龍資源有限公司
DRAGON MINING LIMITED

DRAGON MINING LIMITED
龍 資 源 有 限 公 司 *

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

(Stock Code: 1712)

ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**") of Dragon Mining Limited (the "**Company**" or "**Dragon**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 together with comparative figures for the corresponding year in 2021 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**2022** **AU$'000**	2021 AU$'000
Revenue from customers	21	**52,514**	50,003
Cost of sales	2(a)	**(45,173)**	(39,721)
Gross profit		**7,341**	10,282
Other revenue	2(b)	**104**	9
Other income	2(c)	**723**	805
Exploration expenditure		**(262)**	(458)
Management and administration expenses	2(d)	**(4,619)**	(4,356)
Exploration and evaluation costs written off	2(d)	**(34)**	(561)
Operating expenses	2(d)	**879**	(2,252)
Finance costs	2(e)	**(21)**	(29)
Foreign exchange gain		**628**	541
Profit before tax		**4,739**	3,981
Income tax expense	3	**(2,250)**	(3,689)
Profit after income tax		**2,489**	292
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)			
Basic and diluted earnings per share	19	**1.57**	0.19

The notes on pages 6 to 60 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	AU$'000	*AU$'000*
Profit after income tax (brought forward)	**2,489**	292
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,855)**	(230)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)	**(1,855)**	(230)
Total comprehensive income for the year	**634**	62
Profit attributable to:		
Members of Dragon Mining Limited	**2,489**	292
	2,489	292
Total comprehensive income attributable to:		
Members of Dragon Mining Limited	**634**	62
	634	62

The notes on pages 6 to 60 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**2022**	2021
		AU$'000	*AU$'000*
CURRENT ASSETS			
Cash and cash equivalents	*4*	**17,671**	14,370
Trade and other receivables	*5*	**3,462**	5,225
Inventories	*6*	**19,991**	19,679
Other assets	*7*	**627**	825
TOTAL CURRENT ASSETS		**41,751**	40,099
NON-CURRENT ASSETS			
Property, plant, and equipment	*8*	**54,427**	46,246
Mineral exploration and evaluation costs	*9*	**2,242**	1,625
Right-of-use assets	*10*	**1,531**	2,043
Other assets	*7*	**4,927**	5,287
TOTAL NON-CURRENT ASSETS		**63,127**	55,201
TOTAL ASSETS		**104,878**	95,300
CURRENT LIABILITIES			
Trade and other payables	*11*	**8,101**	5,496
Provisions	*12*	**3,114**	3,114
Interest bearing liabilities	*13*	**572**	622
Other liabilities		**82**	122
Current tax liability		**2,291**	1,697
TOTAL CURRENT LIABILITIES		**14,160**	11,051
NON-CURRENT LIABILITIES			
Provisions	*12*	**29,245**	22,889
Interest bearing liabilities	*13*	**877**	1,391
TOTAL NON-CURRENT LIABILITIES		**30,122**	24,280
TOTAL LIABILITIES		**44,282**	35,331
NET ASSETS		**60,596**	59,969
EQUITY			
Contributed equity	*14*	**140,420**	140,454
Reserves	*16*	**(2,588)**	(760)
Accumulated losses		**(77,236)**	(79,725)
TOTAL EQUITY		**60,596**	59,969

The notes on pages 6 to 60 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	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$'000	Treasury Shares Reserve AU$'000	Total Equity AU$'000
At 1 January 2021	133,991	(80,017)	(3,633)	2,068	1,069	–	53,478
Profit after income tax for the year	–	292	–	–	–	–	292
Other comprehensive loss	–	–	(230)	–	–	–	(230)
Total comprehensive income for the year	–	292	(230)	–	–	–	62
Shares issued	6,862	–	–	–	–	–	6,862
Share issue transaction costs	(229)	–	–	–	–	–	(229)
Share buy-back transactions	(170)	–	–	–	–	(34)	(204)
Total transactions with owners	6,463	–	–	–	–	(34)	6,429
At 31 December 2021	140,454	(79,725)	(3,863)	2,068	1,069	(34)	59,969
At 1 January 2022	**140,454**	**(79,725)**	**(3,863)**	**2,068**	**1,069**	**(34)**	**59,969**
Profit after income tax for the year	**–**	**2,489**	**–**	**–**	**–**	**–**	**2,489**
Other comprehensive loss	**–**	**–**	**(1,855)**	**–**	**–**	**–**	**(1,855)**
Total comprehensive income for the year	**–**	**2,489**	**(1,855)**	**–**	**–**	**–**	**634**
Share buy-back transactions	**(34)**	**–**	**–**	**–**	**–**	**27**	**(7)**
Total transactions with owners	**(34)**	**–**	**–**	**–**	**–**	**27**	**(7)**
At 31 December 2022	**140,420**	**(77,236)**	**(5,718)**	**2,068**	**1,069**	**(7)**	**60,596**

The notes on pages 6 to 60 form part of this annual results announcement.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	**2022** **AU$'000**	2021 AU$'000
Cash flows from operating activities			
Receipts from customers		**54,227**	51,487
Payments to suppliers and employees		**(44,223)**	(39,606)
Payments for mineral exploration		**(482)**	(1,223)
Interest received		**103**	3
Interest paid		**(6)**	(15)
Income taxes paid		**(1,233)**	(1,950)
Net cash from operating activities	*4*	**8,436**	8,696
Cash flows from investing activities			
Payments for property, plant, and equipment		**(1,461)**	(7,219)
Proceeds from sale of property, plant, and equipment		**–**	374
Payments for development activities		**(2,754)**	(2,335)
Payments for exploration and evaluation		**(1,075)**	(1,463)
Net cash used in investing activities		**(5,290)**	(10,643)
Cash flows from financing activities			
Lease liability payments		**(231)**	(1,501)
Repayment of loan facility		**–**	(3,000)
Net proceeds from issue of shares		**–**	6,633
Payments for share buy-back		**(7)**	(204)
Net cash (used in)/from financing activities		**(238)**	1,928
Net increase/(decrease) in cash and cash equivalents		**2,908**	(19)
Cash and cash equivalents at the beginning of the year		**14,370**	14,352
Effects of exchange rate changes on cash and cash equivalents		**393**	37
Cash and cash equivalents at the end of the year	*4*	**17,671**	14,370

The notes on pages 6 to 60 form part of this annual results announcement.

NOTES TO THE CONSOLIDATED 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, Level 2, 39 Mends Street, South Perth, Western Australia 6151 Australia.

The Company's announcement of the consolidated annual results for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 9 March 2023.

The announcement of the results of the Company for the year ended 31 December 2022, 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 (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 consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2022 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the IFRSs which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards, and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

All IFRSs effective for the accounting period commencing 1 January 2022 have been adopted by the Group and, except as noted below, accounting policies have been consistently applied throughout all periods presented. The adoption of the new and revised standards and interpretations effective 1 January 2022 had no material impact on the financial position or performance of the Group. The Group's accounting policies have been updated to reflect the new standards where applicable.

The Group has adopted the going concern basis for the preparation of this announcement.

c) Liquidity management

The Group achieved a profit before tax of AU$4.7 million (31 December 2021: AU$4.0 million) and a net profit after income tax of AU$2.5 million for the year ended 31 December 2022 (31 December 2021: net profit after income tax of AU$0.3 million).

At 31 December 2022, the Group has cash and equivalents of AU$17.7 million (31 December 2021: AU$14.4 million), including the restricted use net proceeds from the placement completed 22 January 2021 of AU$7.5 million ("**Net Proceeds**"). On 13 December 2022, the Company extended the expiry date of its unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**") from 31 December 2023 to 30 June 2024. On 9 March 2023, the Company increased its Loan Facility to AU$27.0 million, all other terms and conditions remain unchanged (together the "**Available Funds**").

As at 31 December 2022, the Group has a net current asset position of AU$27.6 million (31 December 2021: AU$29.1 million) including the restricted use net proceeds and current liabilities. The Loan Facility is undrawn at the date of this announcement.

The Group has prepared a cash flow forecast ("**Forecast**") extending for at least 12-months from the signing date of the consolidated financial report ("**Forecast Period**"). The Forecast includes the following significant assumptions:

- based on production forecasts, the Group's Finnish activities are expected to generate positive operating cash flows.

- the Group will continue to support the Swedish operations at below break-even to maintain operational readiness pending the outcome of the Group's Environmental Permit application for the Fäboliden Gold Mine ("**Fäboliden**").

- while the timing of additional environmental bond payments is ultimately determined by the relevant authority, the Forecast includes AU$35.1 million of additional environmental bond payments ("**Bond Payments**") throughout the Forecast Period. The Bond Payments consist of approximately AU$28.7 million during 2023 and AU$6.4 million during 2024.

- the Forecast assumes a progressive drawdown of the Loan Facility during the Forecast Period.

- the Forecast excludes cash flows associated with commencing full-scale mining activities at Fäboliden including any associated environmental bond.

Based on the Forecast, the expected positive cash margins generated from Finnish operations and available Loan Facility, the Directors consider these are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due.

d) Basis of consolidation

Control is achieved when the Company is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights in an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Company's voting rights and potential voting rights.

The Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The income, expenses, assets, and liabilities of a subsidiary acquired or disposed of during the year are included in the Company's consolidated statement of profit or loss or the consolidated statement of financial position from the date the Company gains control until the date the Company ceases to have control.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control of a subsidiary, the Company:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of any investment retained;
- recognises the fair value of the consideration received;
- recognises any surplus or deficit in the consolidated statement of profit or loss; and
- reclassifies the Company's share of items previously recognised in other comprehensive income to the consolidated statement of profit or loss or retained earnings as appropriate.

Investments in subsidiaries are carried at cost less impairment in the Company's separate statement of financial position.

e) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from the sale of gold bullion and concentrate when control of the product has been transferred to the customer.

Concentrate sales

Concentrate is sold to a third-party through a standard Incoterm Delivery-At-Place ("**DAP**") agreement. Once the concentrate has been delivered, the Group has met its performance obligations and control passes. Revenue is recognised based on the estimated final settlement price and is determined with reference to the forward gold price. Adjustments are made for variations in assay and weight between delivery and final settlement. The final settlement price received is based on the monthly average London Metal Exchange ("**LME**") gold price for the month following delivery. Adjustments relating to quotational period pricing are recognised and measured in accordance with the policy at note 1(i).

Bullion sales

Bullion is sold on the market through the Group's metal account. The only performance obligation under the contract is the sale of gold bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs when the Group instructs the refiner to transfer the gold to the customer by crediting the metal account of the customer. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

f) Income taxes

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and for unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting or taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent it is probable that a taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interests in associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxable authority.

Tax consolidation legislation

The Company implemented the Australian tax consolidation legislation as of 1 July 2003. The Company has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

g) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of good and services tax ("**GST**") except:

- where the GST incurred on a purchase of goods and services is not recoverable from the tax authority; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the tax authority, is classified as operating cash flows.

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

h) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each Company is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group Companies

The results and financial position of all the subsidiaries of the Company (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that reporting date;

- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any monetary items that form part of the net investment in a foreign entity are taken to shareholders' equity. When a foreign operation is sold, or borrowings are repaid the proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

i) Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. This category includes trade receivables relating to concentrate sales that are subject to quotation period pricing.

The terms of the concentrate sales contract contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. The final settlement is based on the monthly average LME gold price for the month following delivery (the "**quotational period**"). Movements in the fair value of the concentrate debtors are recognised in other revenue.

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

j) Inventories

Finished goods, gold concentrate, gold in circuit and stockpiles of unprocessed ore have been valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure.

Costs are assigned to stockpiles and gold in circuit inventories based on weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the cost to sell. Consumables have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

k) Deferred waste

As part of open-pit mining operations, the Group incurs stripping (waste removal) costs during the development and production phase of its operations.

When development stripping costs are incurred, expenditure is capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production ("**UOP**") method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred in the production phase create two benefits:

- the production of inventory; or
- improved access to future ore.

Where the benefits are realised in the form of inventories produced in the period, production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, and the benefit is improved access to future ore, the costs are recognised as a stripping activity asset in mine properties.

If the costs of the inventories produced and the stripping asset are not separately identifiable, an allocation is undertaken based on the waste to ore stripping ratio (for the ore component concerned). If mining of waste in a period occurs more than the expected stripping ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life of component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventories produced.

Amortisation is provided using a UOP method over the life of the identified component of orebody. The UOP method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves) component.

l) Property, plant, and equipment

Mine properties: areas in production

Areas in production represent the accumulation of all acquired exploration, evaluation and development expenditure incurred by or on behalf of the Group in relation to an area of interest in which mines are being prepared for production or the economic mining of a mineral reserve has commenced.

When further development expenditure, including waste development, is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward to the extent that a future economic benefit is established, otherwise such expenditure is classified as part of the cost of production. Amortisation of costs is provided using a UOP method (with separate calculations being made for each mineral resource).

The UOP method results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The costs are carried forward to the extent that these costs are expected to be recouped through the successful exploitation of the Group's mining leases. The net carrying value of each mine property is reviewed regularly and, to the extent that its carrying value exceeds its recoverable amount, the excess is fully provided against in the financial year in which it is determined.

Plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

The cost of an item of plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant, and equipment other than mining plant and equipment and land. The depreciation rates used for each class of depreciable assets are:

Other plant and equipment	5-50%
Buildings	4-33%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment

The carrying values of mine properties, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Refer to note 1(o).

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

m) Mineral exploration and evaluation costs

Exploration expenditure is expensed to the consolidated statement of profit or loss as and when it is incurred and included as part of cash flows from operating activities in the consolidated statement of cash flows. Exploration costs are only capitalised to the consolidated statement of financial position if they result from an acquisition.

Evaluation expenditure is capitalised to the consolidated statement of financial position. Evaluation is deemed to be activities undertaken from the beginning of the definitive feasibility study conducted to assess the technical and commercial viability of extracting a mineral resource before moving into the development phase.

The criteria for carrying forward costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- Exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in or in relation to the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

Farm Out arrangements

In respect of Farm Outs, the Company does not record any expenditure made by the Farmee on its account. Where there is capitalised exploration expenditure it also does not recognise any gain or loss on its exploration and evaluation Farm Out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Cash received from the Farmee is treated as a reimbursement of expenditure incurred (where expenditure is capitalised) or gains on disposal if there is no capitalised expenditure.

n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities normally of three months or less, and bank overdrafts excluding any restricted cash. Restricted cash is not available for use by the Company and is therefore not considered highly liquid (i.e., rehabilitation bonds).

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the consolidated statement of financial position.

o) Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p) Trade and other payables

Trade and other payables are carried at amortised cost due to their short-term nature and they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Interest bearing liabilities

Interest bearing liabilities includes leases, loans and borrowings.

Leases

The Group assesses each contract at inception to determine whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration.

(i) Group as lessee

The Group applies a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets:

Property	5-50%
Plant and equipment	4-33%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 1(o).

The Group's right-of-use assets are included in note 10.

(iii) Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

(iv) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing liabilities in note 13.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated considering any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the consolidated statements of profit or loss when the liabilities are derecognised, as well as through the amortisation process.

s) Employee benefits

Wages, salaries, and other short-term benefits

The liability for wages, salaries and other short-term benefits is recognised at the present value of expected future payments.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds or national government bonds as appropriate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions made by the Group to employee superannuation funds, defined contribution plans, are charged to the consolidated statement of profit or loss in the period employees' services are provided.

t) Restoration and rehabilitation costs

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation, and revegetation of affected areas.

An obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting on the provision is recorded as a finance cost in the consolidated statement of profit or loss. The carrying amount capitalised is depreciated over the life of the related asset.

u) Earnings per share

Basic earnings per share ("**EPS**") is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

The result is then divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

There were no borrowing costs eligible for capitalisation during the year (2021: no borrowing costs eligible for capitalisation).

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Operating segments results are regularly reviewed by the Company's chief operating decision makers and are used to make decisions about the allocation of resources and to assess performance using discrete financial information. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- geographical location;
- national regulatory environment;
- nature of the products and services; and
- nature of the production processes.

Operating segments that do not meet the quantitative criteria as prescribed by IFRS 8 *Operating Segments* are reported separately. An operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the consolidated financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

x) Contributed equity

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

y) Fair value

The Group measures financial instruments, such as derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

z) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following Judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered to the customer's facility as this is the point in time that control is transferred, and the Group's performance obligations have been met in accordance with the sales agreements. Adjustments are made to the receivables for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement to reflect the change in fair value of the receivables.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group did not include the renewal period as part of the lease term of property. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Production start date

The Group assesses the stage of each mine under development/construction to determine when a mine transitions into the production phase, this being when the mine is substantially complete and ready for its intended use.

The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project, such as the complexity of the project and its location. Some of the criteria used to identify the production start date include, but are not limited to:

- level of capital expenditure incurred compared with the original construction cost estimate;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements. It is also at this point that depreciation/amortisation commences.

aa) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next reporting period are:

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. The ore reserves, mineral resources or mineralisation are reported in accordance with the Aus.IMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves" ("**the Code**").

The information has been prepared by or under supervision of competent persons as identified by the Code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

As at 31 December 2022, the Group had an increase in its Resources and Reserves. Changes in reported Reserves and Resources estimates can impact the carrying value of property, plant and equipment through depreciation, provisions for mine rehabilitation, restoration and dismantling obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortisation charged to the consolidated statement of comprehensive income. However, quantification of the future impact is not considered practicable.

Mine rehabilitation provisions

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 1(t). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site.

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents the Group's best estimate of the present value of the future rehabilitation costs required. The restoration activities in relation to Svartliden and Orivesi are expected to commence once all necessary approvals have been obtained.

Contingent liabilities

The Group assesses all open legal matters at each reporting date to determine whether a provision should be recognised or contingent liability disclosed. Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Groups control, or present obligations that arise from past events but are not recognised because:

(a) it is not probable that an outflow of economic benefits will be required to settle the obligation; or

(b) the amount cannot be measured reliably.

Contingent liabilities are not recognised, but are disclosed, unless the possibility of an outflow is remote. The Group has disclosed the contingent liabilities identified at year end in note 22.

Impairment of non-financial assets

In accordance with accounting policy note 1(o) the Consolidated Entity, in determining whether the recoverable amount of its cash-generating units is the higher of fair value less costs of disposal or value-in-use against which asset impairment is to be considered, undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its mine properties, forward estimates of:

- mine life, including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction with given technology;
- production levels and demand;
- metal price;
- inflation;
- cash costs of production;
- discount rates applicable to the cash-generating unit; and
- future legal changes and/or environmental permits.

Impairment is recognised when the carrying amount of the cash-generating unit exceeds its recoverable amount. The recoverable amount for each cash-generating unit ("**CGU**") is determined using the higher of the CGU's value in use ("**VIU**") and its fair value less costs of disposal ("**FVLCD**"), classified as level 3 on the fair value hierarchy. Any variation in the assumptions used to determine the VIU or FVLCD would result in a change to the assessed recoverable value. If the variation in assumption had a negative impact on recoverable value, it could indicate a requirement for impairment of non-current assets.

Refer to note 8 for further discussion of the current year impairment trigger assessment and calculation of the CGU recoverable values.

Income taxes

The Group is subject to income taxes in Australia, Sweden, and Finland. The Group's accounting policy for taxation stated in note 1(f) requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position.

Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless the repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends, and other capital management transactions. Judgements are also required about the application of income tax legislation.

bb) Accounting standards and interpretations issued but not yet effective

The following accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 31 December 2022 and are outlined below:

IFRS 17 – Insurance Contracts (effective 1 January 2023)

This standard replaces IFRS 4 – Insurance Contracts, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. This standard is not applicable to the Company as it does not have insurance contracts and thus the Group has assessed that the new standard will have no effect.

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023)

When insurers apply IFRS 17 and IFRS 9 for the first time in 2023, IFRS 17 requires restatement of comparatives. However, under IFRS 9, insurers may restate the comparatives only when hindsight is not required but cannot restate for financial assets derecognised before the application date of IFRS 9. The accounting mismatch caused by financial assets derecognised during the comparative period is potentially significant and could make financial statements more difficult to understand.

The IFRS amended IFRS 17 to add a transition option "classification overlay". The overlay addresses the above accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies IFRS 17 (i.e., from transition date to the date of initial application of IFRS 17). An entity that applies the classification overlay to a financial asset should:

- Use reasonable and supportable information available at the transition date to determine how the entity expects a financial asset would be classified and measured on initial application of IFRS 9.

- Present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset.

This standard is not applicable to the Company as it does not have insurance contracts.

IAS 1 – Classification of Liabilities as Current and Non-Current (effective 1 January 2023)

On 23 January 2020, the International Accounting Standards Board ("**IASB**") issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements (the amendments) to specify the requirements for classifying liabilities as current or non-current. The Group has considered the impact on its consolidated financial statements and assessed that the new standard will have no effect.

*Definition of Accounting Estimates – Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("**IAS 8**") (effective 1 January 2023)*

The amendments clarify the distinction between changes in accounting estimates and change in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The Group has considered the impact on its consolidated financial statements and assessed that the new standard will likely have no effect.

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 – Income Taxes ("**IAS 12**") (effective 1 January 2023)*

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The Group has considered the impact on its consolidated financial statements and assessed that the new standard will likely have no effect.

*Disclosure of Accounting Policies – Amendments to IAS 1 – Presentation of Financial Statements ("**IAS 1**") and IFRS Practice Statement 2 (effective 1 January 2023)*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

- adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

The Group has considered the impact on its consolidated financial statements and assessed that the new standard will likely have no effect.

*Lease liability in a Sale and Leaseback – Amendments to IFRS 16 – Leases ("**IFRS 16**") (effective 1 January 2024)*

In a sale and leaseback transaction recognised as a sale under IFRS 15 Revenue from Contracts with Customers, IFRS 16 requires the seller-lessee to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee. The standard, however, does not specify how the liability arising in a sale and leaseback is measured. This impacts the measurement of the right-of-use asset and could result in recognition of a gain or loss on the right-of-use asset retained. Of particular concern is the impact of excluding from the lease liability, variable lease payments that do not depend on an index or rate.

The issue has been addressed in the amendment, which specifies that the seller-lessee measures the lease liability arising from the leaseback in such a way that they would not recognise any gain or loss on the sale and leaseback relating to the right-of-use asset retained.

The amendment does not prescribe specific measurement requirements for the lease liability arising from a leaseback. The seller-lessee will need to establish an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The amendment, however, includes examples illustrating the initial and subsequent measurement of the lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The amendment may represent a significant change in accounting policy for entities that enter into sale and leaseback transactions with such variable payments.

The amendment to IFRS 16 is applied retrospectively to sale and leaseback transactions entered into after the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application of the amendment is permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2025)

The amendments to IFRS 10 *Consolidated Financial Statements* and IFRS 128 *Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are relevant to the Group and effective as at 1 January 2022.

The adoptions of these new and amended Accounting Standards and Interpretations did not impact the accounting policies or the consolidated financial statements of the Group.

2. OTHER REVENUE, INCOME AND EXPENSES

		2022	2021
		AU$'000	*AU$'000*
(a)	**Cost of sales**		
	Cost of production net of inventory movements	**38,373**	34,420
	Depreciation of mine properties, plant, and equipment	**6,800**	5,301
		45,173	39,721
	Cost of production net of inventory movements		
	Mining	**22,228**	22,252
	Processing	**15,916**	15,242
	Other production activities	**807**	1,007
	Gold inventory movements	**(578)**	(4,081)
	Cost of production net of inventory movements	**38,373**	34,420
(b)	**Other revenue**		
	Finance revenue and interest	**103**	3
	Rent and sundry revenue	**1**	6
		104	9
(c)	**Other income**		
	Sale of property, plant, and equipment	**–**	374
	Service income	**609**	313
	Other	**114**	118
		723	805
(d)	**Operating expenses**		
	Management and administration expenses	**4,619**	4,356
	Exploration and evaluation assets written off	**34**	561
	Depreciation of non-mine site assets	**201**	220
	Rehabilitation (reduction)/costs	**(1,080)**	2,032
		3,774	7,169
(e)	**Finance costs**		
	Interest	**6**	15
	Other	**15**	14
		21	29
(f)	**Total employee benefits including Directors' remuneration**		
	Wages and salaries	**7,042**	6,907
	Defined contribution superannuation expense	**1,568**	1,500
		8,610	8,407
	Wages and salaries included in:		
	Cost of sales	**5,949**	6,071
	Management and administration expenses	**2,661**	2,336
		8,610	8,407

3. INCOME TAX

	2022	2021
	AU$'000	*AU$'000*
(a) Income tax expense		
The major components of income tax expense are:		
Current income tax		
Current income tax expense	**2,250**	3,689
Adjustments in respect of current income tax of previous year	**–**	–
Deferred income tax		
Income tax benefit arising from previously unrecognised tax loss	**–**	–
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of comprehensive income	**2,250**	3,689
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged/(credited) directly to equity	**–**	–

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

	2022	2021
	AU$'000	*AU$'000*
Accounting profit before income tax	**2,489**	292
At the Group's statutory income tax rate of 30% in Australia (2021: 30%)	**747**	88
Adjustments in respect of current income tax in foreign jurisdiction	**–**	1,053
Effect of different rates of tax on overseas income	**(408)**	(42)
Other	**(368)**	–
Previously unrecognised tax losses utilised/recognised	**–**	–
Tax losses and other temporary differences not recognised as benefit not probable	**2,279**	2,590
Aggregate income tax expense	**2,250**	3,689

		2022 *AU$'000*	2021 *AU$'000*
(d)	**Recognised deferred tax assets and liabilities**		
	Deferred tax assets (excluding tax losses)		
	Leave entitlements	**73**	86
	Rehabilitation provision	**2,602**	2,621
	Share issue and listing costs	**250**	270
	Mine properties, property, plant, and equipment	**696**	701
	Exploration costs	**–**	–
	Accruals	**42**	36
	Temporary differences not recognised	**(3,283)**	(3,509)
	Set off deferred tax liabilities pursuant to set off provisions	**(380)**	(205)
	Deferred income tax assets	**–**	–
	Deferred tax liabilities		
	Accelerated deduction		
	Mine properties, property, plant, and equipment	**(216)**	(205)
	Set off deferred tax liabilities pursuant to set off provisions	**216**	205
	Deferred income tax liabilities	**–**	–

(e) Tax Losses

The Group has tax losses of approximately AU$21.0 million in Australia (2021: AU$18.2 million) and approximately AU$39.0 million in Sweden (2021: AU$36.0 million) that are available indefinitely for offsetting against future taxable profits of the jurisdictions in which the losses arose. The Australian tax consolidated group has available capital losses amounting to AU$2.6 million (2021: AU$2.6 million). The Group utilised its tax losses in Finland during the year (2021: the Group utilised its tax losses in Finland during the year).

The benefits of the tax losses will only be obtained by the companies in the Consolidated Entity if:

- they continue to comply with the provisions of the Income Tax Legislation relating to the deduction of losses of prior periods;
- they earn sufficient assessable income to enable the benefits of the deductions to be realised; and
- there are no changes in Income Tax Legislation adversely affecting the Company's ability to realise the benefits.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Tax consolidation

Effective 1 July 2003, for the purpose of income taxation, Dragon Mining Limited and its 100% Australian owned subsidiaries formed a Tax Consolidation Group ("**Tax Group**"). Members of the Tax Group have entered into a tax sharing and funding arrangement whereby each entity in the Tax Group has agreed to pay a tax equivalent amount to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the Tax Group.

For the year ended 31 December 2022, there are no tax consolidation adjustments (2021: nil). The nature of the tax funding arrangement for the Tax Group is such that no tax consolidation adjustments (contributions by or distributions to equity participants) would be expected to arise. The head entity of the Tax Group is Dragon Mining Limited. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

4. CASH AND CASH EQUIVALENTS

	2022	2021
	AU$'000	*AU$'000*
Cash at bank and on hand	**10,169**	7,737
Restricted use cash[1]	**7,502**	6,633
	17,671	14,370

[1] *Restricted use cash represents the net proceeds from the Placement of 20,000,000 new shares in the Company completed January 2021. The net proceeds from the Placement of HK$39.6 million (approximately AU$7.5 million will be used to partially fund the Group's various environmental bonds in Finland and Sweden.*

	2022	2021
	AU$'000	*AU$'000*
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net profit after tax	**2,489**	292
Adjustments for:		
Depreciation and amortisation	**7,001**	5,521
Exploration write-off	**34**	561
Net foreign exchange (gain)/loss	**(628)**	(506)
Changes in operating assets and liabilities		
Decrease in receivables	**(1,763)**	(1,053)
(Decrease)/increase in other assets	**(198)**	616
Increase in inventories	**312**	3,565
Increase/(decrease) in trade creditors	**2,603**	(1,063)
(Decrease)/increase in provisions	**(1,414)**	763
Net operating cash flows	**8,436**	8,696

		2022	2021
		AU$'000	*AU$'000*
(b)	**Reconciliation of liabilities from financing activities**		
	Opening balance – 1 January	**2,013**	3,364
	Cash flows:		
	Repayment of borrowings	**–**	(3,000)
	Repayment of lease liabilities	**(231)**	(1,484)
	Non-cash changes:		
	Additions to lease liabilities	**58**	3,150
	Accrued payments	**(414)**	–
	Foreign exchange adjustments on borrowings and lease liabilities	**23**	(17)
	Balance at year end	**1,449**	2,013

5. TRADE AND OTHER RECEIVABLES

	2022	2021
	AU$'000	*AU$'000*
Trade receivables – fair value through profit or loss (i)	**1,790**	–
Trade receivables – amortised cost (ii)	**572**	3,150
Other receivables (iii)	**1,100**	2,075
	3,462	5,225

(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 disclosed in note 1(i). 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.

The Group's exposure to credit risk and interest rate risk are disclosed in note 24(d) and 24(e).

Ageing Analysis

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

	2022	2021
	AU$'000	*AU$'000*
Amounts not yet due	**–**	–
Within 1 month	**2,362**	3,150
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade receivables	**2,362**	3,150

6. INVENTORIES

	2022	2021
	AU$'000	*AU$'000*
Ore and concentrate stockpiles – at cost	**11,391**	11,720
Gold in circuit valued – at cost	**7,543**	7,271
Raw materials and stores – at cost	**1,057**	688
	19,991	19,679

7. OTHER ASSETS

	2022	2021
	AU$'000	*AU$'000*
Current		
Prepayments	**343**	253
Other receivables	**284**	572
	627	825
Non-current		
Environmental and other bonds at amortised cost	**4,927**	5,287

The environmental bonds relate to cash that has been deposited with Swedish and Finnish government authorities. The bonds are held in an interest-bearing account and can only be drawn down when rehabilitation programs have been completed and authorised by the relevant government authority. The Group's exposure to credit risk and interest rate risk is disclosed in note 24(d) and 24(e).

8. PROPERTY, PLANT AND EQUIPMENT

	2022 *AU$'000*	2021 *AU$'000*
Land		
Gross carrying amount – at cost	**1,305**	1,338
Buildings		
Gross carrying amount – at cost	**2,592**	2,669
Less accumulated depreciation and impairment	**(2,325)**	(2,295)
Net carrying amount	**267**	374
Property, plant, and equipment		
Gross carrying amount – at cost	**40,492**	38,928
Less accumulated depreciation and impairment	**(36,064)**	(34,718)
Net carrying amount	**4,428**	4,210
Mine properties		
Gross carrying amount – at cost	**159,648**	146,444
Less accumulated amortisation and impairment	**(111,221)**	(106,120)
Net carrying amount	**48,427**	40,324
Total property, plant, and equipment		
Gross carrying amount – at cost	**204,037**	189,379
Less accumulated amortisation and impairment	**(149,610)**	(143,133)
Net carrying amount	**54,427**	46,246

Included within property, plant and equipment and mine properties are AU$15.9 million of capitalised costs (31 December 2021: AU$15.2 million) relating to Fäboliden.

At the end of each reporting period, the Group is required to review whether there is any indication that an asset may be impaired, in accordance with International Accounting Standards. If any such indication exists, the Group shall estimate each asset or cash generating unit ("**CGU**") recoverable amount. The recoverable amount is determined as the higher of a CGU's value in use ("**VIU**") and its fair value less costs of disposal ("**FVLCD**").

In assessing the CGUs, management of the Company has determined that the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets is the Vammala CGU. As the Svartliden Plant has an interdependency on the Vammala CGU, the impairment assessment of the Vammala CGU includes the Svartliden Plant. Expenditure relating to the development of Fäboliden has been capitalised as mine development and assessed as a separate asset to the Vammala CGU. The Group has determined that there is no active market for intermediate components.

The Company has reviewed the Vammala CGU and Fäboliden mine properties for indications of impairment using both external and internal sources of information which included current performance, changes in exchange rates, gold price, market capitalisation and environmental permitting delays. The Company identified impairment indicators resulting in impairment testing being performed.

Vammala CGU

The Vammala CGU impairment assessment utilises a life of mine discounted cash flow ("**DCF**") model. The recoverable amount of AU$45.7 million (31 December 2021: AU$38.0 million) has been determined using the VIU methodology.

The key assumptions utilised in the impairment modelling included a gold price of US$1,800/ounce (31 December 2021: US$1,730/ounce), a USD:SEK exchange rate of 10.25 (31 December 2021: 8.7), a USD:EUR exchange rate of 0.95 (31 December 2021: 0.88) and a post-tax real discount rate of 6.5% (31 December 2021: 10%).

Sensitivity to changes in assumptions

The calculation of the recoverable value is most sensitive to the gold price and foreign exchange rates specifically EUR:USD.

A fall in the gold price to US$1,755/ounce (31 December 2021: US$1,687/ounce) (i.e., –2.5%) in the Vammala CGU would decrease the recoverable value by AU$4.5 million (31 December 2021: AU$4.7 million) and would not result in impairment.

A decrease in the foreign exchange forecast rate of –5% in the Vammala CGU would decrease the recoverable value by AU$7.4 million (31 December 2021: AU$9.4 million) and would not result in impairment.

Fäboliden Mine Properties

Fäboliden comprises the open cut mining operation, the underground resources, and exploration assets. The key assumptions utilised in the impairment modelling have been provided by an Independent Experts Valuation conducted in accordance with the requirements set out by the Accounting Professional and Ethical Standards Board professional standard APES225 Valuation Services.

Fäboliden open cut mine operations

The fair value of the open cut mining operation was determined using a DCF analysis with support from comparable transactions. The fair value measurement is categorised as Level 3 in the fair value hierarchy utilising inputs that are not based on observable market data. The DCF valuation deals with recently estimated Ore Reserves from 31 December 2022 based on a life of mine plan, up-to-date operating and capital costs, full mine closure costs, and other technical parameters.

The key assumptions utilised in the financial model included a Swedish corporate tax 20.6%, exchange rates based on the following currencies; USD:EUR 1.06, USD:SEK 10.8 and USD:AUD 0.70, inflation rate between 2.0% and 2.4%, forecast gold prices ranging from US$1,662/ounce to US$1,736/ounce, post-tax discount rate of 8.5% and the use of a probability in relation to the granting of the environmental permit.

The production profile in the financial model has been adjusted by a one-year extension to account for the potential delay in commencement of mining due to the granting of the Environmental Permit. The project is now anticipated to commence in 2024. The processing of ore within the financial model is treated essentially as a toll-treatment operation to allow a stand-alone valuation.

Sensitivity to changes in assumptions

Sensitivity analyses performed indicated that a 500-basis point decrease in the gold price per ounce or an increase in the post-tax discount rate by 100 basis points would change the valuation by (AU$3.3) million and (AU$9.1) million respectively and did not result in impairment.

Fäboliden underground resources

The underground resource at Fäboliden is valued using the comparable transactions methodology using resource multiples.

Fäboliden exploration assets

The value of the exploration assets related to Fäboliden nr 11, are valued using area multiples and geoscientific approaches.

No impairment has been recognised for the year ended 31 December 2022 (31 December 2021: nil).

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

	2022	2021
	AU$'000	*AU$'000*
Land		
Carrying amount at beginning of period	**1,338**	1,377
Net foreign exchange movement	**(33)**	(39)
Carrying amount at end of period	**1,305**	1,338
Buildings		
Carrying amount at beginning of period	**374**	395
Additions	**–**	87
Disposals	**(23)**	–
Depreciation	**(30)**	(110)
Net foreign exchange movement	**(54)**	2
Carrying amount at end of period	**267**	374
Property, plant, and equipment		
Carrying amount at beginning of period	**4,210**	2,635
Additions	**1,384**	2,948
Disposal	**–**	1
Transfer from/(to) other asset classes	**174**	(199)
Depreciation	**(1,346)**	(1,270)
Net foreign exchange movement	**6**	95
Carrying amount at end of period	**4,428**	4,210
Mine properties		
Carrying amount at beginning of period	**40,324**	34,127
Additions	**11,036**	4,445
Reclassification of evaluation costs	**3,575**	5,742
Depreciation	**(5,101)**	(4,000)
Net foreign exchange movement	**(1,407)**	10
Carrying amount at end of period	**48,427**	40,324

9. EXPLORATION AND EVALUATION COSTS

	2022	2021
	AU$'000	*AU$'000*
Balance at beginning of financial period	**1,625**	3,989
Additions	**4,273**	4,004
Exploration write-off	**(34)**	(561)
Reclassification to mine properties	**(3,575)**	(5,742)
Net foreign exchange movement	**(47)**	(65)
Total mineral exploration and evaluation expenditure	**2,242**	1,625

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.

10. RIGHT-OF-USE ASSETS

	2022	2021
	AU$'000	*AU$'000*
Gross carrying amount – at cost	**2,319**	2,435
Less accumulated depreciation and impairment	**(788)**	(392)
Net carrying amount	**1,531**	2,043

Reconciliations

Reconciliations of the carrying amounts of right-of use asset classes at the beginning and end of the reporting period:

	2022	2021
	AU$'000	*AU$'000*
Right-of-use assets – property		
Carrying amount at beginning of period	**223**	222
Additions	**58**	93
Depreciation	**(119)**	(92)
Net foreign exchange movement	**14**	–
Carrying amount at end of period	**176**	223
Right-of-use assets – plant and equipment		
Carrying amount at beginning of period	**1,820**	155
Additions	**–**	1,838
Transfers to property, plant and equipment	**(174)**	–
Depreciation	**(277)**	(173)
Net foreign exchange movement	**(14)**	–
Carrying amount at end of period	**1,355**	1,820
Total right-of-use assets	**1,531**	2,043

The Group's lease liabilities are included in interest-bearing liabilities at note 13.

11. TRADE AND OTHER PAYABLES

	2022	2021
	AU$'000	*AU$'000*
Trade payables and accruals	**8,101**	5,496

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:

	2022	2021
	AU$'000	*AU$'000*
Within 1 month	**7,523**	4,878
1 to 2 months	**578**	618
2 to 3 months	**–**	–
Over 3 months	**–**	–
Trade payables and accruals	**8,101**	5,496

12. PROVISIONS

	2022	2021
	AU$'000	*AU$'000*
Current		
Employee entitlements	**1,408**	1,769
Rehabilitation	**1,565**	1,149
Other	**141**	196
	3,114	3,114
Non-current		
Employee entitlements	**19**	10
Rehabilitation	**29,226**	22,879
	29,245	22,889
Rehabilitation movement		
Balance at 1 January	**24,028**	19,189
Net change in rehabilitation provisions[1]	**7,799**	5,363
Rehabilitation expenditure during the year	**(575)**	–
Discount unwinding	**(23)**	–
Net foreign exchange movement	**(438)**	(524)
Balance at 31 December	**30,791**	24,028

[1] *The net change in rehabilitation provisions includes an increase of 7.5 million EUR (approximately AU$11.7 million) made at Vammala during the year to provide for scope changes to the closure plan provided by Envineer Oy. The provision increase was partially offset by provision decreases of 3.3 million EUR and 0.6 million SEK (approximately AU$3.9 million) at all other sites. The long-term inflation rates are 1.9% and 1.8% in Finland and Sweden, respectively (31 December 2021: 1.9% and 1.9%).*

The provisions for rehabilitation are recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various Swedish and Finnish authorities. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. Accordingly, the provisions are expected to be settled primarily at the end of the mine life, although some amounts will be settled during the mine life. Rehabilitation provisions are estimated based on survey data, external contracted rates, and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The discount rate utilised for Finland in 2022 was 2.5% (2021: 0%) and in Sweden was 2.5% (2021: 0%). Additions during the relevant periods to the rehabilitation provision include obligations that do not have an associated mining asset recognised at the end of the reporting date.

As at 31 December 2022, there have been no changes to the acid forming characteristics of the waste rock area included in the Group's Svartliden Closure Plan. On 18 November 2019, the Company submitted its appeal to the COA challenging, amongst other things, the additional security required by the LEC for an engineered cover to the entire waste rock area. On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the EPA request for additional collateral security. A contingent liability in relation to the Group's Svartliden rehabilitation provision has been disclosed at note 22. On 1 July 2022, the Company lodged an application for leave to appeal certain aspects of the Court's ruling to the Supreme Court. The Supreme Court denied leave to appeal on 20 September 2022, whereby the COA decision gained legal force and the rehabilitation plan items have been sent back to the LEC.

The Group continues to complete progressive rehabilitation at all its sites. Rehabilitation expected to be undertaken in the subsequent reporting period has been recognised as a current liability.

13. INTEREST BEARING LIABILITIES

Lease liabilities	**2022** ***AU$'000***	2021 *AU$'000*
Current		
Lease liabilities	**572**	622
Non-current		
Lease liabilities	**877**	1,391
	1,449	2,013

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	2022 ***AU$'000***	2021 *AU$'000*
As at 1 January	**2,013**	364
Additions	**58**	3,150
Accretion of interest	**(6)**	(5)
Payments	**(639)**	(1,496)
Net foreign exchange movement	**23**	–
As at 31 December	**1,449**	2,013

The Group's right-of-use lease assets are included at note 10.

Loan facility

The Group has an unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**"). On 13 December 2022, the Company extended the expiry date of its Loan Facility from 31 December 2023 to 30 June 2024. All other terms and conditions remain unchanged. The Group has not made any drawdowns since balance date. Refer to note 25 for changes to the Loan Facility after year end.

14. CONTRIBUTED EQUITY

Share capital	**2022**	2021	**2022**	2021
	Number of Shares		***AU$'000***	*AU$'000*
Ordinary shares fully paid	**158,171,613**	158,280,613	**140,420**	140,454

Movements in issued capital	**2022**		2021	
	AU$'000	***No. of Shares***	*AU$'000*	*No. of Shares*
At January	**140,454**	**158,280,613**	133,991	138,840,613
Issue of new shares net of transaction costs	**–**	**–**	6,862	20,000,000
Transaction costs for issued share capital	**–**	**–**	(229)	–
Share buy back and cancellation	**(34)**	**(109,000)**	(170)	(560,000)
Balance at 31 December	**140,420**	**158,171,613**	140,454	158,280,613

During the year, the Company cancelled 109,000 shares in the Company (the "**Shares**"), including 2,000 of the 47,000 Shares repurchased pursuant to the Share Buy-back Mandate granted by shareholders of the Company at the annual general meeting held 23 May 2022. The remaining 45,000 repurchased Shares were cancelled by 9 January 2023.

15. DIVIDENDS

No dividend has been paid or declared since the commencement of the period and no dividend has been recommended by the Directors for the year ended 31 December 2022 (2021: nil).

16. RESERVES

	2022	2021
	AU$'000	*AU$'000*
Foreign currency translation reserve	**(5,718)**	(3,863)
Convertible note premium reserve	**2,068**	2,068
Equity reserve purchase of non-controlling interest	**1,069**	1,069
Treasury share reserve	**(7)**	(34)
	(2,588)	(760)

Foreign currency translation reserve summary

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

Convertible note premium reserve summary

This reserve is used to record the equity component of any convertible notes on issue. This is a historical reserve and no convertible notes are currently on issue.

Equity reserve – purchase of non-controlling interest

This reserve is used to record differences between the consideration paid for acquiring the remaining non-controlling interest and the carrying value of net assets attributed to the non-controlling interest. This is a historical reserve and all subsidiaries are now wholly owned.

Treasury shares reserve

This reserve comprises the cost of the Company's 45,000 repurchased shares as part of the share buy-back that were cancelled after year end. During the year, 107,000 shares held in reserve were cancelled (2021: 560,000 shares)

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of key management personnel

Directors' and Executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Directors

Mr Arthur G Dew	Non-Executive Director and Chairman of the Board (appointed 7 February 2014)
Mr Wong Tai Chun Mark	Alternate Director to Mr Arthur G Dew (appointed 19 May 2015)
Mr Brett R Smith	Executive Director and Chief Executive Officer (appointed 7 February 2014)
Ms Lam Lai	Non-Executive Director (appointed 18 July 2019)
Mr Carlisle C Procter	Independent Non-Executive Director (appointed 19 May 2015)
Mr Pak Wai Keung Martin	Independent Non-Executive Director (appointed 5 November 2018)
Mr Poon Yan Wai	Independent Non-Executive Director (appointed 5 November 2018)

Executives

Mr Neale M Edwards	Chief Geologist (appointed 19 August 1996)
Mr Daniel K Broughton	Chief Financial Officer (appointed 8 September 2014)

b) Compensation of key management personnel

Key Management Personnel

	Year ended 31 December	
	2022	2021
	AU$	*AU$*
Short-term	**1,289,148**	1,253,169
Long-term	**63,093**	78,481
Post-employment	**121,348**	109,173
Total	**1,473,589**	1,440,823

The remuneration of Key Management Personnel ("**KMP**") is determined by the Remuneration Committee having a regard to the position, experience, qualification and performance of the individuals and market trends.

Five highest paid employees

The five highest paid employees during the year included one Director and four specified employees, for both 2022 and 2021 years.

Details of the remuneration for the year of the remaining four highest paid employees who is neither a Director nor Chief Executive of the Company are as follows:

	Year ended 31 December	
	2022	2021
	AU$	*AU$*
Salaries, allowances, and benefits in kind	**990,786**	964,853
Performance related bonuses	**82,772**	54,412
Pension scheme contributions	**172,584**	185,155
Total	**1,246,142**	1,204,420

The number of non-Director and non-Chief Executive highest paid employees whose remuneration fell within the following bands, presented in Hong Kong Dollars, is as follows:

	As at 31 December	
	2022	2021
Nil to HK$1,000,000	**–**	–
HK$1,000,001-HK$1,500,000	**1**	1
HK$1,500,001-HK$2,000,000	**2**	3
HK$2,000,001-HK$2,500,000	**1**	–
HK$2,500,001-HK$3,000,000	**–**	–
HK$3,000,001-HK$3,500,000	**–**	–
Total	**4**	4

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

		Short-Term		Other Long-Term Benefits		Post-Employment		
In dollars		Salary & Fees	Bonuses	Annual Leave Accrued	Long Service Leave Accrued	Superannuation Benefits	Total Emoluments	Proportion of Remuneration Performance Related
Directors		*AUD*	*AUD*	*AUD*	*AUD*	*AUD*	*AUD*	*%*
Mr Arthur G Dew[(1)]	2022	90,000	–	–	–	9,225	99,225	–
(Non-Executive Chairman)	2021	90,000	–	–	–	8,775	98,775	–
Mr Brett R Smith[(2)]	2022	320,700	200,000	23,225	6,407	52,872	603,204	33%
(Executive Director)	2021	320,700	200,000	20,406	6,950	50,268	598,324	33%
Ms Lam Lai	2022	40,000	–	–	–	–	40,000	–
(Non-Executive Director)	2021	63,263	–	–	–	–	63,263	–
Mr Carlisle C Procter	2022	40,000	–	–	–	4,100	44,100	–
(Independent Non-Executive Director)	2021	40,000	–	–	–	3,900	43,900	–
Mr Poon Yan Wai	2022	30,000	–	–	–	–	30,000	–
(Independent Non-Executive Director)	2021	30,000	–	–	–	–	30,000	–
Mr Pak Wai Keung Martin	2022	30,000	–	–	–	–	30,000	–
(Independent Non-Executive Director)	2021	30,000	–	–	–	–	30,000	–
Mr Mark Wong	2022	–	–	–	–	–	–	–
(Alternate Director)	2021	–	–	–	–	–	–	–
Total all specified Directors	**2022**	**550,700**	**200,000**	**23,225**	**6,407**	**66,197**	**846,529**	**24%**
	2021	**573,963**	**200,000**	**20,406**	**6,950**	**62,943**	**864,262**	**23%**
Specified Executives								
Mr Neale M Edwards	2022	214,698	–	5,747	4,734	22,007	247,186	–
(Chief Geologist)	2021	214,698	–	7,357	3,211	20,396	245,662	–
Mr Daniel K Broughton	2022	303,750	20,000	18,278	4,702	33,144	379,874	5%
(Chief Financial Officer)	2021	264,508	–	25,190	15,367	25,834	330,899	–
Total all named Executives	**2022**	**518,448**	**20,000**	**24,025**	**9,436**	**55,151**	**627,060**	**3%**
	2021	**479,206**	**–**	**32,547**	**18,578**	**46,230**	**576,561**	**–**
Total all specified Directors and Executives	**2022**	**1,069,148**	**220,000**	**47,250**	**15,843**	**121,348**	**1,473,589**	**15%**
	2021	**1,053,169**	**200,000**	**52,953**	**25,528**	**109,173**	**1,440,823**	**14%**

Notes:

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

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

The Executive Director remuneration shown above is for the provision of services in connection with the management of the affairs of the Company and the Group.

The Non-Executive Director and Independent Non-Executive Directors' remuneration shown above are for their services as Directors of the Company.

There was no arrangement under which a Director waived or agreed to waive any emoluments during the year.

No Director proposed for re-election at the annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

18. REMUNERATION OF AUDITORS

The Auditor of Dragon Mining Limited is Ernst & Young.

	2022 ***AU$***	2021 *AU$*
Ernst & Young (Australia)		
Fees for audit and review of any statutory financial reports covering the Group	**245,237**	237,825
Fees for assurance services that are required by legislation to be provided by the auditor	**11,440**	10,400
Fees for other services		
– Tax compliance	**18,000**	17,000
– Tax advice	**84,310**	44,500
– Other non-audit services	**6,000**	46,800
Total	**364,987**	356,525
Ernst & Young (other than Australia)		
Fees for audit and review of any statutory financial reports covering the Group	**82,786**	81,250
Total	**82,786**	81,250

19. EARNINGS PER SHARE

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

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 year (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:

	2022	2021
Basic and diluted earnings per share		
Profit used in calculation of basic and diluted earnings per share (AU$'000)	**2,489**	292
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	**158,175,361**	157,654,640
Basic and diluted earnings per share (cents)	**1.57**	0.19

20. RELATED PARTY TRANSACTIONS

a) Subsidiaries

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

Name of Entity	Incorporation	Class	Equity Holding	
			2022	2021
			%	%
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*

b) Transactions with related parties

Except as disclosed elsewhere in the notes to the consolidated financial statements, the Company has the following transactions with related parties that are also exempted from the 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 Daniel Broughton provides Chief Financial Officer services ("**CFO Services**") and the Company also provides administrative services ("**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**") and ASX listed base metals mining and exploration company Metals X Limited ("**Metals X**"). Tanami is an associate of APAC Resources Limited, a substantial shareholder of the Company, and hence a connected person of Dragon Mining pursuant to Rule 14A.07 of Chapter 14A of the Listing Rules. Tanami is a Company of which Messrs Dew, Smith and Procter, the Company's Non-Executive Chairman, Executive Director, and Independent Non-Executive Director are also Non-Executive Directors. Metals X is a Company of which Mr Brett Smith is also Executive Director.

(iii) The provision of services to Tanami commenced from 8 September 2014. During the year, the Company charged Tanami AU$114,715 (2021: AU$100,000) for CFO Services of which AU$9,669 was outstanding at 31 December 2022 (2021: nil) and AU$87,285 (2021: AU$39,814) for Administration Services of which AU$10,507 was outstanding at 31 December 2022 (2021: nil). The increase in Administration Services provided to Tanami relates to the provision of company secretarial and accounting services that were provided during the year.

(iv) The provision of services to Metals X commenced from 1 December 2020. During the year, the Company charged Metals X AU$119,547 (2021: AU$100,000) for CFO Services of which AU$9,669 was outstanding at 31 December 2022 (2021: nil) and AU$266,346 (2021: AU$31,026) for Administration Services of which AU$23,247 was outstanding at 31 December 2022 (2021: nil). The increase in Administration Services provided to Metals X relates to the provision of increased accounting services.

Entity with significant influence over the Group

As at 31 December 2022, the following entities have significant influence over the Group:

(i) Allied Properties Resources Limited ("**APRL**"), a wholly owned subsidiary of APAC Resources Limited ("**APAC**"), owns 45,596,727 (2021: 41,032,727) ordinary shares of the Company for an interest of 28.82% (2021: 25.92%).

(ii) Sincere View International Limited owns 31,111,899 (2021: 31,111,899) ordinary shares of the Company for an interest of 19.59% (2021: 19.59%).

21. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are used by the chief operating decision makers in assessing performance and determining the allocation of resources.

The Group has identified its operating segments to be Sweden and Finland, based on geographical location, different national regulatory environments, and different end products. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produces gold bullion from the Svartliden Production Centre and processed ore from test-mining activities at the Fäboliden Gold Mine. Dragon Mining Oy in Finland produces gold concentrate from the Vammala Production Centre and, processed ore from the Jokisivu, Kaapelinkulma and Orivesi Gold Mines.

Discrete financial information about each of these operating segments is reported to the Board and executive management team (the chief operating decision makers) on at least a monthly basis.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the consolidated financial statements.

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

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

Disaggregation of revenue and major customers

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

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

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

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

	Sweden 2022 *AU$'000*	Finland 2022 *AU$'000*	Unallocated 2022 *AU$'000*	Total 2022 *AU$'000*
Segment revenue				
Gold sales to external customers	**45,703**	**6,811**	**–**	**52,514**
Inter-segment sales	**–**	**43,089**	**–**	**43,089**
Elimination of inter-segment revenue	**–**	**–**	**(43,089)**	**(43,089)**
Total revenue	**45,703**	**49,900**	**(43,089)**	**52,514**
Other revenue				
Interest revenue	**37**	**66**	**–**	**103**
Sundry revenue	**1**	**–**	**–**	**1**
Total other revenue	**38**	**66**	**–**	**104**
Segment interest expense	**(1)**	**1**	**–**	**–**
Unallocated interest expense	**–**	**–**	**6**	**6**
Total interest expense	**(1)**	**1**	**6**	**6**
Depreciation and amortisation	**398**	**6,528**	**–**	**6,926**
Unallocated depreciation and amortisation	**–**	**–**	**75**	**75**
Exploration expenditure written off	**–**	**34**	**–**	**34**
	398	**6,562**	**75**	**7,035**
Segment result				
Pre-tax segment result	**(6,504)**	**12,465**	**–**	**5,961**
Income tax expense	**–**	**(2,250)**	**–**	**(2,250)**
Post-tax segment result	**(6,504)**	**10,215**	**–**	**3,711**
Unallocated items:				
Corporate services revenue				**323**
Corporate costs				**(2,523)**
Finance costs				**(75)**
Elimination of inter-company interest, expense, and management fees in segment results				**1,053**
Profit after tax as per the consolidated statement of profit or loss				**2,489**

	Sweden 2022 *AU$'000*	Finland 2022 *AU$'000*	Australia 2022 *AU$'000*	Total 2022 *AU$'000*
Non-current assets by geographic location	**28,607**	**34,268**	**252**	**63,127**

	Sweden 2021 *AU$'000*	Finland 2021 *AU$'000*	Unallocated 2021 *AU$'000*	Total 2021 *AU$'000*
Segment revenue				
Gold sales to external customers	42,729	7,274	–	50,003
Inter-segment sales	–	41,074	–	41,074
Elimination of inter-segment revenue	–	–	(41,074)	(41,074)
Total revenue	42,729	48,348	(41,074)	50,003
Other revenue				
Interest revenue	–	2	–	2
Sundry revenue	2	5	–	7
Total other revenue	2	7	–	9
Segment interest expense	2	1	–	3
Unallocated interest expense	–	–	12	12
Total interest expense	2	1	12	15
Depreciation and amortisation	456	5,017	–	5,473
Unallocated depreciation and amortisation	–	–	48	48
Exploration expenditure written off	–	561	–	561
	456	5,578	48	6,082
Segment result				
Pre-tax segment result	(10,357)	12,897	–	2,540
Income tax expense	–	(3,689)	–	(3,689)
Post-tax segment result	(10,357)	9,208	–	(1,149)
Unallocated items:				
Corporate services revenue				312
Corporate costs				(1,792)
Finance costs				2,195
Elimination of inter-company interest, expense, and management fees in segment results				726
Profit after tax as per the consolidated statement of profit or loss				292

	Sweden 2021 *AU$'000*	Finland 2021 *AU$'000*	Australia 2021 *AU$'000*	Total 2021 *AU$'000*
Non-current assets by geographic location	28,487	26,389	325	55,201

22. CONTINGENT ASSETS AND LIABILITIES

(i) Hanhimaa Royalty

The Group has a right to a 2% Net Smelter Return ("**NSR**") on future mineral production from Agnico Eagle Mines Limited ("**Agnico Eagle**") with respect to the Hanhimaa Gold Project in northern Finland. Agnico Eagle will have the right to buy back 1 percentage point of the 2% NSR at any time for €2.0 million cash.

The Hanhimaa Gold Project is an early-stage exploration project as at 31 December 2022 and therefore the Company has not recognised any receivables from this agreement, as the risk of reversal is considered significant.

(ii) Endomines Royalty

The Group has a right to a 1% Net Smelter Return ("**NSR**") up to €1.5 million from Endomines Oy with respect to the Mining Properties in the Hattu Schist Belt in eastern Finland ("**Mining Properties**") as described in the Purchase Agreement dated 12 October 2006. The NSR is only payable from the Mining Properties, after the Mineral Resource as defined at the Pampalo Gold Mine, at the date of sale has been mined.

(iii) Aurion Royalty

The Group has a right to a 3% Net Smelter Return ("**NSR**") on future mineral production from Aurion Resources Limited with respect to the Kutuvuoma Gold Project and Silassekä Vanadium Project in northern Finland. The Group is also entitled to receive a bonus payment upon the defining of one million ounces of gold equivalent material categorised as Measured and Indicated and for every additional one million ounces of gold equivalent material categorised as Measured and Indicated.

(iv) Svartliden Rehabilitation Provision

In accordance with the Group's legal requirements, a provision has been recognised to provide for the anticipated future rehabilitation costs at Svartliden. The basis for the provision amount is derived from the Svartliden rehabilitation closure plan ("**Closure Plan**"), which is reviewed and updated as necessary by an independent external consultant, in accordance with the Environmental Permit provisions.

In April 2017, work to update the Closure Plan was completed and, together with comments from the EPA and the County Administration Board ("**CAB**"), was submitted to the LEC. While the scope has not been disputed, the Company's current bond is being disputed by the EPA and CAB, both of whom considered the proposed closure bond as insufficient.

The submitted Closure Plan includes segregating the potentially acid forming waste rock ("**PAF**") from the non-acid forming waste rock ("**NAF**") into separate cells. The cost of providing an engineered hard covering of the PAF cells is included in the updated costings provided to the LEC in May 2018.

On 3 September 2019, the Court delivered its Rulings on the Closure Plan, whereby the LEC:

(a) approved the Company's investigation reports supporting the Closure Plan; and

(b) required the Company to increase its existing rehabilitation collateral security from SEK41.0 million (approximately AU$5.8 million) to SEK74.0 million (approximately AU$10.4 million). The increase can take the form of a bank guarantee and is intended to provide additional security for an engineered covering of the entire waste rock area, in the event the entire waste rock area becomes potentially acid forming.

On 18 November 2019, the Company lodged an appeal in the COA against the following LEC Rulings:

(a) the amount of additional collateral security being requested;

(b) the Permit conditions during the closure phase; and

(c) the restrictions preventing the CAB from incrementally returning the Company's security bonds as rehabilitation work is progressed.

On 16 December 2019, the COA, having considered the Company's appeal document and grounds for appeal, granted the Company leave to appeal the LEC Rulings. On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the EPA request for additional SEK41.0 million collateral security. The rehabilitation plan items have been sent back to the LEC.

The Company's view is that the current approved Closure Plan complies with the known characteristics of the tailings, waste rock and operations at Svartliden, the value of the Company's bond proposal reflects this scope of work and is supported by calculations using the rates of local contractors. The Closure Plan reflects the current conditions on the site and the necessary activities to be undertaken upon closure based on independent advice of the most likely outcome. In the event of a fundamental change to the acid forming characteristics of the NAF waste rock, the Company may need to provide for an engineered cover of the entire waste rock area and the additional provision will be significant.

As at 31 December 2022, the Company has not recognised the additional rehabilitation costs nor deposited the associated security required by the LEC for an engineered cover to the entire waste rock area on the basis that the Company has assessed that any fundamental change to the acid forming characteristics of the NAF waste rock is not probable.

23. 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.

	2022	2021
	AU$'000	*AU$'000*
Within one year	**27**	37
One year or later and no later than five years	**147**	136
	174	173

b) Capital commitments

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

	2022	2021
	AU$'000	*AU$'000*
Within one year	**414**	412
One year or later and no later than five years	**768**	1,177
	1,182	1,589

c) Short-term lease expense commitments

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

	2022	2021
	AU$'000	*AU$'000*
Within one year	**1**	10

d) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are as follows:

	2022	2021
	AU$'000	*AU$'000*
Within one year	**621**	572
One year or later and no later than five years	**2,483**	1,200
	3,104	1,772

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and Executives referred to in note 17. Directors and Executive Officers Remuneration that are not recognised as liabilities are not included in the Directors' or Executives' remuneration.

24. FINANCIAL INSTRUMENTS

a) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and commodity price risk), credit risk, liquidity risk, and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks, where considered appropriate, to minimise potential adverse effects on financial performance without limiting the Group's potential upside.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign currency and gold price risk and assessments of market forecasts for foreign exchange and gold prices. Liquidity risk is measured through the development of rolling future cash flow forecasts at various gold prices and foreign exchange rates.

Risk management is carried out by executive management with guidance from the Audit and Risk Management Committee under policies approved by the Board. The Board also provides regular guidance for overall risk management, including guidance on specific areas, such as mitigating commodity price, foreign exchange, interest rate and credit risks, by using derivative financial instruments.

The Consolidated Entity also has a risk management program to manage its financial exposures that includes, but is not limited to, the use of derivative products, principally forward gold sales and foreign currency contracts. The Company does not enter financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in economic derivatives, hedging coverage of foreign currency and gold, credit allowances, future cash flow forecast projections and financial instruments if considered necessary.

b) Instruments recognised at amounts other than fair value

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements at amortised cost represents their respective net fair values.

c) Fair values for instruments recognised at fair value

At 31 December 2022, the Group has the following trade receivables at fair value through profit or loss.

	As at 31 December 2022				As at 31 December 2021			
	Quoted market price (level 1) *AU$'000*	**Valuation technique-market observable inputs (level 2)** *AU$'000*	**Valuation technique-non-market observable inputs (level 3)** *AU$'000*	**Total** *AU$'000*	Quoted market price (level 1) *AU$'000*	Valuation technique-market observable inputs (level 2) *AU$'000*	Valuation technique-non-market observable inputs (level 3) *AU$'000*	Total *AU$'000*
Trade receivables at fair value through profit or loss	**-**	**1,790**	**-**	**1,790**	–	–	–	–

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

Trade receivables relate to concentrate sales that are still subject to price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange ("**LME**") metal prices at the final settlement date. Sales that are still subject to price adjustments at balance sheet date are fair valued by applying a discounted cash flow model incorporating credit risk and forward pricing to estimate the present value of the final settlement price using the LME forward metals prices at balance date.

There were no transfers between Level 1 and Level 2 during the year.

d) Credit risk

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

Credit risk is managed on a Group basis. The Group's credit risk predominantly arises from cash, cash equivalents, deposits with banks and financial institutions and other receivables.

While the Group has policies in place to ensure that sales of its products are made to customers with an appropriate credit history, the Group does have a concentration of credit risk in relation to its gold concentrate sales in Finland due to dependence for a significant volume of its sales revenues on one buyer. There is generally a six-week turnaround between shipment of gold concentrate and payment from a gold concentrate customer. The Company reduces its credit risk in relation to gold concentrate receivables in Finland by insuring 90% of the nominal value of an assigned or internal invoice with a reputable high credit quality Nordic financial institution.

However, as invoices are raised at the end of each month and shipments occur frequently throughout the month, there is credit exposure to the smelting company for the value of one month of shipments as insurance coverage commences when an invoice is raised. Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Board approval. No financial guarantees have been given during the year (2021: nil).

In relation to managing other potential credit risk exposures, the Group has in place policies that aim to ensure that derivative counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to any one financial institution is limited as far as is considered commercially appropriate. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2022	2021
	AU$'000	*AU$'000*
Cash and cash equivalents		
Counterparties with external credit ratings		
AA-	**17,671**	14,370
A	**–**	–
Total cash and cash equivalents	**17,671**	14,370

	2022	2021
	AU$'000	*AU$'000*
Trade and other receivables		
Counterparties with external credit ratings		
AAA	**311**	1,124
AA-	**11**	12
A+	**–**	–
A-	**–**	–
Counterparties with no defaults in the past	**3,140**	4,089
Total trade and other receivables	**3,462**	5,225

For the purposes of determining credit exposures on receivables, receivable amounts that have been factored are evaluated against the credit rating of the factoring bank, where the factored amount is insured.

	2022	2021
	AU$'000	*AU$'000*
Environmental and other bonds		
Counterparties with external credit ratings		
AAA	**5,210**	5,287
Counterparties with no defaults in the past	**–**	–
Total environmental and other bonds	**5,210**	5,287

e) Interest rate risk

At balance date, the Group had the following financial assets and liabilities exposed to interest rate risk that are not designated as cash flow hedges:

	2022				2021			
	Floating interest rate *AU$'000*	**Fixed interest rate** *AU$'000*	**Total** *AU$'000*	**Average int. rate %**	Floating interest rate *AU$'000*	Fixed interest rate *AU$'000*	Total *AU$'000*	Average int. rate %
Financial assets								
Cash and cash equivalents[(1)]	**17,671**	**–**	**17,671**	**0.4%**	14,370	–	14,370	–%
Trade receivables – fair value through profit or loss	**1,790**	**–**	**1,790**	**–%**	–	–	–	–%
Environmental bonds	**5,210**	**–**	**5,210**	**–%**	5,287	–	5,287	–%
	24,671	**–**	**24,671**	**0.4%**	19,657	–	19,657	–%
Financial liabilities								
Lease liabilities	**–**	**1,449**	**1,449**	**–%**	–	2,013	2,013	–%
	–	**1,449**	**1,449**	**–%**	–	2,013	2,013	–%

(1) Includes AU$7.5 million restricted use net proceeds from the Company's Placement of shares issued on 22 January 2021.

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

f) Foreign exchange risk

As the Group sells its bullion and gold concentrate in USD and the majority of costs are denominated in Swedish Krona (SEK) and Euro (EUR), an appreciating EUR and SEK, or a weakening USD exposes the Group to risks related to movements in the USD:SEK and USD:EUR exchange rates.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk can be measured by performing a sensitivity analysis that quantifies the impact of different assumed exchange rates on the Group's forecast cash flows.

As part of the risk management policy of the Group, financial instruments (foreign exchange forwards) may be used from time to time to reduce exposure to unpredictable fluctuations in the USD:SEK and USD:EUR exchange rates. Within this context, programs undertaken are structured with the objective of minimising the Group's exposure to these fluctuations.

The value of any financial instruments at any point in time will, in times of volatile market conditions, show substantial variation over the short-term. The facilities provided by the Group's various counterparties do not contain margin calls.

The Company and Group's financial performance is also affected by movements in AUD:SEK and AUD:EUR. In accordance with the requirements of International Financial Reporting Standards, exchange gains and losses on intercompany loans that do not form part of the Company's net investment in foreign operations are recognised in the consolidated statement of profit or loss.

For the year ended 31 December 2022, the Company did not enter or hold any foreign exchange derivatives. At balance date, the Group had the following significant exposure to foreign currencies:

	2022	2021
	AU$'000	*AU$'000*
USD exposure		
Entity with Euro functional currency		
Cash and cash equivalents	**5,645**	6,330
Trade receivables	**20,191**	13,822
Entity with SEK functional currency		
Cash and cash equivalents	**1,821**	26
Trade receivables	**41**	1,192
Trade payables	**(18,413)**	(9,244)
Net USD Exposure	**9,285**	12,126
EUR exposure		
Entity with AUD functional currency		
Cash and cash equivalents	**5**	36
Intercompany loan	**–**	–
Trade payables	**–**	–
Entity with SEK functional currency		
Cash and cash equivalents	**17**	8
Trade payables	**(55)**	(89)
Net EUR Exposure	**(33)**	(45)
AUD exposure		
Entity with EUR functional currency		
Cash and cash equivalents	**364**	364
Trade receivables	**–**	–
Intercompany loan	**–**	(5,934)
Entity with SEK functional currency		
Intercompany loan	**(2,030)**	(25,134)
Trade payables	**–**	(31)
Net AUD Exposures	**(1,666)**	(30,735)
HKD exposure		
Entities with AUD functional currency		
Cash and cash equivalents	**6,659**	6,217
Other receivables	**725**	684
Trade payables	**–**	(6)
Net HKD Exposure	**7,384**	6,895

g) **Commodity price risk**

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group, a variety of financial instruments (such as gold forwards and gold call options) may be used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. For the year ended 31 December 2022, the Company did not enter or hold any commodity derivatives (31 December 2021: nil).

The Group is exposed to commodity price volatility on the sale of gold in concentrate, which is priced on, or benchmarked to, open market exchanges, specifically the London Metal Exchange ("**LME**"). The exposure is outlined as trade receivables – fair value through profit or loss in note 5.

h) **Sensitivity analysis**

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk and foreign exchange risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for the prior year.

31 December 2022		**Interest rate risk –0.25%**		**Interest rate risk +0.25%**	
		Profit	**Equity**	**Profit**	**Equity**
	Note	***AU$'000***	***AU$'000***	***AU$'000***	***AU$'000***
Financial assets					
Cash and cash equivalents	*1*	**(44)**	**(44)**	**44**	**44**
Trade receivables – fair value through profit or loss	*2*	**(4)**	**(4)**	**4**	**4**
Government bonds	*4*	**(13)**	**(13)**	**13**	**13**
Total (decrease)/increase		**(61)**	**(61)**	**61**	**61**

31 December 2021		Interest rate risk –0.25%		Interest rate risk +0.25%	
		Profit	Equity	Profit	Equity
	Note	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Financial assets					
Cash and cash equivalents	*1*	(36)	(36)	36	36
Trade receivables – fair value through profit or loss	*2*	–	–	–	–
Government bonds	*4*	(13)	(13)	13	13
Total (decrease)/increase		(49)	(49)	49	49

31 December 2022		**Foreign exchange –10%**		**Foreign exchange +10%**	
		Profit	**Equity**	**Profit**	**Equity**
	Note	***AU$'000***	***AU$'000***	***AU$'000***	***AU$'000***
Financial assets					
Cash and cash equivalents	*1*	**(749)**	**(749)**	**749**	**749**
Trade and other receivables	*2*	**(2,023)**	**(2,023)**	**2,023**	**2,023**
Intercompany loans	*3*	**(203)**	**(203)**	**203**	**203**
Financial liabilities					
Trade payables		**1,847**	**1,847**	**(1,847)**	**(1,847)**
Total (decrease)/increase		**(1,128)**	**(1,128)**	**1,128**	**1,128**

31 December 2021		Foreign exchange –10%		Foreign exchange +10%	
		Profit	Equity	Profit	Equity
	Note	*AU$'000*	*AU$'000*	*AU$'000*	*AU$'000*
Financial assets					
Cash and cash equivalents	*1*	(640)	(640)	640	640
Trade and other receivables	*2*	(1,501)	(1,501)	1,501	1,501
Intercompany loans	*3*	(3,107)	(3,107)	3,107	3,107
Financial liabilities					
Trade payables		933	933	(933)	(933)
Total (decrease)/increase		(4,315)	(4,315)	4,315	4,315

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

2. Trade receivables include AU$1.8 million (2021: AU$3.1 million) of gold in concentrate and gold doré receivables denominated in USD. After year end, the Company received payment for all USD denominated gold concentrate and doré trade receivables.

3. Intercompany loans are denominated in AUD and SEK. Though these loans are eliminated upon consolidation, changes in the value of the loans due to movements in exchange rates will influence the consolidated result, since exchange gains or losses on intercompany loans that do not form part of a reporting entity's net investment in a foreign operation are recognised in the consolidated statement of profit or loss.

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

i) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility using bank loans and equity raisings. The Company has an AU$12.0 million unsecured loan facility with AP Finance Limited ("**Loan Facility**"). The Loan Facility has an interest rate of 4.0% per annum and expires on 30 June 2024. There have been no drawdowns from the loan facility during the year.

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

	2022	2021
	AU$'000	*AU$'000*
Within one year	**11,046**	7,937
Within a period of more than one year but not exceeding two years	**877**	1,391
	11,923	9,328

Management and the Board monitor the Group's liquidity reserve on the basis of expected future cash flows. The information that is prepared by senior management and reviewed by the Board includes bi-annual cash flow budget and forecasts.

25. SIGNIFICANT EVENTS AFTER YEAR END

On 9 March 2023, the Company increased its unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**") by AU$15.0 million taking the available funding under the Loan Facility to AU$27.0 million. The Loan Facility was increased to assist the Group with the expected payment of various rehabilitation bonds, the exact timing of which are unknown at the date of this announcement, at the Groups operations in Finland and Sweden.

26. PARENT ENTITY DISCLOSURE

	2022	2021
	AU$'000	*AU$'000*
CURRENT ASSETS		
Cash and cash equivalents	**6,684**	6,369
Trade and other receivables	**879**	758
Other assets	**137**	121
TOTAL CURRENT ASSETS	**7,700**	7,248
NON-CURRENT ASSETS		
Property, plant, and equipment	**144**	148
Right-of-use assets	**109**	177
Investment in subsidiaries	**4,478**	4,479
Intercompany loans	**532**	31,069
TOTAL NON-CURRENT ASSETS	**5,263**	35,873
TOTAL ASSETS	**12,963**	43,121
CURRENT LIABILITIES		
Trade and other payables	**6,398**	10,870
Provisions	**225**	275
Interest bearing liabilities	**73**	71
TOTAL CURRENT LIABILITIES	**6,696**	11,216
NON-CURRENT LIABILITIES		
Provisions	**19**	10
Interest bearing liabilities	**41**	111
TOTAL NON-CURRENT LIABILITIES	**60**	121
TOTAL LIABILITIES	**6,756**	11,337
NET ASSETS	**6,207**	31,784
EQUITY		
Contributed equity	**140,424**	140,458
Reserves	**(4,114)**	(583)
Accumulated losses	**(130,103)**	(108,091)
TOTAL EQUITY	**6,207**	31,784

	Contributed Equity *AU$'000*	Accumulated Losses *AU$'000*	Convertible Note Premium Reserve *AU$'000*	Other Reserves *AU$'000*	Total Equity *AU$'000*
At 1 January 2021	133,991	(90,811)	2,068	(1,634)	43,614
Loss for the year	–	(17,280)	–	–	(17,280)
Other comprehensive loss	–	–	–	(983)	(983)
Total comprehensive loss for the year	–	(17,280)	–	(983)	(18,263)
Issue of share net of transaction costs	6,637	–	–	–	6,637
Share buy-back and cancellation	(170)	–	–	(34)	(204)
At 31 December 2021	140,458	(108,091)	2,068	(2,651)	31,784
At 1 January 2022	**140,458**	**(108,091)**	**2,068**	**(2,651)**	**31,784**
Loss for the year	**–**	**(22,012)**	**–**	**–**	**(22,012)**
Other comprehensive loss	**–**	**–**	**–**	**(3,558)**	**(3,558)**
Total comprehensive loss for the year	**–**	**(22,012)**	**–**	**(3,558)**	**(25,570)**
Share cancellation	**(34)**	**–**	**–**	**34**	**–**
Share buy-back transactions	**–**	**–**	**–**	**(7)**	**(7)**
At 31 December 2022	**140,424**	**(130,103)**	**2,068**	**(6,182)**	**6,207**

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 (together referred to as the "**Group**"). Of these subsidiaries, the operating entities are Dragon Mining (Sweden) AB in Sweden and Dragon Mining Oy in Finland. Dragon Mining is an Australian company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

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 crushing, milling and flotation plant ("**Vammala Plant**"), the Jokisivu Gold Mine ("**Jokisivu**"), the Orivesi Gold Mine ("**Orivesi**") which ceased production in June 2019, and the Kaapelinkulma Gold Mine ("**Kaapelinkulma**") which ceased production in April 2021, and the Uunimäki Gold Project ("**Uunimäki**"). 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 tonnes per annum carbon-in-leach processing plant ("**Svartliden Plant**") together with the closed Svartliden Gold Mine (mining completed in 2013), and the Fäboliden Gold Mine ("**Fäboliden**") where a campaign of test-mining was completed in September 2020.

The principal activities of the Group during the year were:

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

There have been no significant changes in those activities during the year.

Health and Safety

Safety is one of the Group's main priorities, and every effort is made to safeguard the health and wellbeing of the Group's employees and contractors, together with the people in the communities in which the Group operates. The Group aims to go beyond what is expected to meet local health and safety legislation. This is not just because the Group cares for the people who work for it, but also because a safe business is operationally sound. The Group's Code of Conduct clearly communicates its commitment towards protecting employee health and safety including conflict resolution and fair dealing.

The Group strives to maintain its safety culture through its leadership team, which delivers a clear safety message to all employees. The Group has well documented safety procedures and visible safety boards located at its operations. Safety inductions to new employees and service agreements for suppliers of goods and services promote the Group's safety culture.

The Group maintains a significant number of health and safety measures, which are implemented upon commissioning of new equipment and monitored by way of periodic inspections. Prior to commissioning, each piece of equipment and machinery is subjected to a start-up check to ensure it meets the safety standards.

The Group reports the Lost Time Injury Frequency Rate ("**LTIFR**") to measure workplace safety and track the Group's implemented safety scheme. Lost Time Injuries ("**LTI**") are injuries that have occurred in the workplace and where an employee requires time off to recover. Calculating the frequency provides a key metric to track over time and compare against peers within the mining industry.

During the year, 3 LTI's occurred at the Group's Finnish operations. At Jokisivu, an employee transporting waste rock collided with the decline wall and injured their shin. At Vammala, a contractor slipped on an icy surface injuring their ribs and an employee injured their hand when it got caught between two iron rails. Vammala and Jokisivu recorded 68 and 60 LTI free days, respectively. In Sweden, Svartliden recorded 2,464 days LTI free and Fäboliden 1,480 days LTI free.

	2022	2021
Lost Time Injury Frequency Rate	**26.9**	9.9

The LTIFR calculation is based on the number of injuries resulting in one lost shift sustained over a specific period per 1,000,000 work hours worked by all employees including sub-contractors over that period.

The Group has not sustained any work-related fatalities at any of its operations since its incorporation.

COVID-19 Pandemic

The majority of previously implemented COVID-19 controls remained in place at all sites during the year 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.

To date, COVID-19 has not significantly disrupted the Group's operations and no adjustments have been made to the Group's financial results for the year. The Group regularly updates its COVID-19 assessment in line with public health advice.

OPERATIONS OVERVIEW

Finland Operations

Vammala Plant

Gold production in Finland decreased by 10.2% compared to the prior year despite a 6.2% increase in ore tonnes milled. The decrease is due to 14.8% lower head grade and a 0.8% difference in process recovery. The lower head grade is partially due to changed rock mechanical conditions that delayed access to the high-grade ore stopes and resulted in stockpiled ore being substituted into the mill feed. Increased ground support and revised work methods will enable the extraction of some of the high-grade ore that was quarantined. The Vammala Plant treated 324,940 tonnes of ore with an average grade of 2.3 g/t gold and achieved a process recovery of 85.9% to produce 21,030 ounces of gold in concentrate. During the year, Vammala mill feed was sourced from Jokisivu.

	Vammala Production Centre	
	2022	2021
Ore mined (tonnes)	**319,535**	359,945
Mined grade (g/t gold)	**2.6**	2.6
Ore milled (tonnes)	**324,940**	305,933
Head grade (g/t gold)	**2.3**	2.7
Process recovery (%)	**85.9%**	86.6%
Gold production (oz)	**21,030**	23,411

Jokisivu Gold Mine

Production tonnes from Jokisivu were sourced from the Main Zone of the Kujankallio deposit and from the Arpola deposit. Total ore mined from Jokisivu was 319,535 tonnes at 2.6 g/t gold; 180,084 tonnes of ore came from ore stopes (2021: 136,279 tonnes) and the remaining 139,451 tonnes of ore came from ore development (2021: 200,871 tonnes).

	Jokisivu Gold Mine	
	2022	2021
Ore mined (tonnes)	**319,535**	337,150
Mined grade (g/t gold)	**2.6**	2.5

During the year, mining at Jokisivu focussed on developing the Arpola and Kujankallio deposits simultaneously. Development of the Jokisivu decline progressed 385 metres from the 588m level to the 639m level.

Kaapelinkulma Gold Mine

Mining activities ceased in April 2021, and all stripping costs incurred during the development phase as part of the depreciable cost of building, developing, and constructing the mine have been fully amortised.

The Group is exploring the possibility of utilising waste rock outside the mine area as an aggregate.

The Group maintains valid exploration tenure at Kaapelinkulma with exploration and evaluation activities in the area resuming during the latter part of the year, with the completion of a 20 hole diamond core drilling campaign targeting the near surface, northerly extensions of the northern gold occurrence at Kaapelinkulma. Further details are provided later in the Exploration Review on page 76.

If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024.

Orivesi Gold Mine

Mining activities at Orivesi ceased in June 2019. The Company is awaiting approval of its Orivesi Closure Plan before it can commence rehabilitation work. Further details are provided later in the Environmental Review on page 81.

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

Uunimäki Gold Project

The Uunimäki Gold Project ("**Uunimäki**") is located 80 kilometres southwest of Tampere in the Satakunta region in southern Finland. The Uunimäki gold occurrence was discovered by the Geological Survey of Finland ("**GTK**") during 2008. It represents an advanced gold opportunity within trucking distance to the Company's Vammala Plant.

The Company made an application for the area in 2020 and was advised by the Finnish Safety and Chemicals Agency ("**Tukes**") that the Uunimäki Exploration Licence was granted on the 11 January 2022. The Tukes decision was subsequently appealed, and the appeal process is ongoing.

Sweden Operations

Svartliden Production Centre

Svartliden is located in northern Sweden, approximately 750 kilometres by road 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 399,676 ounces of gold from the Svartliden Gold Mine, external concentrates up to the end of 2016, and ore from the test-mining campaign at Fäboliden.

Svartliden Plant

During the year, most of the Vammala flotation concentrate was processed at the Svartliden Plant, which has continued to operate at below break-even to ensure the retention of staff and operational facilities in readiness for the resumption of ore processing when full-scale mining at Fäboliden is achieved.

	Svartliden Plant	
	2022	2021
Ore milled (tonnes)	**–**	26,264
Head grade (g/t gold)	**–**	1.9
Ore process recovery (%)	**–**	80.8%
Gold production from ore (oz)	**–**	1,260
Vammala flotation concentrate milled (tonnes)	**4,771**	4,642
Concentrate process recovery (%)	**87.2%**	94.4%
Head grade (g/t gold)	**134.3**	125.9
Gold production from concentrate (oz)	**17,962**	18,992

Fäboliden Gold Mine

Fäboliden is located in northern Sweden, approximately 30 kilometres southeast of the Svartliden Plant. The Company conducted test-mining activities at Fäboliden from May to September 2019 and June to September 2020. During October and November 2021, a further 26,264 tonnes of low-grade stockpiled material remaining on the surface from test-mining, was transported to Svartliden.

The Svartliden Plant has processed 126,238 tonnes of ore from Fäboliden with an average grade of 2.5 g/t gold and a process recovery of 79.9% to produce 8,068 ounces of gold. The processing of Fäboliden ore at the Svartliden Plant was completed in November 2021.

Overburden and pre-stripping costs incurred during the development phase of the test 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. All capitalised costs that related only to test-mining have been fully written off.

The main hearing for the Fäboliden Environmental Permit was held in the Swedish Land and Environmental Court (the "**LEC**") during April 2022. On 28 June 2022, the LEC rejected the Company's application for an Environmental Permit to commence full-scale mining at Fäboliden ("**Ruling**") as a whole, notwithstanding that the Environmental Impact Assessment ("**EIA**") was approved. The Ruling does not affect the standing of the mining concession which remains valid and in place.

On 19 July 2022, the Company lodged an initial appeal to the Environment Court of Appeal (the "**COA**") requesting an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the COA granted the Company's extension request. On 15 December 2022, the Company submitted the full and detailed grounds of appeal to the COA. The Company is expecting a decision from the COA within 4–6 months from the date of submission.

Employees

The total number of employees and contractors of the Group as at 31 December 2022 was 66 (2021: 69). Total staff costs including Directors' emoluments amounted to AU$8.6 million (2021: AU$8.4 million). The Group periodically reviews remuneration packages. The Directors' service fees were reviewed and approved by the Remuneration Committee on 22 November 2022. 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 Group, and prior to each exploration or operational activity.

Environment, and Social and Governance

Dragon Mining has a robust, comprehensive system of corporate governance. The Company views this as essential to the ongoing operation of the Company, and to balancing the interests of the Company's various stakeholders, including shareholders, customers, suppliers, Governments, and the various communities in which the Company operates.

The Group's performance is reported annually and reviewed by the Audit and Risk Management Committee and the Board. Details are outlined in the "Risk Management and Internal Control" section in the Corporate Governance Report included in the Company's published 2022 Annual Report.

The Board retains overall responsibility for the Group's ESG management and is committed to operating in a manner that contributes to the sustainable development of mineral resources through efficient, balanced, long-term management, while showing due consideration for the well-being of people; protection of the environment; and development of the local and national economies in the countries in which the Group operates.

The Group recognises its responsibility for minimising the impact of its activities on, and protecting, the environment. The Group is committed to developing and implementing sound practices in environmental design and management and actively operates to:

- work within the legal permitting framework and operate in accordance with our environmental management systems;
- identify, monitor, measure, evaluate and minimise our impact on the surrounding environment;
- give environmental aspects due consideration in all phases of the Groups mining projects, from exploration through to development, operation, production, and final closure; and
- act systematically to improve the planning, execution, and monitoring, of its environmental performance.

The Company's 2022 ESG Report is available on the Company's website at www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/index.htm under section "Investor" and "ESG Reports" respectively.

Operational Risks

The Group faces operational risks on a continuing 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

LTI, 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**"), with due consideration to evolving scientific knowledge and technology, management practices and community expectations. The Group ensures it maintains compliance with the applicable laws, regulations, and standards of the countries, it operates in by:

(i) improving and monitoring OH&S performance;

(ii) training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;

(iii) communicating and openly consulting with employees, contractors, government, and the community on OH&S issues; and

(iv) developing risk management systems to appropriately identify, assess, monitor, and control hazards in the workplace.

Production

All of the Group's ore production for the year came from Jokisivu. Further delays in the Company's application for an Environmental Permit to commence full scale mining activities at Fäboliden may adversely impact the Company's full year results for 2023.

The process recovery rate and production costs are dependent on many technical assumptions and factors, including the 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 and tonnage. Plant breakdown or availability and throughput restraints 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.

As previously announced, the LEC rejected Dragon Mining's application for an Environmental Permit to commence full-scale mining at Fäboliden ("**Ruling**").

On 19 July 2022, the Company lodged an initial appeal to the COA request an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the Ruling. On 1 August 2022, the COA granted the Company's extension request. On 15 December 2022, the Company submitted the full and detailed grounds of appeal to the COA.

If the Company faces significant delay in the appeal process and 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.

The Environmental Review on page 81 provides updates on rehabilitation and the status of permitting at the Group'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. Such opposition may also have adverse effects on the political climate generally.

The Group is exposed to other risks which include, but are not limited to, cyber-attack, and natural disasters, that 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 using insurance, while actively monitoring the Group's ongoing exposure. In addition, the Group's awareness of the risks from political and economic instability have been heightened by recent geo-political developments in Ukraine, which have contributed to an increase in the costs of some key inputs.

FINANCIAL REVIEW

The Group's operations for the year ended 31 December 2022 returned a profit before tax of AU$4.7 million (2021: profit before tax AU$4.0 million) and a net profit after tax of AU$2.5 million (2021: net profit after tax AU$0.3 million).

Such net profit includes a reduction in income tax expense in Finland and a reduction in Orivesi rehabilitation costs. Movements in the Orivesi rehabilitation provision are recognised directly in the consolidated statement of profit or loss due to the cessation of mining at Orivesi in 2019. The Group's operations in Sweden continued to be carried at below break-even to maintain operational readiness for the anticipated commencement of full-scale mining activities at Fäboliden upon approval of the Company's Environmental Permit application.

Revenue from Customers

The Group sold 20,296 ounces of gold (2021: 20,711 ounces of gold), which delivered a 5.0% increase in revenue from customers of AU$52.5 million (2021: AU$50.0 million). The Group sold gold at an average spot price of US$1,802 per ounce (2021: US$1,800 per ounce).

Cost of Sales

Cost of sales for the year were AU$44.1 million representing a 5.6% increase compared to the previous year (2021: AU$41.8 million). Cost of sales includes mining, processing, other production activities, changes in inventory, and depreciation as follows:

	2022	2021	**% change**
Total gold sold (oz)	**20,296**	20,711	(2.0%)
Total gold produced (oz)	**21,030**	25,694	(18.2%)

Cost of sales	**2022** ***AU$'000***	2021 *AU$'000*	**% change**
a) Mining	**22,228**	22,252	(0.1%)
b) Processing costs	**15,916**	15,242	4.4%
Other production costs	**807**	1,007	(19.9%)
c) Gold inventory movements	**(578)**	(4,081)	(85.8%)
d) Depreciation	**6,800**	5,301	28.3%
Total cost of sales	**45,173**	39,721	13.7%

a) Mining costs remained steady against the previous year despite total ore tonnes mined decreasing by 11.2%. Ore was mined from Jokisivu with the Group's Finnish operations mining 319,535 ore tonnes (2021: 359,945 ore tonnes including ore from Kaapelinkulma) at an average cost of AU$68.96 per ore tonne mined (2021: AU$60.87 per ore tonne mined) representing an increase of 13.3% per ore tonne mined.

b) Group processing costs increased by 4.4% which includes both Vammala and Svartliden. Vammala processing costs were AU$8.4 million (2021: AU$7.3 million) representing an increase of 14.2%. Vammala processed 324,940 ore tonnes (2021: 305,933 ore tonnes) representing an increase of 6.2%. The Vammala processing unit costs were AU$25.74 per ore tonnes milled (2021: AU$23.94 per ore tonne milled), an increase of 7.5%. Svartliden processed 4,771 tonnes of concentrate from Vammala (2021: 4,642 tonnes), an increase of 2.8%.

c) 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. During the year, the net inventory movement resulted in costs of AU$0.6 million being transferred from the consolidated statement of profit or loss to inventory (2021: AU$4.1 million transferred to inventory). Fluctuations in inventory levels and value are a normal part of the Group's business operations which stem from the timing of gold pours, shipments, grade, and ore source impacting leaching and residence times, and inventory valuations.

d) Depreciation is incurred on a unit of production basis and is aligned to mined or milled tonnes over Ore Reserves, dependent on the class of asset.

Gross Profit

The 5.0% increase in revenue from customers compared to the 5.6% increase in cost of sales delivered a 2.1% increase in gross profit for the year of AU$8.4 million (2021: AU$8.3 million) and gross profit ratio of 16.0% (2021: 16.5%).

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.

During the year, the Group spent €0.4 million of the additional €1.5 million (approximately AU$2.4 million) previously recognised for the removal of litter stored between the 66m and 85m underground levels at Orivesi. The additional cost represents 50% of the total cost agreed with Outokumpu. The bulk material was deposited before the Company purchased the mine in 2003 and recommenced mining in 2007. Despite this, other changes in the Orivesi rehabilitation provision resulted in a net decrease. Movements in the Orivesi rehabilitation provision are recognised in Other Expenses directly in profit or loss.

Working Capital, Liquidity and Gearing Ratio

At 31 December 2022, the Group had net assets of AU$60.6 million (2021: AU$60.0 million); a working capital surplus of AU$27.6 million (2021: surplus AU$29.1 million); and a closing market capitalisation of AU$24.6 million or HK$129.7 million (2021: AU$49.0 million or HK$277.0 million). A market capitalisation deficiency compared to net assets is an indication of possible impairment. At the end of each period, the Group performs impairment testing which did not result in any asset impairment write downs for the year.

As at 31 December 2022, the Group had AU$17.7 million in cash and cash equivalents (2021: AU$14.4 million), including AU$7.5 million restricted use net proceeds from the Company's Placement of Shares completed in January 2021. During the year, the Group has funded its activities with positive cash inflows from its Finnish operations.

As at 31 December 2022, the Company's gearing ratio was 2.4% (2021: 3.4%), 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 unsecured AU$12.0 million Loan Facility with AP Finance Limited ("**Loan Facility**"). On 13 December 2022, the Company extended the Loan Facility availability period from 31 December 2023 to 30 June 2024. All other terms and conditions remain unchanged. There have been no drawdowns since balance date. Refer to significant events after year end for changes to the Loan Facility up to the date of this announcement.

Use of Net Proceeds from the Company's Placement

The net proceeds from the Placement in January 2021, were HK$39.6 million (approximately AU$7.5 million at that time), the entire amount will be used to contribute in part, to the funding of the various environmental bonds relating to the Company's operations in Finland and Sweden. The net placing price, after deducting such fees, costs, and expenses, is approximately HK$1.99 per share (approximately AU$0.33 per share at that time) under the Placement.

Purpose	**Proposed use of proceeds** *HK$ Million*	**Purpose of proceeds expressed as % of net proceeds** *%*	**Actual amount utilised from 22 Jan 2021 to 31 Dec 2021** *HK$ Million*	**Unutilised as at 31 Dec 2022** *HK$ Million*	**Revised expected timeline for the unutilised amount**
Fund environmental bond obligations	$39.6	100%	–	$39.6	To be utilised by 30 June 2023

The Company operates a number of assets in both Finland and Sweden each with its own requirement for environmental bonds. As at 31 December 2022, 100% of the net proceeds remain available to fund the Group's environmental bond obligations for its operations in Finland and Sweden.

The net proceeds were initially expected to be used within 12-months from the Placement completion date. The reason for revising the expected timeline for the unutilised amount is that the Company has appealed each of the bonding requirements for the reduction of the quantum of the environmental bonds, while certain third parties have also appealed some of the bonding requirements but arguing the quantum should be increased instead. As at 31 December 2022, the various appeal proceedings were on-going and therefore the net proceeds were not yet utilised to fund the Group's environmental bond obligations.

The revised expected timeline for the unutilised amount is subject to the actual time taken for the appeals to be processed, as well as the final adjudication by the courts on the deadline for the Group to settle the payment for the environmental bonds. To the best estimates of the Company, based on its experience with the time to process appeals in the environmental courts in Finland and Sweden, the Company expects the majority of the appeals would have proceeded by mid-2023. Based on the above and subject to any subsequent further appeals to be made by the Company and/or third parties, it is anticipated that the net proceeds of HK$39.6 million (approximately AU$7.5 million) will be utilised by 30 June 2023.

On receipt of confirmation from the relevant environmental courts in Finland and Sweden, the Company will update its shareholders as and when appropriate if there are material developments on the usage of the proceeds of the Placement.

Financial Risks

The following is a summary of the Company's financial risk management policies, the full details of which are provided in note 24 of the consolidated financial statements. Details of the Company's Financial Risk exposures are provided as follows:

Foreign Exchange

The Company sells its bullion and gold concentrate in USD. Most of its costs are denominated in SEK and EUR, 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 year.

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 obligations to make payment on its financial liabilities as and when they fall due. The Company maintains a balance in its approach to funding using 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 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, 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

Other than the right-of-use assets which are subject to lease, there were no charges on the Company's assets as at 31 December 2022 and 31 December 2021.

Contingent Liabilities

As at 31 December 2022, the Group has disclosed its contingent liabilities at note 22 of the consolidated financial statements.

Company Strategy and Future Developments

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 process plants in Vammala, Finland and Svartliden, Sweden. The Company operates with a long-term business strategy to operate responsibly considering 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 process plants; (ii) development of new projects consistent with the Company's objective, such as the Group's newest operations at Fäboliden; and (iii) attention to the Company's corporate governance and social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operates.

On 19 July 2022, the Company lodged its initial appeal to the COA requesting an extension of time until 15 December 2022 to submit the full and detailed grounds of appeal on the LEC Ruling. On 15 December 2022, the Company submitted the full and detailed grounds of appeal to the COA. A decision from the COA is expected to be made within 3–6 months of the appeal submission date. If the COA grants leave to appeal, the Company will lodge the detailed appeal and obtain a date for a court hearing.

At Orivesi, the Company expects to complete the clean up activities with Outokumpu during 2023.

During the year, the Company completed the repurchase of 47,000 shares in the Company (the "**Shares**") pursuant to the Buy-back Mandate granted by shareholders of the Company at the annual general meeting held 23 May 2022 ("**AGM**"), to buy-back the Shares in the open market at approximate timing (the "**Proposed Share Buy-back**"). Pursuant to the Buy-back Mandate, the Company is allowed to buy back up to 15,817,361 Shares, being 10% of the total number of issued Shares as at the date of the AGM. The Company will carry out the Proposed Share Buy-back in compliance with the constitution of the Company, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Buy-backs, the Corporations Act 2001 (Cth) in Australia and all other applicable laws and regulations to which the Company is subject to.

Dividends

No dividend has been paid or declared since the commencement of the year and no dividend has been recommended by the Directors for the year ended 31 December 2022 (2021: nil).

Annual General Meeting

The forthcoming Annual General Meeting ("**AGM**") will be held on 22 May 2023. A notice convening the AGM and all other relevant documents will be published and dispatched to shareholders of the Company.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on 22 May 2023, the registers of members of the Company will be closed from Wednesday, 17 May 2023 to Monday, 22 May 2023, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 16 May 2023 (Hong Kong time).

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

Other than those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates, or joint ventures during the year. 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 year ended 31 December 2022, the Company repurchased a total of 47,000 shares of the Company on the Stock Exchange at an aggregate consideration (before expenses) of HK$37,520 (approximately AU$7,195). At 31 December 2022, 2,000 of the repurchased shares were cancelled. The remaining 45,000 repurchased shares were cancelled after year end. Having considered the present share price and the available financial resources of the Company, the Directors are of the view that the share buy-back and the subsequent cancellation of the bought-back shares should enhance the value of the shares and are in the interests of the Company and the shareholders as a whole.

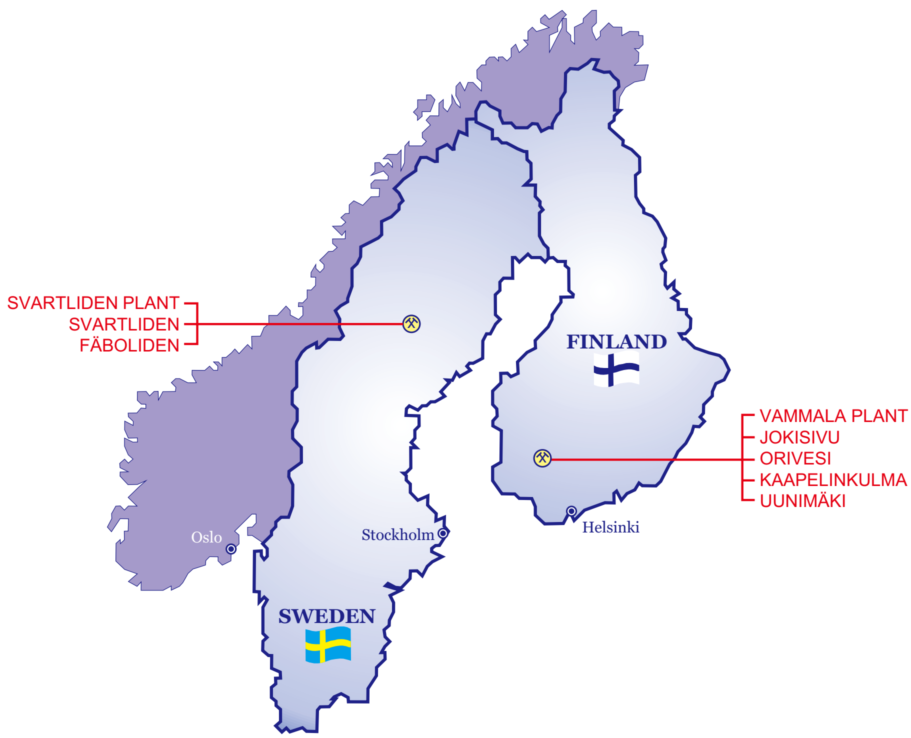
Month	**Number of Shares repurchased**	**Purchase price per Share**		**Aggregate consideration (before expenses)**
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*(HK$)*
December	47,000	0.82	0.75	37,520
Total	**47,000**			**37,520**

Significant Events after Year End

On 9 March 2023, the Company increased its unsecured AU$12.0 million loan facility with AP Finance Limited ("**Loan Facility**") by AU$15.0 million taking the available funding under the Loan Facility to AU$27.0 million. The Loan Facility was increased to assist the Group with the expected payment of various rehabilitation bonds, the exact timing of which are unknown at the date of this announcement, at the Groups operations in Finland and Sweden.

ADVANCED PROJECTS AND EXPLORATION REVIEW

Dragon Mining is an established gold producer that holds a portfolio of prospective projects in Sweden and Finland. Since first entering the Nordic Region in 2000, the Company has successfully brought into operation a series of open-cut and underground gold mines that have produced over 800,000 ounces of gold over the past seventeen years. This has been achieved through the Company's ongoing commitment to actively explore its project holding to preserve and grow the Company's production profile.



Project Location

During 2022, the Company continued to advance exploration activities principally on two projects with drilling campaigns completed at the Jokisivu Gold Mine ("**Jokisivu**") and the Kaapelinkulma Gold Mine ("**Kaapelinkulma**").

In Finland, 63 diamond core drill holes were completed during the year totalling 9,312 metres (2021 – 69 diamond core holes for 10,075 metres).

In addition to drilling, the Company also received final results for drilling campaigns completed in late 2021 at Jokisivu, the results of an integrated review and targeting exercise of available geophysical datasets that cover the Fäboliden Gold Mine ("**Fäboliden**") project area and the results of an archaeological survey over the Uunimäki Gold Project ("**Uunimäki**").

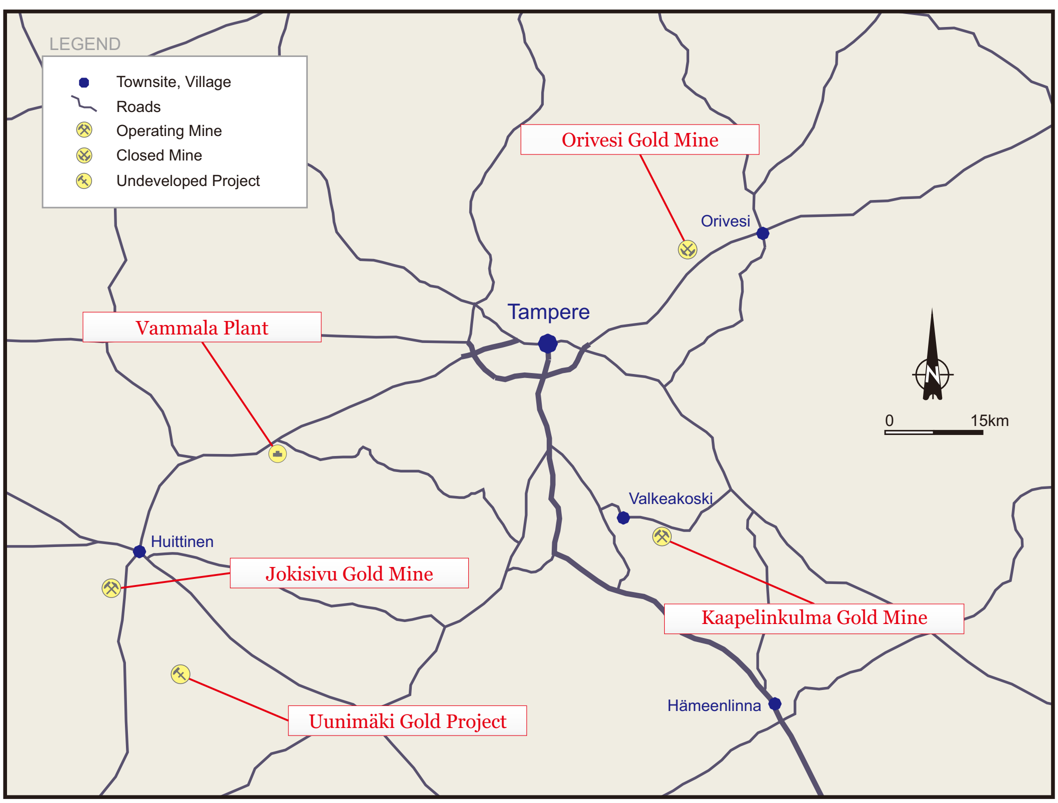
The information in this review that relates to exploration activities has been taken from announcements previously released to the Stock Exchange of Hong Kong Limited ("**HKEx**") on:

- 6 April 2022 – Update on Exploration Activities in Southern Finland.
- 9 February 2023 – Jokisivu Continues to Return Encouraging Intercepts.

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

Exploration Finland

In southern Finland, approximately 165 kilometres northwest of the Finnish capital Helsinki, the Company holds a series of projects that encompass a total area of 6,390 hectares that collectively form the Vammala Production Centre ("**VPC**"). The VPC includes the centrally located Vammala Plant, a 300,000 tonnes per annum conventional crushing, milling and flotation facility, the operational Jokisivu gold mine, Kaapelinkulma where mining ceased in April 2021, Orivesi where mining ceased in 2019 and Uunimäki.



Vammala Production Centre

Jokisivu Gold Mine

At Jokisivu, 43 underground diamond core drill holes were completed during 2022 for an advance of 7,658 metres (2021 – 56 holes, 9,396 metres). Drilling was primarily directed at the Arpola area targeting the:

- depth extensions of the Arpola Footwall, Main and Hanging Wall Zones between the 400m and 450m levels ("**Campaign 1**" – 4 holes, 793.50 metres);
- Osmo Zone between the 250m and 300m levels ("**Campaign 2**" – 6 holes, 1,015.90 metres);
- Arpola Footwall Zone between the 250m and 300m levels ("**Campaign 3**" – 18 holes, 3,210.35 metres);
- Arpola Flying Squirrel Zone between the 230m and 300m levels ("**Campaign 4**" – 6 holes, 1,184.60 metres);
- Arpola Main Zone between the 250m and 330m levels ("**Campaign 5**" – 3 holes, 519.50 metres);
- Arpola Flying Squirrel Zone between the 230m and 300m levels ("**Campaign 6**" – 3 holes, 508.25 metres);
- Arpola Main Zone between the 380m and 420m levels ("**Campaign 7**" – 1 hole, 157.90 metres); and
- Arpola Hanging Wall Zone between the 380m and 420m levels ("**Campaign 8**" – 2 holes, 268.40 metres).

Final results have been received for 34 of the 43 holes drilled by the end of 2022, returning a series of significant intercepts above 1 g/t gold. Better intercepts received include 2.05 metres @ 19.47 g/t gold from Campaign 1; 21.45 metres @ 4.11 g/t gold, 19.70 metres @ 4.17 g/t gold and 8.00 metres @ 6.34 g/t gold from Campaign 2; 2.60 metres @ 57.31 g/t gold, 4.40 metres @ 7.88 g/t gold, 9.00 metres @ 3.37 g/t gold, 2.60 metres @ 23.11 g/t gold, 2.80 metres @ 20.21 g/t gold, 5.10 metres @ 9.57 g/t gold, 6.00 metres @ 6.98 g/t gold, 5.00 metres @ 6.05 g/t gold from Campaign 3; and 1.00 metre @ 24.7 g/t gold and 0.50 metres @ 69.7 g/t gold from Campaign 4. Results for Campaigns 5 to 8 were still pending at the end of 2022.

During 2022, the Company reported results for the final two diamond core drilling campaigns that were completed at Jokisivu in 2021. Results reported were for a 7 hole, 1,185.00 metre campaign that was directed at the Kujankallio Main Zone from the 560m level ("**2021 Campaign 5**") and a 9 hole, 2,151.80 metre campaign that targeted the Arpola area between the 300m and 350m levels from drill stations located on the 350m level ("**2021 Campaign 6**"). These campaigns each returned a number of significant intercepts above 1 g/t gold, including 5.25 metres @ 7.71 g/t gold, 10.50 metres @ 5.04 g/t gold, 3.00 metres @ 9.00 g/t gold, and 1.20 metres @ 26.35 g/t gold from 2021 Campaign 5. 2021 Campaign 6 returned 0.75 metres @ 113.00 g/t gold, 3.90 metres @ 6.64 g/t gold, 13.70 metres @ 6.76 g/t gold and 2.00 metres @ 37.75 g/t gold.

All results received throughout 2022 aligned well with expectations, further defining the extent and geometry of the targeted mineralised zones in readiness for Mineral Resource and Ore Reserve updates.

Drilling has now recommenced at Jokisivu on the first of a series of campaigns for 2023. The initial campaigns will be directed at the Arpola area.

Kaapelinkulma Gold Mine

Drilling at Kaapelinkulma resumed during the latter part of the year, with the completion of a 20 hole diamond core drilling campaign targeting the near surface, northerly extensions of the northern gold occurrence at Kaapelinkulma.

Results have been received from seven holes to date.

Orivesi Gold Mine

On 4 March 2022 the Company lodged an application for a new Exploration Licence in the Orivesi area. The application covers an area of 130.94 hectares and encompasses a series of coincident geophysical anomalies in close proximity of the Koukkujärvi copper-zinc mineral occurrence, approximately 4.5 kilometres east of the Orivesi Gold Mine.

Uunimäki Gold Project

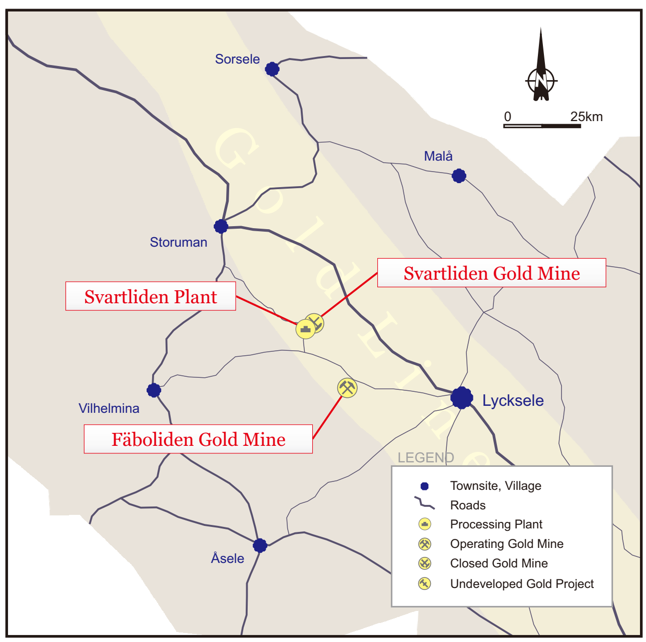
The Company applied for a new Exploration Licence covering 89.22 hectares and encompassing the Uunimäki gold occurrence in southern Finland during 2020. The Company was advised by the Finnish Safety and Chemicals Agency ("**Tukes**") that the Exploration Licence had been granted on the 11 January 2022 and is now subject to an appeal against Tukes decision to grant.

As part of the granting process, the Company arranged for an archaeological survey to be undertaken over the Exploration Licence area. The archaeological survey report was received at the end of 2022 advising that two different kinds of structures were identified in the survey area, but in areas some distance away from the Company's immediate interest.

Uunimäki represents an advanced gold opportunity that has previously been subjected to diamond core drilling (36 holes, 3,424 metres) and other exploratory activities including ground geophysical surveys and geochemical till surveys by the Geological Survey of Finland. Upon the Exploration Licence becoming legally valid, the Company will look to determine if the identified zones of higher-grade gold mineralisation within the Uunimäki mineralised system occurs at tonnage levels that could potentially be amenable to mining, and processing at the Company's Vammala Plant.

Exploration Sweden

In northern Sweden, the Company holds 2,818.46 hectares of tenure that collectively is known as the Svartliden Production Centre ("**SPC**"). Located 750 kilometres north of Stockholm, the SPC includes the Svartliden Plant, a 300,000 tonne per annum conventional comminution and carbon in leach ("**CIL**") plant, the Fäboliden Gold Mine ("**Fäboliden**") and the closed Svartliden Gold Mine ("**Svartliden**").



Svartliden Production Centre

Fäboliden Gold Mine

Independent consultants Resource Potentials Pty. Ltd. ("**ResPot**") in Western Australia completed an integrated review and targeting exercise of available historical geophysical datasets that cover the Fäboliden project area. This exercise represented the first of this nature to be undertaken incorporating data from detailed airborne magnetic, radiometric and frequency-domain electromagnetics surveys and IP and Slingram ground surveys over Fäboliden.

The study identified a series of targets that remain untested or under tested, prioritising these on a scale from 1 to 3. Priority 1 and 2 targets were identified where magnetic and conductive pyrrhotite mineralisation in flexure zones generated from dextral shearing occur and that have coincident anomalous geochemical results. Targets classified as Priority 3 did not meet all the criteria.

As a result of the study, the Company made application for a 959 hectare Exploration Permit in the Fäboliden area adjoining the Company's existing holding and encompassing portions of the targets identified in the study. The Company will look to advance exploration in these areas in the coming years.

Svartliden Gold Mine

The Company lodged application for a new Exploration Permit in the Svartliden area during the year. Encompassing areas previously held by the Company, the 813 hectare application secures identified targets and prospective geology as application activity by competitor companies has recently increased in the area.

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 its 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 Company has previously advised that the Regional State Administration Agencies ("**AVI**") had issued a new Environmental Permit to process 300,000 tonnes per annum ore at Vammala. The Permit contains new crushing conditions, which the Company appealed to the Vaasa Administrative Court ("**VAC**") on 20 April 2020.

On 2 June 2022, a decision was received from the VAC giving the Company permission to crush ore at Vammala during the week and weekends provided that the groundwater effects of the tailings area were monitored. The VAC also requested that the environmental bond needed to be increased to include surface structures for the tailings area.

The Company submitted a leave to appeal against two of the VAC rulings. A decision from the Supreme Court is expected in early 2023.

During the year, the update of the discharge water monitoring program was completed by external consultants KVVY Tutkimus Oy ("**KVVY**"), and the groundwater monitoring plan was completed by Finnish consultants Envineer Oy ("**Envineer**"). The groundwater monitoring plan was submitted to the Pirkanmaa Centre for Economic Development, Transport, and the Environment ("**PIR ELY**") for approval in December 2022 and January 2023. Approval of the discharge water monitoring and groundwater monitoring plans had not been received at the date of this announcement.

During the year, several flow meters, data loggers and two measuring wells were installed at the Vammala mill water cycle and two continuous pH-sensors were installed at the discharge water monitoring points by EHP Environment Oy ("**EHP**"). Piping of the mill water from the pumping station to the Horvelo area was completed. In line with the Company's environmental plan, construction of embankments and a fence around the Horvelo pond were installed along with a new measuring well. The construction work was completed in October 2022 and process waters are now separated from natural surface runoff waters.

On 22 October 2022, the ELY conducted their annual inspection of Vammala and requested the Company update the Vammala precautionary plan. The Company lodged the updated plan with ELY on 14 November 2022.

Orivesi Gold Mine

The Company has previously advised that its closure plan for the Orivesi mine was submitted to AVI for approval. In January 2022, AVI granted the Company additional time to provide its responses to statements and opinions received during 2021. The Company's response was submitted to AVI on 28 February 2022. The Natura screening study commenced in February 2022 by external consultants AFRY Oy ("**AFRY**"). The screening study includes water estimation and modelling work for the phases when the mine is full of water and diverted into Lake Ala-Jalkajärvi, and how it will affect downstream into the Natura area. Expected completion of the Natura screening study is early 2023.

The Company has previously announced the presence of litter stored between the 66m and 85m levels. The bulk of the material was deposited before the Company purchased the mine in late 2003 and recommenced mining in 2007.

In May 2022, the Company, and Outokumpu Mining Oy ("**Outokumpu**") signed a collaboration agreement to remove the litter. Work according to the workplan to remove litter stored between the 66m and 85m levels commenced with external consultants, YIT Suomi Oy ("**Suomi**"), commencing sitework during the first week of August 2022.

In early September 2022, the main contractor completed the decline and 66m level ground supporting and repair works including scaling, road reconstruction and meshing and bolting where required. The decline was repaired to the 85m level and all necessary mine infrastructure reconstruction works were completed. The diamond drilling program continued to check geotechnical conditions of the pillar above the 66m level and the area closest to the stope between 66m-85m levels. Development of the new tunnel commenced in December 2022 and completion is estimated in February 2023. The new tunnel is being developed to the bottom of the 66m-85m stope so that stope material can be safely removed. The emptying phase of the stope is estimated between April and July 2023.

There has been no discharge water from the mine site since mid-2019 resulting in a measurable decrease in nitrogen concentration in nearby lake Ala-Jalkajärvi. The Ala-Jalkajärvi Lake water has a pH of approximately 7, which reduces the harmful effects of metals. The metal concentrations in Lake Ala-Jalkajärvi have decreased significantly in recent years and the effect is also gradually being reflected in the metal concentrations in the downstream Lake Peräjärvi.

Jokisivu Gold Mine

On 15 February 2021, the Company received the new Environmental Permit from AVI. The Environmental Permit included a significant, but not unexpected bond increase of 3.4 million EUR (approximately AU$5.4 million) and a few new conditions, which will be difficult to achieve. On 26 March 2021, the Company submitted an appeal to the Administrative Court in relation to Environmental Permit Order 16, which required the waste rock area to be partially landscaped before the completion of mining operations. On 27 January 2023, the decision from the VAC overruling the updated Environment Permit, except for one amendment to the Permit Order 22 reducing the bond amount to 2.8 million EUR (approximately AU$4.3 million), was received. According to the VAC, the Environmental Permit update was overruled as they considered AVI did not have sufficient technical information available to issue a revised Environmental Permit. The VAC has now returned their ruling pertaining to the Environmental Permit update back to AVI.

The Jokisivu flying squirrel mapping study was undertaken on 11 and 12 May 2022 by AFRY Oy ("**AFRY**") and their report was received 24 October 2022. Results of the study showed that there is a viable population of flying squirrels in the area. The AFRY report recommends the installation of new flying squirrel huts and repairing of the old huts located within the area. The Installation of the new huts will be undertaken during the spring/summer season of 2023. A similar mapping study was undertaken in 2018.

The Geological Survey of Finland ("**GTK**") was contacted regarding the possibility of utilising Jokisivu waste rock outside of the mine site area. GTK responded on 7 November 2022 advising with recommendations going forward, that portion of the Jokisivu waste rock was thought to have utilisation potential outside of the mining area but additional sampling will be required along with a more detailed study on the occurrence of various waste rock types. It is anticipated that the Company will report to Southwest Finland Centre for Economic Development, Transport, and the Environment ("**VAR ELY**") and ELY Lapland in the early part of 2023.

Noise measurements were taken on 11 July 2022 by Forcit Consulting Oy ("**Forcit**") during the ore crushing campaign. Based on the results, the noise levels are below the limit value of 55 dB at all measuring points. The final report was sent to VAR ELY.

Kaapelinkulma Gold Mine

On 28 January 2021, the Kaapelinkulma closure plan was submitted to PIR ELY. On 4 March 2021, the Company received a statement from PIR ELY requesting supplementary information, which was provided by KVVY and Envineer, and included in the Company's response to PIR ELY on 28 April 2021.

The Company is continuing exploration activities in the area with a view to recommencing mining operations and is investigating the possibility of utilising the waste rock outside the mine area. Changes to the current Environmental Permit are required before the recommencement of mining activities. If exploration results are unsuccessful, rehabilitation works are expected to commence in 2024. PIR ELY confirmed the supplemented closure plan is now in compliance with the Environmental Permit and no further supplements are needed. PIR ELY also confirmed the research plan for contaminated soils that was prepared by Envineer has been accepted. Planned activities would also commence in 2024 in line with the closure plan.

The sediment sampling report from Kaapelinkulma ditch monitoring points and lake Vallonjärvi bottom sediment point for 2021 was received on 7 October 2021 from KVVY. Metal concentrations in the sediments of the ditch points were mainly low and corresponded to the natural level, except for the ditch point below the mine (OP2), where the arsenic content of the sediment had increased from the natural level. Also, at the downstream ditch point of the Vallonoja (OP3), the concentrations of zinc and lead in the surface sediment were higher than the level estimated to be natural. Preliminary sediment monitoring was carried out before the start of mining operations in 2017. Compared to 2017, the mercury and uranium content of the sediment had increased in the area below the mine at ditch OP2, but concentrations were still at the level estimated to be natural at all observation sites, except at ditch point OP3. As a rule, elemental concentrations were higher in Lake Vallonjärvi than in ditch points. In Lake Vallonjärvi chromium, copper, nickel, and zinc were found to be higher than the background level and the levels were higher than in 2017. Lake Vallonjärvi sediment reflects the load flowing from the entire catchment area. The next sediment survey will be conducted in 2024.

On 18 November 2022, GTK finalised their report on the possibility of utilising waste rock outside the mine area. GTK responded, advising Kaapelinkulma's waste rock was estimated to have utilisation potential outside of the mining area, however due to elevated arsenic content it will need further investigation. The Company plans to carry out additional detailed studies and sampling of different waste rock types in the waste rock stockpiling area during 2023. GTK's report has been sent to PIR ELY and ELY Lapland. The Ministry of Economic Affairs and Employment of Finland has commenced a project on the mine waste circular economy to save the natural environment, which forms part of the national circular economy program. The program is coordinated by ELY Lapland.

Sweden

Svartliden Rehabilitation Plan (U3)

The Company has previously announced that work to update the Svartliden Rehabilitation Plan ("**Closure Plan**") was submitted to the Swedish Land and Environment Court ("**LEC**") in April 2017. In May 2018, the Company updated the Closure Plan cost assessment and provided its responses to comments received from the Environmental Protection Agency ("**EPA**") and the County Administrative Board ("**CAB**"), both of whom considered 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 the LEC. On 3 September 2019, delivered its rulings on each of the matters. On 18 November 2019, the Company lodged an appeal in the Environment Court of Appeal ("**COA**") against the following rulings by the LEC:

- the 41.0 million SEK (approximately AU$6.4 million) additional collateral security being requested;
- 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.

On 21 February 2021, the Company submitted its responses to statements issued by the CAB, EPA and Vapsten reindeer herders to the COA. The main hearing in the COA was held on 21-22 September 2021. On 25 February 2022, the COA determined further studies are required to reduce the level of uncertainty in the investigations before it can consider the EPA request for additional collateral security. The COA decision was appealed by the Company to the Supreme Court on 25 March 2022. The Supreme Court denied leave to appeal on 20 September 2022, whereby the COA decision gained legal force and the rehabilitation plan items have been sent back to the LEC. There have been no further developments as at the date of this announcement.

As at 31 December 2022, the Company has not recognised the additional rehabilitation costs nor deposited the associated security required by the LEC for an engineered cover to the entire waste rock area on the basis that the Company has assessed that any fundamental change to the acid forming characteristics of the NAF waste rock is not probable.

Svartliden Conditions of Tailings Depositions (U1)

On 3 September 2019, the LEC approved the Company's application to deposit tailings into the Svartliden open-pit to +441 meters above sea level subject to the Company's other permit conditions, which excludes the deposition of tailings from full-scale mining at Fäboliden. As a result, the Company is applying to change the permit to include the deposition of tailings from full-scale mining at Fäboliden. A contingent liability in relation to the Group's Svartliden rehabilitation provision has been disclosed in note 22 of this announcement.

Svartliden Change Permit for Fäboliden Ore Processing

The Company submitted its EIA with the change permit application to the LEC on 30 June 2021. The LEC thereafter requested supplementary information, which was submitted on 1 November 2021. The CAB, EPA, Vapsten reindeer herders and Lycksele Municipality has thereafter submitted further questions in August 2022. The Company submitted its responses to the LEC on 15 November 2022.

Svartliden Permit Conditions (U2)

In April 2018, the Company submitted an additional investigation report proposing changes to the final permit conditions for the clarification pond discharge limits to the LEC. 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 LEC provided additional rulings on clarification pond discharge limits that remained consistent with the existing permit conditions.

On 16 December 2019, the COA 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.

On 21 February 2021, the Company submitted its responses to statements issued by the CAB, EPA and Vapsten reindeer herders to the COA. The main hearing in the COA was held 21-22 September 2021. The COA ruling was postponed from 22 November 2021 to 25 February 2022. On 25 February 2022, the COA determined that the permit levels will be set according to the Ruling from the LEC. The Company appealed the COA decision to the Supreme Court on 25 March 2022. The Supreme Court denied leave to appeal on 20 September 2022, whereby the COA decision gained legal force.

Fäboliden Environmental Permit

On 1 December 2017, the Company was granted an Environmental Permit to conduct test-mining activities at Fäboliden. The Company's test-mining operations were completed during September 2020 whereby all test-mining activities ceased as per the Environmental Permit. The Company submitted a request to the CAB on 19 August 2021 to transport and process up to 29,000 tonnes of marginal low grade waste rock from the test-mining stockpiles in Fäboliden. The CAB confirmed the request on 3 September 2021. Transport and processing was successfully carried out during October to December 2021. As a result, the environmental impact associated with the waste rock dump in Fäboliden has reduced.

The Company is actively pursuing environmental approval of its application for full-scale mining activities at Fäboliden, which was submitted to the LEC in July 2018. On 4 April 2020, the application was publicly announced, and the Company submitted its responses to statements issued by the CAB and other stakeholders on 5 March 2021. Following this, additional information was deemed necessary by the CAB and as a result further field work and investigations were conducted during the remainder of year and submitted 8 December 2021. The LEC had preliminarily booked the main hearing for week 11, commencing 14 March 2022.

On 11 March 2022, the Company was informed that the main hearing had been postponed due to Covid infection of several court members. The main hearing was held during April 2022. No material problems were indicated by the LEC or the CAB who stated that the permit is permissible based on their suggested permit conditions.

On 28 June 2022, the LEC rejected the Group's Environmental Permit application for full-scale mining at Fäboliden, despite approving the EIA. The LEC cited the impact ore transports may have on reindeer herding and property owners along the public road. The LEC questioned the necessity of gold mining versus reindeer herding. Some species protection issues were raised, and the LEC stated that the water quality and discharge limit investigations were difficult to understand.

Having obtained legal advice, the Company submitted its detailed appeal to the COA on 15 December 2022. The Company anticipates it will take approximately 3–6 months for the COA to make its decision.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 year, the Company applied the principals of, and complied with, the applicable code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code under Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit and Risk Management Committee consists of three Independent Non-Executive Directors. The Audit and Risk Management Committee has reviewed the annual results of the Company for the year ended 31 December 2022, including the accounting principles and practices adopted by the Company. The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's Auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements. The work performed by the Company's Auditors in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Audit and Assurance Standards Board and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

PROPOSED ADOPTION OF THE NEW CONSTITUTION

In order to conform to the core shareholder protection standards as set out in Appendix 3 of the Listing Rules and provide flexibility to the Company in relation to the conduct of general meetings, the Board proposes to amend the existing Constitution of the Company. The Board proposes to adopt a new set of Constitution in substitution for, and to the exclusion of, the existing Constitution, which is subject to the approval of the shareholders of the Company by way of a special resolution at the AGM. A summary of the major proposed amendments is set forth below:

(1) to reflect the current applicable laws of the Listing Rules (including the core shareholder protection standards as set out in Appendix 3 of the Listing Rules) and Australia;

(2) to allow general meetings to be held as hybrid or virtual meetings where shareholders of the Company may attend by means of electronic facilities in addition to as physical meetings where shareholders of the Company attend in person;

(3) to set out other related powers of the Board and the chairman of the general meetings, including making arrangements for attendance as well as ensuring the security and orderly conduct of such general meetings; and

(4) to make other minor consequential and tidying-up amendments for house-keeping purposes.

A circular containing, among other things, an explanation of the effect of the proposed amendments and the full terms of the proposed amendments, together with the notice of the AGM, will be despatched to shareholders of the Company in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 www.dragonmining.com and www.irasia.com/listco/hk/dragonmining/. The Company's Annual Report for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and published on the above websites in due course.

On behalf of the Board
Dragon Mining Limited
Arthur George Dew
Chairman

Hong Kong, 9 March 2023

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

* *for identification purpose only*