

The Hämeenlinna Administrative Court received two appeals from local residents in Kaapelinkulma. The appeals were against the amount of bond requested by Tukes and paid by the Company. The Company was required by this Court to provide additional information which it did on 28 January 2019. On 2 July 2019, the Court rejected the appeals.

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 have 30 days to decide whether they wish to seek leave to appeal to the Supreme Administrative Court.

On 10 January 2019, a few residents submitted an application for an administrative compulsion to AVI. The residents demand the Company apply for a permit according to the Water Act. Prior to the commencement of mining at Kaapelinkulma, AVI rejected the demands on the basis that the permit had already been determined during the environmental permitting process. The residents have lodged their appeal with the Vaasa Administrative Court.

Pursuant to the Environmental Permit, the trees that stand in the southern part of Kaapelinkulma must be conserved as a protected zone for the woodland brown butterfly (lopinga achine). As previously announced, a section of trees, explicitly classified as a potential habitat for the woodland brown butterfly, were accidentally logged during tree felling activities in Autumn 2016. Following the incident, the ELY Centre issued a statement on 21 April 2017, approving the Company's follow up activities and future mitigation plans to prevent a recurrence. The Tampere District Court dismissed all charges in early 2019, no criminal charges were bought against the Company or its employees and no appeal was lodged by the Prosecutor. Monitoring of the butterfly habitat will continue during 2019.

Sweden

Svartliden Rehabilitation Plan (U3)

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

The Court held a hearing regarding the closure plan, and the U1 and U2 investigations, from 24 to 26 April 2019. The Court expects to deliver its ruling on 3 September 2019.

Svartliden Conditions of Tailings Depositions (U1)

The Company has two permits (one with conditions and one without), allowing for the deposit of tailings into the open pit. The permit with conditions allows deposition of tailings to a height of +415 meters above sea level. The permit without conditions has an application to allow deposition of tailings up to a height of +441 meters above sea level. The permit without conditions was addressed at the April 2019 Court hearing mentioned above. The Court expects to deliver its ruling on 3 September 2019.

Svartliden Permit Conditions (U2)

In April 2018, the Company submitted an additional investigation report into the final permit conditions for the outgoing clarification pond, to the Court. In July 2018, the CAB provided its comments back to the Company disagreeing to the Company's proposed permit conditions. In October 2018, the Company provided additional comments outlining that its proposed permit conditions were based on thorough investigations and calculations which showed no risk for the environment. The permit without conditions was addressed at the April 2019 Court hearing mentioned above. The Court expects to deliver its ruling on 3 September 2019.

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 the full-scale mining permit 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 by the Directors for the half-year period ended 30 June 2019 (HY2018: 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 2019, 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 2019.

Audit and Risk 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 2019, 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 Cash Flows, and the related notes thereto for the half-year period ended 30 June 2019 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

During the period, the Company met bond obligations and was given permission from The Finnish Safety and Chemicals Agency ("**Tukes**") to commence mining activities at Kaapelinkulma, which it did on 7 February 2019. The Hämeenlinna Administrative Court received two appeals from local residents in Kaapelinkulma. The appeals were against the amount of bond requested by Tukes and paid by the Company. On 2 July 2019, the Hämeenlinna Administrative Court rejected the two appeals.

On 15 July 2019, the Company extended the repayment date of its Loan Facility from 30 June 2020 to 31 December 2020, all other terms and conditions remain unchanged.

Disclosure of Change in Information of Directors

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

- On 13 February 2019, Mr Pak Wai Keung Martin was appointed Independent Non-Executive Director of Viva China Holdings Limited (Stock Code: 8032). On 12 June 2019, Mr Pak was appointed Independent Non-Executive Director of China HuiYuan Juice Group Limited (Stock Code: 1886), both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

- On 1 April 2019, Mr Arthur George Dew resigned as Chairman of Tian An Australia Limited and remains as a Non-Executive Director.

Appointment of Non-Executive Director – Ms Lai Lam

- On 18 July 2019, the Company appointed Ms Lai Lam as Non-Executive Director of the Board.

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

The monthly salary of Executive Director, namely Mr Brett Smith was increased by 6.90% with effect from 1 January 2019.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the 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 2019 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, 22 August 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr Arthur George Dew as Chairman and Non-Executive Director (with Mr Wong Tai Chun Mark as his Alternate); Mr Brett Robert Smith as Chief Executive Officer and Executive Director; 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.