



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)

Stock Code: 1712

PUBLIC OFFER

Sponsor

ALTUS CAPITAL LIMITED

Joint Lead Managers



結好證券有限公司
GET NICE SECURITIES LIMITED



光大新鴻基
EVERBRIGHTSUNHUNGKAI

* For identification purpose only

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



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DRAGON MINING
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Dragon Mining Limited

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(Incorporated in Western Australia with limited liability)

PUBLIC OFFER

Number of Offer Shares : 50,000,000 Shares
Offer Price : HK\$2.03 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : Not applicable
Stock code : 1712

Sponsor

ALTUS CAPITAL LIMITED

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GET NICE SECURITIES LIMITED



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

A copy of this prospectus, together with the documents specified under the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

Prior to making investment decisions, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk factors" of this prospectus.

Prospective investors of the Public Offer should note that Get Nice Securities (for itself and on behalf of the Underwriters) is entitled to terminate the Underwriting Agreement by giving a notice in writing to our Company upon the occurrence of any of the events set out under the paragraph headed "Grounds for termination" in the section headed "Underwriting" of this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should Get Nice Securities (for itself and on behalf of the Underwriters) terminate the Underwriting Agreement, the Public Offer will not proceed and will lapse.

This prospectus does not constitute a disclosure document under Chapter 6D.2 of the Australian Corporations Act; and has not been, and will not be, lodged with ASIC, as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Australian Corporations Act. Neither this prospectus nor any other document or material in connection with the offer of sale or invitation for subscription or purchase, of any securities offered under this prospectus or such material may be circulated or distributed, nor may any of those securities be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Australia other than pursuant to offers that do not need disclosure to investors under Sections 708 or 708A of the Australian Corporations Act. The securities offered by this prospectus may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the securities may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any securities may be distributed in Australia. We do not issue this prospectus or any of the securities offered by this prospectus with the purpose of the person to whom they are or may be issued, or any person acting on their behalf, selling or transferring the securities, or granting, issuing or transferring interests in, or options over, them.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to the registration requirements under the U.S. Securities Act or an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are only being offered and sold outside the United States in offshore transactions in accordance with Regulation S.

All capitalised terms used in this section have the same meanings as those defined in this prospectus.

* For identification purpose only

18 October 2018

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Public Offer, we will issue an announcement in Hong Kong on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.dragonmining.com.

2018^(Note 1)

Suspension of trading of Shares on ASX	Wednesday, 17 October
Delisting of Shares from ASX on	Friday, 19 October
Latest time for completing electronic applications under the White Form eIPO service through the designated website www.eipo.com.hk ^(Note 2)	11:30 a.m. on Tuesday, 23 October
Application lists of the Public Offer open ^(Note 3)	11:45 a.m. on Tuesday, 23 October
Latest time for lodging WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC ^(Note 4)	12:00 noon on Tuesday, 23 October
Latest time to complete payments for White Form eIPO applications by effecting internet banking transfer or PPS payment transfer(s)	12:00 noon on Tuesday, 23 October
Application lists of the Public Offer close ^(Note 3)	12:00 noon on Tuesday, 23 October
Announcement of (i) the level of applications in the Public Offer; and (ii) the basis of allotment of the Offer Shares under the Public Offer to be published on the website of our Company at www.dragonmining.com and the website of the Stock Exchange at www.hkexnews.hk on	Friday, 2 November
Results of allocation in the Public Offer will be available at www.iporesults.com.hk (alternatively: English https://www.eipo.com.hk/en/Allotment ; Chinese https://www.eipo.com.hk/zh-hk/Allotment) with a "search by ID" function from	Friday, 2 November
Announcement of results of allotment of the Public Offer (with successful Applicants' identification document numbers, where applicable) available through a variety of channels as described in the paragraph headed "Publication of results" in the section headed "How to apply for the Offer Shares" of this prospectus from	9:00 a.m. on Friday, 2 November

EXPECTED TIMETABLE

Despatch/collection of share certificates and/or **White Form** e-Refund payment instructions/refund cheques on or before ^(Notes 5, 6) Friday, 2 November

Dealings in the Shares on the Stock Exchange to commence at 9:00 a.m. on Monday, 5 November

Notes:

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Public Offer, including its conditions, are set out in the section headed “Structure and conditions of the Public Offer” of this prospectus.
- (2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a ‘black’ rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 23 October 2018, the application lists will not open or close on that day. Further information is set forth in the paragraph headed “Effect of bad weather on the opening and closing of the application lists” in the section headed “How to apply for the Offer Shares” of this prospectus.
- (4) Applicants who apply for the Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed “Applying by giving electronic application instructions to HKSCC via CCASS” in the section headed “How to apply for the Offer Shares” of this prospectus.
- (5) Share certificates for the Offer Shares are expected to be issued on Friday, 2 November 2018 but will only become valid certificates of title at 8:00 a.m. on Monday, 5 November 2018 provided that (i) the Public Offer has become unconditional in all respects and (ii) the Underwriting Agreement has not been terminated. If the Public Offer does not become unconditional or the Underwriting Agreement is terminated, we will make an announcement as soon as possible.
- (6) Refund cheques or e-Refund payment instructions will be issued in respect of wholly or partially unsuccessful. If you apply through the **White Form eIPO** services by paying the application monies through a single bank account, you may have e-Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **White Form eIPO** services by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (www.eipo.com.hk) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint Applicants, to the first-named Applicant on your Application Form. Part of your Hong Kong identity card number/ passport number, or, if you are joint Applicants, part of the Hong Kong identity card number/passport number of the first-named Applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Public Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor and the Joint Lead Managers have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Lead Managers, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Public Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth under the section headed "Risk factors" of this prospectus. You should read that section carefully and enquire with your professional advisers as appropriate before deciding to invest in the Offer Shares.

OVERVIEW

Our Group is principally engaged in gold exploration, mining and processing in the Nordic region. Our Group commenced business operations in the Nordic region in 1999. Our Group's objective is to focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants. We operate with a long term business strategy to add value for our Shareholders and produce positive financial outcome through (i) the economic operations of our Operating Mines and Production Plants; (ii) development of new projects consistent with our objective, such as Fäboliden Project; and (iii) attention to our corporate and social responsibilities, including through our ongoing safety and environmental compliance. Our Group's revenue comes primarily, from the sale of gold bullion through Financial Institution B on the London Bullion Market and secondarily, from the sale of gold concentrate to our Gold Concentrate Customer.

GOLD PROJECTS

Our Group's major assets and operations are concentrated in Finland and Sweden, which can be sub-divided into three core categories: (i) Operating Mines; (ii) Production Plants; and (iii) Pre-Production Assets.

A summary of the details of the assets comprising our Gold Projects and their respective statuses is set out on pages 155 and 156 under the section headed "Business" of this prospectus.

Pre-Production Assets — Kaapelinkulma Project and Fäboliden Project

We are currently developing two Pre-Production Assets, Kaapelinkulma Project and Fäboliden Project, in Finland and Sweden, respectively.

For Kaapelinkulma Project, our Group has commenced site preparation, grade control drilling and land clearing. Kaapelinkulma Project will initially be commenced as an open-pit mining operation, and the ore will be transported to Vammala Plant to be processed into gold concentrate, which will then be further transported to Svartliden Plant in Sweden to be processed into gold doré bars. As at 30 April 2018, Kaapelinkulma Project had an estimated mine life of approximately 24 months following the commencement of production, and may be extended due to "revolving" nature of mine life. Our Group has obtained all materially required tenements and Environmental Permits to commence mining operations at Kaapelinkulma Project. However, it is the current intention of our Directors that Kaapelinkulma Project shall only enter production at a time considered economically optimal.

SUMMARY

For Fäboliden Project, we have obtained the Environmental Permit for test mining on 23 November 2017 which has gained legal force as at the Latest Practicable Date, our Directors currently anticipate that commercial production at Fäboliden Project will commence in the second quarter of 2019^(Note). As at 30 April 2018, Fäboliden Project had an estimated mine life of 54 months following the commencement of production. The above mine life of Fäboliden Project illustrates the estimated mine life of the initial open pit operations planned for the project based on the Reserves and Resources reported as at 30 April 2018. The above mine life may be extended in the future, especially in relation to the potential underground operations as further elaborated under the paragraph headed “Future exploration activities” under the section headed “Business” of this prospectus. It is anticipated that the Ore Reserves at Fäboliden Project will be able to sustain a stable revenue stream for our Swedish operations. We have subsequently commenced initial site development work in preparation for the test mining operations, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

The general intended operational process of our Gold Projects, once our Pre-Production Assets commence production, is set out on pages 173 to 191 under the section headed “Business” of this prospectus.

Operating Mines — Orivesi Mine and Jokisivu Mine

Our mining operations at the Orivesi Mine are conducted underground in southern Finland, at a maximum depth of approximately 1,200 metres. Our mining operations at the Jokisivu Mine are conducted underground in southern Finland, at a maximum depth of approximately 350 metres. The estimated remaining mine lives of Orivesi Mine and Jokisivu Mine as at 30 April 2018 are approximately 10 months and 42 months respectively. The current mining method at our Operating Mines is overhand bench and rock fill mining.

Production Plants — Vammala Plant and Svartliden Plant

Our Group currently has two Production Plants, namely Vammala Plant and Svartliden Plant. Vammala Plant is a flotation facility that has a processing capacity of approximately 300,000 tonnes of ore per annum with an average gold recovery rate of approximately 87.4% during the Track Record Period. Currently, Vammala Plant produces gold concentrate which is transported to Svartliden Plant for processing into gold doré bars, and a lesser amount of gravity gold concentrate, which is transported directly to the Refiner. Svartliden Plant is a CIL facility that has a processing capacity of approximately 300,000 tonnes of ore per annum. It is currently processing gold concentrate from our Operating Mines in Finland into gold doré bars. Once Fäboliden Project is operational, Svartliden Plant will start processing ore from Fäboliden Project.

Note: For the purposes of this prospectus, commencement of commercial production or test mining operations refers to the time when ore from such mine is extracted for processing.

SUMMARY

Other interests

Our Group owned certain other mining interests and rights which did not form part of our core business, and also carried out mining activities at Svartliden Mine during the Track Record Period. Please refer to the paragraph headed “Other interests” under the section headed “Business” of this prospectus for further details.

Our JORC gold Mineral Resources by ounces as at 30 April 2018

The statement of JORC gold Mineral Resources as at 30 April 2018 at varying cut-off grades is set out on pages 164 to 166 under the section headed “Business” of this prospectus.

Our JORC Ore Reserves quantities by tonnages as at 30 April 2018

The following table sets forth the statement of JORC Ore Reserves report as at 30 April 2018:

Project	Category	Tonnage	Grade	Gold content
		(kt)	(g/t Au)	(koz)
Jokisivu Mine	Proved	149	2.7	13
	Probable	751	2.9	70
	Subtotal	900	2.9	83
Orivesi Mine	Proved	3	5.2	1
	Probable	40	6.6	9
	Subtotal	43	6.5	9
Kaapelinkulma Project	Proved	52	3.9	7
	Probable	19	4.3	3
	Subtotal	71	4.0	9
Fäboliden Project.	Proved	—	—	—
	Probable	1,160	3.1	115
	Subtotal	1,160	3.1	115
Total	Proved	204	3.1	20
	Probable	1,971	3.1	196
	Total	2,175	3.1	216

Note: For the ore dilution rate and other modifying factors utilised in the preparation of the statement of JORC Ore Reserves report as at 30 April 2018, please refer to table 8-1 in Appendix III to this prospectus.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, the top 10 largest gold mining companies produced around 87% of European gold in 2017 and the market concentration is high. Our

SUMMARY

Group ranked ninth in terms of gold production in 2017 among all European gold mining companies. A chart showing the ranking and market share of the ten largest gold mining companies in Europe in 2017 is set out on page 100 under the section headed “Industry overview” of this prospectus.

KEY COMPETITIVE STRENGTHS

In our Directors’ view, our Group has the following competitive strengths: (i) the geographical location of our Gold Projects; (ii) future potential of Fäboliden Project; (iii) our ownership of the Gold Projects; (iv) a long history and experience in gold processing operations and well-established gold production plants in the Nordic region; (v) a management team with in-depth experience; and (vi) a commitment to safety, social responsibility and environmental management.

BUSINESS OBJECTIVES AND STRATEGIES

Our Group’s objectives focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants in a responsible way with an emphasis on safety and environmental compliance. To leverage on our competitive strengths, we have developed the following business strategies: (i) to develop Kaapelinkulma Project and Fäboliden Project; (ii) to continue mine and near mine exploration activities; (iii) to continue to seek and identify opportunities to extend our project pipeline and continue our Group’s future operations; (iv) to continue optimising our Group’s production and processing technology; and (v) to continue our focus on safety and environmental compliance.

TENEMENTS AND PERMITS

As at the Latest Practicable Date, our Group holds various tenements and permits required for the operations and exploration at our Gold Projects.

Finland

As advised by our legal adviser as to Finnish law, the tenements and Environmental Permits held by our Group under the Repealed Mining Act, the Finnish Mining Act and the Environmental Protection Act as at the Latest Practical Date are set out on pages 197 to 199 under the section headed “Business” of this prospectus.

Sweden

As advised by our legal adviser as to Swedish law, the tenements and the Environmental Permits held by our Group under the Mineral Act 1991 (including land designation) and the Environmental Code are set out on pages 200 to 203 under the section headed “Business” of this prospectus.

For further information of all applicable tenements and permits obtained or in the process of being obtained by our Group, please refer to the paragraph headed “Tenements and permits” under the section headed “Business” of this prospectus.

SUMMARY

SALES AND CUSTOMERS

During the Track Record Period, our Group has sold gold bullion through large financial institutions on to the London Bullion Market and some gold concentrate to our Gold Concentrate Customer, as set out below.

Sale of gold bullion

Gold doré bars produced at Svartliden Plant and gravity gold concentrate produced at Vammala Plant are transported to the Refiner's refinery. Gold bullion credit are credited by the Refiner to Financial Institution B's gold bullion account held with JP Morgan according to the gold content after weighing and assaying of the gold doré bars and gravity gold concentrate. Once gold bullion credit is deposited into Financial Institution B's gold bullion account, our Group is immediately notified and will proceed with the sale in either USD or AUD.

Sale of gold concentrate

A portion of our gold concentrate produced at Vammala Plant is transported to the Gold Concentrate Customer's refinery for refining. The Gold Concentrate Customer pays our Group for the payable gold content of the gold concentrate less treatment charges and penalties based on weighing and assaying. For further details of the sales process, please refer to the paragraph headed "Sales and customers" under the section headed "Business" of this prospectus.

Name	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD million	AUD million	AUD million	AUD million	AUD million
Financial Institution A	16.3	—	—	—	—
Financial Institution B	28.7	46.3	36.0	11.5	11.2
Gold Concentrate Customer . . .	31.8	8.7	5.3	1.4	0.6
Total	76.8	55.0	41.3	12.9	11.8

Since Financial Institution B handles the sale of the gold bullion, we have no information on who ultimately purchases our gold bullion. We are not aware of the identity of our customers. For more details of our arrangement with large financial institutions in respect of the sale of gold bullion during the Track Record Period, please refer to the section headed "Business" of this prospectus.

As confirmed by our Directors, both Financial Institution B and the Gold Concentrate Customer are Independent Third Parties and there have been no material disputes or disagreements with them during the Track Record Period. As at the Latest Practicable Date, none of our Directors, their respective associates and any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date, had any interest in Financial Institution A, Financial Institution B or the Gold Concentrate Customer.

SUMMARY

IMPACTS OF FOREIGN EXCHANGE EXPOSURE AND PRICE OF GOLD ON OUR OPERATIONS

We are exposed to various types of financial risks, in particular, foreign exchange risk and commodity price risk.

Foreign exchange risk

Our Group is exposed to foreign currency risk as we sell bullion and gold concentrate in USD and the majority of our costs are denominated in SEK and EUR, while our Group's presentation currency for presentation purposes is AUD. For details of our exposure to foreign currencies during the Track Record Period, please refer to the paragraph headed "Financial risks" under the section headed "Financial information" of this prospectus.

Commodity price risk

Our revenue is principally generated from the sale of gold at the global market spot price of gold. Historically, gold price has fluctuated widely. Fluctuations in gold price are inherently difficult to predict, being dependent on numerous factors such as (i) global macro-economic and political events and sentiments; (ii) supply and demand for gold; (iii) interest rate and inflation rate expectations; (iv) actual and predicted behavior of central banks in relation to gold acquisition and disposals; and (v) performance of exchange traded gold funds and speculative trading in gold.

For easy reference of the historical and estimated global gold price trend, a chart prepared by Frost & Sullivan showing the historical global quarterly gold spot prices in nominal terms for the period from Q1 of 1997 to Q3 of 2018 and the global gold prices forecasted in nominal terms for the period from Q4 of 2018 to Q4 of 2020 is set out on page 94 under the section headed "Industry overview" of this prospectus.

The forecast of global gold prices was made by Frost & Sullivan based on an integration of forecasts derived from different methods including an analysis of market consensus prices, an in-house time-series analysis/model and a multi-factor statistical model taking into consideration the historical and current price trends of gold which are principally influenced by (i) the performance of the USD and interest rate increase in the U.S.; (ii) global gold supply and demand forecast; and (iii) geopolitical factors such as changes in political situation in Europe.

During the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, we did not enter into or hold any foreign exchange or commodity derivatives. For more details of our hedging policy, please refer to the paragraph headed "Hedging" under the section headed "Business" of this prospectus.

PROJECTS AND STAGE OF DEVELOPMENT OF OPERATIONS

For details of our expected timetable for the development sequence of our Gold Projects, please refer to the section headed "Projects and stage of development of operations" of this prospectus. Kaapelinkulma Project and Fäboliden Project have obtained all materially required tenements and Environmental Permits to commence mining operations, while our Directors' current intention is to commence test mining operations at Fäboliden Project in the second

SUMMARY

quarter of 2019. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

Orivesi Mine will be depleted very shortly in the first quarter of 2019, while Jokisivu Mine has a mine life of 42 months as at 30 April 2018. Our Finnish operations, consisting of Orivesi Mine, Jokisivu Mine and Vammala Plant, are self-sustaining and provide positive support to our Group until the commencement of Fäboliden Project. The Mineral Resources of Fäboliden Project comprise approximately 78.8% of our Group's total Mineral Resources. It is our Group's intention to continue to develop Fäboliden Project in the future as it will become the major asset and primary revenue contributor of our Group in the long run. For further details of our Group's Mineral Resources and Ore Reserves, please refer to Table 2 and Table 3 set out in Appendix III to this prospectus.

C1 cash costs

The table below shows a summary of our Group's actual C1 cash costs during the Track Record Period and the estimated C1 cash costs for the year ending 31 December 2018:

	For the year ended 31 December			For the four months ended 30 April	For the year ending 31 December
	2015	2016	2017	2018	2018
	(actual)	(actual)	(actual)	(actual)	(forecast)
Gold sold (oz)	53,870	34,417	28,204	7,778	28,116
C1 cash cost (US\$/oz)	848	990	886	1,384	1,087

The C1 cash cost for the four months ended 30 April 2018 is higher than those recorded for the years ended 31 December 2015, 2016 and 2017. This is mainly attributable to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine that led to the decrease in gold sold during the four months ended 30 April 2018. Such decrease was caused by our development activities in the upper parts of Orivesi Mine in preparation for the excavation of ores with higher grades below.

For details of the C1 cash costs of our Group and the fluctuations thereof, please refer to the paragraph headed "C1 cash costs" under the section headed "Business" of this prospectus.

Funding of Pre-Production Assets

We plan to finance future expenditure on both of the Pre-Production Assets primarily through our cash flows generated from operations, the loan facility provided by AP Finance

SUMMARY

Limited as well as the net proceeds from the Public Offer. Such sources of financing are expected to be sufficient to bring such Pre-Production Assets to the stage of self-sufficiency without the need for other sources of financing. The Competent Person has completed pre-feasibility studies, as detailed in the CPR for Fäboliden Project and Kaapelinkulma Project. Both studies result in Ore Reserves being declared and as such shows economic viability of the projects. Based on economic models undertaken as part of these studies, which assumed a long term gold price of USD1,260/oz^(Note) and a processing recovery of 82.0% for Fäboliden Project and 85.0% for Kaapelinkulma Project (these were assumed based on the information and testwork at the time of reporting) the payback periods for the initial capital are three years in total for test mining and full mining operations at Fäboliden Project (assuming a 10% discount rate and six months undiscounted) after the commencement of commercial production of the test mining operations in the second quarter of 2019 (test mining operations have a payback period of one quarter after commencement in the second quarter of 2019 and full mining operations have a payback period of two years after commencement in first half 2020) and eight months for Kaapelinkulma Project after the commencement of commercial production in the first quarter of 2019. Based on the reserves the mine will cease production 60 and 24 months respectively at Fäboliden Project and Kaapelinkulma Project after commencement of initial commercial production. Our Directors are of the view, and the Competent Person concurs, that the project payback period is not subject to high risk taking into account the estimated mine life. Please refer to the paragraph headed "Capital expenditure" under the section headed "Financial information" of this prospectus for further details.

COMPETENT PERSON'S REPORT

Our Competent Person has completed an independent Resources and Reserves assessment and evaluation of our Gold Projects, which are owned and operated by our Group through several wholly-owned subsidiaries, effective on 18 October 2018, the CPR. The statements of Mineral Resources and Ore Reserves have been reported to be in accordance with the recommended guidelines of the JORC Code. Please refer to Appendix III to this prospectus for the full text of the CPR.

OUR SUPPLIERS AND CONTRACTORS

During the Track Record Period, we have engaged a number of Independent Third Party suppliers and contractors. These have primarily included suppliers and contractors of on site operations and construction services, concentrate and ore transportation services, labour providers and personnel hire services, environmental and process consultants, chemical, water analysis and laboratories services, drilling services, tailings dam construction, as well as

Note: The gold price of USD1,260/oz adopted in the CPR for the economic models prepared for Fäboliden Project and Kaapelinkulma Project is a long term consensus forecast gold price sourced from third party reports completed by marketing experts along with discussions with our Company's personnel. For further details of the basis of the long term gold price assumed, please refer to the paragraph headed "8.3 JORC Ore Reserves Estimation Parameters" under the CPR contained in Appendix III to this prospectus.

SUMMARY

supplies of raw materials, auxiliary materials, and machinery and equipment. During the Track Record Period, we engaged a total of 25 material contractors. For each of the three years ended 31 December 2017 and the four months ended 30 April 2018, purchases from our top five suppliers accounted for approximately 27.9%, 19.5%, 7.6% and 7.4% of our total cost of sales respectively. During the same period of time, purchases from our top supplier accounted for approximately 17.8%, 10.7%, 3.6% and 2.9% of our total cost of sales respectively. For more information about our suppliers and contractors, please refer to the paragraphs headed “Third party contractors” and “Supply of raw materials, auxiliary materials, and machinery and equipment” under the section headed “Business” of this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our financial information (i) as at 31 December 2015, 2016 and 2017, and 30 April 2018; as well as (ii) for the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2018, extracted from our Company’s financial statements which have been prepared and presented in accordance with IFRS and are set forth in the accountants’ report set out in Appendix IA to this prospectus. The summary of financial information should be read in conjunction with the financial information included in the accountants’ report, including the notes thereto, the text of which is set out in Appendix IA to this prospectus. For details of our financial information during the Track Record Period, please refer to the section headed “Financial information” of this prospectus.

Selective information from statements of profit or loss and other comprehensive income

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD’000	AUD’000	AUD’000	AUD’000	AUD’000
Revenue from customers	76,836	55,039	41,270	12,919	11,801
Cost of sales	(65,617)	(50,572)	(35,732)	(10,863)	(14,090)
Profit/(loss) before tax	2,563	5,363	(583)	(1,342)	(4,599)
Total comprehensive profit/(loss) for the					
year/period after tax.	3,733	3,972	544	(1,247)	(3,634)
Profit/(loss) for the year/period attributable to:					
Owners of our Company	2,563	5,363	(583)	(1,342)	(4,599)

During the Track Record Period, our Group recorded revenue of approximately AUD76.8 million, AUD55.0 million, AUD41.3 million and AUD11.8 million for the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2018, respectively. Our Group recorded a profit for the year/period attributable to members of our Company of approximately AUD2.6 million and AUD5.4 million for the years ended 31 December 2015 and 2016, respectively. A loss for the year/period attributable to the members of our Company of approximately AUD0.6 million and AUD4.6 million were recorded for the year ended 31 December 2017 and the four months ended 30 April 2018, respectively. Prospective investors should note the fluctuation of our Group’s past financial performance as further elaborated below.

SUMMARY

Selective information from statements of financial position

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Non-current assets	20,857	24,397	30,321	33,611
Non-current liabilities	(15,421)	(10,583)	(10,834)	(13,863)
Current assets	30,435	26,035	20,028	14,494
Current liabilities	(9,028)	(9,034)	(8,156)	(6,517)
Net current assets	21,407	17,001	11,872	7,977
Net assets	26,843	30,815	31,359	27,725

Summary of statements of cash flows

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Net cash generated from/(used in) operating activities	11,818	8,196	(54)	(2,788)	(4,732)
Net cash used in investing activities	(13,102)	(6,626)	(6,846)	(2,741)	(3,929)
Net cash (used in)/generated financing activities	—	—	(1,430)	(342)	2,751
Net (decrease)/increase in cash and cash equivalents	(1,284)	1,570	(8,330)	(5,871)	(5,910)
Cash and cash equivalents at beginning of the year/period	15,051	13,896	15,407	15,407	6,609
Effect of foreign exchange rate changes	129	(59)	(468)	(255)	150
Cash and cash equivalents at end of the year/period	13,896	15,407	6,609	9,281	849

Key financial ratios

The following table shows our key financial ratios during the Track Record Period:

	Year ended/as at 31 December			Four months ended/as at 30 April
	2015	2016	2017	2018
	Return on equity	9.5%	17.4%	N/A ⁽¹⁾
Return on total assets	5.0%	10.6%	N/A ⁽¹⁾	N/A ⁽¹⁾
Current ratio	3.4 times	2.9 times	2.5 times	2.2 times
Quick ratio	2.6 times	2.1 times	1.3 times	0.8 times
Gearing ratio	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	11.2%
Debt to equity ratio	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	8.1%

Notes:

- (1) Return on equity/return on total assets was not applicable since we recorded net loss for the year ended 31 December 2017 and the four months ended 30 April 2018.
- (2) Gearing ratio and debt to equity ratio were not applicable as at 31 December 2015, 2016 and 2017 since we did not have any interest bearing liabilities as at the respective year ends.
- (3) Interest coverage ratio was not applicable during the Track Record Period as we did not incur material finance costs during the years ended 30 September 2015, 2016 and 2017 and we recorded net loss for the four months ended 30 April 2018.

SUMMARY

Capital expenditures

For the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2018, we incurred capital expenditures of approximately AUD13.1 million, AUD9.8 million, AUD7.0 million and AUD3.9 million, respectively. For more details of the breakdown of the capital expenditure during the Track Record Period, please refer to pages 337 and 338 under the paragraph headed “Capital expenditure” under the section headed “Financial information” of this prospectus.

Assuming the timely commencement of production of our Pre-Production Assets, we expect total capital expenditure will amount to approximately AUD4.5 million for the year ending 31 December 2018. For more details of the breakdown of the capital expenditure expected to be incurred by our Group during the year ending 31 December 2018, broken down by Operating Mine and Pre-Production Asset, please refer to page 338 in the paragraph headed “Capital expenditure” under the section headed “Financial information” of this prospectus.

DIVIDEND

During the Track Record Period, no dividend was declared. Currently, we do not have any predetermined dividend distribution ratio. Prospective investors should note that the historical dividend trends may not be indicative of future dividend trends.

LISTING EXPENSES

Legal, professional and other fees were incurred with respect to the Listing. Based on the Offer Price of HK\$2.03 (equivalent to approximately AUD0.35), the total listing fees expected to be borne by us will amount to approximately AUD8.2 million (equivalent to approximately HK\$47.6 million), of which approximately AUD3.2 million (equivalent to approximately HK\$18.6 million) is directly attributable to the issue of the Offer Shares under the Public Offer. During the year ended 31 December 2016, approximately AUD1.1 million of listing expenses were expensed to the consolidated statements of profit or loss and comprehensive income.

During the year ended 31 December 2017, approximately AUD2.5 million of the remaining listing fees were expensed to the consolidated statements of profit or loss and comprehensive income. It is expected that remaining listing fees of approximately AUD1.4 million has been or will be incurred and charged to the consolidated statement of profit or loss and comprehensive income of our Group for the year ending 31 December 2018. The amount of expenses incurred and charged to the profit or loss for the year ended 31 December 2017 and the year ending 31 December 2018 is on the basis that a full determination of which listing expenses meet the criteria for capitalisation as share issue costs, in accordance with our Group’s accounting policies, will only be performed following the successful Listing. Any adjustments will form part of the financial statements for the year ending 31 December 2018. Please refer to the paragraph headed “Impact of Listing expenses” under the section headed “Financial information” of this prospectus.

STATISTICS OF THE PUBLIC OFFER ⁽¹⁾

Number of Offer Shares:	50,000,000 Shares
Offer Price	HK\$2.03 per Offer Share

SUMMARY

	Based on Offer Price per Share of HK\$2.03
Market capitalisation of our Company: ⁽²⁾	HK\$281,846,444
Unaudited pro-forma adjusted consolidated net tangible asset value per Share: ⁽³⁾	AUD0.23 (HK\$1.33)

Notes:

- (1) Translation from Australian dollars to Hong Kong dollars at the rate of AUD1.0 = HK\$5.8.
- (2) The calculation of market capitalisation is arrived at on the basis that 138,840,613 Shares, which represents 88,840,613 Shares in issue and 50,000,000 new Shares to be issued pursuant to the Public Offer.
- (3) For the assumptions and calculation method, please refer to the unaudited pro forma financial information set out in Appendix II to this prospectus.

The Offer Price represents a premium of approximately 1.3 times over the closing price of Shares on the ASX of AUD0.15 per Share as at the Latest Practicable Date.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Public Offer of approximately HK\$53.9 million (assuming an Offer Price of HK\$2.03 per Share), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Public Offer. We intend to use the net proceeds from the Public Offer for the following purposes:

Amount of net proceeds

Intended use of proceeds

- | | |
|---|---|
| <p>(a) As to approximately 90.0% (representing approximately HK\$48.5 million/AUD8.4 million)</p> | <ul style="list-style-type: none"> • Funding the mine development, capital expenditure and operating expenditure activities associated with Fäboliden Project, including mining, environmental activities, geological work and drilling and sampling |
| <p style="padding-left: 20px;">(i) Approximately 13.5% of the net proceeds</p> | <ul style="list-style-type: none"> • Funding mine development and capital expenditure activities at Fäboliden Project for the three months ending 31 December 2018 |
| <p style="padding-left: 20px;">(ii) Approximately 76.5% of the net proceeds</p> | <ul style="list-style-type: none"> • Funding mine development, capital expenditure and operating expenditure activities at Fäboliden Project for the year ending 31 December 2019 |
| <p>(b) As to approximately 10.0% (representing approximately HK\$5.4 million/AUD0.9 million)</p> | <ul style="list-style-type: none"> • Working capital and general corporate purposes |

For details, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

SUMMARY

APPLICATION FOR LISTING ON THE STOCK EXCHANGE AND DELISTING FROM ASX, AND ARRANGEMENT OF VSF SALE SHARE

Shareholders should note that our Company is expected to be delisted from ASX before the Listing occurs, subject to the conditions disclosed in the paragraph headed “Application for Listing on the Stock Exchange and Delisting from ASX” under the section headed “Information about this prospectus and the Public Offer” of this prospectus. Any risks associated with such arrangement are highlighted under the section headed “Risk factors” of this prospectus.

Our Company has provided the VSF to facilitate the Existing Shareholders in trading their Shares on the Stock Exchange. All transaction costs arising from the VSF shall be borne by our Company. For more details, please refer to the paragraph headed “Arrangement of VSF Sale Share” under the section headed “Information about this prospectus and the Public Offer” of this prospectus. Any risks associated with the VSF arrangement are highlighted under the section headed “Risk factors” of this prospectus.

LITIGATION AND REGULATORY MATTERS

Legal proceedings

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. For details of the appeals in relation to the major tenements and permits required by our Finnish and Swedish operations, please refer to the paragraph headed “Litigation and regulatory matters” under the section headed “Business” of this prospectus.

RISK FACTORS

There are risks associated with an investment in the Offer Shares. These risks can be categorised into: (i) risks relating to the business and industry of our Group; (ii) risks relating to the Listing, Public Offer and Share performance; and (iii) risks relating to certain information contained in this prospectus. Some of the key risks include:

- Fluctuations in the market price of gold could materially and adversely affect our Group’s profitability and cash flow;
- Fluctuations in certain exchange rates could materially and adversely affect our financial position and results;
- Our Pre-Production Assets have not commenced commercial production and any delay or failure to commence production in accordance with the current timetable may adversely affect our results;
- Failure to identify or acquire new Reserves and subsequently obtain the mining tenements to mine at the area identified could negatively affect our business and results of operations in the long term;
- Our Group may face difficulty in obtaining all permits necessary for our exploration, excavation and production activities at the site of our Gold Projects or in respect of any other mines or projects our Group acquires or becomes interested in in the future, and our Group will be subject to ongoing obligations to comply with the permit requirements, which will incur additional time and costs;

SUMMARY

- Our Group's operations and financial position may be materially and adversely affected in the short to medium term if our Group faces significant delay or failure in obtaining the Environmental Permit regarding the full scale mining at Fäboliden Project, and consequently the full mining operations at Fäboliden Project are not able to commence in accordance with the current timetable; and
- The recovery rate and production costs of our gold are dependent on a number of technical assumptions and factors and any change in these assumptions and factors may have an adverse effect on our production volume and profit margin. Our Resources and Reserves may not ultimately be capable of being extracted at a profit.

For more information relating to these and other risk factors relating to an investment in our Shares, please refer to the section headed "Risk factors" of this prospectus.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period, our Company drew down further AUD1.0 million on each of the dates of 10 and 15 May 2018, 4 June 2018, 20 July 2018, 17 August 2018 and 10 September 2018 on the loan facility with AP Finance Limited while having made a repayment on 25 May 2018; giving rise to a net drawdown of AUD5.0 million. On 27 August 2018, our Company increased the said facility amount to AUD12.0 million. Considering that AUD3.0 million had been drawn down during the Track Record Period and the above AUD5.0 million net drawdown, AUD4.0 million of the loan facility remained unutilised.

On 13 June 2018, Vaasa Administrative Court rejected the appeal by our Company and the ELY Centre against the rejection by the AVI of our new Environmental Permit for Orivesi Mine. Our Group had submitted a leave to appeal, together with our appeal against this decision to the Supreme Administrative Court on 11 July 2018.

Our Directors confirm that there has been no material adverse change in our Group's financial, operational or trading position or prospects since 30 April 2018, being the end of the Track Record Period as set out in Appendix IA to this prospectus.

Set out in Appendix IB to this prospectus is our Group's unaudited interim condensed financial information for the six months ended 30 June 2018, which has been reviewed by Ernst & Young in Perth in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

Our revenue from customers remained relatively stable at approximately AUD19.4 million and AUD19.7 million for the six months ended 30 June 2017 and 2018 respectively. We have recorded a deterioration in our gross profit from approximately AUD1.2 million for the six months ended 30 June 2017 to a gross loss of approximately AUD2.2 million for the six months ended 30 June 2018. Such losses were mainly attributable to the mine development in the upper parts of Orivesi Mine which resulted in lower grades of gold from there. Our gross loss has decreased subsequent to the Track Record Period and up to 30 June 2018. For further details, please refer to the paragraph headed "Gross profit and gross profit margin" under the section headed "Financial information" of this prospectus.

We had recorded a loss after income tax of approximately AUD5.3 million for the six months ended 30 June 2018 while we have recorded a loss after income tax of approximately AUD2.8 million for the six months ended 30 June 2017. Such increase in the loss after income tax was mainly attributable to the decrease in our gross profit as further explained in the paragraph headed "Gross profit and gross profit margin" under the section headed "Financial information" of this prospectus.

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As mentioned above, a loss of approximately AUD5.3 million was recorded for the six months ended 30 June 2018. There had not been any material changes to our operations up to the Latest Practicable Date, and we do not expect any material changes to our operations and business model for the remaining year ending 31 December 2018. We expect our operational activities to remain at similar levels where we will continue to feed gold concentrate to Svartliden Plant whilst waiting for the commencement of commercial production at Fäboliden Project which is expected to occur only in the second quarter of 2019.

The average global gold spot price decreased from USD1,330.6/oz for the four months ended 30 April 2018 to USD1,241.6/oz for the period subsequent to the Track Record Period and up to the Latest Practicable Date. The global market gold spot price as at the Latest Practicable Date was approximately USD1,185.6/oz. Given (i) the forecast consensus gold price based on the average gold price forecast from 29 international banks and research houses indicates that the forecast gold price will be at levels above USD1,260/oz from the Latest Practicable Date and up to June 2020; (ii) the Competent Person concluded that both Fäboliden Project and Kaapelinkulma Project are economically viable after performing sensitivity analysis on a 10% drop in gold price; and (iii) our Group's C1 cash costs for each of the three years ended 31 December 2015, 2016 and 2017, and the forecast C1 cash costs for the year ending 31 December 2018 had been and is expected to be below USD1,100/oz, our Directors are of the view that the drop in gold price subsequent to the Track Record Period will not have a material impact on our operations, financial position and viability of our Gold Projects.

On 26 September 2018, a journalist claimed there was waste material left in one of the underground stopes at Orivesi Mine. The area is an old stope which was mined before our Company took ownership in 2003. Our Company had hosted a site visit by the ELY Centre on 1 October 2018 to inspect the area and committed to the ELY Centre that we will work with the authorities to further investigate the matter, clean the area and ensure all our staff are reminded of our Company's strict policy of not leaving waste underground. The police in Finland had also started a preliminary investigation on the presence of the waste material at Orivesi Mine to establish if an environmental crime was committed. The police is expected to interview a number of persons, including those who worked at Orivesi Mine going back to the 1990s. Our Company will coordinate the agreed removal of the waste in conjunction with any investigations. As advised by our Company's legal adviser as to Finnish law, the possible corporate fines related to this incident would likely be around EUR10,000 to EUR30,000, if the prerequisites for liability are fulfilled. Coupled with our Directors' estimate of the expected costs of not more than EUR10,000 relating to the clearing of the waste (taking into account the amount of waste and costs for transportation of materials), our Directors do not foresee this incident to have any material impact on our Group's financial position. Our Company's legal adviser as to Finnish law is of the view that the probability of Mr. Smith as a director of DOY to be under suspicion or charged is virtually non-existent. Any liability will not be directed to our Company or our other Directors. Our Directors do not foresee this incident to have any material impact on our operations at Orivesi Mine for the remainder of its mine life.

WAIVERS/EXEMPTION GRANTED

We have applied for, and the Stock Exchange and/or the SFC have granted us, a number of waivers/exemption from strict compliance with the Listing Rules and the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance. For more information about the waivers, please refer to the section headed "Waivers and exemptions from strict compliance with the requirements under the Listing Rules and the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance" of this prospectus.

KEY AUSTRALIA, FINNISH AND SWEDISH LEGAL AND REGULATORY MATTERS

We are subject to the Australian Corporations Act and other applicable laws and regulations in Finland and Sweden. The legal and regulatory regime in Hong Kong differs in certain material aspects from that in Australia, Finland and Sweden. Please refer to the section headed "Regulatory overview" of, and Appendix IV to, this prospectus for further information.

DEFINITIONS

Unless the content otherwise requires, the following expressions shall have the following meanings in this prospectus.

“Agnico Eagle”	Agnico Eagle Finland Oy, a company incorporated under the laws of Finland, the counterparty of the Hanhimaan Earn-In Agreement
“Allied Group”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (SEHK:373); it is also a substantial shareholder of our Company for the purpose of the SFO
“Allied Properties (HK)”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (SEHK:56); it is also a substantial shareholder of our Company for the purpose of the SFO
“Allied Properties Resources”	Allied Properties Resources Limited, a company incorporated under the laws of British Virgin Islands with limited liability, a substantial shareholder of our Company, which is indirectly wholly-owned by Allied Properties (HK)
“Annual General Meeting”	the annual general meeting of our Company held on Tuesday, 29 May 2018 to reapprove, amongst others, the issuance of our Shares under the Public Offer as further detailed in the notice of the EGM and its accompanying explanatory statement dated 31 March 2017
“APOL”	Allied Properties Overseas Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly-owned by Allied Properties (HK); it is also a substantial shareholder of our Company for the purpose of the SFO
“Applicant(s)”	a person who applies for Offer Shares under this prospectus and the respective Application Form(s)
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or where the context so requires, any of them that is used in connection with the Public Offer
“ASIC”	Australian Securities and Investments Commission
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“ASX”	ASX Limited, ACN 008 624 691, or Australia Securities Exchange Limited as the context requires, trading as Australian Securities Exchange
“Australia”	Commonwealth of Australia
“Australian Corporations Act”	Corporations Act 2001 (Cth) of Australia, as amended, supplemented or otherwise modified from time to time
“Australian Principal Share Registrar”	Computershare Investor Services Pty Limited
“AVI(s)”	the six Regional State Administrative Agencies under the Finnish Ministry of Social Affairs and Health, the authorities responsible for supervising occupational safety and health conditions at work places. They are the authorities which grant Environmental Permits under the Environmental Protection Act and water permits under the Water Act
“Board of Directors” or “Board”	the board of Directors of our Company from time to time
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAB”	County Administrative Board of Sweden, as the context requires, the authority responsible for the government administration in its respective county. CAB takes part in the environmental evaluation of applications for exploration permits and exploitation concessions, and is the responsible body for the supervision of compliance with the environmental conditions imposed on a permit for mining operations under the Environmental Code
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

DEFINITIONS

“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Medical”	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (SEHK: 383)
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”, “our Company” or “Dragon Mining”	Dragon Mining Limited (龍資源有限公司*), ACN 009 450 051, a company incorporated on 23 April 1990 in Western Australia, Australia
“Competent Person”	RungePincockMinarco Limited, an Independent Third Party, being a technical consultancy firm engaged by our Company to prepare the CPR
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Constitution”	the constitution of our Company, as amended from time to time, a summary of the current terms of which is set out in Appendix IV to this prospectus
“CPR”	the Competent Person’s report on the mineral assets of our Company, as set out in full in Appendix III to this prospectus
“core connected person”	has the meaning ascribed to it under the Listing Rules
“DAB”	Dragon Mining (Sweden) AB, a wholly-owned subsidiary of our Company registered in Storuman, Sweden on 27 April 1993 with limited liability
“Deed of Non-Competition”	the deed of non-competition dated 11 October 2018 entered into among Mr. Dew, Mr. Smith, Mr. Procter and Mr. Wong in favour of our Company, details of which are set forth under the paragraph headed “Deed of Non-Competition” in the section headed “Relationship with our substantial shareholders” of this prospectus
“Delisting”	the delisting of our Company from the official list of the ASX and the cessation of quotation of all Shares from the market operated by ASX, and “delist” shall be construed accordingly
“Director(s)”	a person who is or is proposed to be a director of our Company

DEFINITIONS

“DOY”	Dragon Mining Oy (auxiliary name: Polar Mining) (formerly known as Kitka Gold Oy and Polar Mining Oy), a wholly-owned subsidiary of our Company registered in Sastamala, Finland on 24 March 1993 with limited liability
“EGM”	the general meeting of our Company held on Tuesday, 2 May 2017 to approve the proposed resolutions as disclosed in our Company’s notice of the EGM and its accompanying explanatory statement dated 31 March 2017
“EIA(s)”	stands for Environmental Impact Assessment. Under the Mineral Act 1991 and in Finnish Mining Act, an application for mining concessions should be accompanied by an EIA. An EIA is a report that describes the expected environmental impact that the proposed mining operations will have and how this can be managed. An EIA is required in order to obtain an Environmental Permit. The information that should be included in an EIA is contained in the Environmental Code and in the Act on Environmental Impact Assessment Procedure (468/1994)
“ELY Centre”	the centre, as the case may be, for Economic Development, Transport and the Environment, being the Finnish governmental entity responsible for the regional implementation and development tasks of the central Finnish government. It is the supervising authority regarding the Environmental Permits and water permits granted by AVIs. ELY Centre also supervises the public interest in environmental issues and water
“Environmental Code”	the Swedish Environmental Code (1998:808) is the principal environmental law in Sweden, and is closely tied to the Mineral Act 1991, which with few exceptions, is applicable to all types of operations, including exploration and exploitation of land in Sweden
“Environmental Health Board”	one of the Swedish municipality boards working in the field of environmental health

DEFINITIONS

“Environmental Permit(s)”	the environmental permits required to carry out certain environmentally hazardous operations or water operations associated with our mining operations in Finland and Sweden, as stipulated by the Environmental Protection Act and Environmental Code. They are granted by the relevant AVI and the Land and Environmental Court in the respective jurisdiction of Finland and Sweden
“Environmental Protection Act”	the Finnish Environmental Protection Act (527/2014) stipulates the regulations regarding environmental rehabilitation, which is applied to the prevention of pollution from emissions of mining activity and to waste management of a mine. It is required under the Environmental Protection Act that an operator must provide environmental collateral and the financial guarantee for securing the appropriate waste management of mines and processing plants
“European Union” or “EU”	the politico-economic union of 28 member states that are located in Europe
“EU Directive(s)”	an EU directive is a legislative act, directed to EU member states, that sets out an objective or a policy which needs to be attained in the EU member states. The EU member states must then pass the relevant domestic legislation to give effect to the terms of the directive within a time frame set out in the directive
“EU Swedish Energy Tax Act”	the EU Swedish Energy Tax Act (1994:1776) regulates tax advantages and incentives for private parties engaged in mining activities
“Existing Shareholder”	any Shareholder whose name is entered in our Company’s share register maintained by the Australia Principal Share Registrar prior to the Delisting
“Fäboliden Project”	a Pre-Production Asset located approximately 30km by road, southeast of the Svartliden Plant and 750km north of Stockholm, Sweden, in which the associated tenements and permits are wholly-owned by DAB
“Financial Institution A”	an authorised deposit taking institution in Australia, an Independent Third Party
“Financial Institution B”	an authorised deposit taking institution in Australia, an Independent Third Party

DEFINITIONS

“Finland”	the Republic of Finland, a member of the EU
“Finnish Land Use and Building Act”	the Finnish Land Use and Building Act (132/1999) contains provisions that regulate the planning procedures and subsequent construction of buildings
“Finnish Mining Act”	the new Finnish Mining Act (621/2011) came to force on 1 July 2011. The act lays down provisions for the exploration and exploitation of a deposit containing mining minerals, gold panning in an area owned by the state, the termination of related operations, and the proceedings for establishment of a mining area
“FRIL Share(s)”	refers to the 10,733,560 shares held by Sun Hung Kai Investment Services Ltd on behalf of Future Rise as a custodian
“Frost & Sullivan”	Frost & Sullivan International Limited, an Independent Third Party, being a market research firm engaged by our Company to prepare the Frost & Sullivan Report, extracts of which are set out under the section headed “Industry overview” of this prospectus
“Frost & Sullivan Report”	the market research report commissioned by our Group and prepared by Frost & Sullivan on the overview of the gold mining industry in the Nordic region in which our Group operates, extracts of which are set out under the section headed “Industry overview” of this prospectus
“Future Rise”	Future Rise Investment Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly-owned by China Medical
“Get Nice Securities”	Get Nice Securities Limited
“Gold Concentrate Customer”	a customer of our Group, being a company incorporated under the laws of Sweden, the shares of which are listed on the Nasdaq OMX Stockholm Stock Exchange, an Independent Third Party
“Gold Projects”	the Operating Mines, Pre-Production Assets and the Production Plants
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited

DEFINITIONS

“Group” “our Group”, “we”, “us” or “our”	our Company and all or any of its subsidiaries, as the context requires, at the date of this prospectus, or in respect of a period before our Company became the sole or a shareholder of any of the present subsidiaries of our Company, all or any of those subsidiaries of our Company at that period of time, as the context requires
“Hanhimaa Earn-In Agreement”	the agreement entered into between DOY and Agnico Eagle (which was amended in October 2013 and January 2015 respectively) in relation to the disposal of 70% interests in the relevant tenements as well as registered prospecting permits and the rights attributable thereto in the areas indicated in the agreement
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Broker”	Sun Hung Kai Investment Services Limited, one of the Underwriters and the broker in Hong Kong under the VSF
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“IFRS”	the International Financial Reporting Standards promulgated by International Accounting Standards Board (“IASB”), IFRS includes International Accounting Standards (“IAS”) and interpretation
“Independent Third Party”	an individual or a company who or which is not our connected person or an associate of such a connected person (within the meaning of the Listing Rules)
“Joint Lead Managers”	Get Nice Securities and Sun Hung Kai Investment Services Limited
“Joint Policy Statement”	the joint policy statement regarding the listing of overseas companies jointly issued by the Stock Exchange and the SFC on 27 September 2013

DEFINITIONS

“Jokisivu Down Dip Extension”	the potential extension of the drilling limits of the ore reserves in Jokisivu Mine
“Jokisivu Mine”	an Operating Mine located in the Satakunta region, southern Finland, and 40km southwest of the Vammala Plant, in which the associated tenements and permits are wholly-owned by DOY
“JORC”	the Joint Ore Reserves Committee, as that term is applied in the listing rules of and applied by the ASX
“JORC Code”	the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves sets out the minimum standards, recommendations and guidelines for public reporting. The JORC Code is adopted by the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and endorsed by the Mineral Council of Australia, as detailed under the section headed “Summary of the JORC Code” of this prospectus
“Kaapelinkulma Project”	a Pre-Production Asset located approximately 65km east of the Vammala Production Centre in Valkeakoski, southern Finland, of which the associated tenements and permits are wholly-owned by DOY
“Kuhmo Project”	the Kuhmo-Suomussalmi Project (KSP), which, pursuant to the sales and purchase agreement dated 2 December 2004 between an Independent Third Party and Polar Mining Oy, our Group held interests in
“Kuusamo Project”	an early staged project located in northern Finland, approximately 700km northeast of Helsinki, Finland, in which the associated tenements and permits had been transferred from DOY to Kuusamo Gold Oy
“Kuusamo Gold Oy”	Kuusamo Gold Oy, previously a wholly-owned subsidiary of our Company registered in Sastamala, Finland on 5 December 2014 with limited liability, which was subsequently disposed of on 1 December 2016
“Land and Environmental Court”	the Swedish Land and Environmental Court, which is responsible for granting the Environmental Permits for carrying out mining operations in Sweden
“Latest Practicable Date”	9 October 2018, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication

DEFINITIONS

“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, 5 November 2018, on which our Shares are listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board, as amended from time to time
“London Bullion Market”	the wholesale over-the-counter market for the trading of gold and silver. Trading is conducted amongst members of the London Bullion Market Association (LBMA), and is overseen by the Bank of England. Most of the members are major international banks or bullion dealers and refiners
“Main Board”	the Main Board of the Stock Exchange
“Mine Properties”	areas in production or being prepared for production which represent the accumulation of all acquired exploration, evaluation and development expenditure incurred by or on behalf of our Company, which have been capitalised to the consolidated statement of financial position of our Group
“Mineral Act 1991”	the Swedish Mineral Act (1991:45) passed on 1 July 1992, the principal law regulating the mining industry and governing the procedure for acquiring exploration permits and exploitation concessions on land irrespective of who owns the land to be explored or exploited
“Minerals Ordinance”	the Swedish Minerals Ordinance (1992:285) stipulates detailed procedure for acquiring exploration permits and exploitation concessions, and also states the regulations for the designation of land, the requirements for an application for an exploration permit or an exploitation concession

DEFINITIONS

“Mining Inspectorate”	under the Minerals Ordinance, applications for exploration permits and exploitation concessions must be in written form and filed with the Mining Inspectorate. The Mining Inspectorate handles permits for explorations work and exploitation concessions in Sweden. The Mining Inspectorate also acts in a supervisory role regarding compliance with the Mineral Act 1991
“Ministry of Employment and the Economy”	the Finnish Ministry of Employment and the Economy, formerly the Ministry of Trade and Industry, was the former authority that granted the concession certificates to the concession holder as proof of the right to exploitation of the deposit and of their entry in the mining register. The current authority is Tukes
“Mr. Dew”	Mr. Arthur George Dew, the chairman and non-executive Director of our Company; please refer to the section headed “Directors and senior management” of this prospectus for his biography
“Mr. Procter”	Mr. Carlisle Caldow Procter, the independent non-executive Director of our Company; please refer to the section headed “Directors and senior management” of this prospectus for his biography
“Mr. Smith”	Mr. Brett Robert Smith, the executive Director and chief executive officer of our Company; please refer to the section headed “Directors and senior management” of this prospectus for his biography
“Mr. Wong”	Mr. Wong Tai Chun Mark, the alternate Director to Mr. Dew; please refer to the section headed “Directors and senior management” of this prospectus for his biography
“National Land Survey of Finland”	a Finnish governmental body which deals with cartography and cadaster issues in Finland, and is subordinated the Finnish Ministry of Agriculture and Forestry

DEFINITIONS

“Natura 2000”	Natura 2000 is a network of core breeding and resting sites for rare and threatened species, and some rare natural habitat types in the EU. The aim of the network is to ensure the long-term survival of species and habitats, listed under both the EU Directives 2009/147/EC (Birds Directive) and 92/43/EEC (Habitats Directive), which have been implemented in both Swedish and Finnish legislation. EU member states must ensure that the sites are managed in a sustainable manner, both ecologically and economically
“NGO(s)”	non-governmental organisation(s)
“Nordic region”	all municipalities and administrative regions of the five Nordic countries, being Denmark, Finland, Iceland, Norway and Sweden, as well as the Faroe Islands and Greenland (both part of the Kingdom of Denmark), and Åland (part of the Republic of Finland)
“Occupational Safety and Health Act”	the Occupational Safety and Health Act (738/2002) under the laws of Finland contains provisions which aim to improve the working environment and conditions in order to ensure and maintain the working capacity of employees as well as to minimise occupational accidents, diseases and eliminate other hazards from work and the working environment to the physical and mental health
“Offer Price”	the Hong Kong dollar price per Offer Share, being HK\$2.03 (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Public Offer, as further described under the section headed “Structure and conditions of the Public Offer” of this prospectus
“Offer Share(s)”	no more than 50,000,000 new Shares being offered by our Company for subscription at the Offer Price under the Public Offer, subject to the terms and conditions as described under the section headed “Structure and conditions of the Public Offer” of this prospectus
“Operating Mine(s)”	the mine(s) of our Group currently engaged in commercial production, namely Orivesi Mine and Jokisivu Mine

DEFINITIONS

“Orivesi Mine”	an Operating Mine located in the Pirkanmaa region, southern Finland, 80km northwest of Vammala Plant in Orivesi, Finland, in which the associated tenements and permits are wholly-owned by DOY
“Outokumpu Agreement”	the agreement entered into between our Company, Outokumpu Oy, Outokumpu Mining Oy and Outokumpu Nickel B.V on 8 October 2003 in relation to the acquisition of the Finnish precious metals assets. For further details, please refer to the paragraph headed “Major acquisitions, disposals and mergers” under the section headed “History and corporate structure” of this prospectus
“PAO”	the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.
“PRC” or “China”	the People’s Republic of China, but for the purposes of this prospectus and unless otherwise indicated, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-Production Asset(s)”	our Group’s potential mining assets that are yet to enter into commercial production, but which have a clear path to commercial production, namely Kaapelinkulma Project and Fäboliden Project
“Production Plants”	the production plants of our Group, namely Vammala Plant and Svartliden Plant
“Public Offer”	the offer of the Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price and on the terms and subject to the conditions stated in this prospectus and the Application Forms
“Refiner”	a limited liability company incorporated under the laws of Switzerland, an Independent Third Party and the refiner of the majority of our gold production
“Regulation S”	Regulation S under the U.S. Securities Act
“Repealed Mining Act”	the Mining Act (503/1965) which was applied to mining business until 30 June 2011 and was repealed by the Finnish Mining Act

DEFINITIONS

“Seveso regulation(s)”	the Seveso regulations are an implementation of the EU Directive regarding the control of major accident hazards involving dangerous substances (2012/18/EU). Under the Swedish laws, the provisions of the Seveso regulations can be found in the Act regarding the Control of Major Accident Hazards Involving Dangerous Substances (Lag (1999:381) and the Ordinance on the Control of Major Accident Hazards Involving Dangerous Substances (2015:236). Under the Finnish laws, the provisions of the Seveso regulations can be found in the Act on Safety Processing of Dangerous Chemicals and Explosives (390/2005) and the Decree on Safety Requirements on Industrial Processing of Dangerous Chemicals and Explosives (856/2012)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	fully paid ordinary share(s) in the issued share capital of our Company
“Shareholder”	a registered holder of our Shares from time to time
“Sponsor” or “Altus”	Altus Capital Limited, a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, appointed by our Company as the sponsor of the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supreme Administrative Court”	the highest court in the Finnish administrative court system, of which the jurisdiction covers the legality of the decisions of governmental authorities, and its decisions are final

DEFINITIONS

“Svartliden Mine”	the de-commissioned mine located in northern Sweden, 700km north of Stockholm. Mining operations at Svartliden Mine commenced in 2004, while open-pit and underground mining operations were carried out in tandem from 2012. Svartliden Mine was decommissioned in 2013
“Svartliden Plant”	cyanide leaching (carbon-in-leach) plant located in Svartliden, northern Sweden, and is wholly-owned by DAB
“Sweden”	the Kingdom of Sweden, a member of the EU
“Swedish Planning and Building Act”	the Swedish Planning and Building Act (2010:900) contains provisions that regulate building and construction
“Swedish Work Environment Act”	the Swedish Work Environment Act (1977:1160) is the principal health and safety law in Sweden applicable in all situations where an employee performs work for an employer
“Swedish Work Environment Authority”	the Swedish Work Environment Authority is an authority that has mandate from the Swedish government and parliament according to provision 2007:913 with instruction for the Swedish Work Environment Authority (Förordning 2007:913 (ändrad genom 2010:166) med instruktion för Arbetsmiljöverket) to produce provisions in accordance with the Swedish Work Environment Act and to act in a supervisory role
“Tanami Gold”	Tanami Gold NL, a company incorporated under the laws of Australia on 22 March 1968, the shares of which are listed on the ASX (ASX:TAM)
“The Water Act”	the Finnish Water Act (587/2011) applies to water resources management issues and contains provisions which aim to promote, organise and coordinate the use of water resources and the aquatic environment to render it socially, economically and ecologically sustainable, as well as to prevent and reduce the adverse effects of water and the use of the aquatic environment, and improve the state of water resources and the aquatic environment
“TSF”	tailing storage facility

DEFINITIONS

“Track Record Period”	the period comprising three consecutive financial years ended 31 December 2017 and the four months ended 30 April 2018
“Tukes”	the Finnish Safety and Chemicals Agency, the current mining authority which deals with mining issues and grants exploration permits, mining permits and mining safety permits under the Finnish Mining Act
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the underwriters of the Public Offer named under the section headed “Underwriting” of this prospectus
“Underwriting Agreement”	the conditional underwriting agreement dated 16 October 2018 relating to the Public Offer entered into by our Company, Mr. Smith, the Sponsor and the Underwriters, details of which are set forth in the section headed “Underwriting” of this prospectus
“U.S.” or “United States”	The United States of America
“Vaasa Administrative Court”	one of the six regional administrative courts in Finland
“Vammala Plant”	a conventional flotation processing plant located in Vammala, Finland, and is wholly-owned by DOY
“Viking”	Viking Gold & Prospecting AB, an indirectly wholly-owned subsidiary of our Company registered in Lycksele, Sweden on 3 April 1996 with limited liability
“VSF”	refers to the voluntary sale facility for the sale of our Shares, on terms and conditions and for the purpose as disclosed in the notice of the EGM of our Company and its accompanying explanatory statement
“VSF Broker”	Morgans Financial Limited
“VSF Sale Share(s)”	any or all of the Shares held by the Existing Shareholders, to be sold under the VSF as instructed and authorised by such Existing Shareholders
“ White Application Form(s)”	the application form(s) for use by the public who require(s) such Offer Shares to be issued in the applicant’s/applicants’ own name

DEFINITIONS

“White Form eIPO”	the application for Offer Shares to be issued in the Applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Yellow Application Form(s)”	the application form(s) for use by the public who require(s) such Offer Shares to be deposited directly into CCASS
“A\$” or “Australian dollars” or “AUD”	Australian dollars, the lawful currency of Australia
“€” or “Euro” or “EUR”	Euros, the lawful currency of the Eurozone of the EU
“HK\$” or “Hong Kong dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“SEK” or “Swedish Krona”	Swedish Krona, the lawful currency of Sweden
“US\$” or “U.S. dollars” or “USD”	United States dollars, the lawful currency of the U.S.
“%”	per cent.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Chinese translation of company names in English which are marked with “*” is for identification purpose only.

GLOSSARY OF TECHNICAL TERMS

The following sets out a glossary list which contains certain terms and definitions used in this prospectus in connection to our Group's business and operations. The terms and their meanings may not correspond to the standard industry meanings, calculation or usage of those terms.

TECHNICAL TERMS

"AA"	stands for atomic adsorption, an analytical procedure
"Ag"	is the symbol for the chemical element of silver
"ANFO"	stands for ammonium nitrate fuel-oil, an explosive used in mining
"ARD"	stands for acid rock drainage
"Au"	is the symbol for the chemical element of gold
"AUSIMM"	stands for Australasian Institute of Mining and Metallurgy
"bullion"	gold and silver that is officially recognised as being at least 99.5% pure and is in the form of bars, or ingots rather than coins
"C1 cash cost(s)"	the cash cost(s) incurred at each processing stage, from mining through to recoverable gold delivered to the market, as well as the general expenses, gold concentrate treatment charges, and freight and marketing costs less the net value of the by-product credits
"carbon-in-leach" or "CIL"	a method of leaching used in the mineral processing of gold mines, by which the excavated ores are crushed by crushers into ore slurry with very fine particles, and are then leached with diluted sodium cyanide solution. The gold in the ore is leached out in the form of soluble compounds, which are then absorbed with activated carbon and recovered from the leached solution
"chalcopyrite"	refers to a brassy sulphide mineral containing copper and iron
"COG" or "cut-off grade"	cut-off grade is the level below which material within an ore body does not contain sufficient value to be economically mineable. The initial mine cut-off grade is estimated or chosen during a mining feasibility study, but is subject to change due to greater knowledge obtain about the deposit or changes in market condition

GLOSSARY OF TECHNICAL TERMS

“crusher”	a machine for crushing rocks to a smaller grain size
“Cu”	is the symbol for the chemical element of copper
“deposit”	a body of mineralisation containing a sufficient average grade of metal or metals to warrant further exploration and/or development expenditure. A deposit may not have a realistic expectation of being mined, therefore it may not be classified as a resource or a reserve
“dilution”	the reduction of grade for mined ore due to the inclusion of waste material in the mined ore
“drilling”	a technique or process of making a circular hole in the ground with a drilling machine, which is typically used to obtain a cylindrical sample of ore. Alternatively, blasthole drilling is where the drilling technique is used to create a hole to house an explosive charge in preparation for blasting a zone of rock
“EGL”	stands for effective grinding length, used of grinding mills
“EHS”	refers to environmental, health and safety
“EMS”	stands for environmental management system
“exploration”	activity to enable estimation of the location, volume and quality of a deposit
“fault”	refers to a slip-surface between two portions of the earth’s surface that have moved relative to each other. A fault is a failure surface and is evidence of severe earth stresses
“flotation”	a process by which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the remaining rock or mineral materials
“G&A”	stands for General and Administrative, a category of operating costs
“gold bullion”	refined gold in the form of bars

GLOSSARY OF TECHNICAL TERMS

“gold concentrate”	a gold powdery product containing an upgraded gold content resulting from initial processing of mined ore to remove some waste materials. Gold concentrate is an intermediary product, which would still be subject to further processing, such as smelting, to effect recovery of purer gold
“gold doré bar”	gold bar, usually with a purity rate of at least 95% produced at the mine site before sending to a refinery where the gold is further refined to greater than 99.5%
“gold recovery rate”	the percentage of gold produced compared to the amount of gold contained in the feed ore in the context of a processing plant, or the percentage of gold produced compared to the amount of gold contained in the feed concentrates in the context of a smelting plant
“gold refining”	the final stage of the metallurgical process of refining gold products to a pure or very pure end-product (or 99.99% pure)
“grade”	the relative amount of valuable elements or minerals contained in a parcel of materials. For gold, grade is commonly expressed in grams per tonne terms (g/t Au)
“gravity gold concentrate”	also refers to gold concentrate, as the context requires, the product of gravity concentration which separate the gold based on differences in specific gravity. A gravity concentration process is designed to recover very high grades of valuable ore mineral into very small masses of gold
“Indicated Mineral Resource(s)” or “Indicated Resource(s)”	see the definition under the JORC Code in the section headed “Summary of the JORC Code” of this prospectus
“Inferred Mineral Resource(s)” or “Inferred Resource(s)”	see the definition under the JORC Code in the section headed “Summary of the JORC Code” of this prospectus
“leach”	to dissolve minerals or metals out of ore with chemicals
“lode”	deposit of metalliferous material that fills or is embedded in a fissure (or crack) in a rock formation or a vein that is deposited or embedded between layers of rock
“LTIs”	lost time injury, an occurrence that results in lost time (and of not less than one day)

GLOSSARY OF TECHNICAL TERMS

“LTIFR”	lost-time injury frequency rate, the number of LTIs within a given accounting period relative to the total number of hours worked in the same accounting period, presented per million man-hours worked
“Measured Mineral Resource(s)” or “Measured Resource(s)”	see the definition under the JORC Code in the section headed “Summary of the JORC Code” of this prospectus
“mine life” or “LOM”	life of mine, the time in which, through the employment of the available asset, the Ore Reserves will be extracted
“Mineral Resource(s)” or “Resource(s)”	a concentration or occurrence of material of intrinsic economic interest in or on the earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction, as defined in the JORC Code. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in the order of increasing geological confidence, into inferred, indicated and measured categories
“mining rights”	the rights to mine mineral resources and obtain mineral products in areas where mining activities are licensed
“mineralisation”	a mineral or group of minerals of combined economic interest. Mineralisation include economic bearing minerals commonly taken to be sulphide or precious metal minerals, which are hosted in non-economic bearing minerals termed ‘gangue minerals’
“NSR”	Net Smelter Return, the net value of concentrate after deducting freight, smelting and refining costs
“open pit mining”	mining of a deposit from a pit open to surface and usually carried out by stripping of overburden materials
“ore”	mineral bearing rock which can be mined and treated profitably under current or immediately foreseeable economic conditions
“orebody”	mineral accumulations which can be extracted for use under existing economic conditions and using existing extraction techniques

GLOSSARY OF TECHNICAL TERMS

“ore processing” or “processing”	the process which in general refers to the extraction of usable portions of ores by using physical and chemical methods
“Ore Reserve(s)” or “Reserve(s)”	the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Furthermore Ore Reserves are those portions of Mineral Resources that, after the application of all modifying factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a technically and economically viable project, after taking account of material relevant modifying factors. Ore Reserves are sub-divided into proved and probable categories
“ounce(s)”	troy ounce(s), equates to 31.103477g
“P80”	refers to 80 weight % passing, used in association with particle size
“pH”	a numerical scale used to specify the acidity or basicity of an aqueous solution. Solutions with a pH less than 7 are acidic and solutions with a pH greater than 7 are basic
“permit(s)”	all applicable mining permits (i.e. the Environmental Permit under the Finnish and Swedish laws) granted or to be granted to our Group under the laws of Finland and Sweden with the consent to carry out certain exploration and mining activities within the site of our mining operations
“Probable Ore Reserve(s)” or “Probable Reserve(s)”	see the definition under the JORC Code in the section headed “Summary of the JORC Code” of this prospectus
“Proved Ore Reserve(s)” or “Proved Reserve(s)”	see the definition under the JORC Code in the section headed “Summary of the JORC Code” of this prospectus
“pyrite”	refers to hard, heavy, shiny, yellow mineral, FeS ₂ or iron disulfide, generally in cubic crystals
“QA/QC”	stands for quality assurance and quality control

GLOSSARY OF TECHNICAL TERMS

“RC”	stands for reverse circulation, a drilling method
“rehabilitation”	in the context of mining, the process of returning the land to another productive use or the restoration of land and environmental values to a mine site after the mining has been completed
“Reserve cog” or “economic cog”	the lowest grade of mineralised material that qualifies as economically mineable and available in a given deposit after application of modifying factors and economic assessment at given commodity prices. It may be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification
“Resource cog”	the lowest grade of mineralisation material that qualifies as having reasonable economic potential for eventual extraction
“ROM”	refers to run of mine, being material as mined before beneficiation
“smelting”	a pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed, and condensing precious metals in a bar that is sometimes referred to as doré
“stope”	an excavation made in a mine, especially from an inclined vein, to remove the ore that has been rendered accessible by the declines and drives
“tenement(s)”	all applicable mining rights (i.e. the claim rights and mining licences under the Finnish laws, and exploration permits and exploitation concessions under the Swedish laws) granted or to be granted to our Group under the laws of Finland and Sweden the right to commence exploration and mining activities at the designated site
“tailings”	the waste minerals (residue) produced by the processing plant after extraction of valuable minerals
“underground mine”	openings in the earth accessed via declines below the land surface to extract minerals
“vein”	sheet-like body of minerals formed by fracture filling or replacement of host rock
“Wi”	stands for work index, a measure of rock hardness

GLOSSARY OF TECHNICAL TERMS

ABBREVIATIONS

Units of Measure

“Cu.m/h”	cubic metres per hour
“GL”	giga litres
“g”	gram
“g/t”	grams per tonne
“ha”	hectares
“hr”	hours
“koz”	000’s ounces of kilo ounces
“kg”	kilograms
“km”	kilometres
“kt”	000’s tonnes of kilo tonnes
“ktpa”	kilo tonnes per annum
“kv”	kilovolt
“kW”	kilowatt
“kWh”	kilowatt hours
“L”	litres
“m”	metres
“m ³ ”	cubic metres
“mm”	millimetres
“Ml”	mega litres which is equal to one million litres
“Mt”	mega tonnes which is equal to one million tonnes
“Mtpa”	million tonnes per annum
“MW”	megawatt
“oz”	troy ounces, equates to 31.103477g
“t”	tonne

GLOSSARY OF TECHNICAL TERMS

“tpa”	tonnes per annum
“tpd”	tonnes per day
“tph”	tonnes per hour
“μm”	micron (1/1,000 of a metre)
“Wmt”	wet metric tonne

SUMMARY OF THE JORC CODE

In this prospectus, we have used a number of terms defined in the JORC Code. The JORC Code is an internationally accepted mineral resource or ore reserve classification system which was first published in September 1999 and further revised in December 2012. The JORC Code has been used in competent person's reports for Mineral Resources and Ore Reserves for other public companies reporting to the Stock Exchange. The JORC Code is used by the Competent Person to report the Mineral Resources and Ore Reserves of the Gold Projects of our Group in this prospectus.

The JORC Code definition of "Mineral Resource" is provided in the section headed "Glossary of technical terms" of this prospectus. Mineral Resources are sub-divided in order of the increasing geological confidence of the estimate into the following categories:

- ***Inferred Mineral Resource or Inferred Resource*** — is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;
- ***Indicated Mineral Resource or Indicated Resource*** — is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed; and
- ***Measured Mineral Resource or Measured Resource*** — is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

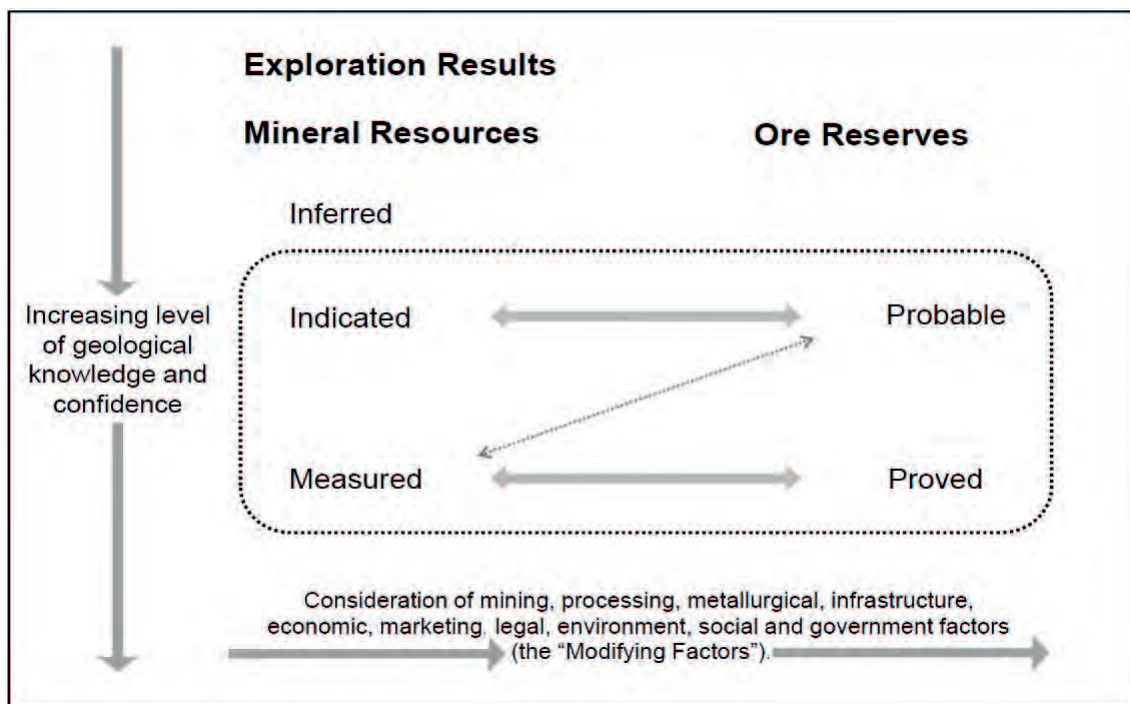
The JORC Code definition of "Ore Reserves" or "Reserves" is provided in the section headed "Glossary of technical terms" of this prospectus. An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Furthermore Ore Reserves are those portions of Mineral Resources that, after the application of all modifying factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a

SUMMARY OF THE JORC CODE

technically and economically viable project, after taking account of material relevant modifying factors. Deriving an Ore Reserve without a mine design or mine plan through a process of factoring of the Mineral Resource is unacceptable. Ore Reserves are sub-divided into the following categories:

- **Probable Ore Reserves or Probable Reserves** — is the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource which has a lower level of confidence than “Proved Ore Reserves”, but is of sufficient quality to serve as the basis for a decision on the development of the deposit; and
- **Proved Ore Reserves or Proved Reserves** — is the economically mineable part of a Measured Mineral Resource which has the highest confidence category of reserve estimates. The style of mineralisation or other factors could mean proved Ore Reserves are not achievable in some deposits.

The following diagram summarises the general relationships between exploration results, Mineral Resources and Ore Reserves under the JORC Code:



Ore Reserves are generally quoted as comprising a portion of the total Mineral Resource rather than the Mineral Resources being additional to the Ore Reserves quoted. Under the JORC Code either procedure is acceptable, provided the method adopted is clearly identified. The CPR reports all of the Ore Reserves as part of the Mineral Resources.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements including, without limitation, words and expressions such as “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would” or similar words or statements, in particular, in the sections headed “Business” and “Financial information” of this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this prospectus and the following:

- our business and operating strategies and our ability to implement such strategies;
- our ability to continue our engagement in gold exploration, mining and processing in the Nordic region as planned;
- the obtaining of licences for and the development of our Pre-Production Assets;
- changes in policies, legislation or regulations in Australia, Finland, Sweden, Hong Kong or any other countries or territories in which we operate or intend to be listed that may affect our business;
- future developments and the competitive environment of our business;
- gold price fluctuations;
- political instability, terrorism, arbitration in Australia, Finland, Sweden, Hong Kong, or any other countries or territories that may affect our business;
- changes in economic conditions and competition in the areas in which we operate, including a downturn in the general economy in Australia, Finland, and Sweden;
- accidents, labour disputes, and other risks of the mining industry;
- exchange rate fluctuations and controls;
- catastrophic losses from fires, floods, windstorms, earthquakes, diseases or other adverse weather conditions or natural disasters; and
- other factors beyond our control.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations and the Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

*Prospective investors should carefully consider all of the information in this prospectus including the risks and uncertainties described below and in the CPR set out in Appendix III to this prospectus in respect of, inter alia, the business and industry of our Group, before participating in the Public Offer. Prospective investors should pay particular attention to the fact that our Group's principal business and operations are conducted in Finland and Sweden and are governed by the legal and regulatory environments which in certain aspects may differ from that prevailing in other countries and jurisdictions, including that of Hong Kong. The business, financial condition or results of operations of our Group could be materially and adversely affected by any of these risks and uncertainties. **The trading price of the Shares, being offered in the Public Offer, may decline due to any of these risks and uncertainties, and you may lose all or part of your investment.***

We believe that an investment in the Shares involves certain risks, some of which are beyond the control of our Group. These risks can be broadly categorised into (i) risks relating to the business and industry of our Group; (ii) risks relating to the Delisting, Listing, Public Offer and Share performance; and (iii) risks relating to certain information contained in this prospectus. Within each risk category, we have presented the risk factors in the order of materiality in relation to our Group's business. Prospective investors in the Shares should consider carefully all the information set forth in this prospectus and, in particular, this section in connection with an investment in the Shares, and seek the advice of their professional adviser as appropriate.

A. RISKS RELATING TO THE BUSINESS AND INDUSTRY OF OUR GROUP

Fluctuations in the market price of gold could materially and adversely affect our Group's profitability and cash flow

Our revenue is primarily generated from the sale of gold at the global market spot price of gold. Historically, while the gold price has increased in value over time, it has fluctuated widely and there can be no assurance that the gold price will not continue to fluctuate in the future or that such prices will otherwise remain at sufficiently high levels to support our profitability and cash flow.

According to Frost & Sullivan, average global market gold spot price increased from approximately USD1,159.3/oz for the year ended 31 December 2015 to approximately USD1,250.4/oz for the year ended 31 December 2016. It remained relatively stable at approximately USD1,257.3/oz for the year ended 31 December 2017, increased to approximately USD1,330.6/oz for the four months ended 30 April 2018, and decreased to approximately USD1,241.6/oz for the period subsequent to the Track Record Period until the Latest Practicable Date. The average global market gold price from the 1 January 2018 up to the Latest Practicable Date is approximately USD1,279.3/oz. The global market gold spot price as at the Latest Practicable Date was approximately USD1,185.6/oz. For further details of the global gold spot price, please refer to the paragraph headed "Global gold prices" under the section headed "Industry overview" of this prospectus.

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Fluctuations in gold price are inherently difficult to predict, being dependent on numerous factors such as (i) global macro-economic and political events and sentiments; (ii) supply and demand for gold; (iii) interest rate and inflation rate expectations; (iv) actual and predicted behavior of central banks in relation to gold acquisition and disposals; and (v) performance of exchange traded gold funds and speculative trading in gold. If the gold price should fall below or remain below our cost of production for any sustained period, our business and results of operations would be materially and adversely affected.

During the Track Record Period, our Directors decided not to utilise any financial instruments with regards to hedging the price at which we sell gold. If we continue not to utilise financial instruments in relation to our gold, we are exposed to fluctuations in the gold spot price. Our Group's focus has been on ensuring our production costs and the C1 cash costs are significantly below the price of gold, and thus maintaining profitable operations.

Fluctuations in certain exchange rates could materially and adversely affect our financial position and results

In line with standard global practice, our gold sales are conducted in USD and therefore our consolidated financial results, which are presented in AUD, may be materially and adversely affected if the AUD strengthens against the USD.

In addition, as we operate gold mines in Finland and Sweden, all of our operating costs are denominated in EUR or SEK, which will be converted into AUD, our presentation currency, as reflected in our consolidated financial statements. Any significant and sustained fluctuations in the EUR/AUD or SEK/AUD exchange rates could materially and adversely affect our operation costs in AUD terms.

During the Track Record Period, we have not hedged our EUR, SEK and USD currency exposures. A significant and sustained depreciation of AUD against EUR and SEK could increase our operation costs and lower our profitability.

Foreign currency transactions are translated into presentation currency using the exchange rate prevailing at the date of transaction. Consolidated gains and losses on foreign exchange translation result from the EUR and SEK denominated operation costs incurred and the USD denominated income from the sale of gold. We recognised a gain on foreign currency translation of approximately AUD1.1 million for the year ended 31 December 2015, a loss of approximately AUD1.4 million for the year ended 31 December 2016, a gain of approximately AUD1.1 million for the year ended 31 December 2017, and a gain of approximately AUD1.0 million for the four months ended 30 April 2018 under our other comprehensive income. For further details, please refer to the paragraph headed "Foreign exchange risk" under the section headed "Financial information" of this prospectus. Foreign exchange gains or losses in subsequent years could have a significant impact on our financial position.

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In addition to the effects of currency fluctuations on our consolidated financial results, i.e. AUD, we are also exposed to the USD/EUR and USD/SEK exchange rates since our USD income is periodically exchanged into EUR and SEK in order to settle our operating costs in Finland and Sweden.

Our Pre-Production Assets have not commenced commercial production and any delay or failure to commence production in accordance with the current timetable may adversely affect our results

Our business is exposed to uncertainties in relation to our Pre-Production Assets, which have not commenced commercial production. According to the CPR, the current underground production of Operating Mines is expected to be supplemented with the development of Kaapelinkulma Project open pit mining operation which, based on our Directors' view, has obtained all materially required tenements and Environmental Permits to commence mining operations, and subsequently by the near term development and pre-production activities associated with Fäboliden Project. For further details of the project development schedule, please refer to the paragraph headed "Projects and stage of development of operations" in the section headed "Business" of the prospectus. If there is any delay or failure in bringing our Pre-Production Assets into commercial production in accordance with the current development plan due to any issue, which causes the scale of the operations within these Pre-Production Assets to be less than expected or any other matters, our business, financial results and results of operations could be materially and adversely affected.

Our Group's operations and financial position may be materially and adversely affected in the short to medium term if our Group faces significant delay or failure in obtaining the Environmental Permit regarding the full scale mining at Fäboliden Project, and consequently the full mining operations at Fäboliden Project are not able to commence in accordance with the current timetable

The exploitation concession of Fäboliden Project, which dictates whether a mine can be set up in the area has already been granted to our Group. The application for the Environmental Permit regarding the full scale mining at Fäboliden Project, which sets out the operational conditions of the project has been submitted on 6 July 2018, and our Directors anticipate the permit will be granted in the first half of 2020.

If our Group faces significant delay or failure in obtaining the Environmental Permit within the prescribed timeframe above, it will materially and adversely affect our Group's profitability. If this were to take place, our Group would have no operating mines in Sweden and our operations in Sweden will either have to be temporarily suspended or sustained by the operations in Finland. Our Group will also have to acquire new projects which may take time. Operations of our Group could be minimal until new projects are identified and commercial production commences. For the significance of Fäboliden Project to our Group, please refer to the paragraph headed "Ore Reserves" in Appendix III to this prospectus. For the likelihood of obtaining the Environmental Permit regarding the full scale mining at Fäboliden Project, please refer to the paragraph headed "Fäboliden Project" under the section headed "Business" of this prospectus.

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Failure to identify or acquire new Reserves and subsequently obtain the mining tenements to mine at the area identified could negatively affect our business and results of operations in the long term

As advised by the Competent Person, it is common for gold mines of a similar type as our Operating Mines to have a “revolving mine life”, which means that it is only commercially sensible to perform exploratory activities to prove a certain amount of Ore Reserves exists due to the vertical mineralisation in the mines. This therefore limits the identified Ore Reserves of our Operating Mines and as such, the mine lives of our Operating Mines rarely exceed two years. Notwithstanding the aforesaid, we may not always be able to identify or acquire new Reserves in a timely fashion to supplement our current mining operations, be they the extensions to our current Operating Mines or new mines in the Nordic region, which carry prospective Mineral Resources and are economically mineable. If we are not able to identify by exploration, or acquire new Reserves, we will not be able to sustain our long-term profitability or our operations in future years.

The estimated remaining mine lives of Orivesi Mine and Jokisivu Mine as at 30 April 2018 are approximately 10 months and 42 months respectively, as confirmed by our Competent Person. For further mine life analysis of our Operating Mines, please refer to the paragraph headed “Projects and stage of development of operations” under the section headed “Business” of this prospectus.

The success of any mining exploration program depends on various factors, including, among other things, (i) whether ore bodies can be located; (ii) whether the location of ore bodies are economically viable to mine; (iii) whether appropriate metallurgical processes can be developed and appropriate mining and processing facilities can be economically constructed; and (iv) whether necessary tenements can be obtained. If a valuable Resource is discovered, it could take several years and require significant capital expenditure to complete the initial phases of exploration before production commences, and during this period, the economic feasibility may change significantly.

Accordingly, there is no assurance that any current or future exploration activities or development projects will extend the mine life of Operating Mines or result in the successful development of Pre-Production Assets or any new economically viable mining operations.

In the event that we are able to identify new Reserves from a site where we do not have the land designation or right to mine, under the laws of Finland and Sweden, we will be required to obtain the mining tenements from the relevant governmental authorities to carry out exploration, excavation and production activities at the site where the new Reserves are identified. Obtaining appropriate mining tenements as necessary is therefore crucial to our business operations. For details of the application process for mining tenements in Finland and Sweden, please refer to the section headed “Regulatory overview” of this prospectus.

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Our Group may face difficulty in obtaining all permits necessary for our exploration, excavation and production activities at the site of our Gold Projects or in respect of any other mines or projects our Group acquires or becomes interested in the future, and our Group will be subject to ongoing obligations to comply with the permit requirements, which will incur additional time and costs

Due to the nature of mining and gold production, our operations are subject to stringent laws, rules and regulations imposed by the EU Directives, the Finnish and Swedish governments and other regulatory authorities, which govern the aspects of environment protection, health and safety of employees and occupation as well as the use of land. These laws and regulations stipulate the penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are being, or have been, conducted.

One such stipulation under the applicable environmental EU Directives and national legislations of Finland and Sweden requires us to obtain all applicable permits to undertake the planned exploration and mining activities at the site of our Gold Projects, or in respect of any other mines or projects our Group acquires or becomes interested in the future. Each applicable permit is limited to a specific geographic area and potentially a time period. According to our legal advisers as to Finnish and Swedish law, many factors will influence the timing of the grant of any permits required for our operations, including: (i) some of the relevant approvals are not subject to any time limits within the relevant governmental department; (ii) it is possible that adverse decisions can be made by the relevant governmental department for particular public interest; and (iii) rights of appeal exist in favour of third parties, which can delay a project timetable. Accordingly, these permits may not be granted in a timely manner or at all. We are currently in the process of applying for several permits relating to our Gold Projects. For further details of the permits required for our Gold Projects and the process to obtain them, please refer to the section headed "Regulatory overview" of this prospectus. As a result, whether we can carry out our planned exploration and mining activities at the site of our Gold Projects depend on our ability to obtain these applicable permits from the relevant governmental authorities. These permits are crucial to our business operations. Failure to obtain all applicable permits may prevent us from being able to develop our projects or may result in significant expenses or delays, which could negatively affect our current and planned mining operations, and could have a material and adverse impact on our business, production schedules, results of operations, financial position, and growth prospects. For details of all applicable permits obtained or in the process of being obtained by our Group, please refer to the paragraph headed "Tenements and permits" under the section headed "Business" of this prospectus.

Considering the Finnish and Swedish regulations have particular concerns about environment protection, including discharge of hazardous waste and materials and mine rehabilitation, our operations are subject to ongoing environmental compliance with the applicable laws and permit requirements. As stipulated in the Finnish Act on Environmental Impact Assessment Procedure (468/1994) as well as the Environmental Code, we are required to submit an EIA enclosing information regarding the site, formation and the extent of the proposed operations and obtain the approvals thereof by the relevant Finnish and Swedish

RISK FACTORS

governmental authorities before being granted the necessary Environmental Permits. Furthermore, it is stipulated under the laws of Finland and Sweden that environmental bonds must be deposited with the respective governmental authorities and a provision for rehabilitation of our Gold Projects must be set aside in our Group's financial statements. As such, upon the closure of our mines, we will bear rehabilitation obligations in respect of the areas we have utilised (which is already provided for in our consolidated financial statements). During the Track Record Period, our Group recognised a provision for rehabilitation of approximately AUD15.4 million, AUD10.6 million, AUD10.8 million and AUD10.8 million as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively. Compliance with such laws and requirements may cause delays or require capital outlays in excess of those anticipated, resulting in a higher overall cost of production in relation to our operations. For further details of the applicable laws and regulations in relation to our Finnish and Swedish operations, please refer to the section headed "Regulatory overview" of this prospectus.

Additionally, certain of our Operating Mines and Pre-Production Assets are located in environmentally sensitive areas, and therefore our operations are under close scrutiny by the respective environmental regulatory authorities in Finland and Sweden. Given the sensitivity to environmental matters in the Nordic region, there is a potential for our existing operations to become part of a designated nature reserve. In the event that a nature reserve is established adjacent to or within an area covered by our Gold Projects' tenements, our operations might then require exemptions or additional approvals (i.e. Natura 2000 permits) for certain actions such as updates to post-mine closure rehabilitation plans, which may result in increasing rehabilitation provisions for our Gold Projects. As advised by our legal adviser as to Swedish law, to prolong the permits for the mine and extend the operations of our Gold Projects may, in such cases, be difficult.

Furthermore, we have been the subject of appeals and complaints lodged by various NGOs during the Track Record Period. In order to defend the appeals and address the complaints, we have had to incur expenses, such as the commissioning of independent research and studies to prove our compliance with various regulations and to address the questions of the regulatory authorities. For further details, please refer to the paragraph headed "Litigation and regulatory matters" under the section headed "Business" of this prospectus.

More onerous environmental, health and safety laws, policies and/or industry standards, codes and practices, including environmental rehabilitation requirements, may be implemented by the relevant authorities in the future that will require us to undertake costly measure or obtain additional approvals. Our business and results of operations could be materially and adversely affected by any obligations which may be imposed under such new laws, policies and/or standards.

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The recovery rate and production costs of our gold are dependent on a number of technical assumptions and factors and any change in these assumptions and factors may have an adverse effect on our production volume and profit margin. Our Resources and Reserves may not ultimately be capable of being extracted at a profit

Mining is inherently unpredictable by its nature and necessary assumptions are made on samples retrieved, and geological characteristics such as ground conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) which affect the extraction speed, recovery rates and costs of production. Actual production may vary from estimates for a variety of reasons, including:

- (i) actual gold ore mined varying from estimates of grade, tonnage, and metallurgical and other characteristics;
- (ii) encountering unusual or unexpected geological conditions;
- (iii) mining dilution; and
- (iv) actual gold recovery rate in formal production lower than estimates during the testing.

We have prepared Resource estimates for our Operating Mines and Pre-Production Assets in accordance with the JORC Code. These estimates are necessarily based on various assumptions including geological conditions and historical production from the area compared with production from other mining areas. Actual factors may, however, vary considerably from these assumptions. Such Resource estimates are, therefore, by their nature, imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate. For more details of the JORC Code, please refer to the section headed "Summary of the JORC Code" of this prospectus.

In addition, substantial additional work and expenditure may be required to obtain additional Reserves and to construct mining facilities and infrastructure. Only those deposits that we can economically and legally extract or produce, based on a comprehensive evaluation of cost, grade, recovery and other factors, are considered Reserves.

Our estimates may prove to be materially inaccurate, or our Resources and Reserves may not ultimately be extracted at a profit. The grade of ore ultimately mined may also differ from that indicated by drilling results. If any of the above characteristics are incorrectly estimated, we may have substantially less, if any, deposits which could be recovered profitably. This can materially and adversely affect the amount of gold we are able to produce and the costs and time required for such production which could affect our production schedule and financial results.

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LTIs, serious workplace accidents or significant equipment failures may lead to harm to our employees or other persons, temporary stoppage of our operations or closure of our Operating Mines, which could delay our production schedules and disrupt our operations, and impose a material and adverse impact on our business, results of operations and our financial results

Due to the nature of our business, our exploration, excavation and production operations will involve the handling and storage of explosive, toxic and other dangerous articles and operation under perilous conditions, such as deep underground and utilising heavy machinery at both our Operating Mines and the Production Plants. We may experience accidents in the course of our operations which may cause significant property damage, personal injuries or other liabilities. These factors may require additional expenditure to remediate the issues and may cause a deposit that has been mined profitably in the past to become unprofitable. Any losses and liabilities incurred or payments we may be required to make, if not adequately insured against, could have a material and adverse effect on our results of operations or otherwise materially disrupt our operations. During the Track Record Period, our Group's LTIFR has decreased approximately 48% from the year ended 31 December 2015 to the corresponding year in 2016, and further decreased to zero for the year ended 31 December 2017, and increased to 4.0 for the four months ended 30 April 2018. For further details of our Group's occupational health and safety performance and the relevant internal control procedures, please refer to the paragraph headed "Occupational health and safety" under the section headed "Business" of this prospectus.

In the event that serious workplace accidents occur within the premises of our Gold Projects, investigations may be carried out by the relevant governmental authorities, which may require us to temporarily suspend our operations or close down our Operating Mines. This may in turn result in delay in our production schedules, temporary or permanent loss of trained employees, and other legal liabilities if we fail to defend successfully any legal proceedings or claims against us commenced by our employees, contractors or other third parties, which may also require us to spend time, resources and management attention to address, all of which may materially and adversely affect our results of operations.

Workplace accidents can also affect our reputation within the industry which may lead to difficulty in attracting talents to work for our Group, engaging high quality contractors. This may also result in greater attention paid on our Group's operations by regulatory bodies and governmental authorities in the Finnish and Swedish jurisdictions. These consequences may result in higher compliance costs.

Our Group may experience temporary weak liquidity as we recorded net cash outflow during the year ended 31 December 2017 and the four months ended 30 April 2018

For the year ended 31 December 2017 and the four months ended 30 April 2018, we recorded net cash outflow of approximately AUD8.3 million and AUD5.9 million, respectively, primarily due to the decrease in our revenue from gold sales. Detailed description of the decline in volume of gold sales is set forth in the section headed "Financial information" of this

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prospectus. For the four months ended 30 April 2017 and 2018, we recorded net cash outflow from operating activities of approximately AUD2.8 million and AUD4.7 million, respectively. For further details of our cash flow, please refer to the paragraph headed “Cash flow” under the section headed “Financial information” of this prospectus.

We cannot assure you that we will not experience another period of negative cash flow in the future if the expected commencement of commercial production of our Pre-Production Assets is materially delayed, or if there are any issues which cause the scale of operations within our Pre-Production Assets to be less than expected, as discussed in the risk factor above. For further discussion on our financial resources and liquidity, please refer to the paragraph headed “Liquidity and capital resources” under the section headed “Financial information” of this prospectus.

Failure to manage our Group’s liquidity position may lead to our Group not being able to fully develop the Pre-Production Assets, and to sustain operations at the Operating Mines, which ultimately could materially and adversely affect our business, financial condition and results of operations

The amount of capital expenditure required depends on the revenue generated from the volume of gold our Group is able to excavate and produce, and it increases as we commence exploration and development of new mines. Our Directors’ current intention is to develop and commence commercial production at Kaapelinkulma Project by the first quarter of 2019 and Fäboliden Project by the second quarter of 2019. We currently expect the total capital expenditure for Kaapelinkulma Project and Fäboliden Project to amount to approximately AUD2.4 million for the year ending 31 December 2018. For further details of the estimated capital expenditure required by our Group, please refer to the paragraph headed “Capital expenditure” under the section headed “Financial information” of this prospectus. We have no assurance that we will sustain a positive cash flow position in the future as our operations are unpredictable in nature. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations at Fäboliden Project, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located. Although we currently have a revolving loan facility in place, available as necessary, to finance part of our capital expenditure requirements for the development of our Pre-Production Assets, we cannot assure you that we will be able to obtain similar financing on favourable terms in the future. For further details on the risk relating to financing, please refer to the risk immediately below in this section. If the projected capital expenditure required to develop commercial production at our Pre-Production Assets happens to be significantly greater than our currently available working capital, or our Group fails to generate sufficient operating working capital in the future to sustain our existing mining operations in order to bring our Pre-Production Assets into commercial production, our business, financial condition and results of operations may be materially and adversely affected.

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Our Group may not be able to obtain financing on favourable terms to fund our Gold Projects, existing and future capital expenditure requirements and other funding requirements, and our ability to raise additional funds could be materially affected by the fluctuations in the capital market.

The exploration and development of mineral resources requires a significant amount of capital investment prior to the commencement of commercial production at our Pre-Production Assets and our ability to obtain financing and the cost of such financing are dependent on various factors, including:

- i. general economic and capital market conditions;
- ii. the availability of credit from banks or other lenders;
- iii. investor confidence in us; and
- iv. the continued performance of our Gold Projects.

Although we will be utilising a substantial portion of the net proceeds from the Public Offer to develop our Fäboliden Project, we may later require additional finances to commence production. We cannot assure you that financing for the development of our Pre-Production Assets or future mine developments or other corporate purposes will be available on terms favourable to us or at all, which could force us to delay, reduce or abandon our development plans and growth strategy and/or increase our financial costs.

Additional funding from debt financing may make it more difficult for us to operate our business because we may need to make principal and interest payments on the debt. We may be subject to potentially higher interest rates or obligated to abide by certain unfavourable terms or restrictive covenants contained in the debt financing agreements, which may, among other things, limit our scope to make business and operational decisions. Furthermore, raising capital through public or private sales of equity to finance capital expenditure could cause earnings or ownership dilution to our Shareholders' interests in our Company.

Additionally, in the event that we are unable to meet our liabilities when they are due or if our creditors take legal action against us for payment, we may have to liquidate our long-term assets to repay our creditors. We may have difficulty converting our long-term assets into current assets and may suffer losses upon the sale of our long-term assets. This would materially and adversely affect our operations and prevent us from successfully implementing our business strategy.

Mine properties, plant and equipment impairment could negatively affect our reported results of operations

The carrying values of mine properties, plant and equipment are reviewed for impairment annually or more frequently when events or changes in circumstances indicate the carrying values may not be recoverable. Our Group recognised impairment losses of our mine

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properties, plant and equipment of approximately AUD3.6 million for the year ended 31 December 2015, and no impairment was recognised during the years ended 31 December 2016 and 2017 and the four months ended 30 April 2018, respectively. Please refer to Appendix IA to this prospectus for further discussion of the impairment loss.

Testing for impairment requires an estimation of the value in use of the cash-generating units, being the Vammala Plant and Svartliden Plant for instance. Assessing the value in use requires an estimation of the expected future cash flows from the cash-generating units over the life of mine discounted to their present value using a pre-tax nominal discount rate. Factors that are taken into consideration in the assessment may also include, among other things, the mine life, production levels, demand, gold price, inflation, cash costs of production and future changes in legal regime and/or environmental permits. There are inherent uncertainties related to certain of these factors and to our judgment in applying these factors to the assessment of the recoverability of the carrying value of our mine properties, plants and equipment. Any impairment charges would negatively impact our financial position and financial results of that reporting period.

Our Group may not be able to retain or secure key personnel, key senior management or other personnel for our operations

We depend on certain key personnel, key senior management and other employees in our business, particularly those set out in the section headed “Directors and senior management” of this prospectus. There can be no assurance that such persons will continue to provide services to us or will honour the agreed terms and conditions of their employment or contracts. In addition, the gold mining industry is inherently cyclical and we may experience labour shortages from time to time, which in turn will mean higher cost to recruit labour resources. Any loss of key personnel or failure to recruit and retain personnel for our future operations and development may have a material and adverse impact on our business.

Our Group’s insurance may not cover all losses and liabilities arising from our operations

Any of the Gold Projects could suffer physical damage caused by fire, cave-ins or other causes resulting in losses (including loss of equipment or injury to employees) which may not be fully covered by our current insurance policies. Certain types of risks (such as war risk and risks of acts of terrorism) are uninsurable or the cost of insurance may be prohibitive when compared to the risk, rendering it not cost effective to maintain such insurances in the view of our Directors such as business interruptions triggered by force majeure events to our Gold Projects.

Should an uninsured loss or a loss in excess of insured limits occur, our Group will be required to bear the loss or the uncovered part of the loss. Any material uninsured loss could materially adversely affect our financial condition.

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In respect of insurance, our Group will have to renew our insurance policies from time to time and negotiate acceptable terms for coverage. Our Group cannot control what coverage will be available on commercially reasonable terms in future years. Any material increase in insurance rates or decrease in available coverage in the future could adversely affect or potentially affect, in case of losses not covered by insurance, our financial condition.

For further details of the insurance held by our Group, please refer to the paragraph headed "Insurance" under the section headed "Business" of this prospectus.

We face risks and uncertainties beyond our control ranging from manmade and natural disaster to community protests and civil unrest, which may negatively impact our operations.

Our business operations are subject to a number of operational risks and hazards in Finland and Sweden, some of which are beyond our control. These operational risks and hazards mainly include:

- i. major catastrophic events and natural disasters, including fires, cave-ins snowstorms, floods and landslides caused by extreme weather conditions;
- ii. geological or mining conditions such as instability of the slopes and subsidence of the working areas;
- iii. unexpected or periodic interruptions due to extreme weather conditions;
- iv. industrial or manmade accidents occurring in connection with our mining or ore processing operations; and
- v. critical equipment failures, malfunction and breakdowns of information management systems, or unexpected maintenance or technical problems.

Natural disasters, including fires, snowstorms, floods and landslides, may result in damage or loss to our mining and processing operations, and they may also require us, among other things, to evacuate personnel, delay or temporarily suspend our operations, reduce our productivity or delay delivery of our products. Periods of curtailed activity may increase operating costs or cause us to lose customers or breach sales contracts, which could materially and adversely affect our business.

We may also be subject to actions by environmental protection groups or other interested parties who object to the actual or perceived environmental impact of our mines or other actual or perceived conditions at our mines. These actions may directly or indirectly affect or interrupt our operations, resulting in lower revenues and unbudgeted costs for remedying any legal claims or losses.

RISK FACTORS

Our Group relies on third party contractors to provide substantial services in respect of our existing mining operations. Any material disputes with them or interruptions in the provision of their services could have a material and adverse impact on our business

As part of our operations, our Group outsources part of our mining operations, as is common in the industry, including transportation of ore and gravity gold concentrate, site formation at the mines and other infrastructure construction and fittings in the mines such as electricity and ventilation, to third party contractors. In particular, we outsource certain mining operations at Jokisivu Mine pursuant to service agreements with third party contractors. For further details of the major third party contractors we have engaged during the Track Record Period, please refer to the paragraph headed “Third party contractors” under the section headed “Business” of this prospectus.

If our third party contractors carry out their work negligently, our workers and/or equipment may be injured and/or damaged, which may in turn delay our operations affecting our production. We cannot exclude the possibility that accidents may occur at our operations involving a third party contractor. The occurrence of such an accident may expose us to legal liability depending on the facts surrounding the accident. During the Track Record Period, our Group had not experienced any material delay or adverse impact on our operations as a result of improper performance of, or dispute with our third party contractors.

Additionally, disputes may arise between our Group and the third party contractors. These disputes could lead to additional expense, and may divert the attention of our management team from our business operations which may cause loss of production time and incur additional costs. For details of the claims filed during the Track Record Period, please refer to the paragraph headed “Disagreements with third party contractors” under the section headed “Business” of this prospectus. Any of these claims could materially and adversely affect our business, financial position and results of operations.

Our Group may not be able to source and maintain adequate and uninterrupted supply of utilities, labour, necessary raw materials, auxiliary materials, equipment and spare parts at favourable prices, which may have a material adverse effect on the operations and profits

Cost effective operations of our mines depend, among other things, on the adequate and timely supply of utilities, labour, raw materials and auxiliary materials to us. The prices of such items have generally remained relatively stable during the Track Record Period. Our Group does not have control over the prices for items such as labour costs, which are generally fixed through agreement between the governmental authorities and the trade unions in Finland and Sweden, and utilities. For further details of the Nordic labour cost and utility price movement during the Track Record Period, please refer to the section headed “Industry overview” of this prospectus.

Our utility supplies may be disrupted due to severe weather conditions or the price of such utilities may increase due to factors such as increase in the price of oil, which in turn, may result in increases in our operating costs which could materially and adversely affect our business and financial condition.

RISK FACTORS

If our supply of raw materials, and auxiliary materials and equipment are interrupted, or their market prices increase, or our existing suppliers cease to supply them to us on commercially acceptable terms, our business, financial condition and results of operations could be materially and adversely affected.

We may suffer if there is a theft of gold on our mining properties. Such activities can disrupt business and can expose us to liability

Our Group may not be able to safely guard against illegal activities such as theft of gold. Any theft of gold doré bars or gold concentrate from our Gold Projects may reduce the amount of gold that we are able to produce or recover from our operations and the amount of gold we are able to sell, which would have a material adverse effect on our business, results of operations and financial position. For details of our Group's internal control procedures in relation to gold security, please refer to the paragraph headed "Security" under the section headed "Business" of this prospectus. During the Track Record Period, we had not experienced a breach of security that had a material and adverse impact on our operations.

Our Group is exposed to risk of obsolescence in relation to our raw materials and stores inventories which may negatively impact our cash flow and financial position

The inventories of our Group comprise (i) ore and concentrate stockpiles; (ii) gold in circuit; and (iii) raw materials and stores. As at 31 December 2015, 2016 and 2017, and 30 April 2018, the proportion of raw materials and stores to our Group's total inventories was approximately 12.6%, 13.8%, 9.7% and 11.3%, respectively. We wish to emphasise that demand for raw materials and stores are dependent on our Group's business operations. Any increase in inventory, in particular the raw materials and stores, may negatively affect our working capital. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. Further, if we fail to source appropriate raw materials and auxiliary materials for our mining operations in the future, the volume of obsolete inventory may increase and we may need to either sell off such inventory at a lower price or write off such inventory, in the event of which our financial position and results of operations may be materially and adversely affected. During the Track Record Period, our Group had not identified material inventory items requiring impairment provisioning. For further details of the movement of our inventories, in particular for ore and concentrate stockpiles and gold in circuit, please refer to the paragraph headed "Sales and customers" under the section headed "Business" of the prospectus.

Changes in the tax laws and regulations applicable to our Group may adversely affect the results of our Group's operations

The Australian, Finnish and Swedish entities comprising our Group are subject to, among other things, corporate income tax. There is no assurance that the Australian, Finnish and Swedish government authorities will not increase the rates of the applicable taxes. Any increase in these tax rates could materially and adversely affect our results of operations. For further details, please refer to Appendix VII to this prospectus and the section headed "Regulatory overview" of this prospectus.

RISK FACTORS

B. RISKS RELATING TO THE DELISTING, LISTING, PUBLIC OFFER AND SHARE PERFORMANCE

There is a short interval between our Company's Delisting from the ASX to finalising the Listing on the Main Board. There are certain inherent risks that the Listing may not be able to proceed subsequent to our Company being delisted from ASX. If that were to occur, our Company would have to re-comply with the ASX listing requirements in order to be able to re-list on ASX, or our Company would remain unlisted. Our Company's preferred course of action would be determined at the time by our Directors

Shareholders should note that our Company has obtained permission from the ASX for the Delisting and the Existing Shareholders passed a resolution to approve the Delisting at the EGM held on 2 May 2017, and was reapproved at the Annual General Meeting held on 29 May 2018 due to lapse of time since the EGM. For further details of the resolutions passed at the EGM and the Annual General Meeting, as well as the terms and conditions pertaining to the Delisting, the Listing and the Public Offer, please refer to the section headed "Information about this prospectus and the Public Offer" of this prospectus.

It is currently expected that the Delisting procedure will only be activated upon the receipt of a written confirmation in principle from the Stock Exchange to the effect that, subject to the completion of the Public Offer, the Listing will proceed on or about the Listing date (or as illustrated in the section headed "Expected timetable" of this prospectus). We wish to emphasise that while the period between Delisting and Listing is short, there are inherent risks, which we have no control over, that the Listing may not be able to proceed despite such written confirmation in principle being received from the Stock Exchange. Such risks affecting the success of the Listing, after the issue of this prospectus include, among other things, (i) adverse market conditions affecting the Public Offer; (ii) the Underwriting Agreement is not declared unconditional or terminated; (iii) any unexpected legal proceedings being initiated against our Company/Directors after the issuance of this prospectus; (iv) failure to satisfy the conditions to the Listing required by the Stock Exchange, if any; or (v) any force majeure events occurring which lead to our Company being unable to list on the current basis as disclosed in this prospectus.

Shareholders should note that the Delisting is not conditional on the Listing being successful. If Delisting occurs and the Listing cannot proceed for any reason, the Delisting will endure and our Company would have to re-comply with the ASX listing requirements in order to be able to re-list on ASX. Otherwise our Company would remain unlisted. Our Company's preferred course of action would be determined at the time by our Directors. For further details of the Delisting arrangement with the ASX, please refer to the paragraph headed "Application for Listing on the Stock Exchange and Delisting from ASX" under the section headed "Information about this prospectus and the Public Offer" of this prospectus.

RISK FACTORS

The Shares are exposed to the risk of marketability and possible price and trading volatility. The Share price is likely to be very reliant on the global gold spot price which is volatile

The trading price of the Shares on the ASX prior to the Delisting might not be indicative of the expected market price for the Shares on the Stock Exchange following the Public Offer. The trading price of the Shares could increase or decrease in response to, inter alia, factors such as the following, some of which are beyond our control:

- i. variations in our operating results;
- ii. changes in securities analysts' recommendation, investor behaviour, market perception or estimates of our financial performance;
- iii. changes in conditions affecting the industry, general economic conditions or other events or factors;
- iv. the operating and share price performance of other companies and other stock market sentiments generally;
- v. the liquidity of our Shares;
- vi. the time needed to bring our Pre-Production Assets into commercial production
- vii. differences between our actual financial operating results and those expected by investors and analysts; and
- viii. changes in market conditions and broad market fluctuations.

In addition, the Share price is likely to be very reliant on the gold spot price as our revenue is primarily derived from the sale of gold. Volatility in the gold price can adversely affect the trading price of the Shares regardless of our operating performance.

For reasons including the above, our Shares might trade at prices that are higher or lower than the attributable net asset value of our Shares, and therefore we cannot guarantee that prospective investors can regain the amount invested. It is possible that prospective investors could lose all or a part of their investment in our Shares. A low Share price may affect our ability to raise funds by way of issuance of equity at a time and price we deem appropriate.

All transaction costs incurred under the VSF will be borne by our Company, which will be subject to certain market parameters which we have no control over, any unexpected overruns may negatively impact our Group's financial performance

The VSF has been established by our Company for the purpose of providing a trading avenue for the Existing Shareholders to trade any or all of their Shares on the Stock Exchange

RISK FACTORS

on, and for a period of three months after, the Listing Date. Please refer to the paragraph headed “Arrangement of VSF Sale Share” under the section headed “Information about this prospectus and the Public Offer” of this prospectus for further details of the VSF arrangement.

Shareholders should note that all transaction costs arising from the VSF will be borne by our Company. Given the number of Existing Shareholders who will participate in the VSF and the number of Shares to be sold under the VSF cannot be determined, our Company is not able to ascertain the actual total transaction costs arising from the VSF. For illustrative purpose, on the assumption that all of our Existing Shareholders as at the Latest Practicable Date, including our substantial shareholders, participate in the VSF and sell all of their Shares at the Share price of HK\$2.03 (being the Offer Price), and at the brokerage fee charges and transaction costs agreed with the VSF Broker and the Hong Kong Broker, the maximum of the total transaction costs arising from the VSF is expected to amount to approximately HK\$2.5 million. We wish to emphasise that certain factors, in particular the number of Existing Shareholders participating in the VSF and the transaction prices of the VSF Sale Shares, may be different from the parameters used in the above scenario. We therefore cannot accurately estimate the transaction costs burden of the VSF on our Company. If such transaction costs exceed our Directors’ expectation due to an upsurge in the Share price after Listing, such financial burden may have a negative impact on our Group’s financial performance.

The liquidity of our Shares on the Stock Exchange may be limited and the effectiveness of the VSF is subject to limitations

Our Shares have not been traded on the Stock Exchange before the Public Offer and there could be limited liquidity in our Shares on the Stock Exchange. While the new Shareholders holding the Offer Shares are able to trade freely on the Stock Exchange, in order for the Existing Shareholders to sell or trade their Shares on the Stock Exchange, they have to either lodge their share certificates with their Hong Kong broker, if any, and deposit them into CCASS, or participate in the VSF. There is no certainty as to the number of Shares that Existing Shareholders may elect to sell through the VSF. As for the remaining Existing Shareholders not participating in the VSF, due to the possible difficulty in establishing a relationship with a Hong Kong broker to facilitate trading on the Stock Exchange, there is no guarantee that they are willing to trade their Shares at all. Throughout the VSF arrangement, our Company, with the assistance from the VSF Broker and the Hong Kong Broker, may carry out trading activities. Such trading activities are intended to contribute to the liquidity of the Shares on the Stock Exchange upon Listing. Shareholders should note that the effectiveness of the VSF is subject to the level of participation of the Existing Shareholders, and the Hong Kong Broker’s ability to sell the Shares on the Stock Exchange after Listing.

We cannot guarantee you that the VSF will improve liquidity in the Shares on the Stock Exchange. The VSF will be terminated and cease to continue beyond the three months period after the Listing Date. In addition, the VSF Broker or the Hong Kong Broker are not acting as market makers and do not undertake to create or make a market for our Shares on the Stock Exchange.

RISK FACTORS

Level of participation of the Existing Shareholders in the VSF may be significant, which could result in an adverse effect on the Share price

We wish to emphasise that the Offer Price represents a significant premium of approximately 1.3 times over the closing price of our Shares on the ASX before suspension of their trading on the Latest Practicable Date.

There may be a possibility that a significant number of Existing Shareholders may take advantage of the aforesaid significant disparity in price and no transaction costs nature of the VSF, to sell any or all of their Shares, through the VSF as soon as the Listing occurs. This could contribute to a significant supply of the Shares on the Stock Exchange, on and for a period of three months after the Listing Date, and could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares.

Future issuances of Shares in the public market could materially dilute the Shareholders' equity interests

Our Group may need to raise additional funds in the future to finance, inter alia, expansion or new mine developments or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the ownership percentage of the Shareholders in our Company may be reduced and the Shareholders may experience dilution in their shareholdings in our Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

We may not be able to declare dividends on our Shares in the future

Our Group has not declared any dividend payment during the Track Record Period. We cannot assure you that future dividends will be declared or paid. Whether dividends will be distributed and the amount of dividends to be paid will depend upon, among other considerations, our profitability, financial conditions, business development requirements, future prospects and cash requirements. Any declaration, payment and amount of any future dividends is at the discretion of our Directors, and will be subject to, among other things, our constitutional documents and applicable laws in the various jurisdictions we operate in.

Any potential sale of Shares by our substantial shareholders could have an adverse effect on the share price

Future sales of a substantial number of the Shares by our substantial shareholders could negatively impact the market price of the Shares.

We are not in a position to give any assurances that our substantial shareholders will not dispose of any Shares that they may own. In the event that any of our substantial shareholders dispose of Shares after Listing, this could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares.

RISK FACTORS

Shareholders could experience difficulties in enforcing their shareholder rights because our Company is an Australian company principally governed by Australian laws and regulations, and the laws of Australia for minority shareholders' protection may be different from those under the laws of Hong Kong and other jurisdictions

We are incorporated under the Australian Corporations Act and governed by Australian laws and regulations. Australian laws and regulations may differ in some respects from comparable Hong Kong laws and regulations. Our Company may therefore be subject to different obligations in each jurisdiction. This may result in increased compliance costs for our Company and those involved with our Company. For example, in the case of a takeover bid, our Company, offeror and other parties will need to consider regulatory obligations in both jurisdictions which may involve significant increase to time and cost when compared with a takeover bid in a single jurisdiction.

The laws of Australia relating to the protection of the interests of minority shareholders differ in some respect from those established under statutes and judicial precedents in Hong Kong and in other jurisdictions. This could mean that the remedies available to our Company's minority Shareholders could be different from those they would have under the laws of Hong Kong and other jurisdictions. Prospective investors are advised to pay attention to the rights they are entitled to under the applicable jurisdictions.

Our Company will not provide further advice to Shareholders or potential investors regarding their compliance with or obligations under any Australian laws and regulations arising from a purchase of Shares.

Any description of Australian laws and regulations in this prospectus is for general information purposes only and is not to be taken as advice to any particular Shareholder or potential investor. Shareholders and potential investors are encouraged to seek their own professional advice.

Right to terminate the Underwriting Agreement

Prospective investors of the Offer Shares should note that Get Nice Securities (for itself and on behalf of the Underwriters) is entitled to terminate its obligations under the Underwriting Agreement when Get Nice Securities (for itself and on behalf of the Underwriters) gives notice in writing to our Company upon the occurrence of any of the events stated in the section headed "Underwriting" of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flood, explosions, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lock-outs. Should Get Nice Securities (for itself and on behalf of the Underwriters) exercise its right to terminate the Underwriting Agreement, the Public Offer will not proceed and will lapse.

RISK FACTORS

C. RISKS RELATING TO CERTAIN INFORMATION CONTAINED IN THIS PROSPECTUS

You should read the entire prospectus carefully and we cannot assume or assure the reliability of industry and market information and statistics derived from official government publications contained in the prospectus

This prospectus contains information and statistics relating to the gold mining industry and market. With respect to information and statistics derived from various government or official sources and publications and commissioned reports, while we have exercised reasonable care in reproducing such information and statistics, they have not been independently verified by us, our Directors or any of our affiliates or advisers, nor by the Sponsor, the Joint Lead Managers or any other parties involved in the Public Offer or their respective affiliates or advisers. Further, we cannot assure you that such information and statistics are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other countries. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the information and statistics included in this prospectus being inaccurate or not comparable to information and statistics produced for other economies. None of our Company, our Directors, the Sponsor, the Joint Lead Managers nor any other parties involved in the Public Offer makes any representation as to the accuracy or completeness of such information. Prospective investors should not place undue reliance on any of such information and statistics contained in this prospectus. In any event, you should consider carefully the importance placed on such information and statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through other media relating to us and/or the Public Offer, certain of which may not be consistent with the information contained in this prospectus

We wish to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage regarding our Group or the Public Offer, and such information not sourced from or authorised by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media about our business or financial projections, share valuation or other information. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

RISK FACTORS

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain “forward-looking” statements and information relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. Prospective investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although our Company believes the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumption could also be incorrect. The uncertainties in this regard may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. For further details, please refer to the section headed “Forward-looking statements” of this prospectus.

WAIVERS AND EXEMPTIONS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND THE HONG KONG COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, the following waivers and exemptions have been sought from strict compliance with certain provisions of the Listing Rules and the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance.

BASIC CONDITIONS FOR LISTING — PROFIT REQUIREMENTS

Requirements under the Listing Rules

According to Rule 8.05 of the Listing Rules, an issuer must satisfy one of the three tests in relation to: (a) profit; (b) market capitalisation, revenue and cash flow; or (c) market capitalisation and revenue requirements.

Chapter 18 of the Listing Rules applies to mineral companies. Pursuant to Rule 18.04 of the Listing Rules, a mineral company that is unable to satisfy the tests in Rule 8.05 of the Listing Rules, including the profit requirement under Rule 8.05(1)(a) of the Listing Rules, may still apply to be listed if the Stock Exchange is satisfied that the directors and senior managers of the issuer, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the mineral company is pursuing. Sufficient and relevant experience are demonstrated by a five-year or more experience in the exploration for and/or extraction of relevant natural resources.

Background and basis of the waiver

The profit attributable to our Shareholders resulted from our business operation during the Track Record Period does not meet the profit requirement under Rule 8.05(1)(a) of the Listing Rules. We have therefore applied for and the Stock Exchange has granted a waiver from strict compliance with Rule 8.05(1)(a) of the Listing Rules in accordance with Rules 8.05B(1) and 18.04 of the Listing Rules for the following reasons:

- (a) our Company was principally engaged in gold exploration, mining and processing in the Nordic region and is a mineral company to which Chapter 18 of the Listing Rules applies. However, (i) in respect of our Pre-Production Assets, there has been no formal production and (ii) the ore from Svartliden Mine stockpile had exhausted during the Track Record Period;
- (b) we are able to demonstrate a clear path to commercial production for our Pre-Production Assets. For details of how our Pre-Production Assets have a clear path to commercial production, please refer to the paragraphs headed “Fäboliden Project — Clear path to commercial production of Fäboliden Project” and “Kaapelinkulma Project — Clear path to commercial production of Kaapelinkulma Project” in the section headed “Business” of this prospectus; and

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- (c) 4 members of the management team (the “**Core Management**”), namely Mr. Smith (our executive Director), Mr. Neale Martin Edwards (our chief geologist), Mr. Ilpo Tapio Mäkinen (our country manager of Finland) and Mr. Joshua David Stewart (our project manager, Fäboliden), possess sufficient mining and management experience relevant to the exploration and/or extraction in gold mining of approximately 12, 32, 8 and 14 years respectively. For details of the biographical information of our Directors and senior management, including details of the relevant experience of the Core Management relied upon for the purpose of the waiver application, please refer to the section headed “Directors and senior management” of this prospectus. In this regard, we are of the view that the Core Management, taken together, have sufficient experience that is specifically relevant to the exploration and/or extraction activities that we are pursuing.

The Sponsor has noted that a key reason for our Group not being able to meet the profit requirement under Rule 8.05(1)(a) of the Listing Rules is because of the negative effect on our profitability from maintaining our Group’s Swedish operations at Svartliden while awaiting the commencement of the operation of Fäboliden Project. Our Directors have decided to continue with the Swedish operations while awaiting the commencement of Fäboliden Project as they are of the view that it is more economical to keep Svartliden Plant running while retaining its key staff who has appropriate expertise in mineral processing in Sweden to prepare for the commencement of Fäboliden Project. It should be noted that the above is a special and temporary situation and does not form part of the Group’s normal operations, therefore it should not reflect negatively on the Core Management’s ability to manage a mining company. The Sponsor has also noted that after the appointment of the Board in 2014, our Company was turned around and became profitable for the two years ended 31 December 2016. Moreover, our Finnish operations have been profitable for the three years ended 31 December 2017. Based on the above and the experience and track record of the Core Management, the Sponsor is of the view that the decrease in profitability of our Group was due to maintaining the Swedish operations while awaiting the commencement of the operations of the Fäboliden Project and hence does not cast doubt on the Core Management’s ability in managing a mining company, and does not lead to any concerns in the application of the waiver from strict compliance with Rule 8.05(1)(a) of the Listing Rules in accordance with Rules 8.05B(1) and 18.04 of the Listing Rules.

COMPANY SECRETARY

Requirements under the Listing Rules

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules, which prescribes that such company secretary shall be an individual who, by virtue of his/her academic or professional qualifications or

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relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Pursuant to note 1 of Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (1) a Member of The Hong Kong Institute of Chartered Secretaries;
- (2) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (3) a certified public accountant as defined in the PAO.

Pursuant to note 2 of Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (1) length of employment with the issuer and other issuers and the roles he or she played;
- (2) familiarity with the Listing Rules and other relevant law and regulations including the SFO, Hong Kong Companies Ordinance and the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs;
- (3) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (4) professional qualifications in other jurisdictions.

Background and basis of the waiver

Ms. Shannon Louise Coates (“**Ms. Coates**”) has been our company secretary since December 2013, who is currently a non-practising solicitor and a member of Chartered Secretaries Australia and the Australian Institute of Company Directors. Ms. Coates’ qualifications do not meet the qualification requirements under note 1 to Rule 3.28 of the Listing Rules. As a result, we are not able to comply with Rule 8.17 of the Listing Rules by engaging Ms. Coates as our company secretary.

For details of the experience and qualifications of Ms. Coates, please refer to the section headed “Directors and senior management” of this prospectus. By virtue of Ms. Coates’ experience and familiarity with our Company, we are of the view that Ms. Coates is capable of discharging her duties and is a suitable person to act as a company secretary of the Company although Ms. Coates does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules.

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We have also appointed Mr. Lo Tai On (羅泰安) (“**Mr. Lo**”) of Fair Wind Secretarial Services Limited as a joint company secretary of our Company on 16 October 2018 to provide assistance to Ms. Coates in the discharge of her duties as a company secretary for three years from the Listing Date. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants and therefore meets the qualification requirements under note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, we have applied for and the Stock Exchange has granted us a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Coates can be appointed as a company secretary of our Company subject to the following conditions that:

- (1) Mr. Lo, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Coates in the discharge of her duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules;
- (2) the waiver will be revoked immediately if, save and except for health reasons, Mr. Lo ceases to provide assistance to Ms. Coates as our joint company secretary for the three-year period after Listing;
- (3) Ms. Coates will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date;
- (4) we will further ensure that Ms. Coates has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange;
- (5) at the end of the three-year period, the qualifications and experience of Ms. Coates and the need for on-going assistance of Mr. Lo will be further evaluated by our Company; and
- (6) we will liaise with the Stock Exchange to enable it to assess whether Ms. Coates, having benefited from the assistance of Mr. Lo for three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of note 2 of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

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MANAGEMENT PRESENCE IN HONG KONG

Requirements under the Listing Rules

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily residents in Hong Kong.

Background and basis of the waiver

Our Company is incorporated in Western Australia. Our core business and operations are primarily located, managed and conducted in Finland and Sweden. Moreover, our assets are located in Finland and Sweden. Our business, management and operations have been under the supervision of our executive Director, Mr. Smith and certain local senior management members residing in Finland and Sweden. This arrangement has proven to be effective. With the support of existing senior management members, our Company does not have, and, in the foreseeable future, will not have, the need to appoint additional executive Director(s) who would be ordinarily resident(s) in Hong Kong.

Furthermore, if additional executive Director(s) who reside(s) in Hong Kong is/are appointed, since he/she will not be physically present in Finland and/or Sweden for substantial periods of time, he/she will not be able to fully understand the daily business operations of our Group or fully appreciate the circumstances surrounding or affecting the business operations and development of our Group from time to time. As such, such executive Director(s) may not be able to perform his/her duty on a fully informed basis, or make appropriate business decisions or judgments that are most beneficial to the business operations and development of our Group. The appointment of additional executive Director(s) for the sole purpose of establishing a management presence in Hong Kong would not only increase our administrative expenses, but would also reduce the effectiveness of our senior management team in making decisions for our Group.

Our Board is of the view that it would be impractical and not commercially feasible for our Company to appoint one or more Hong Kong residents as executive Director(s) merely for the purpose of complying with Rule 8.12 of the Listing Rules.

We have therefore applied for and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 of the Listing Rules based on the following conditions:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who would act as our Company's principal channel of communication with the Stock Exchange and ensure that our Group complies with the Listing Rules at all times. These two authorised representatives are Mr. Dew, a non-executive Director, and Ms. Coates, our joint company secretary. The two alternate authorised representatives are Mr. Wong (as alternate to Mr. Dew) and Mr. Lo. (as alternate to

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Ms. Coates). Save for Ms. Coates, Mr. Dew, Mr. Wong and Mr. Lo are ordinarily residents in Hong Kong. Each of the authorised representatives (including the alternates) is available to meet with the Stock Exchange within a reasonable time frame upon request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable) and is authorised to communicate on behalf of our Company with the Stock Exchange;

- (b) each of the authorised representatives (including the alternates) has means to contact all members of the Board and our senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communications between the Stock Exchange, the authorised representatives (including the alternates) and our Board, our Company has implemented a policy that (i) each Director has to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives (including the alternates); and (ii) in the event that a Director expects to travel and be out of office, he has to provide the phone number of the place of his accommodation to the authorised representatives (including the alternates);
- (c) all Directors have provided their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange to ensure that they can readily be contactable when necessary to deal promptly with enquiries from the Stock Exchange; and
- (d) all Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange upon reasonable notice.

In addition, in compliance with Rule 3A.19 of the Listing Rules, we have appointed Altus as the compliance adviser of our Company as the alternate channel of communications with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Altus has agreed to provide professional advice on matters relating to compliance with the Listing Rules and (if applicable) other obligations for companies listed in Hong Kong. Altus has also agreed, in addition to the authorised representatives, to act as an additional channel of communication with the Stock Exchange.

REPORTING ACCOUNTANTS

Requirements under the Listing Rules

Rule 4.03 of the Listing Rules requires that the accountants' report included in a listing document for a proposed listing of the shares of a company is prepared by certified public

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accountants who are qualified under the PAO for appointment as auditors of the company and who are independent both of the company and of any other company concerned to the same extent as that required of an auditor under the Hong Kong Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants. Rule 19.20 of the Listing Rules further stipulates the qualifications of the auditor of an overseas issuer, who among others, must be qualified under the PAO or a firm of accountants acceptable to the Stock Exchange.

Requirements under the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

Pursuant to Section 342(1)(b) of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, a company incorporated outside Hong Kong and proposing to offer shares to the public in Hong Kong must state the matters specified in Part I of the Third Schedule to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject always to the provisions contained in Part III of the Third Schedule, in particular paragraph 43, to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance in this prospectus.

Paragraph 43 of Part III of the Third Schedule to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance requires any report by accountants required by Part II of the Third Schedule shall be made by accountants qualified under the PAO for appointment as auditors of a company and shall not be made by any accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of the company or of the company's subsidiary or parent undertaking or of a subsidiary of the company's parent undertaking; and for the purposes of this paragraph the expression officer shall include a proposed director but not an auditor.

Background and basis of the waiver and exemption

Our Company is a listed public company incorporated in Western Australia and currently listed on the ASX under ASX stock code "DRA". In accordance with the requirements of the Australian Corporations Act, our Company has appointed Ernst & Young, Perth ("EYP") as our statutory auditors since October 2006. EYP is not an accountant qualified under the PAO. For the purpose of the Listing, EYP has reported on the historical financial information of our Group, that was prepared by our Directors, and is included in this prospectus in accordance with the IFRS, and it is intended that EYP will remain as our Company's sole reporting accountant.

Engaging other certified public accountants or Ernst & Young Hong Kong ("EYHK") who are qualified under the PAO as auditors to conduct an extensive review of the historical financial information which have already been audited by EYP for the preparation of an

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accountants' report in this prospectus would result in additional and unnecessary work. It would not only result in our Company incurring unnecessary costs, but would also delay the Listing. Moreover, it would be unduly burdensome on our Company and of no material value to Hong Kong investors to require that the accountants' report be signed by EYHK or a qualified accounting and auditing firm under the PAO.

Accordingly, we have applied for and the Stock Exchange has granted us a waiver and the SFC has granted us a certificate of exemptions from strict compliance with Rule 4.03 of the Listing Rules and Section 342(1)(b) of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of paragraph 43 of part III of Third Schedule to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following basis:

- (a) EYP is an internationally recognised accounting firm and supervised and regulated by the ASIC. It has extensive experience in securities offerings on the ASX. It is independent of us;
- (b) EYP is a member firm of Ernst & Young Global Limited. All member firms of the Ernst & Young Global Limited adopt a consistent global audit approach which is designed to support consistency of service quality and adherence to the framework of audit methodology set out in the EY Global Audit Methodology. Reviews are performed on member firms on an annual basis to ensure that adherence to the framework of audit methodology set out in the EY Global Audit Methodology is upheld by all member firms. EYP also adopts and observes the independence requirements set out under the code issued by the Accounting Professional & Ethical Standards Board;
- (c) EYP has been appointed by our Company as its statutory auditors since October 2006 in accordance with the requirements of the Australian Corporations Act. The Australian Corporations Act sets out the responsibilities of EYP to audit our Company's consolidated financial statements in accordance with the Australian Auditing Standards and which are similar to the International Standards on Auditing;
- (d) the responsible partner of EYP prepared the Appendix IA to this prospectus, has 14 years of audit experience and is a chartered accountant of the Chartered Accountants Australia and New Zealand ("**CAANZ**"). CAANZ is a member of the Global Accounting Alliance ("**GAA**"). The public accountancy profession in Australia is independently regulated by GAA and ASIC. ASIC is a signatory to the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information of the International Organisation of Securities Commissions. ASIC is also a founding member of the International Forum of Independent Audit Regulators ("**IFIAR**") and has representation on IFIAR's Advisory Council;

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- (e) ASIC, which is an independent government body of Australia, is the national regulator of corporate, markets and financial services in Australia. ASIC is responsible for the following functions:
- (1) to register companies and manage investment schemes;
 - (2) to grant Australian financial services licences and Australian credit licences;
 - (3) to register auditors and liquidators;
 - (4) to grant relief from various provisions of the legislation which it administers;
 - (5) to maintain publicly accessible registers of information about companies, financial services licensees and credit licensees;
 - (6) to make rules aimed at ensuring the integrity of financial markets;
 - (7) to stop the issue of financial products under defective disclosure documents;
 - (8) to investigate suspected breaches of the law and, in so doing, require people to produce books or answer questions at an examination;
 - (9) to issue infringement notices in relation to alleged breaches of some laws;
 - (10) to ban people from engaging in credit activities or providing financial services;
 - (11) to seek civil penalties from the courts; and
 - (12) to commence prosecutions;
- (f) EYP has been included as an expert who have given opinions in this prospectus in connection with the Listing. EYP will therefore be liable as an expert named in this prospectus for the purpose of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance as if they are experts who have consented for their expert reports to be included in this prospectus. Therefore, investors in Hong Kong will not be prejudiced in terms of recourse for any breach of duties by the reporting accountants under the laws of Hong Kong in any material respect.

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DEALING IN SHARES PRIOR TO LISTING

Requirements under the Listing Rules

Pursuant to Rule 9.09(b) of the Listing Rules, there must be no dealing in the securities of a new listing applicant for which listing is sought by any core connected person of the issuer from the date which is four clear Business Days before the listing hearing date until listing is granted.

Background and basis of the waiver

As a publicly listed company in Australia prior to Delisting and Listing, save for the Shareholders who are our Directors, our Company has no control over the investment decision of any Shareholders, including the substantial shareholders or their close associates or public investors in general, nor is it in a position to be fully aware of the dealing in our Shares of the Shareholders. Our Company therefore does not contemplate that it is within our control to satisfy the strict requirement under Rule 9.09(b) of the Listing Rules. It would also be unfair to our Company if non-compliance by any Shareholders or their respective close associates with the securities dealing restrictions under Rule 9.09(b) of the Listing Rules were to jeopardise the Listing.

We will communicate with the existing substantial shareholders and inform them of the requirement under Rule 9.09(b) of the Listing Rules. However, it is unfeasible for our Company to inform the future substantial shareholders and their respective close associates of such requirement under the Listing Rules.

We have therefore applied for and the Stock Exchange has granted us a waiver from strict compliance with Rule 9.09(b) of the Listing Rules subject to the following:

- (a) the waiver is only applicable to future substantial shareholders and their respective close associates whose investment decisions our Company does not have control over and they have not, or will not be involved in our Group's management and operations or the Listing;
- (b) our Company shall procure that none of our Directors and senior management and their close associates deals in our Shares from four clear Business Days before the expected hearing date until Listing is granted;
- (c) our Company shall notify the Stock Exchange of any dealing or suspected dealing in our Shares by any core connected persons;

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- (d) our Company shall release inside information to the public as required by relevant laws, rules and regulations applicable to our Company so that anyone who may deal in our Shares as a result of this waiver will not be in possession of non-public inside information; and

- (e) for any person who, as a result of dealing in our Shares from the date which is four clear Business Days before the listing hearing date until listing is granted, becomes a substantial shareholder (the “**Potential New Substantial Shareholder**”), we shall:
 - (i) procure that such Potential New Substantial Shareholder will not be involved in our Group’s management and operations or the Listing and would not become a Director or a member of the senior management of our Group after Listing; and

 - (ii) confirm that our Company and its management have not had control over the investment decisions of such Potential New Substantial Shareholder or its close associates.

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DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving information with regard to our Company. Each of our Directors, having made all reasonable enquiries, confirm that to the best of their respective knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE PUBLIC OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus. This prospectus is published solely in connection with the Public Offer. Details of the terms of the Public Offer are described in the section "Structure and conditions of the Public Offer" of this prospectus and in the related Application Forms. So far as the Public Offer is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Lead Managers, any of their respective directors (where applicable) or any other parties involved in the Public Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Public Offer in Hong Kong which is sponsored by the Sponsor. The Offer Shares are fully underwritten by the Joint Lead Managers pursuant to the Underwriting Agreement. For further information about the Joint Lead Managers and underwriting arrangements, please refer to the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON SUBSCRIPTION OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to, or be deemed by his, her or its acquisition of the Offer Shares to, confirm that he, she or it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any such circumstances such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

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The distribution of this prospectus or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered, and will not be offered, directly or indirectly, in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.

No action has been taken to register or qualify the Offer Shares or the Public Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Hong Kong. The distribution of this prospectus and the related Application Forms in jurisdictions outside Hong Kong may be restricted by law, and therefore persons who come into possession of this prospectus or any of the related Application Forms should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

Australia

This prospectus:

- (a) does not constitute a disclosure document under Chapter 6D.2 of the Australian Corporations Act; and
- (b) has not been, and will not be, lodged with ASIC, as a disclosure document for the purposes of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Australian Corporations Act.

Neither this prospectus nor any other document or material in connection with the offer of sale or invitation for subscription or purchase, of any securities offered under this prospectus or such material may be circulated or distributed, nor may any of those securities be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Australia other than pursuant to offers that do not need disclosure to investors under Section 708 or 708A of the Australian Corporations Act.

The securities offered by this prospectus may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the securities may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any securities may be distributed in Australia.

We do not issue this prospectus or any of the securities offered by this prospectus with the purpose of the person to whom they are or may be issued, or any person acting on their behalf, selling or transferring the securities, or granting, issuing or transferring interests in, or options over, them.

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By submitting an application for the securities, the Applicant represents and warrants to the Company that:

- (a) the Applicant is not a resident of Australia;
- (b) the Applicant has not received this prospectus within Australia; and
- (c) the Applicant has not acquired any or all of the securities offered under this prospectus with the purpose of selling or transferring any or all of those securities, or granting, issuing or transferring interests in, or options over, them to investors in Australia within 12 months of the date of the issue of those securities,

(collectively, the “**Warranties**”).

As any offer of securities under this prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months of the date of their issue may, under Section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in Section 708 applies to that resale. By applying for the securities the Applicant undertakes to the Company that the Applicant will not, for a period of 12 months from the date of issue of the securities, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC (the “**Undertaking**”).

Neither the Warranties nor the Undertaking apply to any subsequent sale of securities offered under this prospectus, in the ordinary course of trading of any market conducted by the Stock Exchange and where the ultimate purchaser of any of those securities is unknown to the seller of those securities.

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

Further details of the structure and conditions of the Public Offer are set out in the section headed “Structure and conditions of the Public Offer” of this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE AND DELISTING FROM ASX

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue, and the Offer Shares to be issued pursuant to the Public Offer.

Our Shares are listed and have been admitted to trading on ASX since 19 September 1990. We notified the ASX of the proposed Delisting and the Shareholders passed a resolution to approve the Delisting at the EGM, conditional upon, amongst other things, (i) the approval of the remaining resolutions proposed at the EGM for the purpose of satisfying any condition required by the ASX under the ASX listing rules; (ii) the satisfaction of the conditions to the Delisting coming into effect established in the ASX formal approval for the Delisting dated 20

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April 2017 (the “**ASX Conditions**”); and (iii) the satisfaction of the conditions to the Delisting established by our Directors (the “**Delisting Conditions**”), as disclosed in the notice of the EGM and its accompanying explanatory statement. All proposed resolutions were approved by the Shareholders at the EGM. Due to the lapse of time since the EGM held on 2 May 2017, our Company is required to obtain fresh shareholder approval of the matters which were the subject of that approval of the Public Offer. However, our Company is not required to seek fresh shareholder approval of the other resolutions which were approved at the EGM, including the approval of the Delisting. The new resolution to approve the Public Offer, the terms of which are substantially identical to the resolution approved at the EGM, has been passed in the Annual General Meeting. In this regard, the Delisting procedure will only be activated in accordance with the procedure as illustrated below.

The ASX provided its formal approval for delisting from the ASX on 20 April 2017 and as at the Latest Practicable Date, our Company has fulfilled all ASX Conditions.

In respect of the Delisting Conditions, the Delisting will not be undertaken and until our Directors have received, on terms acceptable to our Directors, in particular, a copy of a written confirmation in principle from the Stock Exchange to the effect that, subject to the completion of the Public Offer, the Listing will proceed on or about the Listing Date.

We wish to emphasise that the Delisting is conditional upon certain conditions, in particular, the satisfaction of the ASX Conditions and the Delisting Conditions as abovementioned. Notwithstanding the foregoing conditions, the Delisting will not be conditional on the Listing being successful. If Delisting occurs and the Listing cannot proceed for any reason, the Delisting will endure and our Company would have to re-comply with the ASX listing requirements in order to be able to re-list on ASX. There will be a short period where the Shareholders should note the risk of possible delisting of our Company from the ASX while not being able to list on the Stock Exchange as further elaborated in the section headed “Risk factor” of this prospectus.

Under Section 44B(1) of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares to be listed on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the Public Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange, any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

ARRANGEMENT OF VSF SALE SHARE

The VSF has been established by our Company in connection with our Company’s intended Delisting and the Listing. Considering the Shareholders passed the resolutions proposed at the EGM and subsequently at the Annual General Meeting, and subject to the fulfilment of the conditions to the Delisting, the Listing and the Public Offer, as disclosed in the notice of EGM, Annual General Meeting and their respective accompanying explanatory statement, our Company, with the assistance of the VSF Broker and Hong Kong Broker, will

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assist the Existing Shareholders wanting to sell any of our Shares held by them on the Stock Exchange on, and for a period of three months after, the Listing Date via the VSF. In this regard, our Company will not be offering any buy-back or redemption facility under which the Existing Shareholders could sell all or any of their Shares to our Company.

The Existing Shareholders are under no obligation to participate in the VSF in respect of any of their Shares.

Our Company will be responsible for the payment of any and all fees or charges of the VSF Broker or any transaction costs arising from that VSF Sale Share. Any sale of our Shares after the expiry of the abovementioned period will entail Existing Shareholders selling their Shares and to having to pay the normal brokerage fees associated with that sale.

For illustrative purpose, assuming all Existing Shareholders participate in the VSF, including the substantial shareholders, and all transactions are conducted at the Share price of HK\$2.03 (being the Offer Price), the estimated maximum transaction costs to be borne by our Company in respect of the VSF will amount to approximately HK\$2.5 million. Our Directors wish to note that the calculation above is only for illustrative purposes and is subject to changes in certain parameters as highlighted in the section headed "Risk factors" of this prospectus. Our Directors believe such transaction costs burden of the VSF will not materially impact our Group.

The transfer of all share registers of the Existing Shareholders maintained by the Australian Principal Share Registrar to our Hong Kong branch share register maintained by the Hong Kong Share Registrar is expected to commence on the day after the Offer period closes, and such transfer will be completed before the Listing Date. In this regard, there is no restriction imposed on the Existing Shareholders to trade any or all of their Shares on the Stock Exchange upon the Listing. In view that the majority of the Existing Shareholders reside in Australia or overseas, it may be difficult for them, in particular the small retail investors, to establish a relationship with a Hong Kong broker in order to trade shares on the Stock Exchange. The VSF is offered by our Company as a complementary trading avenue for the Existing Shareholders to assist them in trading our Shares held by them on the Stock Exchange on and for a period of three months after the Listing Date. Our Directors are of the view that the VSF will contribute to the Share's trading liquidity upon Listing.

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HONG KONG SHARE REGISTER AND STAMP DUTY

The principal register of members of our Company will be maintained in Australia by our Australian Principal Share Registrar, Computershare Investor Services Pty Limited and a branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in our Shares registered in our register of members in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on the Hong Kong register of members of our Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Applicants for Offer Shares should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE PUBLIC OFFER

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 5 November 2018. Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 1712.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or exercise of any rights in relation to, the Offer Shares. It is emphasised that none of our Company, our Directors, the Sponsor, the Joint Lead Managers, any of their respective directors, employees, agents or advisers or any other persons involved in the Public Offer, accepts responsibility for any tax effects on or liabilities of any holder of our Shares resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

EXCHANGE RATE CONVERSION

Unless the context requires otherwise, amounts in this prospectus denominated in EUR, HK\$, SEK or US\$ have been translated into AUD, for the purpose of illustration only, at the following rates:

Currency	Equivalent to
EUR1.00	AUD1.48
SEK1.00	AUD0.15
US\$1.00	AUD1.32
AUD1.00	HK\$5.80

The exchange rates quoted in the above table have not been verified by us, the Sponsor or the Joint Lead Managers. Such conversions shall not be construed as representations that any amount denominated in AUD, SEK, EUR, HK\$ or US\$ was or may have been or may be converted into any or all of those currencies or vice versa at the above quoted exchange rates or at any other exchange rate.

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LANGUAGE

If there is any inconsistency between the English language version of this prospectus and the Chinese translation of that version of this prospectus, the English language version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities, for which an English equivalent has been provided or that have been translated into English and included in this prospectus and for which no official English translation exists, are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE PUBLIC OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Chairman and non-executive Director</i>		
Mr. Arthur George Dew (狄亞法)	Flat A, 4th Floor Po Tak Mansion 3A – 3E Wang Tak Street Happy Valley Hong Kong	Australian
<i>Chief executive officer and executive Director</i>		
Mr. Brett Robert Smith	113 Ernest Street Manly QLD 4179 Australia	Australian
<i>Alternate Director</i>		
Mr. Wong Tai Chun Mark (王大鈞) <i>(Acting as the alternate Director to Mr. Arthur George Dew)</i>	Flat B, 16th Floor, Tower 5 Ultima 23 Fat Kwong Street Homantin Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Carlisle Caldwell Procter	11 Tara Street Woollahra NSW 2025 Australia	Australian
Mr. Pak Wai Keung Martin (白偉強)	Flat A, 30/F Arezzo 33 Seymour Road Mid-Levels Hong Kong	Singaporean
Mr. Poon Yan Wai (潘仁偉)	Flat H, 4/F, Block 36 Laguna City 7 South Laguna Street Chakwoling Kowloon Hong Kong	Chinese

Please note that further information regarding our Directors can be found in the section headed “Directors and senior management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE PUBLIC OFFER

PARTIES INVOLVED IN THE PUBLIC OFFER

Sponsor	Altus Capital Limited 21 Wing Wo Street Central Hong Kong
Joint Lead Managers	Get Nice Securities Limited 10th Floor, Cosco Tower, Grand Millennium Plaza 183 Queen's Road Central Hong Kong Sun Hung Kai Investment Services Limited 42/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Underwriters	Get Nice Securities Limited 10th Floor, Cosco Tower, Grand Millennium Plaza 183 Queen's Road Central Hong Kong Sun Hung Kai Investment Services Limited 42/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Legal advisers to our Company	<i>As to Hong Kong law</i> Kwok Yih & Chan Suites 2103-05, 21st Floor 9 Queen's Road Central Hong Kong <i>As to Australian law</i> Addisons Level 12, 60 Carrington Street Sydney NSW 2000 Australia <i>As to Finnish law</i> Tomi Rinne Ramboll Finland Oy: Säterinkatu 6, P.O. Box 25, 02601 Espoo Finland

DIRECTORS AND PARTIES INVOLVED IN THE PUBLIC OFFER

	<p><i>As to Swedish law</i> Foyen Advokatfirma KB Regeringsgatan 52 SE-111 56 Stockholm Sweden</p>
Legal adviser to the Sponsor and the Underwriters	<p><i>As to Hong Kong law</i> King & Wood Mallesons 13/F Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong</p>
Legal adviser to the Sponsor and the Underwriters	<p><i>As to Finnish and Swedish law</i> Magnusson Hamngatan 15, Box 7413, 103 91 Stockholm Sweden</p>
Compliance adviser	<p>Altus Capital Limited 21 Wing Wo Street Central Hong Kong</p>
Auditors and reporting accountants	<p>Ernst & Young, Perth <i>Chartered Accountants</i> 11 Mounts Bay Road Perth, WA 6000 Australia</p>
Competent Person	<p>RungePincockMinarco Limited Level 2, 131 St Georges Terrence Perth, WA 6000 Australia</p>
Industry consultant	<p>Frost & Sullivan International Limited 1706, One Exchange Square No. 8 Connaught Place Central Hong Kong</p>
Receiving bank	<p>Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road, Kowloon Hong Kong</p>

CORPORATE INFORMATION

Registered office, headquarters and principal place of business in Australia	Unit B1, 431 Roberts Road Subiaco, Western Australia 6008 Australia
Principal place of business in Hong Kong	Unit B, 1st Floor Neich Tower 128 Gloucester Road Wanchai, Hong Kong
Joint company secretaries	<i>For Australia regulations</i> Ms. Shannon Louise Coates (CSA, AICD) Suite 5, 62 Ord Street West Perth WA 6005 Australia <i>For Hong Kong regulations</i> Mr. Lo Tai On (羅泰安) (HKICPA) Unit B, 1st Floor Neich Tower 128 Gloucester Road Wanchai, Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Mr. Arthur George Dew (狄亞法) Flat A, 4th Floor Po Tak Mansion 3A - 3E Wang Tak Street Happy Valley Hong Kong Ms. Shannon Louise Coates Suite 5, 62 Ord Street West Perth WA 6005 Australia <i>Alternate to Mr. Arthur George Dew (狄亞法):</i> Mr. Wong Tai Chun Mark (王大鈞) 22nd Floor, Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong <i>Alternate to Ms. Shannon Louise Coates:</i> Mr. Lo Tai On (羅泰安) Unit B, 1st Floor Neich Tower 128 Gloucester Road Wanchai, Hong Kong

CORPORATE INFORMATION

Audit and risk management committee	Mr. Poon Yan Wai (潘仁偉) (<i>Chairman</i>) Mr. Carlisle Caldwell Procter Mr. Pak Wai Keung Martin (白偉強)
Remuneration committee	Mr. Carlisle Caldwell Procter (<i>Chairman</i>) Mr. Pak Wai Keung Martin (白偉強) Mr. Poon Yan Wai (潘仁偉)
Nomination committee	Mr. Arthur George Dew (狄亞法) (<i>Chairman</i>) Mr. Carlisle Caldwell Procter Mr. Pak Wai Keung Martin (白偉強)
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Australian Principal Share Registrar	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford, VIC, 3067, Melbourne Australia
Principal banker(s)	National Australia Bank West Perth Business Banking Centre Level 1, 1238 Hay Street Perth, Western Australia 6005 Nordea Bank Finland Plc Aleksis Kiven katu 3-5 Helsinki, Finland
Company website	<i>www.dragonmining.com</i> (<i>Note: Information contained in this website does not form part of this prospectus</i>)

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report, commissioned by us and independently prepared by Frost & Sullivan, in connection with the Public Offer, or the Frost & Sullivan Report. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organisations, market data providers, communications with various government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the Frost & Sullivan Report which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Sponsor, the Joint Lead Managers or any other party involved in the Public Offer or their respective directors, advisers and affiliates (save for Frost & Sullivan, for the avoidance of doubt) have independently verified such information and statistics and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to analyse and report on the current status of, and forecasts for, the selected industries in which we operate in the Nordic region. We agreed to pay Frost & Sullivan a fee of USD112,000 for the preparation and use of the Frost & Sullivan Report. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan's view on the future development of the selected industries both in Europe and worldwide.

Established in 1961, Frost & Sullivan has conducted industry research and provided market and enterprise strategies, consultancy and training services for several industries, including transportation and logistics, chemical engineering, energy and power systems, environmental protection technologies and medical and healthcare, etc. In preparing the report, Frost & Sullivan has relied on the statistics and information obtained through primary and secondary research. Primary research includes interviewing industry insiders and recognised third-party industry associations, while secondary research includes reviewing corporate annual reports, databases of relevant official authorities, independent research reports and publications, as well as the exclusive database established by Frost & Sullivan over the past decades.

The forecasts were made by Frost & Sullivan based on the following assumptions:

- Global and European economy is expected to maintain steady growth in the forecast period;

INDUSTRY OVERVIEW

- Global and European geo-political and social-political environment is expected to remain stable;
- Macroeconomic and microeconomic trends specific to European gold industry are expected to remain stable.

OVERVIEW OF GLOBAL GOLD INDUSTRY

Introduction to gold

Gold is a bright, slightly reddish yellow, dense, soft, malleable and ductile metal in its purest form. The table below shows the major function and application of gold:

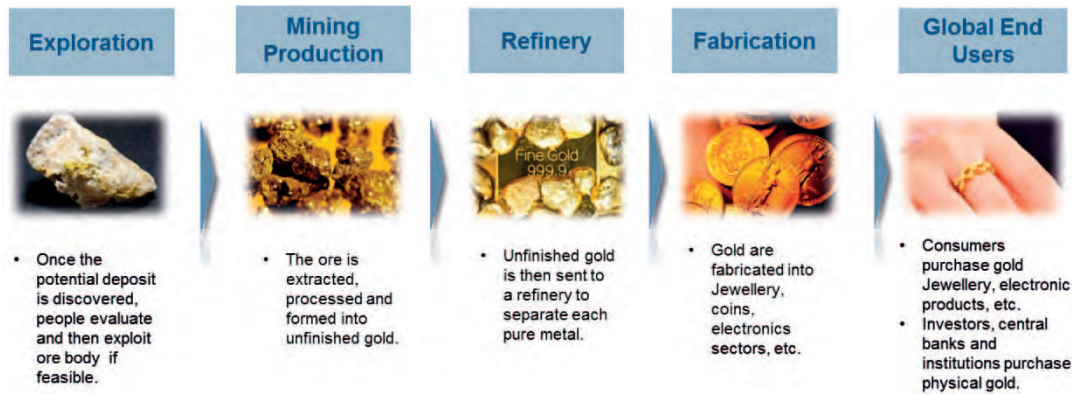
Jewellery	Gold has been treasured for its natural beauty and radiance throughout history. Gold can be processed into jewellery as pure gold, yellow gold, white gold and other alloying metal containing gold and other metals such as copper, silver, etc. The three largest markets for gold jewellery are China, India and U.S..
Technology	Gold is mainly applied in electronics sector in industry for its conductive properties and resistance to corrosion. Significant new markets for gold is expected to grow for the new uses of gold on the cutting edge of medicine, environmental management and advanced electronics.
Investment	Investors hold gold as a hedge against inflation or other economic disruptions. Investors can invest in gold in several ways. They can buy physical gold through coins or bars, products backed by physical gold or other gold-linked products which are directly related to the gold price but do not include ownership of gold.
Central bank reserves	Central banks hold gold driven by uncertainty over the future international monetary systems and the need to diversify reserves. Gold can be applied as reserve asset and be used to manage market risk and to improve portfolio performance for its high liquidity, historic lack of correlation with other reserve assets and negative correlation to the U.S. dollars.

Value chain of gold mining industry

Gold mining accounts for around 70% of the gold supplied to the gold market in recent years. Gold mining refers to the process of extracting ore from the earth's crust. Gold produced in Europe is sold globally. In 2017, approximately 601 tonnes of gold in unwrought, semi-manufactured and powder form were exported from EU and the destinations included non-EU countries in Europe and countries in Asia and Australia. In 2017, daily trading volume of gold was around 20.7 million ounces in the London Bullion Market.

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The chart below shows the value chain of gold mining:

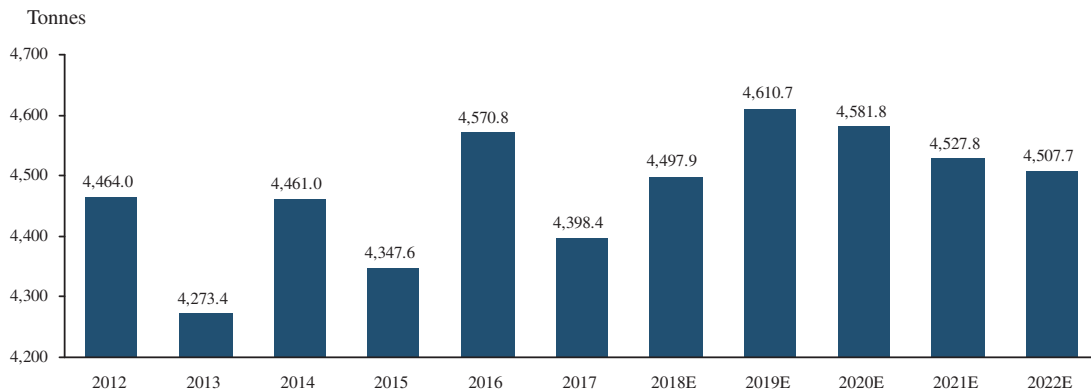


Source: Frost & Sullivan

Global gold supply

Mining production and recycled gold are the two major sources of global gold supply. Over 70% of the gold supplied came from mining production since 2013 and the ratio is stable in recent years. The annual total supply of gold was relatively stable from 2012 to 2017. The total gold supply in 2017, decreased by approximately 3.8% compared with that in 2016, mainly due to the shrinking recycled gold. The mine production grew slightly in 2017 and is expected to be flat from 2018 to 2022.

The chart below shows the global supply of gold for the years indicated:

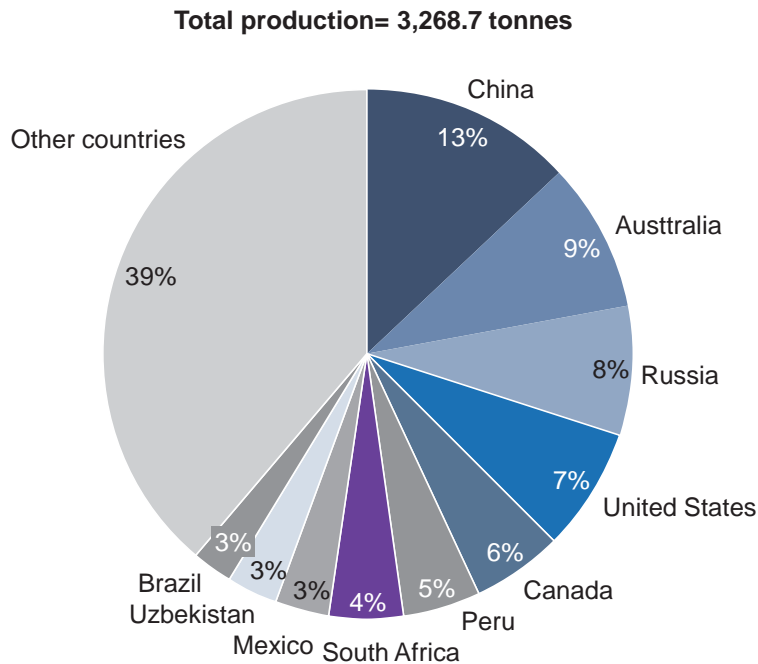


Source: Frost & Sullivan, World Gold Council

INDUSTRY OVERVIEW

China was the largest gold mining producer in 2017 and accounted for approximately 13% of global gold mining supply, followed by Australia and Russia. Mining production of gold by EU countries was less than 2% of the global mining production in 2017. EU as a whole ranks after the 10th largest gold mining country.

The chart below shows the mining production of gold by countries in 2017:



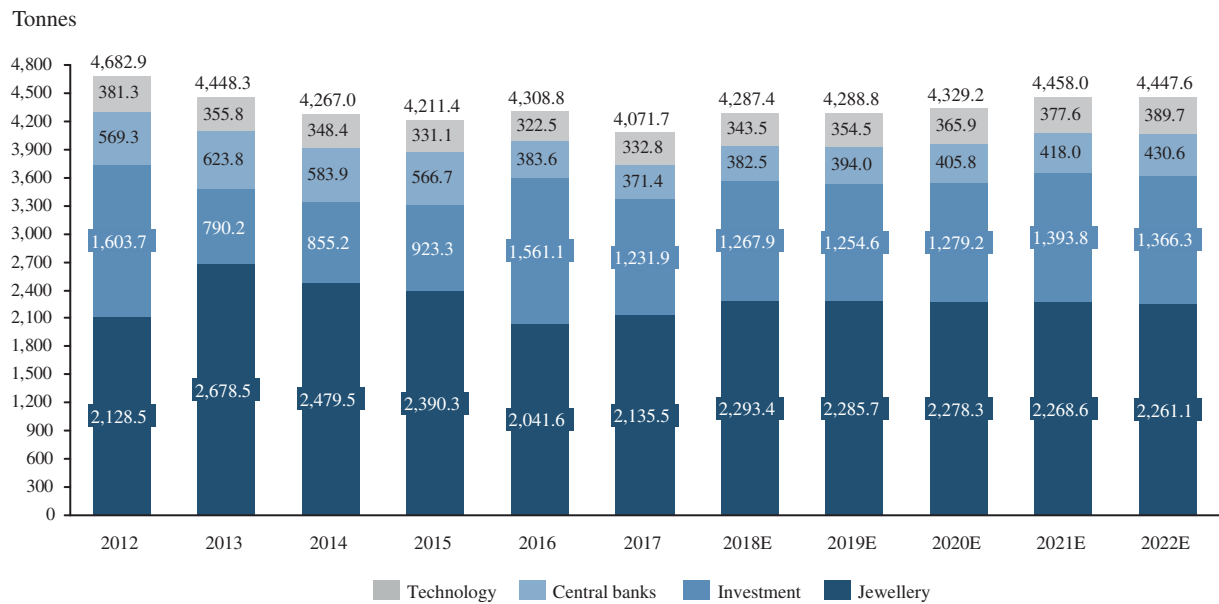
Source: Frost & Sullivan

Global gold demand

Global gold demand can be divided into demand for gold jewellery, private and institutional investment, technology application and gold reserve management by central banks. The gold demand decreased in 2017, mainly suffering from the decrease for gold exchange-traded funds. The private and institutional investment for gold is expected to fluctuate, affected by the potential hike in U.S. interest rate and global political uncertainty. As more applications of gold in industry are developed, gold demand in technology is expected to grow moderately. The central bank demand is expected to be stable for the purpose of reserve management.

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The chart below shows the global demand of gold for the years indicated:

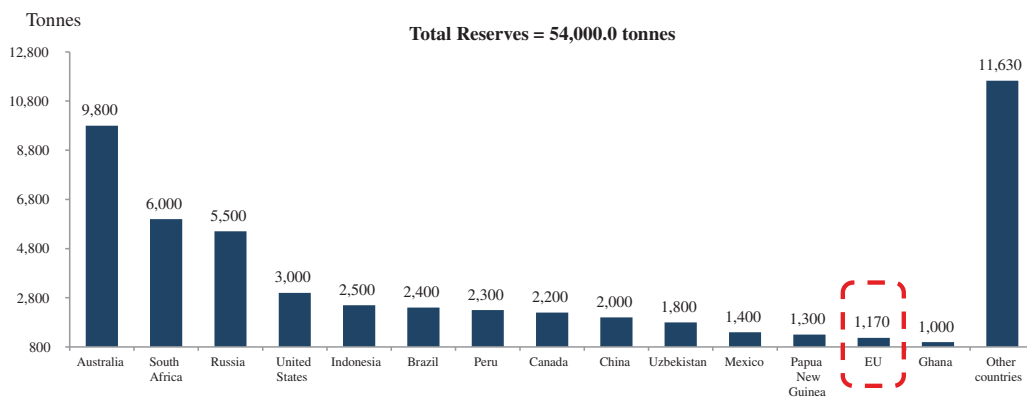


Source: Frost & Sullivan, World Gold Council

Global Gold Reserves

By the end of 2017, around 54,000 tonnes of gold Reserves were discovered all over the world. EU, with gold Reserve of approximately 1,170 tonnes, accounts for a small portion of gold Reserves in the world.

The chart below shows the gold Reserve by countries by the end of 2017:



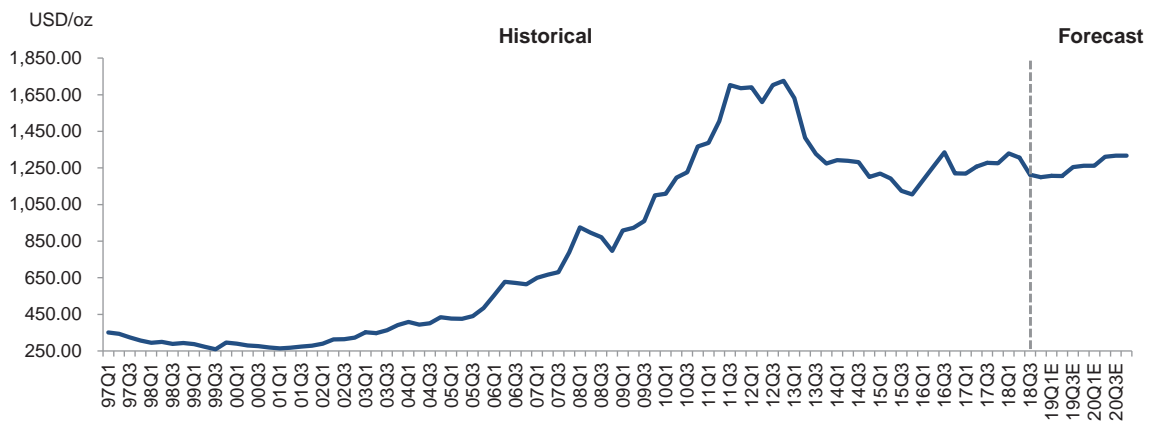
Source: Frost & Sullivan, U.S. Geographical Survey

INDUSTRY OVERVIEW

Global gold prices

The gold price is predominantly impacted by global political and economic situations. The gold price in USD rose in the first three quarters of 2016, due to the political and economic uncertainty, including Brexit, American presidential election, and conflicts in Middle East. The gold price in USD has decreased since Q4 of 2016 as the market worried about the interest hike by U.S. Federal Reserve, which was finally announced at the end of 2016. U.S. re-entry into rate-increase cycle and strong USD, which is regarded as another alternative for safe-haven investment, may suppress the gold price in 2018.

The chart below shows the global quarterly gold spot price in nominal terms for the period indicated:



Source: Frost & Sullivan, London Bullion Market Association (LBMA)

The forecast of global gold prices were made by Frost & Sullivan based on an integration of forecasts derived from different methods including an analysis of market consensus prices, an in-house time-series and a multi-factor statistical model taking into consideration the historical and current price trends of gold which are principally influenced by:

- The performance of the USD and interest rate increase in the U.S.;
- Global gold supply and demand forecasting;
- Geopolitical factors such as changes in political situation in Europe.

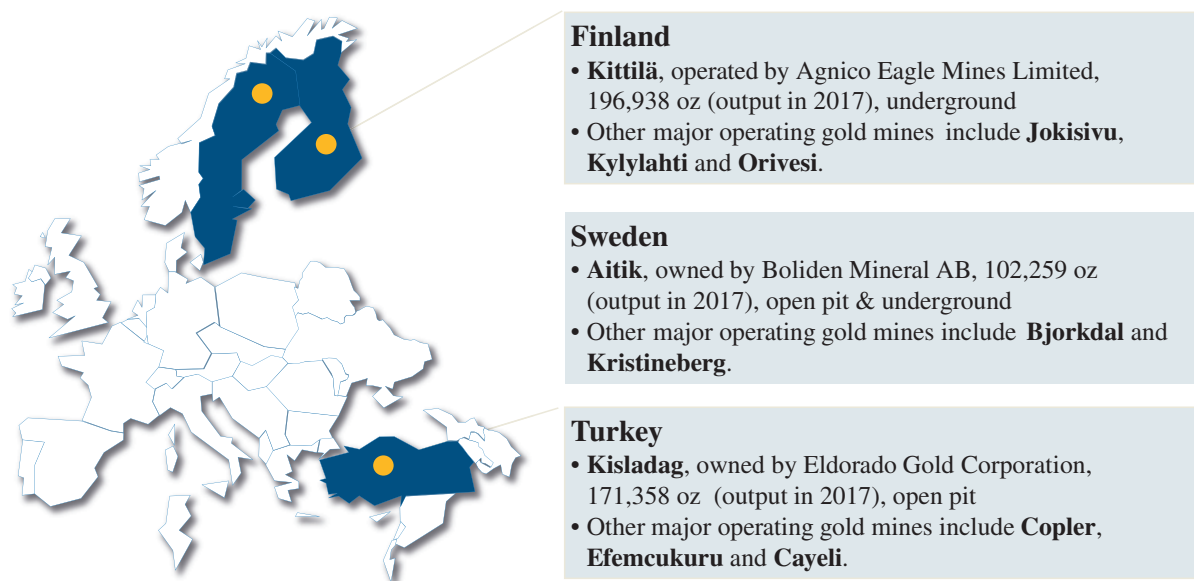
INDUSTRY OVERVIEW

GOLD MINING INDUSTRY IN EUROPE

Overview of gold mining industry in Europe

Europe's gold mining contribution was less than 2.0% of global mining production in 2017. The largest gold producers are Turkey, Finland and Sweden.

The chart below shows the major operating gold mines in Europe:



Source: Frost & Sullivan

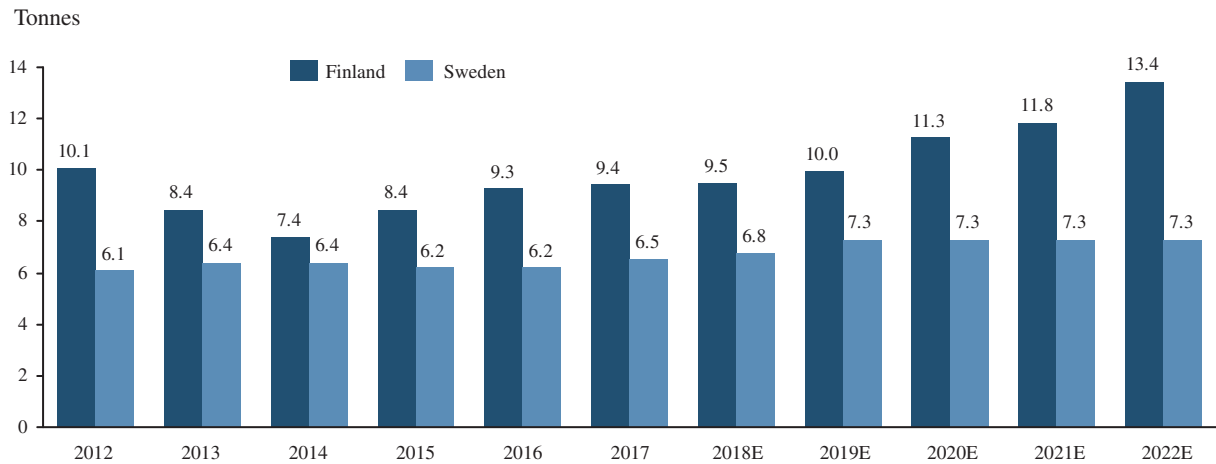
Gold mining production in Europe, Finland and Sweden

Annual gold production in Finland increased from approximately 9.3 tonnes in 2016 to approximately 9.4 tonnes in 2017. Driven by the expansion plan of some major gold mines, such as Kittilä, the gold production in Finland is expected to further grow in the future.

Gold production in Sweden was relatively stable, which increased from approximately 6.1 tonnes in 2012 to approximately 6.5 tonnes in 2017. The gold production in Sweden is forecasted to display moderate growth in the next five years.

INDUSTRY OVERVIEW

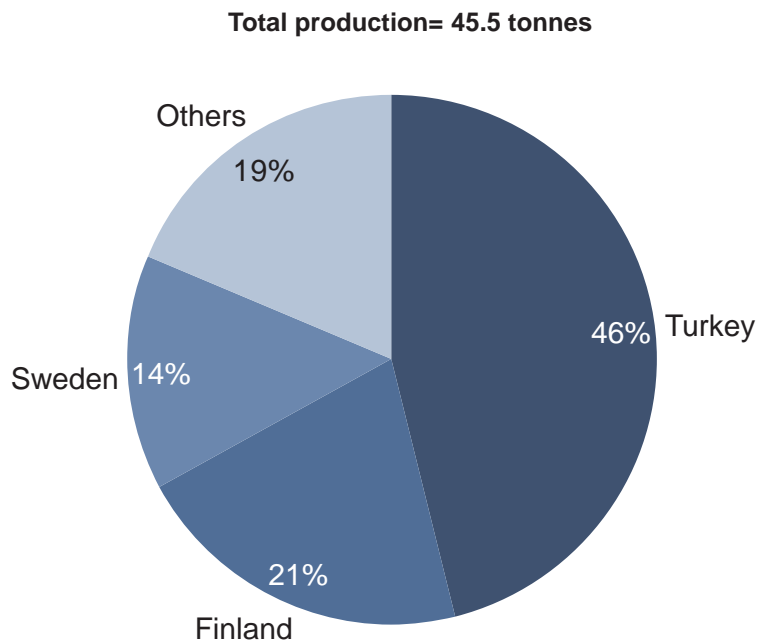
The chart below shows the annual gold mining production in Finland and Sweden for the years indicated:



Source: Frost & Sullivan

By country, the gold mining industry in Europe is highly concentrated, in which around 80% of total production is from Turkey, Finland and Sweden. Sweden and Finland enjoy good reputation for their good access to geological databases, established infrastructure, good security, low regulatory duplication and inconsistencies and political stability.

The chart below shows the gold mining production by countries in Europe in 2017:



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Gold Resources and Reserves in Finland and Sweden

The discovered gold Resources in Finland amount to around 300 tonnes, with a large portion coming from the Kittilä mine. The gold Resources in Sweden are concentrated in the “Gold Line” in Västerbotten area, where some deposits with large gold Resources occur, including at Fäboliden and Barsele. Compared with the annual gold production, the gold Resources in Finland and Sweden are sufficient for long-term exploitation. In addition, Sweden and Finland are underexplored compared to other regions with similar geology such as Canada and Australia, leaving great potential for gold exploration.

The table below shows the gold Reserves, Resources and production in Finland and Sweden in 2017:

Unit: Tonnes	Finland	Sweden
Gold Reserves*	150	50
Gold Resources**	400	250
Gold production	9.4	6.5

* Include only active and unexploited gold mines with head grade over 0.5g/t.

** Gold Resources are inclusive of Reserves.

Source: Frost & Sullivan

Growth drivers and restraints

The factors that drive gold market in Europe include the following:

- **Developed infrastructures and underexplored Resources:** Compared to other regions in the world with similar geology such as Canada, Australia and West Africa, European countries like Turkey, Finland and Sweden are underexplored. In addition, the infrastructures, such as transport lines and telecommunication, and mining equipment industry in Europe are well developed.
- **Advance in gold mining technologies enables the gold miners to access to more Resources and improve production efficiency:** Due to advance in technologies of exploration, mining, processing and operation, miners can have access to more Resources and mine in a more financially feasible way. Besides, as the gold ore usually contains other minerals, such as copper or silver, a number of gold mines also produce concentrates of other metals.
- **The instability of political and economic environment stimulates investors’ safe-haven demand for gold:** The uncertainties of global political and economic uncertainties are causing apprehensions in the global capital market. Terrorism poses threats to the global security. U.S. are under the transition brought by the

INDUSTRY OVERVIEW

newly elected administration while European Union is facing the exit of the United Kingdom and threatened by the exits of more countries. Many European countries are also struggling with migrant crisis. The worries over global uncertainties may increase investors' safe-haven demand for gold.

The factors that restrain the gold market in Europe include the following: 1) strict environmental regulations on mining industry in Europe limits the expansion of gold mining business; 2) long time from discovery to production may hinder the development of gold mining projects in Europe; and 3) strengthening USD to EUR in recent years will partly decrease the demand for gold in Europe.

Market entry barriers

Major entry barriers to the gold mining industry include the following:

- **Volatile commodity prices:** The market price for nickel, Cu, Ag and Au continues to be volatile due to constrained global economic conditions. This could have a negative impact on revenue, cash flows, profitability and asset values.
- **High capital cost:** High initial capital costs/ capital outlay even for small operations are required in the gold mining sector. Capital costs include exploration cost before the commencement of mining, costs for accessing the ore body, infrastructure (mining and beneficiation), equipment, environmental compliance, and licensing costs, sinking shafts and removal of initial overburden. Capital cost estimates play a major role in deciding whether projects will proceed, be delayed, or abandoned.
- **High environmental rehabilitation costs:** There are numerous national and local environmental laws and regulations that regulate the discharge of material into the environment or relate to the protection of human health and the environment in the locations in which they operate in Europe. These laws and regulations may lead to increased operating costs.
- **Strict mining and environmental regulations:** Although Europe has a mining history that dates back centuries, it has lacked any meaningful development within the industry due to old mining laws and environmental issues. Overall, there are stricter regulations which act as a hurdle to enter the mining market from shareholder restrictions to environmental legislation mentioned in the section headed "Regulatory Overview" of this prospectus. Newer companies often meet more resistance and distrust, particularly in areas with no prior history of mining.

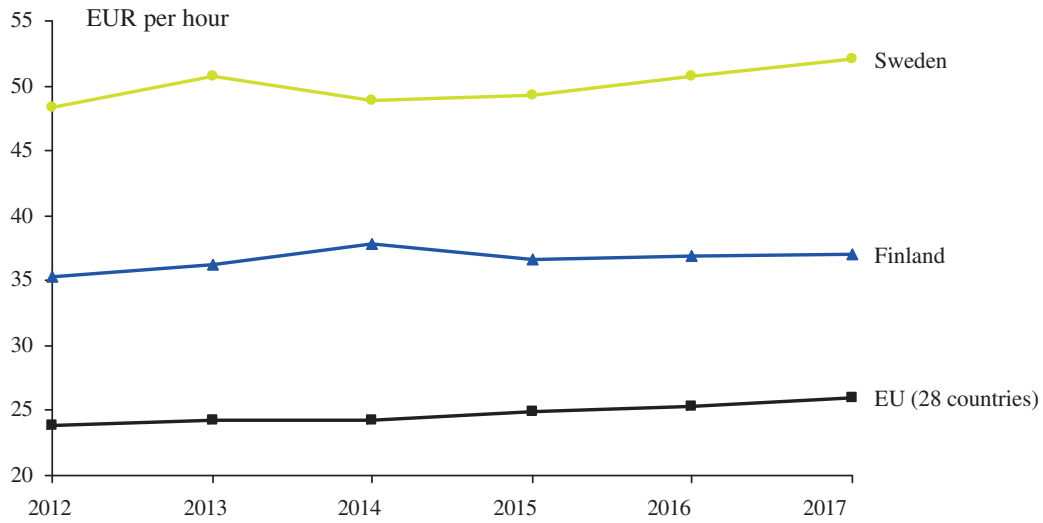
Key cost components

Labour and power costs are the major cost components for gold mining.

Labour cost is the largest component of total operating costs in European gold mining industry. According to the statistic data of labour cost in European mining and quarrying industry, labour costs in Sweden and Finland are higher than the EU average.

INDUSTRY OVERVIEW

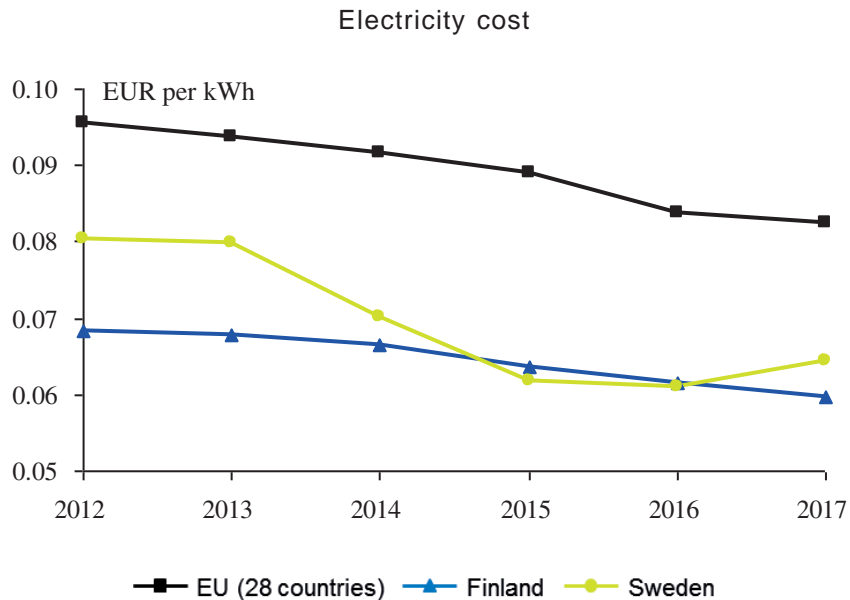
The chart below shows the average labour cost in Europe, Finland and Sweden for the years indicated:



Source: Eurostat, Frost & Sullivan

Due to well-developed infrastructures, the electricity prices in Finland and Sweden are significantly lower than the EU average.

The chart below shows the average electricity in Europe, Finland and Sweden for the years indicated:



Source: Eurostat, Frost & Sullivan

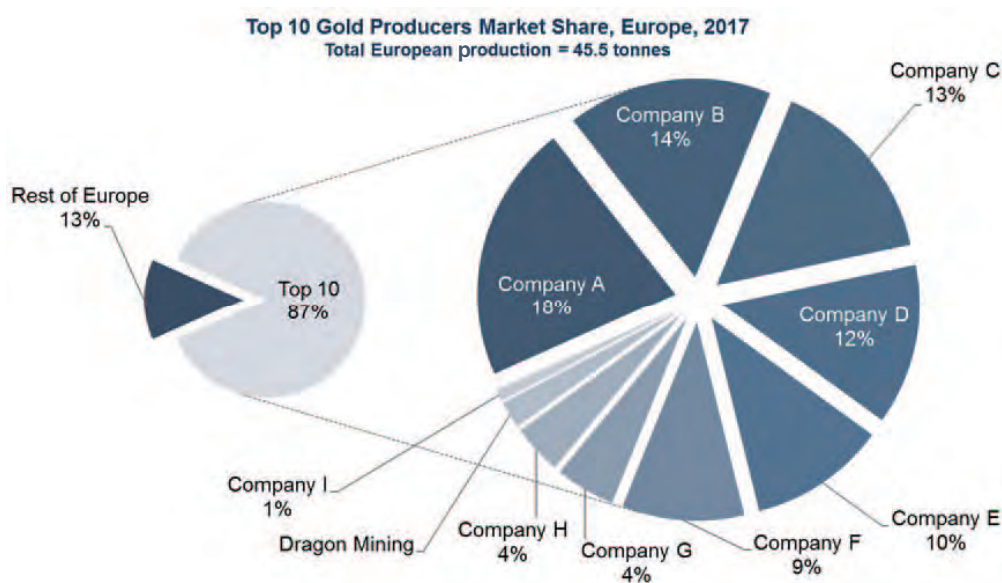
INDUSTRY OVERVIEW

COMPETITION IN EUROPEAN GOLD MARKET

The top 10 largest gold mining companies produced around 87% of European gold in 2017 and the market concentration is high. Our Group ranked the ninth in terms of gold production in 2017 among all European gold mining companies. Other major gold mining companies in Europe include Eldorado Gold Corporation, Boliden AB, Agnico Eagle Mines Limited, Alacer Gold Corp., Dundee Precious Metals Inc., Koza Gold Corporation, Mandalay Resources Corporation, Orvana Minerals Corp., and Endomines AB.

The chart below shows the ranking and market share of the 10 largest gold mining companies in Europe in 2017:

Rank	Company name	Gold production in Europe in 2017 (tonnes)	Market share (%)
1	Company A	8.3	18.3%
2	Company B	6.6	14.5%
3	Company C	6.1	13.5%
4	Company D	5.2	11.5%
5	Company E	4.4	9.7%
6	Company F	3.9	8.6%
7	Company G	1.9	4.2%
8	Company H	1.6	3.5%
9	Dragon Mining	0.9	1.9%
10	Company I	0.4	0.9%
	<i>Europe Total</i>	<u>45.5</u>	<u>100.0%</u>

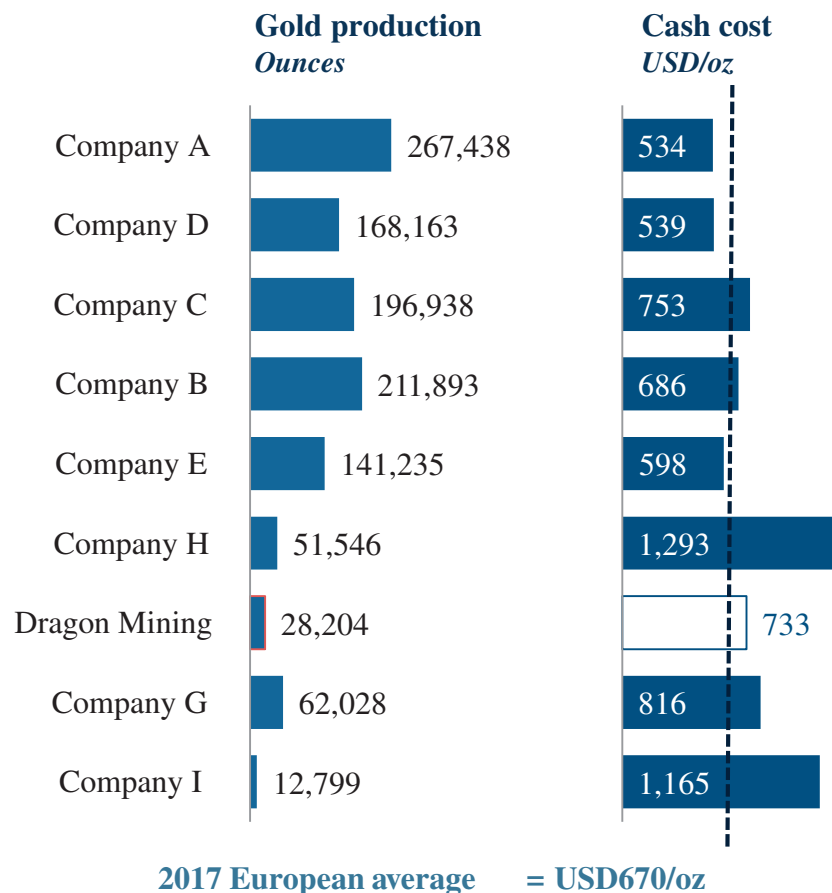


Source: Companies' annual reports, Frost & Sullivan

INDUSTRY OVERVIEW

European average C1 cash cost increased from approximately USD577/oz in 2016 to approximately USD670/oz in 2017. Cash cost is affected by various factors including type of mines, grade of ores, operating efficiency, labour and energy cost, production of by-products, etc. Although the C1 cash cost of our Group is above the European average due to smaller economies of scale, our Group enjoys lower cash cost compared with those gold mining companies with similar gold production volume (below 100,000 oz per annum).

The chart below shows the comparison of total C1 cash cost of gold production of major gold producers in Europe in 2017:



Source: Companies' annual reports, Frost & Sullivan

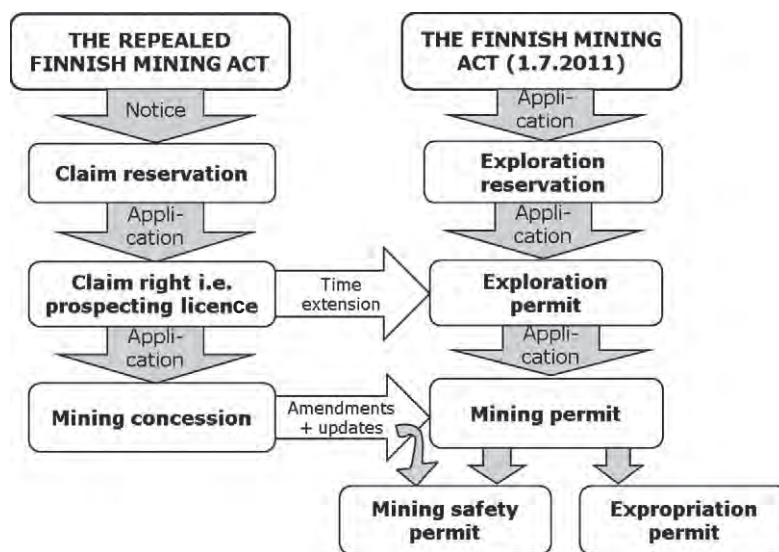
REGULATORY OVERVIEW

FINNISH LAWS AND REGULATIONS RELATING TO THE INDUSTRY

Background and recent changes

Most of the current mining activity is exercised according to mining concession granted pursuant to the Repealed Mining Act. The Finnish Mining Act entered into force on 1 July 2011. It includes changes to permits and activities carried out under the Repealed Mining Act. The mining authority was the Ministry of Employment and the Economy (preceding name the Ministry of Trade and Industry) under the Repealed Mining Act. The current mining authority is Tukes. As of 1 July 2011 permits under the new Finnish Mining Act are granted by Tukes which has offices dealing with mining issues in Helsinki and Rovaniemi. The authorities and their roles are explained in more detail later.

The mining rights predate the effective date of the Finnish Mining Act stem from the Repealed Mining Act. Terminable claim rights remained valid under the terms specified in the prospecting permit. Respectively, mining concessions which were granted under the Repealed Mining Act remained valid under the terms specified in the concession order of the Ministry of Employment and the Economy. The Finnish mining law regime is illustrated below.



The Finnish Mining Act does not have effect on the validity of mining concessions granted pursuant to the Repealed Mining Act. Nevertheless, all mining concessions have been updated to be in line with the Finnish Mining Act, including the safety of a mine. The mining concession holders have also been required to deposit collaterals pursuant to the Finnish Mining Act which was not required under the Repealed Mining Act.

Under the Finnish Mining Act establishing a new mine and getting a mining permit, which is almost equivalent to mining concession with the exception of a right to expropriate, usually requires that the planned mining activity is based on a legally binding land use (plan) plan in accordance with the Finnish Land Use and Building Act.

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In practice, all future mining permits granted pursuant to the Finnish Mining Act shall be preceded by a new land use plan. The respective role of municipal authorities is to accept a land use plan. Also, the power to initiate or refuse to initiate a land use planning procedure belongs to the municipal board. It also has a power to set objectives of such land use plans. If the municipal board will initiate the planning procedure and supports the establishment of a mine, it also reflects the public interests. Alternatively, the regional council can accept a regional plan, which also fulfils the planning requirement. Municipalities are represented in the regional council, so it is also at a higher level up to the municipality to decide whether it supports mining business. The role of the municipal environmental protection committee, the health protection authority and the ELY Centre is to supervise that the planned mine fulfils environmental and health requirements in relation to its surroundings. The requirements are stipulated in more detail in the designated Environmental Permits.

Competent Mining Authorities

Tukes has been a competent authority since the entry into force of the Finnish Mining Act on 1 July 2011. Regarding the Finnish Mining Act an exploration permit, a mining permit and a mining safety permit shall be issued by the Finnish mining authority Tukes. Tukes also makes decisions on reservation notifications and on pending applications submitted pursuant to the Repealed Mining Act, if applicable.

The government can grant the right to utilise an area in the possession of another party as a mining area and thereby shall decide on an expropriation permit for a mining area (Finnish Mining Act 19, 20, 33 and 49 §). It also decides on matters concerning mining permits related to the production of uranium or thorium. Separate authority for granting an expropriation permit was not needed under the Repealed Mining Act since the permit was included in the decision of the Ministry of Employment and the Economy to grant a mining concession.

The procedures of mining authorities are prescribed in the Finnish Mining Act and, if not otherwise prescribed in the Finnish Mining Act, the provisions of the Administrative Procedure Act (586/1996) apply to the hearing and other procedures.

The land survey office under the National Land Survey of Finland has issued and shall issue directions for the execution of the expropriation of a granted mining right.

Prospecting of Ore

Repealed Mining Act

Claim reservations

Claim applications could be preceded by claim reservations or pending notices of claim reservations but in process of time such reservations cannot be valid anymore. As the claim applications were being processed, they reserved a claimant a priority to a deposit, but they

REGULATORY OVERVIEW

are yet to be given a right to explore the prospect within a claim district before claim right. The passing of time has caused that there are no pending claim reservation applications to be processed by Tukes. Unlike a valid claim right, reservations or applications could not be subject to pledging.

Claim rights

A legally valid claim right is a title to a claim under the Repealed Mining Act and it entitles a claimant to explore the prospect within claim areas. The priority of five-year period to deposits is calculated from the day of issue of the prospecting permit (claim right) and it remains valid for five years. The validity of a claim right granted pursuant to the Repealed Mining Act can be extended by applying the provisions laid down in the Finnish Mining Act on extending the validity of an exploration permit. Former claim rights have been changed to exploration rights in the context of the time extensions applied under the Finnish Mining Act. The validity of a claim right may be extended for a maximum of three years at a time. In total, the extended claim right may remain valid for a maximum of 15 years. However, the extension period for claims will be processed in common with exploration permit applications pursuant to the Finnish Mining Act. The claimant has a right to pledge his claim right or to transfer it to another person eligible to claim.

Finnish Mining Act

Exploration reservation

For preparing an application for an exploration permit, an applicant may reserve an area for himself by submitting notification to the mining authority about the matter i.e. reservation notification. The reservation notification reserves a privilege in relation to competing companies to apply an exploration permit and later also for applying a mining permit, mining safety permit and expropriation permit.

A privilege based on reservation notification is valid once the reservation notification has been submitted in accordance with the provisions laid down in Section 44 of Finnish Mining Act and no impediments exists for approval of the reservation.

An exploration reservation notification reserves a priority to a deposit. If there are two competing applicants at the same time for the area with no impediments, the one who first submits a lawful application shall be permitted. Tukes has an exclusive competence to check the non-impediments of applications and make a decision on the grounds of notifications.

The notification must include a necessary and reliable account of the party making the reservation, reservation area and the compilation of an exploration plan and other measures in preparation for the claim application and the schedule thereof.

REGULATORY OVERVIEW

Tukes shall approve a reservation if the reservation notification complies with the preconditions laid down in Section 44 and there are no impediments provided in the Finnish Mining Act for the approval of the notification. The reservation notification may not:

- concern an area that forms part of an exploration area (concerns also a claim district pursuant to the Repealed Mining Act), mining area, or gold panning area or is located at a distance of less than one kilometre from such an area;
- belong to a party other than the applicant on the basis of a permit referred to in the Finnish Mining Act;
- concern an area that has previously been a reservation area until one year has passed since the expiry or cancellation of the reservation decision.

Furthermore, the mining authority shall reject the reservation if there are grounds to doubt that the party making the reservation does not meet the prerequisites for or does not have any apparent intention to apply for an exploration permit.

The reservation is not yet a right which can be transferred as such under public law but parties may in advance agree on the right for an exploration permit. Such private law agreement is binding between contracting parties. It is not binding under public law, since Tukes must review the eligibility of the transferee.

The validity of the privilege shall expire when the decision made by Tukes based on the reservation notification i.e the reservation decision expires at the end of the designated fixed term or is cancelled due to earlier incorrect or incomplete information submitted by the applicant. A reservation decision of Tukes shall remain valid for a maximum of 24 months after submitting the reservation notification to Tukes. Furthermore, a reservation decision shall expire completely or partly when an exploration permit has been applied for based on the privilege entailed by the decision.

Exploration permit

Exploration of ore requires an exploration permit granted by Tukes. Exploration permit entitles to explore the prospect within an exploration area but does not authorise the exploitation of the deposit.

Parties eligible to apply for an exploration permit are set out in Finnish Mining Act with a reference to the Act on Engaging in Commercial Activity (122/1919). Such parties may be natural persons who are adults i.e. at least 18 years old and who are not declared bankrupt and whose competency have not been restricted under the Guardianship Services Act (442/1999) and legal persons, such as legal entities.

Exploration permits must be applied pursuant to the Finnish Mining Act in order to reserve effectually a priority to a deposit. The party first applying the permit in accordance with the provisions laid down in Section 34 of the Finnish Mining Act shall have a priority for an exploration permit and later for a mining permit.

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The exploration permit gives the right in the area referred to in the permit i.e. exploration area to explore the structures and composition of geological formations and to conduct other exploration to prepare for mining activity and other exploration to locate a deposit and to investigate its quality, extent, and degree of exploitation, as provided for in more detail in the exploration permit itself. The exploration permit shall specify provisions for the location and borders of the exploration area and it also includes the necessary provisions for securing public and private interests. An exploration permit may be assigned to another party and pledged. Also, the application may be transferred to another party but may not be pledged.

An exploration permit shall remain valid for a maximum of four years after the decision has become legally valid. The validity of an exploration permit may be extended for a maximum of three years at a time. In total, the permit may remain valid for a maximum of 15 years, if the prerequisites for extension of the validity of an exploration permit exist.

Mining

The Repealed Mining Act

Mining concession

Most Finnish mining concessions have been granted pursuant to the Repealed Mining Act. The concession for the exploitation of the deposit was granted by the Ministry of Trade and Industry (now the Ministry of Employment and the Economy) who also decided on the mining districts and issued concession certificates to the concession holder as proof of the concession rights and the registration of such rights. Mining concessions granted pursuant to the Repealed Mining Act have been updated in accordance with the Finnish Mining Act, including safety of the mine and setting the collaterals.

Exercising mining activity also requires the mining operator's right of use and right of possession to land. It can be a claiming possession, a proprietary right or another right fulfilling the right of use and possession. The claiming possession under the Repealed Mining Act was achieved as follows: the former Ministry of Trade and Industry (from 1 January 2008 the Ministry of Employment and the Economy) communicated the decisions on the appropriation of concessions to the land survey office which carried out the expropriation of mining district and rights to its auxiliary areas in line with the decision of the ministry. All operators of operative mines hold also operator's right of use and right of possession executed by the land survey office. The proceedings establishing a mining concession were entered into the cadastre which is the national real estate register. Under the Repealed Mining Act there was no need for a separate expropriation permit before survey proceedings as this decision was included in the mining concession.

Expropriation of a mining district entitled landowners to full compensation, which is a current value, and is explained in more detail in "Expropriation" section herein. The concession holder had to pay a reasonable mining fee to the landowner for each calendar year for extractable minerals broken and brought to the surface within the mining concession as a compensation for the extractable minerals it has utilised unless it was otherwise agreed. This

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mining fee shall be changed to the excavation fee, should any of the parties concerned so require pursuant to transitional provisions of the Finnish Mining Act. In that case the concession holder shall pay annual compensation (*excavation fee*) to the owners of land included in the mining area.

The Finnish Mining Act

Mining permit

Parties eligible to apply for an exploration permit are set out in Finnish Mining Act with a reference to the Act on Engaging in Commercial Activity (122/1919). Such parties may be natural persons who are adults, i.e. at least 18 years old and who have not declared bankruptcy and whose competency have not been restricted under the Guardianship Services Act (442/1999) and legal persons i.e. legal entities.

The establishment of a new mine and undertaking of mining activity are subject to a mining permit pursuant to Section 16 of the Finnish Mining Act. As prescribed in Section 49, the mining permit may grant a limited right of use or another right to the auxiliary area to the mine. As a prerequisite for granting a mining permit, the deposit shall be exploitable in terms of size, ore content, and technical characteristics. Sections 46, 47 and 48 of the Finnish Mining Act set out impediments for the permit which may not exist. The existence of impediments restrains the grant of a mining permit unless special prerequisites are met (e.g. the consent of the holder of appropriate rights creating the impediment).

The mining permit holder shall pay annual compensation (excavation fee) to the landowners of the mining area. The excavation fee is EUR50.0 per hectare plus 0.15% of the calculated value of metallic mining minerals, excavated and exploited during the year or for non-metallic mineral basing on the agreement or on a case-by-case discretion of Tukes. Also, annual by-product fee must be paid in case of utilising by-products other than mining activity. The product fee is a maximum of 10% of the sales proceeds gained from the by-product.

Maximum duration for mining right

A mining permit granted according to the Finnish Mining Act shall remain valid until further notice after becoming legally valid. The permit can also be valid for a fixed term with the opportunity to extending it for a further ten-year-period at a time. The permit holder is obliged to submit an application for expiration of a mining permit if it no longer intends to engage in mining activity as prescribed in Section 68 of the Finnish Mining Act. In principle, there is no restriction of maximum time for the validity if permit conditions can be complied. As set out in Section 68 of the Finnish Mining Act, the mining permit may expire by the decision of Tukes, if the mining area does not anymore belong to the permit holder or the permit holder has not in the proceedings establishing a mining area gained claiming possession of the mining area pursuant to Section 82 of the Finnish Mining Act within five years of granting of the mining permit.

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Pursuant to Section 182 of the Finnish Mining Act same applies to mining concessions granted pursuant to the Repealed Mining Act. Otherwise a mining concession granted to be valid until further notice will be in force as long as the permit holder intends to use a deposit if the operator follows legislation and all permit conditions.

Mining safety permit

The mining operator is obliged to ensure mining safety. Separate provisions are issued regarding occupational safety in a mine which is explained in more detail under “Labour” section herein.

The operator must pay attention to the structural and technical safety of the mine and to the prevention of dangerous situations and accidents in the mine, alongside limitation of detrimental consequences caused by them. When ensuring mining safety, the measures of a mining operator must comply with the following operating principles:

- 1) identify elements of danger and threats of accident;
- 2) eliminate elements of danger or, if that is not feasible, define safety objectives concerning limitation of elements of danger and undertake measures to limit the detrimental consequences caused by the elements of danger so as to render them as exiguous as possible;
- 3) implement measures necessary for prevention of accidents and prepare for rescue measures;
- 4) implement generally effective measures prior to individual ones; and
- 5) take account of the development of technology and other methods available for use in this area.

Furthermore, the mining operator shall in writing systematically determine and identify elements endangering mining safety. In addition, the mining operator shall prepare an internal rescue plan for the mine according to Section 115 of the Finnish Mining Act. The rescue plan also includes cooperation with the local rescue authorities and rescue training. The mining operator shall designate a person in charge of mining safety and ensure that the duties and areas of responsibility of management and other personnel pertaining to mining safety are clearly defined at all levels of the organisation. The mine map covering the mine and mining area must be kept up to date. Access to the mine and mining area must be prevented for unauthorised parties.

Tukes shall grant a mining safety permit if the requirements are fulfilled. A mining safety permit shall include the necessary provisions for securing public and private interests. The permit can be granted at maximum for the same term as the mining permit. Provisions on

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mining safety are regulated in more detail in the government Decree on Mining Safety (1571/2011). The mining safety permit was not included in the Repealed Mining Act but the Ministry of Trade and Industry had issued the Decision on Safety orders in Mines (921/1975) which had to be followed although a separate permit was not required.

Dangerous chemicals and explosives

Provisions pertaining to risk management in operations handling large amounts of dangerous substances can be found in the Act on Safety Processing of Dangerous Chemicals and Explosives (390/2005) and the Decree on Safety Requirements on Industrial Processing of Dangerous Chemicals and Explosives (856/2012). The abovementioned regulations, collectively known as the “Seveso regulations”, are an implementation of the EU Directive on the control of major accident hazards involving dangerous substances (2012/18/EU).

Expropriation

The right to utilise an area in the possession of another party as a mining area is subject to an expropriation permit pursuant to the Finnish Mining Act. The expropriation permit is granted by the government. The party applying for a mining permit in order to exploit the deposit in question may apply for the expropriation permit for a mining area.

An application concerning the expropriation permit for a mining area shall be submitted to the government, including information on the applicant, the area concerned and the owners and holders of properties included in the area. The permit application shall also include a necessary and reliable report on the mining area that it meets the statutory preconditions and the mining project bases on public need.

Fulfilling the public need requires that the municipality or the regional council does not oppose the mining. According to Section 49 of the Finnish Mining Act, public needs shall be assessed particularly on the basis of the impact of the mining project on the local and regional economy and employment, and the social need for raw material supply. As explained earlier, establishing and operating a mine pursuant to the Finnish Mining Act requires a land use plan. The power to initiate or refuse to initiate a land use planning procedure rests with the municipal board on a local level and with the regional council on a regional level, which also set objectives for land use planning. Land use plans enabling the establishment of a mine reflects the public needs.

The expropriation permit for a mining area must specify the property that the expropriation concerns and set forth the content of the right of use. An expropriation permit for a mining area shall remain valid until further notice or for a fixed term depending on the validity of a mining permit.

The execution of expropriation shall be carried out by the land survey office. The survey engineer with executors shall order compensations to landowners and to possible private parties sustaining damage, as laid down in more detail in the Act on the Expropriation of Immoveable Property and Special Rights (603/1977).

REGULATORY OVERVIEW

Regarding the execution of mining concessions the Act on the Expropriation of Immoveable Property and Special Rights (603/1977) and limitedly the provisions of the Real Estate Formation Act (554/1995) concerning a cadastral procedure shall apply. The cadastral procedure is of technical nature where the survey engineer with executors shall order compensation to landowners. The compensation is a current value which is usually a market value based on the purchase price register. If the compensation is bigger by employing the cost value or product value method, they are used in order to define a current value. The compensation is ordered by the survey engineer with executors in the final survey meeting and the compensation can also include disadvantages and damages originating from the mine.

The survey procedure shall be registered as described in the Real Estate Register Act (392/1985). The mining activity can commence when the final decision is made in the final survey meeting, presuming that the operator holds Environmental Permits and that the mining safety permit, which is more of technical nature to secure public safety, is obtained by that date. Appeal concerning only compensation does not prevent the commencement.

Publication of a mining permit

The mining permit does not require publication in any government gazette. There are special rules in Section 57(2) of the Finnish Mining Act regarding publication (public notice) and the subsequent issuing of a permit decision for the public. Furthermore, the Finnish Mining Act requires Tukes to inform an applicant and other parties about a permit decision.

A decision concerning an exploration permit, a mining permit and an expropriation permit for a mining area shall be issued after public notice. Tukes shall inform of issuing a decision prior to the date of publication on its public notice board. The permit shall be issued after the publication. Tukes shall ensure that the municipalities of the areas of which the decision involves publish the decision without delay in the manner provided for in the Act on Public Notices (34/1925). The decision shall be published on public notice boards by Tukes and municipalities.

The decision itself is not on the public notice board, only the publication. The decision can be reviewed in the bureaus of Tukes or municipalities. Tukes shall submit the permit decision to the applicant and a copy of it to parties who specifically requested this, to the local authorities, the competent ELY Centre, to other authorities who have been informed about the matter during handling, to the Radiation and Nuclear Safety Authority (STUK), to the competent land survey office and to parties who have been invited to comment.

If the decision involves the Sami Homeland, a copy of the decision shall be submitted to the Sami Parliament. This concerns mining activity in the municipality of Kittilä. Exploration activity can also reach a special reindeer herding area. In addition, a copy of the decision involving a special reindeer herding area shall be submitted to the local reindeer owners' associations. Unlike in the special reindeer herding area, there is no special obligation to submit decision to the local reindeer owner's association in other (ordinary) reindeer herding area.

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Mining rights transfer agreement

Pursuant to Sections 73 and 182 of the Finnish Mining Act an exploration permit, mining concession or mining permit may be assigned to another party based on a transfer agreement. Such rights can also be pledged. The assignee shall fulfil requirements corresponding to those applicable to the permit holder under the Finnish Mining Act. The permit holder can apply for an assignment of a permit by submitting an application thereon to Tukes.

Assignments under public law must be accepted if there is no impediment laid down for the original applicant. Tukes has also accepted the transfer of pending applications and in these cases the original applicant is only substituted by a new applicant and gets a privilege to a deposit. A reservation notification is not a mining right eligible to be pledged and it cannot be transferred, although the privilege can be transferred by a private law contract to another party.

The decision regarding assignment can be appealed to the regional administrative court. Further appeal to the Supreme Administrative Court is allowed in cases where the Supreme Administrative Court accepts the petition for leave of appeal and grants a permit for a retrial, as defined in Sections 73 and 162 of the Finnish Mining Act.

The transfer of mining rights shall be binding in public law when the acceptance decision of transfer i.e. the assignment decision made by Tukes gains legal force. Then it can be enforced under public law and Tukes supervises that the right is being used by a competent permit holder. Other private law agreements regarding pending applications or reservations cannot be enforced, but compensations due to a breach of contract can be claimed under private law in the district court or, in case of an arbitration clause, in an arbitral tribunal.

Applications and reservations are registered to the mining register, they are entitled to privileges and cannot be violated by third parties. Although applications and reservations which are not yet actual permits cannot be transferred under public law pursuant to Section 73 of the Finnish Mining Act, Tukes has also accepted the assignment of applications. The designated exploitation of applications and reservations is generally subject to private law agreements. If the assignment decision of Tukes is pending in the court, Tukes has unofficially registered the right both to the assigner and assignee. Officially the assigner will be the holder of the right until the assignment decision is final.

Private law agreements are binding against third parties only if they knew or should have known about the agreement. Only the application to Tukes regarding the transfer secures effectively against third parties. Public registration of mining right transfer is required by Tukes. Binding private law agreements or preliminary agreements may exist, but the assigner must apply the permit from Tukes for the assignment in order that the transfer will be binding under public law.

Regarding assignment of a mining safety permit, an assignee shall attach an account as to whether the assignee has been entered in the prepayment register in accordance with the Act on prepayment of tax (1118/1996), in the employer register, and in the register of persons

REGULATORY OVERVIEW

liable to pay value added tax in accordance with the Value Added Tax Act (1501/1993), alongside a certificate of payment of taxes, a certificate of tax liabilities, or an account of a payment plan for tax liabilities having been made, shall be appended to the application. If the assignee of a mining safety permit is a foreign company, it shall provide the corresponding information in an extract from a register complying with the legislation of the company's country of location or a corresponding certificate, or do so in another generally accepted manner. The assignment of a mining safety permit is laid down in Sections 73 and 122 of the Finnish Mining Act.

Pursuant to Section 182(3) of the Finnish Mining Act, the provisions laid down in Sections 73 and 74 of the Finnish Mining Act on the assignment of a mining permit shall apply to the assignment of mining rights granted pursuant to the Repealed Mining Act. Hence, there are no further restrictions for transferring and assigning these rights as well.

The duration in private law agreement can be longer than public law duration of mining rights prescribed in permit. However, if there is a terminable (fixed term) right, it must be sought a prolongation under public law to keep the duration of rights enforceable and protected under public law against third parties. The validity must be extended under public law for a further period or until further notice, since public law displaces private law agreements.

Mining collaterals

Pursuant to Chapter 10 of the Finnish Mining Act, the mining operator shall deposit certain collaterals. The exploration permit holder shall deposit collateral for offsetting potential damage and inconvenience and performing after-care measures, unless this can be deemed unnecessary in view of the quality and extent of operations, the special characteristics of the operating area, permit regulations issued for the operations, and the applicant's solvency.

Respectively, the mining permit holder shall deposit collateral for termination and after-care measures of mining operations, that is sufficient in view of the nature and extent of mining activity, the permit regulations issued for the activity, and collateral demanded by virtue of other legislation. Tukes shall determine the type and amount of collateral for each permit in question and release the collateral when the permit holder has fulfilled the obligations set out in the permit. Partial release of collateral is also possible.

Collateral for the termination and after care of a mine under the Finnish Mining Act relates to the restoration, cleaning and landscaping of the mining area and the auxiliary area to the mine to a condition which complies with public safety. It is not environmental collateral and the financial guarantee for securing waste management of mines under the Environmental Protection Act will be taken into account in the context of collateral provision order. The beneficiary of mining collateral is Tukes. The release of collateral may not be challenged by appeal.

Assignment of a permit will not release the collateral. Upon approving assignment of a permit, Tukes shall assess whether the type or amount of the collateral should be revised and make the necessary alterations to the permit conditions in question.

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Environmental protection

Environmental impact assessment procedure

The Act on Environmental Impact Assessment Procedure (252/2017) and the Decree (277/2017) require environmental impact assessment (EIA) for quarries and open-cast mining where the surface of the site exceeds 25 hectares or the total amount of excavated material is at least 550,000 tonnes a year. In such cases any mining, environmental permits etc. cannot be granted before carrying out the EIA procedure. The permit decision must indicate how the assessment has been taken into account.

Environmental permit

An Environmental Permit is required before the commencement of the mining and concentration activity. Pursuant to the Environmental Protection Act operating a mine requires always an Environmental Permit granted by AVI. Occasionally, it requires also a water permit which is usually processed jointly with an Environmental Permit matter.

The permit application is decided by the AVI authority within whose territory the main part of the polluting activities is to be located. The Southern-Finland Regional State Administrative Agency is a competent authority in Huittinen regarding the Jokisivu mine and in Orivesi regarding the Orivesi (Seri) mine and the Western and Inland Finland Regional State Administrative Agency is competent in Valkeakoski regarding the Kaapelinkulma Project and in Vammala regarding the concentration plant. The supervising authority is the Pirkanmaa ELY Centre, which is also state authority.

The permit authority publicises Environmental Permit applications by posting them for 30 days on the notice boards of the relevant municipalities as set out in the Act on Public Announcements (34/1925). Parties especially concerned by the matter shall be notified separately and provided with an opportunity to lodge a complaint regarding the matter. It depends on the effect of the activity subject to an Environmental Permit. Parties concerned are the parties whose rights or interests might be affected by the matter.

Previously, Tukes accepted the use of tailing pond and tailings dam with intervening dams and the circulation of water. Now the ELY Centre is the dam safety authority. These decisions are made for the safety of the concentration activity and do not relate directly to Environmental Permitting but are in practice precondition on the Environmental Permit for the tailing pond in the context of the concentration activity. Tailings pond relates to obligations laid down in the Dam Safety Act (494/2009).

A registered nature or environmental association or foundation whose purpose is to promote the protection of the environment or health, or nature conservation or the pleasantness of the living environment and in whose operating area the environmental impacts in question arise has a right to lodge an opinion and an equal right to appeal against a permit decision as has been given to a party concerned.

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An Environmental Permit decision can be appealed to the Vaasa Administrative Court which is the only competent appeal court in Environmental Permit matters. The decision of Vaasa Administrative Court can be further appealed to the Supreme Administrative Court if the Supreme Administrative Court grants a leave to appeal.

Environmental liability

In case of environmental damages the Act on the Remediation of Certain Environmental Damages (383/2009) shall apply to public remediation of damages, such as damages to water or to nature values protected in EU level by the Habitats Directive and the Bird Directive.

The Act on Compensation for Environmental Damage (737/1994) shall apply on civil law environmental damages caused by activities carried out in a certain area and resulting from the pollution of water, air or soil, noise, vibration, radiation, light, heat or smell or other similar nuisance. Typical damages which may relate to the mining activity are damages in relation to blasting or pollution to water. The operator carries the strict liability. The liability does not require negligence (culpa liability). Unless otherwise provided, the Tort Liability Act (412/1974) applies to compensation for environmental damage. Compensation shall be paid for environmental damage if it is shown that there is a probable causal link between the activities and the loss.

Environmental Protection Act entails rules of administrative compulsion, pursuant to which the authority may order a party that violates the law or permit regulation based on it to restore the environment. For a mining activity subject to an Environmental Permit, an order will be issued by ELY Centre. It may intensify the effect of a prohibition or order by conditional imposition of a fine. ELY Centre as a supervisory authority can suspend the activities if the harm cannot be eliminated or sufficiently reduced otherwise. The administrative compulsion under public law is directed to secure public interest, not as such the loss of private law property.

If the public interest is infringed, the ELY Centre is the injured party in criminal cases. ELY Centre or any other can report to the police for preliminary investigation. An Environmental Permit is set in a way that compliance with permit conditions protects from environmental damages under civil law and from administrative compulsion under public law.

Water permit

If the construction of a mine has effects on water otherwise than through emissions to water, which requires Environmental Permit, it is subject to a water permit to be granted by AVI pursuant to the Water Act. Competent AVI office is the one in whose territory the activity concerned is planned to be sited. An Environmental Permit application concerning the pollution of water from emissions and a water permit application for constructions to water shall be processed together and included in one decision. Permit applications are handled through the so called joint processing and both permits are included in one decision, since the activity is in principle the same.

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If a right-of-use application is needed pursuant to the Water Act, it will be granted at the same time. The right-of-use to a water area is similar to the expropriation permit but it concerns the water area and is granted in the context of a water permit decision. It can also be an ownership right to be granted against full compensation in the context of a permit decision.

The water permit decision can be appealed to the Vaasa Administrative Court and further to the Supreme Administrative Court if the Supreme Administrative Court grants a leave to appeal.

Nature protection

Derogations

The Nature Conservation Act (1096/1996) shall apply to nature and landscape conservation and management. According to the Nature Conservation Act (1096/1996) the ELY Centre can grant derogations from the protection provisions enacted under Sections 39, 42 and 47. The protection of animal, bird and plant species is taken into account in the planning of exploration and mining operations. A derogation from a protection order or the destruction and deterioration of a habitat important for the survival of a species under strict protection or breeding sites and resting places used by specimens of animal species referred to in Annex IV(a) of the Habitats Directive (92/43/EEC) is prohibited without a derogation granted by ELY Centre.

Furthermore, there are special provisions in Section 49 regarding species protected in EU level. EU Member State may derogate from the provisions of Articles 12,13,14 and 15 (a) and (b) of the abovementioned Directive in the interest of protecting wild fauna and flora and conserving natural habitats, to prevent serious damage, in particular to crops, livestock, forests, fisheries and water and other types of property, in the interests of public health and safety, or for other imperative reasons of overriding public interest, including those of a social or economic nature and beneficial consequences of primary importance for the environment. DOY is the only mining company in Finland which has been granted such derogation (flying squirrel case in Jokisivu).

Certain national habitats types are also protected under Section 29 of the Nature Conservation Act. ELY Centre may grant derogations from their protection provided this does not seriously jeopardise the conservation objectives of the natural habitat type in question or if its protection prevents the implementation of a project or plan of overriding public interest.

Concentration activity

Concentration activity including a plant, a tailing pond and related activities is subject to an Environmental Permit granted by AVI as laid down in the Environmental Protection Act. The construction of a concentration plant requires a detailed plan and is subject to a building permit according to the Finnish Land Use and Building Act. In addition to an Environmental Permit the Dam Safety Act (494/2009) requires that the ELY Centre as a dam safety authority classifies

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a tailing pond and accepts its safety documents. A decent water circulation needs to be defined and the collapse of a heap or the bursting of a dam or other leakages originating from faulty structures is not allowed. The acceptance of the ELY Centre is in fact the prerequisite for the Environmental Permit of the concentration plant concerning its tailing pond.

Concentration is regarded as part of mining carried out in the context of actual mining activities under the Finnish Mining Act.

Public safety and environmental rehabilitation

Once an exploration permit has expired or been cancelled, the exploration permit's holder shall restore the exploration area to the condition required by public safety, remove temporary constructions and equipment, attend to rehabilitation and tidying of the area, and restore the area to its natural status as far as possible in accordance with Sections 15 and 143 of the Finnish Mining Act. Furthermore, within two years of the termination of mining activity, the mining operator shall restore the mining area and the auxiliary area of the mine to a condition that complies with public safety, ensure their restoration, cleaning, and landscaping and perform the measures specified in the mining permit.

Pursuant to the Chapter 10 of the Finnish Mining Act the mining permit holder shall deposit collateral for termination and after-care measures of mining operations that is sufficient in view of the nature and extent of mining activity, the permit regulations issued for the activity, and collateral demanded by virtue of other legislation. Tukes shall determine the type and amount of collateral for each permit in question and release the collateral when the permit holder has fulfilled its obligations.

Environmental rehabilitation under public law is regulated by the Environmental Protection Act, which is applied to the prevention of pollution from emissions of mining activity and to waste management of a mine. The processing of mining wastes is regulated by the Government Decree on Waste from Extractive Industries (190/2013). The operator must provide a financial guarantee in order to secure the appropriate waste management of mines and concentration plants, including supervision, and measures required for terminating operations or thereafter. The beneficiary of a financial guarantee is the ELY Centre. This is the only environmental financial guarantee and it is separate from the collateral which is required for the termination of mining activity under the Finnish Mining Act.

There are also special administrative compulsion rules in the Environmental Protection Act under which the ELY Centre may order remediation of contaminated soil or groundwater, since this is prohibited by law. The prevention of such contamination is also included in the Environmental Permit. The substantial pollution of the water body or damage to protected species and natural habitats is also prohibited and will be taken into account in Environmental Permit conditions. The breach of this would be exceptional and require remediation. This relates also to directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage.

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The Seveso directive 2012/18/EU on environmental liability with regard to the prevention and remedy of environmental damage and its Finnish implementation the Act on Safety Processing of Dangerous Chemicals and Explosives (390/2005) are not applied to the exploitation, exploration, extraction and processing of minerals in mines and quarries, including by means of boreholes. The abovementioned regulations are applied to operations which require permit for large scale storage and processing of dangerous substances, including operational tailings disposal facilities, including tailing ponds or dams, containing dangerous substances. These rules do not in practice restrict the current operations of DOY.

Land

Land use plans

As set out in the Finnish Mining Act, establishing a new mine and granting a mining permit require that the planned mining activity having been examined on a legally binding plan in accordance with the Finnish Land Use and Building Act (132/1999), or, in view of the impacts of mining activity, that the matter shall be otherwise sufficiently explored in cooperation with the local authority, regional council, and the ELY Centre.

In Environmental Permit matter a mining activity or any other activity subject to an Environmental Permit may not be located in conflict with a detailed local plan, as laid down in Section 12 of the Environmental Protection Act. This may lead to a situation where a mining permit can be granted despite the conflicting detailed plan taken into account a regional plan or master plan, as laid down in Section 47(4) of the Finnish Mining Act. However, an Environmental Permit cannot be granted without the amendment of the conflicting detailed local plan, since under Sections 32(3) and 42(3) of the Finnish Land Use and Building Act a regional plan and master plan are not valid in areas where a legally binding local detailed plan is in force. The Finnish Land Use and Building Act will be applied in the planning procedure and subsequent construction of possible buildings. As there are three planning levels, the land use plan may be a regional plan accepted by a regional council or in a municipal level, a master plan or a detailed plan accepted by a municipal council.

A land use plan is also a tool to review the public acceptance and need in a regional or municipal level. The requirement of land use plans was not included in the Repealed Mining Act. The absence of a plan did not prevent the granting of a permit for a mine in the past. However, municipalities gave their opinions on the suggested mining concessions and often accepted land use plans afterwards.

Titles to immovable property rights

Ownership

Owners can be individuals or a legal person, such as limited liability companies, associations, foundations and companies having their seat or management office in another

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country provided that in their country they are treated as legal persons. They must have a tax liability to enable yearly real estate tax, the transfer tax from the value of the property or a gift tax and, in the context of selling, the taxation of the sales profit. The applicable law in the conveyance of a property is the Code of Real Estate (540/1995).

Other right of use

The right of use and right of possession to the area equivalent to a claiming or mining possession which is restricted right to immovable property, can be achieved also by a lease contract concluded pursuant to the Land Tenancy Act (258/1966) or by other right of use contract which fulfills the requirements set out in the Finnish Mining Act.

Mining possession

The operating of a mine requires the right of possession to the area. It can be a proprietary right or a claiming possession based on the expropriation permit and acquired through the expropriation procedure, as stated in the paragraph headed "Expropriation" in this section, or at least a possession survey procedure before finishing the expropriation procedure. The claiming possession is achieved in land survey proceedings establishing a mining area, as laid down in Section 82 of the Finnish Mining Act.

In the case of proprietary rights, there is no need for expropriation of the rights of use and possession. In the deed of sale, the ownership can be transferred at once, suspended or be left in abeyance for a five year period.

The buyer should require in deed of sale that a clause shall be included, under which it shall have the right to gain possession of the real estate in the context of the conclusion of the sale. It is not yet the full proprietary possession but it is similar to it. It allows usually the future owner to rule the property even though a seller could later retrieve the property. Condition subsequent (cancellation clause) fulfills also the required possession.

The mining right and claiming possession related therein is not the ownership of the property but the mining operator's right of use and right of possession. The mining operator's right of use and right of possession pursuant to the Finnish Mining Act means that after the termination of the mining activity, the mining operator's right of use and right of possession to the mining areas in question shall be terminated alongside and the areas will be returned free of charge to the possession of the landowner. This will not happen if the mining activity continues or the operator purchases the property.

Within two years of the termination of mining activity, the mining operator shall restore the mining area and the auxiliary area to the mine to a condition that complies with public safety and ensure their restoration, cleaning, and landscaping and perform the measures specified in the mining permit.

Land for the separate concentration plants, offices and other facilities will be acquired through normal acquisitions of real property as laid down in the Code of Real Estate.

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Foreign exchange

There are no foreign exchange controls or other restrictions on the import of funds for exploration and extraction or the use of the proceeds from the business.

Labour

The material labour laws applicable to mining industry are, among others, the Employment Contracts Act (55/2001), the Act on Co-operation within Undertakings (334/2007), the Working Hours Act (605/1996) and the Annual Holidays Act (162/2005). Furthermore, the Collective Agreement on Ore Mines between the Technology Industries in Finland and the Finnish Metalworkers' Union is applied to the mining industry. The said collective agreement is generally applicable and must therefore be complied together with the labour legislation. Any term of an employment contract that conflicts with an equivalent term in the generally applicable collective agreement is null and void and the equivalent provision in the generally applicable collective agreement shall be observed instead.

Collective agreements stipulate the minimum terms of employment to which the employee is entitled. Agreements cover for example: minimum levels of pay, recommendations for the payroll system, working hours, paid sick leave and maternity leave, overtime and overtime pay, pay entitlements for national holidays and annual holiday and holiday pay.

Employer who does not comply with the labour legislation shall be liable for the loss caused to the employee. Furthermore, penalties may be imposed for breaching certain employer's obligations under the Finnish Criminal Code (39/1889).

Cooperation with employee

The Act on Co-operation within Undertakings (334/2007) shall apply if the company normally employs at least 20 persons. It promotes the undertaking's and its personnel's interactive co-operation procedure which are based on timely provided sufficient information to the personnel on the state of the undertaking and its plans. The objective is to collectively develop operations of an undertaking and the employees' opportunities to exercise influence in the decisions made within the undertaking relating to their work, their working conditions and their position in the undertaking. It also sets out the procedure which must be complied when for example terminating an employment relationship on financial grounds.

Work contracted out

If the work is contracted out, the Act on the Contractor's Obligations and Liability regarding Work Contracted Out (1233/2006) shall apply. It applies to situations where temporary agency workers or subcontractors are used for work in Finland. It is not applied if the duration of the work by the temporary agency worker or workers does not exceed a total of ten working days or the value of the subcontractor agreement is less than EUR9,000 without value added tax (VAT).

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Before concluding a subcontract, the subcontractor shall provide the contractor various information to prove that the subcontractor has fulfilled its obligations under the Finnish legislation, for example information on whether the enterprise is entered in the Prepayment Register and in the Employer Register and registered as value added tax liable in the Value Added Tax Register.

Employee protection

The Occupational Safety and Health Act aims to improve the working environment and working conditions to ensure and maintain the working capacity of employees as well as to prevent occupational accidents and diseases and eliminate other hazards to the physical and mental health from work and the working environment.

The blasting safety with competence requirements and vibration measurements concern all detonation works. There are several guides and the Charger Act (423/2016) ensuring the quality on detonations. The Government Decree on the Safety of Detonation and Quarrying Works (644/2011) has been enacted pursuant to the Occupational Safety and Health Act.

The purpose of the Pay Security Act (866/1998) is to ensure payment of employees' claims arising from an employment relationship in the event of the employer's insolvency. The Act on the Protection of Privacy in Working Life (759/2004), the Information Society Code (917/2014) and the Personal Data Act (523/1999) protect the privacy of the employees.

Authorities

Until the end of 2009, the offices of the Occupational Safety and Health Inspectorates were supervising the occupational safety of all Finnish mining companies and were competent to revise the activity and launch administrative compulsion, if necessary. From 1 January 2010, the Occupational Safety and Health Administration under the Ministry of Social Affairs and Health has been supervising legal working conditions, fair working life rules as well as occupational safety and health in work places. It consists of five AVI offices which are judicially competent authority on employee protection.

Taxation

Summary of tax types and rates

Summary of the most applicable tax types and tax rates in the business of DOY:

<u>Tax type</u>	<u>Tax rate</u>	<u>Applicable law</u>
Tax rate for corporation's income.....	20.0%	The Act on Income Tax (1535/1992)
Transfer tax rate for real estate	4.00%	The Act on Transfer Tax (931/1996)

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Tax type	Tax rate	Applicable law
Transfer tax rate for shares other than in housing or real estate companies	1.60%	The Act on Transfer Tax (931/1996)
Real estate tax rate Sastamala (Vammala)	0.93% (general rate)	The Act on Real Estate Tax (654/1992)
Real estate tax rate Huittinen	0.93% (general rate)	The Act on Real Estate Tax (654/1992)
Real estate tax rate Orivesi	1.10% (general rate)	The Act on Real Estate Tax (654/1992)
Real estate tax rate Valkeakoski	1.30% (general rate)	The Act on Real Estate Tax (654/1992)
Value Added Tax Rate	24.0% (general rate)	The Act on Value Added Tax (VAT) (1501/1993)

Potential new laws and regulations

The Ministry of Environment has prepared the Government proposal No. 15/2017 stating that from 1 January 2020, the ELY Centre, being the supervising authority, and the AVI, being the permitting authority, will be merged into one. The new authority will be called the State Permit and Supervision Authority, which will be both the supervising and permitting authority in environmental and water permit matters.

The Ministry of Environment has also prepared a draft for the government proposal so that one can partially and voluntarily combine the EIA and permit procedures, the Environmental Permit, mining concession and derogation permits stipulated in the Nature Conservation Act (1096/1996).

The EU Directives in relation to mining have been adopted into the Finnish law within the transitional periods given in the EU Directives. Amendments to the Government Decree regarding certain environmental quality standards have already been made to reflect the changing EU regulatory framework. Such amendments may impose stricter water management for any permit updates and new permit applications but as advised by our legal adviser as to Finnish law, it will not affect the conditions stipulated in the existing and valid permits. Hence, all tenements and permits held by DOY as of the Latest Practicable Date will continue to be valid as confirmed by our legal adviser as to Finnish law.

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Other Applicable Legislation

- the Government Decree on the Mining Activity (391/2012)
- the Government Decree on the Safety in Mines (1571/2011)
- the Mining Decree (663/1965), repealed
- the Real Estate Formation Act (554/1995)
- the Act on Reindeer Husbandry (848/1990) and the Decree on Reindeer Husbandry (883/1990), especially in special reindeer husbandry areas
- the Act on the Sami Parliament (974/1995), in the northern Lapland
- the Act on the Off-Road Traffic (1710/1995) and the Decree on the Cross-country Traffic (10/1996)
- the Government Decree on Waste from Extractive Industries (190/2013) — the Directive 2006/21/EC and Commission Decision 2009/337/EC
- the Decree on the Remediation of Certain Environmental Damages (713/2009)
- the Nuclear Energy Act (990/1987) and the Decree (161/1988) — in case of uranium mines
- the Radiation Act (592/1991) and the Radiation Decree (1512/1991), if excavating radioactive minerals
- the Act on engaging in commercial activity (122/1919) and the Finnish Constitution (731/1999) together — in case the land use plan discriminates mining activity
- the Non-discrimination Act (1325/2014)
- the Collective Agreements Act (436/1946)
- the Charger Act (423/2016))
- the Contracts Act (228/1929), applied to all private law contracts under Finnish legislation
- the Act on the Employer's Health Insurance Fees (771/2016)
- the Limited Liability Companies Act (624/2006)
- the Implementing Act of the Limited Liability Companies Act (625/2006)
- the Accounting Act (1336/1997) and Decree (1339/1997), several ministerial decrees
- the Audit Act (1141/2015) and Decree (1377/2015)

SWEDISH LAWS AND REGULATIONS RELATING TO THE INDUSTRY

Introduction

According to Swedish regulations, a mining operation is required to have an exploitation concession in accordance with the Mineral Act 1991 and an Environmental Permit according to the Environmental Code. Further, mining operations may require a detailed development plan and building permits in accordance with the Swedish Planning and Building Act.

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Laws and Regulations relating to Mineral Resources

The Mineral Act 1991 is the principal law regulating the mining industry and it governs the procedure for acquiring exploration permits and exploitation concessions on land irrespective of who owns the land to be explored or exploited.

The Environmental Code is the principal environmental law in Sweden. The Environmental Code is closely tied to the Mineral Act 1991 which, with few exceptions, is applicable to all types of operations, including exploration and exploitation of land. The Environmental Code is relevant to many aspects of the mining industry. The Environmental Code is applicable in matters concerning the granting of concessions, which means that an EIA should be appended to applications for concessions. An exploitation concession must always be granted under both the Mineral Act 1991 and the Environmental Code.

Land necessary for mining operations and equipment may be designated in accordance with the Mineral Act 1991. Land designation can be ordered by the concession holder. The decision regarding which land within the concession area the concession holder may claim for the processing of the deposit and which area the concession holder may use for operations relating to the concession work is taken according to the Minerals Ordinance. Through the land designation process the right to extract minerals is tied to the right to use the land. Land designation starts when an application is launched in accordance with Minerals Ordinance.

Methods of obtaining exploration permits and exploitation concessions for mining operations under the Mineral Act 1991

Exploration permits and exploitation concessions are granted under the Mineral Act 1991 to qualified applicants entirely irrespective of who owns the land to be explored or exploited. An exploration permit is granted for a specific area of land where there is some likelihood of a successful discovery being made. An exploitation concession must be acquired to commence mining activities.

The process of gaining an exploration permit and an exploitation concession is governed by the Mining Inspectorate. The Mining Inspectorate is also the governing authority regarding matters regulated by the Mineral Act 1991, for example exploration permits. The Mining Inspectorate is a special decision making organ of the Geological Survey of Sweden (SGU) that has an independent role as far as the exercise of authority goes. The CAB takes part in the environmental evaluation of applications for exploration permits and exploitation concessions. The CAB is also the governing authority over the mines and is responsible for ensuring that the mining operation taking place corresponds with the Environmental Permit that has been granted. The Mining Inspectorate and the CAB both report to the Swedish Government. Should there be a particular public interest affected by an application for an exploitation concession, the decision regarding the concession is made by the government.

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Exploration permits

Exploration permits should not be granted if the applicant does not have the opportunity or the purpose to achieve a more efficient exploration or the applicant has a previous record of carrying out inappropriate exploration work. As a rule, the exploration permit is granted to the party that applies first. Therefore, the initial application is complete and will not need to be supplemented later as this can result in complications surrounding the assessment of which party applied first. The holder of an exploration permit is not entitled to an automatic right to acquire an exploitation concession. However, they have a preferential right. The time between the submission of an exploration permit application and a decision being made by the Mining Inspectorate will depend on several factors, for example the number of cases pending and the amount of completions needed for the application. Decision times therefore vary and can take as short a period as two months or as long as a year or more.

The requirements of an application regarding an exploration permit are stated in the Minerals Ordinance and are as follows:

- An application for an exploration permit must be in writing and filed to the Mining Inspectorate;
- The application should contain information regarding the applicant, which concession mineral the application concerns, the extent of the exploration area and information on whether certain prohibition articles in the Mineral Act 1991 are affected;
- Information regarding the circumstances that indicate the investigation in the area may lead to the discovery of concession minerals;
- The applicant's proposed name for the exploration area;
- The impact of the planned activities on public and private interest and the measures which in the applicant's view are necessary to protect public interest or private rights;
- Details regarding the properties affected by the application and the name and address of property owners and other affected parties known to the applicant;
- A map of the exploration area; and
- The Mining Inspectorate may require the applicant to provide a plan showing how the activities are to be carried out and a report on the applicant's ability to follow the plan.

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Exploitation concessions

The requirements for an exploitation concession are, in part, similar to the exploration permit. The applicant should prove that it is possible to exploit the mineral deposit in an economically beneficial way and that the mineral deposit is not unviable with respect to its location and type. An exploitation concession is only granted once the authorities are satisfied that the discovered mineral deposit shows a probability of profitable exploitation and that the site is not inappropriate according to the Mineral Act 1991. An exploitation concession is valid for a specific area which is determined on the basis of the shape and extent of the deposit, the purpose of the concession and certain additional circumstances.

Applications for exploitation concessions must be in written form and filed with the Mining Inspectorate. The application should be accompanied by EIA, a report regarding exploration activities and a map of the concession area. The EIA can be the same as in the application for the Environmental Permit though the requirements of the EIA for the Environmental Permit are more extensive and needs to be up to date with the circumstances regarding the case. Furthermore, the application must include information regarding:

- The applicant, which concession mineral the application concerns, the extent of the concession area and information on whether certain prohibition articles in the Mineral Act 1991 are affected;
- Details regarding the properties affected by the application and the name and address of property owners and other affected parties known to the applicant;
- Preferential rights and other exploration permits in the area;
- The impact of the planned operation on public and private interests and the measures that the applicant deem necessary to protect public and private interests;
- The applicant's plan for the planned operation;
- Any exploration permits that the applicant has or has had within the area; and
- The name proposed by the applicant regarding both the operation and the exploration area.

The time between the submission of an exploitation concession application and a decision being made by the CAB is never less than six months. To receive a decision in less than a year would be considered a quick concession procedure. The total time of the procedure surrounding the application for an exploitation concession will depend on several factors, for example the number of cases pending and comments from the stakeholders, municipalities and authorities regarding the completion of the application.

When an exploration permit is acquired all affected stakeholders should be notified. If there are many interested parties, the decision is often made public in the local newspaper.

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Once the application regarding an exploitation concession is complete, it will be announced in the domestic and local newspapers. The decision regarding an exploitation concession is disclosed by the Mining Inspectorate who communicate the decision to the affected property owners and other interested parties. A copy of the concession is also sent to the affected authorities.

Methods of obtaining an Environmental Permit for mining operations

The granting of an Environmental Permit for mining operations is governed by the same rules as other business operations with an environmental impact. The conditions for the Environmental Permit, such as noise levels and storage sites, are decided during the permit process carried out by the Land and Environmental Court.

Water operations

Water operations are regulated separately according to the Environmental Code. Damming up water deposits and dissipation of ground water are included in the terminology of water operations. Applications for water operations can be submitted at the same time as an application for an Environmental Permit as these operations are typically handled in the same judgement. There are however some separate requirements for water operations, such as jurisdiction over the water and an economic benefit. Jurisdiction over water is an absolute requirement for water operations. Jurisdiction over water may be time limited or open-ended. If time limited, the water operations permit is usually limited to the same extent. Supervision of compliance with the environmental conditions imposed in the water operations permit is usually carried out by the CAB.

The process for obtaining an Environmental Permit

In order for the holder of an exploitation concession to acquire an Environmental Permit, mining operations must be subject to a hearing in the Land and Environmental Court. Test mining application is however processed by the CAB. When the holder of an exploitation concession wants to acquire an Environmental Permit for test mining, the mining operations are tried by the CAB. This is a process that is separate from the previously explained procedure concerning exploitation concessions. The process to acquire an Environmental Permit is governed by the Environmental Code, most notably the general rules of consideration in Chapter 2 of the Environmental Code. Chapter 2 of the Environmental Code states the general rules of consideration that the operation needs to be aware of and follow in order to limit damage to the environment. The rules include the principle of evidence rule wherein the operator should be able to prove that the operations follow the precautionary rules, the principle regarding knowledge requirement, the principle regarding protective/precautionary measures, the principle regarding best available technology, the principle regarding injury, the principle regarding product choice, the principle regarding recycling, the principle regarding localisation, and the principle regarding pollution liability.

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The purpose of the hearing being to ascertain the potential environmental impact of the operations. The Land and Environmental Court also sets the conditions for the operations in its decision. To obtain an Environmental Permit for regular mining operations under the Environmental Code the following processes are necessary:

- A consultation process. If the operation concerns Seveso regulation(s) the consultation process should consider how serious chemical accidents due to the operations should be anticipated and limited. For more information regarding the Seveso regulation(s) please refer to the section “Risk management of major hazards involving dangerous substances” below. The data submitted ahead of the consultation process should include information about the fact that the operation falls under Seveso regulation(s).
- Finalisation of the EIA, technical description and other documents for the application.
- Submission of the permit application to the Land and Environmental Court. The Land and Environmental Court decides whether the information gathered and presented is detailed enough to proceed with the permit decision.
- The Land and Environmental Court and other parties may ask for supplements to the application.
- Once completed, the application is sent to the affected parties for review and comment. An announcement is made to allow the general public and non-governmental organisations the possibility to comment on the EIA and the application. The applicant will have the opportunity to address any comments made during the process.
- The Land and Environmental Court decides whether to grant a permit or not.

Given that both the Environmental Permit for test mining and full scale mining operations are governed by the Environmental Code, the factors that the CAB or the Land and Environmental Court consider when they issue the Environmental Permit, as well as the whole application process are similar.

The first step in acquiring an Environmental Permit is the consultation process. It takes place between the company who wish to engage in activities with an environmental impact and the parties environmentally affected by the operations, as well as agencies and organisations concerned with environmental issues. The purpose is to hear all concerned parties so that their interests can be considered when preparing the EIA. The number of rounds of consultations to be held depends on the environmental impact of the project. There were two rounds of consultations held for the application for the Environmental Permit for the full scale mining operations at Fäboliden Project.

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After the consultation, the EIA has to be finalised. The purpose of the EIA is to describe the expected environmental impact that the proposed mining project will have. If the EIA concerns an operation which is regulated by Seveso regulation(s), there is also a requirement to identify and assess factors in the surroundings of the operation that could affect security or increase the potential risk of accident. The EIA must be written so that the reviewing body (the Land and Environmental Court) can assess whether the project should be allowed from an environmental point of view or not. The special requirements regarding an EIA are stated in the Environmental Code:

- The applicant must provide information in the EIA regarding the site, formation and the extent of the proposed operation;
- The applicant must provide a description of the operations that are planned to avoid, decrease or correct harmful impacts. There should also be a description of how the operations will continue to be compatible with the environmental norm;
- The applicant must provide the required data that is necessary to prove and judge the primary impact on human health, the environment and the husbandry of the land, water and other resources which the operations may affect;
- The applicant must provide information in the EIA regarding any alternative sites for the proposed operation, together with a justification of why the proposed site was selected. There should also be a description of the possible consequences of the operation and a description of a zero option, which details the consequences of not starting the proposed operations; and
- The applicant must also provide a non-technical conclusion of the data resulting from the requirements stated above.

After the public consultations have been carried out and the EIA is complete, the application for an Environmental Permit can be finalised and submitted to the Land and Environmental Court.

The application must meet the following requirements:

- The application needs to be in written form and include all necessary drawings and technical descriptions of the area;
- The application must include information regarding discharge sources, the type and amount of foreseeable discharge and a proposal of measurements aimed to decrease these amounts;
- The application must include an EIA and a summary of the public consultations that have taken place;

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- The application must include a proposal regarding the necessary protective measurements and other precautionary measurements which are needed for the evaluation of the general rules of consideration in Chapter 2 of the Environmental Code;
- The application must include a proposal regarding the proposed surveillance and control of the operation;
- If the operations are subject to the Seveso regulation(s), the application must then include a plan of action and a security report in accordance with the requirements of the legislation;
- The application should, in some cases, include a status report regarding pollution in the area of the operations; and
- The application must include a non-technical summary of the information that has been presented according to the abovementioned requirements.

If the mining operations include water operations, additional requirements regarding the application need to be met. Water operations may only be awarded a permit if the benefits from a public and private perspective surpass the cost, damage and inconvenience caused. Water operations shall be performed so they do not aggravate other businesses that may need to use the same water asset in the future. The requirement regarding jurisdiction over the water, as stated above, must also be taken into consideration.

Water operations are generally required to have a permit under the Environmental Code. Applications for water operation permits are tried by the Land and Environmental Court according to the Environmental Code. Applications for drainage operations are tried by the CAB, if the application is not tried by the Land and Environmental Court.

The Land and Environmental Court determines whether the information gathered and presented in the consultation and environmental assessment phases is detailed enough to proceed with a ruling. The Land and Environmental Court may require that the applicant submits supplementary information to the permit application. During the initial phase of the proceedings, any affected party may also submit comments regarding necessary supplements to the application. An announcement is made in the local newspaper to give the general public and non-governmental organisations the possibility to comment on the application and appendices before the decision regarding the granting of a permit is made. The final decision must likewise be made public through an announcement in the local newspaper for all affected stakeholders to comment. The application is also publicly exhibited so that the general public can access it and leave comment. If the decision is not appealed within approximately three to four weeks (this may vary), it will gain legal force from the date of the decision.

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The complete process, including preparation period, for obtaining Environmental Permit for a full scale mining takes approximately three to five years depending on the size and complexity of the operation and where it is to be carried out. If deemed necessary, security will have to be provided to cover for potential damages to the environment and closure of the mining operations, for additional information see the paragraph headed “Environmental protection” in this section.

Once the application for a full scale mining has been filed, the permit process at the Land and Environmental Court, based on their historical processing time, takes approximately one and a half to two years. The processing time may vary depending on the quality of the EIA and the opinions submitted by the authorities, stakeholders and non-governmental organisations.

Decisions of the Land and Environmental Court may only be appealed to the Land and Environmental Court of Appeal if leave to appeal is granted. A standing is required for the appeal as stated in the Environmental Code. A judgement delivered by the Land and Environmental Court of Appeal can be appealed to the Supreme Court if it is of great purpose for the rights application or if there are extraordinary reasons for the judgment. For example, if there are grounds for a new hearing, if a grave procedural error has occurred or the judgments outcome of the Land and Environmental Court of Appeal is apparently due to a gross oversight or a gross mistake.

When it comes to Environmental Permits, permits concerning mining are normally tried by the Land and Environmental Court. However some operations are required by the Government to acquire a permit according to Chapter 17 of the Environmental Code. The Government tries the permissibility of the operation at the suggested location. The Environment and Energy Department will normally handle cases regarding mining operations. The Land and Environmental Court is then asked and pronounces its opinion of the case in regards to Chapter 2-4 of the Environmental Code and other environmental requirements. However, the Government is not required to follow the opinion of the Land and Environmental Court or the other authorities.

The regime for renewal and transfer of mineral licences

An exploration permit according to the Mineral Act 1991 is valid for a period of three years, and may be prolonged several times under special conditions for a maximum of 15 years. When an exploration permit expires a new application can be filed in order to acquire a new exploration permit for the same area or part of it. The new application can be filed no earlier than one year after the previous exploration permit has expired, however exceptions from the one year rule can be made if special conditions apply.

A concession granted according to the Mineral Act 1991 is valid for 25 years. It can be prolonged for ten years at a time if work is performed on a regular basis, in the concession area. If there are no active mining activities performed on a regular basis, the concession can still be prolonged for an additional period of ten years if the work performed meets specific

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criteria set up under the Mineral Act 1991, or if it is otherwise motivated by the common interest that the mineral findings should be exploited in an effective manner. The application to prolong a concession should be filed no later than six months before the valid concession expires.

Environmental Permits may be time limited or valid for an unlimited time. As the Mineral Act 1991 runs in parallel to the Environmental Code, the Environmental Permit is linked to the restrictions of the exploitation concession even though the Environmental Permit itself is not explicitly time limited. In practice, the permit may be time limited due to the fact that the operator normally needs to apply for a new Environmental Permit after a certain timeframe has passed in order to meet the requirements of Chapter 2 of the Environmental Code (for example meeting the standards of using the best available technology).

The transfer of an exploration permit or an exploitation concession can be permitted under the Mineral Act 1991. Permission can be granted if the future licence holder meets the conditions and criteria set forth in the Mineral Act 1991. In regard to an exploration permit, permission may not be granted to a person who manifestly lacks the possibility or intention to bring about an appropriate exploration or to a person who has been previously proven to be unsuitable to carry out exploration work. In regard to an exploitation concession, permission may be granted if the location and nature of the deposit does not make it unviable. Additionally, the future licence holder has to prove that he or she is suitable to undertake exploitation of the deposit.

Transfer of an Environmental Permit is possible according to the Ordinance of Environmentally Hazardous Operations and Protection of Health (Förordning (1998:899) om miljöfarlig verksamhet och hälsoskydd), the new holder is required to notify the supervisory authority (the CAB) regarding the transfer. Environmental Permits are not normally time limited. An exploration permit or exploitation concession may be transferred upon approval by the Mining Inspectorate.

The possibilities to change or withdraw permits and concessions

The Mineral Act 1991 states that an exploration permit or an exploitation concession can be withdrawn if the holder does not fulfill their obligations in accordance with provisions of the Mineral Act 1991, the terms laid out in the exploration permit or exploitation concession, or if there are other specific reasons. The withdrawal of an exploration permit or an exploitation concession can only occur if considerable public interests are at stake. Withdrawal may also proceed due to foreign and defense policy if it is necessary to secure Swedish influence over a deposit. An exploration permit may also be withdrawn if the holder is in breach of a term regarding consent to exploration work.

The terms of an exploitation concession can be changed if an operation according to the concession gives rise to disruptions of considerable size that were not anticipated when the concession was granted. Under other circumstances, the terms laid out in exploration permits or the exploitation concessions may be changed only in accordance with the holders' request or consent.

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The Environmental Code also provides the possibility to change the conditions and terms of an Environmental Permit or to withdraw the Environmental Permits, in whole or in part. A withdrawal or change of conditions and terms may only be made due to specific circumstances such as the operations giving rise to disruptions of considerable size that were not anticipated when the Environmental Permit was granted or a considerable breach of the Environmental Permit terms and conditions. A number of governmental authorities have the possibility to initiate the processes described above.

The supervising authority, in this case normally the CAB, may issue injunctions to a mining operator in order to ensure compliance with the Environmental Code judgements or other decisions. The injunction must be proportional and may not limit the *res judicata* of Environmental Permits, i.e. may not prohibit the operations or change the conditions and terms of Environmental Permits. However, if the operations in question are conducted in a way that pose obvious dangers to the public or an individual interest, the authority may prohibit the operations.

The Mining Inspectorate may issue injunctions to the holder of an exploration permit or exploitation concession in order to secure compliance with the Mineral Act 1991. If the operations in question are conducted in a way that pose obvious dangers to the public or an individual interest, the Mining Inspectorate may prohibit the operations. Such prohibitions can be executed with immediate effect.

Environmental protection

If environmental damage occurs, the responsible operator has a duty to rehabilitate the operation area. Security for rehabilitation as well as conditions regarding a rehabilitation plan are normally regulated in the Environmental Permit and it is usual practice that an operation may not take place until a rehabilitation bond is paid. The rehabilitation plan must be filed with the application and adjusted before the closing of the operation. All types of security are approved provided that they are satisfactory for their purpose. The applying party must show that the suggested security is satisfactory and if security cannot be provided an Environmental Permit will not be granted.

If exploration work is expected to have significant impact on the environment, it entails certain investigations of the environmental aspects according to the Environmental Code. It also requires that a notice of consultation is sent to the CAB. The CAB examines whether the site is acceptable from an environmental point of view. If the exploration work affects the ability to use the land where it is being carried out, security for compensation has to be given if the landowner has not given their consent. The Environmental Code is also applicable in matters concerning the granting of an exploitation concession. Supervision of compliance with the environmental conditions is usually carried out by the CAB and by the municipality's Environmental Health Board.

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Exploration or exploitation is not permitted in national parks and there are several other areas or proximity limitations that might affect the outlook of conducting mining operations. Mining operations are rarely permitted:

- In areas included in local plans or regional provisions under the Swedish Planning and Building Act;
- Closer than 30 metres to publicly owned transportation infrastructure;
- Within 200 metres of inhabited buildings;
- In areas of military interest;
- In areas with electric power stations and industrial plants;
- Within 200 metres of public buildings, hotels, churches and comparable establishments;
- In churchyards and burial grounds; and
- In certain specified undisturbed areas in the Swedish mountain range.

(The above areas together with the national parks are collectively referred to as the “Protection Zones”.)

According to the Environmental Code, if an activity is located near to or within a Natura 2000 area, an ecological network of protected areas within the territory of the EU, the operator must demonstrate that the activity will not affect the environment in a significant way. The Land and Environmental Court tends to adjudicate matters affecting Natura 2000 areas quite strictly.

Natura 2000 areas are designated with the support of the EU Directives 2009/147/EC which protects the conservation of wild birds and 92/43/EEC which protects the conservation of natural habitats of wild flora and fauna. Within the Environmental Permit process the question of impact on protected areas according to these directives is considered. This is part of the location principle according to the Environmental Code. Since Natura 2000 are protected areas it means that existing areas are considered when Environmental Permits are granted. If the area where mining operations operates is located in a proposed Natura 2000 area, the operator must submit arguments in order to try to stop the allotment of the protection area. Before an area becomes Natura 2000 protected there is a process wherein the Environmental Permit holder will have the possibility to put forth their interests. Whether the area actually becomes a Natura 2000 protected area or not depends on the scope of the protection, which also determines whether the operation can continue. Should Natura 2000 area to be instated over a mine that has valid approvals the operator is entitled to economic compensation for the infringement. The operations might then require exemptions or Natura 2000-permits for some action. To prolong the approvals for the mine and extend the operations of the mine may, in such cases, be difficult.

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Planning and Building

The Swedish Planning and Building Act (Plan- och bygglag (2010:900)) contains provisions that regulate building and construction. Chapter 4 article 2 regulates a requirement that certain qualified businesses are required to have a detailed development plan (“**DDP**”). For example, mining operations that are Seveso classified due to the levels of explosive substances, are required to have a DDP for the area of business. This requirement is mainly directed to the municipality, though a DDP might be required in order to obtain necessary building permits. This regulation is only applicable if the area of the mining business is not already regulated by either a DDP or other area regulations. For buildings and certain constructions there is also a requirement to acquire a building permit from the municipality. In case the current area is regulated by a DDP or area regulation, the mining operations (to carry out an exploration of the area under an exploration permit or exploitation concession), must be (i) permitted by the Chief Mining Inspector of the Mining Inspectorate, and (ii) be in line with the DDP or the area regulation. Otherwise, the DDP or the area regulation needs to be changed. There is also a requirement regulated in the Environmental Code that the mining operations follow the DDP.

Land Protection

All minerals that are covered by the Mineral Act 1991 are listed in the Mineral Act 1991 and those not listed belong to the landowners. Minerals of interest for mining are among those listed. The reason for this policy is that landowners in general are considered not to have the capacity needed for exploiting mineral resources on their lands. The same rule applies to all types of landowners, whether they be the state, private entities or individuals. Exploration permits can be granted for exploration on lands (real properties) belonging to any type of landowner, both private and public.

A legal proceeding for the designation of land should be held in order to establish which land inside the concession area the concession holder may use for exploitation of the mineral deposit. In addition, any land within or outside the concession area, which the concession holder plans to use for activities related to the exploitation, may be covered by the decision. The concession holder can enter into agreements with landowners regarding the extent of designated land. Where agreements are not in place, land will be designated in accordance to what is deemed necessary for the activities. Land inside the protection zones may not be designated.

Mining operations can result in severe infringement and liability for the property owner and others affected. They therefore have a right to compensation for any damages and infringements that occur due to exploration work or exploitation concession. In certain cases, landowners may require the concession holder to buy the land.

Foreign exchange

There are no foreign exchange controls or other restrictions on the import of funds for exploration and extraction or the use of the proceeds from the business.

REGULATORY OVERVIEW

Labour

The principal health and safety law is the Swedish Work Environment Act, which is applicable in all situations where an employee performs work for an employer. The Swedish Work Environment Act is a framework act and detailed regulations are found in the provisions issued by the Swedish Work Environment Authority, which is the principal regulatory body concerning health and safety in the workplace in Sweden. The Swedish Work Environment Act states the obligations of the employer: prevention of ill health and accidents, for example.

The provisions of the Swedish Work Environment Authority regarding rock and mining work and general recommendations on implementation of the provisions (AFS 2010:1) are the main provisions concerning mining. They regulate, among other things, the kind of investigations and risk assessments that need to be done before the work in the mine can begin, working methods and equipment should be chosen, the knowledge the workers in the mine need to possess, the personal protective equipment the workers shall use and required inspections.

There are several other work environment provisions which can be applicable to mining operations. They regulate, amongst other things, chemical hazards in the work environment, occupational exposure limit values, blasting work, work equipment, noise levels, vibration levels, occupational medical supervision and the measurement and cleaning of quartz.

If the business does not follow the regulations laid out in the Swedish Work Environment Act or other provisions and the Swedish Work Environment Authority discovers this lapse at an inspection, the operator may be liable to fines as a sanction. It is the Swedish Work Environment Authority that decides the fines. The amount of the fine is normally based on how many employees there are in the operation. However, the operation does have a right to have the case tried in the Supreme Court. If the breach of the Swedish Work Environment Act is severe enough there is a possibility to start criminal proceedings.

If different sections in the provisions are in conflict with each other, the rules in the provisions of the Swedish Work Environment Authority on rock and mining work and general recommendations on implementation of the provisions (AFS 2010:1) are prevalent. Note that only the most common provisions that are applicable to mining are mentioned. There are additional provisions that regulate all work environments.

The general labour laws in Sweden are applicable to the mining industry such as the Swedish Working Hours Act (Arbetstidslag (1982:673)), the Swedish Employment Co-Determination in the Workplace Act (Lag (1976:580) om medbestämmande i arbetslivet), the Swedish Discrimination Act (Diskrimineringslag (2008:567)), the Swedish Parental Leave Act (Föräldraledighetslag (1995:584)), and the Swedish Annual Leave Act (Semesterlag (1977:480)).

The Swedish Employment Protection Act (Lag (1982:80) om anställningsskydd) regulates the protection of employees regarding termination and dismissals. It contains rules outlining priority regarding dismissals.

REGULATORY OVERVIEW

However, labour provisions in Sweden also exist in collective agreements and private employment agreements. A collective agreement is a written agreement between the employment organisation and the employer. The agreement regulates salaries and other terms of employment. Collective agreements give the employer a possibility to deviate from certain otherwise mandatory employment legislation, e.g. the Swedish Work Hours Act. The right to form a collective agreement is regulated in the Swedish Employment Co-Determination in the Workplace Act (Lag (1976:580) om medbestämmande i arbetslivet). A collective agreement works as an agreement of the terms of the labour market. A collective agreement which is signed by the employer is binding to all employees that are employed by the organisation, which means that the employer must apply the rules of the collective agreement to all employees. In many areas, the collective agreement also gives a basic protection in areas which do not have any regulatory legislation, for example the right to compensation for working overtime. An employer that is in breach of a collective agreement may be liable to pay damages (compensatory and punitive). On the employee's side, both the aggrieved employee and the union may be entitled to damages. Employers that are not bound by a collective agreement have to inform, and in some cases negotiate, with several unions (each union that the employees are members of) concerning any material change within the workplace that involves the employees working situation. Being bound by a collective agreement usually entails a less extensive information and negotiation duty since the employer only has to respond to the employment organisation that they have a collective agreement with.

The Swedish Work Environment Authority is responsible for the supervision of the Swedish Work Environment Act and the Swedish Working Hours Act. Violations against the remaining laws are settled through negotiations or in court. Appeals against a decision of the Swedish Work Environment Authority are handled by the Supreme Court.

Mining fee

Any private entity conducting mining activities is required to pay an annual mining fee of 0.2% of the average value of the minerals mined in SEK (Mineral Act 1991). The proceeds are split between the landowners and the state, with landowners receiving 0.15% and the state 0.05%. Foreign parties pay the same mining fee as domestic parties.

Taxation and fees

Normal corporate income tax, currently set at 22%, applies to mining companies and there are no additional taxes for mining in particular. As a main rule foreign parties pay the same taxes as domestic parties. The tax advantages and incentives for private parties engaged in mining activities are regulated by the EU Swedish Energy Tax Act (Lag (1994:1776) om skatt på energi). For example, tax relief can be obtained regarding carbon dioxide tax and energy tax for certain vehicles used in the mining activity process. There is no legislation or agreement in force regarding tax stabilisation.

Foreign parties pay the same fees as domestic parties. For an exploration permit, certain fees have to be paid to the Mining Inspectorate by the applicant. An application fee of SEK500 must be paid to the Mining Inspectorate when handing in the application for every new area

REGULATORY OVERVIEW

consisting of 2,000 hectares. If permission is granted, another SEK20 for each hectare has to be paid for the first three-year period of the exploration permit. If an extension of the exploration permit is permitted, an additional fee of SEK21 per hectare per year is required. Further extension of the exploration permit is possible, but will result in even higher annual fees. All fees are required to be paid in advance for each period of time. If an advance payment exceeds the amount that is finally determined as a fee, the excess shall be refunded to the applicant. If the permit holder relinquishes the exploration permit the portion of the fee that has not been utilised will be refunded.

Required fees

Type of fee	Amount	Payable to
Application fee for the exploration permit	The applicant shall pay an application fee of SEK500 for each area of 2,000 hectares.	To be paid to the Mining Inspectorate in conjunction with the application
If the permission for an exploration permit is approved	SEK20 per hectare in which exploration work has commenced of the exploration area over a three year period. A minimum fee of SEK100 shall always be paid.	To be paid to the Mining Inspectorate in conjunction with the application
If an extension of the exploration permit is granted	SEK21 per hectare in which exploration work has commenced of the exploration area is to be paid yearly. A minimum fee of SEK200 shall always be paid.	To be paid to the Mining Inspectorate in conjunction with the application
If a further extension of the exploration permit is granted	SEK50 per hectare in which exploration work has commenced of the exploration area is to be paid yearly. A minimum fee of SEK400 shall always be paid.	To be paid to the Mining Inspectorate in conjunction with the application
If a still further extension of the exploration permit is granted	SEK100 per hectare in which exploration work has commenced of the exploration area is to be paid yearly. A minimum fee of SEK800 shall always be paid.	To be paid to the Mining Inspectorate in conjunction with the application
Fee for the application for an exploitation concession	SEK80,000 for each concession area, set amount.	To be paid to the Mining Inspectorate in conjunction with the application for the exploitation concession

REGULATORY OVERVIEW

Type of fee	Amount	Payable to
Fee for the application for the transfer of an exploitation concession	SEK2,000 for each concession area, set amount.	To be paid to the Mining Inspectorate in conjunction with the application for transfer of the exploitation concession
Costs for the Mining Inspectorate's travel and other expenses.	Costs according to the Minerals Ordinance and the Mineral Act 1991.	To be paid to the Mining Inspectorate in conjunction with the application
Costs for land designation . . .	SEK80,000 if a meeting is held at the land designation, set amount. In other cases there is a cost of SEK40,000 for the land designation, set amount. There are also costs for trustees.	To be paid to the Mining Inspectorate in conjunction with the application

Other applicable laws and regulations

Risk management of major hazards involving dangerous substances

Provisions pertaining to risk management in operations handling large amounts of dangerous substances can be found in The Act regarding the Control of Major accident Hazards Involving Dangerous Substances (Lag (1999:381) om åtgärder för att förebygga och begränsa följderna av allvarliga kemikalieolyckor) and the Ordinance on the Control of Major accident Hazards Involving Dangerous Substances (Förordning (2015:236) om åtgärder för att förebygga och begränsa följderna av allvarliga kemikalieolyckor). The abovementioned regulations, collectively known as the "Seveso regulation(s)", are an implementation of the EU Directive on the control of major accident hazards involving dangerous substances (2012/18/EU).

Insurance

There are no obligatory insurances required for the mining industry in Sweden.

The Ordinance on Dam Safety

The Ordinance on Dam Safety (Förordning (2014:214) om dammsäkerhet) contains provisions regarding dam safety reports and impact assessments as well as safety and security management systems should the mine operations make use of a dam for tailings. Dam owners have the responsibility of performing self-supervision regarding the maintenance and standard of the dams. The owners of dams with a high classification according to the regulation have a higher standard to meet regarding self-supervision.

REGULATORY OVERVIEW

Operators self-supervision

Provisions surrounding self-supervision according to the Environmental Permit can be found in the Ordinance regarding Operator Self-supervision (Förordning (1998:901) om verksamhetsutövares egenkontroll). The provision regulates most operators of any environmentally hazardous operation and lays out the expected standard of self-supervision. For operations that have both environmental and water operation permits self-supervision usually consists of an annual report and several tests during the year.

Off road driving and cultural heritage

Exploration work can be affected by the Off Road Driving Act (Terrängkörningslag (1975:1313)) and the Cultural Heritage Act (Kulturmiljölag (1988:950)). Driving on bare ground is forbidden in Sweden. An exemption is needed and is tried by the CAB.

The Cultural Heritage Act regulates the protection of cultural heritage. If an operation has the possibility to affect an area with objects of cultural heritage, investigations might be required and dependant on an excavation or that permit is not granted to go through the area.

AUSTRALIAN TAX OBLIGATIONS RELATING TO THE OFFER SHARES

Shareholders who acquire Offer Shares at the time of Listing on the Stock Exchange should note the Australian tax implications relating to the Offer Shares as to the followings:

Taxation of dividends

Dividends will have different tax implications depending on the tax residency of the Shareholder. For more details of the tax implications of dividends for Australian Shareholders, please refer to Appendix VII to this prospectus.

Shareholders who take up Offer Shares

The consideration, plus any incidental costs such as brokerage, paid by Shareholders who take up the Offer Shares will form the cost base for any future disposal.

The capital gain tax implications for any future disposal by these Shareholders will be based upon their tax residency status. For more details of the capital gain tax implications for our Shareholders who are Australian, please refer to Appendix VII to this prospectus.

Stamp duty

An acquisition of Offer Shares by a Shareholder alone or with one or more associates or related persons (as defined in the relevant stamp duties legislation) such that the Shareholder alone or with such associates or related persons does not hold an interest of 90% (or 50% in certain circumstances) or more in our Company, will not be subject to stamp duty.

REGULATORY OVERVIEW

Estate duty and inheritance tax

Australia does not currently impose taxation in the nature of estate duty or inheritance tax.

HONG KONG TAX OBLIGATIONS RELATING TO THE OFFER SHARES

Shareholders who acquire Offer Shares at the time of Listing on the Stock Exchange should note the Hong Kong tax implications relating to the Offer Shares as to the followings:

Taxation of dividends

No tax is payable in Hong Kong in respect of dividends.

Taxation on gains from sale

No tax is imposed in Hong Kong in respect of gains from the sale of our Shares, unless a Shareholder is deemed to be carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

The subscription of the Offer Shares will not attract stamp duty as the Public Offer is not a transfer. The subsequent transfer of our Shares on the Stock Exchange will be subject to stamp duty at a rate of 0.1% for each of the transferor and transferee.

Estate duty

Hong Kong does not currently impose taxation in the nature of estate duty or inheritance tax.

HISTORY AND CORPORATE STRUCTURE

OUR GROUP'S HISTORY AND DEVELOPMENT

Origin and founders

In September 1987, our predecessor company, Dragon Resources Ltd, was listed on the ASX. After certain restructuring, Dragon Resources Ltd was delisted from the ASX in July 1990 and our Company was subsequently listed on the ASX.

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

None of our Directors are aware of any record of non-compliance during our Company's listing on the ASX.

Our Group is principally engaged in gold exploration, mining and processing in the Nordic region. We have two Production Plants, namely Vammala Plant in Finland and Svartliden Plant in Sweden. Vammala Plant, which was purchased from a third party in 2003, commenced production under our Group in 2007. Svartliden Plant was came into production in 2005. These Production Plants have produced in excess of 600,000 ounces of gold for our Group since 2005.

Vammala Plant produces gold concentrate which is transported to Svartliden Plant for processing into gold doré bars, and a lesser amount of gravity gold concentrate, which is transported directly to the Refiner.

In recent years, our Company has maintained its focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants, for example, the development of the Kaapelinkulma Project in southern Finland and the Fäboliden Project in northern Sweden. For further information about each of these projects, please refer to the paragraph headed "Projects, Mineral Resources and Ore Reserves" in the section headed "Business" of this prospectus.

HISTORY AND CORPORATE STRUCTURE

Business milestones

Our Company's key milestones are as follows:

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| 1990 | <ul style="list-style-type: none">• Torum Mining N.L. (now known as our Company) was established and the name was changed to Dragon Mining NL• Dragon Mining NL was listed on the ASX |
| 1999 | <ul style="list-style-type: none">• Completed merger with a Canadian entity, Viking Gold Corporation, to acquire a majority interest in Nordic exploration assets including the assets in Svartliden• Our Company commenced business activities in the Nordic region |
| 2003 | <ul style="list-style-type: none">• Acquired the Finnish precious metal assets which include Vammala Plant, Orivesi Mine, Jokisivu Mine, Kaapelinkulma Project, Kuusamo Project and a prospective gold mining project in relation to the Hanhima Earm-In Agreement• Environmental Permit was granted for the mining and processing activities in Svartliden Mine• Construction of Svartliden Plant in northern Sweden commenced |
| 2004 | <ul style="list-style-type: none">• Polar Mining Oy (now known as DOY) and Vulcan Resources Limited entered into a sale and purchase agreement in relation to the disposal of, among other things, the Kuhmo Project excluding (a) the use of and right to exploit all gold and silver situated within the area occupied by the Kuhmo Project; and (b) the right to explore for gold and silver on the mining licences, mineral claims or claim reservations as those terms are understood in Finland comprising the Kuhmo Project |
| 2007 | <ul style="list-style-type: none">• Our Company changed its corporate structure from that of a public no liability company to a public company limited by shares and traded as "Dragon Mining Limited"• Gold production commenced from Vammala Plant in Finland with the recommencement of mining at Orivesi Mine and the recommissioning of Vammala Plant• Environmental Permit was granted for Jokisivu Mine in southern Finland |
| 2009 | <ul style="list-style-type: none">• Mining commenced at Jokisivu Mine in southern Finland• Our Company reduced its interest in Weld Range Metals Limited (formerly Dragon Resources Ltd) |
| 2010 | <ul style="list-style-type: none">• Our Company committed to the staged development of the Kutema Deeps lode system to the 800m level at Orivesi Mine |

HISTORY AND CORPORATE STRUCTURE

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| 2011 | <ul style="list-style-type: none">• Our Group's gold Mineral Resources exceeded 1,000,000 ounces• Our Company secured 100% interest in Svartliden Mine with the acquisition of the remaining minority interest• Underground mining commenced at Svartliden Mine• In March 2011, the Orivesi Mine achieved the production of 100,000 ounces of gold, triggering the issuance of 892,105 Shares at a price of AUD1.52 each to Outokumpu Mining Oy in accordance with the Outokumpu Agreement |
| 2012 | <ul style="list-style-type: none">• Our Group received a revised Environmental Permit for Svartliden Plant |
| 2013 | <ul style="list-style-type: none">• All mining at Svartliden Mine was completed and subsequently decommissioned• DOY and Agnico Eagle entered into Hanhimaan Earn-In Agreement (which was amended in October 2013 and January 2015 respectively) in relation to the disposal of 70% interest in a prospective gold mining project in relation to the Hanhimaan Earn-In Agreement |
| 2014 | <ul style="list-style-type: none">• Our Company executed a definitive purchase agreement with a Canadian entity, Aurion Resources Limited, for the sale of the projects located at Kutuvuoma and Silasselkä in northern Finland in consideration for 6,000,000 common shares in Aurion Resources Limited• Our Company executed a share buyback agreement with Weld Range Metals Limited to sell back our Company's interest in Weld Range Metals Limited for a total consideration of approximately AUD1.0 million |
| 2015 | <ul style="list-style-type: none">• Our Company and Aurion Resources Limited executed a supplemental agreement to the purchase agreement which was entered into between the parties in 2014 and pursuant to the supplemental agreement, among other things, the consideration was increased to 6,750,000 common shares in Aurion Resources Limited• Our Company completed processing of ore from the Svartliden Gold Mine• Received approval from the CAB, to process 20,000 tpa of gold concentrate without ore and made a number of modifications to the Svartliden Plant to enable gold concentrate only processing• The maiden Mineral Resource for the Fäboliden Project deposit of 743,000 ounces grading 3.3 g/t gold• Our Company acquired the Fäboliden Project for a total consideration of approximately SEK38.0 million |

HISTORY AND CORPORATE STRUCTURE

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| 2016 | <ul style="list-style-type: none">• Our Group's Mineral Resources totalling approximately 1,608,000 ounces grading 3.8 g/t gold• Our Group disposed of the 6,750,000 common shares in Aurion Resources Limited for a total consideration of AUD0.64 million• Our Group sold 100% interest in subsidiary Kuusamo Gold Oy for a total consideration agreed after further negotiation to be AUD0.4 million |
| 2017 | <ul style="list-style-type: none">• Our Group's Mineral Resources for the projects in Finland and Sweden were updated to a combined total Mineral Resource of 13,948,000 tonnes grading 3.2 g/t gold for approximately 1,443,000 ounces as at 31 December 2016• Our Company and Agnico Eagle reached an agreement in relation to the transfer of 100% interest in the tenements under a prospective gold mining project in relation to the Hanhimaa Earn-In Agreement to Agnico Eagle• Environmental Permit for test mining was granted for Fäboliden Project and has gained legal force |
| 2018 | <ul style="list-style-type: none">• Our Group's Mineral Resources for the projects in Finland and Sweden were updated to a combined total Mineral Resource of approximately 13,630,000 tonnes grading 3.3 g/t gold for approximately 1,438,000 ounces as at 30 September 2017 |

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Merger with Viking Gold Corporation

In 1999, our Company merged with Viking Gold Corporation, which was an Independent Third Party and a Canadian entity, to acquire a majority interest in Nordic exploration assets including the assets in Svartliden. The shareholders of Viking Gold Corporation received 3.33 Shares for each share of Viking Gold Corporation they held following the completion of the amalgamation.

Acquisition of the Finnish precious metal assets

On 8 October 2003, our Company, Outokumpu Oy, Outokumpu Mining Oy and Outokumpu Nickel B.V which were Independent Third Parties executed the sale and purchase agreement relating to the acquisition of the Finnish precious metals assets (the "**Outokumpu Agreement**"). The assets included Vammala Plant, Orivesi Mine, Jokisivu Mine, Kaapelinkulma Project, Kuusamo Project and a prospective gold mining project in relation to the Hanhimaa Earn-In Agreement. The total consideration including conditional performance based payments was EUR11.0 million (equivalent to approximately AUD16.28 million), comprising EUR5.5 million in cash and the balance in Shares or cash. The consideration of

HISTORY AND CORPORATE STRUCTURE

the acquisition, including cash and 40.0 million Shares which were issued to Outokumpu Mining Oy, has been settled. For further information about each of these mines and projects, please refer to the paragraphs headed “Projects, Mineral Resources and Ore Reserves” and “Other interests” under the section headed “Business” of this prospectus.

Acquisition of the Fäboliden Project

DAB executed a conditional sale and purchase agreement (the “**Fäboliden Project Agreement**”) with the Bankruptcy Estate of Lappland Goldminers Fäboliden AB (the “**Bankruptcy Estate**”) which was an Independent Third Party to acquire the Fäboliden Project in northern Sweden on 23 December 2014.

In July 2015, DAB and the Bankruptcy Estate agreed to amend the Fäboliden Project Agreement, whereby the condition in the Fäboliden Project Agreement relating to the extension of the Environmental Permit for a period of at least four years was waived, in consideration for a reduced total purchase price of SEK38.0 million (equivalent to approximately AUD5.7 million) (previously SEK40.0 million) (equivalent to approximately AUD6.0 million). The consideration has been settled. For further information about the Fäboliden Project, please refer to the paragraph headed “Projects, Mineral Resources and Ore Reserves” under the section headed “Business” of this prospectus.

Disposal of Kuusamo Gold Oy

On 8 November 2016, DOY, as the vendor, Nero Projects Australia Pty Ltd (“**Nero**”) which was an Independent Third Party, as the purchaser, and our Company, as the guarantor, executed a sale and purchase agreement in relation to the disposal of DOY’s 100% interest in Kuusamo Gold Oy (“**KOY**”) (the “**2016 Kuusamo SPA**”). On 28 November 2016, our Company, DOY and Nero executed a deed of amendment and restatement (the “**Deed of Amendment and Restatement**”) to vary and restate certain terms and conditions in the 2016 Kuusamo SPA with the consideration being revised to AUD400,000. On 28 November 2016, DOY, as the assignor, Nero, as the assignee, and KOY executed a deed of assignment in relation to the assignment of the debts owed by KOY to DOY to Nero. On 1 December 2016, DOY assigned the shares in KOY and the tenements in Kuusamo to Nero. The consideration was to be paid in two stages, with the initial payment comprising the average value of the land owned by KOY based on two independent valuations. The remainder of the consideration will be payable when the tenements that comprise the Kuusamo Projects are transferred, within two years of the completion or such later date as maybe agreed by the parties. As at the Latest Practicable Date, the initial payment, EUR25,800 (equivalent to approximately AUD38,184), has been settled. Our Directors believe that the disposal continues our Company’s strategy of focusing on assets in reasonable proximity to our existing production plants in Finland and Sweden.

For further information about the Kuusamo Project, please refer to the paragraph headed “Other interests” under the section headed “Business” of this prospectus.

HISTORY AND CORPORATE STRUCTURE

OUR SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, our Company had issued 88,840,613 Shares. Our Shares have no nominal or par value as this concept does not exist under the Australian Corporations Act. There is generally no limit in the Australian Corporations Act or our Constitution on the power of our Directors to issue Shares. According to the Listing Rules, as at the Latest Practicable Date, our Company had no controlling shareholder (as defined in the Listing Rules). Save for as a result of the pro-rata offer as disclosed below, there had been no material change to the shareholdings of our substantial shareholders during the Track Record Period and up to the Latest Practicable Date.

The tables below set out the details of the shareholdings of our substantial shareholders as at 31 December 2013, 2014, 2015, 2016, 2017 and 30 April 2018 respectively:

As at	Name	Number of Shares	Approximate percentage of issued Shares
31 December 2013 ⁽¹⁾	Eurogold Limited/Brinkley Mining PLC/PL Gunzburg	21,722,538	24.45%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽²⁾	10,733,560	12.08%

Notes:

- (1) The information shown in this table is set out in the annual report 2013 of our Company.
- (2) Sun Hung Kai Investment Services Ltd ("**Sun Hung Kai Investment**") is a custodian that holds 10,666,760 Shares on behalf of Future Rise. Future Rise is an indirect, wholly-owned subsidiary of COL Capital Limited (now known as China Medical & HealthCare Group Limited), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (SEHK: 383) ("**China Medical**").

As at	Name	Number of Shares	Approximate percentage of issued Shares
31 December 2014 ⁽¹⁾	Allied Properties Resources ⁽²⁾	21,039,855	23.68%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽³⁾	10,733,560	12.08%

Notes:

- (1) The information shown in this table is set out in the annual report 2014 of our Company.

HISTORY AND CORPORATE STRUCTURE

- (2) Allied Properties Resources is a company incorporated in the British Virgin Islands and is wholly-owned by Allied Properties Overseas Limited (“**APOL**”), a British Virgin Islands company which is wholly-owned by Allied Properties (H.K.) Limited (“**Allied Properties (HK)**”), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (SEHK: 56). Allied Properties Resources first acquired 315,677,051 shares in Eurogold Limited (ASX: EUG) (“**Eurogold**”) in September 2008 through sub-underwriting a rights issue made by Eurogold. In January 2011, Eurogold started acquiring the ordinary shares in the capital of our Company and gradually increased its shareholding in our Company. In 2012, our Company made a renounceable pro rata rights issue (the “**Dragon Rights Issue**”) and both Eurogold and Mr. Nicolas Mathys were the underwriters. Eurogold acquired 2,732,112 Shares in the Dragon Rights Issue and acquired further 3,963,820 Shares through sub-underwriting. In 2014, Eurogold made a pro-rata offer (the “**Eurogold Open Offer**”) of 21,623,670 Shares which were owned by it to its shareholders at a sale price of AUD0.13 each. Allied Properties Resources was the underwriter in the Eurogold Open Offer and pursuant to which, Allied Properties Resources acquired 21,039,855 Shares.
- (3) Sun Hung Kai Investment is a custodian that holds 10,666,760 Shares on behalf of Future Rise. Future Rise is an indirect, wholly-owned subsidiary of China Medical.

As at	Name	Number of Shares	Approximate percentage of issued Shares
31 December 2015 ⁽¹⁾	Allied Properties Resources	21,039,855	23.68%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽²⁾	10,733,560	12.08%

Notes:

- (1) The information shown in this table is set out in the annual report 2015 of our Company.
- (2) Sun Hung Kai Investment is a custodian that holds 10,733,560 Shares (the “**FRIL Shares**”) on behalf of Future Rise. Future Rise is an indirect, wholly-owned subsidiary of China Medical and consequently China Medical and its subsidiaries (including Future Rise), and Ms. Chong Sok Un (“**Ms. Chong**”) also holds a relevant interest in the FRIL Shares.

As at	Name	Number of Shares	Approximate percentage of issued Shares
31 December 2016 ⁽¹⁾	Allied Properties Resources	21,039,855	23.68%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽²⁾	10,733,560	12.08%

Notes:

- (1) The information shown in this table is set out in the annual report 2016 of our Company.
- (2) Sun Hung Kai Investment is a custodian that holds FRIL Shares on behalf of Future Rise. Future Rise is an indirect, wholly-owned subsidiary of China Medical and consequently China Medical and its subsidiaries (including Future Rise), and Ms. Chong also holds a relevant interest in the FRIL Shares.

HISTORY AND CORPORATE STRUCTURE

As at	Name	Number of Shares	Approximate percentage of issued Shares
31 December 2017	Allied Properties Resources	21,039,855	23.68%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽¹⁾	10,733,560	12.08%

Notes:

- (1) The information shown in this table is set out in the annual report 2017 of our Company.
- (2) Sun Hung Kai Investment was a custodian that holds FRIL Shares on behalf of Future Rise. Future Rise was an indirect, wholly-owned subsidiary of China Medical and consequently China Medical and its subsidiaries (including Future Rise) held a relevant interest in the FRIL Shares.

As at	Name	Number of Shares	Approximate percentage of issued Shares
30 April 2018	Allied Properties Resources	21,039,855	23.68%
	Mr. Nicolas Mathys	15,287,486	17.21%
	Future Rise ⁽¹⁾	10,733,560	12.08%

Note:

- (1) Sun Hung Kai Investment was a custodian that holds FRIL Shares on behalf of Future Rise. Future Rise was an indirect, wholly-owned subsidiary of China Medical and consequently China Medical and its subsidiaries (including Future Rise) held a relevant interest in the FRIL Shares.

For details of our substantial shareholders, please refer to the sections headed “Relationship with our substantial shareholders” and “Substantial shareholders” of this prospectus.

For details of our Company’s share capital structure following completion of the Public Offer, please refer to the section headed “Share capital” of this prospectus.

For at least the most recent audited financial year, there had not been any (i) material change in the shareholding of our substantial shareholders of our Company; and (ii) change in the control of our substantial shareholders.

CORPORATE STRUCTURE

Our Company directly owns 100% of DAB, DOY and Dragon Mining Investments Pty Ltd, respectively. DAB owns 100% of Viking.

HISTORY AND CORPORATE STRUCTURE

Below are the brief particulars of the subsidiaries of our Company:

(a) Dragon Mining (Sweden) AB

DAB (formerly known as Svartliden Guld Aktiebolag) was incorporated in Sweden as a limited liability company on 27 April 1993. DAB is authorised to issue a maximum of 80,000 shares of SEK5.00 (equivalent to approximately AUD0.75) each of a single class, among which 20,000 shares, all credited as fully paid, are in issue and directly wholly-owned by our Company.

DAB was originally owned by Torbjörn Axelsson and Eva Axelsson. Pioneer Intertrade Co Ltd became the owner of all shares in DAB on 20 August 1996. On 22 April 1998, Viking Gold Corporation bought 60% of the shares in DAB which were transferred to our Company on 20 September 2001. The remaining 40% of the shares in DAB (which were owned by Pioneer Intertrade Co Ltd) were transferred, partly, to our Company on 1 January 2002, and then the remaining on 7 June 2011.

On 27 April 1993, the issued share capital of DAB was SEK50,000 (equivalent to approximately AUD7,500). On 22 April 1998, DAB issued 10,000 new shares to Pioneer Intertrade Co Ltd and the share capital of DAB was increased to SEK100,000 (equivalent to approximately AUD15,000). As at the Latest Practicable Date, DAB had a share capital of SEK100,000 (equivalent to approximately AUD15,000) divided into 20,000 shares of SEK5.00 (equivalent to approximately AUD0.75) each. Our Company is the sole shareholder of DAB and the holder of 20,000 shares.

DAB is the primary entity operating in Sweden and it produces gold bullion from Svartliden Plant. DAB commenced business on 27 April 1993.

(b) Dragon Mining Oy

DOY was established in Finland as a limited liability company with the name Kitka Gold Oy on 24 March 1993 and a share capital of EUR2,522.82 (equivalent to approximately AUD3,733.77) divided into 1,500 shares of EUR1.68188 (equivalent to approximately AUD2.48918) each. On the same day, 1,500 shares of DOY, all credited as fully paid, were allotted and issued to Outokumpu Nickel B.V. On 30 November 1998, DOY changed its name from Kitka Gold Oy to Polar Mining Oy.

On 8 October 2003, our Company, Outokumpu Oy, Outokumpu Mining Oy and Outokumpu Nickel B.V executed the Outokumpu Agreement and pursuant to which, among other things, Outokumpu Nickel B.V agreed to transfer all the shares of DOY to our Company. DOY has been wholly-owned by our Company since 7 November 2003. On 14 June 2004, the share capital of DOY was increased to EUR100,000 (equivalent to

HISTORY AND CORPORATE STRUCTURE

approximately AUD148,000) and the number of shares was increased to 10,000 shares. On 28 October 2011, DOY changed its name from Polar Mining Oy to Dragon Mining Oy. On 30 May 2014, the decision to issue 55,555 new shares was made and on 16 June 2014, the aforesaid 55,555 new shares (without raising the share capital) were registered. As at the Latest Practicable Date, the issued share capital of DOY was EUR100,000 (equivalent to approximately AUD148,000) divided into 65,555 shares of EUR1.52543 (equivalent to approximately AUD2.25764) each. Our Company is the sole shareholder of DOY and the holder of 65,555 shares.

DOY produces gold concentrate from Vammala Plant, processing ore from Orivesi Mine and Jokisivu Mine and it is allowed to start processing ore from Kaapelinkulma Project. DOY commenced business on 7 November 2003.

(c) **Dragon Mining Investments Pty Ltd**

Dragon Mining Investments Pty Ltd was incorporated in Western Australia as a limited liability company on 18 December 2008 with a share capital of AUD1.0 divided into one (1) share of AUD1.0 each. On the same day, one (1) share of Dragon Mining Investments Pty Ltd, all credited as fully paid, were allotted and issued to our Company. Our Company is the sole shareholder of Dragon Mining Investments Pty Ltd and the holder of one (1) share.

Dragon Mining Investments Pty Ltd is not engaged in any business operations currently.

(d) **Viking**

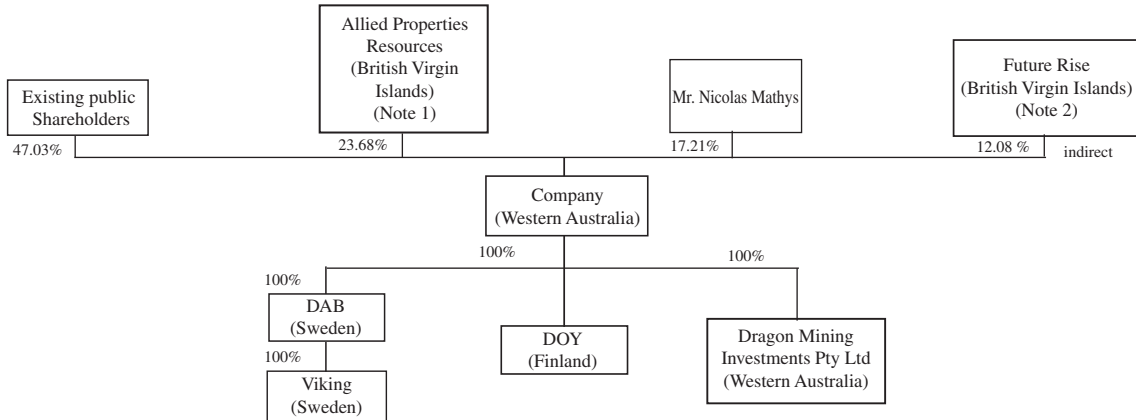
Viking was incorporated in Sweden as a limited liability company on 3 April 1996. Viking is authorised to issue a maximum of 4,000 shares of SEK100.00 (equivalent to approximately AUD15) each of a single class, among which 1,000 shares are in issue and directly wholly-owned by DAB.

On 3 April 1996, 1,000 shares of Viking, all credited as fully paid, were allotted and issued to Svenska Standardbolag AB. Viking was originally owned by Svenska Standardbolag AB. On June 1996, Viking Gold Corporation became the owner of all shares in Viking. The shares were transferred to our Company on 30 August 2001. DAB purchased all shares in Viking from our Company on 20 December 2011 for a price of SEK100,000 (equivalent to approximately AUD15,000).

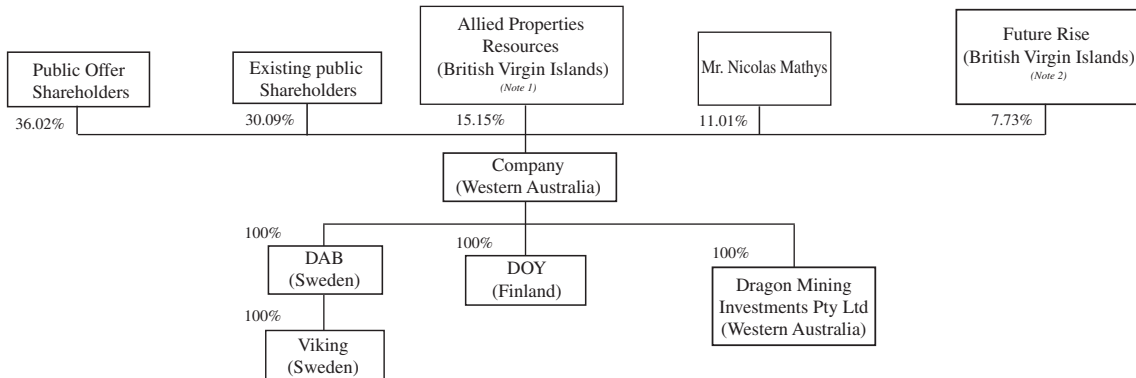
Viking is dormant and does not conduct any business activities.

HISTORY AND CORPORATE STRUCTURE

The corporate shareholding structure of our Group immediately before the Public Offer is set out below:



The corporate shareholding structure of our Group immediately after the Public Offer is set out below:



Notes:

- (1) As at the Latest Practicable Date, Allied Properties Resources, a company incorporated in British Virgin Islands, was indirectly wholly-owned by Allied Properties (HK).
- (2) As at the Latest Practicable Date, Sun Hung Kai Investment was a custodian that held FRIL Shares on behalf of Future Rise. Future Rise, a company incorporated in British Virgin Islands, was wholly-owned by China Medical.

DELISTING FROM THE ASX AND LISTING ON THE STOCK EXCHANGE

DELISTING FROM THE ASX AND LISTING ON THE STOCK EXCHANGE

Rationale for Delisting from the ASX

Our Company's rationale for Delisting from the ASX is:

- (a) as at 31 December 2017, at least 53% of our Company's shareholding was beneficially held and controlled by three Shareholders, each of whom is resident outside Australia, being:
 - Mr. Nicholas Mathys — 17.21%;
 - Future Rise — 12.08%; and
 - Allied Properties Resources — 23.68%;
- (b) as at 31 December 2017, a further 16.36% of the number of Shareholders in our Company, holding 3.26% of our issued Shares, are also not resident in Australia;
- (c) all of our Company's material operations are located outside Australia, being in Finland and Sweden;
- (d) there has been little investor interest from Australian resident investors for the foreign assets of our Company. This makes the raising of further capital in Australia or from Australian resident investors — particularly in order to develop our Company's new Fäboliden Project in Sweden and Kaapelinkulma Project and various other development and mining projects of our Group in Finland — difficult to achieve on terms acceptable to our Board and in the best interests of all our Shareholders;
- (e) our Directors believe that there is expected to be greater investor interest for our Shares once they have been listed on the Stock Exchange; and
- (f) in view of the subdued investor interest in our Company from current Australian resident shareholders, it is not considered worthwhile for our Company to incur additional costs of maintaining a dual Australian/Hong Kong listing.

DELISTING FROM THE ASX AND LISTING ON THE STOCK EXCHANGE

Rationale for listing on the Stock Exchange

Possible greater investor interest in Hong Kong

As noted above, at least 53% of our Company's shareholding is currently beneficially held and controlled by three Shareholders, each of whom is resident outside Australia. Two of the aforesaid Shareholders are indirect subsidiaries of companies which are listed on the Stock Exchange. Our Directors, based on their respective local experience, having held directorships in companies listed on the Stock Exchange, also note the general appreciation of investors in Hong Kong for cross-border listings, as our material operations are in Finland and Sweden.

The trading volumes and prices of our Shares on the ASX have been subdued over the past few years, where the daily closing prices of Shares had been at levels between AUD0.10 and AUD0.20 per Share during 2015 and 2017 and the four months ended 30 April 2018 and up to the Latest Practicable Date. Our Shares' closing prices temporarily reached higher levels of about AUD0.38 per Share during 2016 although prices have since declined to AUD0.20 per Share level. Our Shares' closing price as at the Latest Practicable Date was AUD0.15 per Share. Historically, subdued investor interest in our Shares impinged on our Company's ability to raise further capital while listed on the ASX on terms acceptable to our Directors and in the best interests of Shareholders.

In conjunction with the Listing, our Directors have sought market interest in our Company in Hong Kong and in this regard, prior to the listing application to the Stock Exchange, an underwriter in Hong Kong has offered to our Company indicative terms to underwrite on terms substantially the same as the Public Offer. Subsequently, our Company entered into the Underwriting Agreement with the Underwriters, details of which are set forth in the section headed "Underwriting" of this prospectus.

Our Directors are of the view that this is a strong indication that our Company can attract higher investor interest, and achieve greater liquidity in our Shares, by having our Shares listed in Hong Kong.

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OVERVIEW

Our Group is principally engaged in gold exploration, mining and processing in the Nordic region. Our Group commenced business operations in the Nordic region in 1999. Our Group's objective is to focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants. Our Group owns and operates the two Operating Mines in Finland, namely Orivesi Mine and Jokisivu Mine. To support these mining operations we operate two Production Plants, namely Vammala Plant in Finland and Svartliden Plant in Sweden. Our Group also has two Pre-Production Assets, namely Kaapelinkulma Project in Finland and Fäboliden Project in Sweden. We operate with a long term business strategy to add value for our Shareholders and produce positive financial outcome through (i) the economic operations of our Operating Mines and Production Plants; (ii) development of new projects consistent with our objective, such as Fäboliden Project; and (iii) attention to our corporate and social responsibilities, including through our ongoing safety and environmental compliance. Our Group's revenue comes primarily, from the sale of gold bullion through Financial Institution B on the London Bullion Market and secondarily, from the sale of gold concentrate to our Gold Concentrate Customer.

Operations overview

Our Group currently carries on mining at our Operating Mines. Ore is transported from our Operating Mines to Vammala Plant where it is processed into (i) gold concentrate; and (ii) a lesser amount of gravity gold concentrate. We transport the gold concentrate produced at Vammala Plant to Svartliden Plant to be processed into gold doré bars. The gravity gold concentrate from Vammala Plant and the gold doré bars from Svartliden Plant are then further transported to, and refined by, the Refiner into gold bullion which we sell on the London Bullion Market. Our Group's revenue comes primarily from (i) the sale of gold bullion through Financial Institution B on the London Bullion Market, whilst we also derive some revenue from (ii) the sale of gold concentrate produced at Vammala Plant to the Gold Concentrate Customer along with some minimal revenue from (iii) silver and copper elements identified within our gold concentrate which are sold to the Refiner and the Gold Concentrate Customer.

We carry out our own exploration activities at our Operating Mines and excavation activities at Orivesi Mine, whilst outsourcing the excavation activities at Jokisivu Mine to a third party contractor. Across our Group's operations, we carry out certain processes ourselves, such as the general operation of the Production Plants, whilst outsourcing certain other activities to qualified third party contractors. According to Frost & Sullivan, the use of third party contractors is a common practice in the mining industry in Europe. Before such third party contractors are engaged, our Group considers whether it is appropriate, from an economic, efficiency, safety and operational perspective, to carry out the relevant activity ourselves or to outsource to a third party contractor. All our third party contractors are required to possess the requisite qualifications to undertake the commissioned works and carry out their works according to our plans and under our supervision and inspections. For more details on our arrangements with third party contractors, please refer to the paragraph headed "Third party contractors" in this section.

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Gold Projects overview

The table below sets out a summary of the details of the assets comprising our Gold Projects and their respective statuses:

Name	Nature	Location	Details	Status
Orivesi Mine	Operating Mine	Pirkanmaa region, Finland	<ul style="list-style-type: none"> • Underground gold mine with a maximum depth of 1,200 metres • Total Mineral Resources of approximately 43,000 ounces of gold • Total Ore Reserves of approximately 9,000 ounces of gold 	Operational
Jokisivu Mine	Operating Mine	Satakunta region, Finland	<ul style="list-style-type: none"> • Underground gold mine with a maximum depth of 350 metres • Total Mineral Resources of approximately 267,000 ounces of gold • Total Ore Reserves of approximately 83,000 ounces of gold 	Operational
Vammala Plant	Production Plant	Sastamala region, Finland	<ul style="list-style-type: none"> • Flotation gold processing plant with a capacity of 300,000 tonnes of ore per annum • Processing ore from Orivesi Mine, Jokisivu Mine and will process ore from Kaapelinkulma Project • Processing the ore into (i) gold concentrate, which is mainly transported to Svartliden Plant for further processing into gold doré bars; and (ii) gravity gold concentrate, which is transported to the Refiner for further refining into gold bullion 	Operational

BUSINESS

Name	Nature	Location	Details	Status
Svartliden Plant	Production Plant	Västerbotten County, Sweden	<ul style="list-style-type: none"> • CIL gold processing plant with a design capacity of 300,000 tonnes of ore per annum • Processing gold concentrate from Vammala Plant and will process ore from Fäboliden Project • Processing ore and gold concentrate into gold doré bars, which are transported to the Refiner for further refining 	Operational
Kaapelinkulma Project	Pre-Production Asset	Pirkanmaa region, Finland	<ul style="list-style-type: none"> • Gold pre-production project which is planned to have an open pit mining operation • Total Mineral Resources of approximately 21,000 ounces of gold • Total Ore Reserve of approximately 9,000 ounces of gold 	Mining operations expected to commence in the first quarter of 2019 upon completion of Orivesi Mine
Fäboliden Project	Pre-Production Asset	Västerbotten County, Sweden	<ul style="list-style-type: none"> • Gold pre-production project which is planned to have an open pit mining operation • Total Mineral Resources of approximately 1,018,000 ounces of gold • Total Ore Reserve of approximately 115,000 ounces of gold 	As at the Latest Practicable Date, we have commenced initial site development work ^(Note) in preparation for test mining operations. Test mining operations expect to commence in the second quarter of 2019

Note: These include the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

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The map below shows the locations of our Operating Mines, Production Plants and Pre-Production Assets.



Operating Mines and mine life overview

Operating Mines

Our mining operations at the Orivesi Mine are conducted underground in an area located immediately to the west of the Orivesi township in southern Finland, at a maximum depth of approximately 1,200 metres. According to the CPR, as at 30 April 2018, the total Mineral Resources and Ore Reserves of the Orivesi Mine were approximately 43,000 ounces and 9,000 ounces respectively.

Our mining operations at the Jokisivu Mine are conducted underground in an area located approximately eight kilometres southwest from Huittinen town in southern Finland, at a maximum depth of approximately 350 metres. According to the CPR, as at 30 April 2018, the total Mineral Resources and Ore Reserves of the Jokisivu Mine were approximately 267,000 ounces and 83,000 ounces respectively. For further details of the Mineral Resources and Ore Reserves of our Operating Mines, please refer to the paragraph headed “Projects, Mineral Resources and Ore Reserves” in this section.

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Mine life of Operating Mines

The estimated remaining mine lives of Orivesi Mine and Jokisivu Mine as at 30 April 2018 are approximately 10 and 42 months respectively. As confirmed by the Competent Person, it is common for gold mines of this type to have a “revolving mine life”, which means that it is only commercially sensible to perform exploratory activities to prove a certain amount of reserves exist periodically. This therefore limits the Ore Reserves of the Operating Mines and as such, the mine lives of the Operating Mines rarely exceed two years. Our Group shall undertake major future exploratory drillings when considered appropriate by our Directors.

Production Plants overview

Our Group currently has two Production Plants, namely Vammala Plant and Svartliden Plant.

Vammala Plant is a flotation facility that has a processing capacity of approximately 300,000 tonnes of ore per annum with an average gold recovery rate of approximately 87.4% during the Track Record Period. It is located in the Sastamala region in southern Finland, approximately 165 kilometres northwest of Helsinki. Currently, Vammala Plant produces gold concentrate which is transported to Svartliden Plant for processing into gold doré bars, and a lesser amount of gravity gold concentrate, which is transported directly to the Refiner.

Svartliden Plant is a CIL facility that has a processing capacity of approximately 300,000 tonnes of ore per annum, located in northern Sweden, approximately 700 kilometres north of Stockholm. Svartliden Plant has been part of an integrated operation comprising the plant and an open pit and underground mining operation. It is currently processing gold concentrate from our Operating Mines in Finland into gold doré bars. Once Fäboliden Project is operational, Svartliden Plant will start processing ore from Fäboliden Project.

For further information on the details of our Production Plants, please refer to the paragraph headed “Projects and stage of development of operations” in this section.

Pre-Production Assets overview

We are currently developing two Pre-Production Assets, Kaapelinkulma Project, located approximately 65 kilometres east of Vammala Plant in Finland and Fäboliden Project, located approximately 30 kilometres southeast of Svartliden Plant in Sweden. For more details on Kaapelinkulma Project and Fäboliden Project, their respective Mineral Resources and Ore Reserves and stages of development, please refer to the paragraphs headed “Projects, Mineral Resources and Ore Reserves” and “Tenements and permits” in this section.

BUSINESS

For Kaapelinkulma Project, as confirmed by our legal adviser as to Finnish law, our Group has obtained all material required tenements and permits for mining operations to begin. Our Group has commenced site preparation, grade control drilling and land clearing. Kaapelinkulma Project will initially be commenced as an open-pit mining operation, and the ore will be transported to Vammala Plant 65 kilometres away to be processed into gold concentrate, which will then be further transported to Svartliden Plant in Sweden to be processed into gold doré bars. The total Mineral Resources and Ore Reserves of Kaapelinkulma Project as at 30 April 2018 are approximately 21,000 ounces and 9,000 ounces respectively.

Kaapelinkulma Project has obtained all materially required tenements and Environmental Permits to commence mining operations. However, it is the current intention of our Directors that Kaapelinkulma Project shall only enter production at a time considered economically optimal. When contemplating when to commence production at Kaapelinkulma Project, our Directors will consider those factors set out in the paragraph headed “Clear path to commercial production of Kaapelinkulma Project” in this section. Given the established infrastructure around southern Finland and our Group’s experience in small scale open pit mining, we expect Kaapelinkulma Project will incur capital expenditure of approximately AUD0.8 million for the year ending 31 December 2018. For further details of Kaapelinkulma Project and its clear path to commercial production, please refer to the paragraph headed “Projects and stage of development of operations” in this section. As at the Latest Practicable Date, we have commenced initial site development work in preparation for test mining operations, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

For Fäboliden Project, as advised by our legal adviser as to Swedish law, our Group has obtained all required tenements and permits for test mining operations at Fäboliden Project to commence in the second quarter of 2019. For further details of Fäboliden Project and its clear path to commercial production, please refer to the paragraph headed “Projects and stage of development of operations” in this section.

Ore from Fäboliden Project will be transported to Svartliden Plant and processed into gold doré bars. The Mineral Resources and Ore Reserves of Fäboliden Project as at 30 April 2018 are approximately 1,018,000 ounces and 115,000 ounces of gold respectively, significantly greater than the Mineral Resources and Ore Reserves of the Operating Mines and Kaapelinkulma Project as at 30 April 2018. It is anticipated that the Ore Reserves at Fäboliden Project will be able to sustain a stable revenue stream for our Swedish operations. We currently expect the capital expenditure required by Fäboliden Project is approximately AUD1.6 million for the year ending 31 December 2018. Given Svartliden Plant is already in place, the above capital expenditure would mainly be used for mining, environmental activities, geological work and drilling and sampling. For further details of Fäboliden Project, please refer to the paragraph headed “Projects and stage of development of operations” in this section.

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Other interests overview

Our Group owned certain other mining interests and rights which did not form part of our core business, and also carried out mining activities at Svartliden Mine during the Track Record Period. For further details of our Group's other interests held during the Track Record Period, please refer to the paragraph headed "Other interests" in this section.

COMPETITIVE STRENGTHS

We believe that the following strengths have enabled us to compete effectively in the industry and distinguish us from our competitors:

Geographical location of our Gold Projects

Our operations are located in Finland and Sweden. According to the Fraser Institute Annual Survey of Mining Companies, 2016, Finland and Sweden are ranked fifth and eighth globally in terms of the most attractive jurisdictions for mining investment and are ranked first and second in Europe respectively. These rankings are based on criteria including administration of current regulations, environmental regulations; uncertainty concerning protected areas and disputed land claims; infrastructure; socioeconomic and community development conditions; political stability; labour regulations; quality of the geological database; security; and labour; and skills availability. The report ranked Finland and Sweden highly in a number of areas including quality of infrastructure and socioeconomic agreements and community development conditions.

Our Directors believe our Gold Projects benefit from the stable political environment in Finland and Sweden, well established rules and regulations, open and transparent permitting application process and comprehensive infrastructure network. The attractive environment of Finland and Sweden for mining investment complement our operations and provide the framework for our gold exploration, mining and processing activities.

Additionally, our Operating Mines and Pre-Production Assets are located in proximity to our two Production Plants, centred around Vammala Plant in Finland and Svartliden Plant in Sweden respectively. Our Directors consider that both of our Production Plants are well served by transportation links enabling convenient access for the various components of our processing activities. The proximity of our Operating Mines to our Production Plants ensures increased operational efficiency, decreased costs, such as transportation costs, and facilitates our familiarity with the surrounding areas and communities near our Gold Projects.

Furthermore, the location of our Pre-Production Assets does not require the construction of additional gold processing plants since ore from Kaapelinkulma Project can be transported to Vammala Plant for processing, and ore from Fäboliden Project can be transported to Svartliden Plant for processing. This helps our Group to significantly lower the initial capital expenditure required to start these projects by bypassing the need to incur substantial capital expenditure on the construction of a new processing plant.

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Future potential of Fäboliden Project

With Mineral Resources amounting to approximately 1,018,000 ounces and 115,000 ounces of gold in Ore Reserves, Fäboliden Project represents a highly significant project for our Group's future operations. As at 30 April 2018, the Mineral Resources of Fäboliden Project represented approximately 75.5% of the ounces in the combined Mineral Resources of the Operating Mines and Pre-Production Assets.

Our Directors are of the view that the imminent development of and relatively low capital expenditure required by Fäboliden Project to commence production should benefit our Group's future operations and allow us to ramp up our gold production and provide a sustainable revenue stream for our Swedish operations.

Our ownership of the Gold Projects

Our Group is the sole owner of interest in the Operating Mines, the Production Plants and the Pre-Production Assets and all related tenements granted to us. Our Group believes that the ownership of the Production Plants provides us with valuable flexibility and allows us to adjust our gold production schedule to our advantage. This enables us to decide which Operating Mine's ore we should prioritise, after considering the factors including the gold grade of the ore, processing time, capacity of the Production Plants, metal contents in the ore, mining schedule and our cash flow position. We are also able to carry out ongoing optimisation activities at the Production Plants, mentioned as one of our competitive strengths below.

Our ownership of the tenements of the Operating Mines and the Pre-Production Assets facilitates our receipt of all revenue generated by such mines and enhances operational efficiency, ensuring that strategic and operational decisions can generally be made unilaterally subject to the parameters set by regulatory authorities.

We have a long history and experience in gold processing operations and well-established gold production plants in the Nordic region

Vammala Plant and Svartliden Plant have been carrying out gold processing activities for our Group since 2007 and 2005 respectively. We therefore have considerable experience in the operation of these plants and in the processing of the specific type of ore produced by the Operating Mines, allowing our Group to optimise our production methods to suit the ores being processed.

Our Group has accumulated experience in conducting mining operations under the specific conditions present in the Nordic region. This partially refers to specific mining conditions, such as experience in operations being carried out in severely cold weather and experience in both open pit and underground mining operations, as evidenced by our historical operations at our Operating Mines, providing our Group operational flexibility to choose whether to perform open pit operations or underground operations at a mining asset after considering geological and economic factors. This experience also partially relates to the regulatory and permitting regime in the Nordic region and our local community relationships.

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Our Group has been involved in various permitting applications for our Gold Projects, and our Directors believe that this has established effective communication channels with the authorities and communities around the areas of our Gold Projects, which are useful for the future permitting applications of our Group.

Management team with in-depth experience

Our Board and senior management have considerable experience in mining activities. Mr. Smith, our executive Director, has over 30 years of experience within the mineral exploration and exploitation industry and mining related industries. Our chief geologist, Mr. Neale Martin Edwards, has over 30 years of experience within the mining industry, and has worked as a geologist in a number of mining companies. All of our operational senior management team have at least 10 years of mining and mineral processing experience and four out of six are based in the Nordic region. Under the leadership of our management team, our Group has recorded three consecutive profitable years. Please refer to section headed “Directors and senior management” of this prospectus for more details of their collective experience.

A commitment to safety, social responsibility and environmental management

Our Group is committed to safety, social responsibility and sound environmental management. During the Track Record Period, extensive improvements have been undertaken in the area of work safety and this is reflected in the decrease of our LTIFR of approximately 48% from the year ended 31 December 2015 to the corresponding year in 2016, and further decreased to zero for the year ended 31 December 2017. As at 30 April 2018, Vammala Plant has achieved 53 days consecutively with no LTIs, with only one LTI accident during the first quarter of 2018. Orivesi Mine recorded a record of 1,244 LTI free days, Jokisivu Mine recorded 860 LTI free days, and 759 days LTI free for Svartliden Plant.

Comprehensive internal safety manuals are in place at our Operating Mines and Production Plants in both Finland and Sweden, outlining the comprehensive safety measures such as emergency response processes. Safety incident registers are being kept for operations in both Finland and Sweden to track and record all safety related incidents.

Our Group has also put significant emphasis on social responsibility and responsible environmental management. We comply with the environmental regulations of our operational jurisdictions and we continuously monitor our environmental protection measures. During the Track Record Period, we had engaged independent specialists to review and enhance our current environmental protection measures and to monitor our discharges into the environment.

Our Group is committed to maintain positive relationships with the communities around our Gold Projects. We have regular meetings and conversations with them, and are required by law to seek their opinion on any material changes in our operations, as well as to conduct

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periodic consultations with them. Our Group aims to work with applicable regulatory authorities to arrive at plans whereby we minimise environmental impact whilst providing an economic driver in the relevant jurisdictions. For more information, please refer to the section headed “Regulatory overview” of this prospectus.

BUSINESS STRATEGIES

Our Group’s objectives focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants in a responsible way with an emphasis on safety and environmental compliance. We set out below our business strategies which we have undertaken in order to meet these objectives.

The development of Kaapelinkulma Project and Fäboliden Project

The development of Kaapelinkulma Project and Fäboliden Project is consistent with our Group’s core objective. The development of both projects helps to sustain our Group’s operations, whilst requiring a relatively low amount of capital expenditure as processing of the ore will be carried out at our Group’s existing Production Plants. As noted in the paragraph headed “Projects, Mineral Resources and Ore Reserves” in this section, Fäboliden Project comprises a significant proportion of our Group’s Mineral Resources and Ore Reserves and accordingly, our Group is focused on bringing this project into production according to our production schedule. Further details of Kaapelinkulma Project and Fäboliden Project are contained in the paragraph headed “Projects and stage of development of operations” in this section.

Continuous mine and near mine exploration activities

Our Group continues to undertake exploration activities at and near our Group’s Operating Mines in Finland. Drilling programs will continue at Orivesi Mine and Jokisivu Mine with the objective of upgrading inferred mineral resource positions in the Operating Mines which will increase their operational mine life. Our Group has also completed preliminary mine design and economic modelling on some of the inferred mineral resources within our Operating Mines. For further details of future exploration activities at Orivesi Mine and Jokisivu Mine, please refer to the paragraph headed “Future exploration activities” in the section headed “Business” of this prospectus.

Continue to seek and identify opportunities to extend our project pipeline and continue our Group’s future operations

Our Group will also continue to seek and identify exploration opportunities and potential acquisition targets which will enable us to extend our project pipeline. Such monitoring is done on a continuous basis by our Group, with a specific emphasis on opportunities in reasonable proximity to the Gold Projects that will in turn allow us to capitalise on the two existing Production Plants nearby. Such exploration and acquisition opportunities, like our Pre-Production Assets, will allow us to better utilise the capacity of our Production Plants and provide additional future revenue streams.

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Continuous optimisation of our Group's production and processing technology

Our Group is also committed to continuously improving our methods of processing ore, and to look for cost efficient ways to lower our C1 cash cost in processing such ore. Investment in gold processing machinery at Vammala Plant during the Track Record Period had maintained its processing efficiency. Our gold recovery rate at Vammala Plant stayed relatively stable at approximately 87% to 88% during the Track Record Period.

The C1 cash costs at Vammala Plant was at approximately US\$722/ounce for the year ended 31 December 2015, and increased to approximately US\$792/ounce for the year ended 31 December 2016, and decreased to approximately US\$737/ounce for the year ended 31 December 2017 and subsequently increased to approximately US\$1,171/ounce for the four months ended 30 April 2018 resulted from a decrease in grades of gold from Orivesi Mine and Jokisivu Mine.

Continuous focus on safety and environmental compliance

During the Track Record Period, our Group has implemented a number of measures designed to improve our Group's operational safety, for example, the installation of seismic activities sensors at the Orivesi Mine. It is our Group's intention to maintain our focus on safety and environmental compliance and to continuously improve the safety performance of our operations. Our Group is dedicated to maintaining the sustainable development of our Gold Projects with the surrounding environment in mind. Our Group plans to continue to develop in a responsible and sustainable way, minimising impact to the environment while expanding our operations. It will continue to be our Group's strategy to develop in a responsible way while being receptive to the stakeholders in the areas around our assets, and to continue to form constructive relationships between our Group, the regulatory authorities and the surrounding communities.

PROJECTS, MINERAL RESOURCES AND ORE RESERVES

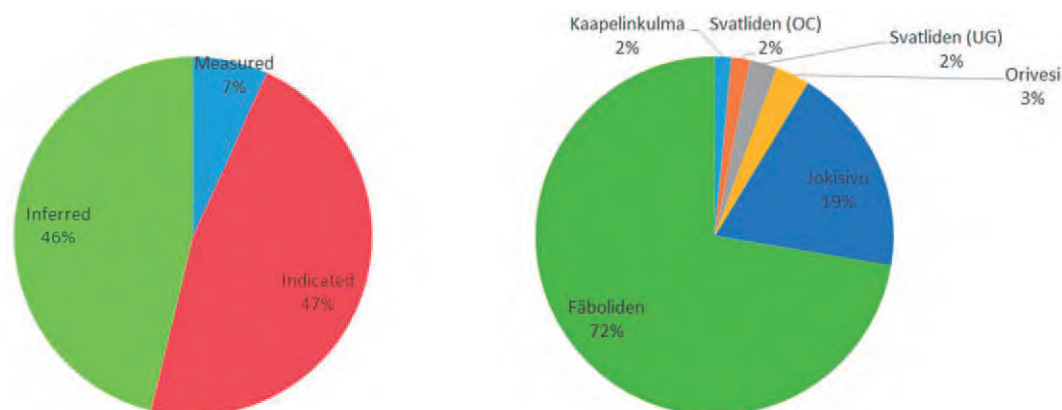
Our portfolio of assets consists primarily of the (i) Operating Mines; (ii) Production Plants; and (iii) Pre-Production Assets, which are all located in Finland and Sweden.

Mineral Resources

The below Mineral Resources description and tables need to be read in conjunction with the required JORC Code disclosures in Appendix III to this prospectus. These include the JORC Table 1 and cut-off grade disclosures.

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The following pie charts show the JORC gold Mineral Resources by ounces as at 30 April 2018:



The following table sets forth the statement of JORC gold Mineral Resources as at 30 April 2018 at varying cut-off grades:

Production Plant	Area	Measured			Indicated			Inferred			Total		
		Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)
Vammala Plant	Arpola ⁽¹⁾	119,000	4.7	18,000	387,000	5.1	64,000	147,000	5.3	24,000	653,000	5.1	112,000
	Kujankallio ⁽¹⁾	323,000	4.4	45,000	776,000	3.8	94,000	239,000	3.6	29,000	1,337,000	3.9	155,000
	Kutema ⁽²⁾	44,000	5.1	7,000	56,000	5.3	10,000	8,000	5.5	1,000	107,000	5.2	19,000
	Sarvisuo ⁽²⁾	22,000	6.2	4,000	63,000	8.1	16,000	28,000	6.5	7,000	113,000	7.4	24,000
	Kaapelinkulma	76,000	3.8	9,000	59,000	4.2	8,000	34,000	3.0	3,000	168,000	3.8	21,000
Vammala Total		584,000	4.5	83,000	1,341,000	4.5	192,000	456,000	4.3	64,000	2,378,000	4.4	331,000
Svartliden Plant	Fäboliden (485m to 350m) ⁽³⁾				3,807,000	2.8	340,000	887,000	2.4	69,000	4,694,000	2.7	409,000
	Fäboliden (350m to -60m) ⁽⁴⁾				961,000	3.1	96,000	4,978,000	3.2	514,000	5,938,000	3.2	609,000
	Svartliden (OC) ⁽⁵⁾⁽⁶⁾	83,000	3.1	8,000	160,000	3.0	16,000	—	—	—	244,000	3.0	24,000
	Svartliden (UG) ⁽⁶⁾⁽⁷⁾	36,000	4.3	5,000	150,000	4.6	22,000	60,000	4.0	8,000	245,000	4.4	35,000
	Svartliden Total		119,000	3.5	13,000	5,078,000	2.9	474,000	5,925,000	3.1	591,000	11,121,000	3.0
Our Group		703,000	4.3	96,000	6,419,000	3.2	666,000	6,381,000	3.2	655,000	13,499,000	3.3	1,408,000

Notes:

- (1) These deposits are part of Jokisivu Mine.
- (2) These deposits are part of Orivesi Mine.
- (3) Refers to Fäboliden Project's Mineral Resource located between surface (485m elevation) and 350m elevation which is potentially mineable via open pit methods.
- (4) Refers to Fäboliden Project's Mineral Resource located between 350m elevation and -60m elevation which is potentially mineable via underground mining methods.
- (5) Open pit part of the Svartliden Mine.

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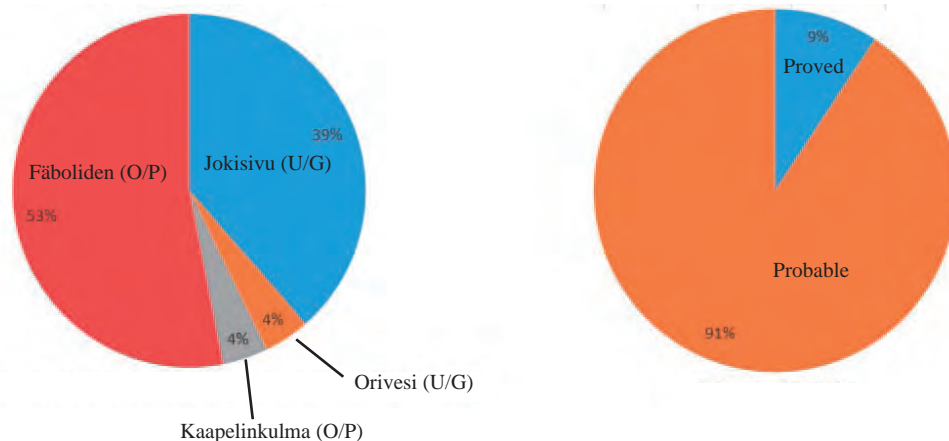
- (6) Our Directors have no current intention to recommence mining activities at Svartliden Mine. For further details, please refer to the paragraph headed “Previously operating mine” in this section of the prospectus.
- (7) Underground part of the Svartliden Mine.

As shown in the table above, as at 30 April 2018, the total Mineral Resources of Orivesi Mine (Kutema and Sarvisuo lodes) are approximately 220,000 tonnes of ore with an average grade of approximately 6.3g/t representing approximately 43,000 ounces of gold. The total Mineral Resources of Jokisivu Mine (Arpola and Kujankallio lodes) are approximately 1,990,000 tonnes of ore with an average grade of approximately 4.3g/t representing approximately 267,000 ounces of gold. The total Mineral Resources of Kaapelinkulma Project is approximately 168,000 tonnes of ore, which is similar to that of Orivesi Mine, with a lower grade of approximately 3.8g/t, comparable to that of Jokisivu Mine representing approximately 21,000 ounces of gold. The total Mineral Resources of Fäboliden Project amount to approximately 10,632,000 tonnes of ore, with an average grade of approximately 3.0g/t, and approximately 1,018,000 ounces of gold. The Mineral Resources of our Swedish operation, mainly the Mineral Resources of Fäboliden Project, and also by Svartliden Mine, is approximately 1,077,000 ounces of gold, compared to approximately 352,000 ounces of gold from our Finnish operations.

Ore Reserves

The below Ore Reserves description and tables need to be read in conjunction with the required JORC Code disclosures in Appendix III to this prospectus. These include the JORC Table 1 and cut-off grade disclosures.

The following pie charts show the JORC Ore Reserves quantities by ounces as at 30 April 2018:



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The following table sets forth the statement of JORC Ore Reserves report as at 30 April 2018:

Project	Category	Tonnage	Grade	Gold content
		(kt)	(g/t Au)	(koz)
Jokisivu Mine	Proved	149	2.7	13
	Probable	751	2.9	70
	Subtotal	900	2.9	83
Orivesi Mine	Proved	3	5.2	1
	Probable	40	6.6	9
	Subtotal	43	6.5	9
KaaPelinkulma Project	Proved	52	3.9	7
	Probable	19	4.3	3
	Subtotal	71	4.0	9
Fäboliden Project.	Proved	—	—	—
	Probable	1,160	3.1	115
	Subtotal	1,160	3.1	115
Total	Proved	204	3.1	20
	Probable	1,971	3.1	196
	Total	2,175	3.1	216

As shown in the table above, the gold content of the Ore Reserves from Orivesi Mine and Jokisivu Mine are approximately 9,000 ounces and 83,000 ounces respectively, while KaaPelinkulma Project has Ore Reserves of approximately 9,000 ounces. The Ore Reserves of Fäboliden Project, all of which are classified as Probable Reserves, amount to approximately 115,000 ounces, constituting approximately 53.2% of our Group's total Ore Reserves, in ounces, as at 30 April 2018.

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Gold production

The following table sets forth the gold production of Vammala Plant and Svartliden Plant during the Track Record Period:

Production Plant	For the year ended 31 December			For the four months ended
	2015	2016	2017	30 April 2018
Vammala Plant				
Quantity of ore (kt)	286	314	317	103.4
Grade of ore (Au g/t)	4.7	3.4	3.2	2.8
AU recovery	88.7	87.1	87.0	86.0
Ounces	38,321	30,478	28,204	7,959
Svartliden Plant				
Quantity of ore (kt)	76 ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
Grade of ore (Au g/t)	2.3	—	—	—
Quantity of gold concentrate (kt) ⁽²⁾	3.9	1.4	— ⁽³⁾	— ⁽³⁾
Grade of gold concentrate (Au g/t)	92.5	99.6	—	—
AU recovery	89.4	92.7	—	—
Ounces	15,484	3,939	—	—

Notes:

- (1) Svartliden Plant stopped processing ore from Svartliden Mine stockpile after its exhaustion during the year ended 31 December 2015.
- (2) This amount refers to gold concentrate processed by Svartliden Plant after ore stockpile from Svartliden Mine was exhausted. Gold concentrate processed by Svartliden Plant excludes the gold concentrate supplied by Vammala Plant which is already recorded under Vammala Plant.
- (3) All gold concentrate processed at Svartliden Plant during the year ended 31 December 2017 and the four months ended 30 April 2018 was supplied by Vammala Plant, which is already recorded under Vammala Plant. Our Group had ceased processing external gold concentrate since June 2016.

As shown in the table above, Vammala Plant has processed a steady quantity of approximately 300kt of ore throughout the Track Record Period. The gold recovery rate of Vammala Plant maintained stable at approximately 86% to 88% throughout the Track Record Period. For further details, please refer to the paragraph headed “Vammala Plant gold production history” in this section. The decrease in ounces of gold produced for the year ended 31 December 2016 was mainly attributable to the decrease in grade of the ore supplied which was due to the decrease in ore output from Orivesi Mine (which generally has a higher grade compared to ore from Jokisivu Mine), and the increase in ore output from Jokisivu Mine (which generally has a lower grade compared to ore from Orivesi Mine) for the year ended 31 December 2016. The ounces of gold produced for the year ended 31 December 2017

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amounted to approximately 28,204 ounces, which is similar to the ounces of gold produced for the year ended 31 December 2016. The ounces of gold produced for the four months ended 30 April 2018 amounted to approximately 7,959 tonnes, which represents a decrease on an annualised basis, mainly due to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine. This is attributable to the development activities in the upper parts of Orivesi Mine in preparation for the excavation of ores with higher grades below.

Svartliden Plant stopped processing stockpiled ore from Svartliden Mine in June 2015, and started to process gold concentrate mainly from Vammala Plant and a lesser amount from other gold concentrate suppliers. This change altered the quantity of ore and gold concentrate supplied to Svartliden Plant. The grade changed significantly due to the already refined nature of gold concentrate supplied to Svartliden Plant, which is much higher than the unprocessed ore Svartliden Plant previously processed in 2014. The overall decrease in ounces of gold produced was attributable to the exhaustion of ore from Svartliden Mine stockpile. Svartliden Plant then relied only on the gold concentrate supplied by Vammala Plant, hence the decrease in ounces of gold produced. Our Directors believe the slight decrease in gold recovery rate during the year ended 31 December 2015 may have been due to the gold recovery rate for ore from Orivesi Mine being generally lower, and the increase in percentage of ore from Orivesi Mine being processed at Svartliden Plant for the year ended 31 December 2015. For the operational details of Svartliden Plant, please refer to the paragraph headed “Svartliden Plant” in this section. For the year ended 31 December 2017 and the four months ended 30 April 2018, all gold concentrate processed at Svartliden Plant was supplied by Vammala Plant, which is already recorded under Vammala Plant.

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Notes:

- (1) Weight of mineralised material being fed to into the Production Plants.
- (2) Gold content in the mineralised material expressed in gram per tonne.
- (3) Level of gold recovered from ore after processing at the Production Plants.
- (4) Weight of unmineralised material overlaying the gold deposit, i.e. rubble, sand and clay left by melting glacier on the surface of the mine.
- (5) Weight of unmineralised waste material that surrounds the gold bearing ore, i.e. rocks.
- (6) Ratio of tonnes of waste to tonnes of ore mined.
- (7) Weight of gold produced.
- (8) Weight of gold produced from processing ore from Fäboliden Project.
- (9) Weight of gold produced from processing gold concentrate.

Set out below are the average specific gravity, average dilution rate and average ore loss rate for each of our Gold Projects. A more detailed table on ore dilution rate and other modifying factors utilised in the preparation of the statement of JORC Ore Reserves report as at 30 April 2018 is set out in table 8-3 in Appendix III to this prospectus.

	Specific gravity	Dilution rate	Ore loss rate
Jokisivu Mine	Till - 1.75 t/m ³ Rock - 2.80 t/m ³	15-30% ⁽¹⁾	5-20% ⁽¹⁾
Orivesi Mine	2.80 t/m ³	12%	10%
Kaapelinkulma Project	Till - 1.80 t/m ³ ; Rock - 2.83 t/m ³	Variable, defined within the smallest mining unit of 2.5m by 2.5m by 2.5m ⁽²⁾	
Fäboliden Project	Till - 1.80 t/m ³ ; All Rock - 2.78 to 2.97 t/m ³	Variable, defined within the smallest mining unit of 5m by 5m by 5m ⁽²⁾	

Notes:

- (1) Jokisivu Mine's dilution rate and ore loss rate varies for each stope. Please refer to table 8-3 of Appendix III to this prospectus for further details.
- (2) Please refer to table 10-10 of Appendix III to this prospectus for further details.

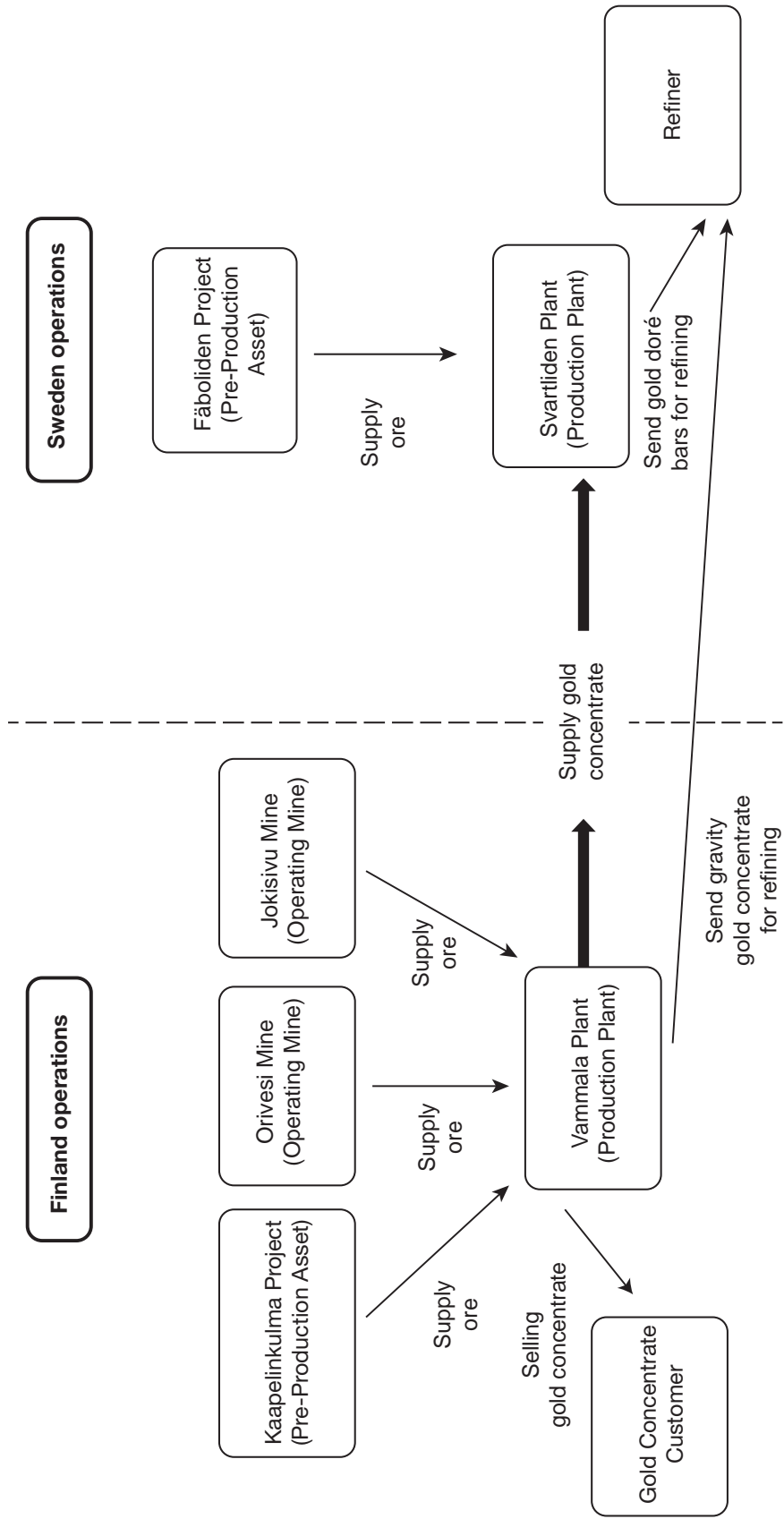
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As shown in the timetable above, Kaapelinkulma Project is expected to commence production in the first quarter of 2019. Our Group is already performing site development work at Kaapelinkulma Project. As for Fäboliden Project, our Group expects to commence production during the second quarter of 2019. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations at Fäboliden Project, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located. For details of the clear path to commercial production at Fäboliden Project, please refer to the paragraph headed "Projects and stage of development of operations" in this section.

Orivesi Mine will be depleted very shortly in the first quarter of 2019, while Jokisivu Mine has a mine life of 42 months as at 30 April 2018. Our Finnish operations, comprised Orivesi Mine, Jokisivu Mine and Vammala Plant, are self-sustaining and provide positive support to our Group until the commencement of Fäboliden Project. The Mineral Resources of Fäboliden Project comprise approximately 78.8% of our Group's total Mineral Resources. It is our Group's intention to continue to develop Fäboliden Project in the future as it will become the major asset and primary revenue contributor of our Group in the long run. For further details of our Group's Mineral Resources and Ore Reserves, please refer to Table 2 and Table 3 set out in Appendix III to this prospectus.

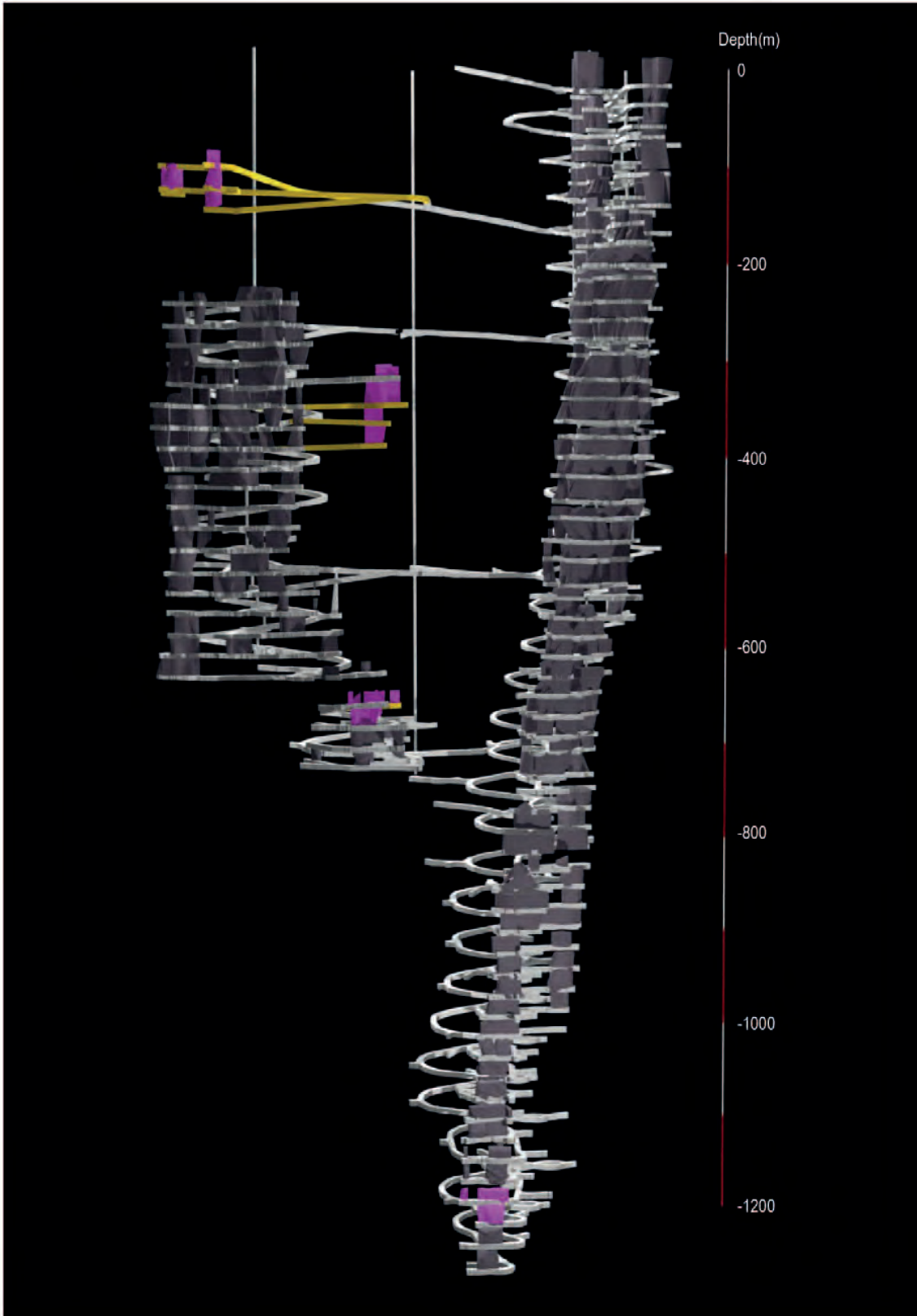
OPERATIONAL PROCESS

The following diagram illustrates the general intended operational process of our Operating Mines, Production Plants and Pre-Production Assets, once our Pre-Production Assets commence production:



For further details on our Group's operational process, please refer to the paragraph headed "Operational processes" in this section.

Orivesi Mine



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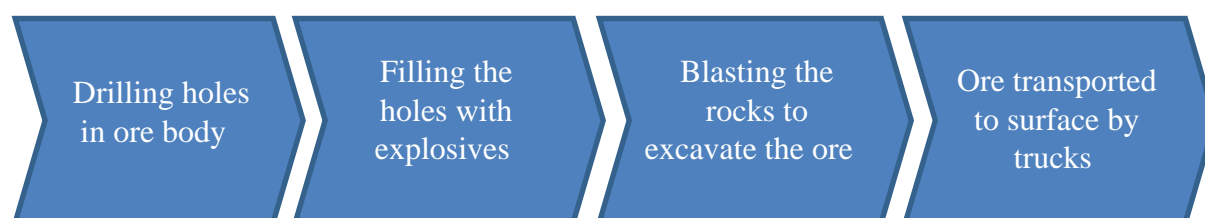
Background

Our Group carries out underground mining operations at Orivesi Mine, which is located immediately to the west of the Orivesi township in the Pirkanmaa region in southern Finland. The Orivesi gold deposit was discovered in 1982, and production of gold was carried out by a third party from 1994 to 2003, until the sale of the mine to our Group in late 2003, as part of a portfolio of assets. Our Group then resumed production of the Orivesi Mine in 2007. Ore from Orivesi Mine is currently being processed at Vammala Plant.

Orivesi Mine is supported by an extensive infrastructure network which includes power supply, water and communication from surface, ventilation systems and newly installed seismic activities sensors to monitor any rock movements within the mine in order to protect the safety of the workers.

It should be noted that our appeal against the AVI decision of rejecting our update application of the existing Environmental Permit for Orivesi Mine has been turned down by the Vaasa Administrative Court on 12 June 2018. The court judgement can be further appealed to the Supreme Administrative Court with a trial permit applied no later than 12 July 2018. Our Group had submitted a leave to appeal, together with our appeal to the Supreme Administrative Court on 11 July 2018. The case is currently pending in the Supreme Administrative Court. In the meantime, mining operations at Orivesi Mine may continue until the Supreme Administrative Court has decided whether to grant us a retrial permit. For details of the current status of our existing Environmental Permit, please refer to the paragraph headed "Litigation and regulatory matters" in this section. The current Reserves mine life of Orivesi Mine extends to the first quarter of 2019.

Mining method



The current mining method at Orivesi Mine is overhand bench & rock fill mining, which entails drilling holes upwards on the ore body at regular intervals, and subsequently filling the holes with explosives and blasting the rocks to excavate the ore. The raw ore is then transported to the surface and then to Vammala Plant by trucks for processing. Our mining operations at Orivesi Mine currently focus on the Kutema lode where the decline is at approximately 1,200 metres underground as at 30 April 2018, with gold mineralisation being identified down to at least 1,300 metres underground. The other lode of the Orivesi Mine, the Sarvisuo lode, extends to approximately 620 metres underground with additional gold mineralisation identified between surface and 160m level. For further details of the mining operations at Orivesi Mine, please refer to the paragraph headed "Operational processes" in this section.

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Mining operations

Our Group undertakes the majority of the mining operations at Orivesi Mine, including drilling of holes in the ore body and blasting the rocks to excavate the ore and the transport of raw ore from underground to surface. We outsource the transportation of raw ore from Orivesi Mine to Vammala Plant, and other ancillary services to qualified third party contractors. For details of the third party contractors engaged by our Group during the Track Record Period, please refer to the paragraph headed “Third party contractors” in this section.

The following table sets out the volume of ore Orivesi Mine has supplied to Vammala Plant during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018
Amount of ore supplied	122kt	82kt	71kt	9.3kt
Gold grade of supplied ore	6.1g/t	4.7g/t	4.6g/t	3.7g/t

The amount of ore supplied to Vammala Plant from Orivesi Mine had been steadily decreasing throughout the Track Record Period from approximately 122kt for the year ended 31 December 2015 to approximately 9.3kt for the four months ended 30 April 2018. This is attributable to the deepening of Orivesi Mine along with the increasing rock stress which increased both the complexity and cost for mining the ore and transporting it to the surface. The decreasing ore output from Orivesi Mine was due to the depletion of the known ore body as the mine is approaching the end of its current estimated mine life. The decreasing grade of ore from Orivesi Mine was due to the variable nature of mineralisation.

Mine life

Orivesi Mine had an estimated mine life of approximately 10 months as at 30 April 2018. As confirmed by the Competent Person, it is common for gold mines of this type to have a “revolving mine life”, which means that it is only commercially sensible to perform exploratory activities to prove a certain amount of reserves exist until the exploration activities carried out further down the mine will become too costly. As mining of these resources proceeds and the mine deepens, so will the exploratory activities proceed to deeper levels, which, with successful drilling, progressively extends the mine life of the mine, leading to a continuously extending mine life. According to the CPR, while Orivesi Mine has been in continuous production since mining recommenced in 2007, it has had consistently limited ore reserves due to the vertical style and geometry of the mineralisation. According to the CPR, it is industry standard practice for these exploration drilling to be undertaken on an ongoing basis at regular intervals as the mine vertically advances deeper, effectively targeting the ore below the current production and reserves plan levels.

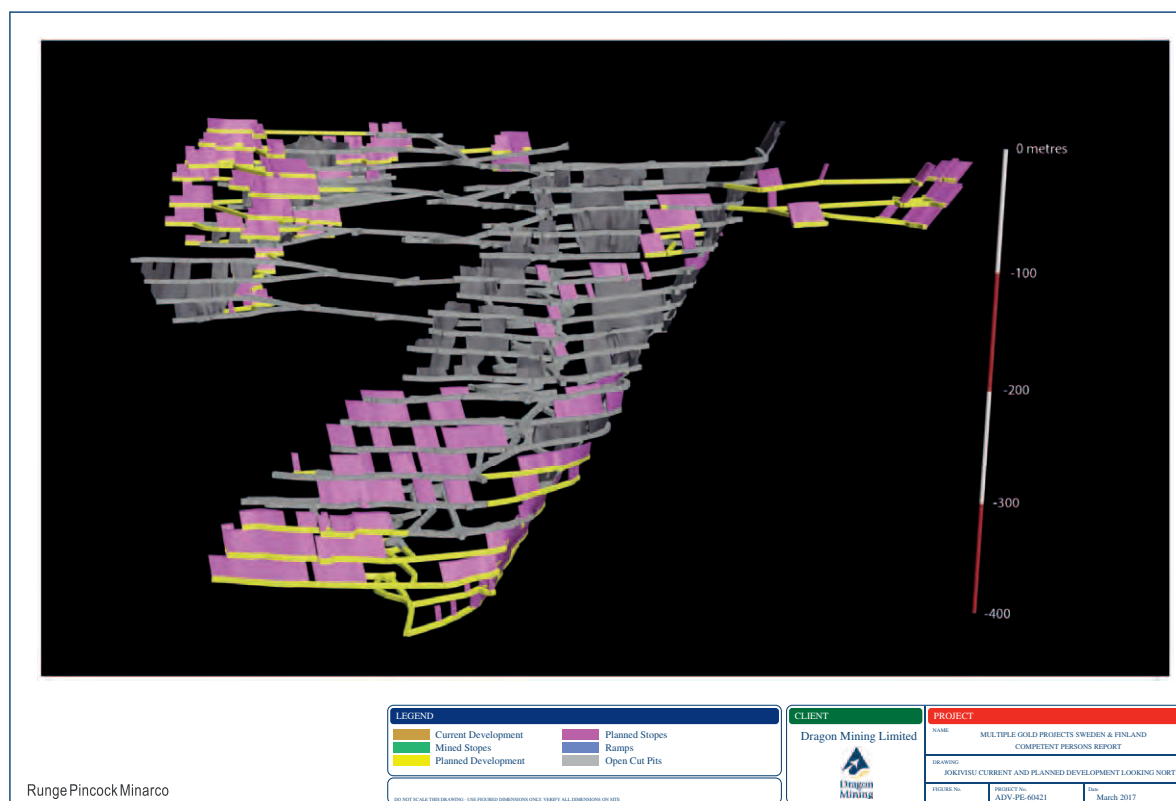
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Orivesi Up Dip Extension

According to the CPR, recent drilling has yielded a series of encouraging drill results from the upper zones of two lode systems. It has highlighted extensions to known zones of gold mineralisation at promising grades, as well as identifying a previously unknown zone of gold mineralisation in the area. Given the tenor of the results and the lower costs of mining at these shallow depths, our Group will now look at undertaking an internal feasibility study to develop this new area. A second program of diamond core drilling from the surface has commenced to further evaluate Sarvisuo Pipe 2 between the 80m and 120m levels, and other near surface targets between the 80m and 200m levels in the Sarvisuo area. As confirmed by our legal adviser as to Finnish law, no additional tenement or permit is required to commence mining operations on the up dip extension as long as permit conditions of the Environmental Permit No 1/2006/2 are complied with and the Vaasa Administrative Court does not demand any changes to the permit conditions in relation to the appeal against the Environmental Permit decision dated 9 December 2015 (for details of the current status of our existing Environmental Permit for Orivesi Mine, please refer to the paragraph headed “Litigation and regulatory matters” in this section). Our Directors confirmed that the up dip extension can be done within the limits of the current mining concession in connection with Orivesi Mine.

For further details, please refer to the paragraph headed “Pipeline of operations of our Group” in this section.

Jokisivu Mine



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Background

Our Group carries out underground mining operations at Jokisivu Mine, which is located eight kilometres southwest from the Huittinen town centre in Satakunta region, southern Finland. Gold exploration was carried out by a third party in the area in 1985 until 2003 when our Group acquired the project, as part of a portfolio of assets. We began gold production at Jokisivu Mine again in 2009. Gold production began as an open-pit operation in 2009, and the underground operation commenced in 2010. The raw ore from Jokisivu Mine is processed through Vammala Plant.

Mining method

As with the mining method adopted in Orivesi Mine, the current mining method at Jokisivu Mine is overhand bench & rock fill mining as described above. The raw ore is transported to the surface and then to Vammala Plant by trucks. Our mining operations at Jokisivu Mine currently focus on the Arpola and Kujankallio deposits, which have been developed down to approximately 350 metres underground as at 30 April 2018. The raw ore from Jokisivu Mine is then transported to Vammala Plant for processing.

Mining operations

Jokisivu Mine is supported by a comprehensive infrastructure network which includes power supply, water and communication from surface and ventilation systems.

Our Group outsources a substantial portion of our mining activities and the excavation mining operation at Jokisivu Mine to qualified third party contractors. For more details on our arrangements with these third party contractors, please refer to the paragraph headed "Third party contractors" in this section. Our third party contractors generally provide all the mining equipment required.

The following table sets out the volume of ore which Jokisivu Mine has supplied to Vammala Plant during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018
Amount of ore supplied	164kt	223kt	227kt	87kt
Gold grade of supplied ore	3.7g/t	3.0g/t	2.6g/t	2.9g/t

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The amount of ore supplied to Vammala Plant from Jokisivu Mine had been steadily increasing throughout the Track Record Period from approximately 164kt for the year ended 31 December 2015 to approximately 227kt for the year ended 31 December 2017. The amount of ore supplied from Jokisivu Mine to Vammala Plant totalled up to approximately 87kt for the four months ended 30 April 2018. This is mainly attributable to the decreasing amounts of ore from Orivesi Mine being processed at Vammala Plant, which provides additional processing capacity. The grade of the ore from Jokisivu Mine fluctuated during the Track Record Period from approximately 3.7g/t for the year ended 31 December 2015 to approximately 3.0 g/t and 2.6g/t for the years ended 31 December 2016 and 2017 and approximately 2.9g/t gold for four months ended 30 April 2018, respectively, due to the variable nature of the mineralisation.

Mine life

Jokisivu Mine had an estimated mine life of approximately 42 months as at 30 April 2018. As confirmed by the Competent Person, Jokisivu Mine has a “revolving mine life” similar to that described for Orivesi Mine above. In the case of Jokisivu Mine, it is our Group’s intention that major future resource drilling programs are undertaken each year to identify potential Mineral Resources and Ore Reserves.

Future exploration activities

The Competent Person notes that there is substantial potential to both increase the mine life and supply additional ore during the current mine life of Jokisivu Mine to utilise the capacity of our Production Plants. We set out below the potential opportunities in and around Jokisivu Mine to increase the Mineral resources and Ore Reserves of Jokisivu Mine.

Jokisivu Down Dip Extension

According to the CRP, a recent ground based geophysical survey has highlighted that the host rock to the gold bearing quartz veins at Kujankallio and Arpola deposits extends deeper than the current depth up to approximately 1,000m (current depth is 350m), which can potentially present an upside if mineralisation is found close to the current mining infrastructure. Our Group plans to drill into the down dip extension. If mineralisation is found, it would effectively further extend the mine life of Jokisivu Mine. So far, despite no previous exploration work were carried out for the down dip extension area, significant intercepts of similar mineralisation to the current Jokisivu Mine have been found. As confirmed by our legal adviser as to Finnish law, no additional tenement or permit is required to commence mining operations at the down dip extension.

Our Group plans to carry out exploration drilling on these potential gold deposits, and will plan to carry out mining operations after considering factors such as the exploration results on these potential gold deposits and the ore output of the mining operations at Jokisivu Mine and Orivesi mine at the current depth.

For further details, please refer to the paragraph headed “Pipeline of operations of our Group” in this section.

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Kaapelinkulma Project

Background and Ore Reserves

Kaapelinkulma Project is a gold pre-production project located in the Valkeakoski municipality in southern Finland, approximately 65 kilometres east of Vammala Plant, and approximately 165 kilometres northwest of Helsinki. Kaapelinkulma Project is expected to become our Group's third gold mine in the southern Finland region. According to the CPR, there is a total of approximately 71,000 tonnes of Probable Ore Reserves at Kaapelinkulma Project as at 30 April 2018, with an estimated average grade of 4.0g/t.

In early 2017, our Group undertook an eighty hole, 2,548 metre program of reverse circulation drilling at Kaapelinkulma Project across the planned open-pit area, which yielded a number of significant intercepts.

The ore from Kaapelinkulma Project, which is intended to commence as an open pit mining operation, will be fed to Vammala Plant once mining activity commences. Our Group expects the majority of the mining operations at Kaapelinkulma Project to be undertaken by third party contractors, including ore excavation and transport of ore from the mine to Vammala Plant.

Clear path to commercial production of Kaapelinkulma Project

Kaapelinkulma Project has obtained all materially required tenements and permits for mining operators to begin. When determining the actual commencement date of production at Kaapelinkulma Project, our Directors will consider factors including, but not limited to: (i) supply of ore from our Operating Mines; (ii) in mine exploration results from our Operating Mines; (iii) processing cost for ore from our Operating Mines; (iv) processing cost for ore from Kaapelinkulma Project; and (v) gold spot price, amongst other things. If, for instance, (i) the mine life of Orivesi Mine is extended; or, conversely, (ii) processing ore from Kaapelinkulma Project is cheaper or more cost efficient than processing ore from our Operating Mines due to respective gold grade or mining costs, our Group will adjust our production schedule accordingly. Kaapelinkulma Project is currently expected to commence production in the first quarter of 2019.

The mining concession and Environmental Permit for Kaapelinkulma Project have been granted in 2016 and 2015 respectively.

Our Group's application for a revised Environmental Permit for Vammala Plant, one of the components of which concerns the processing of ore from Kaapelinkulma Project at Vammala Plant, is currently being processed by the AVI (for more details, please refer to the paragraph headed "Litigation and regulatory matters" in this section). Notwithstanding such ongoing application, the ELY Centre has accepted Vammala Plant to process ore from Kaapelinkulma Project. Our legal adviser as to Finnish law has advised that having received such acceptance from ELY Centre, our Group may legally process ore from Kaapelinkulma Project at Vammala Plant until the application process and any other related potential appeals are settled, which

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takes at least approximately 3 years. Therefore, as confirmed by our legal adviser as to Finnish law, all material required tenements and permits have been obtained for Kaapelinkulma Project to commence mining operations and for its ore to be processed at Vammala Plant.

As at the Latest Practicable Date, our Group has commenced the site preparation, grade control drilling and construction of a bypass road for the local community. It is expected that for the year ending 31 December 2018, our Group shall incur capital expenditure relating to Kaapelinkulma Project of approximately AUD0.8 million, assuming that such project enters production during the first quarter of the year ending 31 December 2019, which is currently intended to be funded using our own internal resources. If, after taking into account the factors as set out above, our Directors consider it is preferable not to commence production at Kaapelinkulma Project during the first quarter of 2019, this capital expenditure may be incurred in later periods.

We expect Kaapelinkulma Project shall begin generating a quarterly net cash inflow in the second quarter of 2019, thereby becoming self-sufficient in terms of funding. For further details of the funding of our Pre-Production Assets, please refer to the paragraph headed "Funding of Pre-Production Assets" under the section headed "Financial information" of this prospectus.

The Competent Person has completed a pre-feasibility study, as detailed in the CPR for Kaapelinkulma Project. The study result in Ore Reserves being declared and as such shows economic viability of the project. The Competent Person had also generated an economic model for Kaapelinkulma Project, incorporating operating and capital costs and revenue related to the project. The Competent Person noted that per the JORC Ore Reserves reporting requirements, the cash flow analysis in the economic model for Kaapelinkulma Project returned positive results. Based on the economic model, which assumed a long term gold price of USD1,260/oz and a processing recovery of approximately 85.0% for Kaapelinkulma Project (these were assumed based on the information and testwork at the time of reporting) the payback period for the initial capital is less than one quarter for Kaapelinkulma Project after the commencement of commercial production in the first quarter of 2019. Based on the Ore Reserves, Kaapelinkulma Project will cease production 24 months after commencement of initial commercial production.

Based on the commercial and technical viability demonstrated in the pre-feasibility study and economic model, as well as the latest status of the licences and permits of Kaapelinkulma Project, the Competent Person is of the view that Kaapelinkulma Project has a clear path to commercial production. For further details, please refer to section two of the CPR set out in Appendix III to this prospectus.

Considering the above and given that (i) the project payback period is not considered high risk based on the analysis and sensitivities of the cash flow models completed by the Competent Person (dependent on the duration commencing from ore production); (ii) our Group's internal resources are sufficient to bring Kaapelinkulma Project to commercial

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production without using the proceeds from the Public Offer; and (iii) Kaapelinkulma Project has obtained the necessary tenements and permits for its mining operations to commence, our Directors are of the view, and the Sponsor concurs, that Kaapelinkulma Project has a clear path to commercial production.

Based on our identification of Kaapelinkulma Project as a project which, if required, is able to generate net cash inflow as early as in the second quarter of 2019 and which is supported by the positive results of the Competent Person's cash flow analysis, our Directors believe Kaapelinkulma Project represents a favourable, cost-effective and profitable opportunity to continuously sustain our Finnish operations.

Fäboliden Project

Background and Ore Reserves

Fäboliden Project is a gold pre-production project located in Sweden, approximately 30 kilometres southeast of Svartliden Plant and approximately 750 kilometres north of Stockholm.

As at the Latest Practicable Date, there are altogether 367 drill holes in Fäboliden Project area, of which our Group has drilled 34 holes to further evaluate the near surface high grade zone of the deposit. Gold intercepts received confirm the presence of a high grade zone consistent with the results from the historic drill holes.

According to the CPR, the Probable Ore Reserves of Fäboliden Project as at 30 April 2018 amount to approximately 1,160,000 tonnes of ore, with an estimated grade of approximately 3.1g/t, which converted into approximately 115,000 ounces of gold. The Ore Reserves at Fäboliden Project is larger than our Operating Mines and Kaapelinkulma Project. It constitutes approximately 53.2% of our Group's total ounces in the combined Ore Reserves as at 30 April 2018. The large Ore Reserves mark the Fäboliden Project as one of our Group's most significant assets. Once mining operations start, it should provide a sustainable revenue stream for our Swedish operations.

The ore from Fäboliden Project will be processed in Svartliden Plant, which is 30 kilometres away. Given the close proximity of Fäboliden Project to Svartliden Plant, it is not necessary to construct a new gold processing plant for the processing of ore from Fäboliden Project. The mining operations and the transportation of ore from Fäboliden Project to Svartliden Plant are expected to be carried out mainly by third party contractors. Our Group currently plans to initially carry out open pit operations at Fäboliden Project.

Clear path to commercial production of Fäboliden Project

Our Directors currently expect that Fäboliden Project to commence commercial production by the second quarter of 2019. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations, including

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but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers, as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

The exploitation concession for Fäboliden Project has already been granted in 2004 and is valid until 2029 (and is available to be extended). The Environmental Permit for test mining operations at Fäboliden Project was granted on 23 November 2017 for the processing of a total of 100,000 tonnes of ore, which is approximately equivalent to the entire Ore Reserves of Kaapelinkulma Project as at 30 April 2018. As advised by our legal adviser as to Swedish law, an Environmental Permit for test mining operations is not usually time-limited but instead limited to a set volume of ore.

Coupled with the exploitation concession for Fäboliden Project obtained on 3 June 2004 (valid till 3 June 2029), our Group has obtained all the required tenements and permits for the commencement of the operation of Fäboliden Project. As advised by our legal adviser as to Swedish law, based on these granted tenements and permits, our Group could have legally commenced test mining operations at Fäboliden Project provided that conditions for the granted Environmental Permit in relation to test mining operations are met.

All consultation required for the application for Environmental Permit for full scale mining operations at Fäboliden Project have been carried out. The Environmental Permit application for full scale mining operations has been submitted to the Land and Environmental Court on 6 July 2018.

The application for the Environmental Permit in relation to full scale mining operations at Fäboliden Project will cover a greater volume of ore and land area. The period of test mining will enable our Group to compile the data required for the application in relation to an Environmental Permit for full scale mining operations at Fäboliden Project, allowing us to optimise operational methods both from an economic perspective (such as gold recovery rate, processing cost etc.) and operational aspects such as the composition of the tailings and other environmental impact. The process of the application for an Environmental Permit in relation to full scale mining operations at Fäboliden Project is similar to the application for an Environmental Permit in relation to test mining at Fäboliden Project, save that (i) the Land and Environmental Court shall preside over the application; and (ii) there shall be a main hearing held by the Land and Environmental Court to decide whether the application is successful.

Taking into account:

- (i) the exploitation concession, which dictates whether a mine can be set up in the area, has already been granted for Fäboliden Project, reflecting that the authorities are of the view that the discovered mineral deposit shows a probability of profitable exploitation and that the site is not inappropriate according to the Mineral Act 1991;

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- (ii) the conceptual mine plan for Fäboliden Project results in a project development plan with a reduced environmental footprint compared to the basis of the previous Environmental Permit, which was granted to the previous owners for full scale open-pit mining operations of mining and a process plant at the Fäboliden Project site; and
- (iii) CAB has already granted us the Environmental Permit for test mining,

our Directors are of the view, and the Sponsor concurs, that there does not exist high uncertainty regarding whether Fäboliden Project can obtain the Environmental Permit in relation to full scale mining operations.

While the application processes for Environmental Permits in relation to test mining and full scale mining are separate and independent, the majority of the information required to complete such applications overlaps. Given we had already been involved in the application for Environmental Permit in relation to test mining for approximately two years, we already have some information readily compiled, which is required for the application for Environmental Permit in relation to full scale mining. As advised by our legal adviser as to Swedish law, it generally takes approximately one and a half to two years for the Land and Environmental Court to consider and issue a permit decision after the application for full scale mining has been filed. The processing time may vary depending on the quality of the EIA and the opinions submitted by the authorities, stakeholders and non-governmental organisations. Based on the current status of the permit application, our Directors anticipate that the Land and Environmental Court shall grant the Environmental Permit for full mining at Fäboliden Project in the first half of 2020, which generally falls within our legal adviser as to Swedish law's expected timeframe of one and a half to two years at the Land and Environmental Court after submission, on the basis that our Group would be able to respond to comments from the Land and Environmental Court and other affected stakeholders in a timely manner, which our Directors expect the majority of information to be requested or prepared should have already been compiled given such comments are expected to be similar in nature to those our Group has responded during the application for Environmental Permit in relation to test mining.

For completeness, due to the possibility of an appeal by another party against such Environmental Permit, we have assumed operations commence at Fäboliden Project under the full mining permit in the first half of 2020 in our production schedule, allowing time to settle any such potential appeal. Upon receiving a valid, operable permit, our Directors consider that operations at the mine could commence almost immediately.

It is expected that the total capital expenditure incurred during the year ending 31 December 2018 relating to Fäboliden Project shall amount to approximately AUD0.8 million. This primarily consists of mining, environmental activities, geological work and drilling and sampling.

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The planned operations at Fäboliden Project will be conducted within the limitations of the land designation, with one possible exception. DAB has proposed two alternative points of waste water discharge, Öreälven or Sörträsket/Rusbäcken. If the alternative Sörträsket/Rusbäcken is chosen, a five to six kilometres long pipeline must be constructed and part of this pipeline will fall outside the limitations of the land designation. A number of landowners will be affected by the pipeline. As of the Latest Practicable Date, the two alternate discharge points are both viable options for our Group. A third option for an alternate discharge point was introduced in the second round of consultation for the Environmental Permit regarding full mining and was completed on 17 August 2017. The third alternative is a more direct route to Öreälven. It has not been decided by our Group which option to choose. The third option may also require a new proceeding for land designation.

A new proceeding regarding the land designation can be held at the request of DAB. If agreement can be reached with the landowners, the land should be designated in accordance with those agreements. If an agreement cannot be reached, the land that is required by DAB for our operations shall still be designated. The affected landowners are however entitled to economic compensation. Our Directors do not consider that this will materially affect the economic feasibility of the project since they expect that such compensation shall be immaterial, taking into account the market valuation of the land and, in any case, is expected to be no greater than SEK150,000 (equivalent to approximately AUD22,500) based on certain relevant statutory compensation requirements.

We expect the test mining operations at Fäboliden Project will generate a quarterly net cash inflow from the second quarter of 2019, thereby becoming self-sufficient in terms of funding. Following this, additional capital expenditure will be incurred in relation to the development of the full mining operations at Fäboliden Project. The full mining operations are expected to generate a quarterly net cash inflow in second quarter of 2021, thereby becoming self-sufficient in terms of funding. For further details of the funding of our Pre-Production Assets, please refer to the paragraph headed "Funding of Pre-Production Assets" under the section headed "Financial information" of this prospectus.

The Competent Person has completed a pre-feasibility study, as detailed in the CPR for Fäboliden Project. The study result in Ore Reserves being declared and as such shows economic viability of the project. The Competent Person had also generated an economic model for Fäboliden Project, incorporating operating and capital costs and revenue related to the project. The Competent Person noted that per the JORC Ore Reserves reporting requirements, the cash flow analysis in the economic model for Fäboliden Project returned positive results. Based on the economic model, which assumed a long term gold price of USD1,260/oz and a processing recovery of approximately 82.0% for Fäboliden Project (these were assumed based on the information and testwork at the time of reporting) the payback period for the initial capital is three years in total for test mining and full mining operations at Fäboliden Project (assuming a 10% discount rate and six months undiscounted) after the commencement of commercial production of the test mining operations in the second quarter of 2019 (test mining operations have a payback period of one quarter after commencement in the second quarter of 2019 and full mining operations have a payback period of two years after commencement in first half 2020). Based on the reserves the mine will cease production at Fäboliden Project 60 months after commencement of initial commercial production.

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Based on the pre-feasibility study completed by the Competent Person and the assumptions set out above, it is expected, barring unforeseen circumstances, that the test mining operations at Fäboliden Project will immediately be profitable when it commences in the second quarter of 2019. In respect of the full mining operations at Fäboliden Project which is expected to commence in the first half of 2020, it is expected to be profitable by the second quarter of 2021.

Based on the commercial and technical viability demonstrated in the pre-feasibility study and economic model, as well as the latest status of the licences and permits of Fäboliden Project, the Competent Person is of the view that Fäboliden Project has a clear path to commercial production. For further details, please refer to section two of the CPR set out in Appendix III to this prospectus.

Considering the above and given that (i) the project payback period is not considered high risk based on the analysis and sensitivities of the economic models completed by the Competent Person (dependent on the duration commencing from ore production); (ii) our Group's internal resources and the proceeds from the Listing are sufficient to bring Fäboliden Project to commercial production; and (iii) there does not exist high uncertainty regarding whether Fäboliden Project can obtain the necessary licences and permits for its mining operations to commence, our Directors are of the view, and the Sponsor concurs, that Fäboliden Project has a clear path to commercial production.

Future exploration activities

As confirmed by the Competent Person, several exploration opportunities have been identified at Fäboliden Project which are potential sources of additional feed for the existing Svartliden Plant. These targets include:

Underground potential

Mineralisation within Fäboliden Project extends well below the base on the reported open pit Ore Reserves (370m elevation). The Competent Person assessed the reasonableness of the expectation of eventual economic extraction via underground mining method for this zone. The concept analysis, although high level, demonstrated that the portions of the currently defined resource showed reasonable prospects for economic extraction via underground methods with approximately 650,000 tonnes at 4.4g/t reported within the stope shapes. The Competent Person notes that a large proportion of this material is in the Inferred category and further drilling is required to increase the confidence in this resource and confirm the potential for ore reserves in this area.

Open cut

The current planned pit targets the higher grade near surface portions of the resource, however substantial near surface mineralisation remains to be studied and

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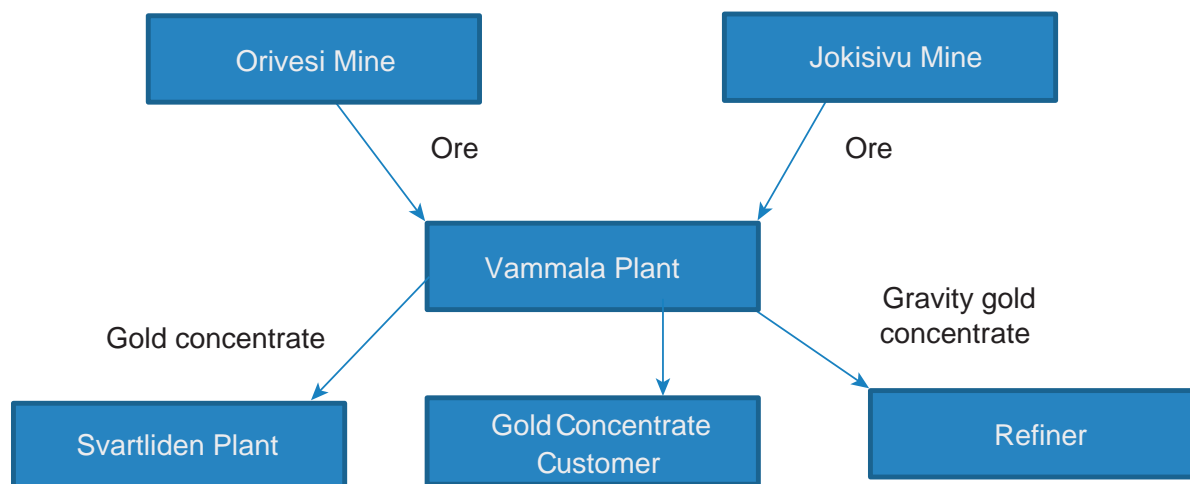
reviewed. While this presents a longer term opportunity, the Competent Person recommends that option studies to be completed to determine any potential to exploit this material via larger scale operations, or varying processing options such as onsite processing to lower processing costs and increase recoveries.

Down Dip extension

Drilling has defined mineralisation to a depth of 400m vertically continuous from surface in several lodes. A number of these lodes are open at depth with further drilling required to test the extensions. The Competent Person considers this a long term opportunity and recommends that the current underground resource potential and open cut target be reviewed and evaluated prior to this target being incorporated into the exploration work plan.

Vammala Plant

Vammala Plant is a flotation facility that has a processing capacity of approximately 300,000 tonnes of ore per annum with an average gold recovery rate of approximately 88.7%, 87.1%, 87.0% and 86.0% for each of the three years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 respectively. It is located in the Sastamala region in southern Finland, approximately 165 kilometres northwest of Helsinki. After being acquired in 2003, our Group began processing operations there in 2007, and has produced over 297,000 ounces of gold in concentrate since then.



Currently, Vammala Plant sources ore from Orivesi Mine and Jokisivu Mine and processes it into (i) gold concentrate; and (ii) a small amount of gravity gold concentrate. The gold concentrate being produced at Vammala Plant is mainly transported to Svartliden Plant in Sweden for processing into gold doré bars, whilst a small amount is sold to our Gold Concentrate Customer. Our Directors advise that in general, when the gold grade of the gold concentrate exceeds 150g/t gold, the profit of selling the gold concentrate to Gold Concentrate Customer is approximately the same as transporting it to Svartliden Plant for further processing and selling it subsequently. Therefore when Svartliden Plant is processing gold

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concentrate originated from Jokisivu Mine and cannot process gold concentrate originated from Orivesi Mine (which takes a processing time three times longer than processing gold concentrate from Jokisivu Mine), our Group sells some of the gold concentrate from Orivesi Mine (which generally has a gold grade higher than 150g/t gold) to the Gold Concentrate Customer. For the gravity gold concentrate produced in Vammala Plant, it is generally directly delivered to the Refiner for further refining into gold bullion. Such gravity gold concentrate is already of higher purity than gold concentrate, and therefore does not need further processing at Svartliden Plant before being transported to the Refiner for refining into gold bullion. For further details of the gold sale process, please refer to the paragraph headed “Sales and customers” in this section.

Vammala Plant has obtained all the required tenements and permits for its current operations. Our Group has applied for and been granted a revised Environmental Permit for Vammala Plant to allow, amongst other things, the processing of Kaapelinkulma Project ore. However such revised permit is now remitted back to AVI to be reconsidered. Such process does not affect our current operations at Vammala Plant as it can still operate under the current permit. For further details, please refer to the paragraph headed “Litigation and regulatory matters” in this section.

Vammala Plant gold production history

Set out below a summary of Vammala Plant operating performance during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018
Utilisation (%)	95.3%	104.7%	105.9%	96.6%
Ore processed (tonnes)	285,797	314,175	317,792	96,617
Average gold grade (g/t)	4.7	3.4	3.2	2.8
Gold recovery (%)	88.7	87.1	87.0	86.0
Gold produced (ounces)	38,321	30,478	28,204	7,959
C1 cash costs (US\$/ounce)	722	792	737	1,171

During the Track Record Period, Vammala Plant processed an average of approximately 301,904 tonnes of ore with an average grade of approximately 3.6g/t gold to produce an average of approximately 30,220 ounces of gold per annum. The average gold recovery is approximately 87.4% while the average cash operating cost is approximately US\$791 per ounce for the Track Record Period. The average utilisation during the Track Record Period of Vammala Plant is approximately 101.7%, calculated using the permitted capacity as set out in the Environmental Permit of Vammala Plant. Our legal adviser as to Finnish law is of the view that since the ELY Centre is aware of this production volume, has not raised any concerns and

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has made correspondence with our Group on the situation, this does not constitute any form of non-compliance with the current permit regulations. In November 2017, ELY Centre also reinstated that it will not take any further controlling actions due to the increased production or the provenance of the ore at this point, as the permit application process is still ongoing.

Ore processed at Vammala Plant remained stable throughout the Track Record Period at approximately 300,000 tonnes per annum, being the capacity of Vammala Plant. The C1 cash costs recorded a slight increase from approximately US\$722 per ounce during the year ended 31 December 2015 to approximately US\$792 per ounce during the year ended 31 December 2016 due to the decrease in gold produced, as a result of a lower gold grade of ore processed. The C1 cash costs of Vammala Plant decreased to approximately US\$737 for the year ended 31 December 2017 due to continuous optimisation of production and processing methods. The C1 cash costs of Vammala Plant climbed back up to approximately US\$1,171 for the four months ended 30 April 2018 due to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine.

Svartliden Plant

Svartliden Plant is a CIL facility that has the ability to crush and mill raw ore, located in the Västerbotten County in northern Sweden. Svartliden Plant has a designed capacity to process approximately 300,000 tonnes of ore per annum with an annual average combined gold recovery rate of approximately 89.4% and 92.7% for each of the years ended 31 December 2015 and 2016 respectively according to the CPR, no gold recovery rate was applicable for the year ended 31 December 2017 and the four months ended 30 April 2018 as all gold concentrate was supplied internally by Vammala Plant during that year/period. Gold concentrate from Vammala Plant is transported to Svartliden Plant to be processed into gold doré bars with a purity of approximately 80.0%, which will then be transported to the Refiner for further refining into gold bullion to be sold on the London Bullion Market. Svartliden Plant commenced production under our Group in March 2005. Up to the time of cessation of the ore processing at Svartliden Plant in 2015, Svartliden Plant had produced over 377,000 ounces of gold. Subsequently, commencing from June 2016, Svartliden Plant predominantly processed gold concentrate from Vammala Plant. Historically it also processed concentrate from third parties (for more details, please refer to the paragraph headed "Supply of gold concentrate" in this section). Its close proximity to Fäboliden Project, will allow it to be used to process ore from Fäboliden Project once mining therein commences.

Svartliden Plant already has the required infrastructure to process ore from Fäboliden Project because it processed ore from Svartliden Mine previously. Therefore no material modifications are required to process ore from Fäboliden Project. A minimal amount of approximately AUD30,000 associated with the tailings dam has been budgeted in the lead up to the processing of ore from Fäboliden Project.

On 8 May 2017, CAB accepted a notification submitted by our Group allowing the processing of 100,000 tonnes of ore from the Fäboliden Project test mining operations at the Svartliden Plant.

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Provided that the operations are carried out in accordance with the stipulated conditions, the necessary precautionary measures are taken and that the change of ore is made according to the information DAB provided in the notification sent to CAB, our Group is permitted to process enriched ore from Fäboliden Project test mining operations at the Svartliden Plant.

Svartliden Plant gold production history

Set out below a summary of Svartliden Plant operating performance during the Track Record Period:

	For the year ended 31 December			For the four months ended
				30 April
	2015	2016	2017	2018
Utilisation (%) ⁽¹⁾	27.9% ⁽²⁾	2.8% ⁽²⁾	— ⁽⁴⁾	— ⁽⁴⁾
Ore processed (tonnes) ⁽³⁾	76,632	—	— ⁽⁴⁾	— ⁽⁴⁾
Average ore gold grade (g/t)	2.3	—	— ⁽⁴⁾	— ⁽⁴⁾
Concentrate processed (tonnes)	2,459	1,352	— ⁽⁴⁾	— ⁽⁴⁾
Average concentrate gold grade (g/t)	92.5	99.6	— ⁽⁴⁾	— ⁽⁴⁾
Gold recovery (combined %)	89.4	92.7	— ⁽⁴⁾	— ⁽⁴⁾
Gold produced (ounces)	15,484	3,939	— ⁽⁴⁾	— ⁽⁴⁾
C1 cash costs (US\$/ounce)	1,184	—	— ⁽⁴⁾	— ⁽⁴⁾

Notes:

- (1) Svartliden Plant has a designed capacity to process approximately 300,000 tonnes of ore per year and has no applicable design maximum capacity for concentrate processing. Since our Group has processed a mixture of ore and gold concentrate at Svartliden Plant during the year ended 31 December 2015 and only gold concentrate for the two years ended 31 December 2017, the utilisation rates for such periods are only for illustrative purposes only.
- (2) The utilisation rate is calculated by dividing the throughput of gold concentrate by the throughput capacity of ore. Such utilisation rate is for illustrative purpose only as the volume of gold concentrate is much less than the ore processing capacity of Svartliden Plant. Svartliden Plant has the capacity to process more gold concentrate than Vammala Plant can produce and has extra capacity to process additional concentrate from external parties. Once ore from Fäboliden Project is available, the operations of Svartliden Plant will revert to primarily processing ore.
- (3) Svartliden Plant no longer processed ore for the two years ended 31 December 2017 and the four months ended 30 April 2018 after the stockpile of ore from Svartliden Mine was exhausted during the year ended 31 December 2015.
- (4) All gold concentrate processed at Svartliden Plant during the year ended 31 December 2017 and the four months ended 30 April 2018 were supplied by Vammala Plant, which is already recorded under Vammala Plant. Our Group had ceased processing external gold concentrate since June 2016.

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During the six months ended 30 June 2015, Svartliden Plant processed stockpiled ore from Svartliden Mine. For the six months ended 31 December 2015 and the year ended 31 December 2016, ore from the Svartliden Mine stockpile became exhausted and Svartliden Plant then processed gold concentrate mainly from Vammala Plant. Gold concentrate purchased from other gold concentrate suppliers was also processed at Svartliden Plant during the two years ended 31 December 2016. All gold concentrate processed at Svartliden Plant during the year ended 31 December 2017 and the four months ended 30 April 2018 were supplied by Vammala Plant. Our Group had ceased processing external gold concentrate since June 2016.

Svartliden Plant has obtained all the required tenements and permits for its current operations. No additional permit is required for the processing of ore from Fäboliden Project. For further details, please refer to the paragraph headed “Sweden” under the section headed “Tenements and permits” of this prospectus.

Once mining operations at Fäboliden Project begin, the ore from Fäboliden Project will be fed directly to Svartliden Plant, which will ramp up the gold production at Svartliden Plant and should provide a sustainable revenue stream for our Swedish operations.

PIPELINE OF OPERATIONS OF OUR GROUP

Expected timetable of our Group’s mining operations

Overview

Whilst, based on the Reserves of our Group as at 30 April 2018, the mine life of our Group’s Gold Projects amounts to approximately six years, the Competent Person notes that there is substantial potential to (i) increase the mine life of our Group’s Gold Projects; and (ii) supply additional ore during their Reserves mine life to utilise the capacity of the Production Plants. Such opportunities, as further elaborated below, can increase the resource and reserves in the short term (within one and a half years) to augment the limited current reserve base. We have developed an exploration and mining study plan, which the Competent Person has reviewed and considered appropriate, to evaluate the opportunities. The short term plan includes various drilling and mining studies to be carried out over 12 to 16 months from 31 December 2017, focusing primarily on the identification of additional Ore Reserves, as described below in further details. This will potentially add significant value in the short term, prior to depletion of the Ore Reserves as at 30 April 2018 and result in a potential mine life well beyond that of the current Reserves mine life. It is generally our standard practice to update the Ore Reserves on a regular yearly basis since we commenced operations in the Nordic Region. Please refer to the table below where we show the updated Reserves for each year. As confirmed by the Competent Person, this plan has been developed to allow production to continue without cessation of production at the Operating Mines and to minimise costs in a practical and sensible way, which is considered to be industry standard manner in similar operations. When considering the pipeline of projects of our Group, it is therefore very important to note the (i) “revolving mine life” exhibited by the Operating Mines historically; and the (ii) future exploration activities of our Group.

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(i) *Historical mine lives of the Operating Mines*

Set out below is a table depicting the Reserve mine lives for each of the Operating Mines and Kaapelinkulma Project, and the maintenance of a steady level of Reserves as a whole across our Group, which arose as a result of the continuous mining activities of our Group (for reasons behind the “revolving mine life”, please refer to the paragraphs headed “Orivesi Mine” and “Jokisivu Mine” in this section):

	Reserves												
	Orivesi Mine			Jokisivu Mine			Kaapelinkulma Project			Vammala Plant			
	Ore tonnes	Gold ounces	Estimated mine life (years)	Ore tonnes	Gold ounces	Estimated mine life (years)	Ore tonnes	Gold ounces	Estimated mine life (years)	Ore tonnes	Gold ounces	Estimated mine life (years)	
As at													
28 February 2007	263,600	93,200	2.0								263,600	93,200	2.0
31 December 2007	201,500	66,200	1.5								201,500	66,200	1.5
31 December 2008	182,500	41,000	1.5								182,500	41,000	1.5
31 December 2009	108,900	20,800	1.0	89,500	14,800	0.5					198,400	35,600	1.5
31 December 2010	490,670	72,130	3.0	387,400	55,590	2.5					878,070	127,720	3.0
31 December 2011	386,800	55,200	2.0	337,500	40,900	2.0					724,300	96,100	2.5
31 December 2012	365,000	57,900	2.0	369,000	31,100	2.0					734,000	89,000	2.5
31 December 2013	347,000	65,000	2.0	160,000	23,000	1.0					507,000	88,000	2.0
1 January 2015	209,000	38,500	1.5	310,000	38,000	2.0					519,000	76,500	2.0
1 September 2015	211,000	34,900	1.5	261,000	28,900	1.5	87,000	9,600	1.8	559,000	73,400	2.0	
31 December 2016	46,000	7,900	0.7	500,000	57,600	2.3	89,000	9,700	1.8	635,000	75,200	2.3	
30 April 2017	33,000	5,800	0.7	458,000	54,200	2.1	79,000	8,900	1.7	570,000	68,900	2.1	
31 December 2017	47,000	9,500	1.0	961,000	89,700	3.8	71,000	9,000	1.8	1,079,000	108,200	3.8	
30 April 2018	43,000	9,000	0.8	900,000	83,000	3.5	71,000	9,000	1.8	1,014,000	101,000	3.5	

Note:

(1) The mine life for Vammala Plant is based on a throughput of 250ktpa.

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(ii) *Future exploration activities of the Operating Mines*

Our Group continues to carry out exploration activities at both of the Operating Mines. Such exploration activities include exploration drilling, geophysical surveys and geologic interpretations conducted to date focusing mainly on the down dip extensions of Jokisivu Mine and the currently defined resource at Orivesi Mine. The proportions and grades of mineralised rock within the exploration targets in the Operating Mines, is an extrapolation from the assay results of diamond drilling from a small number of holes outside the areas of the Resource as well as exploration work including geophysical survey and mineralisation interpretation and geologic understanding developed over the long mine life of the Operating Mines. A semi-quantitative estimate of the exploration potential for gold mineralisation within the drilled area has been estimated by the Competent Person. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The recent results of such exploration activities and intended activities going forward, which are being conducted with the intention of continuing to extend the mine lives, are set out below:

Jokisivu Mine

Recent drillings demonstrate that the target area potentially hosts a highly significant quantity of gold mineralisation of potentially economic grades including gold mineralisation as set out below:

Exploration target for Jokisivu Mine

Area	Vertical depth (m)	Gold ounces per metre		Total gold ounces		Average gold grade (g/t)	Ore tonnage	
		Min (ounces)	Max (ounces)	Min (ounces)	Max (ounces)		Min (tonnes)	Max (tonnes)
Kujankallio	375	300	400	112,500	150,000	2.7	1.3	1.7
Arpola	600	300	400	180,000	240,000	4.7	1.2	1.6
Total	975	300	400	292,500	390,000	3.9	2.5	3.3

Whilst the current mine life of Jokisivu Mine, based on Reserves as at 30 April 2018, amounts to 42 months, the Competent Person notes that there is substantial potential to both increase the mine life and supply additional ore during the current mine life of Jokisivu Mine to utilise the capacity of our Production Plants. We set out below the potential opportunities in and around Jokisivu Mine to increase the Mineral Resources and Ore Reserves of Jokisivu Mine.

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As confirmed by the Competent Person:

A ground based geophysical survey highlighted that the host rock to the gold bearing quartz veins at Kujankallio and Arpola extends deeper than the current depth of the defined Mineral Resources. This potentially presents a significant upside in close proximity to the current mining infrastructure. Processing and modelling of the geophysical dataset showed that the dioritic intrusion, the host rock to the gold bearing quartz veins at Jokisivu plunges to the east to depths of at least 800m to 1,000m.

The gold bearing quartz veins at Kujankallio have been shown by drilling to extend down to 525m, the current Kujankallio Measured, Indicated and Inferred Mineral Resource at a 1.5g/t gold cut-off of 168,000 ounces grading 3.3g/t gold yielding an average 330 ounces per vertical metre. The Arpola deposit has been drilled down to 300m with a Measured, Indicated and Inferred Mineral Resource at a 1.5g/t gold cut-off grade of 140,900 ounces grading 4.7g/t gold yielding an average 480 ounces per vertical metre. No drilling has been completed below these levels to date at either Kujankallio or Arpola.

The Company will continue to target the down dip extensions at Kujankallio and Arpola as the Jokisivu Mine progresses deeper, with the undertaking of a series of underground diamond core drilling programs based on a fan array design to firstly, identify extensions to the known mineralisation and then to outline the extent and geometry of identified mineralisation to a level where it can be included in Mineral Resource and Ore Reserve estimates. Geologically there is no evidence indicating that the gold bearing quartz veins will not continue below the current extent of drilling, the probability is considered high that the gold bearing quartz veins zones will continue to the full depth extent of the host dioritic intrusion.

In addition to the extensions of known mineralisation, the Company will also further investigate satellite zones of mineralisation located parallel to and in close proximity to the known Kujankallio and Arpola deposits. Two satellite areas, the Basin Zones and Osmo Zones have already been identified from earlier drilling, where a series of significant intercepts were returned. Continued drill success in these areas would extend the life of the Jokisivu Mine and improve efficiencies by providing additional mining fronts and greater flexibility for production.

Drilling is currently ongoing at Jokisivu, recent programs targeting the satellite Basin Zone north of the Kujankallio deposit to improve knowledge on the extent and geometry of identified mineralisation in this area and the Kujankallio deposit between the 340m and 430m levels to improve data density in this area, which will allow for mineralisation to be upgraded from the Inferred Mineral Resource category to the Indicated Mineral Resource category in preparation for mine planning.

Resource drilling of Jokisivu Inferred and depth extensions and subsequent mining studies will be ongoing over the remainder of the reserve mine life. This is aimed at extending the mine life a further three years (in the short term) and defining inferred

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resource at depth. For the purposes of the potential mine life, the Competent Person has assumed 2 years additional mine life. In addition, the Competent Person has assumed annual mining studies will be completed to support delineation and reporting of Ore Reserves.

Our Group plans to carry out exploration drilling on these potential gold deposits, and will plan to carry out mining operations after considering factors such as the exploration results on these potential gold deposits and the ore output of the mining operations at Jokisivu Mine and Orivesi Mine at the current depth.

As per the requirements of the JORC Code, the exploration activities required to test the full validity of the estimates include drilling occurring on an annual basis of approximately 2,500m to 5,000m per year. This drilling will continuously target the next 50m to 100m below the annual resource updates. The Competent Person notes this drilling will be ongoing over the mine life and is designed to support the continual delineation of Ore Reserves. Such drilling is budgeted as part of the mine operational costs on a year by year basis.

Kaapelinkulma Project

As confirmed by the Competent Person:

Exploration to date at Kaapelinkulma Project has focused on the near surface mineralisation in two locations which are amenable to open pit mining. Limited down dip drilling has been completed with mineralisation open at depth in several lodes. The Competent Person recommends a phased approach to exploration, with drilling targeting higher grade lodes which may be amenable to underground mining methods. In addition, efforts should also be directed to areas along strike of the sheared host rock for additional zones of near surface mineralisation that potentially could be amenable to open pit mining. The Competent Person considers this a long term opportunity which should be evaluated following the Jokisivu higher priority targets being reviewed.

Summary

Taking into account the above information related to the potential extension of the mine lives of the Operating Mines and Pre-Production Assets, our Group's mining operations are expected by our Directors to continue up to and past the point at which Fäboliden Project is able to obtain the Environmental Permit for full mining in the first half of 2020. We set out a table below extracted from the CPR reflecting the current and potential mine life of the Operating Mines and Pre-Production Assets in which we can see that the mine life of Kaapelinkulma Project and the conceptual mine life of Jokisivu Mine the period will cover up to the intended commencement date of full scale mining operations of Fäboliden Project, facilitating a sustained level of operations across our Group.

Table 9-3 Future Work Programme

Production Centre	Project	Production Status	2Q:2018	3Q:2018	4Q:2018	1Q:2019	2Q:2019	3Q:2019	4Q:2019	1H:2020	2H:2020	1H:2021	2H:2021	1H:2022	2H:2022	1H:2023	2H:2023	2024	2025		
Vammala	Onivesi	Current Mine Life	Yellow																		
		Resource Infill Drilling	Orange																		
		Resource and Mining Studies	Blue																		
		Potential Mine Life	Yellow																		
Vammala	Kaapelinkulma	Current Mine Life	Yellow																		
		Infill Drilling Mining Study	Yellow																		
		Current Mine Life	Yellow																		
		Resource Infill Drilling	Orange																		
Jokisivu	Jokisivu	Current Mine Life	Yellow																		
		Resource Infill Drilling	Orange																		
		Resource and Mining Studies	Blue																		
		Potential Mine Life	Yellow																		
Svealand	Fäboliden	Current Mine Life	Yellow																		
		Geotech and Met Testwork	Red																		
		Update PFS	Blue																		
		UG Drilling	Orange																		
		UG Resource and Mining Studies	Blue																		
		Infill UG Drilling	Blue																		
		Geotech and Met Testwork	Red																		
		Detailed Mine Plan	Blue																		
		UG Mine Commitment	Blue																		
				Conceptual pending drilling and studies																	

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The timing of commencement of the full mining operations is subject to change since our Group cannot control (i) the response time of the Land and Environmental Court; and (ii) other external factors, such as the potential for an appeal against either the full mining permit. Such inherent risks of mining permitting applications and Pre-Production Assets are elaborated in greater detail in the section headed “Risk factors” of this prospectus.

As detailed above, our Operating Mines have revolving mine lives and as such continuous exploration activities can extend the mine lives of the Operating Mines. As seen in the table above, both Kaapelinkulma Project and the conceptual stage of Jokisivu Mine will cover the period up to the planned commencement of full mining at Fäboliden Project.

Our Directors are of the view that our Group shall be able to continuously maintain a sufficient level of mining activities and has sufficient financial resources for such operations without utilising any proceeds from the Public Offer, even if the Fäboliden full-scale mining Project permitting process was unexpectedly delayed.

Regardless of the revolving mine lives of our Operating Mines, Fäboliden Project is expected to extend our Group’s mining operations at least up to 2025 on the basis that (i) test mining operations commence in the second quarter of 2019; and full mining operations commence in the first half of 2020, without taking into consideration additional exploration potentials identified by the Competent Person as mentioned in the paragraph headed “Project and stage of development of operations” in this section. As such, our Directors are of the view that bringing Fäboliden Project into commercial production is crucial to sustain our Group’s long term business operations.

TENEMENTS AND PERMITS

As at the Latest Practicable Date, our Group holds various tenements and permits required for the operations and exploration at our Operating Mines, Production Plants and Pre-Production Assets.

Finland

As advised by our legal adviser as to Finnish law, the tenements and Environmental Permits held by our Group under the Repealed Mining Act, the Finnish Mining Act and the Environmental Protection Act as at the Latest Practicable Date are as follows:

<u>Gold Project</u>	<u>Right holder</u>	<u>Area (ha)</u>	<u>Type of right</u>	<u>Date granted / updated / applied</u>	<u>Status</u>
Vammala Plant	DOY	15.3	Mining concession (extension)	3 September 2014	Valid until further notice
	Polar Mining Oy ⁽¹⁾	N/A	Environmental Permit	19 March 2008	Valid until further notice

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Gold Project	Right holder	Area (ha)	Type of right	Date granted / updated / applied	Status
	DOY	N/A	Environmental Permit	24 June 2014	Application process ongoing ⁽²⁾
Orivesi Mine	DOY	39.1	Mining concession	8 December 1994	Valid until further notice
	Polar Mining Oy	N/A	Environmental Permit	17 December 2008	Valid until further notice
	DOY	N/A	Environmental Permit	9 December 2015	Update application process ongoing ⁽⁸⁾
	DOY	N/A	Exploration permit ⁽⁴⁾	2 June 2017	Expires on 3 July 2020
	DOY	N/A	Exploration permit ⁽⁴⁾	17 April 2015	Update application process ongoing ⁽⁶⁾
	DOY	10.3	Claim right ⁽⁵⁾	3 Jan 2011	11 July 2019
Jokisivu Mine	DOY	48.6	Mining concession	16 November 2011	Valid until further notice
	DOY	21.3	Mining concession (extension)	18 August 2015	Valid until further notice
	DOY	N/A	Environmental Permit	13 June 2016	Valid until further notice ⁽⁷⁾
	DOY	N/A	Exploration permit ⁽⁴⁾	8 May 2014	Update application process ongoing ⁽⁶⁾
	DOY	N/A	Exploration permit ⁽⁴⁾	1 June 2018	1 July 2021
Kaapelinkulma Project .	DOY	65.1	Mining concession	26 May 2016	Valid until further notice
	DOY	N/A	Environmental permit	14 October 2015	Valid until further notice

Notes:

- (1) As disclosed in the section headed “History and corporate structure” of this prospectus, Polar Mining Oy is the auxiliary name of DOY.
- (2) The new permit decision No 124/2014/1 was remitted back to AVI to be reconsidered, which requested DOY to submit supplemental information in order to issue emission limits and other permit conditions. For further details, please refer to the paragraph headed “Litigation and regulatory matters” in the section headed “Business” of this prospectus.
- (3) The above table does not include those tenements and Environmental Permits held by our Group but transferred to third parties, which are described in further details in the paragraph headed “Other interests” in this section.

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- (4) Holder of exploration permit/claim right is entitled to explore the prospect within an exploration area but is not authorised to exploit the deposit, which would require a mining concession to do so. As confirmed by our legal adviser as to Finnish law, our Group has obtained all necessary tenements and permits for mining operations at our Finnish assets.
- (5) Claim rights will be updated to exploration permits upon renewal. For details, please refer to the section headed "Regulatory overview" of this prospectus.
- (6) The extension application of this claim right/exploration permit has been submitted as of the Latest Practicable Date and the application is pending.
- (7) The update on the waste management plan is being prepared. For details, please refer to the paragraph headed "Jokisivu Mine" below.
- (8) The decision of Vaasa Administrative Court is being appealed by our Group and the ELY Centre to the Supreme Administrative Court. For details, please refer to the paragraph headed "Legal proceedings in relation to our Finnish operations" in this section.

Vammala Plant

Our Group carries out concentration and gold production activities at Vammala Plant. There are no existing mining operations or activities in that area. Vammala Plant is currently operating under the mining concession and Environmental Permit granted and updated on 3 September 2014 and 19 March 2008 respectively. For more details of the ongoing application for Environmental Permit of Vammala Plant currently being processed by AVI, please refer to the paragraph headed "Litigation and regulatory matters" in this section.

Orivesi Mine

Orivesi Mine is currently operating under a mining concession and Environmental Permit granted on 8 December 1994 and 17 December 2008 respectively. For details of the revised Environmental Permit application, please refer to the paragraph headed "Litigation and regulatory matters" in this section.

As confirmed by our legal adviser as to Finnish law, it is not necessary for additional tenements or permits to be obtained for the commencement of mining operations in the up dip extension of Orivesi Mine.

Jokisivu Mine

Jokisivu Mine is currently operating under the mining concessions and Environmental Permits granted/updated on 16 November 2011, 18 August 2015 and 13 June 2016 respectively. The mining concession granted on 16 November 2011 concerns the area which currently comprises the main body of the Jokisivu Mine, whilst the mining concession granted on 18 August 2015 relates to the underground extension of Jokisivu Mine.

An update to the waste management plan is being prepared as at the Latest Practicable Date. Such update concerns the enlargement of waste rock dump area at Jokisivu Mine. As advised by our legal adviser as to Finnish law, a rejection on such update is rare as it is an ongoing negotiation between our Company and the ELY Centre. Moreover, the AVI, which is

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the permitting authority, did not require our Group to submit any update in this regard. In the unlikely event that such waste rock dump area enlargement is not approved, our Group can backfill the waste rock underground instead of dumping them on the surface. For illustrative purposes, if the enlargement of the waste rock dump area is not approved, the additional costs for backfilling the wasterock underground would amount to approximately EUR98,000 per year. Our Group also has the option to crush and sell the waste rock as permitted under the Environmental Permit, which can generate approximately EUR70,000 additional revenue per year if all waste rock is crushed and sold.

As confirmed by our legal adviser as to Finnish law, it is not necessary for additional Environmental Permits to be obtained for the commencement of mining operations in the underground extension of Jokisivu Mine.

Kaapelinkulma Project

Kaapelinkulma Project currently has a valid mining concession and Environmental Permit granted on 26 May 2016 and 14 October 2015 respectively. Taking into account the acceptance of the ELY Centre for Vammala Plant to process ore from Kaapelinkulma Project, as advised by our legal adviser as to Finnish law, our Group has obtained all materially required tenements and Environmental Permits to commence mining operations.

Sweden

As advised by our legal adviser as to Swedish law, the tenements held by our Group under the Mineral Act 1991 (including land designation) are as follows:

Gold Project	Name of license	Right holder	Area (ha)	Type of right	Date granted / updated / applied	Expiry date	Status
Fäboliden Project	Fäboliden K nr 1	DAB	122	Exploitation concession	3 June 2004	3 June 2029	Valid, option to extend
	Fäboliden nr 11	DAB	836	Exploration permit	4 August 2016	4 August 2019 ⁽¹⁾	Valid, option to extend
	Fäboliden nr 83	DAB	1007	Exploration Permit	20 March 2017	20 March 2020	Valid, option to extend
	Decision on land designation for Fäbolidengruvan	DAB	N/A	Land designation	22 December 2010	3 June 2029	Valid, land designation expires at the same time as the exploitation concession

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Gold Project	Name of license	Right holder	Area (ha)	Type of right	Date granted / updated / applied	Expiry date	Status
Svartliden Plant	Svartlidengruvan K nr 1	DAB	88	Exploitation concession	10 April 2002	10 April 2027	Valid, option to extend
	Ekorrliden nr 2 ⁽²⁾	DAB	455	Exploration permit	2 December 2016	2 December 2019	Valid, option to extend
	Decision on land designation for Svartlidengruvan	DAB	N/A	Land designation	18 November 2003	10 April 2027	Valid, land designation expires at the same time as the exploitation concession

Notes:

- (1) The area covered by these exploration permits does not overlap with the area which is intended to be utilised for either the test mining or the full mining operations of Fäboliden Project and no mineral resources have been identified within these permit areas. Mineral Resources and Ore Reserves in areas covered by these exploration permits are not included in the CPR, and do not form part of our Group's Mineral Resources and Ore Reserves. As such, if the permits were not to be renewed, they would not have an impact on the operations currently planned by our Group. Considering the fact that they would not impact our currently intended mining operations at Fäboliden Project, our Directors have not yet concluded whether they shall apply for a renewal of these permits. If they consider it worthwhile, an application for renewal may be made in early 2018 for Fäboliden nr 82 and August 2019 for Fäboliden nr 11.
- (2) Ekorrliden nr 2 exploration permit is related to the area around Svartliden Mine.

As advised by our legal adviser as to Swedish law, our Group, through our subsidiary DAB, holds exploitation concessions for gold mining operations at Svartliden Mine and Fäboliden Project. Our Group also, through our subsidiary DAB, holds exploration permits for Fäboliden Project (Fäboliden nr 11) and Svartliden Mine (Ekorrliden nr 2), which are valid until up to 2019 and another exploration permit for Fäboliden nr 83, which is valid until 20 March 2020.

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As advised by our legal adviser as to Swedish law, the Environmental Permits held by our Group under the Environmental Code are as follows:

Gold Project	Name of license	Right holder	Area (ha)	Type of right	Date granted / updated / applied	Expiry date	Status
Fäboliden Project . . .	Permit for test mining operations at Fäboliden Project	DAB	N/A	Environmental Permit	23 November 2017	30 September 2027	Valid
Svartliden Plant	M112-01 and M113-01	DAB	N/A	Environmental Permit	28 August 2003	N/A	Valid
	M1704-10 ⁽¹⁾	DAB	N/A	Environmental Permit	30 November 2012	N/A	Valid

Note:

(1) M1704-10 encompasses various environmental conditions which Svartliden Plant is currently operating under.

The initial Environmental Permits for mining activities (M113-01) and water operations (M112-01) (together with permit M113-01, the “**Initial Permits**”) at Svartliden Mine and Svartliden Plant were granted by the Land and Environmental Court on 28 August 2003 with no expiry date. The Initial Permits were granted for setting up and operating Svartliden Mine and Svartliden Plant, with the approval for extracting 300,000 tonnes of ore in the first four years of the Initial Permits gaining legal force and 500,000 tonnes of ore per year thereafter.

On 30 November 2012, DAB was granted the Environmental Permit (M1704-10) for carrying out mining activities and water operations at Svartliden Mine and Svartliden Plant (the “**Current Permit**”). The reason for applying for the Current Permit was to obtain more reasonable permit conditions for the existing mining operations, and to extend the scope of such conditions to include underground mining at Svartliden Mine. The Current Permit has no expiry date, however the permitted works connected to the water operations must be completed within 10 years of the permit gaining legal force. As advised by our legal adviser as to Swedish law, the Current Permit allows and dictates the conditions of, amongst other things, (i) the mining of 500,000 tonnes of ore per year; (ii) the depositing of tailings; (iii) setting up a ramp for the establishment of the underground mine; (iv) leading away ground water from the mine; (v) preventing unaffected water from entering the mining operation area and risking pollution; and (vi) noise, pollution and use of chemicals.

According to the Current Permit, DAB has to investigate and assess four investigational terms on an ongoing basis, including (i) possibilities of further depositing of tailings (U1); (ii) results of new emissions measures and methods to limit pollutants and emission of water (U2); (iii) methods for post-treatment and form of financial security (U3); and (iv) results undertaken

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by DAB to avoid affecting the Svartliden stream (U4), before certain “deferred permit conditions” (as explained below) can be set. Since the judgments for investigational terms were given by the Land and Environment Court, details of these judgements are referred to in the paragraph headed “Litigation and regulatory matters” in this section.

In addition to the aforesaid conditions and investigational terms pertaining to the Current Permit, the Land and Environmental Court deferred certain permit conditions. This means that the details of these deferred conditions will only be fixed upon completion of the investigational terms (U1-U4) referred to above. As advised by our legal adviser as to Swedish law, it is estimated that the investigational terms will be completed by 2020 upon which time, the following deferred permit conditions shall be fixed: (i) Possibilities of further depositing of tailings; (ii) Emissions to water from the mine; (iii) Post-treatment of the mine facility; (iv) Protection of the Svartliden stream by fulfilling certain terms regarding levels of pollutants etc.; and (v) Financial security for post-treatment of the mine facility.

Considering we have been granted the Current Permit by the Land and Environmental Court, details of which are described in the paragraphs immediately below, the conditions of the Initial Permits have ceased to be valid, except for the provisional terms concerning post-treatment at Svartliden Mine and Svartliden Plant contained within the Initial Permits. As described above, such provisional terms of the Initial Permits will cease to be valid once the investigational terms under the Current Permit have been completed and the associated deferred permit conditions are assigned for post-treatment at Svartliden Mine and Svartliden Plant.

Our legal adviser as to Swedish law is of the view that all Environmental Permits for the mining operations at Svartliden have been acquired in a timely manner. There still are final conditions for depositing of tailings, water treatment, post-treatment and financial security that need to be set after DAB has reported in accordance with the provisional terms.

On 23 November 2017, our Group has been granted the Environmental Permit for test mining operations at Fäboliden Project for the processing of a total of 100,000 tonnes of ore.

OTHER INTERESTS

Our Group used to own certain other mining interests and rights which did not form part of our core business, and also carried out mining activities at Svartliden Mine, during the Track Record Period.

Streamlining of operations during and after the Track Record Period

During and after the Track Record Period, our Group enhanced our focus on our core business and disposed of peripheral interests in certain mining assets. Set out below are certain interests disposed of by our Group during and after the Track Record Period.

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Weld Range project

The Weld Range project is a mining project in Australia which held tenements relating to chromium, iron, nickel, cobalt and other platinum group elements. Its operations were located in the Murchison district in the mid-west region of Western Australia. On 7 September 2015, our Group completed the sale of our approximately 39.95% interest in Weld Range Metals Limited, being the owner of the Weld Range project, to Ausinox plc, at a total consideration of approximately AUD1.0 million. Such disposal was carried out in order to allow our Group to focus on the Nordic region going forward.

Kuusamo Project

Kuusamo project is located in northern Finland, approximately 700 kilometres northeast of Helsinki. On 8 November 2016, our Group executed the 2016 Kuusamo SPA (as supplemented by the Deed of Amendment and Restatement) with Nero for the sale of our 100% interest in our previous Finnish subsidiary, Kuusamo Gold Oy, for a consideration of AUD400,000. Such disposal was made in order to further streamline our operation.

As confirmed by our legal adviser as to Finnish law, the assignment of the shares in Kuusamo Gold Oy to Nero was completed on 1 December 2016. Based on the documents available, there has not been any breach or violation of any material contracts governed by the laws of Finland in relation to the transfer of ownership of Kuusamo Gold Oy. The transfer of shares in Kuusamo Gold Oy also included certain of the tenements. Tukes approved the transfer of the tenements to Kuusamo Gold Oy on 11 November 2015. The decision was appealed and the Supreme Administrative Court (“**SAC**”) decided on 27 November 2017 that the appellants did not have the right to appeal. Tukes can now resume the register of tenements to Kuusamo Gold Oy. As confirmed by our legal adviser as to Finnish law, as at the Latest Practicable Date, such tenements have already been transferred to Kuusamo Gold Oy. All liabilities of possible legal procedures with regard to the tenements and permits associated with Kuusamo Project remain with Kuusamo Gold Oy, which our Group has disposed our attributable interests therein to Nero. Please refer to the section headed “History and corporate structure” of this prospectus for further details of the transaction.

The tenements transferred to Kuusamo Gold Oy by our Group are as follows:

<u>Mining district ID</u>	<u>Mining district name</u>	<u>Current acreage (ha)</u>	<u>Concession certificate</u>
3965/1a-2a	Juomasuo-Pohjasvaara	54	17 November 1995
4013/1a	Sivakkaharju	4	17 November 1995
4909	Meurastuksenaho	14	2 October 1997

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Exploration permit ID	Name	Holder	Municipality	Arrival date	Mining mineral
ML2011:0022	Ollinsuo	Latitude 66 Cobalt Oy	Kuusamo	20 September 2011	Au, Co
ML2014:0116	Konttimutka	Latitude 66 Cobalt Oy	Kuusamo	12 December 2014	Au, Co
ML2015:0010	Petäjävaara	Latitude 66 Cobalt Oy	Kuusamo	1 April 2015	Au, Co
ML2012:0056	Hangaslampi 14	Latitude 66 Cobalt Oy	Kuusamo	23 March 2012	Au, Co
ML2014:0115	Hangaslampi 7-12	Latitude 66 Cobalt Oy	Kuusamo	12 December 2014	Au, Co

Under the 2016 Kuusamo SPA, our Company acts as the guarantor for DOY's obligations. DOY shall receive in total consideration of AUD400,000 upon successful transfer of the remaining tenements held by our Group to Kuusamo Gold Oy. The shares in Kuusamo Gold Oy have been transferred according to Finnish law. As at the Latest Practicable Date, the initial payment of EUR25,800 (equivalent to approximately AUD38,184) has been settled.

As at the Latest Practicable Date, as confirmed by our legal adviser as to Finnish law, our Group does not have any obligations or rights to carry out any business operations at the Kuusamo Project as far as Finnish law is concerned. As confirmed by our legal adviser as to Finnish law, pursuant to the terms of the 2016 Kuusamo SPA executed on 8 November 2016, both parties shall perform their respective obligations, and as far as Finnish law is applied, neither of them is allowed to unilaterally terminate the transaction nor return any interest in the shares of Kuusamo Gold Oy to our Group.

The 2016 Kuusamo SPA is primarily governed by the laws of Western Australia, whilst the terms regarding the transfer of the sale shares in Kuusamo Gold Oy or the transfer of the beneficial ownership of the land and tenements as contemplated in the 2016 Kuusamo SPA, are governed by the laws of Finland. As confirmed by our legal adviser as to Australian law and subject to certain qualifications and considerations, it is not aware of any reason why the terms of the 2016 Kuusamo SPA would not be enforceable against each of the parties to the 2016 Kuusamo SPA, and there are no provisions in the 2016 Kuusamo SPA that would entitle any party to the 2016 Kuusamo SPA to unilaterally terminate the 2016 Kuusamo SPA. However, each party to the 2016 Kuusamo SPA will retain its general law rights to unilaterally terminate the 2016 Kuusamo SPA, such as upon the occurrence of fundamental breach or in the event of fraud.

Royalty interests in Aurion projects

On 31 October 2016, our Group transferred our 100% legal and beneficial interest in mining projects located in Lapland, northern Finland (the "**Aurion Projects**") to Aurion Resources Limited's Finnish subsidiary at a total consideration of approximately AUD0.64 million. According to the agreement entered into regarding such disposal, our Group retained a 3% net smelter royalty on any gold deposit mined by Aurion Resources Limited and its subsidiaries or any other associated third parties within the project area.

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Pursuant to the transfer of our 100% legal and beneficial interest in Aurion Projects, our Group has transferred all tenements associated with Aurion Projects to Aurion Resources Limited's Finnish subsidiary on 11 April 2017, and all transfers became final on 10 May 2017.

As advised by our legal adviser as to Finnish law, two transfer applications were submitted and Tukes accepted the applications subsequently. Both decisions were not appealed, and they gained legal force on 19 January 2017 and 10 May 2017 respectively. Pursuant to the terms of the Purchase Agreement dated 23 May 2014, both parties shall perform their respective obligations, and neither of them is allowed to unilaterally terminate the transaction nor return any interest in the tenements to our Group. As at the Latest Practicable Date, our Group does not have any obligations or rights to carry out any business operations at the Aurion Projects.

Hanhimaa Earn-In Agreement

Hanhimaa Earn-In Agreement relates to a prospective gold mining project that is located in Lapland, northern Finland. Our Group previously entered into the Hanhimaa Earn-In Agreement with Agnico Eagle on 15 February 2013 in relation to the prospective gold mining project, pursuant to which by carrying out exploration work, Agnico Eagle would earn interests in the project through a staged earn-in process.

DOY has entered into an agreement with Agnico Eagle on 22 March 2017 (the "**Hanhimaa Disposal Agreement**"), pursuant to which (i) DOY must transfer 100% ownership in the claims to Agnico Eagle upon signing of the formal agreement; (ii) Agnico shall take over all liabilities of the relevant property and to landowners; (iii) DOY will retain a 2% net smelter return royalty on future mineral production from the property; and (iv) a formal agreement should be completed as soon as possible after the signing of the Hanhimaa Disposal Agreement. As confirmed by our legal adviser as to Finnish law, the Hanhimaa Disposal Agreement is legally binding, and DOY has no liability to contribute any costs from the exploration or any other development of the property. The related tenements held by our Group has been transferred to Agnico Eagle. As advised by our legal adviser as to Finnish law, Tukes accepted the transfer application on 24 April 2017. The decision gained legal force on 25 May 2017 since there was no appeal. The Hanhimaa permits are now officially in the name of Agnico Eagle. This formally released our Group from all possible obligations arising out of the Hanhimaa Earn-In Agreement.

Kuhmo Project

Kuhmo Project is a multi mineral project located in Finland that consists of various projects and tenements. As our Group did not consider Kuhmo Project to be strategic and does not form part of our core business, we disposed of the Kuhmo Project and its associated tenements on 2 December 2004. Our Group had retained all gold-related rights in the Kuhmo Project, and a 5% free carried interest in the Kuhmo Project for all other non-gold related minerals.

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On 23 March 2017, our Group assigned our gold-related rights and 5% free carried interest for all other non-gold related minerals in the Kuhmo Project to an Independent Third Party, being the current holder of all other interest in the Kuhmo Project, at nil consideration. Our Group will no longer have a participating interest in the Kuhmo Project and is released from any further obligations and liabilities under the Kuhmo Project. Pursuant to the terms of the acknowledgement and acceptance of the assignment between DOY and the Independent Third Party relating to Kuhmo Project dated 27 March 2017, both parties shall perform their respective obligations, and neither of them is allowed to unilaterally terminate the assignment nor return any interests to our Group.

As at the Latest Practicable Date, our Group does not hold any tenements regarding the Kuhmo Project.

Previously operating mine

Svartliden Mine

Our Group acquired Svartliden Mine in 1999 as part of a merger with Viking Gold Corporation. Svartliden Mine produced over 377,000 ounces of gold up until mid 2015 when the ore from the Svartliden Mine stockpiles was exhausted.

As set out in the paragraph headed “Projects, Mineral Resources and Ore Reserves” in this section, the Svartliden Mine has total Mineral Resources of approximately 489,000 tonnes, with an average gold grade of approximately 3.7g/t. Our Directors have no current intention to recommence mining activities at Svartliden Mine absent a significant improvement in current gold prices with a reasonable expectation of such improvement being sustainable, all in accordance with normal business practice.

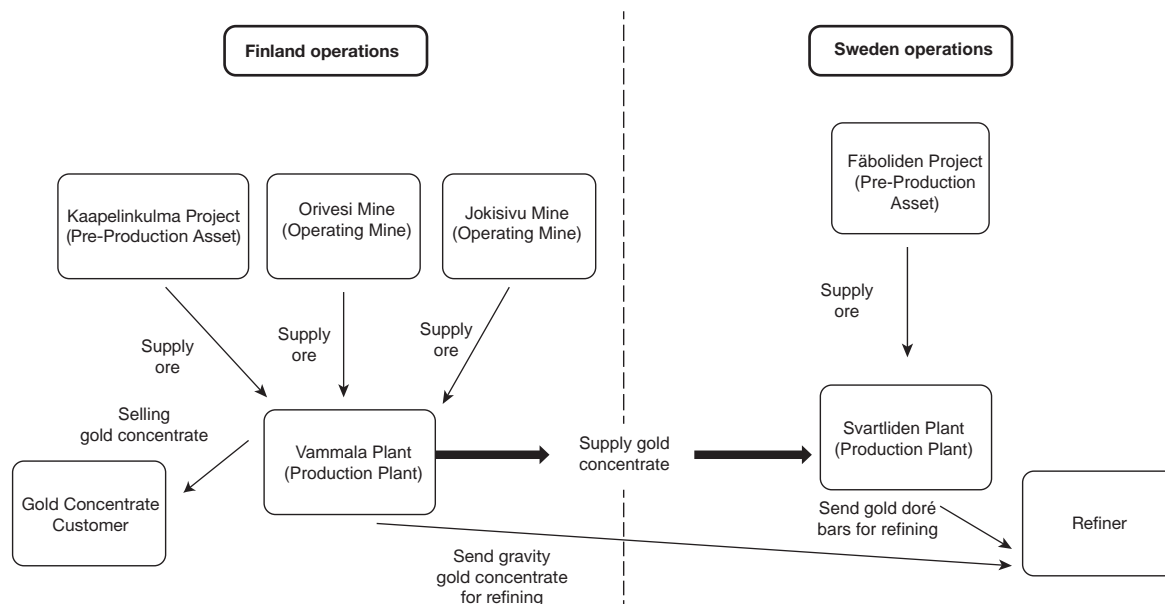
HEDGING

There has not been any hedging or use of other derivative instruments during the Track Record Period, since our Directors took the view during the Track Record Period that it was not necessary to implement any foreign exchange or gold price hedging, predominantly due to (i) our size of operations; and (ii) because our growth is not exposed to large borrowings to service, which would require hedging cover. Absent such need to provide hedging cover, our Directors consider the risk of upwards or downwards movements in gold prices inherently unpredictable and could move either way or remain stable. Our Directors consider on an ongoing basis whether it is in the interests of our Shareholders to conduct any hedging measures, taking into account, amongst other things, the gold price, the scale of our operations, foreign exchange rates, market conditions and global economy and political environment. Our Directors have no current intentions to carry out hedging, but if hedging was considered to be in the interests of our Shareholders, it is our Group’s policy that our Directors would be responsible for setting the limitations of such hedging transactions.

BUSINESS

OPERATIONAL PROCESSES

The following diagram sets out the operational flow of our Group:



Our operational processes can be divided into gold exploration, mining and processing.

Exploration

Our Group continuously seeks opportunities in the Nordic region for potential acquisitions of gold mining assets that are in reasonable proximity to our two Production Plants. Our Group has not identified any future acquisition targets as at the Latest Practicable Date.

Our Group also undertakes mine and near-mine exploration around our Gold Projects. We perform diamond core drilling in our Operating Mines in areas which may yield significant gold intercepts. Such mineralisation can potentially extend the mine life of our Operating Mines.

Mining

Our mining operations take place at Orivesi Mine and Jokisivu Mine, which are both underground mines. Overhand bench and fill method is currently being adopted at both Orivesi Mine and Jokisivu Mine.

Our underground mining process primarily consists of the steps as set out below. Unless stated otherwise, the activities below are carried out by our Group at Orivesi Mine and a third-party contractor at Jokisivu Mine.

BUSINESS

- *Development drilling*

Diamond drill holes are drilled at intervals with varying depths. Such drill holes allow us to better understand the mineralisation of the rocks around the area, therefore providing the vital information for us to optimise our mine planning, scheduling and layouts. It also allows us to detect any potential geological instability before we excavate the rock, thereby reducing the risks of undetected rock bursts and other unstable geological hazards.

- *Ore body and planning*

Using the information obtained through development drilling, we can pinpoint optimal locations to continue mining, and determine the ideal schedule and layout for the subsequent stoping.

- *Charging and blasting*

After identifying the optimal location to continue mining, we then drill charge holes into the rock walls, in preparation for the blasting. Blasting is handled by our specialist contractors, which are licensed to carry out operations relating to explosives.

- *Ore haulage*

The rock faces are cleaned with scrapers after the blasting. The rocks containing gold bearing ore fall down from the blasting area, which are then picked up by trucks and transported to the surface through the access road of the mine by third party contractors. The ore is subsequently transported to our Production Plants for further processing.

- *Bolting and meshing*

Fibercrete is applied to the rock walls to stabilise the walls, and to prevent loose rocks from falling. Bolting and meshing is to further enhance the integrity of the rock walls, and to strengthen the support that is required to prevent the mine from collapsing. The amount of support required depends greatly on the geology. For Orivesi Mine, more support is generally needed to stabilise the rock walls, while Jokisivu Mine generally requires less support since the rock type around Jokisivu Mine is comparatively more competent. Cablebolting crosscuts would sometimes be required to further reinforce the rock walls depending on their stability.

Our Group also plans to commence open pit mining at Kaapelinkulma Project and Fäboliden Project. Conventional truck and shovel open pit methods are expected to be utilised at Kaapelinkulma Project and Fäboliden Project. The open pit mining operations for Kaapelinkulma Project and Fäboliden Project will be carried out by third party contractors, which should substantially reduce our capital requirements. The same mode of mining operations were adopted when Jokisivu Mine open pit mining operations were ongoing.

BUSINESS

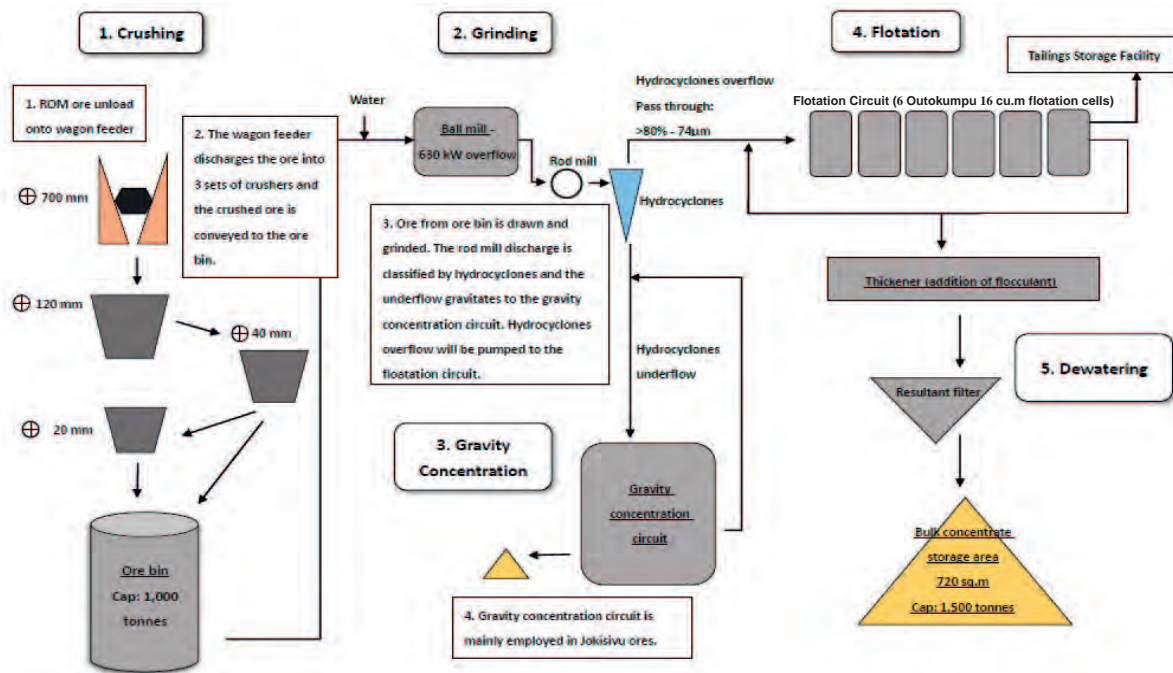
Our Group prefers open cut operations over underground mining for Kaapelinkulma Project and Fäboliden Project due to (i) mineralisation in Kaapelinkulma Project and Fäboliden Project occurring near the surface; (ii) our Group being experienced in open pit operations in Nordic region; and (iii) the initial capital expenditure and operational costs of open pit mining being generally lower than for underground mining.

Processing

As mentioned above, Vammala Plant uses a flotation method, whilst Svartliden Plant uses a CIL method to process the gold. Ore processing operations in both of our Production Plants are carried out by our own staff. The process stages of each method are set out below:

Vammala Plant

The gold production process at Vammala Plant can be divided into six steps, namely crushing, grinding, gravity circuit, flotation circuit, concentrate dewatering and tailings pumping. The following chart sets forth the major gold production steps at Vammala Plant:



Crushing circuit

Ore from the mines is transported to the crushing plant. Ore is unloaded into the jaw crusher and other secondary crushers, which crush the ore from the diameter of over 700mm to less than 20mm. The crushed ore is sent to the ore bin waiting for further refining through the grinding circuit.

Grinding circuit

Ore is drawn from the ore bin and fed to an overflow rod mill and the ball mill which grinds the ore into finer particles with the aid of water. The discharge from the overflow rod mill and the ball mill is then fed to hydrocyclones, which separate the slurry, a mixture of fine ore and water, into overflow and underflow according to their weight. Heavier slurry containing larger fine ore falls into the gravity circuit through the underflow of the hydrocyclones and the lighter slurry containing finer ore particles flows to the floatation circuit through the overflow of the hydrocyclones.

Gravity circuit

The underflow from the hydrocyclones is to be fed to the gravity circuit, which consists of a Reichert cone, spirals and a shaking table. The gravity circuit takes advantage of the physical property of gold particle being heavier than other particles, and uses physical methods to separate heavier particles from the lighter ones in the slurry by spinning and shaking. This method is particularly useful for certain ore which contains coarse gold particles which sink in the hydrocyclones and are extracted through the gravity circuit. Ore with a finer gold particle, such as ore from Orivesi Mine, is not suitable for the gravity circuit. The finer gold particle from Orivesi Mine will float to the overflow in the hydrocyclones and be processed in the floatation circuit.

Flotation circuit

The overflow from the hydrocyclones is conditioned with reagents prior to processing through the flotation circuit. The conditioned slurry is stirred with impellers, which allow bubbles to form when air flow is inserted. The gold particles float to the top of the flotation units along with the bubbles, forming a layer of froth which allows the bubbles, along with the gold particles to be collected from the top.

Concentrate dewatering

The froth collected from the top of the flotation units is then pumped into a thickener, where flocculants would be added. The underflow from the thickener is then pumped into an automatic pressure filter, which would dry the froth substantially. The concentrate is then transported to a concentrate storage area which has the capacity to hold up to 1,500 tonnes of concentrate.

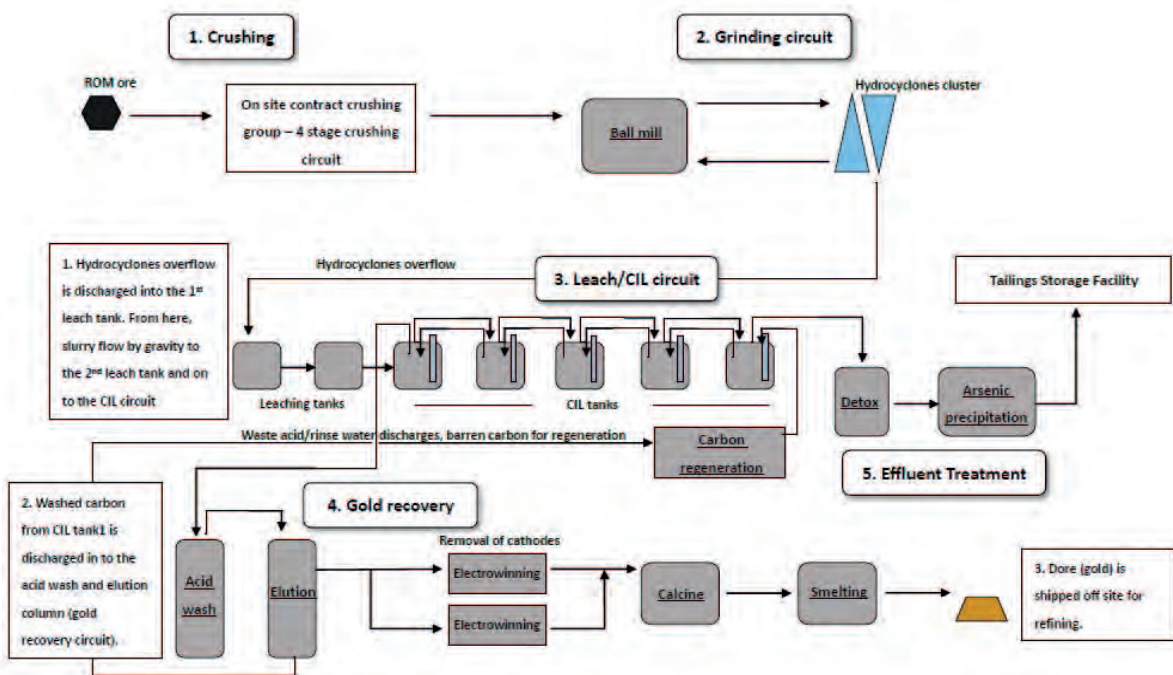
Tailings storage facility

The tailings from the flotation circuit, being the mixture of liquid after the froth on the top is collected, is then pumped to a tailings storage facility.

BUSINESS

Svartliden Plant

The gold production process at Svartliden Plant can be divided into nine steps, namely crushing, grinding, leaching, absorption, acid wash and elution, electrowinning and calcine, smelting, detox and arsenic precipitation, and tailing dumping. The following chart sets forth the major gold production steps at Svartliden Plant:



Crushing circuit

Svartliden Plant has a quadruple crusher with an inlet of 700mm which is capable of crushing raw ore down to a size smaller than 8mm. The crusher is currently not being used as Svartliden Plant is only being fed gold concentrate from Vammala Plant at the moment. When Fäboliden Project commences and mining begins, the raw ore from Fäboliden Project will be crushed at Svartliden Plant. The maximum capacity of crushers is approximately 130 to 150 tonnes per hour.

Grinding circuit

A grinding circuit is also in place to grind the ore into finer particles. The grinding circuit consists of a fixed speed ball mill, which can be operated in a closed circuit with hydrocyclones. The hydrocyclones can pump in lime slurry to ensure the correct pH is achieved prior to the leaching circuit. The feed rate of ore into the ball mill is controlled and monitored by the plant operators. The rate of discharge of the mill can also be controlled through the same system. The grinding circuit is currently not in use as Svartliden Plant is currently only processing concentrate from Vammala Plant. It will be utilised when the mining in Fäboliden Project commences and Svartliden Plant starts processing that ore.

Leaching

A process called cyanidation happens in the leaching units. Gold contained in the slurry in solid form, albeit in very fine particles, is pumped into the leaching tanks, where sodium cyanide is added. The sodium cyanide dissolves the fine gold particles into liquid, mixed with the slurry, which is essential for the absorption stages later in the production process. Concentrate from Vammala Plant is currently being fed directly into the leaching units in Svartliden Plant. There are currently seven leaching tanks in operation, and the slurry stays in the leaching tanks for approximately 16 hours before being transferred to the absorption tanks.

Absorption

The slurry mixed with sodium cyanide is transferred to the absorption tanks where activated carbon is being fed in the opposite direction to the flow of slurry through the absorption tanks. The activated carbon traps the dissolved gold through chemical reaction. The activated carbon, loaded with dissolved gold is pumped out from the absorption tank into the acid wash and elusion columns for the gold to be extracted.

Acid wash and elusion

The loaded activated carbon is then recovered by a pump that screens off the carbon. The loaded activated carbon is transferred to the acid wash column where hydrogen chloride is pumped into the column to remove any contaminants. The acid washed carbon is then transferred to the elusion column where a cyanide solution is used to remove the gold.

Electrowinning and calcine

The solution containing gold and a certain amount of silver flows through charged mild steel wool cathodes in the electrowinning cells, which picks up the gold and silver in the solution. The cathodes loaded with gold and silver are calcined to reduce the steel wool, leaving the gold and silver available for smelting.

Smelting

The calcined cathodes are mixed with fluxes prior to smelting in an electric furnace. The liquid gold is then poured into casts. The heaviest metal (gold) stays in the first cast, whilst the rest of the lighter metals and impurities overflow to the second and third casts. The doré bars produced at Svartliden Plant have a typical gold purity of approximately 80%. The gold doré bars are transported to the Refiner for further refining. Please refer to the paragraph headed "Third party refining" in this section for further details.

Detox and arsenic precipitation

The used activated carbon is regenerated at the carbon regeneration unit, which transports the reactivated carbon back into the absorption units. The discharge from the

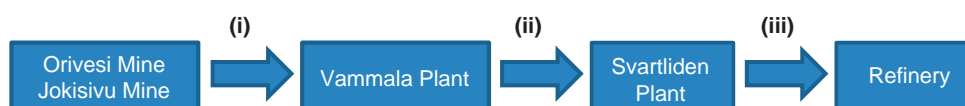
BUSINESS

absorption unit is detoxified in the detoxification unit, where hydrogen peroxide and copper sulphate are added to destroy cyanide in the slurry. The detoxified discharge also goes through the arsenic precipitation tank, where ferric sulphate is used to precipitate arsenic as stable ferric arsenates. Discharge from the detoxification and arsenic precipitation tanks is then pumped into the tailings storage facility.

Tailing dumping

The detoxified discharge is pumped into the tailings storage facility through a two-stage pumping circuit.

Transportation



Our transportation consists of three stages: (i) raw ore is transported by trucks from Orivesi Mine and Jokisivu Mine to Vammala Plant, for which a third party contractor is responsible; (ii) gold concentrate is transported from Vammala Plant to Svartliden Plant by trucks and ferries, for which a third party contractor is responsible; and (iii) the doré bars are picked up and transported by the Refiner to their refinery, for which the Refiner is responsible. The ore, gold concentrate and doré bars are transported by road and by ferry as required. Our Operating Mines and Production Plants are served by roads.

Third party contractors are responsible for transporting the ore from Orivesi Mine and Jokisivu Mine to Vammala Plant respectively. The ore is transported by truck to Vammala Plant. Given the close proximity of our Operating Mines to Vammala Plant, the reliable infrastructure and network of roads connecting them, and relatively inexpensive nature of truck delivery, our Group believes this is the most cost efficient way to transport our ore to Vammala Plant.

Gold concentrate is transported from Vammala Plant to Svartliden Plant by truck and ferry. Another third party contractor is responsible for the transportation. Gold concentrate is transported to Svartliden Plant through the well-established and connected infrastructures of roads and ferry lines. The cost of transporting the gold concentrate to Svartliden Plant is approximately AUD94.9/tonne.

Contractors responsible for transportation of ore and concentrate will generally be insured, with insurance policies taken out by a third party service provider.

Our Group considers that such logistics suppliers can be replaced with other logistics suppliers offering similar services with similar terms and fees. Our Directors have confirmed that our Group had not experienced any material shortage of transportation capacity during the Track Record Period.

BUSINESS

Third party refining

We notify the Refiner when the gold doré bars are ready to be picked up from Svartliden Plant by the Refiner. The Refiner arranges for pick up from Svartliden Plant and delivers to its refinery located in Switzerland. Our third party contractor transports the gravity gold concentrate from Vammala Plant to the Refiner.

The Refiner is one of the largest precious metals refineries in the world. We have over seven years of business relationship with the Refiner.

At the point that the Refiner, or its transport agent, picks up the doré bars at Svartliden Plant, or receives the gravity gold concentrate at its refinery, all the risks related to the gold doré bars and the gravity gold concentrate are transferred to the Refiner. The Refiner bears the cost of transportation and insurance of the gold doré bars following their receipt by the transport agent. Our gold doré bars are transferred from Svartliden Plant to the Refiner approximately once every two weeks, and our gravity gold concentrate is transferred from Vammala Plant to the Refiner approximately once every three months.

The Refiner weighs the gold doré bars and the gravity gold concentrate once they have received them at their refinery. Provisionally 98% of the indicated gold content of each shipment is credited to Financial Institution B's gold bullion account held with JP Morgan. This usually occurs approximately three days after pick up from our Production Plants. Fees payable to the Refiner, including their refining fee, are separately invoiced to us and settled within 30 days. The Refiner charges our Group for handling, homogenisation, sampling, assaying, refining of the gold and silver contained in the gold doré bars and gravity gold concentrate, and transporting of the gold doré bars and gravity gold concentrate, if borne by the Refiner, based on the weight of the gold doré bars and gravity gold concentrate. The remaining 2% payable to our Group is paid by crediting gold into Financial Institution B's gold bullion account after more thorough assay results are available to the Refiner. This usually takes place approximately five to seven days after pick up from our Production Plants. Our Group also takes samples of our gold doré bars prior to transfer and if there are any material discrepancies between the results of our Group and those of the Refiner, we may request another certified assay laboratory to take assays to perform their own analysis. The Refiner notifies us when they have deposited the gold bullion credits into Financial Institution B's gold bullion account.

Additional charges will be incurred or the delivery rejected, if certain deleterious elements are identified in excessive quantities by the Refiner. As confirmed by our Directors, this had not happened during the Track Record Period. The Refiner is an Independent Third Party and our Directors confirm there has been no dispute or disagreement with the Refiner during the Track Record Period.

BUSINESS

SALES AND CUSTOMERS

Sales

During the Track Record Period, our Group has sold gold bullion through large financial institutions on to the London Bullion Market and some gold concentrate to our Gold Concentrate Customer, as set out below.

Name	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	AUD million	%	AUD million	%	AUD million	%	AUD million	%	AUD million	%
Financial Institution A	16.3	21.2	—	—	—	—	—	—	—	—
Financial Institution B	28.7	37.4	46.3	84.1	36.0	87.2	11.5	89.1	11.2	94.9
Gold Concentrate Customer	31.8	41.4	8.7	15.9	5.3	12.8	1.4	10.9	0.6	5.1
	<u>76.8</u>	<u>100.0</u>	<u>55.0</u>	<u>100.0</u>	<u>41.3</u>	<u>100.0</u>	<u>12.9</u>	<u>100.0</u>	<u>11.8</u>	<u>100.0</u>

Set out below is the background information of our current customers as at the Latest Practicable Date:

Financial Institution B

Financial Institution B is one of the largest financial institutions in Australia headquartered in Melbourne, Australia with over 35,000 staff across the world in more than 800 locations. The majority of its financial service businesses operate in Australia and New Zealand with other businesses located in Asia, UK and the US. Its banking services include personal banking and business banking, and offers a range of banking products and services to retail and business customers. It also provides wealth management services.

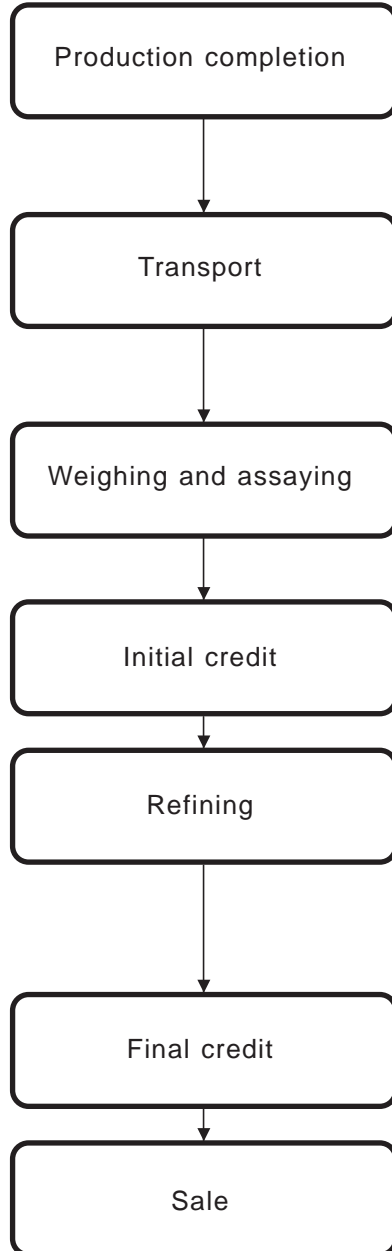
Gold Concentrate Customer

It is part of a Swedish metal producer group that is listed on the Stockholm Stock Exchange. Our group is principally engaged in the supply of metal and precious metal products including zinc and lead ingots, copper cathodes, gold bars and silver granules. It has its own mines and smelters, and employs over 5,000 staff across Sweden, Finland, Norway and Ireland. For the year ended 31 December 2017, it recorded a revenue of approximately SEK49.5 billion (equivalent to approximately HK\$43.1 billion).

BUSINESS

Sales of gold bullion

Stage



Description

Gold doré bars are produced at Svartliden Plant. Gravity gold concentrate is produced at Vammala Plant. Preliminary weighing and assaying of the gold doré bars and gravity gold concentrate are carried out by our Group.

Gold doré bars are picked up at Svartliden Plant by the Refiner, and transported to the Refiner's refinery in Switzerland. Gravity gold concentrate produced by Vammala Plant is transported to the Refiner's refinery by a third party contractor of our Group.

Weighing and assaying of the gold doré bars and gravity gold concentrate is carried out by the Refiner to determine the gold content of the gold doré bars and the gravity gold concentrate.

The Refiner credits Financial Institution B's gold bullion account held with JP Morgan for 98% of the indicated gold content of each shipment.

The Refiner carries on refining of the gold doré bars and gravity gold concentrate and to carry out more thorough assaying. The remaining exact gold content in the gold doré bars and gravity gold concentrate is determined after the agreement on the assay results undertaken by our Group and the Refiner separately.

The Refiner credits the Financial Institution B's gold bullion account held with JP Morgan on the remaining gold content of each shipment.

Once gold bullion credit is deposited into Financial Institution B's gold bullion account, Financial Institution B immediately notifies our Group, and obtain our confirmation to proceed with the sale in either US\$ or AUD.

After the gold bullion is deposited into Financial Institution B's gold bullion account, Financial Institution B immediately notifies our Group by way of email. It is our Group's policy to process the sale immediately and not to take any speculative position on the gold spot price's movements. After Financial Institution B quotes a gold spot price, we will compare with the prevailing market rate and, if generally in line, our chief financial officer will request

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Financial Institution B to handle the sale immediately. As far as our Directors are aware, the gold spot price quoted by Financial Institution B already includes a margin of, depending on market conditions, approximately AUD0.2/oz. There is no additional service charge for the services they provide. For larger volumes of gold bullion, we will request the consideration in US\$, but for relatively smaller volumes, we may accept AUD settlement since our Group incurs some nominal AUD expenses on an ongoing basis such as for office rental and salaries. Settlement is immediate upon Financial Institution B's receipt of our instructions.

Since Financial Institution B handles the sale of the gold bullion, we have no information on who ultimately purchases our gold bullion. We are not aware of the identity of our customers.

For the year ended 31 December 2014 up until mid-2015, we used a different Financial Institution A to carry out the sale of our gold bullion. We began our relationship with Financial Institution B and ceased to use Financial Institution A during the year ended 31 December 2015 as our Directors were of the view that Financial Institution B's rates and service levels were more competitive. As confirmed by our Directors, we did not suffer any material or adverse impact to our operations nor incur material costs in changing from Financial Institution A to Financial Institution B. The revenue attributable to the sale of gold through Financial Institution A for the year ended 31 December 2015 amounted to approximately AUD16.3 million.

Our Group has obtained various quotes from other financial institutions for those services being provided by Financial Institution B at generally comparable terms, and our Directors are of the view that there are a significant number of other financial institutions which can provide such services. Our Directors are of the view that, given competitive rates are obtained, it is common practice in the mining industry for companies to only sell their gold bullion through one financial institution.

For the sale of gold bullion credits, our Group recognises revenue and trade receivables at the point when the sale of gold bullion credits from the gold bullion credits account is confirmed to our Group by the relevant financial institution through whom we sell, which is when the risks and rewards of the gold bullion credits are passed. There are no trade receivables since such transaction is settled by cash, which is received immediately upon such confirmation being received.

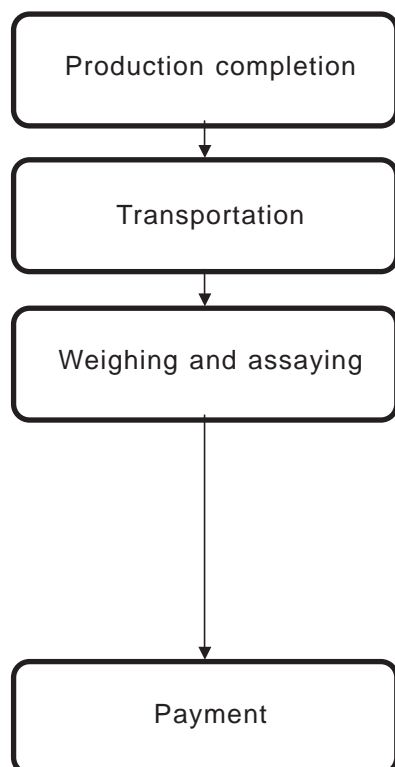
For the years ended 31 December 2015 and 2016, the revenue attributable to the gold sale on the spot market through Financial Institution B was approximately AUD28.7 million and AUD46.3 million respectively. For the year ended 31 December 2017, the revenue attributable to the gold sales on the spot market through Financial Institution B was approximately AUD36.0 million. For the four months ended 30 April 2017 and 2018, revenue attributable to the gold sales on the spot market through Financial Institution B was approximately AUD12.1 million and AUD11.2 million, respectively. Our revenue attributable to the sales of gold bullion remained relatively stable throughout the Track Record Period. The percentage of the revenue attributable to the sale of gold bullion increased due to the decrease in sales of gold concentrate.

BUSINESS

Due to the nature of the sale of gold bullion on London Bullion Market through Financial Institution B, there does not exist a product return policy or warranty for product.

Sale of gold concentrate

Stage



Description

Gold concentrate is produced at Vammala Plant.

Gold concentrate is transported to the Gold Concentrate Customer by a third party contractor arranged by our Group.

Our Group carries out preliminary weighing and assaying to determine the gold content of the gold concentrate and the content of other metals and impurities. The Gold Concentrate Customer initially pays for 95% of the indicated gold content of each shipment based on our Group's assaying results, determined by the sum of payments for the payable metals contained in the gold concentrate less the applicable treatment charges and penalties.

The Gold Concentrate Customer pays our Group the remaining gold content of each shipment five business days after the agreement on the assaying results undertaken by our Group and the Gold Concentrate Customer separately.

For the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018, revenue attributable to our Gold Concentrate Customer amounted to approximately AUD31.8 million, AUD8.7 million, AUD5.3 million, AUD0.8 million and AUD0.6 million, respectively, equivalent to approximately 41.4%, 15.9%, 12.8%, 6.2% and 5.1% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018 respectively. The Gold Concentrate Customer is our only customer whom we know the identity of since our gold bullion is sold on to the London Bullion Market through the financial institutions referred to above. The decrease in revenue from this source during the Track Record Period was due to the fact that commencing from June 2015, the majority of the gold concentrate produced by Vammala Plant was transported to Svartliden Plant for further processing. As described above in the paragraph headed "Vammala Plant" in this section, our Group aims to supply as much gold concentrate to Svartliden Plant for processing as possible to maintain its operations until Fäboliden Project commences, and generally only sell the remaining gold concentrate that Svartliden Plant cannot process to the Gold Concentrate Customer. It is noted that the profit of selling gold concentrate with a gold

BUSINESS

grade higher than 150g/t is approximately the same as transporting it to Svartliden Plant for further process and selling it subsequently. Therefore when Svartliden Plant is processing gold concentrate originated from Jokisivu Mine and cannot process gold concentrate originated from Orivesi Mine (which takes a processing time three times longer than processing gold concentrate from Jokisivu Mine), our Group sells some of the gold concentrate from Orivesi Mine (which generally has a gold grade higher than 150g/t gold) to the Gold Concentrate Customer. The decrease in revenue attributable to the sale of gold concentrate to the Gold Concentrate Customer during the Track Record Period was due to a combined effect of (i) the enhanced capability of Svartliden Plant in processing gold concentrate from Vammala Plant due to its experience and technical expertise in processing such gold concentrate garnered throughout the Track Record Period; and (ii) the decrease in higher gold grade concentrate from Orivesi Mine as it is near the end of its mine life.

Our Group transports the gold concentrate to our Gold Concentrate Customer at the end of the month. The price of the gold concentrate is determined by the sum of payments for the payable metals contained in the gold concentrate (i.e. 98% of the monthly average of the daily official London Bullion Market Association morning quotations for gold) less the applicable treatment charges and penalties with a credit term of 45 days in general.

For the sale of gold concentrate, our Group recognises revenue and trade receivables at the point when our transport contractor notifies us the gold concentrate is delivered to the refinery of the Gold Concentrate Customer.

Due to the nature of the sale of gold concentrate to the Gold Concentrate Customer, whereby only metal content is paid by the Gold Concentrate Customer less the penalties and treatment charges, there does not exist a product return policy or warranty for product.

As confirmed by our Directors, both Financial Institution B and the Gold Concentrate Customer are Independent Third Parties, and there have been no material disputes or disagreements with them during the Track Record Period. As at the Latest Practicable Date, none of our Directors, the respective associates and any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date, had any interest in the Financial Institution A, Financial Institution B or the Gold Concentrate Customer.

BUSINESS

THIRD PARTY CONTRACTORS

Overview

Our Group outsources part of our mining operations, including transportation of ore and concentrate, site formation at the mines, and other infrastructure construction and fittings in the mines such as electricity and ventilation, to third party contractors, which our Directors confirm is in line with industry practice. Our Group believes that by engaging third party contractors, we can lower our operational costs and reduce our capital requirements for equipment and machinery. Our Group considers the market for such third party contractors to be competitive, and such third party contractors can be replaced with other third party contractors in the market offering similar services at similar terms and fees.

The table below sets out the types of material contractors who we engaged during the Track Record Period:

Service provided	Number of contractors	Fees paid AUD million	Independent
On site operations and construction services	3	6.7	Independent Third Parties
Concentrate and ore transportation services	4	50.9	Independent Third Parties
Labour providers and personnel hire services	5	3.3	Independent Third Parties
Environmental and process consultants	5	2.0	Independent Third Parties
Chemical, water analysis and laboratories services	4	3.2	Independent Third Parties
Drilling services	2	5.0	Independent Third Parties
Tailings dam construction	2	1.5	Independent Third Parties

In general, the work of our third party contractors are being monitored by our staff on site. We hold weekly meetings with the third party contractors regarding the work required in the upcoming week, and the mining schedule. We also maintain daily communication with our third party contractors in relation to the actual work progress and details of their operations. As confirmed by our Directors, all of our contractors have appropriate licences and permits for the work they carry out.

BUSINESS

The table below sets out the third party contractors that our Group has engaged during the Track Record Period:

Top contractor's terms and fees

For the year ended 31 December 2015

Rank	Contractor	Contracted amount	% of cost of sales	Services	Years of business relationship
		AUD million			
1	Contractor A	7.5	11.4%	Excavation in Jokisivu Mine and ore transport from Jokisivu Mine to Vammala Plant	8
2	Contractor B	3.9	6.0%	Ore haulage at Orivesi Mine	11
3	Contractor C	2.4	3.6%	Drilling services	7
4	Contractor D	1.9	2.9%	Earthworks and road maintenance at Svartliden Plant	14
5	Contractor E	1.4	2.2%	Ore transport from Orivesi Mine to Vammala Plant	11

For the year ended 31 December 2016

Rank	Contractor	Contracted amount	% of cost of sales	Services	Years of business relationship
		AUD million			
1	Contractor A	10.5	21.0%	Excavation in Jokisivu Mine and ore transport from Jokisivu Mine to Vammala Plant	8
2	Contractor B	4.0	7.9%	Ore haulage at Orivesi Mine	11
3	Contractor F	1.0	2.0%	Shorcreting	14
4	Contractor E	1.0	1.9%	Ore transport from Orivesi Mine	11
5	Contractor G	0.8	1.6%	Labour provider at Orivesi Mine	10

BUSINESS

For the year ended 31 December 2017

Rank	Contractor	Contracted amount	% of cost of sales	Services	Years of business relationship
		AUD million			
1	Contractor A	11.2	31.3%	Excavation in Jokisivu Mine and ore transport from Jokisivu Mine to Vammala Plant	8
2	Contractor B	2.9	8.1%	Ore haulage at Orivesi Mine	11
3	Contractor C	1.2	3.4%	Drilling services	7
4	Contractor E	0.9	2.5%	Ore transport from Orivesi Mine to Vammala Plant	11
5	Contractor H	0.6	1.7%	Chemical analysis	10

For the four months ended 30 April 2018

Rank	Contractor	Contracted amount	% of cost of sales	Services	Years of business relationship
		AUD million			
1	Contractor A	5.2	36.9%	Excavation in Jokisivu Mine and ore transport from Jokisivu Mine to Vammala Plant	8
2	Contractor B	0.9	6.4%	Ore haulage at Orivesi Mine	11
3	Contractor E	0.2	1.7%	Ore transport from Orivesi Mine to Vammala Plant	11
4	Contractor C	0.2	1.5%	Drilling services	7
5	Contractor H	0.2	1.3%	Chemical analysis	10

Svartliden Mine mining and other services contractor

Contractor D, who was one of our Group's top contractors during the year ended 31 December 2015, carried out mining operations at Svartliden Mine and further ore crushing services, earthworks and road maintenance. Following closure of the Svartliden Mine, services provided by contractor D have decreased significantly.

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Jokisivu Mine mining operations contractor

Our Group's top contractor during the Track Record Period, contractor A, carries out our mining and excavation work at Jokisivu Mine and also the ore transportation from Jokisivu Mine to Vammala Plant.

For further details of the logistics of the transportation of ore from Jokisivu Mine to Vammala Plant, please refer to the paragraph headed "Transportation" in this section. The contracted amount for contractor A increased steadily from approximately AUD7.5 million for the year ended 31 December 2015 to approximately AUD11.2 million for the year ended 31 December 2017. The contracted amount for contractor A for the four months ended 30 April 2018 was approximately AUD5.3 million. This is in line with the steady increase in ore output from Jokisivu Mine throughout the Track Record Period.

Selection of third party contractors

Our Group selects our third party contractors through a tendering process, whereby we compare the third party contractors' price, terms, past track record and past working experience with our Group. A number of our third party contractors have established long standing relationships with our Group, which allows our contractors to be familiar with our mining operations, thereby increasing their efficiency.

Liability of the third party contractor

Pursuant to agreements we enter into with our third party contractors, they are responsible for all the wages, insurance and other obligations to their employees and workers. Save for consequences resulting from negligence of our Group, our Directors confirm that as a general rule our Group is not liable for accidents suffered by employees of third party contractors on site. The third party contractors are also required to comply with all relevant rules and regulations in relation to workplace safety and health requirements. We require that all our third party contractors possess the requisite qualifications for undertaking their respective works. We also routinely oversight their work and conduct periodic inspections to ensure that their works are undertaken in accordance with our quality standards. For further details of the internal controls we have in place in relation to the third party contractors, please refer to the paragraph headed "Quality control" in this section. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material delay or adverse impact on our operations as a result of improper performance of or dispute with our third party contractors save for those set out below.

Disagreements with third party contractors

On 9 March 2016, PEIC Oy, one of our Group's electrical contractors for our Group at the time in Finland, ceased to provide electrical contracting services to DOY. Claims amounting to EUR110,855.25 were made by PEIC Oy on 6 January 2017. On 7 April 2017, PEIC Oy

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increased its claims to EUR263,632.15, including the original claim amount as well as other material costs, travelling expenses and equipment rents from earlier years. Our Group has subsequently replaced PEIC Oy with another contractor with which we had long standing business relationship of seven years.

On 20 December 2017, our Group was informed by the Pirkanmaan District Court that PEIC Oy has submitted an application to the Pirkanmaan District Court summoning a claim from DOY, amounting to approximately EUR267,000 with interests plus legal costs. As advised by our legal adviser as to Finnish law, the case will be processed by the District Court and it will provide its final judgement. The preparatory court session will be held on 25 October 2018 and the main hearing will be held on 4 and 5 December 2018. As confirmed by our Directors, the claim amount will not constitute a material impact on our Group's financial position or operating results.

Regardless of the aforesaid application, our Group has objected all historical demands from PEIC Oy, albeit the provision we had made, and our Directors are still of the view that PEIC Oy does not have a valid basis for its claim.

As at the Latest Practicable Date, to the best of our Directors' knowledge, none of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date have any interest in any of our top five third party contractors during the Track Record Period.

SUPPLY OF RAW MATERIALS, AUXILIARY MATERIALS, AND MACHINERY AND EQUIPMENT

Set out below is a breakdown of transactions with our top suppliers during the Track Record Period:

For the year ended 31 December 2015

Rank	Supplier	Purchase amount	% of cost of sales	Product	Years of business relationship
		AUD'000			
1	Supplier F	11,672	17.8%	Gold concentrate	3
2	Supplier G	3,769	5.7%	Gold concentrate	3
3	Supplier A	1,230	1.9%	Explosives	14
4	Supplier E	862	1.3%	Underground equipment	11
5	Supplier B	762	1.2%	Hydrogen Peroxide	17

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For the year ended 31 December 2016

Rank	Supplier	Purchase amount	% of cost of sales	Product	Years of business relationship
AUD'000					
1	Supplier F	5,436	10.7%	Gold concentrate	3
2	Supplier A	1,575	3.1%	Explosives	14
3	Supplier G	1,232	2.4%	Gold concentrate	3
4	Supplier E	903	1.8%	Underground equipment	11
5	Supplier B	752	1.5%	Hydrogen Peroxide	17

For the year ended 31 December 2017

Rank	Supplier	Purchase amount	% of cost of sales	Product	Years of business relationship
AUD'000					
1	Supplier A	1,283	3.6%	Explosives	14
2	Supplier H	356	1.0%	Rock bolts	11
3	Supplier I	344	1.0%	Cables	11
4	Supplier J	343	1.0%	Cyanide	3
5	Supplier E	343	1.0%	Underground equipment	11

For the four months ended 30 April 2018

Rank	Supplier	Purchase amount	% of cost of sales	Product	Years of business relationship
AUD'000					
1	Supplier A	403	2.9%	Explosives	14
2	Supplier I	231	1.6%	Cables	11
3	Supplier K	150	1.1%	Hydrogen peroxide	1
4	Supplier E	136	1.0%	Underground equipment	11
5	Supplier J	125	1.0%	Cyanide	3

For the three years ended 31 December 2017 and the four months ended 30 April 2018, purchases from our top five suppliers accounted for approximately 27.9%, 19.5%, 7.6% and 7.4% of our total cost of sales respectively. During the same period, purchases from our top supplier accounted for approximately 17.8%, 10.7%, 3.6% and 2.9% of our total cost of sales

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respectively. As at the Latest Practicable Date, none of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date had any interest in any of our top five suppliers during the Track Record Period.

Raw materials and auxiliary materials

For our Group's mining and gold production operations, we use several types of raw materials such as cement, sodium cyanide, hydrogen chloride, activated carbon etc. We generally try to source these raw materials from local suppliers in the Nordic region whenever possible, as well as from sizeable chemical producers in Europe. Our Group also purchases certain auxiliary materials such as rock bolts, cables and other materials for our mining and gold production operations.

According to our Directors, to the best of their knowledge, all of our suppliers of raw materials and auxiliary materials have obtained required licences and permits. Our Group believes that the raw materials and auxiliary materials required by our Group are generally generic products which can be found on the market at similar prices from other suppliers, if required.

Machinery and equipment

For mining operations undertaken by our third party contractors, the machinery and equipment required is purchased and operated by the contractors themselves. For operations undertaken by our Group, involve the use of various mining drilling machinery, transport vehicles, crushing and milling equipment, slurry tanks and other gold production equipment. Most of our equipment and machinery are sourced from local suppliers at market prices. The tanks for chemical storage in Svartliden Plant are provided by our chemical supplier, who is licensed in handling chemicals and will monitor and operate the chemical storage tanks.

Our Group believes that the machinery and equipment required by our Group are generally generic products which can be found on the market at similar prices from other suppliers, if required.

Supply of gold concentrate

During the years ended 31 December 2015 and 2016, our Group purchased gold concentrate from other third parties for processing at Svartliden Plant. In the second quarter of 2016, our Group noticed an elevation of copper levels in our water discharge. As a result, Svartliden Plant stopped processing gold concentrate from the third party, in order to safeguard Svartliden Plant's environmental compliance.

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All gold concentrate purchased by our Group from other third parties during the Track Record Period was processed into gold doré bars and were subsequently sold. During the Track Record Period and up to the Latest Practicable Date, our Group has not engaged in any gold concentrate trading activities.

Selection process

Our Group selects our suppliers through a competitive sourcing process, where quotations from different suppliers are obtained and compared by our purchasing officer. Factors such as price, terms, past credit record, relevant licences and permits possessed, and quality of goods or services previously provided are considered before we select a supplier and place orders.

Procurement is a significant component of our Group's business operations. A purchasing officer is assigned to procure the majority of goods and services for our Group's business operations. Pursuant to our procurement policies and procedures, any purchases which (i) exceed AUD10,000; (ii) are not covered by an existing contract; and (iii) are not part of a sole sourcing arrangement are required to undergo a competitive sourcing process.

Our Directors confirm that all our contracts with our suppliers are on normal commercial terms.

During the Track Record Period and up to the Latest Practicable Date, our Group has not encountered any issues in sourcing materials, machinery and equipment from suppliers.

UTILITIES

Our Group receives inputs such as electricity, diesel and water from certain utilities providers as set out below. During the Track Record Period, our Group experienced no material shortages or disruption to our utilities supply.

Electricity

Electricity of our Finnish operations is supplied by two independent third party electricity suppliers, which secures sufficient electricity supplies and provides our Group a fall back in the event one of the suppliers is not able to supply electricity or does not offer rates comparable to the market.

Similar to our Finnish operations, electricity of our Swedish operations is also supplied by two Independent Third Party electricity suppliers. After the commencement of commercial production at Fäboliden Project in the second quarter of 2019, our Group expects the annual consumption of electricity for our Swedish operations will return to level similar to when ore from Svartliden Mine was being processed. Our Directors do not expect there will be difficulty in identifying electricity supplier as our Group already engages two electricity suppliers as at the Latest Practicable Date.

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During the Track Record Period, our Directors are of the view that electricity fees charged to us are comparable to market rates.

Diesel

Our Group purchases diesel from two suppliers for our Finnish and Swedish operations respectively. The total amount of diesel purchased by our Group amounted to approximately AUD470,000, AUD214,000, AUD166,000 and AUD66,000 for the three years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, respectively. Diesel purchased is used primarily as fuel for equipment within the mines, including non-road mining machinery, ore haulage trucks and small vehicles for workers. Our Group purchased diesel from these suppliers at market price, and our Directors believe that it is relatively easy to find alternative suppliers of diesel in the market.

Water

Water purchased by our Group during the Track Record Period was mainly for drinking purposes for the workers at our mine sites and production centres. For Vammala Plant, the process water is being pumped out from the old mine next to the plant free of charge apart from the pumping cost. For Orivesi Mine, a waterfall nearby provides all the necessary water required for the mining operations, which is free of charge apart from the pumping cost. For Jokisivu Mine, our Group pumps the water required for all mining operations from underground free of charge apart from the pumping cost. For Svartliden Plant, the process water is being pumped out from the old Svartliden Mine next to the plant free of charge apart from the pumping cost. All water pumping cost is less than 5% of the operating cost of all Gold Projects above respectively.

COMPETITION

The entry barriers to gold exploration and mining in the Nordic region industry are high and include, among others, strict mining and environmental regulations, high capital cost and high environmental rehabilitation costs. For more information, please refer to the sections headed "Regulatory overview" and "Industry overview" of this prospectus.

Since gold is a commodity sold on the London Bullion Market, where prices are market driven, we do not face pricing competition from other suppliers. We may, however, compete with our peers in acquiring gold, and other mining assets, and gaining market share in the Nordic gold mining market. Major players in this market include Agnico Eagle, Mandalay Resources Corporation, Nordic Mines AB and Endomines AB, among others.

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C1 CASH COSTS

A global benchmark in the gold industry is the C1 cash costs. C1 cash costs as defined by Wood Mackenzie (formerly known as Brookhunt) is the cash costs incurred at each processing stage, from mining to delivering gold to the market, less net by-product credits (if any). It can be used to compare the efficiencies of mining companies and their production. According to Frost & Sullivan Report, the average C1 cash costs among European mining companies was approximately USD634 per ounce in 2017. The C1 cash costs vary from each of our operations over their respective mine life as would be expected to be affected by volume, variation in yields, mining methods, and depth of mining for the underground operations.

For the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, our Group's average C1 cash costs amounted to USD848, USD990, USD886 and USD1,384, respectively.

The table below sets forth a summary of historical total C1 cash costs for our Production Plants over the Track Record Period:

	Vammala Plant, Finland				Svartliden Plant, Sweden			
	For the year ended 31 December			For the four months ended 30 April	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018	2015	2016	2017	2018
Gold sold (oz)	38,321	30,478	28,204	7,778	15,484	3,939	— ⁽¹⁾	— ⁽¹⁾
C1 cash costs (USD/oz).	722	792	737	1,171	1,184	— ⁽²⁾	— ⁽¹⁾	— ⁽¹⁾
								For the four months ended 30 April
				For the year ended 31 December				
				2015	2016	2017		2018
Global market gold spot price (USD/oz)				1,159.3	1,250.4	1,257.3		1,330.6

Notes:

- (1) All gold concentrate processed at Svartliden Plant during the year ended 31 December 2017 and the four months ended 30 April 2018 were supplied by Vammala Plant, which is already recorded under Vammala Plant. Our Group had ceased processing external gold concentrate since June 2016. Therefore there is no applicable C1 cash cost for Svartliden Plant for the year ended 31 December 2017 and the four months ended 30 April 2018.
- (2) No C1 cash costs for Svartliden Plant for the year ended 31 December 2016 since Svartliden Plant processed only gold concentrate from Vammala Plant and external third parties.

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The C1 cash costs for Vammala Plant for the year ended 31 December 2015 was approximately USD722/oz. The C1 cash costs for the year ended 31 December 2016 recorded a slight increase to approximately USD792/oz, and decreased slightly to approximately USD737/oz for the year ended 31 December 2017. The C1 cash costs for the four months ended 30 April 2018 increased to approximately USD1,171/oz.

The C1 cash costs for Svartliden Plant for the year ended 31 December 2015 was approximately USD1,184/oz. There was no applicable C1 cash cost for Svartliden Plant for the years ended 31 December 2016 and 2017 and the four months ended 30 April 2018.

The C1 cash costs of our Group is relatively higher as compared to our major competitors and the market benchmark mainly because of our size of operations. With our current size of production, we are only able to take advantage of smaller economies of scale compared to our major competitors. However, Frost & Sullivan stated that even though the C1 cash costs of our Group is above the European average, we maintain a lower C1 cash costs compared with those gold mining companies with similar gold production volume (under 100,000 ounces per annum). Our C1 cash costs are even comparable to some of the larger mining companies in Europe with an annual production of approximately 200,000 ounces. For more details, please refer to the paragraph headed "Competition in European gold market" under the section headed "Industry overview" of this prospectus.

The table below show a breakdown of our Group's actual C1 cash costs during the Track Record Period and the estimated C1 cash costs for the year ending 31 December 2018:

	For the year ended 31 December			For the four	For the year
				months	ending 31
	2015	2016	2017	ended 30	December
	2015	2016	2017	April	2018
	USD'000	USD'000	USD'000	USD'000	USD'000
	(actual)	(actual)	(actual)	(actual)	(forecast)
Mining costs	20,770	19,706	16,776	6,425	18,940
Processing costs	23,656	12,278	8,438	3,130	8,966
Environmental, health and safety ..	821	725	385	179	271
Administration costs	2,632	2,653	1,837	692	2,706
Gold in circuit movements	16	(211)	(1,711)	634	481
Inventory and stockpile					
movements	(947)	(1,569)	(751)	(298)	(788)
Working capital movement	(1,261)	—	—	—	—
Total	45,686	34,082	24,974	10,762	30,576
Gold sold (oz)	53,870	34,417	28,204	7,778	28,116
C1 cash cost (USD/oz)	848	990	886	1,384	1,087

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Our Group's breakdown of C1 cash costs is based on the method promulgated by Wood Mackenzie for calculation of C1 cash costs. As confirmed by our Directors and Frost & Sullivan, this method is widely accepted in the mining industry for benchmarking costs. Based on the prevalent usage within the mining industry, our Directors are of the view that this breakdown provides appropriate and meaningful analysis of our C1 cash costs.

The processing costs of our Group for the year ended 31 December 2015 was higher compared to that for the years ended 31 December 2016 and 2017 due to the fact that Svartliden Plant used to process the old stockpiled ore from Svartliden Mine, which was exhausted by June 2015. Our Group has incurred lower processing costs since that date due to the cessation of ore processing from Svartliden Mine.

Our Group C1 cash costs saw an increasing trend from the year ended 31 December 2015 due to the combined effect of decreasing gold production after the depletion of old stockpiled ore from Svartliden Mine in June 2015, and the costs required to maintain the continuation of our Swedish operations in preparation of the commencement of Fäboliden Project. Our decision to keep Svartliden Plant in operation enables us to conveniently continue Svartliden Mine operations up to the point of commencement of test mining at Fäboliden Project. As such, our Group incurred additional costs at Svartliden Plant to process gold concentrate from Vammala Plant.

In particular, our environmental, health and safety cash costs had been decreasing over the Track Record Period. Such cash costs decreased from approximately USD821,000 (for the year ended 31 December 2015) to approximately USD725,000 during the year ended 31 December 2016, and further decreased to approximately USD385,000 for the year ended 31 December 2017. The decreases were primarily due to (i) continued gradual transition of combining two operating sites into one after the depletion of old stockpiled ore from Svartliden Mine in 2015; and (ii) further decrease in the number of staff we employed due to the aforesaid reason.

Our Group C1 cash costs for the four months ended 30 April 2018 increased compared to that recorded for the year ended 31 December 2017 mainly due to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine, which in turn dragged down the gold sold during the period; whilst certain fixed costs remained relatively constant during the period. Such decrease was caused by our development activities in the upper parts of Orivesi Mine in preparation for the excavation of ores with higher grades below.

QUALITY CONTROL

As a gold exploration, mining and processing company, quality control is very important to our operations. We have established a stringent quality control system to ensure the quality of our products from the mining development, mining operation stage to the production stage.

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Our staff are involved throughout this whole operating process, including the implementation of our quality control policies and procedures, maintenance of the quality control equipment and relevant records, reception, storage and disposal of samples, inspection and examination of raw materials (i.e. raw ore before feeding into the ore mill), our own work-in-process, constant monitoring of pH level in the leaching tanks in Svartliden Plant, and final products (i.e. sampling of gold before final tailings being pumped to the TSF).

As part of our quality control policy, we assess the gold content of the gold doré bars before sending them to the Refiner.

We use third party contractors for certain parts of the operation, as described in greater detail in the paragraph headed “Third party contractors” in this section. As part of our quality control policy, we require that all our third party contractors possess the requisite qualifications for undertaking their respective works. We routinely oversee their work and conduct periodic inspections to ensure that their works are undertaken in accordance with our quality standards. When selecting third party contractors, we also take into account their quality control capabilities.

LABOUR AND EMPLOYEES

General

We view our experienced and dedicated employees as critical to our success. Other than Mr. Smith, our executive Director, Mr. Daniel Karl Broughton, our chief financial officer, Mr. Neale Martin Edwards, our chief geologist, and one other member of our accounts department who are residents in Australia, as at the Latest Practicable Date all of our employees are located in Finland or Sweden.

Set out below is a table of the number of employees of our Group as at the end of 31 December 2015, 2016 and 2017 and 30 April 2018:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
Finland	84	73	59	59
Sweden.	29	27	20	24
Total	113	100	79	83

Our Group has seen a steady decrease in headcount in our Sweden operations after the cessation of mining operations at Svartliden Mine. Our Group expects to see an increase in the employee headcount in Sweden once operations at Fäboliden Project commence.

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As of the Latest Practicable Date, we had 86 full-time employees. The table below sets forth a breakdown of our employees by function and geographical location, as at the Latest Practicable Date:

	<u>Australia</u>	<u>Finland</u>	<u>Sweden</u>
Management	3	1	1
Mining operations	—	40	19
Geologists, engineers and environmental coordinators .	—	11	3
Finance, accounting and administration.....	<u>1</u>	<u>6</u>	<u>1</u>
Total	<u>4</u>	<u>58</u>	<u>24</u>

We recruit employees on the open market. We generally try to hire our mine and production plant workers from the local area in order to strengthen our relationship with the local communities. In making hiring decisions, we will take into account factors such as the availability of local labour to meet our employment requirements. For more information on the applicable regulations on our employment plan, please refer to the paragraph headed “Labour” in the section headed “Regulatory overview” of this prospectus. During the Track Record Period, we have been in material compliance with the relevant legal requirements in relation to our employment plan. This has been confirmed by our Finnish and Swedish legal advisers respectively.

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 initial training upon entering our Company/induction session prior to each exploration or operational activity on work safety and environmental protection.

Collective agreements

As confirmed by our legal advisers as to Finnish and Swedish laws, it is common for companies in Finland and Sweden, as part of an employers’ association, to enter into collective agreements with trade unions rather than negotiate each contract individually. Set out below are some details of the collective agreements entered into by our Group with the trade unions.

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Finland

The collective agreement in the mining industry between the Technology Industries in Finland and the Finnish Metalworkers' Union for the period from 1 November 2016 to 31 October 2017 applies to the mining industry. The said collective agreement is generally applicable and must therefore be complied with together with the relevant labour legislation. Collective agreements stipulate the minimum terms of employment to which the employee is entitled. For further details of collective agreements in Finland, please refer to the paragraph headed "Labour" in the section headed "Regulatory overview" of this prospectus.

Sweden

Labour provisions in Sweden also involve collective agreements and private employment agreements. A collective agreement is a written agreement between the employment organisation and the employer. The agreement regulates salaries and other terms of employment. Collective agreements give the employer an opportunity to deviate from the Swedish Work Hours Act and implement other rules instead. For further details of collective agreements in Sweden, please refer to the paragraph headed "Labour" in the section headed "Regulatory overview" of this prospectus. The central employer organisation entered into a new central agreement with the unions on 31 March 2017. The term of the new collective agreement is three years. DAB has not yet entered into a local collective agreement. As confirmed by our legal adviser as to Swedish law, it is customary to follow the central collective agreement until an agreement with the local unions is entered into.

OCCUPATIONAL HEALTH AND SAFETY

The Occupational Safety and Health Act in Finland aims to improve the working environment and working conditions to ensure and maintain the working capacity of employees as well as to prevent occupational accidents and diseases and eliminate other hazards from work and the working environment to the physical and mental health. For further details of the legal framework of occupational health and safety in Finland please refer to the paragraph headed "Employee protection" in the section headed "Regulatory overview" of this prospectus. The Swedish Work Environment Act in Sweden is a framework act and detailed regulations are found in the provisions issued by the Swedish Work Environment Authority, which is the principal regulatory body concerning health and safety in the workplace in Sweden. The Swedish Work Environment Act states the obligations of the employer such as the prevention of ill health and accidents. For further details of the legal framework of occupational health and safety in Sweden, please refer to the paragraph headed "Labour" in the section headed "Regulatory overview" of this prospectus.

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We, as the employer, have a comprehensive approach to health and safety, with an Environmental, Health and Safety system comprising, amongst others, (i) competent managerial, supervisory and other employees; (ii) supervision and proper communication; (iii) equipment and machinery, which are as far as reasonably practicable safe for use; (iv) formal and informal staff training; and (v) hazard identification and risk assessment and reduction in our mines and plants on a regular basis.

We consider the health and safety of our employees to be of utmost importance and are committed to providing a healthy and safe working environment. Our commitment to healthy and safety extends from our top level management to team members working at the surface and underground working places. Competent managerial supervisory and other employees are tasked with the responsibility of monitoring and ensuring compliance with the provisions of the applicable laws and regulations, as well as with our internal safety policies, code of practice, standard and procedures through, among others, scheduled and unscheduled inspections/visits and audits. For example, our country manager in Finland and our project manager of Fäboliden Project in Sweden designated not only to supervise and manage operational matters, but also oversee environmental, health and safety related issues of our operations in the respective region, and who then report directly to the general manager of operations.

The below table sets forth the number of different types of injuries in Finland and Sweden during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018
LTIFR	11.7	6.3	—	4.0

The LTIFR of our Group for the three years ended 31 December 2017 and the four months ended 30 April 2018 are 11.7, 6.3, zero and 4.0 respectively.

Our Group introduced several safety improvements between 2015 and 2016, which include training for staff, conveyer guards, processing equipment improvements, electrical audit, as well as rock bolting, implementing seismic monitoring equipment and shotcreting the entire Orivesi Mine. This reduced our LTIFR by approximately 48% in 2016 and further reduced to zero in 2017. Our LTIFR is approximately 6.3 for the year ended 31 December 2016, which according to the Frost & Sullivan Report, was comparable to other mining companies in the region. Our Group's LTIFR dropped further to zero for the year ended 31 December 2017. We recorded a LTIFR of 4.0 for the four months ended 30 April 2018 due to a minor injury suffered by our employee during the period.

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We have no outstanding claims or liabilities resulting from these injuries. We are of the view the reduction in number of injuries is a reflection of our commitment to the health and safety of our employees.

On 15 September 2015 the Swedish Work Environment Authority received a notice from a doctor who had examined an employee at Svartliden Plant. The patient suffered respiratory difficulties and had informed the doctor about potentially hazardous cyanide exposure at the site. The doctor did not find a connection between the respiratory difficulties and cyanide exposure but felt the need to notify the authority regarding the issue. In a notation in the case it is mentioned that no inspection of the site will be made as the relevant operations at the site had ceased. The case has been closed (Reg. no. 2015/040911). As a general procedure, all staff working in areas where cyanide could be present are equipped with air quality monitors with audible alarms.

As advised by our legal adviser as to Swedish law, the applicable regulations in relation to work and safety have been followed as far as it concerns the area of supervision for the Swedish Work Environment Authority. This conclusion stands in relation to the cyanide exposure situation above as no actions were taken by the authorities and there are no definite indications that regulations were not followed.

Save as disclosed in this prospectus, as confirmed by our Directors, we have been in material compliance with all applicable health and safety laws and regulations governing our operation during the Track Record Period. For more information on the applicable laws and regulations, please refer to the section headed “Regulatory overview” of this prospectus.

REGULATORY, ENVIRONMENTAL AND SOCIAL MATTERS

Environmental protection

Our operations are subject to various Finnish and Swedish laws and regulations with respect to environmental protection and environmental rehabilitation. For more information on the applicable laws and regulations, please refer to the section headed “Regulatory overview” of this prospectus.

During the Track Record Period, we adopted various operational measures to comply with the Environmental Permits and the Finnish and Swedish laws and regulations with respect to environmental protection. We have employed an environmental and safety coordinator in Finland and Sweden. Our environmental and safety coordinators are in charge of the effective implementation of the environmental management systems and ensuring that systems compliance is maintained at satisfactory levels as determined by the environmental statutory requirements by performing regular compliance inspections and audits. There are stringent

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environmental regulations in the Nordic region, including the yearly submission of reports by all holders of Environmental Permits. Some of the material environmental measures that are being implemented at our Operating Mines and Pre-Production Assets are set out below:

(a) ***Dust mitigation***

Our operations are generally equipped with air emission and treatment devices, including use of dust collectors, exhaust fans fitted with filters and enclosure of dust generating activity. According to the CPR, the generally high level of rainfall in Finland and relatively dense vegetation coverage around the mining area help reduce the transportation of dust from ore and waste rock dumping and processing operations throughout the year. Water sprinkling is applied during dry seasons.

During a normal embankment heightening work in May 2015 at Vammala Plant excessive dust got into the air due to weather conditions at the time. Dust mitigation methods were suggested such as covering the tailings with special materials and regularly spraying water onto the tailings during dry seasons. As confirmed by our legal adviser as to Finnish law, such dust mitigation methods were approved by the supervisory authority and the matter was resolved after implementing the measures.

(b) ***Recycling, reuse and discharge of water***

Water discharge at all sites is closely monitored. To minimise water discharge, we recycle waste water (including tailings effluent) to the processing plant for use in mineral processing or used for dust suppression. Monitoring of water quality is undertaken on a daily basis to ensure pH and other parameters are at an acceptable level. In particular, during the first few years of the operations at the Orivesi Mine, certain acidic chemicals (i.e. sulfuric acid and sodium hydroxide) have been used to neutralise the alkaline drainage waters.

(c) ***Solid waste***

Waste rock from our operations comprises both inert material and potentially acid forming material. These materials are stored distinctly, with potentially acid forming material stored into the old historical open-pits to allow for vertical draining of acid rock. New channels are dug alongside the boundary of the waste rock stockpiles to allow run-off drainage toward two sedimentation ponds and neutralisation ponds before discharge. In addition, the waste rock has been tested and certified inert, which can be used for land formation and for construction use, and is temporarily stored in stockpiles. Approval from the Southern-Finland Regional State Administrative Agency to crush stockpiled waste rock has been obtained.

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(d) *Rehabilitation*

As required by the applicable laws and regulations in Finland and Sweden, we undertake rehabilitation works as part of our ongoing operations in accordance with the Environmental Permit requirements, which constitutes the main cost of our ongoing environmental compliance. In general, the Environmental Permit states a requirement for submitting to the regulator a mine closure plan/operations for the period of last six month before the mining activity ends, which comprises waste rock management, revegetation and landscaping. For further details of the Environmental Permit requirements, please refer to the paragraph headed “Environmental permit” under the section headed ‘Regulatory overview’ of this prospectus.

Pursuant to the Environmental Permit requirements, we are required to make annual provision for the costs of annual rehabilitation, rehabilitation upon closure and the costs of post closure latent and residual impacts. As at 31 December 2015, 2016 and 2017 and 30 April 2018, the provision for rehabilitation costs amounted to approximately AUD15.4 million, AUD10.6 million, AUD10.8 million and AUD10.8 million respectively. For details of the provisions of our rehabilitation costs, please refer to the paragraph headed “Provision” under the section headed “Financial information” of this prospectus.

(e) *Nature reserve*

The CAB presented a proposal on 21 October 2016 to establish a nature reserve for Paubäcken in Storuman and Lycksele municipalities. The proposed nature reserve will border the Svartliden Mine where DAB is authorised to carry out mining operations. Paubäcken is a 30 kilometre long stream located on the border between Lycksele and Storuman municipalities. The stream and about 100m of the shore on each side has been a part of Natura 2000 since 2002. Natura 2000 is the EU network of special areas of conservation that contain species or habitats that are, from a European perspective, particularly worthy of protection. The main principle of Natura 2000 protection is a prohibition of mines or other operations with serious environmental consequences within Natura 2000 areas.

The CAB has argued that a nature reserve is an appropriate form of protection for areas such as Paubäcken. The purpose is to protect and restore the habitats of protected species and prevent exploitation of, or negative impact upon, the area. The CAB has suggested that certain regulations be applied, including that it should be forbidden to construct roads or engage in any activity such as digging, blasting, excavation work or the laying of drainage dykes. Our Directors, confirmed that none of the above activities are required for DAB’s operations.

DAB submitted an opinion to the CAB on 18 November 2016, stating that the proposed nature reserve should not be established. DAB argues that the national interest for mineral extraction should be given precedence when compared to the environmental interests that the proposed nature reserve aims to protect. CAB is waiting for certain land transactions to be

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completed before a decision can be made and the CAB cannot provide information regarding the time frame of the decision. As a stakeholder, it is possible for DAB to appeal the decision to the Government.

As advised by our legal adviser as to Swedish laws, the exploitation concession and Environmental Permit for Svartliden Mine and Svartliden Plant given to DAB were granted pursuant to the Minerals Act and the Environmental Code respectively, and are therefore legally binding. As such, the potential establishment of a nature reserve may not invalidate any of the mining rights granted to us under the said laws and regulations.

However, any promulgation of new regulations subsequent to the date of when the exploitation concession and Environmental Permit gain legal force may affect the conditions pertaining to such tenement or permit. This implies that ongoing compliance with certain deferred or continuing Environmental Permit conditions, including the post-mine closure rehabilitation plans, could possibly become more difficult to maintain should the new legislation contain stricter requirements. At this stage it is not worthwhile to speculate on the content of potential legislation.

Additionally, the establishment of a nature reserve adjacent to the Svartliden Plant may lead to the need for additional approvals if the mining operations permitted at Svartliden Mine were to change. However, as noted in the paragraph headed "Previously operating mine" in this section, our Directors have no current intention to recommence mining activities at Svartliden Mine absent a significant improvement in current gold prices with a reasonable expectation of such improvement being sustainable.

(f) **Chemical Storage**

According to the CPR, the majority of the chemicals we handled during the process of our operations may carry adverse health effects and are biologically not easily degradable. To ensure we are handling and storing these chemicals properly and in compliance with the applicable Environmental Permit requirements, the usage of these chemical products on site and in the process of our operations is clearly documented. Safety data sheets for different chemicals are available on site and may be used for safety induction materials regarding the usage of the product and their respective environmental impacts. In addition, the chemicals are stored in accordance with applicable rules and regulations. We assign trained staff to monitor the transportation of the reagents and chemicals between our various operating points if needed; otherwise the chemicals are transported in enclosed piping systems.

Inspections by CAB on our Swedish operations

The CAB has visited our Svartliden operations to carry out inspections on several occasions, 5 February 2014 (Reg. no: 555-1223-2014), 4 April 2014 (reg. no: 555-3036-2014) 27 May 2014 (Reg. no: 555-4430-2014), 19 May 2015 (Reg. no: 555-4110-2015), 7 April 2016 (Reg. no: 555-3185-2016), 6 October 2016 (Reg. no: 555-8512-2016), 8 June 2017 (Reg. no: 555-5786-2017) and 27 September 2017 (Reg: no 555-8551-2017).

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Notable findings during the inspections include:

- The regulatory authority found that diesel had contaminated a small area around a diesel filling station. The CAB therefore wanted DAB to present the measures that would be taken to prevent contamination in the future and the measures that would be taken to sanitise the area. According to the environmental report of 2014 the situation was remedied by DAB and reported verbally to the regulatory authority on 27 May 2014.
- On 30 June 2014 the CAB decided to impose certain safety measures for the clean up of the diesel spill and required a sanitation report to be submitted to the CAB (Reg. no: 555-3625-2014). We submitted the sanitation notification to the CAB on 2 September 2014. On 4 December 2014 the CAB concluded that the sanitation notification was sufficient. The CAB also concluded the matter will be closed once a final report had been submitted. On 9 December 2014 the case was nevertheless closed in anticipation of the final report. (Reg. no: 555-6447-2014).
- DAB notified the CAB on 6 October 2016 that the levels of copper in sampling point S3, which is a water sampling point located in Svartlidenbäcken (Svartliden Creek), were approaching high values and that it may need to prescribe a limiting value for copper in S3 since the permit states no limiting value. The CAB has not taken any action as of 30 September 2017 and copper levels are not problematic any more. During the CAB's inspection on 27 September 2017, DAB confirmed that the copper values have been stable since the installation of the new water treatment solution for S3.
- DAB wishes to extend the time period in which it can enrich ore from Finland. Our company has until 4 June 2017 to enrich 40,000 tonnes of ore but have so far only enriched 18,000 tonnes. The CAB finds that such an extension requires a notice which will need to include an evaluation of the process so far on 6 October 2016. DAB sent a notice to the CAB for a continuation regarding the processing of externally enriched ore on the Svartliden site on 2 February 2017. DAB received permission to continue processing externally enriched ore from other mines via the CAB's decision on 7 April 2017. The decision gives DAB permission to continue to enrich ore from other mines with 20,000 tonnes of externally enriched ore per year during a three year period.
- DAB was given permission to seal an underground ramp leading to the Svartliden Mine by the Mining Inspectorate on 22 September 2016. The application to the Mining Inspectorate regarding the seal described a different way of sealing the underground ramp than what was originally proposed in the post treatment plan as part of the permitting process of the current permit M 1704-10. The new way of sealing the underground ramp, as advised by our Directors, is expected to save approximately EUR73,500 on construction costs and be easier to maintain.

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However, due to the fact that DAB changed the way the seal is intended to be made, on 6 October 2016 the CAB required DAB to submit a notice regarding the nature and consequences of the changes to the sealing of the underground ramp. DAB decided to include the new method of sealing the underground ramp as part of the updated methods for post treatment (investigational term U3) that was sent to the Land and Environmental Court on 7 April 2017. The matter, together with the updated post treatment plan is currently under consideration in the Land and Environmental Court. A public announcement has been made by the Land and Environmental Court and the last day to submit opinions on the matter is 26 June 2017. The Swedish Environmental Protection Agency was granted an extension and submitted an opinion on 12 September 2017. The municipality of Storuman, the Swedish Civil Contingencies Agency, and the Swedish Agency for Marine and Water Management have refrained from commenting on U3. Lycksele municipality submitted their statement on 9 October 2017 that they consider both investigational term U1 and U3 to be completed. The CAB submitted their opinion on 16 October 2017, which claimed that U1 and U3 should be supplemented with a number of points and that this should be synchronised with U2. On 18 October 2017, DAB was requested by the Land and Environmental Court to respond to these opinions no later than 15 November 2017. Considering that the opinion submitted by the CAB was very detailed, DAB applied for an extension until 31 May 2018. On 2 November 2017, the CAB submitted another opinion regarding DAB's request of extension. In this opinion the CAB stated that DAB should describe which investigations need to be carried out in order to respond to the submitted opinions regarding U3, and also to explain on a very detailed level why more time is needed. On 7 November 2017, the Land and Environmental Court requested that DAB should reply to this opinion no later than 5 December 2017. On 15 December 2017, the Land and Environmental Court decided to grant DAB's request for an extension of time to respond to the opinions regarding U3 until 31 May 2018. A number of government agencies have commented on the report. The Land and Environmental Court has asked the Swedish River Basin District Authority to comment regarding the CAB's written opinion and on the report regarding the investigational term U3, and they should submit their written opinion no later than 8 October 2018. If DAB is unable to gain approval for investigational term U3 it is possible to appeal the decision. If the appeal is subsequently rejected by the Land and Environmental Court, DAB will be obliged to adhere to the original way of creating the seal, or alternatively submit a new notice which suggests an alternative way of sealing the ramp. It is not considered by our Directors that additional costs, which would be incurred if we were required to proceed with the original way of sealing, would have any material adverse impact to our operations. As confirmed by our legal adviser as to Swedish laws, there are no summons or conditional fines from the CAB regarding the matter.

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Local community relationship

We recognise that our operations involve a range of community stakeholders. We regularly carry out consultations with other nearby land users and community organisations regarding our activities and any expansion or changes thereof. We may from time to time receive complaints or become involved in legal proceedings in relation to our mining operations initiated by the local community, including the NGOs. Our Directors hold a view that our Group enjoys a good relationship with the local community, and recognises the fact that mining projects usually attract both favourable and unfavourable opinions from stakeholders, affected parties and activist organisations. Such risks are further elaborated under the section headed “Risk Factors” of this prospectus. For details of the complaints or legal proceedings initiated by local activists during the Track Record Period, please refer to the paragraph headed “Litigation and regulatory matters” in this section.

In view of the benefits of providing assistance to local communities in the vicinity of our Operating Mines and Pre-Production Assets, we carry out sponsoring activities with a focus on local community activities, such as junior sporting activities, in order to uphold our relationship with the surrounding local community.

Our Directors confirm that all of the above activities had incurred minimal costs during the Track Record Period.

OPTIMISATION OF OUR PROCESSING METHODS

We continuously seek to improve our mining and processing methods and our practices in environmental protection. For examples of the improvements in the processing efficiency in Vammala Plant, please refer to the paragraph headed “Vammala Plant gold production history” in this section. In particular, we are committed to the principle of developing and implementing applicable practices in environmental design and management in order to comply with the environmental EU Directives and the national regulatory environments where our operations are based in. In addition, we are also making continuous improvements on our safety management system to ensure our employees are working in a safeguarded environment.

Due to the nature of our operations, our Group does not engage in research and development activities, and does not incur any cost in relation to research and development.

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PROPERTIES

Finland

It was confirmed by our legal adviser as to Finnish law that the real properties owned by DOY are with good legal title. We also have ownership of the following properties.

<u>Gold Project</u>	<u>Property registration ID</u>	<u>Name</u>	<u>Area (ha)</u>	<u>Municipality</u>	
Jokisivu Mine	102-420-4-29	Vehmaskorpi	1.2	Huittinen	
	102-420-2-9	Mäkipää	5.2	Huittinen	
	102-420-5-118	Jokisivu	27.2	Huittinen	
	102-420-2-30	Impivaara	0.5	Huittinen	
Vammala Plant	790-443-1-64	Yrttitarha	0.7	Sastamala	
	790-443-1-142	Kovero-oja	15.1	Sastamala	
	790-443-1-148	Kaitila	0.9	Sastamala	
	790-443-1-169	Kaitila II	2.1	Sastamala	
	790-443-1-181	Leppäsyryjä	1.0	Sastamala	
	790-443-1-183	Vieru	2.0	Sastamala	
	790-443-1-190	Mäkelä	0.4	Sastamala	
	790-443-1-210	Ollilankumpu	6.4	Sastamala	
	790-443-1-217	Koivukumpu	0.7	Sastamala	
	790-443-2-29	Tuomisto	4.0	Sastamala	
	790-443-8-43	Jokimaa	0.8	Sastamala	
	790-443-21-0	Evonkumpu	43.5	Sastamala	
	790-456-2-24	Välivainio	0.9	Sastamala	
	790-456-5-14	Salminen	0.1	Sastamala	
	790-456-5-43	Myllyvainio	3.0	Sastamala	
	790-876-1-1-M1	Parcel of Houhajärvi- Rantavesi (Korvalammi exposure)	0,3000	Sastamala	
		790-456-6-12	Kulmala	0.1	Sastamala
		790-456-6-17	Myllymoisio	0.4	Sastamala
		790-456-6-18	Moisio	0.3	Sastamala
		790-456-7-52	Lammi	9.8	Sastamala
	790-456-10-3	Katila	6.0	Sastamala	
	790-456-11-4	Korvalammi	21.5	Sastamala	
	790-456-13-2	Laukulankumpu	18.9	Sastamala	
	790-470-6-0	Storminkumpu	1.9	Sastamala	
	790-443-8-43	Jokimaa	0.8	Sastamala	
Kaapelinkulma Project	908-422-2-24	Kaapelinkulman kaivos	30.0	Valkeakoski	

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Sweden

It was confirmed by our legal adviser as to Swedish law that the real properties owned by DAB are with good legal title. We also have mining concessions with a good title to the properties in questions.

Gold Projects	Property unit designation and land use	Area (ha)	Land use	County
Fäboliden Project	Lycksele Norrbäck 1:41 (Fäbolidengruvan)	1053.34	Location of Fäboliden Project	Västerbotten
Svartliden Plant	Lycksele Norrbäck 1:41 (Svartlidengruvan)	355.92	Location of Svartliden Plant and the open pit, waste rock dump area and tailings storage facility of Svartliden Mine	Västerbotten
	Storuman Pauträsk 1:60	128.84	Industrial area of Svartliden Mine during its operations	Västerbotten
	Storuman Pauträsk 2:22	0.20	Storage and training of personnel	Västerbotten

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, there were no material disputes or infringements in respect of our intellectual property rights. Details of our intellectual property rights are set out in Appendix V to this prospectus.

INSURANCE

As confirmed by our Directors, DOY has paid all legal compulsory employee pension, health, group life, occupational accident and disease insurances and social security contributions (parallel to insurance). DOY has required liability and business interruption insurances from its contractors.

As confirmed by our legal adviser as to Finnish law, DOY has a valid insurance policy. The insurance policy is continuous and renewed annually. DOY holds a corporate insurance which is an insurance solution tailored to meet customer's individual needs. The investments in buildings and machinery are indemnified up to a maximum of EUR40,000. As confirmed by our Directors, the insurance policy for DOY has been renewed for the year ending 31 December 2018.

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The insurance covers bodily injury and property damage caused in operations to another party within the territorial limits of the insurance in accordance with the insurance terms and conditions provided that such injury or damage is discovered during the insurance period, and the policy-holder is liable for it under legislation in force. The business liability insurance (VA 01 General insurance terms and conditions 1 January 2016) is taken from Osuuspankki Group (OP). The insurance is valid throughout Europe, unless otherwise agreed and recorded in the insurance policy.

The insurance also covers financial loss as referred to in the Personal Data Act, caused by unlawful use of personal data in the insured operations during the insurance period. The insurance does not cover any other financial loss that is not connected with bodily injury or material damage.

The maximum cover provided by the insurance covering liability of the mining of other non-ferrous metal ores is, including all expenses incurred from investigations, negotiations, interest payments and legal proceedings, EUR30,000,000 any one loss and EUR30,000,000 in the aggregate for all occurrences during the policy period. As the general liability cover from 7 February 2016 to 11 April 2016 the maximum amount of coverage in bodily injury and property damage is EUR13,000,000 and from 12 April 2016 to 31 December 2016 it is EUR30,000,000. As confirmed by our Directors, as of the Latest Practicable Date, our insurance policy, including coverage and maximum amount, has not been changed.

Our Directors confirm DOY maintains such insurance policy as required by the relevant laws and regulations of Finland. The insurance cover is customary and adequate for DOY's size and operation.

DAB is insured with the Swedish insurance company If Skadeförsäkring AB (publ). The insurance covers property, business interruption, operational liability, product liability, legal expenses, crime, business travel and personal accidents on the sites in Storuman (Pauträsk 1:60 & 2:22) and Lycksele (Alfavägen 3). The initial contract period was from 1 January 2015 to 31 December 2015. Unless terminated, the insurance is renewed annually. The current insurance was renewed in November 2017 and is therefore currently valid and enforceable.

As confirmed by our Directors, DAB's insurance cover is customary and adequate for its size and operation.

In addition, we maintain Australian corporate insurances through the local broker, CKA Risk Solutions, which covers (i) directors' and officers' liability insurance; and (ii) Western Australia Workers Compensation for our employees in the event of work related accident/injury in accordance with the terms of the Worker Compensation and Injury Management Act of Australia.

Consistent with the industry practice, it is the contractors' responsibility to maintain their own insurance and we do not currently maintain any liability insurance for property damage and personal injury arising from accidents in relation to the contracted operations. We believe the insurance policies that we carry are sufficient. During the Track Record Period and as of

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the Latest Practicable Date, we have not received any material insurance claims against us. For more details, please refer to the paragraph headed “Our Group’s insurance may not cover all losses and liabilities arising from our operations” under the section headed “Risk factors” of this prospectus.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. For more details, please refer to the section headed “Risk factors” of this prospectus. We have implemented various policies and procedures to ensure effective risk management.

Board and audit and risk management committee

Our Board oversees and manages the overall risk in our operations. We have established an audit and risk management committee to review and supervise the financial reporting process, risk management and internal control system of our Group. The audit and risk management committee consists of three members, namely Mr. Poon Yan Wai, who serves as the chairman of the committee, and Mr. Procter and Mr. Pak Wai Keung Martin. For the qualification and experiences of these committee members, please refer to the section headed “Directors and senior management” of this prospectus. We have established the audit and risk management committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules, the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, and the Environmental, Social and Governance Code as set out in Appendix 27 to the Listing Rules.

Internal control

Further details of our internal controls relating to various areas of our operations may be found in this section, including the paragraphs headed “Third party contractors”, “Suppliers”, “Quality control” and “Regulatory, environmental and social matters” in this section. One further area of particular internal control scrutiny is security, as set out below.

Security

Our Group focuses on onsite security issues in relation to gold production. We have installed video cameras at the end of the gravity circuit where gravity gold concentrate is being collected at Vammala Plant. Security feeds at Vammala Plant is monitored separately by our staff at the control room. We have also implemented secured access control protected with passcode at the gold room where the final gold smelting process takes place at Svartliden Plant. Only two of our onsite staff have access to the passcode of the room. The gold room is also monitored constantly through a security camera by our staff in the control room. During the Track Record Period and up to the Latest Practicable Date, we have not experienced a breach of security that had a material adverse impact on our operations.

LITIGATION AND REGULATORY MATTERS**Legal proceedings in relation to our Finnish operations**

Orivesi Mine

The existing Environmental Permit was granted to DOY on 24 February 2006 (Decision No. 1/2006/2). DOY applied for a new Environmental Permit since the existing Environmental Permit No. 1/2006/2 is terminable until a new Environmental Permit decision gains legal force, which was to be applied no later than 30 April 2010 if DOY wishes to continue its mining activity after 31 December 2010. Subsequently, DOY submitted its application on 29 April 2010 and AVI made the decision 9 December 2015. The circumstances leading to the appeal of DOY were that AVI has rejected the new Environmental Permit application by the decision No 212/2015/1 on 9 December 2015.

The decision was appealed to the Vaasa Administrative Court. DOY appealed the aforementioned decision on 9 December 2015 to the Vaasa Administrative Court based on the following bases:

- (i) its view is that there have been improvements made to prevent water pollution, which was reflected by the improvement of water quality and biodiversity in the affected water bodies observed in 2015;
- (ii) the fact that discharges have decreased over the years since 2010 compared to the impact stemming from the earlier activities, whilst it is noted that the earlier and the current activity may have cumulative impacts;
- (iii) the activity would not have had any adverse impact on the particular ecological value for the protection of which the site has been included in the Natura 2000 network. Moreover, the impact on the Natura area should not be taken into account considering the fact that such Natura area was established during the course of DOY's mining operations in Orivesi.

In addition, the ELY Centre also appealed to the aforesaid AVI decision on the basis that the decision did not include sufficient permit conditions for the cessation of mining activities in terms of rehabilitation of post mine closure. DOY and the ELY Centre have both requested to repeal the decision and remand the application to be decided again by the AVI.

On 12 June 2018, the Vaasa Administrative Court rejected ELY Centre's and our appeals against the aforesaid AVI's decision of 9 December 2015. The decision of the Vaasa Administrative Court can be further appealed to the Supreme Administrative Court with a retrial permit applied no later than 12 July 2018, which our Company and the ELY Centre, had each submitted a leave to appeal, together with an appeal to the Supreme Administrative Court on 11 July 2018. As mentioned above, the existing Environmental Permit remains valid until the new decision on the said permit matter gains legal force. According to our correspondence with the ELY Centre, we may continue our operations at Orivesi Mine according to our existing

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Environmental Permit granted on 24 February 2006 until the Supreme Administrative Court has decided whether or not to grant us the retrial permit. According to the ELY Centre, in the event the retrial permit is not granted, the decision of the Vaasa Administrative Court on 12 June 2018 will gain legal force, and our operations at such mine will have to cease. As advised by our legal adviser as to Finnish law, in the circumstance that the leave to appeal is not granted or the associated appeal is rejected by the Supreme Administrative Court, the production must cease and the mine must be run down in a safe manner in compliance with orders given by Tukes for the shutdown operation. A proper shut down plan for mine closure should be submitted within six months from the date the decision gains legal force. As at the Latest Practicable Date, it is not clear to us the type of operations and measures are allowed in a gradual shut down plan, as it would not be considered safe to cease all production and related operations immediately. Tukes and the ELY Centre will negotiate on the safety order for shut down operations in this regard. In the event that the retrial permit is being granted, we may continue operations at Orivesi Mine at least until the appeal on the Vaasa Administrative Court's decision of 12 June 2018 has been decided by the Supreme Administrative Court. If the Supreme Administrative Court accepts the appeals and remits the case back to the AVI, operations at Orivesi Mine may continue as long as there is a need for AVI to reconsider the permit application.

On average, the application for retrial permit takes approximately ten months to process, and if successful, the appeal itself will typically take approximately one and a half to two years to process.

As advised by our legal adviser as to Finnish law, the grounds of the Vaasa Administrative Court's rejection on our appeal are mainly surrounding sulphate emissions. Nonetheless, considering (i) emissions at Orivesi Mine have been progressively reducing each year; (ii) the existing Environmental Permit for Orivesi Mine does not contain any limit on sulphate emissions; (iii) our Company is in compliance with the existing Environmental Permit conditions at Orivesi Mine; (iv) the Vaasa Administration Court and AVI did not properly take into account the effect of permit conditions and impacts on the environment; (v) the Vaasa Administrative Court did not grant a permit but included some diluting permit conditions; (vi) the ELY Centre as a supervising authority of public interest has also applied a retrial permit and submitted an appeal; and (vii) the Vaasa Administrative Court's decision dated 12 June 2018 was not unanimous and was decided with the chairman's casting vote among the judges of four against two, our legal adviser as to Finnish law is of the view that the retrial permit would be granted to us. As laid down in the Finnish Mining Act, the Environmental Permit holder and other mining concession holder, are obliged to ensure that potential future use and excavation work at the mine and deposit are not endangered or encumbered. The mining operator shall restore the mining area to a condition that is in compliance with public safety (restoration, cleaning, and landscaping) within two years of the termination of the mining activity. The mining authority can temporarily prohibit the removal of construction related to mining activity if that would hamper or endanger the potential future usage of the mine, or excavation work. The operator may leave in place the mining minerals excavated from the mine for up to two years after termination of mining activity.

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In any event, the expected mine life of Orivesi Mine is approximately ten months from 30 April 2018, and our Directors have always intended to commence operations at Kaapelinkulma Project once operations at Orivesi Mine have ceased.

Vammala Plant

The permit update application was submitted by DOY on 18 May 2011. It is common that mining operators periodically apply for new environmental permits in order to keep them updated according to current business needs and for future reference. The updated Environmental Permit application included the request to increase capacity to 300,000 tonnes and to process ore from Kaapelinkulma Project when in operation. As the ELY Centre issued its statement on 22 September 2016 acknowledging the enrichment production turnout up to 300,000 tonnes and the ore from Kaapelinkulma Project can be concentrated in the Vammala Plant, the updated permit conditions concerning, in particular the capacity of the Vammala Plant or Kaapelinkulma ore are not subject to any appeal and will not be amended due to these appeals. A permit update decision No 124/2014/1 of AVI was given on 24 June 2014 concerning the grant of a new environmental permit. DOY subsequently appealed to the aforesaid permit update decision on 24 July 2014 to the Vaasa Administrative Court.

The circumstances leading to the appeal of DOY on 24 July 2014 to the Vaasa Administrative Court was that the AVI did not adopt correctly the information of the water circulation and water management of Vammala Plant, and our Directors were of the view that the updated permit regulations were not possible to comply with under the Finnish climate. It should be further noted that the ELY Centre also appealed against the decision No 124/2014/1 of AVI on a similar basis that the new permit conditions were impractical to administer. Unrelated to the aforesaid appeals, two individuals also submitted compensation claims aggregated to approximately EUR545,060 in relation to the decision No 124/2014/1.

The decision No 124/2014/1 of AVI regarding the concentration activity in Vammala did not gain legal force. However, as mentioned above, the ELY Centre has acknowledged and stated that the concentration activity carried out for ore from Kaapelinkulma Project to be in line with the requirements under the former permit No 15/2008/2. Given (i) the ELY Centre has continuously been aware of the operations at Vammala Plant and discussed the situation with DOY regularly throughout the Track Record Period; (ii) the ELY Centre has not taken any controlling actions so far and there has not been any administrative compulsion decision or pending matter regarding the amount of production; (iii) emission to the water throughout the Track Record Period has not increased due to the increased production; (iv) the ELY Centre has issued its statement on the matter on 22 September 2016 indicating that they will not take any action as long as the permitting procedure is ongoing and it has renewed its statement yearly on 13 November 2017 and on 24 September 2018 respectively; and (v) DOY's yearly reporting of operations details (including production levels) to and consultations with the ELY Centre with regard to such production amount throughout the Track Record Period, our legal adviser as to Finnish law is of the view that the production level of Vammala Plant, in excess of its permitted capacity during the Track Record Period does not constitute a non-compliance

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with the current permit regulations, which will be reviewed in relation to the applied 300,000 tonnes production level in the context of the pending application procedure in the AVI. As confirmed by our legal adviser as to Finnish law, the tenements and permits for Vammala Plant as at the Latest Practicable Date are sufficient for our operations.

Our legal adviser as to Finnish Law is of the opinion that the production level of DOY throughout the Track Record Period is acceptable and within the ambit of the existing permit No 15/2008/2. They have arrived at such opinion after taking into account, amongst others, that during the Track Record Period, the ELY Centre has been made aware of DOY's production level throughout such period through yearly reporting of DOY's production level and consultations. Also, in the correspondence between DOY and the ELY Centre, the ELY Centre has confirmed that it has knowledge of the production level of DOY and that it will not take any controlling actions regarding the increased production as long as the new permit application is still ongoing. As tailings from Kaapelinkulma are non-hazardous and similar to those from Jokisvu Mine, it will not change the classification of Vammala Plant tailings pursuant to permit condition 6 of the AVI decision (No 124/2014/1). The ELY Centre has not taken any rectifying actions during the Track Record Period and up to the Latest Practicable Date, and our legal adviser as to Finnish Law has opined that there is no concern that the ELY Centre may launch any administrative compulsion procedure against DOY's historical production amount.

The compensation claims demanded by the two individuals were dismissed and the permit decision No 124/2014/1 was ordered to be remitted back to AVI to be reconsidered by the Vaasa Administrative Court's decision on 2 May 2016. The two individuals further appealed the decision of Vaasa Administrative Court (on 2 May 2016) to the Supreme Administrative Court on 1 June 2016. As advised by our legal adviser as to Finnish laws, the Supreme Administrative Court has dismissed the appeal in favour of our Group and remitted the permit back to the AVI on 11 July 2017, which has requested supplemental information to the permit application No 124/2014/1 from DOY in September 2017, in order to be able to issue emission limits and other permit conditions. DOY was requested to submit supplemental information to the permit application No 124/2014/1 by the end of November 2017 and may suggest emission limit values and other permit conditions. DOY requested an extension for the aforesaid submission on 14 November 2017, and the request for extension was subsequently admitted by the AVI until 2 March 2018. DOY replied on 24 April 2018 to the claims from these individuals based on the supplemental information submitted. Further supplemental information to the Environment Permit application of Vammala Plant, including waste management plan, suggestion for monitoring program, study of simulation of dust spreading, measures to treat seepage waters from tailings sand facility will be provided in the fourth quarter of 2018. The supplemental information submitted will be subject to public hearing which our Group will be given the opportunity to respond to such statements and opinion. The public hearing will take place when the AVI considers the supplemental information are sufficient. As advised by our legal adviser as to Finnish law, the decision from AVI on the revised permit could still be given during the year of 2018, whilst it can be re-appealed to the Vaasa Administrative Court as our Group previously encountered.

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As advised by our legal adviser as to Finnish law, the AVI takes approximately 18 months on average to consider and issue a permit decision. If the AVI issues the revised permit with unreasonable condition again despite the previous court judgement, DOY automatically has the right to appeal the revised permit decision to the Vaasa Administrative Court first, without needing to obtain any retrial permit. If permission to appeal is granted by the Supreme Administrative Court, our Group can appeal subsequently to the Supreme Administrative Court. As advised by our legal adviser as to Finnish law, the entire permitting and appealing process, including the consideration time of AVI to issue the revised permit and the possibility of delays in the processing of appeals, would take approximately three years. The new permit will not gain legal force until (i) all appeals in relation to it are settled; or (ii) the appeal to the Vaasa Administrative Court is settled if the leave of appeal to Supreme Administrative Court is not granted by the Supreme Administrative Court or in the case where the leave of appeal is granted, until the Supreme Administrative Court makes its final decision. During the entire permitting and appealing process, until the new permit gains legal force, Vammala Plant can operate under the current permit No 15/2008/2.

Given (i) the average time required of approximately 18 months for the AVI to reconsider and issue the revised permit and approximately 17 months for the Vaasa Administrative Court to settle an appeal (and possible appeal to Supreme Administrative Court if leave of appeal is granted by the Supreme Administrative Court); (ii) the current estimated mine life of Orivesi Mine and Jokisivu Mine is approximately ten months and 42 months respectively; and (iii) the current estimated mine life of Kaapelinkulma Project is approximately 24 months from its expected commencement in the first quarter of 2019, the current estimated mine life and reserves of our Operating Mines and Pre-Production Asset in Finland (before taking into account their revolving nature) is expected to substantially depleted before an appeal, if any, is settled at the Vaasa Administrative Court. As advised by our legal adviser as to Finnish law, DOY would be able to operate under the current permit No 15/2008/2 until the new permit gains legal force, and the current permit No 15/2008/2 remains to be the only valid permit.

In addition, since the current permit No 15/2008/2 remains valid throughout the new permit application process, DOY has an option to relinquish the new permit application before the new permit gains legal force. DOY can relinquish the application only before the decision is made by the AVI. In such case, DOY will be able to continue its operations at Vammala Plant according to the current permit No 15/2008/2, at least processing ores from Orivesi Mine and Jokisivu Mine with permitted production capacity of approximately 200,000 tonnes ore per year. This will ensure the continuity of our Group's operations in Finland and minimise the risk of any temporary suspension of our operations.

Our Directors wish to note that it is our Group's intention to commence Kaapelinkulma Project and increase production capacity of Vammala Plant to approximately 300,000 tonnes ore per year in the near term, it would be advisable to continue liaison with the ELY Centre to obtain the revised permit with conditions that our Group can reasonable comply with.

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Kaapelinkulma Project

On 2 June 2017, two local individuals, on behalf of approximately 80 signatories, initiated an amendment application of the Kaapelinkulma Environmental Permit No 175/2015/1 (the “**Application**”) to Tukes and AVI to request amendments to the conditions of the granted Environmental Permit. Tukes dismissed the Application on 16 October 2017 on the basis that there is no ground to amend the Environmental Permit pursuant to Section 69 and 70 of the Finnish Mining Act. AVI started the investigation pursuant to the Environmental Protection Act, and subsequently rejected all demands proposed in the Application on 7 November 2017 on the basis that the Application did not include any grounds which could lead to an amendment of the said legally valid permit as set out in Section 89 of the Environmental Protection Act.

The decision of the AVI was appealed to the Vaasa Administrative Court, and Vaasa Administrative Court review is currently under way to which DOY has provided supplemental information in 17 April 2018. If Vaasa Administrative Court rules unfavourably against our Group, it would be more likely that the granted Environmental Permit will be remitted back to AVI for their reconsideration. As advised by our legal adviser as to Finnish law, as long as the Application is being processed, it will not alter the current permit conditions and does not delay or affect the commencement of operations at Kaapelinkulma Project. The current Environmental Permit 175/2015/1 remains in force until further notice.

As advised by our legal adviser as to Finnish law, the Application will only be successful if (i) the pollution or risk thereof caused by the activity is substantially different than what was estimated in advance; or (ii) external circumstances regarding the operations have changed substantially since the granting of the permit and there is therefore a need to amend the permit, as stipulated in Section 89 of the Environmental Protection Act.

Based on the above, our legal adviser as to Finnish law holds the view that the threshold for the Application to succeed is very high, given that (i) no activity has been commenced at Kaapelinkulma Project and logically there cannot be any pollution or risks caused by mining activities; and (ii) no external circumstances (with the exception of the cutting of tree stand to south of the open pit, which does not effect on the interests of the appellants and does not hinder mining operations according to the biologist, and taken into account restoration measures and the statement of the ELY Centre) regarding the operations was mentioned or demonstrated in the Application, and taking into consideration the following factors:

- (i) all allegations which can be and are evaluated pursuant to Section 89 of the Environmental Protection Act made in the Application have already been taken into account during the permitting process and the existing Environmental Permit includes provisions regarding such matters raised in the Application;
- (ii) the ELY Centre has stated in its response statement to the Application that it considers there are no reasons for the permit to be re-examined as requested in the Application;

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- (iii) certain claims in the Application are relating to matters that do not fall within the scope of the Environmental Protection Act and AVI's jurisdiction;
- (iv) no valid grounds have been demonstrated in the Application for it to succeed under the Environmental Protection Act; and
- (v) the existing Environmental Permit for Kaapelinkulma Project has officially gained legal force, before which all stakeholders/concerned parties were given a chance to lodge their appeal or submit their opinion under the applicable law, and no appeals were lodged during that time.

As such, our legal adviser as to Finnish law is of the view that the Application has a very low chance of success.

Legal proceedings in relation to our Swedish operations

Svartliden Mine and Svartliden Plant

The Environmental Permit for Svartliden Mine and Svartliden Plant was granted to DAB by the District Court of Umeå (Land and Environmental Court) on 1 March 2013 with several deferred permit conditions pertaining to it. According to the Environmental Permit, DAB has to investigate and assess four investigational terms, including (i) possibilities of further depositing of tailings (U1); results of new emissions measures and methods to limit pollutants and emission of water (U2); methods for post-treatment and form of financial security (U3); and results undertaken by DAB to avoid affecting the Svartliden stream (U4), before the deferred permit conditions can be set. The judgement for the deferred permit conditions were given in four stages provided that DAB had satisfied the requirements of the aforesaid investigational terms. The first part of the judgment given by the District Court of Umeå (Land and Environmental Court) on 30 November 2012 for the case M 1704-10, granted permission to the operations at Svartliden Mine with an annual mining cap of 500,000 tonnes of ore. Second part of the judgment on 8 October 2013 for the same case pledged DAB's obligations during the mining in Svartliden Mine. The third part of the judgment on 8 May 2014 for the same case set limits on disposal of tailings in Svartliden Mine. The fourth part of the judgment for the same case on 5 May 2015 set the conditions for the protection of Svartlidenbäcken. These judgments outline the Environmental Permit for Svartliden Mine and Svartliden Plant.

The District Court of Lycksele passed down a judgment, dismissing an accusation for illegal environmental activities which would result in a corporate fine. The prosecutor (who was a representative of the Swedish state) initiated an action against DAB where DAB was accused of illegal environmental activities consisting of violations against certain conditions of the permission applicable to the business of DAB (decision given by the District Court of Umeå (Land and Environmental Court) on 28 August 2003). The violations that DAB was accused of was emission of environmentally hazardous substances to Svartlidbäcken and Paubäcken, and violations against limitations for emissions of arsenic, cadmium, zinc and nickel into the clear water storage). The case was brought up to the Court of Appeal for Övre Norrland which

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the court upheld the district court's ruling, and DAB did not receive a corporate fine. Litigation costs of approximately SEK956,000 (approximately AUD143,400) were reimbursed by the state.

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, our Directors and our Group were not involved in any material litigation or arbitration, and no litigation or arbitration is known to our Directors to be pending or threatened by or against us, our Directors and senior management, that would have a material and adverse effect on our business, financial position or results of operations.

Compliance

DOY has been granted on 26 August 2011 an Environmental Permit No 92/2011/1 by AVI for Kaapelinkulma Project. The decision became final on 26 September 2011.

Pirkanmaa ELY Centre as a supervising authority launched a procedure pursuant to the Nature Conservation Act (1096/1996) with regards to the application submitted by Pirkanmaan Luonnonsuojelupiiri ry on the existence of a rare butterfly species in a mining district (PIRELY/679/07.01/2013) on 7 January 2013. This required DOY to submit a clarification in the context of the review of the Environmental Permit No 92/2011/1. DOY submitted this clarification on 29 August 2014. A couple of specimen was found in the area, but the Pirkanmaa ELY Centre and permit authorities established that the mining activity does not threaten the existence of butterflies. This clarification was taken into consideration during the application of the new Environmental Permit.

AVI revised the permit conditions of the Environmental Permit No 92/2011/1 by its decision No. 175/2015/1 on 14 October 2015 to correspond the Environmental Protection Act (527/2014), the Waste Act (646/2011) and the updated Government Decree on Waste from Extractive Industries (190/2013). There was no appeal against the decision which has been effective until further notice since 16 November 2015. It does not entail the ore beneficiation which will be carried out in Vammala Plant.

Pursuant to the permit decision No. 175/2015/1 of the Western and Inland Finland Regional State Administrative Agency, the trees that stand in the southern part of Kaapelinkulma must be conserved as a protection zone in order to protect the woodland brown butterfly (*Iopinga achine*) which is south from the cut forest. Our Directors note that a section of the tree stand, which was explicitly classified as a potential habitat for the woodland brown butterfly, has been logged by accident by DOY in Autumn 2016 during a timber felling activity at Kaapelinkulma Project to clear out land in preparation for mining operations. Such section of the tree stand was not a verified habitat since not a single woodland brows butterfly has ever been spotted in the logged forest.

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As advised by our legal adviser as to Finnish law, the logging of tree stand within the protected area may constitute a possible non-compliance of the permit conditions of the aforesaid permit decision. Compensatory measures have been voluntarily planned by DOY and suggested to the ELY Centre and the administrative compulsion has not so far been initiated. Possible failure to comply with permit regulations can be confirmed in criminal proceedings or in an administrative compulsion procedure. Nonetheless, the ELY Centre gave a statement (PIRELY/9107/2017) on 21 April 2017 that the follow-up and mitigation plan to be implemented by DOY is adequate. DOY has continued to fine-tune the mitigation plan in light of the implementation of the plan.

The follow-up and mitigation plan of the woodland brown butterfly could be required to be updated in the context of administrative compulsion procedure, whilst the criminal proceeding could have economic consequences as explained in the following paragraphs. As advised by our legal adviser as to Finnish law, the voluntary follow-up and mitigation plan of the woodland brown butterfly as suggested by DOY (details of which are further elaborated below) could be interpreted as a mitigating fact in the context of scaling a fine.

DOY has notified the ELY Centre of the accident. The ELY Centre requested the police to launch preliminary investigation at once in consequence of the incident. As advised by our legal adviser as to Finnish law, our country manager of Finland and our exploration manager have been invited on 6 October 2017 by the police to provide information on the case and on 13 October 2017 and 20 October 2017 respectively. Our country manager of Finland was informed by the police that an investigation of the suspected offence has commenced and he was questioned by the police on the background to the incident. An allegation was submitted by an anti-mine activist which claimed that the tree-logging was done on purpose, and our country manager of Finland was invited again to provide information regarding this matter on 16 March 2018 and 25 April 2018. As confirmed by our legal adviser as to Finnish law, no charges in relation to the incident have been brought against our Directors or our Group as at the Latest Practicable Date. If the tree stand is judged to be logged by accident, such act may not be deemed as a criminal offence. Such act will only constitute a criminal offence only if it is judged to be resulted from certain negligence. The prosecutor, and eventually the court, evaluates the level of negligence and therefore whether the tree stand has been accidentally logged. In this case, the officer of ELY Centre has verbally acknowledged that the clearing of the trees was by accident. However, there is no official interpretation from the authority, and it should be noted that the aforesaid statement from the ELY Centre does not abort the preliminary investigation.

In response to the above, our Group has implemented a set of procedures on carrying out our operations which may have an impact on the surrounding environment. Prior to commencement of any project, project design must be completed taking into account, amongst other things, restrictive labour regulatory requirements and licence conditions. Such project designs include the description of planned works, preliminary assessment and the compliance with relevant conditions of permits and regulations. The project design will be circulated to our environmental experts and engineers for their review. Our Group will seek clarification from ELY Centre when our environmental experts or engineers have any doubts on the compliance

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of certain conditions of licences or provisions of regulations. The finalised project design has to be circulated to our Finnish country manager and our supervisors of the project. Work commencement is only allowed with the written permission from our environmental expert or engineer after ensuring the project design is completed and circulated.

Our project manager is responsible for ensuring that the works being carried out are in accordance with the project design. Any deviation or potential changes to the planned works have to be reported. The project manager is also informed of the progress of the works by our environmental expert and engineers. Our environmental expert and engineers also act as a contact point for the ELY Centre.

As advised by our legal adviser as to Finnish law, the maximum liability on our Company and Directors for logging the trees that should be preserved depends on whether the preliminary investigation and subsequently whether the prosecutor considers it to be a criminal offence. If the action is considered to be committed intentionally or at least through gross negligence, the possible criminal offences and their respective maximum liability of the individuals involved would be as follows:

- (i) A breach of the Environmental Protection Act as laid down in Section 225 of the said act. If prosecuted, the maximum penalty for an individual involved in breach of the Environmental Protection Act is a fine. The statutory maximum number of day-fines under Chapter 2a of the Criminal Code is 120 day-fines. The average amount in five cases being approximately 24.5 day-fines from the scale of 12 to 60 day-fines.
- (ii) An environmental infraction according to Section 3 of Chapter 48 of the Criminal Code. If prosecuted, the maximum penalty for an individual involved in an environmental infraction is a fine or six months imprisonment. The statutory maximum of number of day-fines under Chapter 2a of the Criminal Code is 120 day-fines. Since 2013 the court has ordered merely day-fines, the average amount in 20 cases approximately being 20.5 day-fines from the scale of 5 to 60 day-fines.
- (iii) A nature conservation offence according to Section 5 of Chapter 48 of the Criminal Code. If prosecuted, the maximum penalty for individual involved in a nature conservation offence is a fine or prison sentence for two years. Prosecuting and finally convicting requires evidence of intention or at least gross negligence. The statutory maximum of number of day-fines under Chapter 2a of the Criminal Code is 120 day-fines. In two cases during the period from 2013 to 2016, a nature conservation offence has led to imprisonment (80 days, 16 months). As a rule, the penalty for a first offender is conditional discharge, not unconditional imprisonment. In 14 cases since 2013 it had led to day-fines, an average amount being approximately 43.18 day-fines from the scale of 20 to 70 day-fines.

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- (iv) A nature conservation violation according to Section 58 of the Nature Conservation Act. If prosecuted, the maximum penalty for an individual involved in a nature conservation violation is a fine. The statutory maximum of number of day-fines under Chapter 2a of the Criminal Code is 120 day-fines. The average amount in five cases being approximately 22.2 day-fines from the scale of 8 to 40 day-fines.

As advised by our legal adviser as to Finnish law, there is no liability to indemnify for logging the tree stand, which is owned by DOY. However, if our Directors committed the abovementioned crimes, the maximum liability of our Group would be a fine, which is an accessory punishment to a corporation. A statutory scale for the corporate fine imposed on a corporation as stipulated under the Criminal Code is between EUR850 and EUR850,000, depending on the nature of the crime, economic position of the company etc.

During the years from 2013 to 2016, only one out of 18 imputable nature conservation offence cases was convicted with a fine imposed on a corporation. The fine amounted to EUR5,000.

During the years from 2013 to 2016, only two out of 22 imputable environmental infraction cases were convicted with a fine imposed on a corporation. The fines amounted to EUR1,000 and EUR1,500 respectively.

As advised by our legal adviser as to Finnish law, it is not likely that our Company and/or our Directors will be penalised for logging the preserved trees.

As at the Latest Practicable Date, the investigation has been concluded and none of our Directors, senior management or our Company was prosecuted. One of our employees was prosecuted for the cutting of trees and received summons to the court on 3 September 2018. The count of an indictment is based on the violation of the Nature Conservation Act of which the maximum fine in this case will be 40 day-fines, which are expected to be less than EUR10,000. The employee argued the charges are groundless, and requested the District Court to dismiss the case and seek an order for costs. Subsequently, after the hearing of a witness (a biologist), who confirmed that the cutting of the forest and the mining operation itself will not affect the woodland brown butterfly, and the written reply from our prosecuted employee, the prosecutor requested on 26 September 2018 to cancel the main hearing of the case.

Our Directors confirm, during the Track Record Period and up to the Latest Practicable Date, save as described in this prospectus, we have complied with all of the applicable Australian, Finland and Swedish laws, rules and regulations in all material respects, and we have obtained or are in the process of obtaining all of the applicable licences and permits from appropriate regulatory authorities that are material for our current business operations in Finland and Sweden.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of one executive Director, one non-executive Director and three independent non-executive Directors. The following table sets out certain information in respect of our Directors:

Name	Age	Position	Date of joining our group	Date of appointment as Director	Roles and responsibilities in our Group
Mr. Arthur George Dew (狄亞法)	77	Chairman and non-executive Director	7 February 2014	7 February 2014	Management of the Board, management of relationships of the Board and management and strategic direction of our Group; chairman of the nomination committee
Mr. Brett Robert Smith	57	Executive Director and chief executive officer	7 February 2014	7 February 2014	Managing the overall operations of our Group
Mr. Wong Tai Chun Mark (王大鈞)	54	Alternate Director to Mr. Dew	19 May 2015	19 May 2015	Acting on behalf of Mr. Dew in his absence
Mr. Carlisle Caldwell Procter	78	Independent non-executive Director	19 May 2015	19 May 2015	Supervising and providing independent judgement to the Board; chairman of the remuneration committee and member of the audit and risk management committee and the nomination committee
Mr. Pak Wai Keung Martin (白偉強)	55	Independent non-executive Director	24 May 2018	24 May 2018 with effect from the Listing Date	Supervising and providing independent judgement to the Board; member of the audit and risk management committee, the remuneration committee and the nomination committee
Mr. Poon Yan Wai (潘仁偉)	48	Independent non-executive Director	24 May 2018	24 May 2018 with effect from the Listing Date	Supervising and providing independent judgement to the Board; chairman of the audit and risk management committee and member of the remuneration committee

DIRECTORS AND SENIOR MANAGEMENT

Executive and non-executive Directors

Mr. Arthur George Dew (狄亞法), aged 77, was elected as a non-executive Director on 7 February 2014 and appointed as chairman of our Board. He has held the post of non-executive chairman since that date. Mr. Dew is primarily responsible for the management of the Board, management of the relationships of the Board and management and the strategic direction of our Group. Mr. Dew is also the chairman of the nomination committee of our Company.

Mr. Dew has been a non-practising barrister admitted to the Supreme Court of New South Wales, Australia since 1984. Mr. Dew graduated with a Bachelor of Arts in April 1963 and a Bachelor of Laws in April 1966 from the University of Sydney, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales in June 1966 and practised as a solicitor for a number of years in Sydney and was then admitted as a barrister in July 1984. In addition to his legal experience, Mr. Dew has over 35 years of corporate and business experience. Mr. Dew has served as a director and in some cases chairman of a number of publicly listed companies for over 30 years. A number of these companies have been in the resources sector, particularly the gold sector, namely, Base Resources Limited as well as Electrum NL and Belgravia Resources NL, and a non-executive director and the chairman of Waraluck Limited, all of which were companies previously listed on the ASX. Mr. Dew was previously a non-executive director of the ASX listed Eurogold Limited (now known as BARD1 Life Sciences Limited) (ASX: BD1) from October 2012 to November 2014. Mr. Dew was also a non-executive director of various companies listed on the Stock Exchange, including Sun Hung Kai & Co. Limited (SEHK: 86), Lippo Limited (SEHK: 226) and Lippo China Resources Limited (SEHK: 156). He was also an executive director then non-executive director of Quality HealthCare Asia Limited (later known as Allied Overseas Limited and SkyOcean International Holdings Limited and now known as DreamEast Group Limited) (SEHK: 593).

Mr. Dew has been the chairman and a non-executive director of Allied Group, Allied Properties (HK) and APAC Resources Limited (SEHK: 1104) since July 2002, January 2007 and March 2016, respectively, and a non-executive director of SHK Hong Kong Industries Limited (SEHK: 666) since November 2007, all of which are companies listed on the Stock Exchange. Mr. Dew has also been the chairman and a non-executive director of Tian An Australia Limited (ASX: TIA) since December 2015 and a non-executive director of Tanami Gold (ASX: TAM) since December 2011, both of which are listed on the ASX.

APAC Resources Limited has invested in certain mining companies which are listed and operating in Australia while Tanami Gold is a company currently principally engaged in gold exploration in Australia and was previously engaged in gold mining in Australia. APAC Resources Limited is indirectly held as to 34.03% by Allied Properties (HK). APAC Resources Limited also holds, indirectly, 40.64% in Tanami Gold. Allied Properties (HK) is a non wholly-owned subsidiary of Allied Group. Each of Allied Properties Resources, Allied Properties (HK) and Allied Group are substantial shareholders of our Company. For further information, please refer to the section headed "Relationship with substantial shareholders" of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Dew was previously a non-executive director of New England Agricultural Corporation Limited (“**NEAC**”), a company previously listed on the ASX, and some of its subsidiaries from approximately 1980 to 1981. NEAC was an irrigated cotton grower in New South Wales, Australia. Due to the withdrawal of the majority of the company’s water allocations because of severe drought (the “**Drought**”), this led to action by secured creditors against NEAC and some of its subsidiaries and finally a Scheme of Arrangement (the “**Scheme**”). According to Mr. Dew’s current recollection, the value involved in the Scheme completed in or around 1981 or 1982 was approximately AUD2.0 million.

Based on the Sponsor’s due diligence investigations into NEAC and the Scheme, NEAC who have entered into the Scheme predominantly as a result of the Drought and withdrawal of water allocations, and taking into consideration Mr. Dew’s qualifications and experience, the Sponsor is of the view that the fact that NEAC having entered into the Scheme while Mr. Dew was a non-executive director does not impact on his character, experience or integrity. Accordingly, the Sponsor is of the view that Mr. Dew is able to demonstrate a standard of competence commensurate with his position as a Director given the requirements under Rules 3.08 and 3.09 of the Listing Rules.

Mr. Brett Robert Smith, aged 57, has been an executive Director since 7 February 2014 and our chief executive officer. Mr. Smith is primarily responsible for managing the overall operations of our Group, including but not limited to, strategic planning for the development of our Company, management and further development of Orivesi Mine, Jokisivu Mine, Vammala Plant and Svartliden Plant, identify viable expansion plans for our Company, including the development of Kaapelinkulma Project and Fäboliden Project.

Mr. Smith has over 32 years of experience within the mineral exploration and exploitation industry or mining related industries, including over 12 years of experience in the gold mining industry, and has participated in the development and delivery of a number of open-pit and underground mining projects, including coal, iron ore, base and precious metals. Mr. Smith has extensive experience in the development of mines that include open-pit operations, which is the method to be employed in Fäboliden Project and Kaapelinkulma Project, as well as underground mining which is the method currently employed in Orivesi Mine and Jokisivu Mine. Before joining our Group, Mr. Smith had the following work experience:

<u>Name of organisation</u>	<u>Principal business activity</u>	<u>Major position(s)</u>	<u>Period of service</u>	<u>Primary responsibilities</u>
APV PLC	Provision of products and services to the chemical mining and process industry	General manager	1986 to 1994	Responsible for project engineering and manufacturing business supplying process, mining and sanitary industries

DIRECTORS AND SENIOR MANAGEMENT

Name of organisation	Principal business activity	Major position(s)	Period of service	Primary responsibilities
GEA GMBH	Provision of products and services to the chemical mining and process industry	General manager	1994 to 1998	Responsible for all of GEA GMBH's operations in China
Boulderstone Hornibrook Pty Ltd	Construction and multidiscipline engineering to the mining and heavy industrial sectors	Director of the process and mechanical division	1998 to 2001	Responsible for the heavy industrial division
Aldoga Mining and Construction Pty Ltd	Special purpose company for the development of a turn key green field aluminum smelter and mining projects	General manager	2001 to 2005	General management responsibilities for the project development exploration operations of the company
Ausenco Limited (previously listed on the ASX)	Engineering and construction company servicing the mining and mineral processing industry	Chief operating officer; president of minerals and metals; and director of major projects	October 2005 to August 2012	Responsible for the minerals division including approximately 2,000 employees and projects worth over AUD1.0 billion. The minerals division was responsible for the design and construction of a number of base metal mining plants and gold processing plants
Forge Group Limited (previously listed on the ASX)	Engineering, construction services to the mining and mineral processing industries	Chief operating officer	September 2012 to November 2013	Management of the project delivery companies within the Forge Group
Australian Indigenous Resources Pty Ltd	Special purpose company formed for the competitive bid process for the mining of bauxite near Aurukun in Queensland, Australia	Director and chief operating officer	November 2013 to September 2015	Managing the pre-feasibility studies

Mr. Smith had accumulated extensive experience in design, construction and operation of a number of base metal and gold processing plants during his time in Ausenco Limited from October 2005 to August 2012. Such plants utilised a number of techniques including flotation and CIL techniques to extract minerals from the rock, which is the same as the techniques used by Vammala Plant and Svartliden Plant to extract gold.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Smith was previously a non-executive director of Metallica Minerals Limited (ASX: MLM), a company listed on the ASX which is principally engaged in mineral exploration, evaluation and progressing development of its bauxite and zircon-rutile heavy mineral sands project, from May 2005 to November 2006. Mr. Smith has been an executive director of APAC Resources Limited (SEHK: 1104), a company listed on the Stock Exchange, since May 2016 and a non-executive director of Prodigy Gold NL (ASX: PRX) (previously known as ABM Resources NL (ASX: ABU)), a company listed on the ASX, since May 2016. APAC Resources Limited has invested in certain mining companies, including Prodigy Gold NL, which is a company engaging in exploration and exploitation of gold in Australia. APAC Resources Limited is indirectly owned as to 34.03% by Allied Properties (HK) (SEHK: 56), which in turn is a non wholly-owned subsidiary of Allied Group. Allied Properties (HK) and Allied Group are substantial shareholders of our Company. For further information, please refer to the section headed “Relationship with substantial shareholders” of this prospectus.

Mr. Smith graduated with a Bachelor of Engineering (Chemical Engineering) with Honours in August 1985 from the University of Melbourne, Australia and obtained a Diploma in Marketing from The Chartered Institute of Marketing, United Kingdom in December 1991. Mr. Smith also graduated with a Brunel University Master in Business Administration (MBA) from Henley Management College, United Kingdom in May 1993 and a Master of Arts in Statistical Research from Macquarie University, Australia in April 2006.

Mr. Smith was the chief operating officer of Forge Group Limited (“**Forge**”) while it was listed on the ASX. Forge is currently under external administration in Australia and has been delisted from the ASX. Mr. Smith was also appointed as director of certain subsidiaries of Forge, namely, Abesque Engineering Pty Ltd, Alanthus Nominees Pty Ltd, Cimeco Pty Ltd, CTEC Pty Ltd, Energy Maintenance Partners Pty Ltd, Forge Group Asset Management Pty Ltd, Forge Group Construction Pty Ltd, Forge Group Minerals & Resources Ltd, Forge Group Power Pty Ltd and Forge International Pty Ltd (collectively, the “**Forge Subsidiaries**” and together with Forge, the “**Forge Group**”). Mr. Smith resigned as the chief operating officer of Forge, and as director of the Forge Subsidiaries, both in November 2013. Subsequent to Mr. Smith’s resignation, Forge and the Forge Subsidiaries entered into external administration in Australia in February 2014. Details of such external administration are as follows:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons for entering into external administration</u>	<u>Date of appointment of joint and several administrators</u>
Abesque Engineering Pty Ltd	Engineering and construction	Insolvency	11 February 2014
Alanthus Nominees Pty Ltd	Engineering and construction	Insolvency	11 February 2014
Cimeco Pty Ltd	Engineering and construction	Insolvency	11 February 2014
CTEC Pty Ltd	Engineering and construction	Insolvency	11 February 2014

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Name of company	Nature of business	Reasons for entering into external administration	Date of appointment of joint and several administrators
Energy Maintenance Partners Pty Ltd	Engineering, construction and asset management	Insolvency	11 February 2014
Forge Group Asset Management Pty Ltd	Engineering, construction and asset management	Insolvency	11 February 2014
Forge Group Construction Pty Ltd	Engineering and construction	Insolvency	11 February 2014
Forge Group Minerals & Resources Ltd	Engineering and construction	Insolvency	11 February 2014
Forge Group Power Pty Ltd	Engineering and construction	Insolvency	11 February 2014
Forge International Pty Ltd	Engineering, construction and asset management	Insolvency	11 February 2014

The Sponsor is of the view that the insolvency of Forge Group does not infringe on the character, experience, integrity of Mr. Smith or the demonstration of a standard of competence commensurate with his position as a director under Rules 3.08 and 3.09 of the Listing Rules on the following basis:

- (a) Mr. Smith's resignations were primarily because Mr. Smith foresaw problems with the Forge Group at the time and did not believe that the Forge Group was structured appropriately;
- (b) Mr. Smith was a creditor of the Forge Group and he had made a formal submission to recover a certain sum of money including 3 months' pay;
- (c) no legal proceedings have been issued against Mr. Smith in his capacity as a former director of the Forge Subsidiaries; and
- (d) a report by the Administrators to the Forge Group reveals no involvement of Mr. Smith in the administration of the Forge Subsidiaries.

Alternate Director to Mr. Dew

Mr. Wong Tai Chun Mark (王大鈞), aged 54, has been an alternate director for Mr. Dew since 19 May 2015 and is currently the director of investment of Allied Group, being responsible for overseeing operations in a number of companies which Allied Group has invested in.

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Before joining Allied Group, Mr. Wong had the following work experience:

<u>Name of organisation</u>	<u>Principal business activity</u>	<u>Major position(s)</u>	<u>Period of service</u>	<u>Primary responsibilities</u>
Deloitte Touche Tohmatsu	International accountancy firm	Manager	September 1986 to February 1993	Responsible for audit planning and control and supervision of audit staff
Allied Group	Investment, broking and finance, consumer finance, property development and investment, corporate and other operation	Financial controller	February 1993 to October 1995	Overseeing the finance function of the group
Pacific Rim Infrastructure Management Enterprises Limited (later known as ITC Corporation Limited and now known as PT International Development Corporation Limited) (SEHK: 372)	Building and construction	Financial controller and company secretary	November 1995 to April 1997	Overseeing the finance function of the group
CEF Holdings Limited	Investment banking services	Head of administration and risk control	May 1997 to September 1997	Overseeing settlement operations and risk control
Quality HealthCare Asia Limited (later known as Allied Overseas Limited and SkyOcean International Holdings Limited and now known as DreamEast Group Limited) (SEHK: 593)	Provision of healthcare services and care and attention homes for the elderly	Chief executive officer and executive director	September 1997 to January 2014	Overseeing operations and business activities to ensure they produced the desired results with the overall strategy and mission of the group

Mr. Wong served as an alternate director for Mr. Dew in Eurogold Limited (now known as BARD1 Life Sciences Limited) (ASX: BD1), a company listed on the ASX which is principally engaged in holding strategic investment positions in companies within the resources sector from December 2012 to November 2014. Mr. Wong has been an executive director of SHK Hong Kong Industries Limited (SEHK: 666) and Allied Properties (HK), both of which are companies listed on the Stock Exchange, since December 2008 and June 2010, respectively.

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Mr. Wong has been an alternate director for Mr. Dew in APAC Resources Limited (SEHK: 1104), a company listed on the Stock Exchange, since March 2016, and Tanami Gold (ASX: TAM) and Tian An Australia Limited (ASX: TIA), both of which are companies listed on the ASX, since December 2011 and December 2015, respectively.

APAC Resources Limited has invested in certain mining companies which are listed and operating in Australia while Tanami Gold is a company currently principally engaged in gold exploration in Australia and was previously engaged in gold mining in Australia. APAC Resources Limited is indirectly held as to 34.03% by Allied Properties (HK). APAC Resources Limited also holds, indirectly 40.64% in Tanami Gold. Allied Properties (HK) is a non wholly-owned subsidiary of Allied Group. Each of Allied Properties Resources, Allied Properties (HK) and Allied Group are substantial shareholders of our Company. For further information, please refer to the section headed “Relationship with substantial shareholders” of this prospectus.

Mr. Wong obtained a Professional Diploma in Accountancy from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1986 and graduated with a Master of Business Administration (MBA) from The Chinese University of Hong Kong in December 1999. Mr. Wong has been a fellow of The Chartered Association of Certified Accountants (now known as The Association of Chartered Certified Accountants) since April 1995 and a fellow of The Hong Kong Institute of Certified Public Accountants since September 1997. Mr. Wong has also been a fellow of The Institute of Chartered Secretaries and Administrators since January 2000 and a fellow of The Hong Kong Institute of Chartered Secretaries since January 2000.

Independent non-executive Directors

Mr. Carlisle (Lyle) Caldow Procter, aged 78, was appointed as a non-executive Director on 19 May 2015. As confirmed by Mr. Procter, he is not involved in the day-to-day management of the Company and has satisfied the independence requirements under Rule 3.13 of the Listing Rules. The Board considers that his role in our Company is, has always been, and will be upon the Listing, that of an independent non-executive director. Mr. Procter is responsible for supervising and providing independent judgement to the Board. Mr. Procter is also the chairman of the remuneration committee of our Company and a member of the audit and risk management committee and the nomination committee of our Company.

Mr. Procter has been a career central banker. He worked at the Reserve Bank of Australia for over 30 years from March 1962 to July 1998, holding various senior management positions, including the Head of Financial System, the appointment by the Reserve Bank of Australia as the chairman of the Australian Payment Clearing Association and the chief representative for the Reserve Bank of Australia in North America. Since retiring from the Reserve Bank of Australia, he has served as a consultant to international non-governmental organisations, including the International Monetary Fund and the Asian Development Bank.

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Mr. Procter served as a non-executive director of Bank South Pacific (PoMSOX: BSP), a company listed on the Port Moresby Exchange, being Papua New Guinea's largest bank, from July 2004 to May 2014. Mr. Procter served as a non-executive director of Eurogold Limited (now known as BARD1 Life Sciences Limited) (ASX: BD1), a company listed on the ASX which is principally engaged in holding strategic investment positions in companies within the resources sector, from November 2012 to November 2014. He also served as an independent non-executive director of Sun Hung Kai & Co Limited (SEHK: 86), a company listed on the Stock Exchange, from September 2004 to June 2014. Mr. Procter has been an independent non-executive director of Tanami Gold, a company listed on the ASX (ASX: TAM), since December 2011.

Tanami Gold is a company currently principally engaged in gold exploration in Australia and was previously engaged in gold mining in Australia. Tanami Gold is indirectly owned as to 40.64% by APAC Resources Limited (SEHK:1104) which is indirectly owned as to 34.03% by Allied Properties (HK) which in turn is a non wholly-owned subsidiary of Allied Group. Allied Properties Resources, Allied Properties (HK) and Allied Group are substantial shareholders of our Company. For further information, please refer to the section headed "Relationship with substantial shareholders" of this prospectus.

Mr. Procter graduated with a Bachelor of Economics in April 1965 and a Master of Economics in April 1967 from the University of Sydney, Australia. Mr. Procter has been a fellow of the Financial Services Institute of Australasia (FFin) since October 1993. Mr. Procter has been a member of the Australian Institute of Company Directors (MAICD) since September 1998.

Mr. Pak Wai Keung Martin (白偉強) ("Mr. Pak"), aged 55, was appointed as an independent non-executive Director on 24 May 2018 with effect from the Listing Date. Mr. Pak is responsible for supervising and providing independent judgement to the Board. Mr. Pak is also a member of the audit and risk management committee, the remuneration committee and the nomination committee of our Company.

Mr. Pak has over 25 years of experience in accounting and financial management. He previously worked at several international audit firms and other private companies from 1987 to 2000. Thereafter, Mr. Pak has served as chief financial officer and company secretary in a number of listed companies in Hong Kong since 2001. From January 2001 until July 2005, he was a financial controller at COSCO International Holdings Limited (now known as COSCO SHIPPING International (Hong Kong) Co., Ltd.) (SEHK: 517), a company listed on the Stock Exchange which operates businesses in ship trading and supplying and property investment and development. From July 2005 until August 2006, Mr. Pak was a chief financial officer and company secretary for Xinjiang Tianye Water Saving Irrigation System Company Limited (SEHK: 840), a company listed on the Stock Exchange which is a PRC-based investment holding company principally engaged in the manufacture and sales of irrigation systems and equipment. From August 2006 until March 2012, he was a chief financial officer and company secretary for Man Sang International Limited (SEHK: 938), a company listed on the Stock Exchange which is a Hong Kong-based investment holding company principally engaged in the purchasing, processing, assembling, merchandising and wholesale distribution of pearls and

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jewellery products, as well as development, sales and leasing of properties. From June 2013 until April 2017, he served as the company secretary for China Kingstone Mining Holdings Limited (SEHK: 1380), a company listed on the Stock Exchange which is a PRC-based investment holding company principally engaged in the mining, processing and trading of marble stones and marble-related products. Mr. Pak has been the chief financial officer of The Hong Kong Building and Loan Agency Limited (SEHK: 145), a company listed on the Stock Exchange which is principally engaged in the design and provision of energy saving solutions, loan financing and treasury investments, since May 2017, and their company secretary and authorised representative since January 2018.

Mr. Pak has been an independent non-executive director of Ta Yang Group Holdings Limited (SEHK: 1991), a company listed on the Stock Exchange, since April 2016. The company is an investment holding company which designs, manufactures and sells silicone rubber input devices to consumer electronic device manufacturers worldwide and provision of medical and healthcare services. In addition, Mr. Pak was an independent non-executive director and chairman of Trony Solar Holdings Company Limited (SEHK: 2468), a company listed on the Stock Exchange, from 19 January 2017 to 23 August 2018. The company is an investment holding company which develops, manufactures and sells solar products primarily in the PRC and the United States. Trading in the shares of Trony Solar Holdings Company Limited on the Stock Exchange has been suspended since 21 June 2012 as a result of discrepancy of its financial records. Prior to Mr. Pak's appointment as independent non-executive director and chairman on 19 January 2017, the Stock Exchange has, on 5 January 2017, imposed certain conditions for resumption of its trading to be fulfilled on or before 4 July 2017, failing which, the listing status of the company may be cancelled. On 20 November 2017, the Stock Exchange issued a decision to cancel the listing status of the company under Rule 6.01(4) of the Listing Rules. On 28 November 2017, the company submitted a request for review of such decision under Rule 2B.07(5) of the Listing Rules. Such review hearing of the Listing Appeals Committee of the Stock Exchange took place on 9 August 2018, at which a decision to cancel the listing of the shares of the company with effect from 23 August 2018 was reached. Mr. Pak has also been an independent non-executive director of Nan Nan Resources Enterprise Limited (SEHK: 1229), a company listed on the Stock Exchange, since September 2017. The company is principally engaged in mining and sales of coal. Furthermore, Mr. Pak has also been an independent non-executive director of Convoy Global Holdings Limited (SEHK: 1019), a company listed on the Stock Exchange, since 8 December 2017. The company is principally engaged in the independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business. Prior to Mr. Pak's appointment as an independent non-executive director on 8 December 2017, trading in the shares of Convoy Global Holdings Limited has been suspended since 7 December 2017 as an enforcement authority conducted enforcement operations involving two executive directors of the company.

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Mr. Pak graduated with a Bachelor of Commerce from the Murdoch University, Australia in January 1991 and a Master of Corporate Governance from The Hong Kong Polytechnic University in October 2009. Mr. Pak has been a fellow of The Hong Kong Institute of Certified Public Accountants and CPA Australia since September 2006 and March 2011, respectively. Mr. Pak has also been an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and a member of The Hong Kong Institute of Chartered Secretaries, both since February 2010.

Mr. Poon Yan Wai (潘仁偉) (“Mr. Poon”), aged 48, was appointed as an independent non-executive Director on 24 May 2018 with effect from the Listing Date. Mr. Poon is responsible for supervising and providing independent judgement to the Board. Mr Poon is also the chairman of the audit and risk management committee and a member of the remuneration committee of our Company.

Mr. Poon has over 27 years of experience in accounting and financial management. He has worked at audit firms from August 1991 to April 1995. From July 1995 to May 2005, Mr. Poon worked at Liu Chong Hing Investment Limited (SEHK: 194), a company engaged in property investment, development and management as well as treasury investment, trading and manufacturing and hotel operations, holding various positions, with his last position being the assistant accounting manager. From May 2005 to March 2007, Mr. Poon worked at United Pacific Industries Limited (SEHK: 176) (now known as Superactive Group Company Limited), a company engaged in manufacturing consumer electronics, holding various positions, with his last position as the financial controller, being responsible for, among other things, negotiating with banks and handling accounting related matters in relation to merger and acquisition activities and circulars to be published as required by the Listing Rules. Mr. Poon then worked at Shun Cheong Holdings Limited (now known as IDG Energy Investment Group Limited) (SEHK: 650), a company then engaged in providing building related maintenance services, as the financial controller and the company secretary from September 2007 to December 2010, being responsible for assisting the board of directors of Shun Cheong Holdings Limited in supervising the operations of the accounting department.

Mr. Poon is currently the financial controller, company secretary and an authorised representative of Kingwell Group Limited (SEHK: 1195), a company engaged in property development and leasing as well as gold mine exploration, being responsible for reporting to the chief executive officer and the board of directors of Kingwell Group Limited on all aspects of financial matters, acquisition issues, budgeting, internal control and cash management. Each of Liu Chong Hing Investment Limited, United Pacific Industries Limited, Shun Cheong Holdings Limited and Kingwell Group Limited are companies listed on the Stock Exchange.

Mr. Poon has been an independent non-executive director of Emperor Capital Group Limited (SEHK: 717) since January 2014 and was an independent non-executive director of Prosten Health Holdings Limited (SEHK: 8026) (now known as China Brilliant Global Limited) from October 2015 to February 2018. Each of Emperor Capital Limited and Prosten Health Holdings Limited are companies listed on the Stock Exchange.

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Mr. Poon graduated with a Bachelor of Arts in Accountancy in November 2000 and a Master of Corporate Finance in November 2003 from The Hong Kong Polytechnic University. Mr. Poon has been a fellow of The Hong Kong Institute of Certified Public Accountants since July 2006.

Save as disclosed above, each of our Directors has not held any directorship in any public company the securities of which are listed on any stock exchange in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Directors that need to be brought to the attention of the Existing Shareholders and prospective investors.

SENIOR MANAGEMENT

The following table sets out certain information in respect of our senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining our Group</u>	<u>Role and responsibilities in our Group</u>
Mr. Daniel Karl Broughton	43	Chief financial officer	8 September 2014	Responsible for ensuring our Group's compliance with corporate and statutory obligations and financial reporting
Ms. Päivi Maria Kristiina Mikkonen	52	General manager of finance and administration	13 November 2006	Overseeing the administrative and finance function in the Nordic region for our Group
Mr. Neale Martin Edwards	54	Chief geologist	19 August 1996	Responsible for exploration management, business development, geology supervision and technical statutory reporting for our Group
Mr. Ilpo Tapio Mäkinen	62	Country manager of Finland	17 June 2013	Responsible for our Group's Finnish operations
Mr. Joshua David Stewart ^(Note)	38	Project manager, Fäboliden	24 July 2004	Responsible for permitting and development of the Fäboliden Project

Note: Mr. Stewart ceased to be the general manager of operations — Chief Operating Officer on 22 February 2016 and rejoined as the Project Manager, Fäboliden on 29 March 2016.

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Mr. Daniel Karl Broughton (“Mr. Broughton”), aged 43, is the chief financial officer of our Group and is responsible for ensuring our Group’s compliance with corporate and statutory obligations and financial reporting.

Mr. Broughton has over 12 years of experience with financial operations of mining companies. Before joining our Group, Mr. Broughton worked at Pitcher Partners, a public practice firm, from February 2006 to October 2006, practicing audit and insolvency. From November 2006 to March 2010, Mr. Broughton worked as a management accountant at Resolute Mining Limited (ASX: RSG), a gold and nickel producer listed on the ASX, being responsible for statutory compliance and treasury management. From December 2010 to October 2011, Mr. Broughton worked as a senior accountant at Alacer Gold Corporation (ASX: AQG; TSX: ASR), a gold producer listed on the ASX and the Toronto Stock Exchange. Mr. Broughton joined Tanami Gold (ASX: TAM) in October 2011 and is currently its chief financial officer being responsible for the overall finance operations of Tanami Gold.

Tanami Gold is a company now principally engaged in gold exploration in Australia and was previously engaged in gold mining in Australia. Tanami Gold is indirectly owned as to 40.64% by APAC Resources Limited (SEHK:1104) which is indirectly owned as to 34.03% by Allied Properties (HK) which in turn is a non wholly-owned subsidiary of Allied Group. Allied Properties Resources, Allied Properties (HK) and Allied Group are substantial shareholders of our Company. For further information, please refer to the section headed “Relationship with substantial shareholders” of this prospectus.

Our Directors are of the view, and the Sponsor concurs, that Mr. Broughton will be able to allocate sufficient time to act as both our Company’s and Tanami Gold’s chief financial officer on the following basis:

- (a) Mr. Broughton has been performing both roles and allocating his time and responsibilities accordingly since September 2014 and there is no reason to believe that this will change after the Listing;
- (b) Mr. Broughton has a discrete role within Tanami Gold, being primarily involved in reporting to the ASX on Tanami Gold’s compliance with Australian corporate and statutory obligations and financial statements;
- (c) Mr. Broughton is responsible for ensuring our Company’s compliance with corporate and statutory obligations and financial reporting. He is primarily supported by and regularly liaises with Ms. Päivi Maria Kristiina Mikkonen, general manager of finance and administration, who prepares financial statements and management reports to ensure our Group’s compliance with Nordic regional rules and regulations governing mining activities;
- (d) Mr. Broughton attends our Company’s board meetings;

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- (e) With the exception of Mr. Broughton being required, for a short period, every six months, to spend approximately 35% of his time during such period to conduct the production of a half-yearly report for Tanami Gold in addition to producing an annual report for the Company, he dedicates approximately 85% of his time towards the Company, with approximately 15% of his time spent fulfilling his duties at Tanami Gold; and
- (f) outside of Mr. Broughton's responsibilities for Tanami Gold, he is contractually able to, and does, allocate the remainder of his time to our Company.

Mr. Broughton graduated with a Bachelor of Commerce from the Murdoch University, Australia in September 2005 and obtained a Graduate Diploma of Chartered Accounting from The Institute of Chartered Accountants, Australia in July 2010.

Ms. Päivi Maria Kristiina Mikkonen ("Ms. Mikkonen"), aged 52, is the general manager of finance and administration of our Group and is responsible for overseeing the administrative and finance function in the Nordic region for our Group.

Before joining our Group, Ms. Mikkonen worked at Instrumentointi Oy (now known as Insta Group), a tech company, as a book-keeper from June 1988 to November 1991, being responsible for, among other things, compiling financial statements. Ms. Mikkonen worked at the Tampere YMCA Registered Association as the financial secretary from April 1992 to August 1996, being responsible for, among other things, economic planning, financial reporting and management of capital and investment fund and rental operations. From May 1996 to July 1998, Ms. Mikkonen worked at VCH Engineering Oy, an engineering company, as the accountant, being responsible for book-keeping and preparation of financial statements. From July 1998 to September 2001, Ms. Mikkonen worked at Tampereen Yrityskehitys Oy, a metal industry consultant, as a project coordinator, being responsible for market analysis, entry cost evaluations and implementation of new accounting system. From September 2004 to November 2006, Ms. Mikkonen worked for the Municipality of Viljakkala, a government organisation, as a book-keeper and the financial manager, being responsible for financial and management procedures and development of accounting practices and reporting.

Ms. Mikkonen obtained a Diploma in Business Administration, majoring in public administration, from Valkeakosken seudun kauppaooppilaitos (Valkeakoski Regional Business College), Finland in May 1988. Ms. Mikkonen completed the qualification of a press officer in the Institute of Marketing, Finland in March 1993. Ms. Mikkonen graduated with a Bachelor of Science in Economics and Business from the University of Tampere, Finland in May 1998, a Master of International Business from the University of Sydney, Australia in March 2000, and a Master of Science (Business Administration) from the University of Tampere, Finland in December 2006.

Mr. Neale Martin Edwards ("Mr. Edwards"), aged 54, is the chief geologist of our Group and is responsible for exploration management, business development, geology supervision and technical statutory reporting for our Group.

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Mr. Edwards has over 32 years of experience within the gold mining industry. Before joining our Group, Mr. Edwards worked as a contract exploration and mine geologist in a number of mining companies, namely, Gold Copper Exploration Limited, Australian Gold Resources NL, Blackwood Mining Nominees United Resources Limited and AUR NL from July 1986 to December 1988, being responsible for supervision of mine personnel, supervision of contract field exploration and indigenous personnel, reconnaissance exploration and prospect appraisal, assimilation of geological, geochemical and geophysical data for target selection, regional and prospect scale field mapping, preparation of internal and external reports, design and supervision of bulk testing programs and supervision of all geological operations at an alluvial gold mine. From January 1989 to September 1994, Mr. Edwards worked as a project exploration geologist and then as a senior exploration geologist at Samantha Gold NL, a mining company, being responsible for general project geology and exploration management, open-cut mine geology and grade control supervision, grassroots to advance project generation, identification and evaluation, joint venture negotiations, management and committee representation, metallurgical and mine management liaison and ore resources and reserve estimation and economic evaluation. From October 1994 to December 1995, Mr. Edwards worked as a senior geologist at Gondwana Resources NL, a mining company, being responsible for management of exploration projects.

Mr. Edwards graduated with a Bachelor of Applied Science from the Royal Melbourne Institute of Technology, Australia in May 1985 and a Bachelor of Science with Honours from the Monash University, Australia in April 1986. Mr. Edwards has been a member of the Australian Institute of Geoscientists since January 1992 and was admitted as a Fellow of the Australian Institute of Geoscientists in May 2011. Mr. Edwards has been a member of the Society of Economic Geologist since 1993 and is currently a member of the European Association of Geoscientist and Engineers.

Mr. Ilpo Tapio Mäkinen (“Mr. Mäkinen”), aged 62, is the country manager of Finland and is responsible for our Group’s Finnish operations.

Mr. Mäkinen has over 37 years of experience within the mining industry, including over eight years of experience in the gold mining industry. Before joining our Group, Mr. Mäkinen had the following work experience:

Name of organisation	Principal business activity	Major position	Period of service	Primary responsibilities
South African Iron and Steel Corporation Limited (now known as Kumba Resources Limited)	Mining	Acting planning engineer	October 1981 to July 1985	Responsible for four senior foreman, 18 assistant foreman and approximately 350 operators
Luossavaara-Kiirunavaara AB	Mining	Head of group control	August 1985 to September 1989	Carrying out all reinforcement work and long hole drilling underground

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Name of organisation	Principal business activity	Major position	Period of service	Primary responsibilities
Pyhäsalmi Mine Limited <i>(Notes 1 and 2)</i>	Mining	Head of mine planning	September 1989 to September 1995	Responsible for long term mine planning, ventilation and ground control
Outokumpu Mines Limited <i>(Note 2)</i>	Mining	Site manager	October 1995 to August 1997	Responsible for day-to-day supervision of the local contractors, decline and rock support design, consulting with the Ministry of Energy and Mining of Ontario and Ministry of Environment of Ontario, Canada
Outokumpu Mines Australia Pty Ltd <i>(Note 2)</i>	Mining	Senior mining engineer	September 1997 to June 1999	Involving in technical areas, long-term and short-term mine planning, stope and pillar design, ore reserve estimation, rock mechanics and break-even calculations
Tara Mines Limited <i>(Note 2)</i>	Mining	Chief mine engineer	June 1999 to September 2001	Supervising 15 mine engineers, three rock mechanics and six surveyors in the mining department
Pyhäsalmi Mine Limited <i>(Notes 2 and 3)</i>	Mining	Mine manager	September 2001 to July 2008	Responsible for underground operations
Severstal Resurs	Steel production and mining	Chief technologist	July 2008 to July 2009	Responsible for improving productivity of the underground mine
SRK Consulting (Sweden) AB	Mining consultant	Principal mining engineer	September 2009 to April 2012	Providing mining related consultancy services to third parties

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Notes:

- (1) In addition to his position as head of mine planning, he also worked as a project manager of Mullikkoräme satellite mine, being responsible for supervising contractors, budgeting and planning.
- (2) This company is a subsidiary of Outokumpu Limited.
- (3) This company was acquired by Inmet Mining Corporation in 2002.

Mr. Mäkinen graduated with a Master of Science and a Licentiate in Technology from the Helsinki University of Technology, Finland in January 1981 and December 1992, respectively. Mr. Mäkinen has been a member of The Association of Professional Engineers, Scientists and Managers, Australia since March 1998. Mr. Mäkinen was also certified as a first class mine manager by the Department of Minerals and Energy of Western Australia in July 1998.

Mr. Joshua David Stewart (“Mr. Stewart”), aged 38, is the Fäboliden permit coordinator of our Group and is responsible for permitting and development of the Fäboliden Project.

Mr. Stewart has over 16 years of experience within the mining industry, including over 14 years of experience in the gold mining industry. Before joining our Group, Mr. Stewart worked at Rio Tinto Limited (ASX:RIO), a company listed on the ASX which is a mining and metals group that focuses on finding, mining, processing and marketing the earth’s minerals, from January 2002 to July 2004. Mr. Stewart was a graduate mining engineer from January 2002 to May 2002, being responsible for production reporting, reserve modeling and evaluation, production and scheduling analysis, truck and shovel design optimisation and dragline design and drafting. From June 2002 to March 2004, Mr. Stewart was an earthworks, drill and blast engineer being responsible for planning, reporting and budgeting, ensuring safe and effective blast design, continual optimisation of the drill and blast process, earthworks and rehabilitation planning and step-up supervisory work. From April 2004 to July 2004, Mr. Stewart was a truck and shovel engineer being responsible for short-term planning and reporting for the truck and shovel fleet, prestrip, coal mining and waste dump designs, liaising with truck and shovel superintendents and shift supervisors and ensuring short-term planning is consistent with long-term objectives.

Mr. Stewart graduated with a Bachelor of Engineering (Mining) with Honours Class I from the University of Queensland, Australia in December 2001 and is currently a member of The Australasian Institute of Mining and Metallurgy.

Save as disclosed above, each of our senior management has not held any directorship in any public company the securities of which are listed on any stock exchange in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any senior management that need to be brought to the attention of the Existing Shareholders and prospective investors.

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JOINT COMPANY SECRETARIES

Mr. Lo Tai On (羅泰安), aged 64, was appointed as one of the joint company secretaries of our Company on 24 May 2018 with effect from the Listing Date. He is responsible for corporate secretarial duties and corporate governance matters in relation to the Company in Hong Kong.

Mr. Lo is a member of The Hong Kong Institute of Certified Public Accountants. Mr. Lo has over 25 years of experience in the field of company secretarial services. He is a director of Fair Wind Secretarial Services Limited, a secretarial company rendering company secretarial services. Mr. Lo is also currently the company secretary of a number of companies listed on the Stock Exchange, such as China Environmental Resources Group Limited (SEHK: 1130), an investment holding company principally engaged in the research, development and application of technologies and solutions for green markets and Sinolink Worldwide Holdings Limited (SEHK: 1168), a Hong Kong-based investment holding company principally engaged in the property related business.

Ms. Shannon Louise Coates, aged 46, was appointed as one of the joint company secretaries of our Company on 19 December 2013. She is responsible for corporate secretarial duties and corporate governance matters in relation to the Company in Australia.

Ms. Coates graduated with a Bachelor of Laws and a Bachelor of Jurisprudence from the Murdoch University, Australia. She is currently a non-practising solicitor and a member of Chartered Secretaries Australia and the Australian Institute of Company Directors. Ms. Coates is the managing director of Evolution Corporate Services Pty Ltd, a boutique corporate advisory firm providing company secretarial, corporate governance and compliance services. Ms. Coates is also currently the company secretary of a number of companies listed on the ASX. She is also currently a non-executive director of Kopore Metals Limited (ASX: KMT) (previously known as Metallum Limited (ASX: MNE)) and Vmoto Limited (ASX: VMT). Kopore Metals Limited and Vmoto Limited are companies listed on the ASX.

BOARD COMMITTEES

Audit and risk management committee

Our Company has established an audit and risk management committee on 24 May 2018 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit and risk management committee are to make recommendations to our Board on the appointment and removal of external auditors; review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group. At present, the audit and risk management committee consists of three members, namely Mr. Poon, Mr. Procter and Mr. Pak. Mr. Poon is the chairman of the audit and risk management committee.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

Our Company has established a remuneration committee on 24 May 2018 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The remuneration committee consists of three members, namely Mr. Procter, Mr. Pak and Mr. Poon. Mr. Procter is the chairman of the remuneration committee.

Nomination committee

Our Company has established a nomination committee on 24 May 2018 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and the management of our Board succession. The nomination committee consists of three members, namely Mr. Dew, Mr. Procter and Mr. Pak. Mr. Dew is the chairman of the nomination committee.

Compliance adviser

The Company has appointed Altus Capital Limited as our compliance adviser upon Listing pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases (if applicable);
- (c) where the Company proposes to use the proceeds of the Public Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of the Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company was listed on ASX and has been consistently implementing corporate governance practices. Our Company will comply with the Corporate Governance Code and the associated Listing Rules.

Directors and senior management's remuneration

Our Directors and senior management receive compensation in the form of salaries, housing and other benefits in kind and/or discretionary bonuses. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group's operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

During the Track Record Period, the remuneration payable by our Group to our Directors, included salaries and other benefits in kind, contributions to defined contribution plans and discretionary bonuses, totaling approximately AUD0.8 million, AUD0.5 million, AUD0.6 million and AUD0.5 million, for each of the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively. The aggregate remuneration (comprising directors' fees, salary and other benefits in kind, bonuses and superannuation and pension benefits) paid to our five highest paid individuals during the Track Record Period respectively were approximately AUD1.0 million, AUD1.2 million, AUD1.2 million and AUD0.4 million, for each of the three years ended 31 December 2017 and the four months ended 30 April 2018, respectively. For details, please see notes 17 and 26 to the "Accountants' Report" on pages IA-61 and IA-87 in Appendix IA to this prospectus.

Our Group did not pay remuneration to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or is receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

CONTINUING CONNECTED TRANSACTION

CONNECTED PERSON

The table below sets forth the connected person of our Company who will conduct continuing connected transaction and the nature of its connection with our Group:

Connected person	Connected relationship
AP Finance Limited	AP Finance Limited (“ AP Finance ”) is an indirect wholly-owned subsidiary of Allied Properties (HK), which is a holding company of our substantial shareholder, Allied Properties Resources. Accordingly, AP Finance is an associate of Allied Properties Resources according to Rule 14A.13 of the Listing Rules and hence a connected person of our Company pursuant to Rule 14.07 of the Listing Rules. The principal business of AP Finance is money lending.

EXEMPTED CONTINUING CONNECTED TRANSACTION

Following the Listing, the following transaction will be regarded as continuing connected transaction which is fully exempted from the reporting, announcement, independent shareholders’ approval and annual review requirements in Chapter 14A of the Listing Rules:

Revolving loan agreement between AP Finance and our Company

(a) **Description of the transaction**

Our Company, as a borrower, entered into an unsecured revolving loan agreement with AP Finance, as a lender, on 15 February 2017. Pursuant to the loan agreement which had been subsequently revised by the parties on 27 March 2018, 5 June 2018 and 27 August 2018, AP Finance, conditionally agreed to provide an unsecured revolving loan facility (the “**Loan Facility**”) of up to AUD12.0 million (equivalent to approximately HK\$69.6 million) to our Company for a term from the date of the loan agreement and ending on the earlier of (i) 31 December 2019; and (ii) the date on which the Loan Facility is terminated under the provisions of the loan agreement. Our Company shall pay an interest of 4.0% per annum payable quarterly in arrears upon draw down of the Loan Facility. Our Company only intends to draw down the loan in the event that our Company incurs additional unexpected expenditure, for example unexpected capital resources required to fund the development and pre-production associated with Fäboliden Project or Kaapelinkulma Project prior to the Public Offer. Our Company is however not obliged to draw down the Loan Facility. No commitment fee under the Loan Facility shall be payable by our Company to AP Finance. The interest rate under the Loan Facility was determined after arm’s length negotiations with reference to the interest rates under the loan facilities with similar terms offered by commercial financial institutions in the market.

CONTINUING CONNECTED TRANSACTION

As at the Latest Practicable Date, our Company has drawn down AUD8.0 million (equivalent to approximately HK\$46.4 million) under the Loan Facility.

(b) Historical transaction amounts

Since the Loan Facility is a new transaction with effect from 15 February 2017, there are no historical amounts for this transaction.

(c) Annual caps

In accordance with Rule 14A.53 of the Listing Rules, we have set the annual caps based on the principal amount of the loan facility available to our Company excluding the interest payable (and any potential additional interest due to defaults in repayment) under the Loan Facility per year, under the Loan Facility for the year ending 31 December 2018 and 2019 at AUD12 million and AUD12 million respectively (excluding interests and default interests payable).

(d) Listing Rules requirements

As the Loan Facility is conducted on normal commercial terms or better and, it is not secured by the assets of our Group, it will be fully exempted pursuant to Rule 14A.90 of the Listing Rules from the reporting, announcement, independent shareholders' approval and annual review requirements in Chapter 14A of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately following the completion of the Public Offer, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Interests in our Company

Name	Capacity/ Nature of interest	Immediately following the completion of the Public Offer	
		Number of Shares	Approximate percentage of issued Shares
Future Rise	Beneficial owner	10,733,560	7.73%
China Medical	Interest of a controlled corporation ^(Note 1)	10,733,560	7.73%
Mr. Nicolas Mathys	Beneficial owner	15,287,486	11.01%
Allied Properties Resources	Beneficial owner	21,039,855	15.15%
APOL	Interest in controlled corporations ^(Note 2)	21,039,855	15.15%
Allied Properties (HK)	Interest in controlled corporations ^(Note 2)	21,039,855	15.15%
Allied Group	Interest in controlled corporations ^(Note 2)	21,039,855	15.15%
Minty Hongkong Limited (“Minty”)	Interest in controlled corporations ^(Note 2)	21,039,855	15.15%
Lee and Lee Trust	Interest in controlled corporations ^(Note 2)	21,039,855	15.15%
Mr. Lee Seng Hui	Other Interest ^(Note 2)	21,039,855	15.15%
Ms. Lee Su Hwei	Other Interest ^(Note 2)	21,039,855	15.15%
Mr. Lee Seng Huang	Other Interest ^(Note 2)	21,039,855	15.15%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) China Medical indirectly owns the entire issued shares of Future Rise. Therefore, China Medical is deemed, or taken to be, interested in 10,733,560 Shares held by Future Rise for the purpose of the SFO. Sun Hung Kai Investment is a custodian that holds 10,733,560 Shares on behalf of Future Rise.
- (2) Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust, which indirectly (through (1) holding the entire issued shares of Zealous Developments Limited which holds the entire issued shares of Cashplus Management Limited which holds approximately 31.78% of the total number of issued shares of Allied Group; and (2) holding the entire issued shares of Minty which holds approximately 43.15% of the total number of issued shares of Allied Group) holds approximately 74.93% of the total number of issued shares of Allied Group. Allied Group holds approximately 77.49% of the total number of issued shares of Allied Properties (HK) (through (1) directly holding approximately 14.21% of the total number of issued shares of Allied Properties (HK); and (2) indirectly holding approximately 63.28% of the shares of Allied Properties (HK) through (i) an interest in 1,973,216,190 shares held by Capscore Limited; (ii) an interest in 45,903,120 shares held by Citiwealth Investment Limited; (iii) an interest in 2,121,437,331 shares held by Sunhill Investments Limited; and (iv) 170,000,000 shares held as holder of security interest by a wholly-owned subsidiary of Sun Hung Kai & Co. Limited). Allied Properties (HK) owns the entire issued shares of APOL which in turn owns the entire issued shares of Allied Properties Resources. Therefore, Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang, Lee and Lee Trust, Minty, Allied Group, Allied Properties (HK) and APOL are deemed, or taken to be, interested in 21,039,855 Shares held by Allied Properties Resources for the purpose of the SFO.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Public Offer, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

OUR SUBSTANTIAL SHAREHOLDERS

Our Company was listed on the ASX before the Listing. According to the Listing Rules, as at the Latest Practicable Date, our Company had no controlling shareholder (as defined in the Listing Rules). This section is solely to provide prospective investors with information.

Immediately upon completion of the Public Offer, only Allied Properties Resources and Mr. Nicolas Mathys will remain as our substantial shareholders and will hold approximately 15.15% and 11.01% of the total number of issued Shares respectively. For details regarding the shareholding interest of our substantial shareholders, please refer to the section headed “Substantial shareholders” of this prospectus.

Mr. Nicolas Mathys

To the best knowledge of our Directors, Mr. Nicolas Mathys is a private investor.

Allied Properties Resources

As at the Latest Practicable Date, Allied Properties Resources, a company incorporated in British Virgin Islands, was wholly-owned by APOL.

Allied Properties Resources is an investment holding company.

APOL

As at the Latest Practicable Date, APOL, a company incorporated in British Virgin Islands, was wholly-owned by Allied Properties (HK).

APOL is an investment holding company.

Allied Properties (HK)

As at the Latest Practicable Date, Allied Properties (HK), a company incorporated in Hong Kong with limited liability and the shares of which were listed on the Stock Exchange (SEHK: 56), was approximately 77.49% held by Allied Group.

The core businesses of Allied Properties (HK) and its subsidiaries consist of property investment and development, hospitality related activities, elderly care services and the provision of finance and investments in listed and unlisted securities.

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, Allied Properties (HK) held approximately 34.03% equity interests in APAC Resources Limited (“**APAC**”), a company incorporated in Bermuda with limited liability and the shares of which were listed on the Stock Exchange (SEHK: 1104). APAC has some investments in the following mining companies which are listed on ASX and operating in Australia:

- (a) Mount Gibson Iron Limited (ASX: MGX) (“**MGX**”) - APAC held approximately 32.11% indirect interest in MGX as at the Latest Practicable Date. MGX is an iron ore producer in Western Australia.
- (b) Metals X Limited (ASX: MLX) (“**MLX**”) - APAC held approximately 8.77% indirect interest in MLX as at the Latest Practicable Date. MLX is a base metals explorer and producer in Australia.
- (c) Prodigy Gold NL (ASX: PRX) (previously known as ABM Resources NL (ASX: ABU)) (“**PRX**”) - APAC held approximately 13.56% indirect interest in PRX as at the Latest Practicable Date. PRX is a gold explorer in Western Australia.
- (d) Westgold Resources Limited (ASX: WGX) (“**WGX**”) - APAC held approximately 7.70% indirect interest in WGX as at the Latest Practicable Date. WGX is a gold explorer and producer in Australia.
- (e) Tanami Gold - APAC held approximately 40.64% indirect interest in Tanami Gold as at the Latest Practicable Date. Tanami Gold is a gold explorer and producer in Western Australia.

Allied Group

As at the Latest Practicable Date, Allied Group, a company incorporated in Hong Kong with limited liability and the shares of which were listed on the Stock Exchange (SEHK: 373), was 74.93% indirectly owned by Lee and Lee Trust, being a discretionary trust. The trustees of Lee and Lee Trust are Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang.

Allied Group is primarily an investment holding company, with a stated strategy of focusing its management and financial resources on its core businesses of property investment and development and financial services together with elderly care services.

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

INDEPENDENCE FROM OUR SUBSTANTIAL SHAREHOLDERS

Our Directors consider that our Company is capable of carrying on our business and is operationally and financially independent from our Shareholders including our substantial shareholders and their close associates after Listing for the following reasons:

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises one executive Director, one non-executive Director and three independent non-executive Directors. The executive Director is primarily responsible for overall management of our Group. The senior management officers, including, our chief financial officer, Mr. Daniel Karl Broughton, our general manager of finance and administration, Ms. Päivi Maria Kristiina Mikkonen, our chief geologist, Mr. Neale Martin Edwards, our country manager of Finland, Mr. Ilpo Tapio Mäkinen, and our project manager, Fäboliden, Mr. Joshua David Stewart, are responsible for the day-to-day management of our Group's businesses and operations.

Although our executive Director, Mr. Smith, our non-executive Director, Mr. Dew, one of our independent non-executive Directors, Mr. Procter and the alternate Director for Mr. Dew, Mr. Wong hold directorships in our substantial shareholders and/or their close associates, we consider that our Board and senior management will function independently from our substantial shareholders because:

- (a) each of our Directors is aware of his fiduciary duties as a director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (c) none of our substantial shareholders holds any directorship or has the rights to appoint any Board members in our Company. We have an independent management team to carry out the business decisions of our Group independently; and
- (d) as a listed entity on the ASX before Delisting and Listing, our Company has already adopted corporate governance measures to assist our Board in the exercise of its responsibilities, such as holding Board meetings regularly, publishing financial results within the required timeframe and disclosing the information on a non-selective basis. Our Directors confirm that our Company will continue to adopt its corporate governance measures after Listing.

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our substantial shareholders following the completion of the Public Offer.

For details regarding the roles of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong in our substantial shareholders and/or their close associates, please refer to the section headed “Directors and senior management” of this prospectus and the paragraph headed “Deed of non-competition” under this section.

Operational independence

We have also established a set of internal control procedures to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of our substantial shareholders and their respective close associates. Our Directors confirmed that our Group will be able to operate independently from our substantial shareholders and their close associates upon the Listing.

Financial independence

As a listed company, our Group has a properly audited independent financial system and an independent financial reporting system. The financial decisions are made according to our Group’s own business needs.

Our source of funding has been independent from our substantial shareholders or their respective close associates save for the loan facility disclosed below. Our Group’s accounting and finance functions are independent of our substantial shareholders.

On 15 February 2017, our Company obtained a loan facility (the “**Loan Facility**”), which had been subsequently revised, with AP Finance, a subsidiary of Allied Properties (HK), for an unsecured revolving loan of up to AUD12.0 million (equivalent to approximately HK\$69.6 million). The key provisions of the Loan Facility include (i) an interest rate of 4.0% per annum payable quarterly in arrears; and (ii) a loan with the term up to 31 December 2019. This facility has only been put in place to provide any additional unexpected capital requirements for the development and pre-production costs of Fäboliden Project and Kaapelinkulma Project given the major cash expenditure for the costs associated with the Listing. We intended to draw down the loan under the Loan Facility in the event that our Company may incur additional unexpected expenditure, for example unexpected capital resources required to fund the development and pre-production associated with Fäboliden Project or Kaapelinkulma Project prior to the Public Offer. For details of the Loan Facility, please refer to the paragraph headed “Exempted continuing connected transaction” in the section headed “Continuing connected

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

transaction”, the paragraph headed “Summary of borrowings” under the paragraph headed “Indebtedness” under the section headed “Financial Information” and the paragraph headed “Use of proceeds” under the section headed “Future plans and use of proceeds” of this prospectus.

Given that, (i) during the Track Record Period, the source of funding was generated from our Group’s business without reliance on our substantial shareholders; (ii) as at the Latest Practicable Date, our Company had drawn down approximately AUD8.0 million (equivalent to approximately HK\$46.4 million) under the Loan Facility; (iii) there were no bank borrowings for which any of our substantial shareholders had provided any guarantee as at the Latest Practicable Date; and (iv) the agreement for the Loan Facility has been entered into, and will be carried out in the ordinary and usual course of business of our Group and are on normal commercial terms or better, our Company is satisfied with our capability to carry on our business financially independently of our substantial shareholders. Our Directors further confirm that we do not expect to rely on our substantial shareholders for financing after the Listing as according to our budget we expect that the capital and pre-production costs of Fäboliden Project and Kaapelinkulma Project and our working capital will be funded by our operating income, our capital raising and possible bank borrowings.

DEED OF NON-COMPETITION

The principal business of our Company is gold mining and processing in the Nordic region. Our Company intends to continue to focus on the gold mining business in the Nordic region and has no intention to conduct exploration or mining activities outside the Nordic region. Each of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong has confirmed that none of them and their respective close associates is interested in any business which competes or is likely to compete, directly or indirectly with the business of our Company.

Mr. Smith, our executive Director, is an executive director of APAC and a non-executive director of PRX. Mr. Dew, our non-executive Director, is a non-executive director of APAC, Allied Properties (HK), Allied Group and Tanami Gold. Mr. Procter, one of our independent non-executive Directors, is a non-executive director of Tanami Gold. Mr. Wong, the alternate Director for Mr. Dew, is an executive director of Allied Properties (HK) and an alternate director for Mr. Dew in APAC and Tanami Gold. In order to avoid any future competition, each of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong has executed the deed of non-competition (the “**Deed of Non-competition**”) with our Company (for our Company and for the benefit and on behalf of our subsidiaries) on 11 October 2018. Pursuant to the Deed of Non-competition, each of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong has irrevocably and unconditionally undertaken to our Company that, during the period that the Deed of Non-competition remains effective, (i) he shall not, and shall procure that his close associates shall not, directly or indirectly, develop, acquire, participate, hold any right or interest in or invest in or render any services to or otherwise be involved in any business in competition with or likely to be in

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

competition with the business engaged by our Company from time to time in the Nordic region; and (ii) support any person, company or entity that is not part of our Company to engage in any business which is in competition with or is likely to be in competition with the existing or future business carried on by our Company.

Each of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong further undertakes to and covenants with our Company (for our Company and for the benefit and on behalf of our subsidiaries) that if they become aware of any potential gold mining business opportunities in the Nordic region, they will only refer the opportunities to our Company. If they become aware of gold or other mining opportunities outside the Nordic region, they will refer to other companies of which they are directors. Further, if any gold exploration or mining opportunities in the Nordic region are identified by other companies of which Mr. Smith, Mr. Dew, Mr. Procter and/or Mr. Wong are directors and these companies intend to pursue the opportunities, Mr. Smith, Mr. Dew, Mr. Procter and/or Mr. Wong will abstain from the discussion as well as voting on the matters.

The Deed of Non-competition is conditional upon the fulfilment of the following conditions:

- (a) the Listing Committee granting the approval for the listing of, and permission to deal in, our Shares; and
- (b) the fulfilment of the conditions precedent under the Underwriting Agreement (including waiver of any conditions precedent by the Underwriters, if applicable) and the Underwriting Agreement not having been terminated.

If any of such conditions is not fulfilled on or before the date agreed between the Joint Lead Managers and our Company or the Joint Lead Managers and our Company have agreed to terminate the Underwriting Agreement thereafter, the Deed of Non-competition shall become null and void and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate when our Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halts or suspension of trading of our Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to avoid any conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong under the Deed of Non-competition provided that Mr. Procter should abstain from reviewing the compliance with the undertaking given by him;

RELATIONSHIP WITH OUR SUBSTANTIAL SHAREHOLDERS

- (b) Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (c) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong in the annual reports of our Company; and
- (d) Mr. Smith, Mr. Dew, Mr. Procter and Mr. Wong will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company.

Based on the above, our Board is satisfied that there are sufficient and effective preventive measures to manage conflicts of interest and our Board is able to operate independently of our substantial shareholders.

SHARE CAPITAL

SHARE CAPITAL

All of the issued Shares in our Company comprise fully paid ordinary shares. Under the Australian Corporations Act, Australian registered companies do not have an authorised capital, and there is no concept of “par value” in respect of issued shares.

Details of our Company’s issued capital are as follows:

	Number of ordinary shares
Fully paid ordinary shares as at the Latest Practicable Date	88,840,613
Fully paid ordinary shares to be issued pursuant to the Public Offer . . .	50,000,000
Fully paid ordinary shares immediately following completion of the Public Offer	138,840,613

Note: No share or loan capital of our Company or any of its subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

Assumptions

The above table assumes that the Public Offer becomes unconditional and the issuance of Shares pursuant thereto is made as described in this prospectus.

PAST TRADING INFORMATION

The following table sets forth for the periods indicated the reported high, low and period start and period end of the trading prices on the ASX for our Shares during the Track Record Period until the Latest Practicable Date. Historical Share prices may not be indicative of the price at which our Shares will trade following the Listing.

Calendar Period	Period start	High	Low	Period end	Volume	Volume over total issued Shares
Monthly	AUD/Share	AUD/Share	AUD/Share	AUD/Share	Shares	Approximate percentage
2015						
January	0.10	0.13	0.09	0.13	691,648	0.779
February	0.12	0.14	0.11	0.11	588,275	0.662
March	0.13	0.18	0.13	0.13	935,981	1.054
April	0.13	0.18	0.13	0.16	340,245	0.383
May	0.17	0.23	0.16	0.18	677,015	0.762
June	0.17	0.19	0.15	0.18	424,045	0.477
July	0.18	0.19	0.15	0.15	243,219	0.274

SHARE CAPITAL

Calendar Period	Period start	High	Low	Period end	Volume	Volume over total issued Shares
Monthly	AUD/Share	AUD/Share	AUD/Share	AUD/Share	Shares	Approximate percentage
August	0.15	0.21	0.15	0.16	580,704	0.654
September	0.18	0.18	0.15	0.16	470,970	0.530
October	0.17	0.23	0.16	0.17	1,358,337	1.529
November	0.17	0.19	0.17	0.17	299,961	0.338
December	0.15	0.18	0.13	0.18	327,380	0.369
2016						
January	0.19	0.20	0.15	0.16	220,890	0.249
February	0.17	0.19	0.14	0.16	1,738,231	1.957
March	0.17	0.34	0.16	0.23	9,082,979	10.224
April	0.24	0.32	0.22	0.31	2,565,522	2.888
May	0.31	0.31	0.22	0.22	1,823,694	2.053
June	0.24	0.33	0.23	0.28	1,465,966	1.650
July	0.28	0.38	0.25	0.30	2,196,042	2.472
August	0.30	0.32	0.24	0.24	1,276,079	1.436
September	0.23	0.27	0.23	0.27	414,913	0.467
October	0.27	0.30	0.21	0.29	790,759	0.890
November	0.29	0.32	0.21	0.25	1,065,911	1.200
December	0.23	0.28	0.20	0.21	1,150,673	1.295
2017						
January	0.22	0.29	0.21	0.28	1,236,825	1.392
February	0.28	0.38	0.25	0.34	1,515,552	1.706
March	0.34	0.34	0.27	0.28	1,320,476	1.486
April	0.28	0.29	0.23	0.23	2,565,522	2.888
May	0.24	0.29	0.22	0.26	993,888	1.119
June	0.28	0.28	0.23	0.23	449,425	0.506
July	0.26	0.26	0.17	0.20	403,966	0.455
August	0.20	0.25	0.20	0.25	647,439	0.729
September	0.26	0.26	0.22	0.25	480,047	0.540
October	0.22	0.28	0.18	0.24	847,850	0.954
November	0.24	0.25	0.20	0.22	284,259	0.320
December	0.22	0.22	0.19	0.20	377,746	0.425
2018						
January	0.20	0.20	0.19	0.19	266,517	0.300
February	0.20	0.20	0.19	0.20	106,231	0.120
March	0.20	0.22	0.18	0.19	78,968	0.089
April	0.19	0.22	0.17	0.17	297,972	0.335
May	0.17	0.23	0.17	0.23	233,996	0.263
June	0.23	0.23	0.17	0.19	353,848	0.398
July	0.19	0.21	0.17	0.19	346,808	0.390
August	0.19	0.20	0.15	0.17	331,319	0.373
September	0.17	0.18	0.17	0.18	169,865	0.191
October ^(Note)	0.18	0.18	0.15	0.15	31,464	0.035

Note: It was derived from the trading information of our Shares from 1 October 2018 to the Latest Practicable Date.

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, at least 25% of the total issued Shares of our Company must at all times be held by the public. The Offer Shares represent approximately 36.01% of the enlarged issued Shares of our Company upon the Listing.

RANKING

The Offer Shares will rank *pari passu* in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the Listing Date.

GENERAL MANDATE TO ISSUE SHARES

No general unconditional mandate to allot, issue and deal with Shares has been granted to our Directors as at the Latest Practicable Date.

GENERAL MANDATE TO REPURCHASE SHARES

No general unconditional mandate to exercise all the powers of our Company to repurchase our own securities has been granted to our Directors as at the Latest Practicable Date.

SHARE OPTION SCHEME

No share option scheme has been adopted by our Company as at the Latest Practicable Date.

GENERAL MEETINGS AND CLASS MEETINGS

Upon Listing, our Company will only have one class of Shares, each of which ranks equally in all aspects with the other Shares.

In accordance with the Australian Corporations Act and our Constitution, our Company must hold an annual general meeting at least once every calendar year, and within the period of five months after the end of the financial year, at such time and place as determined by our Directors. Our Company may vary or cancel rights attached to Shares in a class of Shares by (i) written consent of Shareholders with at least 75% of vote in that class; or (ii) by special resolution passed at a meeting of Shareholders holding Shares in that class. Please see “Appendix IV” to this prospectus for further details.

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You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the accountants' report set out in Appendix IA to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. You should read the entire accountants' report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section "Risk factors" of this prospectus.

OVERVIEW

Our Group is principally engaged in gold exploration, mining and processing in the Nordic region. During the Track Record Period, our Group owned and operated two Operating Mines in Finland, namely Orivesi Mine and Jokisivu Mine. To support these mining operations we operated two Production Plants, namely Vammala Plant in Finland and Svartliden Plant in Sweden. Our Group also had two Pre-Production Assets, namely Kaapelinkulma Project in Finland and Fäboliden Project in Sweden.

The following discussion and analysis are based on the financial results of our Group during the Track Record Period as presented in the accountants' report contained in Appendix IA to this prospectus.

BASIS OF PREPARATION

The financial information has been prepared by our Directors based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising our Group in accordance with the IFRS issued by the IASB, on the basis set out in note 2.1 of the accountants' report contained in Appendix IA to this prospectus, after making such adjustments as we consider appropriate.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial information in conformity with the IFRS requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and

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associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The following paragraphs discuss the critical accounting policies and estimates applied in preparing our financial statements.

Revenue recognition

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

Concentrate sales

Concentrate is sold to a third-party through a delivery-at-place agreement. Once the concentrate has been delivered our 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. For details of the adjustments relating to quotational period pricing, please refer to the paragraph headed "Trade and other receivables" under note 2 of the accountants' report set out in Appendix IA to this prospectus.

Bullion sales

Bullion is sold on the market through our Group's metal account. Revenue is recognised in accordance with the price and quantity specified in the sales contract when the delivery obligations have been met.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method.

Rental revenue

Rental revenue is recognised in the period in which it is earned.

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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 us 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. The costs incurred in preparing mines for production are carried forward to the extent that these costs are expected to be recouped through the successful exploitation of our Company's mining leases.

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 unit-of-production method (with separate calculations being made for each mineral resource). The unit-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

Plant and equipment

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

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than mining plant and equipment and land.

Mineral exploration and evaluation costs

Exploration and evaluation represent the activities to search for mineral resources after an entity has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Under the IFRS, exploration expenditure can be either expensed or capitalised in accordance with an entity's accounting policy. In accordance with IFRS, our Company has elected to expense exploration expenditure to the consolidated statement of profit or loss as and when it is incurred and include such expenditure 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. The acquired exploration expenditure is reclassified to Mine Properties, a component of property plant and equipment, when the mines are being prepared for production or the economic mining of the mineral reserve has commenced.

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Evaluation stage criteria can vary from project to project, but as a general rule we have used the studies as the marker between exploration and evaluation. Generally in an existing operation, which means there are processing facilities in operation, a positive outcome from a scoping study would mark the break between exploration and evaluation expenditure. In a new operation scenario, which means there is no processing facility in operation, a positive outcome from a pre-feasibility study would mark the break between exploration and evaluation expenditure. Evaluation activities involve the assessment of the technical and commercial viability of extracting a mineral resource before moving into the development phase. Evaluation expenditure is capitalised to the consolidated statement of financial position in accordance with IFRS 6 Exploration for and evaluation of mineral resources.

The criteria for carrying forward costs are:

- (i) Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- (ii) 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.

Evaluation expenditure is reclassified to Mine Properties when the mines are being prepared for production or the economic mining of the mineral reserve has commenced. 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.

Production costs

Production costs represent the costs incurred during mining and processing activities. These costs are initially capitalised to inventory when they are expected to be realisable from the future sale of ore, concentrate and gold in processing. The costs of inventory are expensed to the consolidated statement of profit or loss when the goods are sold or when the costs exceed the net realisable value of the inventory. The costs are included as part of cash flows from operating activities in the consolidated statement of cash flows.

Restoration and rehabilitation costs

We record 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. An obligation arises when the asset is installed at the production location or disturbance of land occurs. 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

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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.

The mine rehabilitation provision is assessed half-yearly. Significant judgment 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. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

Impairment of non-financial assets

An impairment loss is recognised whenever the carrying amount of a non-financial asset or its cash-generating unit exceeds its recoverable amount. 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 the recoverable amount, 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. For Mine Properties, we undertake fair value less cost of disposal calculations which are based on a number of critical estimates and assumptions including forward estimates of:

- (i) mine life, including quantities of mineral Reserves and Resources for which there is a high degree of confidence of economic extraction with given technology;
- (ii) production levels and demand;
- (iii) metal price;
- (iv) inflation;
- (v) cash costs of production;
- (vi) discount rates applicable to the cash generating unit; and
- (vii) future legal changes and or Environmental Permits.

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Income taxes

We are subject to income taxes in Australia, Sweden and Finland. Our accounting policy for taxation requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment 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 un-recouped 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 investment in subsidiaries, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless 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. Judgments are also required about the application of income tax legislation.

CHANGES IN ACCOUNTING POLICIES ON ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* were effective for our Company from 1 January 2018 and have been applied from that date.

For IFRS 15 *Revenue from Contracts with Customers*, it was determined that its adoption had no significant impact on the recognition and measurement of revenue. For IFRS 9 *Financial Instruments*, the reclassification of financial instruments had no significant measurement impact on the financial statements and the expected credit loss on trade and other receivables was assessed as having no significant impact. Furthermore, our Group did not apply hedge accounting during the Track Record Period. The requirements of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been detailed in the section headed "Changes in accounting policies on adoption of new and amended accounting standards" in Appendix IA to this prospectus and includes an overall assessment of the impact. The accounting standards adopted have been reflected in the paragraph headed "Summary of significant accounting policies" in Appendix IA to this prospectus.

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CRITICAL ACCOUNTING JUDGEMENTS

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 information in the accountants' report as it relates to Ore Reserves, Mineral Resources or mineralisation is reported in accordance with the JORC 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.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results are significantly affected by the following factors:

(i) Gold price

Our revenue is principally generated from the sale of gold, for which the price is determined by the global market spot price. Historically, gold price has fluctuated widely. Fluctuations in gold price are inherently difficult to predict, being dependent on numerous factors such as (i) global macro-economic and political events and sentiments; (ii) supply and demand for gold; (iii) interest rate and inflation rate expectations; (iv) actual and predicted behavior of central banks in relation to gold acquisition and disposals; and (v) performance of exchange traded gold funds and speculative trading in gold.

According to Frost & Sullivan, average global market gold spot price in USD terms increased from approximately USD1,159.3 per ounce in 2015 to approximately USD1,250.4 per ounce in 2016, and then remained relatively stable at approximately USD1,257.3 per ounce in 2017, and then increased to approximately USD1,330.6 per ounce for the four months ended 30 April 2018.

Please refer to the section headed "Industry overview" of this prospectus for more details of factors affecting gold prices.

(ii) Foreign exchange rates

In line with standard global practice, our gold sales are conducted in USD and therefore our consolidated financial results, which are presented in AUD, may be significantly affected by the fluctuation in the exchange rate of the USD against AUD.

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The average USD/AUD exchange rate remained relatively stable during 2015 at approximately AUD1.33 per USD for the year ended 31 December 2015 and approximately AUD1.34 per USD for the year ended 31 December 2016. As a result, the average gold price in AUD terms was augmented from approximately AUD1,541.9 per ounce in 2015 to approximately AUD1,675.5 per ounce in 2016.

The average USD/AUD exchange rate decreased from approximately AUD1.34 per USD for the year ended 31 December 2016 to approximately AUD1.30 per USD for the year ended 31 December 2017. As a result, the average gold price in AUD terms decreased from approximately AUD1,675.5 per ounce for the year ended 31 December 2016 to approximately AUD1,634.5 per ounce for the year ended 31 December 2017.

The average USD/AUD exchange rate decreased from approximately AUD1.30 per USD for the year ended 31 December 2017 to approximately AUD1.28 per USD for the four months ended 30 April 2018. As a result, the average gold price in AUD terms increased from approximately AUD1,634.5 per ounce for the year ended 31 December 2017 to approximately AUD1,703.2 per ounce for the four months ended 30 April 2018.

In addition, as we operate gold mines in Finland and Sweden, all of our operating costs are denominated in EUR or SEK. These costs are converted into AUD, our presentation currency, for inclusion in our consolidated financial statements. Any fluctuations in the EUR/AUD or SEK/AUD exchange rates could significantly affect our operational costs in AUD terms.

According to Frost & Sullivan, the average SEK/AUD exchange rate remained relatively stable during the Track Record Period at approximately AUD0.16 per SEK, AUD0.16 per SEK, AUD0.15 per SEK and AUD0.16 per SEK for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018. The average EUR/AUD exchange rate also remained stable during the Track Record Period at approximately AUD1.48 per EUR, AUD1.49 per EUR, AUD1.47 per EUR and AUD1.57 per EUR for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, respectively.

Please refer to the paragraph headed "Financial risks" in this section for further analysis.

(iii) **Production volume**

All of our sales are derived from our production. Actual production may vary from estimates for a number of reasons, including (i) actual gold ore mined varying from estimates in grade, tonnage, and metallurgical and other characteristics; (ii) encountering unusual or unexpected geological conditions; (iii) mining dilution; and (iv) actual gold recovery rate in formal production being lower than the estimates during testing.

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(iv) **C1 cash costs**

C1 cash costs represent the cash costs incurred at each processing stage, from mining through to recoverable metal delivered to market, less net by-product credits (if any). Depreciation and amortisation costs are not included in C1 cash costs. Our C1 cash costs mainly include employee costs, consumables costs, consultants and contractors costs and utility costs. Variations in production volume and the costs of mining and processing are key factors that affect our C1 cash costs, which in turn, affect our cost of sales.

(iv) **Depreciation cost**

Depreciation is provided on a straight line basis on all items of property, plant and equipment other than mining plant and equipment and land. Capital expenditure incurred increases our depreciation cost in current and future periods, which in turn also increases our cost of sales.

(v) **Timing of development of Operating Mines and Pre-Production Assets**

During the Track Record Period, we had conducted substantially all of our continued mining operations at Orivesi Mine and Jokisivu Mine. According to the CPR, the estimated remaining mine lives of Orivesi Mine and Jokisivu Mine as at 30 April 2018 are approximately 10 months and 42 months respectively. As advised by the Competent Person, it is common for gold mines of this type to have a “revolving mine life”, which means that it is only commercially sensible to perform exploratory activities to prove a certain amount of reserves exist periodically due to the vertical mineralisation in the mines. This therefore limits the Ore Reserves of the Operating Mines and as such, the mine lives of the Operating Mines rarely exceed two years.

Regarding our Pre-Production Assets, Kaapelinkulma Project has obtained all materially required tenements and Environmental Permit to commence mining operation as at the Latest Practicable Date. The Environmental Permit for Fäboliden Project in relation to test mining operations has been granted on 23 November 2017 and has gained legal force as at the Latest Practicable Date. Test mining operations at Fäboliden Project is proposed to commence during the second quarter of 2019. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations at Fäboliden Project, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located.

Please refer to the section headed “Business” of this prospectus for details of our existing mines and Pre-Production Assets.

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RESULTS OF OPERATIONS OF OUR GROUP

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2015, 2016 and 2017, the four months ended 30 April 2018 and the six months ended 30 June 2018 as derived from the accountants' report set out in Appendix IA and the unaudited interim condensed financial information set out in Appendix IB to this prospectus.

Consolidated statements of profit or loss and comprehensive income

	For the year ended 31 December			For the four months ended 30 April		For the six months ended 30 June	
	2015	2016	2017	2017	2018	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000 (unaudited)	AUD'000 (unaudited)	AUD'000 (unaudited)	AUD'000 (unaudited)
Revenue from customers	76,836	55,039	41,270	12,919	11,801	19,422	19,742
Cost of sales	(65,617)	(50,572)	(35,732)	(10,863)	(14,090)	(18,200)	(21,917)
Gross profit	11,219	4,467	5,538	2,056	(2,289)	1,222	(2,175)
Other revenue	703	483	174	121	4	144	4
Other income	424	2,307	92	33	4	39	19
Exploration expenditure	(3,514)	(828)	(167)	(104)	(28)	(137)	(30)
Management and administration expenses	(4,388)	(3,365)	(3,348)	(1,015)	(1,333)	(1,640)	(1,846)
Other expenses	(2,542)	3,401	(270)	(218)	(22)	(232)	(34)
Finance costs	(28)	(19)	(14)	(4)	(18)	(8)	(51)
Foreign exchange gains/(loss) . . .	689	36	(63)	(179)	(588)	(56)	(782)
Hong Kong listing costs	—	(1,119)	(2,525)	(2,032)	(329)	(2,130)	(406)
Profit/(loss) for the year/period before tax	2,563	5,363	(583)	(1,342)	(4,599)	(2,798)	(5,301)
Income tax expense	—	—	—	—	—	—	—
Profit/(loss) for the year/period after income tax	2,563	5,363	(583)	(1,342)	(4,599)	(2,798)	(5,301)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Gains/(losses) on foreign currency translation	1,133	(1,402)	1,127	95	965	394	456
Gains on available-for-sale financial assets	37	—	—	—	—	—	—
Other comprehensive income reclassified to profit or loss in the current period	—	11	—	—	—	—	—
Net other comprehensive income to be reclassified to profit or loss in subsequent periods . . .	1,170	(1,391)	1,127	95	965	394	456
Total comprehensive profit/(loss) for the year/period after tax . . .	<u>3,733</u>	<u>3,972</u>	<u>544</u>	<u>(1,247)</u>	<u>(3,634)</u>	<u>(2,404)</u>	<u>(4,845)</u>

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	For the year ended 31 December			For the four months ended 30 April		For the six months ended 30 June	
	2015	2016	2017	2017	2018	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000 (unaudited)	AUD'000 (unaudited)	AUD'000 (unaudited)	AUD'000 (unaudited)
Profit/(loss) attributable to:							
Owners of the Company	2,563	5,363	(583)	(1,342)	(4,599)	(2,798)	(5,301)
Total comprehensive income attributable to:							
Owners of the Company	3,733	3,972	544	(1,247)	(3,634)	(2,404)	(4,845)

During the Track Record Period, our Group recorded revenue of approximately AUD76.8 million, AUD55.0 million and AUD41.3 million for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group recorded a profit for the year attributable to members of our Company of approximately AUD2.6 million and AUD5.4 million for the years ended 31 December 2015 and 2016, respectively. A loss for the year attributable to the members of our Company of approximately AUD0.6 million was recorded for the year ended 31 December 2017. Our Group recorded revenue of approximately AUD12.9 million and AUD11.8 million for the four months ended 30 April 2017 and 2018 respectively. Our Group recorded a loss attributable to members of our Company of approximately AUD1.3 million and AUD4.6 million for the four months ended 30 April 2017 and 2018 respectively. Prospective investors should note the fluctuation of our Group's past financial performance as further elaborated below.

Revenue from customers

During the Track Record Period, our revenue was principally generated from sale of gold. The following table sets forth the key information on our revenue during the Track Record Period.

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
Average gold sale price (USD/oz) . . .	1,166.2	1,253.9	1,259.0	1,240.5	1,310.2
Average exchange rate (USD/AUD) . .	1.33	1.34	1.30	1.33	1.28
Average gold sale price (AUD/oz) . . .	1,551.0	1,680.2	1,636.7	1,649.9	1,677.1
Sales volume (oz)	53,805	34,426	28,204	9,321	7,164
Revenue (AUD in thousands)	76,836	55,039	41,270	12,919	11,801

Our revenue decreased by approximately 28.4% from approximately AUD76.8 million for the year ended 31 December 2015 to approximately AUD55.0 million for the year ended 31 December 2016. The decrease was mainly a result of the decrease in volume of gold sales,

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which was primarily due to (i) the cessation of processing external gold concentrate in Svartliden Plant (which we undertook from 2015 until June 2016); (ii) the exhaustion of stockpile of ore from Svartliden Mine during the year ended 31 December 2015; and (iii) the further decrease in production from Orivesi Mine in 2016. This was offset by the increase in average gold sale price in AUD as a result of the increase in our average gold sale price in USD and the depreciation of AUD against USD.

Our revenue decreased by approximately 25.0% from approximately AUD55.0 million for the year ended 31 December 2016 to approximately AUD41.3 million for the year ended 31 December 2017. The decrease was mainly a result of the decrease in volume of gold sales, which was primarily due to (i) the cessation of processing external gold concentrate in Svartliden Plant as mentioned in the paragraph above; and (ii) the decrease in high grade ore supplied by Orivesi Mine from approximately 82 kt for the year ended 31 December 2016 to approximately 71 kt for the corresponding year in 2017, resulting in less ounces of gold available to be sold. The ore supplied by Jokisivu Mine remained relatively stable at approximately 223 kt and 227 kt for the years ended 31 December 2016 and 2017 respectively.

Our revenue decreased by approximately 8.7% from approximately AUD12.9 million for the four months ended 30 April 2017 to approximately AUD11.8 million for the four months ended 30 April 2018. The decrease was mainly a result of decrease in volume of gold sales, which was primarily due to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine. During the four months ended 30 April 2018, we focused on development activities in the upper parts of Orivesi Mine which resulted in low grades of gold from there, in preparation for the excavation of ores with higher grades below. The decrease in gold grades was offset by the increase in average gold sale price in AUD.

Subsequent to the Track Record Period, during the two months ended 30 June 2018, our average monthly revenue increased to approximately AUD4.0 million per month compared to our average monthly revenue of AUD3.0 million per month during the four months ended 30 April 2018. This was due to an increase in both gold grade and recovery from the Orivesi Mine and Jokisivu Mine. Our Company's focus on development activities in the upper parts of Orivesi Mine is expected to deliver higher grade stoping ore tonnes for the second half of 2018, further lifting gold production. Our average monthly sales volume of gold increased from approximately 1,791 ounces for the four months ended 30 April 2018 to approximately 2,230 ounces for the two months ended 30 June 2018 primarily due to the reasons explained above.

Please refer to the section headed "Business" of this prospectus for more details of our mining operations during the Track Record Period.

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Cost of sales

Our cost of sales amounted to approximately AUD65.6 million, AUD50.6 million, AUD35.7 million, AUD10.9 million and AUD14.1 million for the years ended 31 December 2015, 2016 and 2017, and the four months ended 30 April 2017 and 2018, respectively. The following sets out our cost of sales breakdown during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	AUD'000	% of total cost of sales	AUD'000	% of total cost of sales	AUD'000	% of total cost of sales	AUD'000	% of total cost of sales	AUD'000	% of total cost of sales
Employee costs	10,716	16.3	9,638	19.1	8,202	23.0	2,807	25.9	2,884	20.5
Consumables	8,544	13.0	6,838	13.5	4,729	13.2	1,491	13.7	1,697	12.0
Consultants and contractors costs	20,875	31.8	20,508	40.5	19,296	54.0	6,563	60.4	7,286	51.7
Utility costs	9,252	14.1	8,114	16.0	5,650	15.8	2,239	20.6	2,868	20.4
Stock movements	(1,754)	(2.6)	(65)	(0.1)	(2,154)	(6.0)	(3,145)	(28.9)	246	1.7
External concentrates purchases	16,599	25.3	5,453	10.8	—	—	—	—	—	—
Mine development capitalisation costs	(3,309)	(5.0)	(3,439)	(6.8)	(2,894)	(8.1)	(237)	(2.2)	(1,746)	(12.4)
Depreciation of Mine Properties, plant and equipment	4,664	7.1	3,525	7.0	2,903	8.1	1,145	10.5	855	6.1
Rehabilitation costs	30	0.0	—	—	—	—	—	—	—	—
Total	65,617	100.0	50,572	100.0	35,732	100.0	10,863	100.0	14,090	100.0

A substantial portion of our cost of sales were denominated in EUR or SEK, which fluctuations against AUD could have had significant impact on our cost of sales in AUD terms. It was nevertheless noted that the average SEK/AUD and EUR/AUD exchange rates had remained relatively stable during the Track Record Period as described in the paragraph headed “Key factors affecting our results of operations” above. Consequently, no additional analysis was conducted on the impact of changes in exchanges rates on our cost of sales.

It is also noted that a significant portion of our cost of sales were relatively fixed in nature and did not vary significantly despite a substantial decrease in our gold sales volume in the year ended 31 December 2016. The decrease in cost of sales for the year ended 31 December 2017 is attributable to the decrease in gold production and complete cessation of external concentrate purchase during the year.

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Employee costs

Our employee costs under cost of sales represented mainly the salaries and benefits we paid to our employees engaged in our mining and processing activities and our geologists. Our employee costs decreased from approximately AUD10.7 million for the year ended 31 December 2015 to approximately AUD9.6 million for the year ended 31 December 2016 due primarily to the decrease in the number of our employees in 2016. Our employee costs decreased from approximately AUD9.6 million for the year ended 31 December 2016 to approximately AUD8.2 million for the year ended 31 December 2017. Such decrease was primarily due to decrease in the number of employees during the year ended 31 December 2017. Our employee costs remained relatively stable for the four months ended 30 April 2018 as compared to the four months ended 30 April 2017.

Consumables

Our consumables were related to those we use in our mining and processing activities, including chemicals, explosives, fuel, ground support, protective clothing and smaller consumable items and replacement parts. Our cost of consumables decreased from approximately AUD8.5 million for the year ended 31 December 2015 to approximately AUD6.8 million for the year ended 31 December 2016. Such decrease was in line with the decrease in our processing activities over the two years ended 31 December 2016. Our cost of consumables decreased from approximately AUD6.8 million for the year ended 31 December 2016 to approximately AUD4.7 million for the year ended 31 December 2017. Such decrease was in line with the decrease in our processing activities.

Our consumables costs remained relatively stable at approximately AUD1.5 million and AUD1.7 million for the four months ended 30 April 2017 and 2018 respectively.

Consultants and contractors costs

Our consultants and contractors costs represented our payments to consultants and contractors relating to mining and production activities. Our consultants and contractors costs decreased slightly from approximately AUD20.9 million for the year ended 31 December 2015 to approximately AUD20.5 million for the year ended 31 December 2016. This was mainly due to the decrease in such costs incurred for processing activities as a result of decrease in processing activities in 2016, offset by the increase in such costs incurred for mining activities carried on at deeper part of Orivesi Mine and Jokisivu Mine. Our consultants and contractors costs decrease from approximately AUD20.5 million for the year ended 31 December 2016 to approximately AUD19.3 million for the year ended 31 December 2017. This was primarily due to the decrease in mining tonnes at Orivesi Mine and the decrease in processing activities as a result of complete cessation of external concentrate processing during the year ended 31 December 2017.

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Our consultants and contractors costs increased from approximately AUD6.6 million for the four months ended 30 April 2017 to approximately AUD7.3 million for the four months ended 30 April 2018, mainly due to deepening of Orivesi Mine and Jokisivu Mine as their mine lives were extended.

Utility costs

Our utility costs primarily represented the cost of electricity and water relating to mining and production activities. Our utility costs decreased from approximately AUD9.3 million for the year ended 31 December 2015 to approximately AUD8.1 million for the year ended 31 December 2016. Such decrease was primarily due to the decrease in processing activities during the two years ended 31 December 2016. Our utility costs decreased from approximately AUD8.1 million for the year ended 31 December 2016 to approximately AUD5.7 million for the year ended 31 December 2017. This was primarily due to the decrease in processing activities for the year ended 31 December 2017.

Our utility costs increased from approximately AUD2.2 million for the four months ended 30 April 2017 to approximately AUD2.9 million for the four months ended 30 April 2018, mainly due to the increase in price of electricity.

Stock movements

Our stock movements represented movements in our ore and concentrate stockpiles, gold in circuit and raw materials, excluding the gold concentrate purchased externally. Our stock decreased by approximately AUD1.8 million and less than AUD0.1 million for the years ended 31 December 2015 and 2016 respectively. Our stock decreased by approximately AUD2.2 million for the year ended 31 December 2017 and increased by approximately AUD0.2 million for the four months ended 30 April 2018. Our stock movements were affected by timing of delivery of our stock and level of mining activities being carried out.

External concentrate purchases

Our external concentrate purchases represented the cost of gold concentrate that we purchased externally. We started purchasing gold concentrate externally in 2015 and ceased in June 2016 due to the elevated levels of copper in external gold concentrate which could have affected our environmental compliance. Therefore, no cost was incurred for external concentrate purchases for the year ended 31 December 2017 and the four months ended 30 April 2018. The cost of gold concentrate that we purchased externally amounted to approximately AUD16.6 million and AUD5.5 million for the years ended 31 December 2015 and 2016, respectively.

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Mine development — capitalisation costs

For each month, we review costs to identify amounts incurred for development expenditure on Mine Properties and capitalise these costs in accordance with IFRS. We capitalised approximately AUD3.3 million, AUD3.4 million and AUD2.9 million as development expenditure from costs for the years ended 31 December 2015, 2016 and 2017, respectively. Decrease in capitalisation costs in 2017 was a result of fewer development metres on Mine Properties compared to previous years. The increase in capitalisation costs for the four months ended 30 April 2018 as compared to the four months ended 30 April 2017 was a result of the development activities in the upper parts of Orivesi Mine and the deepening of Jokisivu Mine.

Depreciation of Mine Properties, plant and equipment

Our depreciation of Mine Properties, plant and equipment mainly represented the depreciation cost of our Mine Properties and mining plant and equipment. Our Mine Properties and mining plant and equipment are depreciated using the unit-of-production method over the life of the identified component of orebody. Such method results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. Our depreciation of Mine Properties decreased from approximately AUD4.7 million for the year ended 31 December 2015 to approximately AUD3.5 million for the year ended 31 December 2016, and further decreased to approximately AUD2.9 million for the year ended 31 December 2017. It also decreased from approximately AUD1.1 million for the four months ended 30 April 2017 to approximately AUD0.9 million for the four months ended 30 April 2018. Such decrease was in line with the decrease in the volume of gold production during the Track Record Period.

Recent development

Subsequent to the Track Record Period, our average monthly cost of sales increased slightly from approximately AUD3.5 million per month during the four months ended 30 April 2018 to approximately AUD3.9 million per month during the two months ended 30 June 2018. Such increase is mainly contributed by movement in gold inventory balances.

Gross profit and gross profit margin

Our gross profits amounted to approximately AUD11.2 million, AUD4.5 million and AUD5.5 million for the three years ended 31 December 2017, representing gross profit margins of approximately 14.6%, 8.1% and 13.4% respectively. Our Group recorded gross profit of approximately AUD2.1 million for the four months ended 30 April 2017, representing gross profit margin of approximately 15.9%. Our Group recorded gross loss of approximately AUD2.3 million for the four months ended 30 April 2018.

A lower gross profit margin of approximately 8.1% was recorded for the year ended 31 December 2016 as compared to that of approximately 14.6% for the year ended 31 December 2015. The lower gross profit margin was primarily due to the decrease in revenue from gold

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sales as a result of the decrease in volume of gold production and sales as discussed in the paragraph headed “Revenue from customers” above, while a significant portion of our cost of sales was fixed in nature, in particular, the costs incurred for keeping Svartliden Plant running even after the exhaustion of stockpile of ore from Svartliden Mine to prepare for the commencement of Fäboliden Project. Furthermore, during the year ended 31 December 2016, we processed a relatively greater proportion of ore from Jokisivu Mine, which historically is of a lower grade than that from Orivesi Mine, which contributed to the decrease in our gross profit margin.

Gross profit margin increased from approximately 8.1% for the year ended 31 December 2016 to approximately 13.4% for the year ended 31 December 2017. Such increase was attributable to (i) the cessation of processing external concentrate, which had a lower gross profit margin than mining and processing ore, in June 2016; (ii) decrease in depreciation costs for the year ended 31 December 2017; and (iii) our continuous effort in managing mining and processing costs. For further details on our processing of external concentrate, please refer to the paragraph headed “External concentrate purchase” in this section.

Our gross profit of approximately AUD2.1 million for the four months ended 30 April 2017 decreased to gross loss of approximately AUD2.3 million for the four months ended 30 April 2018, which was mainly due to the decrease in grades of gold from Orivesi Mine and Jokisivu Mine. During the four months ended 30 April 2018, we focused on development activities in the upper parts of Orivesi Mine which resulted in low grades of gold from there, in preparation for the excavation of ores with higher grades below.

Subsequent to the Track Record Period, we recorded an average monthly gross profit of approximately AUD57,000 for the two months ended 30 June 2018, as compared to an average monthly gross loss of approximately AUD0.6 million for the four months ended 30 April 2018. The improvement in our gross profit was mainly attributable to the mine development plan for Orivesi Mine where we focused on development activities in the upper parts of Orivesi Mine which resulted in low grades of gold for the four months ended 30 April 2018, while we started to excavate the higher grades and achieved higher recoveries during the two months ended 30 June 2018.

Other revenue

The following sets out a breakdown of our other revenue during the Track Record Period.

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Finance revenue and interest . .	151	114	52	22	4
Other revenue	<u>552</u>	<u>369</u>	<u>122</u>	<u>99</u>	<u>—</u>
Total	<u><u>703</u></u>	<u><u>483</u></u>	<u><u>174</u></u>	<u><u>121</u></u>	<u><u>4</u></u>

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During the Track Record Period, our other revenue included principally (i) finance revenue and interest; and (ii) other items. Our other revenue decreased from approximately AUD0.7 million for the year ended 31 December 2015 to approximately AUD0.5 million for the year ended 31 December 2016, mainly due to the decrease in both components mentioned above. The declining trend for both components continued for the year ended 31 December 2017 resulting in further decline in other revenue to approximately AUD0.2 million. Our other revenue decreased from approximately AUD0.1 million for the four months ended 30 April 2017 to approximately AUD4,000 for the four months ended 30 April 2018 mainly due to the decrease in both components mentioned above.

Our finance revenue and interest refers to bank and external interest income. Finance revenue decreased from approximately AUD0.2 million for the year ended 31 December 2015 to approximately AUD0.1 million for the year ended 31 December 2016. The amount further decreased to approximately AUD52,000 for the year ended 31 December 2017. Such decrease was mainly due to lower interest rates for deposit. Our finance revenue and interest decreased from approximately AUD22,000 for the four months ended 30 April 2017 to approximately AUD4,000 for the four months ended 30 April 2018, which was mainly due to a decrease in cash balance.

The other items under our other revenue during the Track Record Period primarily referred to reimbursement of expenditure incurred on joint ventures from Agnico and Aurion Resources Limited and rental income earned from leasing of our office in Outokumpu. Our rent and service income decreased from approximately AUD0.6 million for the year ended 31 December 2015 to approximately AUD0.4 million for the year ended 31 December 2016, primarily due to the decrease in rental income as a result of the sale of our office in Outokumpu in 2015. The amount further decreased to approximately AUD0.1 million for the year ended 31 December 2017 mainly due to the divestment of our interest in the gold mining project of the Hanhima EARN-IN Agreement in March 2017. No rent and service income was recorded for the four months ended 30 April 2018 due to the divestment in 2017 mentioned above. For more details on the Hanhima EARN-IN Agreement, please refer to the paragraph headed “Hanhima EARN-IN Agreement” under the section headed “Business” of this prospectus.

Subsequent to the Track Record Period, the amount of other revenue recorded for the two months ended 30 June 2018 was immaterial.

Other income

The following sets out our other income breakdown during the Track Record Period.

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Gain on sale of plant and equipment . . .	42	1,843	—	—	—
Gain on disposal of investments	—	420	—	—	—
Other	382	44	92	33	4
Total	<u>424</u>	<u>2,307</u>	<u>92</u>	<u>33</u>	<u>4</u>

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During the Track Record Period, our other income principally included the gain on the sale of Fäboliden land and timber and gain on the sale of shares in Aurion Resources Limited.

The increase in our other income from approximately AUD0.4 million for the year ended 31 December 2015 to approximately AUD2.3 million for the year ended 31 December 2016 was mainly attributable to (i) a gain on the sale of the Fäboliden land and timber of approximately AUD1.8 million in 2016; and (ii) the gain on the sale of 6,750,000 shares in Aurion Resources Limited for approximately AUD0.4 million in 2016. Regarding the sale of Fäboliden land and timber, it was related to an area within Fäboliden Project which we held no mining or exploration tenure over. The area was located well away from the gold deposit of Fäboliden Project and its strike extensions and was acquired as part of the package when we acquired the Fäboliden Project. Regarding the sale of shares in Aurion Resources Limited, the 6,750,000 shares was the consideration for the sale of legal and beneficial interests in the projects located in Kutuvuoma and Silasselkä during the year ended 31 December 2014. For more details of this sale, please refer to the section headed “Business” of this prospectus.

Our other income decreased to less than AUD0.1 million for the year ended 31 December 2017, the four months ended 30 April 2017 and 2018 and the two months ended 30 June 2018 mainly because there were no similar gains as mentioned above during the year or period.

Exploration expenditure

Our exploration expenditure decreased from approximately AUD3.5 million for the year ended 31 December 2015 to approximately AUD0.8 million for the year ended 31 December 2016 primarily due to (i) the fact that Fäboliden Project had proceeded to development stage in 2016 and all expenditure incurred after that was capitalised; and (ii) the capitalisation of expenditure incurred on drilling activities to expand the known Resources of Orivesi Mine and Jokisivu Mine in 2016.

Our exploration expenditure further decreased from approximately AUD0.8 million for the year ended 31 December 2016 to approximately AUD0.2 million for the year ended 31 December 2017. This was mainly due to continued capitalisation of the abovementioned activities for Fäboliden Project, Orivesi Mine and Jokisivu Mine.

We recorded minimal amount of exploration expenditure of approximately AUD0.1 million and AUD28,000 for the four months ended 30 April 2017 and 2018 respectively.

Subsequent to the Track Record Period, our exploration expenditure incurred for the two months ended 30 June 2018 was also minimal.

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Management and administration expenses

The following sets out our management and administration expenses breakdown during the Track Record Period.

	For the year ended 31 December						For the four months ended 30 April			
	2015		2016		2017		2017		2018	
	AUD'000	% of revenue	AUD'000	% of revenue	AUD'000	% of revenue	AUD'000	% of revenue	AUD'000	% of revenue
Salaries and benefits expenses . . .	2,343	3.0	1,890	3.4	1,736	4.2	736	5.7	730	6.2
Legal and professional fees	1,004	1.3	562	1.0	436	1.1	93	0.7	239	2.0
Directors' fees	119	0.2	131	0.3	131	0.3	46	0.4	52	0.4
Other administrative expenses . . .	922	1.2	782	1.4	1,045	2.5	140	1.1	312	2.7
Total	4,388	5.7	3,365	6.1	3,348	8.1	1,015	7.9	1,333	11.3

During the Track Record Period, our management and administration expenses included principally salaries and benefits expenses, legal and professional fees, Directors' fees and other administrative expenses. Our management and administration expenses decreased from approximately AUD4.4 million for the year ended 31 December 2015 to approximately AUD3.4 million for the year ended 31 December 2016 as a result of (i) the decrease of salaries and benefits expenses due to the further decrease in the number of employees; and (ii) the decrease in legal and professional fees. Our management and administration expenses remained relatively stable at approximately AUD3.3 million for the year ended 31 December 2017. Our management and administration expenses increased from approximately AUD1.0 million for the four months ended 30 April 2017 to approximately AUD1.4 million for the four months ended 30 April 2018 as a result of revaluation loss on the loan facility balance as at 30 April 2018.

Subsequent to the Track Record Period, our average monthly management and administration expenses incurred during the two months ended 30 June 2018 remained relatively stable as compared with those incurred during the four months ended 30 April 2018.

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Other expenses

The following sets out our other expenses breakdown during the Track Record Period.

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Impairment of property, plant and equipment	1,622	—	—	—	—
Impairment of Mine Properties	1,381	—	—	—	—
Impairment of buildings	549	—	—	—	—
Reversal of impairment allowance for non-recovery of investment in associate.	(1,132)	—	—	—	—
Loss on sale of Kuusamo	—	1,025	—	—	—
Rehabilitation reversal	—	(4,500)	—	—	—
Loss on disposal of exploration assets . . .	—	—	205	196	—
Depreciation of non-mine site assets	122	74	65	22	22
Total	<u>2,542</u>	<u>(3,401)</u>	<u>270</u>	<u>218</u>	<u>22</u>

For the years ended 31 December 2016 and 2017 and the four months ended 30 April 2017 and 2018, we did not recognise any impairment of property, plant and equipment or impairment of Mine Properties or impairment of buildings. For the year ended 31 December 2015, the impairment loss on property, plant and equipment, impairment loss on Mine Properties and impairment loss on buildings were recognised due to the impairment on Vammala Plant and Svartliden Plant, having taken into account the rejection in respect of the Orivesi Mine Environmental Permit extension and pending appeals process during 2015.

For the year ended 31 December 2015, we recognised a reversal of impairment allowance for non-recovery of investment in our former associate of approximately AUD1.1 million, representing the total consideration and penalty interest received from the disposal of our interest in Weld Range Metals Limited in 2015. The impairment allowance was previously recognised before the Track Record Period due to the uncertainty over the recoverability of the amount receivable from Weld Range Metals Limited.

For the year ended 31 December 2016, our other expenses mainly comprised (i) the loss on sale of Kuusamo shares amounting to approximately AUD1.0 million; and (ii) the reversal of rehabilitation provision for Svartliden Plant and Svartliden Mine amounting to approximately AUD4.5 million.

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The sale of Kuusamo shares was in line with our Company's strategy to focus on assets that are in reasonable proximity to our two Production Plants in Finland and Sweden. For more details, please refer to the section headed "Business" of this prospectus. The rehabilitation provision for Svartliden Plant and Svartliden Mine was initially recognised mainly because of the cessation of mining activities in Sweden starting from 2014. The reversal of rehabilitation provision for Svartliden Plant and Svartliden Mine in 2016 was due to the following events which have had a significant impact on the present obligation and led to a probable outflow of economic resources required to settle the obligation:

- (i) In March 2016, we released the maiden Ore Reserve estimate for Fäboliden representing an initial mining life of approximately four years. The mining operations at Fäboliden will extend the operating life of Svartliden Plant and enable ongoing rehabilitation to coincide with operating activities; and
- (ii) In June 2016, CAB granted us a permit to fill the open pit with tailings up to the +415 metre level, which provides ample capacity for the development of the Fäboliden project.

For the year ended 31 December 2017, our other expenses mainly comprised the loss on disposal of exploration assets, being the transfer of 100% interest in the tenements under a prospective gold mining project in relation to the Hanhimaa Earn-In Agreement to Agnico Eagle, of approximately AUD0.2 million. Please refer to the paragraph headed "Other interests" under the section headed "Business" of this prospectus for more details of the transfer.

Our other expenses for the four months ended 30 April 2018 were approximately AUD22,000, which was depreciation of non-mine assets. Our other expenses for the four months ended 30 April 2018 decreased compared to four months ended 30 April 2017 due to the loss on disposal of exploration assets recorded for the four months ended 30 April 2017 as mentioned above.

Subsequent to the Track Record Period, other expenses incurred for the two months ended 30 June 2018 was minimal.

Income tax expense

We are subject to income taxes in Australia, Sweden and Finland. No income tax expenses were recognised for the years ended 31 December 2015, 2016 and 2017, the four months ended 30 April 2017 and 2018, and the two months ended 30 June 2018, after utilising previously unrecognised tax losses.

Profit/(loss) after income tax and net profit margin

Profit after income tax of our Group for the years ended 31 December 2015 and 2016 was approximately AUD2.6 million and AUD5.4 million, representing net profit margin of approximately 3.3% and 9.7%, respectively.

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The increase in profit after income tax and net profit margin for the year ended 31 December 2016 as compared with previous year was mainly attributable to (i) the increase in other income due to the gain in the sale of Fäboliden land and timber in 2016; and (ii) the reversal of rehabilitation provision of Svartliden Plant and Svartliden Mine in 2016. Such increase was offset by the recognition of listing expenses of approximately AUD1.1 million in 2016.

Our Group recorded a loss after income tax of approximately AUD0.6 million for the year ended 31 December 2017. The loss after income tax recorded for the year ended 31 December 2017 as compared with a profit recorded for the year ended 31 December 2016 was mainly attributable to (i) the gain in the sale of Fäboliden land and timber recorded during the year ended 31 December 2016; (ii) the reversal of rehabilitation provision of Svartliden Plant and Svartliden Mine recorded during the year ended 31 December 2016; and (iii) the increase in listing expenses for the year ended 31 December 2017.

Our Group recorded a loss after income tax of approximately AUD1.3 million and AUD4.6 million for the four months ended 30 April 2017 and 2018. The increase in loss was mainly attributable to the gross loss recorded for the four months ended 30 April 2018 as discussed in the paragraph headed "Gross profit and gross profit margin" in this section.

Subsequent to the Track Record Period, our Group's average monthly loss after income tax improved from a loss of approximately AUD1.1 million during the four months ended 30 April 2018 to a loss of approximately AUD0.4 million during the two months ended 30 June 2018. Such improvement in our loss after income tax was due to the improvement in gold grade resulted from the mine development activities at upper parts of Orivesi Mine as explained in the paragraph headed "Gross profit and gross profit margin" in this section.

Other comprehensive income

Our other comprehensive income in the Track Record Period mainly included gains or losses on foreign currency translation. The results and financial position of all our consolidated entities that have a functional currency different from our presentation currency being AUD are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the date of that reporting date;
- (ii) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

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Further, the capital loans from our Company to DAB and DOY are repayable in SEK or EUR. This is a statutory requirement and as such those amounts need to be converted into AUD and are not eliminated.

We recognised a gain under other comprehensive income of approximately AUD1.2 million for the year ended 31 December 2015, a loss of approximately AUD1.4 million for the year ended 31 December 2016, a gain of approximately AUD1.1 million for the year ended 31 December 2017, a gain of approximately AUD95,000 for the four months ended 30 April 2017, a gain of approximately AUD1.0 million for the four months ended 30 April 2018 and a loss of approximately AUD0.5 million for the two months ended 30 June 2018.

CONSOLIDATED STATEMENT OF NET ASSETS

The following table sets out our consolidated statement of net assets as derived from the accountants' report as set out in Appendix IA and the unaudited interim condensed financial information as set out in Appendix IB to this prospectus.

	As at 31 December			As at 30 April	As at 30 June
	2015	2016	2017	2018	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000 (unaudited)
Non-current assets					
Property, plant and equipment . .	7,173	16,860	19,344	19,609	23,586
Mineral evaluation costs	7,685	2,231	5,562	8,700	6,699
Available for sale investments . .	213	—	—	—	—
Other assets	<u>5,786</u>	<u>5,306</u>	<u>5,415</u>	<u>5,302</u>	<u>5,250</u>
Total non-current assets	20,857	24,397	30,321	33,611	35,535
Current assets					
Cash and cash equivalents	13,896	15,407	6,609	849	2,926
Trade and other receivables	9,312	3,696	2,581	2,739	3,106
Inventories	7,128	6,752	9,110	8,967	8,140
Other assets	<u>99</u>	<u>180</u>	<u>1,728</u>	<u>1,939</u>	<u>1,946</u>
Total current assets	<u>30,435</u>	<u>26,035</u>	<u>20,028</u>	<u>14,494</u>	<u>16,118</u>

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	As at 31 December			As at 30 April	As at 30 June
	2015	2016	2017	2018	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000 (unaudited)
Current liabilities					
Trade and other payables	(6,766)	(6,806)	(5,840)	(4,343)	(5,919)
Provisions	(2,189)	(2,132)	(2,215)	(2,115)	(1,993)
Other liabilities	(73)	(96)	(101)	(59)	(129)
Total current liabilities	<u>(9,028)</u>	<u>(9,034)</u>	<u>(8,156)</u>	<u>(6,517)</u>	<u>(8,041)</u>
Net current assets	<u>21,407</u>	<u>17,001</u>	<u>11,872</u>	<u>7,977</u>	<u>8,077</u>
Non-current liabilities					
Provisions	(15,421)	(10,583)	(10,834)	(10,834)	(11,998)
Interest bearing liabilities	—	—	—	(3,029)	(5,100)
Total non-current liabilities	<u>(15,421)</u>	<u>(10,583)</u>	<u>(10,834)</u>	<u>(13,863)</u>	<u>(17,098)</u>
Net assets	<u>26,843</u>	<u>30,815</u>	<u>31,359</u>	<u>27,725</u>	<u>26,514</u>

Non-current assets (excluding financial instruments)

The following sets out our other non-current assets (excluding financial instruments) breakdown by geographical location during the Track Record Period.

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Australia	54	52	52	54
Sweden	6,858	8,139	9,742	10,153
Finland	<u>7,946</u>	<u>10,890</u>	<u>15,112</u>	<u>18,102</u>
Total	<u>14,858</u>	<u>19,091</u>	<u>24,906</u>	<u>28,309</u>

Our non-current assets mainly comprised (i) property, plant and equipment; (ii) mineral evaluation costs; and (iii) other assets.

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Property, plant and equipment

Our property, plant and equipment consisted of (i) land; (ii) buildings; (iii) Mine Properties; and (iv) other property, plant and equipment.

The carrying amount of our property, plant and equipment increased substantially from approximately AUD7.2 million as at 31 December 2015 to approximately AUD16.9 million as at 31 December 2016. Such increase was primarily attributable to the reclassification of capitalised evaluation costs to property, plant and equipment in relation to our 100% owned Kaapelinkulma Project and Fäboliden Project as they both proceeded to development stage.

The carrying amount of our property, plant and equipment further increased from approximately AUD16.9 million as at 31 December 2016 to approximately AUD19.3 million as at 31 December 2017. Such increase was mainly due to the capitalised costs incurred on developing Kaapelinkulma Project and Fäboliden Project.

The carrying amount of our property, plant and equipment as at 30 April 2018 remained relatively stable as compared with 31 December 2017.

For details of the reconciliations of the carrying amounts of our property, plant and equipment at the beginning and end of each year or period within the Track Record Period, please refer to the paragraph headed “Property, plant and equipment” under note 9 of the accountants’ report set out in Appendix IA to this prospectus.

Subsequent to the Track Record Period, the carrying amount of our property, plant and equipment increased from approximately AUD19.6 million as at 30 April 2018 to approximately AUD23.6 million as at 30 June 2018. The increase was mainly attributable to an increase in mine development, especially in the upper levels of Orivesi Mine.

Mineral evaluation costs

Our mineral evaluation costs capitalised to the consolidated statement of financial position during the Track Record Period mainly represented (i) our exploration expenditure resulted from acquisitions; and (ii) evaluation expenditure incurred on 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 decrease of our capitalised mineral evaluation costs balance from approximately AUD7.7 million as at 31 December 2015 to approximately AUD2.2 million as at 31 December 2016 was mainly due to the reclassification of capitalised evaluation costs to property, plant and equipment in relation to our 100% owned Kaapelinkulma Project and Fäboliden Project as they both proceeded to development stage.

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The increase of our capitalised mineral evaluation costs balance from approximately AUD2.2 million as at 31 December 2016 to approximately AUD5.6 million as at 31 December 2017 was mainly attributable to evaluation drilling activities conducted on Orivesi Mine and Jokisivu Mine during the year ended 31 December 2017.

Our mineral evaluation costs further increased to approximately AUD8.7 million as at 30 April 2018, which was mainly due to the continuous drilling activities conducted on Orivesi Mine and Jokisivu Mine during the four months ended 30 April 2018. As at 30 April 2018, the carrying amount of mineral evaluation costs capitalised was in relation to Orivesi Mine and Jokisivu Mine.

Subsequent to the Track Record Period, the decrease in our capitalised mineral evaluation costs from approximately AUD8.7 million as at 30 April 2018 to approximately AUD6.7 million as at 30 June 2018 was mainly attributable to transfers to Mine Properties in property, plant and equipment.

Other assets

Our other assets represented the environmental bonds related to cash that has been deposited with the Swedish and Finnish government authorities, acting as a collateral for termination and after-care measures of mining operations. Swedish and Finnish government authorities shall determine the type and amount of collateral for each permit in question and release the collateral when the permit holder has fulfilled its obligations set out in the permit. 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 carrying value of our Group's environmental bonds amounted to approximately AUD5.8 million, AUD5.3 million, AUD5.4 million, AUD5.3 million and AUD5.3 million as at 31 December 2015, 2016 and 2017, 30 April 2018 and 30 June 2018, respectively.

Current assets

Our current assets mainly consisted of (i) cash and cash equivalents; (ii) trade and other receivables; and (iii) inventories.

Cash and cash equivalents

Our cash and cash equivalents consisted of cash at bank and on hand and short-term deposits. As at 31 December 2017, we had approximately AUD6.6 million in cash and cash equivalents, the majority of which were denominated in AUD, USD and EUR. For more details of our foreign exchange risk exposure of cash and cash equivalents, please refer to the paragraph headed "Foreign exchange risk" under note 24 of the accountants' report set out in Appendix IA to this prospectus.

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Our cash and cash equivalents remained relatively stable at approximately AUD13.9 million as at 31 December 2015 and approximately AUD15.4 million as at 31 December 2016. The decrease of our cash and cash equivalents from approximately AUD15.4 million as at 31 December 2016 to approximately AUD6.6 million as at 31 December 2017 was primarily due to net cash outflow from investing activities and payment for listing expenses. Our investing activities during the year ended 31 December 2017 were mainly (i) exploration drilling and mine development at Orivesi Mine and Jokisivu Mine; and (ii) developing Kaapelinkulma Project and Fäboliden Project.

Our cash and cash equivalents further decreased to approximately AUD0.8 million as at 30 April 2018. The decrease was mainly due to net cash outflow from operating activities and investing activities. For details of movement of our cash and cash equivalents, please refer to the paragraph headed "Liquidity and capital resources" in this section.

Subsequent to the Track Record Period, our cash and cash equivalents increased from approximately AUD0.8 million as at 30 April 2018 to approximately AUD2.9 million as at 30 June 2018, which was mainly attributable to the additional drawdowns on the loan facility with AP Finance Limited during the two months ended 30 June 2018.

Trade and other receivables

The following table sets forth the components of our trade and other receivables as at the end of each year or period during the Track Record Period:

	As at 31 December			As at
				30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Trade debtors.....	8,223	2,263	1,556	1,487
Other debtors.....	<u>1,089</u>	<u>1,433</u>	<u>1,025</u>	<u>1,252</u>
Total	<u>9,312</u>	<u>3,696</u>	<u>2,581</u>	<u>2,739</u>

For sale of gold concentrate, we recognise revenue and trade receivables at the point when our transport contractor notifies us the gold concentrate is delivered to the refinery of the Gold Concentrate Customer. We allow a credit period of 45 days to our Gold Concentrate Customer and the trade receivables will be settled when our Gold Concentrate Customer pays us. For the sale of gold bullion credits, we recognise revenue and trade receivables at the point when the sale of gold bullion credits from the gold bullion credits account is confirmed to our Group by the relevant financial institution through whom we sell, which is when the risks and rewards of the gold bullion credits are passed. For more details of accounting policy on

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recognising trade and other receivables, please refer to the paragraph headed “Trade and other receivables” under note 2 of the accountants’ report set out in Appendix IA to this prospectus.

Our trade receivables from trade debtors amounted to approximately AUD8.2 million, AUD2.3 million, AUD1.6 million and AUD1.5 million as at 31 December 2015, 2016 and 2017 and 30 April 2018 respectively. Out of the trade receivables from trade debtors as at 30 April 2018 of approximately AUD1.5 million, approximately AUD0.3 million is measured at fair value, with changes in fair value recognised in profit and loss, and approximately AUD1.2 million is measured at amortised cost. For further details, please refer to the paragraph headed “Trade and other receivables” under note 6 of the accountants’ report set out in Appendix IA to this prospectus. The balance of our trade receivables from trade debtors as at year or period end is affected by the timing and volume of sales close to the respective year or period ends. The decrease in the balance of our trade receivables from trade debtors during the Track Record Period was generally in line with the decrease in the proportion of our revenue generated by the sale of gold concentrate to the Gold Concentrate Customer. The sale of gold concentrate to the Gold Concentrate Customer contributed approximately 41.4%, 15.9%, 12.8% and 5.1% to our total revenue for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, respectively. Our debtors’ turnover days decreased from approximately 39 days for the year ended 31 December 2015 to approximately 15 days for the year ended 31 December 2016, mainly due to the decrease in the proportion of our revenue generated by the sale of gold concentrate to the Gold Concentrate Customer. Our debtors’ turnover days remained relatively stable for the year ended 31 December 2017 and the four months ended 30 April 2018.

For illustration purpose only, the following table sets forth the ageing analysis of our trade receivables based on invoice dates, and the debtors’ turnover days for each of the year or period during the Track Record Period:

	As at 31 December			As at
				30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Within 1 month.....	5,812	1,493	—	1,156
1 to 2 months.....	2,411	770	1,556	250
2 to 3 months.....	—	—	—	—
Over 3 months.....	—	—	—	81
Total	<u>8,223</u>	<u>2,263</u>	<u>1,556</u>	<u>1,487</u>
Debtors’ turnover days ⁽¹⁾	39	15	14	15

Note:

- (1) Debtors’ turnover days are calculated based on the ending trade receivables (net of impairment losses) of a given year or period divided by the revenue for the corresponding year or period and multiplied by 365 days. Debtors’ turnover days for the four months ended 30 April 2018 was annualised for illustration purpose.

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We did not record any allowance for impairment of trade receivables during the Track Record Period and our Directors are of the view that recognition of other allowance for doubtful trade receivables is not necessary as there is no recent history of default in settlement by our customers and the amounts are still considered recoverable. As at 30 June 2018, out of approximately AUD1.5 million of our trade receivables balance as at 30 April 2018, approximately AUD1.4 million had been subsequently settled, representing approximately 96.5% of that balance.

Our other receivables amounted to approximately AUD1.1 million, AUD1.4 million, AUD1.0 million and AUD1.3 million as at 31 December 2015, 2016 and 2017 and 30 April 2018 respectively. As at 30 June 2018, out of approximately AUD1.3 million of our other receivables balance as at 30 April 2018, approximately AUD0.8 million had been subsequently settled, representing approximately 62.1% of that balance.

Subsequent to the Track Record Period, our trade and other receivables as at 30 June 2018 increased slightly to approximately AUD3.1 million, which is in line with the average monthly revenue growth as explained in the paragraph headed “Revenue from customers” in this section.

Inventories

Our inventories consisted of (i) ore and concentrate stockpiles; (ii) gold in circuit; and (iii) raw materials and stores. Our ore and concentrate stockpiles and raw materials and stores are valued at cost; whilst our gold in circuit is valued at net realisable value. The following table sets forth the components of our inventories as at the end of each year or period during the Track Record Period and the average inventory turnover days for each of the year or period during the Track Record Period:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Ore and concentrate stockpiles	3,046	3,236	4,337	3,756
Gold in circuit.	3,183	2,587	3,889	4,195
Raw materials and stores	899	929	884	1,016
Total	<u>7,128</u>	<u>6,752</u>	<u>9,110</u>	<u>8,967</u>
Inventories' turnover days ⁽¹⁾	40	49	93	77

Note:

(1) Inventories' turnover days are calculated based on the ending inventories of a given year/period divided by the cost of sales for the corresponding year/period and multiplied by 365 days. Inventories' turnover days for the four months ended 30 April 2018 was annualised for illustration purpose.

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Our balance of inventories as at year or period end is affected by the timing of delivery and sales of gold close to the year or period end.

Our inventories decreased from approximately AUD7.1 million as at 31 December 2015 to approximately AUD6.8 million as at 31 December 2016, which was primarily due to the decrease in the balance of gold in circuit, offset by the increase in the balance of ore and concentrate stockpiles. Despite the decrease in the balance of our inventories as at 31 December 2016 as compared with 31 December 2015, our inventories' turnover days increased from approximately 40 days for the year ended 31 December 2015 to approximately 49 days for the year ended 31 December 2016. This was mainly attributable to the decrease in the cost of sales for the year ended 31 December 2016, as compared with the year ended 31 December 2015.

Our inventories increased from approximately AUD6.8 million as at 31 December 2016 to approximately AUD9.1 million as at 31 December 2017, which was primarily due to the increase in the balance of (i) ore and concentrate stockpiles; and (ii) gold in circuit. Such increase resulted in the increase in inventories' turnover days from approximately 49 days for the year ended 31 December 2016 to approximately 93 days for the year ended 31 December 2017. Our inventories remained relatively stable at approximately AUD9.0 million as at 30 April 2018 while the inventories' turnover days decreased to approximately 77 days, which was mainly due to the increase in our cost of sales as discussed in the paragraph headed "Cost of sales" in this section. All our inventories as at 30 April 2018 had been subsequently utilised on or before 31 May 2018.

Subsequent to the Track Record Period, our inventories decreased from approximately AUD9.0 million as at 30 April 2018 to approximately AUD8.1 million as at 30 June 2018. Such decrease was mainly attributable to the fluctuating balances in the gold processing tanks due to the fluctuating grade and qualities of the gold concentrate impacting tank residence times.

Liabilities

Our liabilities mainly consisted of (i) trade and other payables; (ii) provisions; and (iii) other liabilities.

Trade and other payables

Our trade and other payables mainly represented amounts due to suppliers of raw materials for gold processing and utilities providers.

Our trade and other payables remained relatively stable at approximately AUD6.8 million as at both 31 December 2015 and 31 December 2016. Despite this, our creditors' turnover days increased from approximately 38 days for the year ended 31 December 2015 to approximately 49 days for the year ended 31 December 2016, which was mainly attributable to the decrease in cost of sales for the year ended 31 December 2016 as compared with 2015. The decrease in cost of sales was mainly attributable to the decrease in the cost of gold concentrate that we purchased externally as we ceased such arrangement in 2016.

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Our trade and other payables decreased from approximately AUD6.8 million as at 31 December 2016 to approximately AUD5.8 million as at 31 December 2017. The difference in the balance was mainly due to the timing of settlement of invoices near the year end. Despite the decrease in our trade and other payables, our creditors' turnover days increased from approximately 49 days for the year ended 31 December 2016 to approximately 60 days for the year ended 31 December 2017 mainly due to decrease in cost of sales. For more details of our cost of sales, please refer to the paragraph headed "Cost of sales" in this section.

Our trade and other payables further decreased to approximately AUD4.3 million as at 30 April 2018, which was attributable to the timing of settlement of invoices near the year or period end. The creditors' turnover days for the four months ended 30 April 2018 also decreased to approximately 38 days as compared to that for the year ended 31 December 2017. Such decrease was mainly due to decrease in trade and other payables as mentioned above and the increase in our cost of sales as discussed in the paragraph headed "Cost of sales" in this section. All our trade and other payables as at 30 April 2018 were subsequently settled on or before 31 May 2018.

The following table sets forth the ageing analysis of our trade payables and the creditors' turnover days as at the end of each year or period during the Track Record Period.

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Within 1 month.....	6,682	6,357	5,840	4,330
1 to 2 months.....	84	439	—	13
2 to 3 months.....	—	10	—	—
Over 3 months.....	—	—	—	—
Total	<u>6,766</u>	<u>6,806</u>	<u>5,840</u>	<u>4,343</u>
Creditors' turnover days ⁽¹⁾	38	49	60	38

Note:

- (1) Creditors' turnover days are calculated based on the ending trade and other payables of a given year/period divided by the cost of sales for the corresponding year/period and multiplied by 365 days. Creditors' turnover days for the four months ended 30 April 2018 was annualised for illustration purpose.

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Our creditors usually allow a payment term of 30 days after the invoice date. Our creditors' turnover days were affected by the timing of settlement of invoices near the year or period end.

Our Directors confirm that we did not have material defaults in payment of trade and other payables during the Track Record Period.

Subsequent to the Track Record Period, our trade and other payables balance increased from approximately AUD4.3 million as at 30 April 2018 to approximately AUD5.9 million as at 30 June 2018. Such increase was due to timing of payments during the period.

Provisions

Our provisions consisted of provision for employee entitlements and provision for rehabilitation. The following table sets forth the components of our provisions as at the end of each year or period during the Track Record Period:

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Employee entitlements	2,215	2,080	2,172	2,069
Rehabilitation	15,395	10,563	10,800	10,800
Other	—	72	77	80
Total	<u>17,610</u>	<u>12,715</u>	<u>13,049</u>	<u>12,949</u>

Our provisions for employee entitlements remained relatively steady at approximately AUD2.2 million, AUD2.1 million, AUD2.2 million and AUD2.1 million as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

We recorded provision for rehabilitation in relation to our gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various Swedish and Finnish authorities. Our provision for rehabilitation decreased from approximately AUD15.4 million as at 31 December 2015 to approximately AUD10.6 million as at 31 December 2016. The decrease was primarily due to the reversal of rehabilitation provision for Svartliden Plant and Svartliden Mine amounting to approximately AUD4.5 million in 2016, which was reflected as a reversal under other expenses. For more details of the reversal of rehabilitation provision in 2016, please refer to the paragraph headed "Other expenses" in this section. Our provision for rehabilitation remained relatively stable as at 31 December 2016 and 2017 and 30 April 2018.

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Subsequent to the Track Record Period, our balance of provisions as at 30 June 2018 increased slightly to approximately AUD14.0 million, which is attributable to the change in our rehabilitation schedule.

Interest bearing liabilities

We recorded interest bearing liabilities of approximately AUD3.0 million as at 30 April 2018 due to the drawdown of a loan facility during the four months ended 30 April 2018. Please refer to the paragraph headed “Indebtedness” in this section for details.

Subsequent to the Track Record Period, our interest bearing liabilities increased from approximately AUD3.0 million as at 30 April 2018 to approximately AUD5.1 million as at 30 June 2018, due to the additional drawdown of the loan facility with AP Finance Limited during the two months ended 30 June 2018.

EQUITY

Accumulated losses

Our accumulated losses amounted to approximately AUD91.8 million, AUD86.4 million, AUD87.0 million, AUD91.6 million and AUD92.3 million as at 31 December 2015, 2016 and 2017, 30 April 2018 and 30 June 2018 respectively. Our accumulated losses arose from accumulated losses from previous years. Accumulated losses will not affect our Company’s ability to pay dividends. As long as the following conditions are fulfilled, we can pay dividends to Shareholders:

- (i) our Company’s assets exceed liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to Shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice our Company’s ability to pay its creditors.

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LIQUIDITY AND CAPITAL RESOURCES

Net current assets

The following table sets out the details of our current assets and liabilities as at the end of the financial years/periods indicated:

	As at 31 December			As at 30 April	As at 30 June	As at 31 August
	2015	2016	2017	2018	2018	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000 (unaudited)	AUD'000 (unaudited)
Current assets						
Cash and cash equivalents	13,896	15,407	6,609	849	2,926	912
Trade and other receivables	9,312	3,696	2,581	2,739	3,106	2,392
Inventories	7,128	6,752	9,110	8,967	8,140	9,178
Other assets	99	180	1,728	1,939	1,946	1,976
Total current assets	30,435	26,035	20,028	14,494	16,118	14,458
Current liabilities						
Trade and other payables	(6,766)	(6,806)	(5,840)	(4,343)	(5,919)	(8,244)
Provisions	(2,189)	(2,132)	(2,215)	(2,115)	(1,993)	(1,763)
Other liabilities	(73)	(96)	(101)	(59)	(129)	(135)
Total current liabilities	(9,028)	(9,034)	(8,156)	(6,517)	(8,041)	(10,142)
Net current assets	21,407	17,001	11,872	7,977	8,077	4,316

Our Group's net current assets amounted to approximately AUD21.4 million, AUD17.0 million, AUD11.9 million, AUD8.0 million, AUD8.1 million and AUD4.3 million as at 31 December 2015, 2016 and 2017, 30 April 2018, 30 June 2018 and 31 August 2018 respectively.

Our Group's net current assets decreased from approximately AUD21.4 million as at 31 December 2015 to approximately AUD17.0 million as at 31 December 2016. The decrease was mainly due to the decrease in our balance of receivables from trade debtors as at both year ends. Please refer to the paragraph headed "Trade and other receivables" in this section for more details.

Our Group's net current assets decreased from approximately AUD17.0 million as at 31 December 2016 to approximately AUD11.9 million as at 31 December 2017. The decrease was mainly due to the decrease in our cash and cash equivalents as at the respective dates. Please refer to the paragraph headed "Cash and cash equivalents" in this section for more details.

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Our Group's net current assets decreased from approximately AUD11.9 million as at 31 December 2017 to approximately AUD8.0 million as at 30 April 2018. The decrease was mainly due to a further decrease in our cash and cash equivalents as at the respective dates. Please refer to the paragraph headed "Cash and cash equivalents" in this section for more details.

Our Group's net current assets remained relatively stable at approximately AUD8.0 million and AUD8.1 million as at 30 April 2018 and 30 June 2018 respectively.

Our Group's net current assets decreased from approximately AUD8.1 million as at 30 June 2018 to approximately AUD4.3 million as at 31 August 2018. The decrease was mainly due to the decrease in our cash and cash equivalents, which was mainly due to (i) the decrease in revenue from gold sales as a result of summer holiday season in Nordic region and maintenance break affecting the available mill fee at Svartliden Plant during the two months ended 31 August 2018; and (ii) the payment of listing expenses and operating expenses in the normal course of business.

Cash flow

During the Track Record Period, our working capital and other capital requirements were principally satisfied by cash generated from our operations.

The following table summarises our cash and cash equivalents movements for the years or periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Net cash generated from/(used in)					
operating activities	11,818	8,196	(54)	(2,788)	(4,732)
Net cash used in investing activities	(13,102)	(6,626)	(6,846)	(2,741)	(3,929)
Net cash (used in)/generated from					
financing activities	—	—	(1,430)	(342)	2,751
Net (decrease)/increase in cash and					
cash equivalents	(1,284)	1,570	(8,330)	(5,871)	(5,910)
Cash and cash equivalents at					
beginning of the year/period	15,051	13,896	15,407	15,407	6,609
Effect of foreign exchange rate					
changes	129	(59)	(468)	(255)	150
Cash and cash equivalents at end of					
the year/period	<u>13,896</u>	<u>15,407</u>	<u>6,609</u>	<u>9,281</u>	<u>849</u>

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Cash flow from operating activities

Our cash flow from operating activities during the Track Record Period primarily comprised receipts from our gold sales, net of payments to suppliers and employees and payments for mineral exploration. Our net cash generated from operating activities decreased from approximately AUD11.8 million for the year ended 31 December 2015 to approximately AUD8.2 million for the year ended 31 December 2016, and we had net cash outflow from operating activities of approximately AUD54,000 for the year ended 31 December 2017. The decrease in our net cash generated from operating activities was mainly due to the decrease in our volume of gold sales during the three years ended 31 December 2017.

Our net cash used in operating activities increased from approximately AUD2.8 million for the four months ended 30 April 2017 to approximately AUD4.7 million for the four months ended 30 April 2018. The increase was mainly due to fewer amounts of receipts from customers for the four months ended 30 April 2018 as compared to that for the four months ended 30 April 2017, which was mainly resulted from the decrease in our volume of gold sales.

Subsequent to the Track Record Period, we recorded an average monthly net cash inflow from operating activities of approximately AUD0.8 million during the two months ended 30 June 2018, as compared to an average monthly net cash outflow of approximately AUD1.2 million during the four months ended 30 April 2018. Such improvement in our cash flow from operating activities was due to the increase in gold sales as explained above in the paragraph headed "Revenue from customers" in this section.

Cash flow from investing activities

Our cash flow from investing activities during the Track Record Period primarily comprised payments for evaluation activities, payments for development of Mine Properties and payments for property, plant and equipment.

Our net cash used in investing activities decreased from approximately AUD13.1 million for the year ended 31 December 2015 to approximately AUD6.6 million for the year ended 31 December 2016. Such decrease was primarily due to (i) the decrease in payments for property, plant and equipment due to a large amount of capital investment in upgrading Vammala Plant in 2015; and (ii) the decrease in payments for evaluation activities primarily due to the fact that Fäboliden Project has proceeded to development stage in 2016. Our net cash used in investing activities remained relatively stable at approximately AUD6.6 million for the year ended 31 December 2016 and approximately AUD6.8 million for the year ended 31 December 2017.

Our net cash used in investing activities increased from approximately AUD2.7 million for the four months ended 30 April 2017 to approximately AUD3.9 million for the four months ended 30 April 2018, which was mainly due to larger amount of payments for development of Mine Properties resulted from development activities in the upper parts of Orivesi Mine and other costs associated with the development of Kaapelinkulma Project and Fäboliden Project.

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Subsequent to the Track Record Period, our average monthly net cash used in investing activities decreased from approximately AUD1.0 million for the four months ended 30 April 2018 to approximately AUD0.7 million for the two months ended 30 June 2018. The decrease was mainly attributable to decrease in the payments for development of Mine Properties.

Cash flow from financing activities

There was no cash inflow or outflow arising from financing activities for the years ended 31 December 2015 and 2016. Our financing activities recorded a net outflow of approximately AUD1.4 million for the year ended 31 December 2017, representing prepaid costs for issuance of new Shares in relation to our proposed Listing. We recorded net cash used in financing activities of approximately AUD0.3 million for the four months ended 30 April 2017 while we recorded net cash generated from financing activities of approximately AUD2.8 million for the four months ended 30 April 2018. Such increase was mainly due to the draw down on the loan facility as discussed in the paragraph headed “Indebtedness” in this section.

Subsequent to the Track Record Period, our average monthly net cash inflow from financing activities increased from approximately AUD0.7 million during the four months ended 30 April 2018 to approximately AUD0.9 million during the two months ended 30 June 2018. The increase was contributed by the additional drawdowns on the loan facility with AP Finance Limited during the two months ended 30 June 2018 as further discussed in the paragraph headed “Indebtedness” in this section.

In view of the negative cash flow recorded during the year ended 31 December 2017 and the four months ended 30 April 2018, our Directors expects such weak liquidity, which is mainly a result of the higher listing costs incurred during the year ended 31 December 2017 and the four months ended 30 April 2018, to be temporary and would be supplemented by the development of Kaapelinkulma Project and Fäboliden Project in accordance with the project timetable currently expected by our Directors as disclosed under the section headed “Business” of this prospectus. In particular, our Directors are of the view that the development of Fäboliden Project would be key in returning us to profitability for our Group’s operations.

INDEBTEDNESS

Summary of borrowings

As at 31 August 2018, we had an unsecured revolving loan facility of up to AUD12.0 million (equivalent to approximately HK\$69.6 million) provided by AP Finance Limited, a subsidiary of Allied Properties (HK). The loan facility was obtained on 15 February 2017 with original amount of AUD6.0 million (approximately HK\$34.8 million). The key provisions of this loan facility include (i) an interest rate of 4% per annum payable quarterly in arrears; and (ii) a loan period up to 31 December 2019. We only intend to draw down the loan under this loan facility in the event that our Company incurs additional unexpected expenditure, for example unexpected capital resources required to fund the development and pre-production associated

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with the Fäboliden Project or Kaapelinkulma Project prior to the Public Offer. On 14 March 2018, we made a drawdown on this loan facility of AUD2.0 million. On 12 April 2018, 10 May 2018 and 15 May 2018, we made drawdowns on this loan facility of AUD3.0 million (approximately HK\$17.9 million) in total. On 25 May 2018, we repaid AUD1.0 million (approximately HK\$5.9 million). On 4 June 2018, we made a drawdown on this loan facility of AUD1.0 million (approximately HK\$6.0 million). On 5 June 2018, the amount of loan facility increased from AUD6.0 million (approximately HK\$34.8 million) to AUD8.0 million (approximately HK\$46.4 million). On each of 20 July 2018 and 17 August 2018, we made a drawdown on this loan facility of AUD1.0 million (approximately HK\$5.8 million each). On 27 August 2018, the amount of the loan facility increased from AUD8.0 million (approximately HK\$46.4 million) to AUD12.0 million (approximately HK\$69.6 million). For details of this loan facility, please refer to the paragraph headed “Exempted continuing connected transactions” in the section headed “Continuing connected transactions” of this prospectus and the paragraph headed “Use of proceeds” under the section headed “Future plans and use of proceeds” of this prospectus.

The loan facility with AP Finance Limited mentioned above was the only banking facility we had as at 31 August 2018, and therefore, our total unutilised banking facilities amounted to AUD5.0 million (approximately HK\$29.0 million) as at 31 August 2018.

As confirmed by our Directors, there are no charges over any specific assets held by DAB. DAB has a floating charge of SEK130.0 million registered with the Swedish Companies Registration Office, and comprising two mortgages previously held by Financial Institution A. The floating charge was created in respect of previous loans that have now been repaid. Since the loans have been repaid, the security should be returned to us and the charges should be removed from the trade register. However, Financial Institution A has not been able to locate and return the certificates of mortgage regarding the floating charge. Therefore, DAB has on 15 June 2017 filed an application regarding cancellation of the certificates of mortgage. Financial Institution A has signed a written acceptance that the the mortgage certificates shall be cancelled. The Swedish Companies Registration Office has registered DAB’s application on 15 June 2017 and has initiated the process of cancellation. The process was finished on 2 February 2018. DAB has received two replacement certificates of SEK65 million each, which shall both be converted into electronic mortgage certificates.

Our Finnish entity, DOY, has entered into a master agreement with Nordea Bank regarding the use of derivatives. For details of the material terms of this master agreement, please refer to the paragraph headed “Nordea Bank master agreement relating to the use of derivatives” in this section. Furthermore, Nordea Bank has issued three corporate credit cards. The liabilities of DOY under the master agreement and the credit cards have been secured by (i) pledge of DOY’s mining concessions; and (ii) floating charge (business mortgage, which concerns in practice all movable assets of DOY) in the maximum nominal amount of EUR61.5 million. Our Directors confirm that no transactions have been made under the master agreement. As at 31 August 2018, DOY had no liabilities under the master agreement entered into with Nordea Bank and the outstanding liabilities of the three corporate credit cards amounted to approximately EUR2,000.

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Nordea Bank has also issued bank guarantees on behalf of DOY to Tukes in order to secure liabilities under the Finnish Mining Act and to ELY Centre in order to secure waste management liabilities under the Environmental Protection Act. As at 31 August 2018, the aggregate amount of these bank guarantees is approximately EUR0.4 million.

Nordea Bank has also issued bank guarantee on behalf of DOY in the amount of approximately SEK6.5 million in order to satisfy the bond requirement for Fäboliden Project.

As confirmed by our Directors, DOY has not pledged real property, which it has acquired title and there is not any security, mortgage, pledges, encumbrances or third parties rights over the assets or any particular asset or the shares of DOY.

Nordea Bank master agreement relating to the use of derivatives

Below are the material terms of the master agreement between DOY and Nordea Bank regarding the use of derivatives:

1. Purpose and scope

- i. The master agreement applies to all derivative transactions between DOY and Nordea Bank, unless explicitly excluded.

2. Payments and deliveries

- i. Payment of a cash amount shall be made for value on the maturity/ payment date and in immediately available funds. Physical delivery shall be made for receipt on the maturity/ payment date.
- ii. Nordea Bank agrees that DOY may effect payments, which irrevocably will discharge it from its obligations, to Nordea Bank in the jurisdiction specified in the material agreement. Direct debit shall apply pursuant to the master agreement. Payment will be effected by Nordea Bank or its affiliate debiting or crediting an account for the relevant currency with Nordea Bank or its affiliate, as specified by DOY, on the maturity/ payment date. DOY shall ensure that there are sufficient funds available on its account on the maturity/ payment date.

3. Default interest

- i. If a party fails to make a payment under the master agreement on the due date, it shall pay default interest on the overdue amount from such due date to the actual payment date at a rate per annum which shall be 5% above the one week inter-bank rate for the relevant currency selected by Nordea Bank.

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4. Information

- i. DOY shall (without request) supply to Nordea Bank as soon as the same are available (and in any event within 150 days of the end of each financial year), its audited unconsolidated accounts and the audited consolidated accounts.

5. Events of default

Events of default include but not limited to the following events:

- i. Non-fulfillment: A party does not, on the due date, pay or effect delivery under the master agreement in the manner specified, unless the failure is due solely to technical or administrative reasons and is remedied within 2 business days of the due date.
- ii. Breach of obligations and misrepresentations: A party does not comply with any other material provision of the master agreement, or a representation made by a party is or proves to have been incorrect or misleading in any material respect, and such failure or misrepresentation (if capable of remedy) continues unremedied for 5 business days after notice from the other party.
- iii. Insolvency: A party is, or is deemed to be, insolvent, suspends making payments, commences negotiations for a rescheduling of debt, makes a composition with its creditors or any similar arrangements. A party takes any action, or any order is made or resolution passed, for a business reorganisation, liquidation, bankruptcy or winding-up of such party or similar proceedings (except for a solvent reorganisation of Nordea Bank resulting in a merger with another bank or credit institution).

When an event of default has occurred and is continuing, the non-defaulting party may by notice to the defaulting party (a “**Default Notice**”) (a) request a termination in advance of all derivative transactions on a specified date (the “**Close-Out Date**”), which shall be a business day falling no more than 5 business days after the date of the Default Notice; and (b) request a termination of the master agreement. If both parties are affected by an event of default, either party may give a Default Notice.

If the event of default specified in 5(iii) above occurs, automatic early termination shall apply and no Default Notice is required.

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6. Close-out netting

- i. If derivative transactions have been terminated in advance by reason of an event of default, a force majeure event, or a termination event (i.e. changes in laws and regulations making compliance with an obligation of a derivative transaction illegal or otherwise prohibited for a party or increase the cost or reduce the effective return for Nordea Bank to perform, maintain or fund its obligations under a derivative transaction), Nordea Bank shall calculate its aggregate net loss or net profit for the terminated derivative transactions as per the close-out date by calculating (a) the net loss or net profit of each individual derivative transaction and (b) adding or subtracting any unpaid amount.
- ii. The aggregate amount calculated by Nordea Bank pursuant to 6(i) above shall, on demand from the party to which it is due, be paid in the currency specified in the master agreement by the other party in accordance with such demand.

7. Miscellaneous

- i. The master agreement shall be valid until terminated by either party by 5 business days' notice to the other party or until terminated if the event of default specified in 5(iii) above occurs.

Statement of indebtedness

Save as mentioned in the paragraph under "Summary of borrowings" above and apart from normal trade payables, our Group did not have any mortgages, charges, debt securities, term loans, debentures, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptances credits, hire purchase commitments, or any guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2018.

IMPACT OF LISTING EXPENSES

Listing expenses represent the fees and costs incurred for the issue of the Offer Shares and the listing of our Shares. As the issue of the Offer Shares is the issue of an equity instrument, but the listing of existing and the Offer Shares is not, the listing expenses are required to be allocated between the two transactions with reference to the proportion of the number of the Offer Shares to be issued to the total number of Shares in issue upon Listing.

Since the number of the Offer Shares to be issued represents 36.0% of the total number of Shares in issue upon Listing, listing expenses that are directly attributable to the issue of the Offer Shares are accounted for as a deduction from equity, whilst expenses that are not clearly separable are allocated to equity and profit or loss on a ratio of 64:36. Given the estimated listing expenses of our Group, of which approximately AUD2.5 million (equivalent to

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approximately HK\$14.5 million) was charged to the consolidated statement of profit or loss of our Group for the year ended 31 December 2017, our Group's net profit for the year ended 31 December 2017 had shown a substantial decline as compared to that of the previous financial year.

The estimated total listing expenses for our Group will be approximately AUD8.2 million. Of this amount, it is estimated that approximately AUD3.2 million is directly attributable to the Offer Shares under the Public Offer. During the year ended 31 December 2016, approximately AUD1.1 million of these listing expenses were expensed to the consolidated statements of profit or loss and comprehensive income.

Costs incurred subsequent to 31 December 2016 are allocated between profit or loss or equity in accordance with their nature. During the year ended 31 December 2017, approximately AUD2.5 million of the remaining listing fees was expensed to the consolidated statements of profit or loss and comprehensive income. It is expected that the remaining listing fees of approximately AUD1.4 million has been or will be incurred and charged to the consolidated statement of profit or loss and comprehensive income of our Group for the year ending 31 December 2018. The amount of expenses incurred and charged to the profit or loss for the years ended 31 December 2017 and the year ending 31 December 2018 are on the basis that a full determination of which listing expenses meet the criteria for capitalisation as share issue costs, in accordance with our Group's accounting policies, will only be performed following the Listing. Any adjustments will form part of the audited financial statements for the year ending 31 December 2018.

Our Directors would like to emphasise that the listing expenses in relation to the Listing is a current estimate for reference only and the final amount to be recognised as equity and in the consolidated statements of profit or loss and comprehensive income of our Group for the year ending 31 December 2018 are subject to adjustment due to changes in estimates and assumptions.

WORKING CAPITAL

We expect to be able to finance 125% of our working capital requirement for the 12 months following the date of this prospectus as follows:

- i. estimated cash inflow generated from our Company's sales revenue of approximately AUD55.6 million; and
- ii. estimated cash inflow of approximately AUD17.5 million to be received by our Company from the Public Offer.

Our Directors are of the opinion, and the Sponsor concurs, that taking into consideration the financial resources presently available to our Group, including our internal resources, expected operating cash inflow, the available loan facility and the estimated net proceeds from the Public Offer, the working capital available to our Group is sufficient for 125% of our present requirements, that is, for at least the next 12 months from the date of this prospectus.

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We expect to use our working capital for the 12 months following the date of this prospectus mainly for:

- i. estimated finance expenses of approximately AUD11,000, which primarily represents the estimated negative interests incurred on our deposits in EUR bank accounts;
- ii. estimated cash outflow used in our operating activities, save for the estimated capital expenditure, of approximately AUD47.5 million; and
- iii. estimated capital expenditure of approximately AUD8.0 million.

COMMITMENTS AND CONTINGENT LIABILITIES

Exploration commitments

Our exploration commitments represent minimum level of exploration requirements to retain current tenements in a good standing as required by the relevant regulatory bodies pursuant to the conditions of our tenements. As at 31 December 2015, 2016 and 2017, 30 April 2018 and 30 June 2018, our exploration commitments amounted to approximately AUD0.4 million, AUD0.3 million, AUD0.2 million, AUD0.2 million and AUD0.2 million respectively.

Capital commitments

Our capital commitments represent the commitments relating to the acquisition of equipment contracted for but not recognised as liabilities. We did not have any capital commitment during the Track Record Period and up to 30 June 2018.

Operating lease expense commitments

Our future minimum lease payments under non-cancellable operating leases amounted to approximately AUD0.1 million and AUD0.2 million as at 31 December 2015 and 2016 respectively. Our operating lease commitments were minimal and amounted to less than AUD0.1 million as at 31 December 2017, 30 April 2018 and 30 June 2018 respectively.

Remuneration commitments

Our commitments for the payment of salaries and other remuneration under long-term employment contracts in existence as at 31 December 2015, 2016 and 2017, 30 April 2018 and 30 June 2018 but not recognised as liabilities amounted to approximately AUD0.5 million, AUD0.4 million, AUD0.3 million, AUD0.3 million and AUD0.3 million respectively.

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Contingent liabilities

During the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, we did not have any significant contingent liabilities.

Apart from the changes in relation to the loan facility with AP Finance Limited (please refer to the paragraph headed “Summary of borrowings” in this section for details), our Directors have confirmed that there have been no other material changes in the indebtedness and contingent liabilities of our Group since 31 August 2018 and up to the date of this prospectus.

Our Directors have confirmed that there have been no material defaults in payment by our Group during the Track Record Period.

CAPITAL EXPENDITURE

For the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018, we incurred capital expenditures of approximately AUD13.1 million, AUD9.8 million, AUD7.0 million, AUD2.9 million and AUD3.9 million respectively, as set out below:

	For the year ended 31 December			For the four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
Property, plant and equipment	4,567	1,482	3,046	1,084	1,073
Exploration and evaluation	5,123	4,761	742	770	2
Development of Mine Properties	<u>3,378</u>	<u>3,540</u>	<u>3,185</u>	<u>1,027</u>	<u>2,864</u>
 Total	 <u>13,068</u>	 <u>9,783</u>	 <u>6,973</u>	 <u>2,881</u>	 <u>3,939</u>

Our capital expenditures mainly include (i) additions to property, plant and equipment; (ii) mineral exploration and evaluation costs; and (iii) development costs on Mine Properties in line with our business expansion.

The higher amount of our capital expenditure on additions to property, plant and equipment for the year ended 31 December 2015 as compared to the year ended 31 December 2016 was primarily attributable to (i) the significant process and investment upgrades to the Vammala Plant and conversion work to process 100% concentrates at Svartliden Plant; and (ii) extensive safety improvements across our Group, particularly at Orivesi Mine, which included the purchase of seismic monitoring equipment during the year ended 31 December 2015. Our

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capital expenditure on additions to property, plant and equipment increased from approximately AUD1.5 million for the year ended 31 December 2016 to approximately AUD3.0 million for the year ended 31 December 2017 mainly due to the increase in costs incurred in developing Kaapelinkulma Project and Fäboliden Project. Our capital expenditure on additions to property, plant and equipment remained relatively stable at approximately AUD1.1 million for the four months ended 30 April 2017 and 2018.

For details of the movement in our mineral exploration and evaluation costs, please refer to the paragraph headed “Mineral evaluation costs” in this section. Our development costs during the Track Record Period mainly referred to the expenditure on developing Orivesi Mine and Jokisivu Mine.

Assuming the timely commencement of production of our Pre-Production Assets, we expect total capital expenditure will amount to approximately AUD4.5 million for the year ending 31 December 2018. Set out below is the capital expenditure expected to be incurred by our Group during the year ending 31 December 2018, broken down by each Operating Mine and Pre-Production Asset:

Gold Project	For the year ending 31 December 2018
	(AUD'million)
Orivesi Mine	0.2
Jokisivu Mine	1.9
Kaapelinkulma Project	0.8
Fäboliden Project	1.6
Total	4.5

Note: Capital expenditure presented in this section is in accordance with accounting standards and our Company’s policy to capitalise certain expenditure following completion of pre-feasibility studies, while the capital expenditure presented in the CPR is based on technical standards. Therefore, there may be variance between capital expenditure presented in this section and in the CPR, primarily due to difference in treatment of expenditure on waste rock removal, soil removal, environmental bonds and certain other elements, including mine development expenditure.

FUNDING OF PRE-PRODUCTION ASSETS

We expect that the amount of expenditure to be incurred in relation to Fäboliden Project from the date of Listing up until the end of 2018, with Fäboliden Project expected to enter into commercial production in the second quarter of 2019, amounts to approximately AUD0.3 million. As at the Latest Practicable Date, we had commenced initial site development work in preparation for test mining operations at Fäboliden Project, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure

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such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located. We will fund the development of Fäboliden Project for full scale mining operations after the year ending 31 December 2019 with our cash flows generated from test mining operations at Fäboliden Project and the loan with AP Finance Limited if necessary.

We expect the test mining operations at Fäboliden Project will generate a quarterly net cash inflow from the second quarter of 2019, thereby becoming self-sufficient in terms of funding. Following this, additional capital expenditure will be incurred in relation to the development of the full mining operations at Fäboliden Project. The full mining operations are expected to generate a quarterly net cash inflow in the second quarter of 2021, thereby becoming self-sufficient in terms of funding. Thereafter, we expect cumulative net cash flow from Fäboliden Project since the beginning of 2018 shall become positive in the second quarter of 2022, with the total cash inflow thereby recouping the total cash outflow in relation to such project since the beginning of 2018.

Given mine development activities associated with Kaapelinkulma Project have commenced in early 2017, and it has obtained all materially required tenements and Environmental Permits to commence mining operations, minimal expenditure will be incurred in relation to Kaapelinkulma Project following Listing and prior to it entering into commercial production. For details of our Group's expected project development schedule, including the factors we shall take into account when considering whether to bring Kaapelinkulma Project into commercial production, please refer to the paragraph headed "Projects and stage of development of operations" under the section headed "Business" of this prospectus.

We expect Kaapelinkulma Project shall begin generating a quarterly net cash inflow in the first quarter of 2019, thereby becoming self-sufficient in terms of funding. Thereafter, we expect cumulative net cash flow from Kaapelinkulma Project since the beginning of 2018 to become positive in the second quarter of 2019, with the total cash inflow thereby recouping the total cash outflow in relation to such project since the beginning of 2018.

We plan to finance future expenditure on both of the Pre-Production Assets primarily through our cash flows generated from operations, the net proceeds from the Public Offer and the loan with AP Finance Limited if necessary. Such sources of financing are expected to be sufficient to bring the Pre-Production Assets to the stage of self-sufficiency without the need for other sources of financing. We will fund the development of Fäboliden Project for full scale mining operations after the year ending 31 December 2019 with our cash flows generated from test mining operations at Fäboliden Project and the loan with AP Finance Limited if necessary. The Competent Person has completed pre-feasibility studies, as detailed in the CPR for Fäboliden Project and Kaapelinkulma Project. Both studies results in Ore Reserves being declared and as such shows economic viability of the projects. Based on these studies, which assumed a long term gold price of USD1,260/oz and a processing recovery of 82.0% for Fäboliden Project and 85.5% for Kaapelinkulma Project (these were assumed based on the information and testwork at the time of reporting) the payback periods for the initial capital are

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three years in total for test mining and full mining operations at Fäboliden Project (assuming a 10% discount rate and six months undiscounted) after the commencement of commercial production of the test mining operations in the second quarter of 2019 (test mining operations have a payback period of one quarter after commencement in the second quarter of 2019 and full mining operations have a payback period of two years after commencement in the first half of 2020) and less than a quarter for Kaapelinkulma Project after the commencement of commercial production in the first quarter of 2019. Based on the reserves, the mine will cease production in 60 and 24 months respectively at Fäboliden Project and Kaapelinkulma Project after commencement of initial commercial production.

Based on the pre-feasibility study completed by the Competent Person and the assumptions set out above, it is expected, barring unforeseen circumstances, that the test mining operations at Fäboliden Project will immediately be profitable when it commences in the second quarter of 2019. In respect of the full mining operations at Fäboliden Project which is expected to commence in the first half of 2020, it is expected to be profitable by the second quarter of 2021.

Our Directors confirm, and the Competent Person concurs, that the project payback period is not subject to high risk taking into account the estimated mine life. For details on the risk related to our operations, please refer to the section headed "Risk factors" of this prospectus.

FINANCIAL RISKS

We are exposed to various types of financial risks, including interest rate risk, foreign exchange risk, commodity price risk, credit risk and liquidity risk.

Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, which is a currency other than the functional currency in which they are measured.

Our Group is exposed to foreign currency risk as we sell bullion and gold concentrate in USD and the majority of our costs are denominated in SEK and EUR, while our Group's presentation currency for presentation purposes is AUD. During the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, we did not enter into or hold any foreign exchange derivatives. However, as part of our risk management policy, we may use foreign exchange forwards from time to time to reduce exposure to unpredictable fluctuations in the foreign exchange rates if considered suitable by our Directors.

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As at the end of each year/period during the Track Record Period, our Group had the following significant exposure to foreign currencies:

	As at 31 December			As at 30
				April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
USD exposure				
<i>Entity with EUR functional currency</i>				
Cash and cash equivalents	1,551	6,524	2,511	2
<i>Entity with AUD functional currency</i>				
Trade receivables	9,246	5,004	9,984	9,404
<i>Entity with SEK functional currency</i>				
Cash and cash equivalent	—	—	—	57
<i>Entity with SEK functional currency</i>				
Trade receivables	—	—	—	1,146
<i>Entity with SEK functional currency</i>				
Trade payables	(24)	(471)	(6,835)	(6,157)
Net USD exposure	<u>10,773</u>	<u>11,057</u>	<u>5,660</u>	<u>4,452</u>
EUR exposure				
<i>Entity with AUD functional currency</i>				
Intercompany loan	31,235	28,382	26,242	26,029
<i>Entity with SEK functional currency</i>				
Cash and cash equivalents	—	—	28	1
<i>Entity with SEK functional currency</i>				
Trade payables	—	—	(25)	91
Net Euro exposure	<u>31,235</u>	<u>28,382</u>	<u>26,245</u>	<u>26,121</u>
AUD exposure				
<i>Entity with SEK functional currency</i>				
Cash and cash equivalents	4,611	2,214	909	1
<i>Entity with EUR functional currency</i>				
Cash and cash equivalent	—	—	—	1
<i>Entity with EUR functional currency</i>				
Trade receivables	—	—	—	359
Net AUD exposure	<u>4,611</u>	<u>2,214</u>	<u>909</u>	<u>361</u>
SEK exposure				
<i>Entity with AUD functional currency</i>				
Intercompany loans	<u>7,304</u>	<u>8,751</u>	<u>12,303</u>	<u>10,774</u>
Net SEK exposure	<u>7,304</u>	<u>8,751</u>	<u>12,303</u>	<u>10,774</u>
HKD exposure				
<i>Entities with AUD functional currency</i>				
Interest bearing	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,029</u>

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The table below set forth the sensitivity of our profit or loss and equity due to a 10% change in foreign currency exchange rates on our exposure at each reporting date with all other variables held constant at 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018.

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Change of our profit or loss and equity due to 10% strengthening in foreign exchange rates	(4,937)	(4,892)	(2,483)	(4,340)
Change of our profit or loss and equity due to 10% weakening in foreign exchange rates	4,937	4,892	2,483	4,340

For more details of the sensitivity analysis of the foreign currency risk, please refer to the paragraph headed "Sensitivity analysis" under note 24 of the accountants' report set out in Appendix IA to this prospectus.

Commodity price risk

Our Group is exposed to movements in the gold price. During the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, we did not enter into or hold any commodity derivatives. However, as part of our risk management policy, we 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 our Directors. As confirmed by our Directors, our Group currently does not intend to hedge commodity price risk in the near future. For more details of our hedging policy, please refer to the paragraph headed "Hedging" under the section headed "Business" of this prospectus.

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The table below sets forth the impact on our results of continuing operations if a 10% fluctuation in gold price had occurred with all other variables held constant for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018:

	For the year ended 31 December			For the four months ended 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
For 10% increase in gold price:				
Increase in gross profit/decrease in gross loss	7,684	5,504	4,127	1,180
Change in gross profit margin	7.8%	8.4%	7.9%	N/A ¹
Increase in profit/decrease in loss after income tax	7,684	5,504	4,127	1,180
				For the four months ended 30 April
				2018
	AUD'000	AUD'000	AUD'000	AUD'000
For 10% decrease in gold price:				
Decrease in gross profit/increase in gross loss	(7,684)	(5,504)	(4,127)	(1,180)
Change in gross profit margin	(9.5)%	(10.2)%	(9.6)%	N/A ¹
Decrease in profit/increase in loss after income tax	(7,684)	(5,504)	(4,127)	(1,180)

Note:

- Gross profit margin for the four months ended 30 April 2018 was not applicable because a gross loss was recorded.

The above table is for illustration purpose only. Since in reality, the fluctuation of gold price can affect and can be affected by changes in foreign exchange rates.

Liquidity risk

Liquidity risk arises from our financial liabilities and the subsequent ability to meet our obligations to repay our financial liabilities as and when they fall due. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and equity raisings.

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For details of the contractual maturity for our non-derivative financial liabilities, please refer to the paragraph headed “Liquidity risk” under note 24 of the accountants’ report set out in Appendix IA to this prospectus.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Our 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 statement of financial position.

Our credit risk is managed on a group basis and predominately arises from cash and cash equivalents deposited with banks and financial institutions, trade and other receivables and environmental and other bonds.

While we have policies in place to ensure that sales of our products are made to customers with an appropriate credit history, we are exposed to a concentration of credit risk in relation to our gold concentrate sales in Finland due to dependence for a significant volume of our sales revenue on our Gold Concentrate Customer. There is generally a six-week, which is around 45 days, delay between shipment of gold concentrate and payment from the customer.

For the sale of gold bullion credits, we recognise revenue and trade receivables at the point when the sale of gold bullion credits from the gold bullion credits account is confirmed to our Group by the relevant financial institution through whom we sell, which is when the risks and rewards of the gold bullion credits are passed. Cash is received on the following business day, and therefore, the probability of default is considered to be insignificant.

Interest rate risk

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 further cash flow of a financial instrument will fluctuate because of changes in market interest rates.

Our Group’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. We constantly analyse our interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and or the mix of fixed and variable interest rates.

For details of the sensitivity analysis of interest rates for cash and cash equivalents, receivables from a former associate and environmental cash bonds, please refer to the paragraph headed “Sensitivity analysis” under note 24 of the accountants’ report set out in Appendix IA to this prospectus.

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KEY FINANCIAL RATIOS

	Year ended/as at 31 December			Four months ended/as at 30 April
	2015	2016	2017	2018
	Return on equity	9.5%	17.4%	N/A ⁽¹⁾
Return on total assets	5.0%	10.6%	N/A ⁽¹⁾	N/A ⁽¹⁾
Current ratio	3.4 times	2.9 times	2.5 times	2.2 times
Quick ratio	2.6 times	2.1 times	1.3 times	0.8 times
Gearing ratio	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	11.2%
Debt to equity ratio	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	8.1%

Notes:

- (1) Return on equity/return on total assets was not applicable since we recorded net loss for the year ended 31 December 2017 and the four months ended 30 April 2018.
- (2) Gearing ratio and debt to equity ratio were not applicable as at 31 December 2015, 2016 and 2017 since we did not have any interest bearing liabilities as at the respective year ends.
- (3) Interest coverage ratio was not applicable during the Track Record Period as we did not incur material finance costs during the years ended 30 September 2015, 2016 and 2017 and we recorded net loss for the four months ended 30 April 2018.

Return on equity

Return on equity is calculated by dividing profit after income tax for the year or period with the total equity as at the respective year or period ends.

Our return on equity increased from approximately 9.5% for the year ended 31 December 2015 to approximately 17.4% for the year ended 31 December 2016. Such increase was mainly due to the increase in profit after income tax for the year ended 31 December 2016 primarily due to the sale of Fäboliden land and timber and the reversal of rehabilitation provision of Svartliden Plant and Svartliden Mine in 2016, offset by the increase in equity as at year ends due to profit recognised during the year.

Our return on equity for the year ended 31 December 2017 and the four months ended 30 April 2018 was not applicable as we recorded net loss after income tax for the year or period due to the reasons mentioned in the paragraph headed “Profit/(loss) after income tax and net profit margin” in this section.

For more details on the change in profit after income tax during the Track Record Period, please refer to the paragraph headed “Profit/(loss) after income tax and net profit margin” in this section.

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Return on total assets

Return on total assets is calculated by dividing profit after income tax for the year or period with the total assets as at the respective year or period ends.

Our return on total assets increased from approximately 5.0% for the year ended 31 December 2015 to approximately 10.6% for the year ended 31 December 2016. Such increase was mainly due to the increase in profit after income tax for the year ended 31 December 2016 as discussed in the paragraph headed “Return on equity” above, while total assets in 2016 had remained stable.

Our return on total assets for the year ended 31 December 2017 and the four months ended 30 April 2018 was not applicable as we recorded net loss after income tax for the year or period due to the reasons mentioned in the paragraph headed “Profit/(loss) after income tax and net profit margin” in this section.

Current ratio

Current ratio is calculated by dividing current assets with current liabilities as at the respective year or period ends.

Our current ratio decreased from approximately 3.4 times as at 31 December 2015 to approximately 2.9 times as at 31 December 2016. Such decrease was mainly due to the decrease in our Group’s net current assets as a result of the decrease in trade and other receivables of approximately AUD5.6 million. For more details on the change in our trade and other receivables during the Track Record Period, please refer to the paragraph headed “Trade and other receivables” in this section. Our current ratio as at 31 December 2017 decreased to approximately 2.5 times and further decreased to approximately 2.2 times as at 30 April 2018, which was mainly attributable to the decrease in our cash and cash equivalents balance as discussed in the paragraph headed “Cash and cash equivalents” in this section.

Quick ratio

Quick ratio is calculated by dividing current assets less inventory with current liabilities as at the respective year or period ends.

Our quick ratio decreased from approximately 2.6 times as at 31 December 2015 to approximately 2.1 times as at 31 December 2016, which was mainly attributable to the decrease in our Group’s net current assets as discussed in the paragraph headed “Current ratio” above.

Our quick ratio decreased to approximately 1.3 times as at 31 December 2017 and further decreased to approximately 0.8 times as at 30 April 2018, which was mainly attributable to the decrease in our cash and cash equivalents balance as discussed in the paragraph headed “Cash and cash equivalents” in this section.

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Gearing ratio and debt to equity ratio

Gearing ratio is calculated by dividing the interest bearing liabilities by the total equity as at the year or period ends. Debt to equity ratio is calculated by dividing the net debts (being interest bearing liabilities net of bank balances and cash) by the total equity as at the year or period ends.

Our gearing ratio and debt to equity ratio for the years ended 31 December 2015, 2016 and 2017 were not applicable as we did not have any interest bearing liabilities as at the respective year ends. We made drawdown of a loan facility during the four months ended 30 April 2018 and recorded gearing ratio of approximately 11.2% and debt to equity ratio of approximately 8.1% as at 30 April 2018. For details of this loan facility, please refer to the paragraph headed "Indebtedness" in this section.

RELATED PARTY TRANSACTIONS

During the three years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, our Group entered into the following transactions with related parties.

Firstly, we have effected Directors' and officers' liability insurance during the Track Record Period.

Secondly, our Company provided to Tanami Gold and its subsidiaries (i) financial support services by our chief financial officer; and (ii) administrative services including offering the use of certain space in our office premise located in Perth, Australia as its registered office. Mr. Dew (our chairman and non-executive Director) and Mr. Procter (our independent non-executive Director) are non-executive directors of Tanami Gold NL. We charge Tanami Gold fees for the financial support services and administrative services.

For the year ended 31 December 2015, we charged Tanami Gold AUD99,000 of which AUD24,750 was outstanding as at 31 December 2015. For the year ended 31 December 2016, we charged Tanami Gold AUD99,000 of which AUD24,750 was outstanding as at 31 December 2016. For the year ended 31 December 2017, we charged Tanami Gold AUD99,000 of which AUD24,750 was outstanding as at 31 December 2017. For the four months ended 30 April 2018, we charged Tanami Gold AUD24,750 of which nil was outstanding as at 30 April 2018.

OFF BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangements.

DISTRIBUTABLE RESERVES

We did not have distributable reserves as at the Latest Practicable Date.

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DIVIDENDS

During Track Record Period, no dividend was declared.

Distribution of dividends to our Shareholders is subject to the availability of surplus cash whilst ensuring our Company is able to achieve its strategic objectives. Historically, we have reinvested all profits to provide funding for exploration, asset acquisitions and to maintain adequate working capital, all of which are intended to enhance Shareholders' value. Future declarations of dividends will continue to be subject to these factors and the continuing discretion of our Board.

Currently, we do not have any predetermined dividend distribution ratio. Prospective investors should note that the historical dividend trends may not be indicative of future dividend trends.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Public Offer on the consolidated net tangible assets attributable to the equity holders of our Company as at 30 April 2018, as if the Public Offer had taken place on 30 April 2018.

The statement of unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Public Offer been completed as at 30 April 2018 or at any future date.

	Consolidated net tangible assets attributable to equity holders of our Company as at 30 April 2018		Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company per Share	
	AUD'000 (Note 1)	Estimated net proceeds from the Public Offer AUD'000 (Note 2)	AUD'000	AUD (Note 3)	HK\$ (Note 4)
Based on an Offer Price of HK\$2.03 (AUD0.35) per Share.	19,025	12,868	31,893	0.23	1.33

Notes:

- (1) The consolidated net tangible assets attributable to equity holders of our Company as at 30 April 2018 is arrived at after deducting mineral exploration costs of AUD8.700 million from the consolidated net assets attributable to equity holders of our Company of approximately AUD27.725 million, as extracted from the accountants' report set out in Appendix IA to this prospectus.

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- (2) The estimated net proceeds from the issue of Shares pursuant to the Public Offer are based on 50,000,000 Shares at the Offer Price of AUD0.35 per Share, respectively, after deduction of the underwriting commissions, prepaid listing costs of AUD1.785 million and other listing expenses that have not been incurred to date of approximately AUD2.847 million. The Offer Price has been converted to AUD from Hong Kong dollars at the rate of AUD1 to HK\$5.8.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company per Share is arrived at on the basis that 138,840,613 Shares, which represents 88,840,613 Shares in issue and 50,000,000 Shares to be issued pursuant to the Public Offer, were in issue assuming that the Public Offer had been completed on 30 April 2018.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of our Company per Share is converted from AUD into Hong Kong dollars at the rate of AUD1 to HK\$5.8. No representation is made that the AUD amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) No adjustment has been made to reflect any trading result or other transactions of our Group subsequent to 30 April 2018.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had our Shares been listed on the Stock Exchange.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position or prospects since 30 April 2018, being the end of the Track Record Period as set out in Appendix IA to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND BUSINESS OBJECTIVES

Our Group's objective is to focus on the development of existing and new mining assets in reasonable proximity to our two Production Plants in a responsible way with an emphasis on safety and environmental compliance.

We intend to expand our business in line with the strategies set out in the paragraph headed "Business strategies" under the section headed "Business" of this prospectus. The development of Kaapelinkulma Project and Fäboliden Project is consistent with our Group's core business strategies. In particular, the development of Fäboliden Project will ensure a sustainable revenue stream from our Swedish operations for our business in the foreseeable future.

Our Directors currently expect that Fäboliden Project will enter into commercial production in the second quarter of 2019, while initial site development work in preparation for such commercial production had commenced as at the Latest Practicable Date, including but not limited to, the removal of overburden above the mine such as rock and soil, the construction of infrastructure such as access road and sound barriers as well as sterilisation drilling across the site to ensure mineralisation does not extend under areas where the waste rock and other infrastructure will be located. Mine development activities associated with Kaapelinkulma Project, which are currently intended to be funded using our own internal resources, have commenced in early 2017 and it has obtained all materially required tenements and Environmental Permits to commence mining operations as at the Latest Practicable Date. For details of our Group's expected project development schedule, including the factors we shall take into account when considering whether to bring Kaapelinkulma Project into commercial production, please refer to the paragraph headed "Projects and stage of development of operations" under the section headed "Business" of this prospectus.

The business model of our Finnish operations (including all of our Operating Mines) is to be self-sustaining. The ore extracted from Jokisivu Mine and Orivesi Mine is transported to Vammala Plant for processing into gold concentrate. Such gold concentrate can then be sold as a product to third parties and generate revenue to sustain the mining activities in Jokisivu Mine and Orivesi Mine. During the Track Record Period, majority of the gold concentrate from Vammala Plant had been transported to Svartliden Plant to be further processed into gold doré bars as this also enabled our Group to sustain the operations at Svartliden Plant while awaiting the commencement of commercial production at Fäboliden Project. Gold concentrate from Vammala Plant had also been sold directly to third party customers such as our sales of gold concentrate to the Gold Concentrate Customer during the Track Record Period. The net profit and positive cash flow from our Finnish operations serve to sustain our Group before the commencement of Fäboliden Project. For further details of the operational model of our Finnish operation, please refer to the paragraph headed "Operational processes" under the section headed "Business" of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Our Finnish operations are self-financing, and has been maintaining a net cash inflow throughout the Track Record Period. When the Operating Mines come to the end of their mine life, or when they are no longer profitable, mine closure will be carried out. The rehabilitation costs for our Finnish operations are budgeted at approximately AUD5.8 million, while our Group had made a provision for rehabilitation of approximately AUD10.8 million as at 30 April 2018. Since the rehabilitation costs include the closure of the mine, as well as the ongoing environmental monitoring and rehabilitation in the area, the total rehabilitation costs for our Finnish operations are expected to be spreaded over 15 years according to the mine lives of the respective mines. The rehabilitation costs expected to be incurred by the end of 2019 for the closure of Orivesi Mine amount to approximately AUD2.0 million, which will be funded by our operating cash inflow from our Finnish operations. We have recorded an operating cash inflow from our Finnish operations of approximately AUD9.3 million, AUD7.1 million, AUD4.6 million and AUD1.5 million for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 respectively. As at 31 August 2018, the unutilised amount for the loan with AP Finance Limited was AUD5.0 million. For further details of the rehabilitation after the closure of the mine, please refer to the paragraph headed "Regulatory, environmental and social matters" under the section headed "Business" of this prospectus.

Having considered the above, our Group allocated the majority of our net proceeds from the Public Offer to the development of Fäboliden Project, and will continue to focus our development efforts on Fäboliden Project. The Directors undertake that none of the proceeds will be utilised for the operations or rehabilitation of the Operating Mines and Vammala Plant.

USE OF PROCEEDS

Assuming a fixed Offer Price of HK\$2.03 (equivalent to approximately AUD0.35), we estimate our net proceeds from the Public Offer will be approximately HK\$53.9 million after deducting the underwriting commission and listing expenses. We intend to use such net proceeds in the following manner:

- (a) as to approximately 90.0% of the net proceeds, representing approximately HK\$48.5 million (equivalent to approximately AUD8.4 million), will be used for funding the mine development, capital expenditure and operating expenditure activities associated with Fäboliden Project, including mining, environmental activities, geological work and drilling and sampling. We intend to allocate such amount as follows:
 - i. approximately 13.5% of the net proceeds will be used for funding mine development and capital expenditure activities at Fäboliden Project for the three months ending 31 December 2018; and
 - ii. approximately 76.5% of the net proceeds will be used for funding mine development, capital expenditure and operating expenditure activities at Fäboliden Project for the year ending 31 December 2019; and

FUTURE PLANS AND USE OF PROCEEDS

- (b) as to the balance of approximately 10.0% of the net proceeds, representing approximately HK\$5.4 million (approximately AUD0.9 million), will be used for working capital and general corporate purposes.

To the extent that the net proceeds of the Public Offer are not immediately applied for the above purposes, it is our present intention that such net proceeds will be deposited into our interest bearing bank accounts with licensed financial institutions in Australia in AUD.

CONTROL ON THE USE OF PROCEEDS

In order to restrict the use of proceeds from the Public Offer in accordance to the above, and ensure no proceeds allocated for the development of Fäboliden Project (the “**Fäboliden Proceeds**”) will be used for any of our Operating Mines, we have implemented the following control procedures:

- (a) the Fäboliden Proceeds shall be deposited in a bank account designated solely for Fäboliden Project;
- (b) the Fäboliden Proceeds in such designated bank account shall only be accessed by designated and limited number of officers of our Group;
- (c) our Group will disclose details relating to the actual use of the net proceeds in our annual reports and accounts in accordance with the relevant provisions of the Listing Rules, including the balance of each year not utilised for the use of subsequent years; and
- (d) our independent non-executive Directors will review the transaction records of the designated account annually and confirm in our annual report and accounts for the relevant year that the transactions made during such year regarding the Fäboliden Proceeds have been made only for Fäboliden Project.

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UNDERWRITERS

Get Nice Securities Limited

Sun Hung Kai Investment Services Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company is offering the Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions set out in this prospectus, the Application Forms and the Underwriting Agreement at the Offer Price.

Subject to, among other conditions, the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions under the Underwriting Agreement being satisfied or waived on or before the dates and times as specified therein or such other dates as the Sponsor and the Joint Lead Managers may agree and in any event not later than the 30th day after the date of this prospectus, the Joint Lead Managers have agreed to subscribe or procure subscribers for, their respective applicable proportions of the Offer Shares on the terms and conditions set out in this prospectus and the Underwriting Agreement.

Grounds for termination

Get Nice Securities (for itself and on behalf of the Underwriters) may in its sole and absolute discretion, upon giving written notice to our Company, terminate the Underwriting Agreement with immediate effect if any of the following events occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Monday, 5 November 2018):

- (a) there has come to the notice:
 - (i) either (a) there has been a material breach of any of the representations, warranties, undertakings or provisions of the Underwriting Agreement by our Company; or (b) any of the representations, warranties and undertakings given by our Company in the Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any material respect; or
 - (ii) that any statement contained in the prospectus, the Application Forms and the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”), was, when it was issued, or has become or has been discovered to be, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression

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of opinion, intention or expectation expressed in any Relevant Documents is not, in the sole and absolute opinion of Get Nice Securities (for itself and on behalf of the Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

- (iii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
- (iv) any material breach of any of the obligations imposed or to be imposed upon any party to the Underwriting Agreement (other than on the part of any of the Underwriters); or
- (v) any event, act or omission which gives or is likely to give rise to any material liability of our Company or the warranting Director pursuant to the indemnities given by them under the Underwriting Agreement; or
- (vi) any change or development involving a prospective material change in the business, assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of our Group; or
- (vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) our Company withdraws any of the Relevant Documents or the Public Offer; or
- (ix) any person (other than the Underwriters) has withdrawn its consent to being named in any of the Relevant Documents or to the issue of any of the Relevant Documents; or
- (x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group.

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- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation); or
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
 - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit) on the Stock Exchange or the New York Stock Exchange; or
 - (iv) any new laws, or any change or development involving a prospective change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the United States, Australia, Finland or Sweden or any other jurisdictions relevant to any member of our Group or the Public Offer (the “**Specific Jurisdictions**”); or
 - (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
 - (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

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- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of our Group or the warranting Director; or
- (ix) any of the Directors and senior management members of our Company as set out in the “Directors and senior management” section of this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman or chief executive officer of our Company vacating his office; or
- (xi) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xii) a material contravention by any member of our Group or any Director of the Listing Rules, the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO, or any other laws applicable to the Public Offer; or
- (xiii) a prohibition on our Company for whatever reason from allotting or issuing the Offer Shares pursuant to the terms of the Public Offer; or
- (xiv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Public Offer pursuant to the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC;

which in each case individually or in aggregate in the sole and absolute opinion of Get Nice Securities (for itself and on behalf of the Underwriters):

- (A) has or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group taken as a whole; or

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- (B) has or is likely to have a material adverse effect on the success, marketability or pricing of the Public Offer as a whole or the level of applications under the Public Offer; or
- (C) makes it inadvisable, inexpedient or impracticable for any part of the Underwriting Agreement or the Public Offer to be performed or implemented or proceeded with as envisaged or to market the Public Offer as a whole or shall otherwise result in an interruption to or delay thereof; or
- (D) has or will or may have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Offer or pursuant to the Underwriting Agreement.

UNDERTAKINGS BY OUR COMPANY TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that during the period commencing from the Listing Date up to the date falling six months from the Listing Date, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the prescribed circumstances as stated in Rule 10.08 of the Listing Rules.

Undertaking pursuant to the Underwriting Agreement

Pursuant to the Underwriting Agreement, we have undertaken to each of the Sponsor and the Joint Lead Managers not to, and to procure each of our subsidiary(ies), not to, except pursuant to the Public Offer, during the period commencing on the date of the Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), without the prior written consent of the Sponsor and the Joint Lead Managers and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, assign, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of its subsidiary(ies), as applicable), or deposit any Shares or other securities of our Company or any

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shares or other securities of our subsidiary(ies), as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of our subsidiary(ies), as applicable; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of our subsidiary(ies), as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company or any shares or other securities of our subsidiary(ies), as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of our subsidiary(ies), as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the period of six months immediately following the expiry of the First Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that we will not create a disorderly or false market in any Shares or other securities of our Company.

COMMISSION AND EXPENSES

The Joint Lead Managers will receive an underwriting commission at the rate of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which the Joint Lead Managers will meet all (if any) sub-underwriting commission, and the Sponsor will receive sponsorship fees in relation to the Listing and will be reimbursed for their expenses. Our Company will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the Offer Shares together with any applicable fees relating to the Public Offer.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by our Company in relation to the Public Offer are estimated to amount to approximately AUD8.2 million (equivalent to approximately HK\$47.6 million) in total.

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THE UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations and interests under the Underwriting Agreement as disclosed above and Sun Hung Kai Investment Services Limited, being the custodian of the FRIL Shares and the Hong Kong Broker under the VSF, the Joint Lead Managers do not have any shareholding in our Company or any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Public Offer, the Underwriters and its affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreement.

As at the Latest Practicable Date, Allied Group and Allied Properties (HK), one of our substantial shareholders, were indirectly interested in approximately 61.4% in Sun Hung Kai & Co. Limited (SEHK:86), which in turn is indirectly interested in 30.0% in Everbright Sun Hung Kai Company Limited. Sun Hung Kai Investment Services Limited, one of the Underwriters, is a wholly-owned subsidiary of Everbright Sun Hung Kai Company Limited.

INDEPENDENCE OF THE SPONSOR

The Sponsor satisfies the independence criteria applicable to the Sponsor as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

THE PUBLIC OFFER

This prospectus is published in connection with the Public Offer. The listing of the Shares on the Stock Exchange is sponsored by the Sponsor. The Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

50,000,000 Offer Shares will be made available under the Public Offer.

The Offer Shares will represent approximately 36.01% of the total Shares in issue immediately following the completion of the Public Offer.

Reference in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Public Offer.

Number of Offer Shares offered

We are offering 50,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 100% of the total number of Offer Shares available under the Public Offer.

The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and other investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary course of business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions set out in the paragraph headed "Conditions of the Public Offer" below in this section.

Allocation

Allocation of the Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Offer Shares validly applied for by Applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some Applicants may receive a higher allocation than others who have applied for the same number of Offer Shares, and those Applicants who are not successful in the ballot may not receive any Offer Shares.

The total number of Offer Shares available for subscription under the Public Offer is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 25,000,000 Offer Shares (being 50% of the total number of Offer Shares available under the Public Offer) and will be allocated on an equitable basis to Applicants who have applied for Offer Shares with an aggregate subscription price of HK\$5 million or less

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

(excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). The Offer Shares in pool B will consist of 25,000,000 Offer Shares (being 50% of the total number of Offer Shares available under the Public Offer) and will be allocated on an equitable basis to Applicants who have applied for Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “subscription price” for Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools and any application for more than 25,000,000 Offer Shares, being the number of Offer Shares allocated to each pool, are liable to be rejected.

Applications

The Joint Lead Managers may require any investor who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer.

PRICING AND ALLOCATION

The Offer Price is fixed at HK\$2.03 per Offer Share. Applicants under the Public Offer must pay, on application, the Offer Price of HK\$2.03 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Joint Lead Managers may, where it deems appropriate, based on the level of applications in the Public Offer, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the websites of our Company and the Stock Exchange at www.dragonmining.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price will be final and conclusive and the Offer Price, if agreed upon by the Joint Lead Managers and our Company.

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

Before submitting applications for the Offer Shares, Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Public Offer statistics as currently set out in this prospectus, and other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

The level of applications in the Public Offer, the basis of allocation of the Offer Shares and the results of allocations in the Public Offer are expected to be made available through a variety of channels in the manner described in the section headed “How to apply for the Offer Shares” of this prospectus.

UNDERWRITING

The Public Offer is fully underwritten by the Underwriters under the terms and conditions of the Underwriting Agreement.

The underwriting arrangements, including the Underwriting Agreement, are summarised in the section headed “Underwriting” of this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for Offer Shares will be conditional on, among other things:

- (a) the ASX granting the approval for the delisting (i.e. removal of our Company from the official list of the ASX) and the cessation of quotation of all Shares from the market operated by the ASX;
- (b) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus, and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Main Board; and
- (c) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the agreement,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

STRUCTURE AND CONDITIONS OF THE PUBLIC OFFER

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Public Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by our Company on the websites of our Company and the Stock Exchange at www.dragonmining.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Offer Shares” of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Monday, 5 November 2018, provided that the Public Offer has become unconditional in all respects at or before that time.

DEALING IN THE SHARES

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 5 November 2018, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 5 November 2018. The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 1712.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. Subject to the approval of the listing of, and permission to deal in, the Shares on the Main Board and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements that will affect their rights, interests and liabilities. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

HOW TO APPLY FOR THE OFFER SHARES

1. HOW TO APPLY

To apply for the Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- electronically causes HKSCC Nominees to apply on your behalf.

None of you or your joint Applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act);
- are not a resident of Australia; and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE OFFER SHARES

The number of joint Applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Public Offer; and
- an associate (as defined in the Listing Rules) of any of the above.

3. APPLYING FOR THE OFFER SHARES

Which Application Channel to Use

For the Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For the Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. from Thursday, 18 October 2018 until 12:00 noon on Tuesday, 23 October 2018 from:

- (i) any of the following offices of the Joint Lead Managers:

Get Nice Securities Limited

10th Floor, Cosco Tower, Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Sun Hung Kai Investment Services Limited

42/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

HOW TO APPLY FOR THE OFFER SHARES

(ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

District	Branch name	Address
Hong Kong Island	188 Des Voeux Road Branch	Shop No. 7 on G/F, whole of 1/F - 3/F Golden Centre, 188 Des Voeux Road Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
Kowloon	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui
New Territories	Maritime Square Branch	Shop 308E, Level 3, Maritime Square, Tsing Yi
	Tseung Kwan O Branch	Shop No. E037-E040, G/F, East Wing of TKO Gateway, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 18 October 2018 until 12:00 noon on Tuesday, 23 October 2018 from the Depository Counter of HKSCC at 1st floor, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited — Dragon Mining Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Thursday, 18 October 2018 — 9:00 a.m. to 5:00 p.m.
- Friday, 19 October 2018 — 9:00 a.m. to 5:00 p.m.
- Saturday, 20 October 2018 — 9:00 a.m. to 1:00 p.m.
- Monday, 22 October 2018 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 23 October 2018 — 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR THE OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 23 October 2018, the last application day or such later time as described in “Effect of bad weather on the opening of the application lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any the Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Constitution;
- (ii) agree to comply with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Hong Kong Companies Ordinance and the Constitution;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Public Offer in this prospectus;
- (vi) agree that none of our Company, the Sponsor, the Joint Lead Managers, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Public Offer not participated in the Public Offer;
- (viii) agree to disclose to our Company, the Sponsor, the Hong Kong Share Registrar, receiving bank, the Joint Lead Managers and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR THE OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor and the Joint Lead Managers nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) represent, warrant and undertake that (i) you have not received this prospectus within Australia; and (ii) you have not acquired any or all of the Offer Shares offered under this prospectus with the purpose of selling or transferring any or all of those Offer Shares, or granting, issuing or transferring interests in, or options over, them;
- (xiv) represent, warrant and undertake to the Company that you will not, for a period of 12 months from the date of issue of the Offer Shares, offer, transfer, assign or otherwise alienate all or any of those Offer Shares to investors in Australia, except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC;
- (xv) warrant that the information you have provided is true and accurate;
- (xvi) agree to accept the Offer Shares applied for, or any lesser number allocated to you under the application;
- (xvii) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or e-Refund payment instructions and/or refund cheque(s) to you or the first-named Applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xviii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

HOW TO APPLY FOR THE OFFER SHARES

- (xix) understand that our Company and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xx) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xxi) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section above may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for submitting application under the White Form eIPO service

You may submit your application to the **White Form eIPO** service provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 18 October 2018 until 11:30 a.m. on Tuesday, 23 October 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 23 October 2018 or such later time under the “Effects of bad weather on the opening of the application lists” in this section.

HOW TO APPLY FOR THE OFFER SHARES

No multiple applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for the Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each Applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “Dragon Mining Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR THE OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place,
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and our Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Offer Shares applied for or any lesser number allocated;
 - (if the electronic instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

HOW TO APPLY FOR THE OFFER SHARES

- confirm that you understand that our Company, our Directors and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sponsor, the Joint Lead Managers, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Sponsor, the Hong Kong Share Registrar, receiving bank, the Joint Lead Managers and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong

HOW TO APPLY FOR THE OFFER SHARES

Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for the Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Constitution; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

EFFECT OF GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint Applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR THE OFFER SHARES

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Offer Shares. Instructions for more than 1,000 Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, 18 October 2018 — 9:00 a.m. to 8:30 p.m.
- Friday, 19 October 2018 — 8:00 a.m. to 8:30 p.m.
- Saturday, 20 October 2018 — 8:00 a.m. to 1:00 p.m.
- Monday, 22 October 2018 — 8:00 a.m. to 8:30 p.m.
- Tuesday, 23 October 2018 — 8:00 a.m. to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., on Thursday, 18 October 2018 until 12:00 noon, on Tuesday, 23 October 2018 (24 hours daily, except on Tuesday, 23 October 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon, on Tuesday, 23 October 2018, the last application day or such later time as described in “Effect of bad weather on the opening of the application lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR THE OFFER SHARES

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving bank, the Joint Lead Managers and any of their respective advisers and agents about you in the same way as it applies to personal data about Applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** service provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor and the Joint Lead Managers take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/ CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 23 October 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

HOW TO APPLY FOR THE OFFER SHARES

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of that company;
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

HOW TO APPLY FOR THE OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and conditions of the Public Offer”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 23 October 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between, 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 23 October 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the level of indication of interest in the Public Offer, the level of applications in the Public Offer and the basis of allocation of the Offer Shares on Friday, 2 November 2018 on our Company’s website at www.dragonmining.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful Applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.dragonmining.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Friday, 2 November 2018;

HOW TO APPLY FOR THE OFFER SHARES

- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 2 November 2018 to 12:00 midnight on Thursday, 8 November 2018;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, 2 November 2018 to Monday, 5 November 2018;
- in the special allocation results booklets which will be available for inspection during opening hours on Friday, 2 November 2018, Saturday, 3 November 2018 and Monday, 5 November 2018 at all the receiving bank’s designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Offer Shares if the conditions of the Public Offer are satisfied and the Public Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Public Offer” of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** service provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

HOW TO APPLY FOR THE OFFER SHARES

If any supplement to this prospectus is issued, Applicants who have already submitted an application will be notified that they are required to confirm their applications. If Applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Offer Shares is void:

The allotment of the Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreement does not become unconditional or are terminated;

HOW TO APPLY FOR THE OFFER SHARES

- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed “Structure and conditions of the Public Offer” of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 2 November 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint Applicants, to the first-named Applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the Applicant (or, in the case of joint Applicants, the first-named Applicant) for all or the surplus application monies for the Offer Shares, wholly or partially unsuccessfully applied for.

Part of the Hong Kong identity card number/passport number, provided by you or the first-named Applicant (if you are joint Applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR THE OFFER SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, 2 November 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 5 November 2018 provided that the Public Offer has become unconditional and the right of termination described in the section headed "Underwriting" of this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 2 November 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate Applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, 2 November 2018, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, 2 November 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR THE OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 2 November 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for the Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 2 November 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through White Form eIPO*

If you apply for 1,000,000 Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 a.m. on Friday, 2 November 2018, or such other date as notified by our Company in the newspapers as the date of despatch/ collection of Share certificates/ e-Refund payment instructions/ refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, 2 November 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

HOW TO APPLY FOR THE OFFER SHARES

(iv) *If you apply via electronic application instructions to HKSCC*

Allocation of Offer Shares

- For the purposes of allocating Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an Applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 2 November 2018, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of results" above on Friday, 2 November 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 2 November 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 2 November 2018. Immediately following the credit of the Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 2 November 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Chartered Accountants, Perth for the purpose of incorporation in this prospectus.



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

18 October 2018

The Directors
Dragon Mining Limited

Altus Capital Limited

Dear Sirs,

We report on the historical financial information of Dragon Mining Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-4 to IA-87 which comprises the consolidated statements of profit or loss, consolidated statements of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2015, 2016, 2017 and as at 30 April 2018 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-4 to IA-87 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 October 2018 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2015, 2016, 2017 and 30 April 2018 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the four months ended 30 April 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim*

Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-4 have been made.

Dividends

No dividends have been paid by the Company in respect of the Relevant Periods.

Yours faithfully,

Ernst & Young
Perth

18 October 2018

I FINANCIAL INFORMATION**Preparation of Financial Information**

The Historical Financial Information in this report was prepared based on financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements"), which were audited by Ernst & Young, Perth, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Interim Comparative Financial Information in this report was prepared based on financial statements of the Group for the four months ended 30 April 2017, which were reviewed by Ernst & Young, Perth in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Historical Financial Information and Interim Comparative Financial Information is presented in Australian dollars and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
						(unaudited)
Revenue from customers		76,836	55,039	41,270	12,919	11,801
Cost of sales	3(a)	(65,617)	(50,572)	(35,732)	(10,863)	(14,090)
Gross profit		11,219	4,467	5,538	2,056	(2,289)
Other revenue	3(b)	703	483	174	121	4
Other income	3(c)	424	2,307	92	33	4
Exploration expenditure		(3,514)	(828)	(167)	(104)	(28)
Management and administration expenses		(4,388)	(3,365)	(3,348)	(1,015)	(1,333)
Other expenses	3(d)	(2,542)	3,401	(270)	(218)	(22)
Finance costs	3(e)	(28)	(19)	(14)	(4)	(18)
Foreign exchange gains/(loss)		689	36	(63)	(179)	(588)
Hong Kong listing costs		—	(1,119)	(2,525)	(2,032)	(329)
Profit/(loss) before tax		2,563	5,363	(583)	(1,342)	(4,599)
Income tax expense	4	—	—	—	—	—
Profit/(loss) for the period after income tax		<u>2,563</u>	<u>5,363</u>	<u>(583)</u>	<u>(1,342)</u>	<u>(4,599)</u>
Earnings/(loss) per share attributable to ordinary equity holders of the parent (cents per share)						
Basic earnings/(loss) per share (cents)	18	2.89	6.04	(0.66)	(1.51)	(5.18)
Diluted earnings/(loss) per share (cents)	18	2.89	6.04	(0.66)	(1.51)	(5.18)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Note	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
Profit/(loss) for the period after income tax (brought forward) . .	<u>2,563</u>	<u>5,363</u>	<u>(583)</u>	<u>(1,342)</u>	<u>(4,599)</u>
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain/(loss) on foreign currency translation	1,133	(1,402)	1,127	95	965
Gain/(loss) on available-for-sale financial assets	37	—	—	—	—
Other comprehensive income reclassified to the profit or loss in the current period	<u>—</u>	<u>11</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>1,170</u>	<u>(1,391)</u>	<u>1,127</u>	<u>95</u>	<u>965</u>
Total comprehensive profit/(loss) for the period after tax	<u>3,733</u>	<u>3,972</u>	<u>544</u>	<u>(1,247)</u>	<u>(3,634)</u>
Profit/(loss) attributable to:					
Owners of the Company	<u>2,563</u>	<u>5,363</u>	<u>(583)</u>	<u>(1,342)</u>	<u>(4,599)</u>
Total comprehensive income attributable to:					
Owners of the Company	<u>3,733</u>	<u>3,972</u>	<u>544</u>	<u>(1,247)</u>	<u>(3,634)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2015	2016	2017	30 April
		AUD'000	AUD'000	AUD'000	AUD'000
CURRENT ASSETS					
Cash and cash equivalents	5	13,896	15,407	6,609	849
Trade and other receivables	6	9,312	3,696	2,581	2,739
Inventories	7	7,128	6,752	9,110	8,967
Other assets	11	99	180	1,728	1,939
TOTAL CURRENT ASSETS		<u>30,435</u>	<u>26,035</u>	<u>20,028</u>	<u>14,494</u>
NON-CURRENT ASSETS					
Property, plant and equipment	9	7,173	16,860	19,344	19,609
Mineral evaluation costs	10	7,685	2,231	5,562	8,700
Available-for-sale financial assets	8	213	—	—	—
Other assets	11	5,786	5,306	5,415	5,302
TOTAL NON-CURRENT ASSETS		<u>20,857</u>	<u>24,397</u>	<u>30,321</u>	<u>33,611</u>
TOTAL ASSETS		<u>51,292</u>	<u>50,432</u>	<u>50,349</u>	<u>48,105</u>
CURRENT LIABILITIES					
Trade and other payables	12	6,766	6,806	5,840	4,343
Provisions	13	2,189	2,132	2,215	2,115
Other liabilities		73	96	101	59
TOTAL CURRENT LIABILITIES		<u>9,028</u>	<u>9,034</u>	<u>8,156</u>	<u>6,517</u>
NON-CURRENT LIABILITIES					
Provisions	13	15,421	10,583	10,834	10,834
Interest bearing liabilities	14	—	—	—	3,029
TOTAL NON-CURRENT LIABILITIES		<u>15,421</u>	<u>10,583</u>	<u>10,834</u>	<u>13,863</u>
TOTAL LIABILITIES		<u>24,449</u>	<u>19,617</u>	<u>18,990</u>	<u>20,380</u>
NET ASSETS		<u>26,843</u>	<u>30,815</u>	<u>31,359</u>	<u>27,725</u>
EQUITY					
Contributed equity	15	119,992	119,992	119,992	119,992
Reserves	16	(1,379)	(2,770)	(1,643)	(678)
Accumulated losses		(91,770)	(86,407)	(86,990)	(91,589)
TOTAL EQUITY		<u>26,843</u>	<u>30,815</u>	<u>31,359</u>	<u>27,725</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Contributed Equity	Accumulated Losses	Foreign Currency Translation	Option Reserve	Other Reserve	Available -for-sale financial asset reserve	Equity Reserve from purchase of Non- controlling Interest	Total Equity
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2015	119,992	(96,196)	(5,638)	1,863	2,068	(48)	1,069	23,110
Profit for the year	—	2,563	—	—	—	—	—	2,563
Other comprehensive income	—	—	1,133	—	—	37	—	1,170
Total comprehensive income for the year	—	2,563	1,133	—	—	37	—	3,733
Transactions with owners in their capacity as owners:								
Transfer reserves to accumulated losses	—	1,863	—	(1,863)	—	—	—	—
At 31 December 2015 and at 1 January 2016	119,992	(91,770)	(4,505)	—	2,068	(11)	1,069	26,843
Profit for the year	—	5,363	—	—	—	—	—	5,363
Other comprehensive income	—	—	(1,402)	—	—	11	—	(1,391)
Total comprehensive income for the year	—	5,363	(1,402)	—	—	11	—	3,972
At 31 December 2016 and at 1 January 2017	119,992	(86,407)	(5,907)	—	2,068	—	1,069	30,815
Loss of the year	—	(583)	—	—	—	—	—	(583)
Other comprehensive income	—	—	1,127	—	—	—	—	1,127
Total comprehensive income for the year	—	(583)	1,127	—	—	—	—	544
At 31 December 2017 and at 1 January 2018	119,992	(86,990)	(4,780)	—	2,068	—	1,069	31,359
Loss of the year	—	(4,599)	—	—	—	—	—	(4,599)
Other comprehensive income	—	—	965	—	—	—	—	965
Total comprehensive income for the year	—	(4,599)	965	—	—	—	—	(3,634)
At 30 April 2018	119,992	(91,589)	(3,815)	—	2,068	—	1,069	27,725

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Four months ended				
		Year ended 31 December			30 April	30 April
		2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	
						(unaudited)
Cash flows from operating activities						
Receipts from customers		79,235	59,499	42,363	15,113	11,620
Payments to suppliers and employees . . .		(63,989)	(50,301)	(42,196)	(17,680)	(16,326)
Payments for mineral exploration		(3,437)	(1,108)	(278)	(243)	(30)
Interest received		129	106	59	22	4
Interest expense		(1)	—	(2)	—	—
Payments for rehabilitation		(61)	—	—	—	—
Payment of environmental bonds		(58)	—	—	—	—
Net cash from operating activities	5(a)	<u>11,818</u>	<u>8,196</u>	<u>(54)</u>	<u>(2,788)</u>	<u>(4,732)</u>
Cash flows from investing activities						
Payments for property, plant and equipment		(4,567)	(1,482)	(3,046)	(1,084)	(1,073)
Proceeds from disposal of property, plant and equipment		43	2,127	—	—	—
Payments evaluation activities		(5,200)	(4,481)	(631)	(631)	—
Payments for development of mine properties		(3,378)	(3,540)	(3,185)	(1,027)	(2,864)
Proceeds from bonds held on deposit		—	69	16	1	8
Proceeds from disposal of investments . . .		—	681	—	—	—
Net cash used in investing activities		<u>(13,102)</u>	<u>(6,626)</u>	<u>(6,846)</u>	<u>(2,741)</u>	<u>(3,929)</u>
Cash flows from financing activities						
Prepaid share issue costs		—	—	(1,430)	(342)	(249)
Proceeds from borrowings	5(b)	—	—	—	—	3,000
Net cash used in financing activities		<u>—</u>	<u>—</u>	<u>(1,430)</u>	<u>(342)</u>	<u>2,751</u>
Net increase/(decrease) in cash and cash						
		(1,284)	1,570	(8,330)	(5,871)	(5,910)
Cash and cash equivalents at the beginning of the period		15,051	13,896	15,407	15,407	6,609
Effects of exchange rate changes on cash and cash equivalents						
		129	(59)	(468)	(255)	150
Cash and cash equivalents at the end of the period	5	<u>13,896</u>	<u>15,407</u>	<u>6,609</u>	<u>9,281</u>	<u>849</u>

PARENT ENTITY STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December			As at
		2015	2016	2017	30 April
		AUD'000	AUD'000	AUD'000	2018 AUD'000
CURRENT ASSETS					
Cash		5,769	5,507	1,120	338
Trade and other receivables		36	46	37	5
Other assets		43	46	1,647	1,803
TOTAL CURRENT ASSETS		<u>5,848</u>	<u>5,599</u>	<u>2,804</u>	<u>2,146</u>
NON-CURRENT ASSETS					
Investments in subsidiaries		4,478	4,478	4,478	3,607
Intercompany loans		3,674	2,269	3,678	3,030
Property, plant & equipment		4	1	2	3
TOTAL NON-CURRENT ASSETS		<u>8,156</u>	<u>6,748</u>	<u>8,158</u>	<u>6,640</u>
TOTAL ASSETS		<u>14,004</u>	<u>12,347</u>	<u>10,962</u>	<u>8,786</u>
CURRENT LIABILITIES					
Trade and other payables		603	1,221	669	517
Provisions		163	137	170	189
TOTAL CURRENT LIABILITIES		<u>766</u>	<u>1,358</u>	<u>839</u>	<u>706</u>
NON-CURRENT LIABILITIES					
Provisions		26	30	34	35
Interest bearing liabilities		—	—	—	3,029
TOTAL NON-CURRENT LIABILITIES		<u>26</u>	<u>30</u>	<u>34</u>	<u>3,064</u>
TOTAL LIABILITIES		<u>792</u>	<u>1,388</u>	<u>873</u>	<u>3,770</u>
NET ASSETS		<u>13,212</u>	<u>10,959</u>	<u>10,089</u>	<u>5,016</u>
Issued capital		119,992	119,992	119,992	119,992
Accumulated losses		(108,848)	(111,101)	(111,971)	(117,044)
Other reserve		2,068	2,068	2,068	2,068
TOTAL SHAREHOLDERS' EQUITY	16(a)	<u>13,212</u>	<u>10,959</u>	<u>10,089</u>	<u>5,016</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated as an Australian Public Company, limited by shares on 23 April 1990. The registered office of the Company is located at Unit B1, 431 Roberts Road, Subiaco, WA, Australia, 6008.

The Company is an investment holding company. During the Relevant Periods, the Group was primarily involved in gold mining operations and gold mineral exploration. The Group is a for profit entity.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company	Principal activities
Dragon Mining Investments Pty Ltd (a)	Australia 18 December 2008	—	100%	Dormant
Dragon Mining (Sweden) AB (b)	Sweden 27 April 1993	SEK 100,000	100%	Gold Production
Viking Gold & Prospecting AB (b)	Sweden 3 April 1996	SEK 100,000	100%	Dormant
Dragon Mining Oy (c)	Finland 24 March 1993	Euro 100,000	100%	Gold Production
Kuusamo Gold Oy (d)	Finland 5 December 2014	Euro 5,000	100%	Exploration

Notes:

- (a) No audited financial statements have been prepared for this entity for the years ended 31 December 2015, 2016 and 2017, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.
- (b) The statutory financial statements of these entities for the years ended 31 December 2015 and 2016 were prepared under local accounting standards and were audited by Ernst & Young, Sweden. The financial statements for the year ended 31 December 2017 have not yet been prepared as at the date of this report.
- (c) The statutory financial statements of this entity for the years ended 2015, 2016 and 2017 were prepared under local accounting standards and were audited by Ernst & Young, Finland.
- (d) The statutory financial statements of this entity for the year ended 2015 were prepared under local accounting standards and were audited by Ernst & Young, Finland. The entity was disposed of on 6 December 2016.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board including the measurement and supplementary disclosure requirements of IAS 34 *Interim Financial Reporting* for the interim periods presented. All IFRSs effective for the accounting period commencing 1 January 2018 have been adopted by the Group. In accordance with the transitional provisions of IFRS 9 *Financial Instruments* (IFRS 9), which was adopted 1 January 2018, the Group has not restated comparative information (see note 2.2). Except for the impact of adopting IFRS 9, accounting policies have been consistently applied throughout the relevant periods presented. Refer to note 2.3 for details of the impact of adopting new and amended accounting standards and interpretations effective at at 1 January 2018 including the implementation of IFRS 15 *Revenue contracts with Customers* and IFRS 9 *Financial Instruments*.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of each reporting period.

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 or not 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 are included in the Company's Consolidated Statements of Profit or Loss or the Consolidated Statements 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 Statements of Profit or Loss; and
- reclassifies the Company's share of items previously recognised in Other Comprehensive Income to the Consolidated Statements of Profit or Loss or retained earnings as appropriate.

Investments in subsidiaries are carried at cost less impairment in the Company's Statements of Financial Position.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Revenue

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 transferred to the customer.

Concentrate sales

Concentrate is sold to a third-party through a delivery-at-place 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 measured in accordance with the policy at note 2(f).

Bullion sales

Bullion is sold on the market through the Group's metal account. Revenue is recognised in accordance with the price and quantity specified in the sales contract when the delivery obligations have been met.

(c) Income taxes

The income tax expense or benefit for at the end of each year is the tax payable on the current period'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 Financial Statements and for unused tax losses.

Deferred income tax is provided on all temporary differences at each 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.

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of 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 Statements of Financial Position.

Cash flows are included in the Statements 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.

(e) Foreign currency transactions and balances***Functional and presentation currency***

The functional currency of each of the 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.

Transactions 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 Statements of Profit or Loss.

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 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 Statements 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.

(f) Trade and Other Receivables

Policy applicable from 1 January 2018

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. 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 losses 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 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.

Policy applicable for annual reporting periods up to 31 December 2017

Trade receivables have a 45 day term and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less doubtful debts.

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. Final settlement is based on the monthly average LME gold price for the month following delivery (the "quotational period"). The revenue adjustment mechanism embedded within the receivable has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Group recognises this embedded derivative at fair value through profit and loss with changes in fair value recognised as an adjustment to revenue in the statement of profit and loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect some or all amounts due according to the original terms of the transaction. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows. The amount of the provision is recognised in the Consolidated Statements of Profit or Loss.

Receivables from related parties are recognised and carried at the nominal amount due. When interest is charged it is taken up as revenue in profit or loss and included in other revenue.

(g) 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 on the basis of 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.

(h) Deferred waste

As part of the 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 activity asset are not separately identifiable an allocation is undertaken based on the waste to ore stripping ratio (for the particular ore component concerned). If mining of waste in a period occurs in excess of the expected stripping ratio, the excess is recognised as part of the stripping activity 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.

(i) 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 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 financial year end.

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 (j) below).

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statements of Profit or Loss in the year the asset is derecognised.

(j) Mineral Exploration and Evaluation Costs

Exploration expenditure is expensed to the Consolidated Statements of Profit or Loss as and when it is incurred and included as part of cash flows from operating activities in the Consolidated Statements of Cash Flows. Exploration costs are only capitalised to the Statements of Financial Position if they result from an acquisition.

Evaluation expenditure is capitalised to the Consolidated Statements 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 Group 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.

(k) 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 Group and is therefore not considered highly liquid (i.e. rehabilitation bonds).

For the purposes of the Consolidated Statements 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 Statements of Financial Position.

(l) Impairment of non-financial assets

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 Statements 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 to sell. 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.

(m) 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 accruals basis.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result 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 of 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 Statements of Profit or Loss and Other Comprehensive Income 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.

(o) **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. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave expected to be settled within 12 months from the reporting date is recognised in the provision for employee benefits and is measured in accordance with wages, salaries and annual leave. The liability for long service leave due to be settled more than 12 months from the reporting date 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 government bond rate as appropriate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share based payments

Equity-based compensation plans are provided to employees via the Group's share option plan. Under IFRS 2 *Share based payments*, the Group determines the fair value of options issued to Directors, executives and members of staff as remuneration and recognises that amount as an expense in the Consolidated Statements of Profit or Loss over the vesting period with a corresponding increase in equity.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the terms of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk-free interest rate for the terms of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

Superannuation

Contributions made by the Group to employee superannuation funds, defined contribution plans, are charged to the Consolidated Statements of Profit or Loss in the period employees' services are provided.

(p) 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 Statements of Profit or Loss. The carrying amount capitalised is depreciated over the life of the related asset.

(q) 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.

(r) 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 Group 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 segments that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the 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".

(s) 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.

(t) Fair value

The Group measures financial instruments 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 by 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, assuming that 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.

(u) Investment in associate

Investments in associates are accounted for using the equity method of accounting in the Consolidated Financial Statements and at cost in the parent. An associate is an entity over which the Group has significant influence and is neither a subsidiary nor a joint venture. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the Statements of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associate's post-acquisition profits or losses is recognised in the Consolidated Statements of Profit or Loss, and its share of post-acquisition movements in Other Comprehensive Income is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from the associate are recognised in the parent entity's Statements of Profit or Loss. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The accounting policies of associates are adjusted to conform to those used by the Group for like transactions and events in similar circumstances.

(v) Interest bearing liabilities

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 taking into account 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.

2.3 CHANGES IN ACCOUNTING POLICIES ON ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are relevant to the Company and effective as at 1 January 2018. Except for IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and IFRS 9 *Financial Instruments* ("IFRS 9"), the adoptions of these new and amended Accounting Standards and Interpretations did not impact the accounting policies of the Group.

The following new or revised accounting standards were not considered to be material and have not resulted in changes to the Company's existing accounting policies or disclosures have been listed below:

- IFRS 2 *Classification and Measurements of share based payment transactions* — *Amendment to IFRS 2*
- Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* — *Amendment to IFRS 4*
- Transfers of Investment Property — Amendments to IAS 40
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Annual Improvement Program IFRS 1 *First time Adoption of International Financial Reporting Standards* — *Deletion of short-term exemption for first time adopted*
- Annual Improvement Program IAS 28 *Investment in Associates and Joint Ventures-Clarification that measuring investee at fair value through profit or loss is an investment-by-investment choice*

IFRS 15

The Group has adopted IFRS 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in IFRS 15 the standard has been applied using the full retrospective approach. In this regard, the Group has applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

IFRS 15 supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The accounting policy for the Group's main types of revenue are presented in Note 2.2(b) which has been updated to reflect the application of IFRS 15. Additional disclosures relating to revenue from customers is set out in note 20.

All customer contracts in force throughout the track record period have been reviewed and assessed and it was determined that the adoption of IFRS 15 had no significant impact on the recognition and measurement of revenue.

IFRS 9

The Group has adopted IFRS 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. Accordingly, consistent accounting policies have not been applied throughout the Relevant Periods. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), and brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policy presented in Note 2.2(f) has been updated to reflect the application of IFRS 9 for the period from 1 January 2018.

Measurement and classification

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group have been assessed in terms of the requirements of IFRS 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of IFRS 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under (i.e. prior to 31 December 2017)	New measurement category under IFRS 9 (i.e. from 1 January 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost

Class of financial instrument presented in the statement of financial position	Original measurement category under (i.e. prior to 31 December 2017)	New measurement category under IFRS 9 (i.e. from 1 January 2018)
Trade receivables — concentrate sales	Host contract — loans and receivables Embedded derivative — at fair value through profit and loss	Financial assets at fair value through profit and loss
Trade receivables- other	Loans and receivables	Financial assets at amortised cost
Other receivables	Loans and receivables	Financial assets at amortised cost
Bonds and deposits	Loans and receivables	Financial assets at amortised cost
Intercompany loans	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities	Financial liability at amortised cost	Financial liability at amortised cost

The reclassification of financial instruments did not have a significant measurement impact on the financial statements.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, IFRS 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, IFRS 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss (“ECL”) if the credit risk on the instrument has increased significantly since initial recognition. Where the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The Group's existing financial assets carried at amortised cost were reviewed and assessed for impairment at 1 January 2018 using reasonable and supportable information. With respect to bonds and cash balances these items were assessed to have a low credit risk as they are held by reputable institutions with high credit ratings. The ECL on other receivables is not considered to be material.

As a result of the adoption of IFRS 9 the Parent has reassessed intercompany balances with its subsidiaries at 1 January 2018. The directors have concluded that it would require undue cost and effort to determine the credit risk of each loan on their respective dates of initial recognition. These loans are assessed to have a credit risk other than low. Accordingly, the Group recognises lifetime ECL for these loans until they are derecognised. No additional cumulative loss allowance has been recognised by the parent at 1 January 2018.

Hedging

The Group did not apply hedge accounting during the Relevant Periods.

2.4 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 financial statements:

Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered as this is the point in time that the Group's performance obligations have been met. Adjustments are made for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

Share issue costs

Listing costs totalling AUD5.758 million have been incurred up to 30 April 2018, with AUD1.785 million relating to the proposed issue of new shares being recognised as a prepayment at 30 April 2018 and AUD0.329 million, AUD1.119 million and AUD2.525 million expensed to the profit and loss for the four months ended 30 April 2018 and years ended 31 December 2016 and 2017 respectively.

The incurred costs capitalised as a prepayment have been assessed by management as being directly attributable to the proposed issue of new shares and will be transferred to contributed equity on the date when the shares are issued. Where costs have been jointly incurred for the listing of existing shares and the issue of new shares, the costs have been allocated based on the proportion of the projected number of new shares issued to the number of total shares. Costs that are related to the Hong Kong listing have been expensed as incurred.

Listing costs recognised as a prepayment will be written off to the profit and loss if the likelihood of the share issue is no longer probable.

2.5 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.

(a) Mine rehabilitation provision

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 2.2(p). 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. Factors that will affect this liability include future development, changes in technology, commodity price changes and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known, which in turn would impact future financial results.

(b) Impairment of non-financial assets

In accordance with accounting policy note 2.2(l), the Group 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 has been determined using value-in-use or the fair value less cost of disposal. Any variation in the assumptions used to determine fair value less cost of disposal 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.

(c) Income taxes

The Group is subject to income taxes in Australia, Sweden and Finland. The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statements of Financial Position.

Deferred tax assets, including those arising from un-recouped 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.

These judgements and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the Consolidated Statements of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statements of Profit or Loss or Other Comprehensive Income.

2.6 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following accounting standards and interpretations, which are expected to be relevant to the Group, have been issued or amended but are not yet effective. These standards have not been early adopted by the Group.

Reference	Description	Application to the Group	Application date of standard
Annual Improvements to IFRS Standards 2015 — 2017 Cycle	<p>This standard make the following amendments to existing standards:</p> <ul style="list-style-type: none"> • IFRS 3 — clarifies that an entity remeasures its previously held interest in a joint operation when it obtains control of the business • IFRS 11 — clarifies that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business • IAS 12 — clarifies that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits and • IAS 23 — clarifies that an entity treats any borrowing originally made to develop a qualifying asset as part of generally borrowings when the asset is ready for its intended use or sale. 	The Group is not expecting a material impact on the adoption of the amendments.	1 January 2019

Reference	Description	Application to the Group	Application date of standard
IFRS 16 Leases ("IFRS 16")	<p>IFRS 16 supersedes:-</p> <ul style="list-style-type: none"> • IAS 17 Leases; • Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>; • Interpretation -15 <i>Operating Leases-Incentives</i>; and • Interpretation -SIC27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>. <p>The key features of IFRS 16 applicable to leases are as follows:-</p> <ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • IFRS 16 contains new disclosure requirements for lessees. 	<p>IFRS 16 must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognised at 1 January 2019 under the modified retrospective approach.</p> <p>IFRS 16 contains a number of practical expedients, one of which permits the classification of existing contracts as leases under the current accounting standards to be carried over to IFRS 16.</p> <p>Under the modified retrospective approach, on a lease by lease basis, the right of use asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease.</p> <p>The Group is currently reviewing its finance, and operating leases and service agreements to assess the impact of IFRS 16 on its financial performance and financial position upon its adoption and the expected impact of adopting IFRS 16 will not be material. As set out in Note 22(c) the Group had operating lease commitments at 30 April 2018 of AUD41,000.</p>	1 January 2019

Reference	Description	Application to the Group	Application date of standard
Interpretation 23 <i>Uncertainty over Income Tax Treatments</i> (Interpretation 23).....	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 <i>Income Taxes</i> when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: <ul style="list-style-type: none"> • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances. 	Interpretation 23 is a clarification treatment of uncertain tax positions. The Group is not expecting a material impact on the adoption of the interpretation.	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9.....	<p>Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.</p> <p>The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.</p>	The Group is not expecting a material impact on the adoption of the amendments.	1 January 2019

Reference	Description	Application to the Group	Application date of standard
	<p>The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small. Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement.</p>		
Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 <i>Investment in Associates and Joint Ventures</i> . . .	<p>The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.</p>	<p>The amendments are not applicable to the Group as it does not have any associates or joint venture arrangements.</p>	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 <i>Employee Benefits</i> ("IAS 19")	<p>The amendments to IAS 19 address the accounting for defined benefit plan amendment, curtailment or settlement during a reporting period.</p>	<p>The amendments are not applicable to the Group as it does have defined benefit plans.</p>	1 January 2019

Reference	Description	Application to the Group	Application date of standard
Conceptual Framework for Financial Reporting	The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.	The Group is not expecting a material impact on the adoption of the new conceptual framework.	1 January 2020
IFRS 17 <i>Insurance Contracts</i> ("IFRS 17")	In May 2017, the IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 <i>Insurance Contracts</i> . In September 2017, the Board established a Transition Resource Group for IFRS 17 that will be tasked with analysing implementation-related questions on IFRS 17. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.	IFRS 17 is not applicable to the Group as it is not an insurance entity.	1 January 2021

3 OTHER REVENUE, INCOME AND EXPENSES

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
a) Cost of sales					
Cost of production net of inventory movements ¹	60,923	47,047	32,829	9,718	13,235
Depreciation of mine properties, plant and equipment	4,664	3,525	2,903	1,145	855
Rehabilitation costs	30	—	—	—	—
	<u>65,617</u>	<u>50,572</u>	<u>35,732</u>	<u>10,863</u>	<u>14,090</u>
¹ Cost of production net of inventory movements					
Mining	28,125	26,451	21,408	7,848	8,622
Processing	30,464	17,940	10,293	1,411	4,149
Other production activities	2,334	2,656	1,128	459	464
Cost of production net of inventory movements	<u>60,923</u>	<u>47,047</u>	<u>32,829</u>	<u>9,718</u>	<u>13,235</u>
b) Other revenue					
Finance revenue and interest	151	114	52	22	4
Other revenue	552	369	122	99	—
	<u>703</u>	<u>483</u>	<u>174</u>	<u>121</u>	<u>4</u>
c) Other income					
Gain on sale of plant and equipment ²	42	1,843	—	—	—
Gain on disposal of investments ³	—	420	—	—	—
Other	382	44	92	33	4
	<u>424</u>	<u>2,307</u>	<u>92</u>	<u>33</u>	<u>4</u>

²The balance for the periods ended 31 December 2016 represents the gain made on the disposal of the Fäboliden land and timber.

³Represents the gain made on the disposal of 6,750,000 Aurion Resources Limited shares.

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
d) Other expenses					
Depreciation of non-mine site assets .	122	74	65	22	22
Loss on disposal of a subsidiary, Kuusamo ⁴	—	1,025	—	—	—
Loss on disposal of Exploration assets	—	—	205	196	—
Impairment of property, plant and equipment	1,622	—	—	—	—
Impairment of mine properties	1,381	—	—	—	—
Impairment of buildings and land	549	—	—	—	—
Project generation expenses	—	—	—	—	—
Rehabilitation reversal ⁵	—	(4,500)	—	—	—
Reversal of impairment allowance for non-recovery of investment in an associate	(1,132)	—	—	—	—
	<u>2,542</u>	<u>(3,401)</u>	<u>270</u>	<u>218</u>	<u>22</u>
⁴ Reconciliation of loss on sale of Kuusamo					
Proceeds from disposal	—	(400)	—	—	—
Write-off of exploration and evaluation assets	—	1,133	—	—	—
Carrying value of receivables	—	292	—	—	—
	<u>—</u>	<u>1,025</u>	<u>—</u>	<u>—</u>	<u>—</u>
⁵ Refer to note 13 for details of rehabilitation reversal.					
e) Finance costs					
Interest	3	9	1	—	13
Other	25	10	13	4	5
	<u>28</u>	<u>19</u>	<u>14</u>	<u>4</u>	<u>18</u>
f) Employee benefits (including Directors' remuneration as disclosed in Note 26)					
Wages and salaries	10,703	9,090	7,721	2,672	2,870
Defined contribution superannuation expense	1,785	1,653	1,382	493	415
Other employee benefits	1,124	978	676	207	253
	<u>13,612</u>	<u>11,721</u>	<u>9,779</u>	<u>3,372</u>	<u>3,538</u>

g) Auditor Remuneration

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD	AUD	AUD	AUD	AUD
				(unaudited)	
Remuneration of Ernst & Young (Perth) for:					
- auditing or reviewing accounts	113,477	150,379	521,618	102,201	154,000
- tax consulting	74,197	65,065	163,297	111,797	—
- compliance services	—	123,232	172,682	322,657	15,450
	<u>187,674</u>	<u>338,676</u>	<u>857,597</u>	<u>536,655</u>	<u>169,450</u>
Remuneration of Ernst & Young (other than Perth) for:					
- auditing or reviewing accounts	85,714	89,742	236,700	33,869	44,850
- tax consulting	14,114	1,887	—	—	—
- compliance services	40,825	—	—	—	—
	<u>140,653</u>	<u>91,629</u>	<u>236,700</u>	<u>33,869</u>	<u>44,850</u>

The auditor of Dragon Mining Limited is Ernst & Young (Perth).

4 INCOME TAX

(a) Income Tax Expense

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
The major components of income tax expense are:					
<i>Current income tax</i>					
Current income tax (benefit)/charge	2,534	(451)	(3,291)	(2,667)	(1,073)
Adjustments in respect of current income tax of previous year	—	—	(100)	—	—
<i>Deferred income tax</i>					
Income tax benefit arising from previously unrecognised tax loss	(6,142)	(1,423)	—	—	—
Relating to origination and reversal of temporary differences	<u>3,608</u>	<u>1,874</u>	<u>3,391</u>	<u>2,667</u>	<u>1,073</u>
Income tax expense reported in the consolidated statement of profit or loss .	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

- (b) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
Accounting profit (loss) before income tax .	2,563	5,363	(583)	(1,342)	(4,599)
At the Group's statutory income tax rate of 30% in Australia	769	1,609	(175)	(403)	(1,380)
Adjustments in respect of current income tax of previous year	—	—	—	—	—
Effect of different rates of tax on overseas income	(369)	(408)	(317)	(137)	352
Other	44	(1,652)	(2,593)	(2,127)	(45)
Previously unrecognised tax losses utilised/recognised	(6,142)	(1,423)	—	—	—
Tax losses and other temporary differences not recognised as benefit not probable	5,698	1,874	3,085	2,667	1,073
Aggregate income tax expense	—	—	—	—	—

(c) **Recognised deferred tax assets and liabilities**

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Consolidated deferred income tax at the reporting date relates to the following:				
<i>Deferred tax assets</i>				
Leave entitlements	57	50	61	61
Rehabilitation provision	1,070	1,000	995	168
Prepayments	—	—	—	—
Property, plant and equipment	1,338	3,160	9,816	3,843
Exploration costs	4,232	2,138	1,031	1,079
Accruals	91	22	—	1
Other	2,369	2,964	823	839
Temporary differences above not recognised	(9,152)	(9,329)	(12,721)	(5,986)
Set off of deferred tax liabilities pursuant to set off provisions	(5)	(5)	(5)	(5)
Gross deferred income tax assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Deferred tax liabilities</i>				
Accelerated deduction	—	—	—	—
Property, plant and equipment	(5)	(5)	(5)	(5)
Set off of deferred tax liabilities pursuant to set off provisions	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Gross deferred income tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(d) **Tax Losses**

Future benefits of tax losses total approximately AUD10.3 million 30 April 2018 (31 December 2017: AUD11.0 million; 31 December 2016 and 30 April 2017: AUD8.1 million; 31 December 2015: AUD7.0 million). The Group has available capital losses at a tax rate of 30% amounting to AUD3.7 million at 31 December 2017 and 30 April 2018 (31 December 2016 and 30 April 2017: AUD2.6 million; 31 December 2015: AUD2.6 million).

The benefits of the tax losses will only be obtained by the company's parent 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 respective Companies ability to realise the benefits.

Deferred tax assets have not been recognised in respect of the above tax losses.

(e) **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 periods ending 31 December 2015, 2016, 2017 and the four month period ended 30 April 2018, there were no tax consolidation adjustments. 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 the reporting date, the possibility of default was remote.

(f) **Applicable tax rates**

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates. The corporate taxation rates for entities outside Australia are shown below:

Finland	20%
Sweden	22%

5 CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Cash at banks and on hand	13,869	15,361	6,553	815
Short-term deposits	27	46	56	34
	<u>13,896</u>	<u>15,407</u>	<u>6,609</u>	<u>849</u>

The Group's exposure to interest rate risk is disclosed in note 24(e).

Short-term deposits represent the bank guarantee held on deposit with Financial Institution B for the lease of the corporate premises. The deposits are rolled over every 3 months in accordance with the lease terms.

(a) Reconciliation of net profit after tax to net cash flows from operations

Notes	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
				(unaudited)	
Net profit/(loss) after tax	2,563	5,363	(583)	(1,342)	(4,599)
Adjustments for:					
Depreciation and amortisation	4,786	3,599	3,173	1,167	878
Impairment of property, plant and equipment	3(d) 1,622	—	—	—	—
Impairment of mine properties	3(d) 1,381	—	—	—	—
Impairment of buildings and land . .	3(d) 549	—	—	—	—
Profit on disposal of a subsidiary, Kuusamo	3(d) —	1,025	—	—	—
Net foreign exchange loss/(gains) .	580	(501)	(1,519)	353	675
Reversal of impairment allowance for non-recovery of investment in an associate	3(d) (1,132)	—	—	—	—
Gain on disposal of investment	3(c) —	(420)	—	—	—
Gain on disposal of plant and equipment	3(c) (42)	(1,843)	—	—	—
Tax benefit	—	—	—	—	—
Profit/(loss) on exploration assets . .	—	—	205	196	—
Non-cash rehabilitation costs	(30)	—	—	—	—
Changes in operating assets and liabilities					
- Decrease/(increase) in receivables	3,447	5,760	1,204	1,865	(8)
- Decrease/(increase) in other assets	51	(94)	516	(30)	41
- Decrease/(increase) in inventories	(1,906)	376	(2,048)	(3,141)	220
- (Decrease) in trade creditors and accruals.	(478)	(383)	(982)	(1,978)	(1,772)
- (Decrease)/increase in provisions	427	(4,686)	(20)	122	(167)
Net operating cash in flows	<u>11,818</u>	<u>8,196</u>	<u>(54)</u>	<u>(2,788)</u>	<u>(4,732)</u>

(b) Reconciliation of liabilities from financing activities

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
1 January	—	—	—	—	—
<i>Cashflow</i>					
Proceeds of borrowings.....	—	—	—	—	3,000
<i>Non-cash changes</i>					
Foreign exchange adjustments.....	—	—	—	—	29
Balance at period end.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,029</u>

6 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Trade receivables	8,223	2,263	1,556	—
Trade receivables — fair value through profit and loss	—	—	—	332
Trade receivables — amortised cost (i).....	—	—	—	1,155
Other receivables	<u>1,089</u>	<u>1,433</u>	<u>1,025</u>	<u>1,252</u>
	<u>9,312</u>	<u>3,696</u>	<u>2,581</u>	<u>2,739</u>

- (i) The trade receivables relate to gold sold on market where the cash was received on the following business day. On this basis the probability of default was considered to be insignificant.

The Group's exposure to credit risk is disclosed in note 24(d).

(a) Ageing analysis

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within 1 month	5,812	1,493	—	1,155
1 to 2 months	2,411	770	1,556	251
2 to 3 months	—	—	—	—
Over 3 months	—	—	—	81
Trade debtors	<u>8,223</u>	<u>2,263</u>	<u>1,556</u>	<u>1,487</u>

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within 1 month	5,812	1,493	—	1,155
1 to 2 months	2,411	770	1,556	—
2 to 3 months	—	—	—	—
Over 3 months	—	—	—	332
Trade debtors	<u>8,223</u>	<u>2,263</u>	<u>1,556</u>	<u>1,487</u>

7 INVENTORIES

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Ore and concentrate stockpiles - at cost	3,046	3,236	4,337	3,756
Gold in circuit - at NRV	3,183	2,587	3,889	4,195
Raw materials and stores - at cost	899	929	884	1,016
	<u>7,128</u>	<u>6,752</u>	<u>9,110</u>	<u>8,967</u>

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Aurion Resources Limited	213	—	—	—
Available-for-sale financial assets	213	—	—	—

At 31 December 2015 the Group had 4.25 million common shares respectively, representing a 9.67% holding in Aurion Resources Limited ("Aurion"). Aurion is listed on the Canadian TSX Venture Exchange. Subsequent to initial recognition, these shares were measured at fair value being the published price quotation in an active market. Changes therein were recognised in other comprehensive income and presented in the unrealised gain/(loss) reserve in equity. The fair value movement in the asset during 2015 was a gain of approximately AUD37,000 which has been recognised in the Consolidated Statements of Other Comprehensive Income.

During May 2016, the Group received an additional 2.5 million shares from Aurion as the final consideration from the 2014 Definitive Purchase Agreement. The Group sold their total holding of 6.75 million common shares in Aurion at a price of approximately AUD9.5 cents per share in May 2016 receiving approximately AUD645,000.

At the date of this report, at 31 December 2016 and 31 December 2017 the Group did not hold any shares in Aurion (2015: 9.67%).

9 PROPERTY, PLANT AND EQUIPMENT

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Land				
Gross carrying amount at cost	2,226	1,290	1,334	1,360
Less impairment	(411)	—	—	—
Net carrying amount	1,815	1,290	1,334	1,360
Buildings				
Gross carrying amount at cost	1,879	2,223	2,422	2,506
Less accumulated depreciation and impairment	(1,690)	(1,657)	(1,809)	(1,866)
Net carrying amount	189	566	613	640
Property, plant and equipment				
Gross carrying amount at cost	29,684	29,462	31,609	32,169
Less accumulated depreciation and impairment	(27,327)	(27,000)	(29,152)	(29,907)
Net carrying amount	2,357	2,462	2,457	2,262
Mine Properties				
Gross carrying amount at cost	83,953	92,467	99,978	102,669
Less accumulated amortisation and impairment	(81,141)	(79,925)	(85,038)	(87,322)
Net carrying amount	2,812	12,542	14,940	15,347
Total property, plant and equipment				
Gross carrying amount at cost	117,742	125,442	135,343	138,704
Less accumulated amortisation and impairment	(110,569)	(108,582)	(115,999)	(119,095)
Net carrying amount	7,173	16,860	19,344	19,609
Summary of Impairment losses				
Property, plant and equipment	1,622	—	—	—
Mine properties	1,381	—	—	—
Buildings	138	—	—	—
Land	411	—	—	—
	3,552	—	—	—

The management of the Group recognises two cash-generating units ("CGU"), the Vammala Production Centre ("Vammala") and the Svartliden Processing Plant ("Svartliden"), which are tested for impairment in accordance with the accounting policy in the notes 2.2(l) and 2.4(b). No impairment was recognised during the 2016 and 2017 financial years and the four months ended 30 April 2018.

For the year ended 31 December 2015, having considered the impact of the rejected Orivesi environmental permit extension and the pending appeal process, the Group determined both Vammala and Svartliden to be impaired. The Group carried out impairment testing for each CGU by comparing their recoverable amounts, represented by each CGU's estimated future cash flows over the life of mine discounted to their present value using a pre-tax nominal discount rate of 10%. As a result, the Group quantified impairment losses of approximately AUD3.6 million (Vammala: AUD2.5 million and Svartliden: AUD1.1 million) which have been reflected in the Consolidated Statements of Profit or Loss. Following the impairment recognised, the carrying value of Svartliden was Nil and the carrying value of Vammala was AUD4.1 million. Sensitivity analysis performed indicated that a decrease in the gold price of 10% was likely to result in additional impairment in Vammala of AUD3.4 million.

For the year ended 31 December 2016, Vammala and Svartliden were tested for impairment. The key assumptions utilised in the impairment modelling performed by management for the year ended 31 December 2016 were a gold price of USD1,260/ounce and a pre-tax real discount rate of 4%. Sensitivity analyses performed indicated that a decrease in the gold price of 5% was likely to result in impairment being required and that an increase in the pre-tax real discount rate to 7.5% did not result in additional impairment.

For the year ended 31 December 2017, the Group performed impairment testing utilising a based on a fair value less cost of disposal (level 3 in the fair value hierarchy) life-of-mine discounted cash flow model for each cash generating unit. The key assumptions utilised in the impairment modelling included a gold price of USD1,290/ounce, a USD:SEK exchange rate of 7.8, a USD:EUR exchange rate of 0.85 and a pre-tax real discount rate range of 10% - 14%. The impairment modelling includes cash flows from the Fäboliden development for which the Group is in the process of obtaining a permit. The timing of the receipt of the permit may result in differences in the impairment result determined. Sensitivity analyses performed indicated that a decrease of the gold price to USD1,250/ounce or an increase in the pre-tax real discount rate by 500 basis points did not result in impairment.

For the period ended 30 April 2018, there were no triggers identified to suggest that further impairment or the reversal of impairment would be required.

Reconciliations

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Freehold Land				
Carrying amount at beginning of year/period	1,391	1,815	1,290	1,334
Additions	796	61	18	—
Disposals	—	(303)	(25)	—
Impairment charge	(411)	—	—	—
Net foreign exchange movement	39	(283)	51	26
Carrying amount at end of year/period	<u>1,815</u>	<u>1,290</u>	<u>1,334</u>	<u>1,360</u>
Buildings				
Carrying amount at beginning of year/period	411	189	566	613
Additions	45	445	106	37
Disposals	(3)	—	—	—
Impairment charge	(138)	—	—	—
Reclassification from development costs	—	—	—	—
Depreciation	(128)	(55)	(87)	(33)
Net foreign exchange movement	2	(13)	28	23
Carrying amount at end of year/period	<u>189</u>	<u>566</u>	<u>613</u>	<u>640</u>
Property, plant and equipment				
Carrying amount at beginning of year/period	2,779	2,357	2,462	2,457
Additions	2,948	1,314	1,010	138
Disposals	—	(3)	—	—
Impairment charge	(1,622)	—	—	—
Reclassification from development costs	66	—	—	—
Depreciation	(1,841)	(1,139)	(1,136)	(422)
Net foreign exchange movement	27	(67)	121	89
Carrying amount at end of year/period	<u>2,357</u>	<u>2,462</u>	<u>2,457</u>	<u>2,262</u>
Mine properties				
Carrying amount at beginning of year/period	1,478	2,812	12,542	14,940
Additions	1,244	45	1,661	534
Impairment charge	(1,381)	—	—	—
Reclassification from development costs	4,236	12,224	2,004	243
Depreciation	(2,817)	(2,405)	(1,745)	(423)
Net foreign exchange movement	52	(134)	478	53
Carrying amount at end of year/period	<u>2,812</u>	<u>12,542</u>	<u>14,940</u>	<u>15,347</u>

10 MINERAL EVALUATION

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Balance at beginning of the year/period	2,655	7,685	2,231	5,562
Additions	9,095	8,453	5,293	3,087
Disposal	—	(1,138)	—	—
Reclassification to property, plant and equipment ...	(4,302)	(12,224)	(2,004)	(243)
Exploration written off	—	—	(205)	—
Net foreign exchange movement	237	(545)	247	294
Total evaluation costs	<u>7,685</u>	<u>2,231</u>	<u>5,562</u>	<u>8,700</u>

The recoverability of the carrying amount of evaluation assets is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest.

11 OTHER ASSETS

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Current				
Prepayments	<u>99</u>	<u>180</u>	<u>1,728</u>	<u>1,939</u>
Non-current				
Environmental and other bonds at amortised cost ...	<u>5,786</u>	<u>5,306</u>	<u>5,415</u>	<u>5,302</u>

During the year ended 31 December 2017 and the four months ended 30 April 2018, the Company incurred AUD1.598 million and AUD0.187 million of costs in relation to the issue of new shares as part of the Company's proposed listing on the Stock Exchange. These costs have been recognised as a prepayment and will be transferred to contributed equity when the shares are issued. The Company received shareholders' approvals on 2 May 2017 and 29 May 2018 respectively to issue up to 50 million shares at an issue price of no less than AUD0.35 per Share, by means of a public offer.

The environmental bonds relate to cash that has been deposited with government authorities in Sweden and Finland. 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 authorities.

12 TRADE AND OTHER PAYABLES

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Current				
Trade and other payables (a)	<u>6,766</u>	<u>6,806</u>	<u>5,840</u>	<u>4,343</u>

The Group's exposure to credit risk is disclosed in note 24(d).

(a) Ageing analysis

An ageing analysis of the trade and other payables as at the end of the relevant periods, based on invoice date, is as follows:

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within 1 month	6,682	6,357	5,840	4,330
1 to 2 months	84	439	—	13
2 to 3 months.....	—	10	—	—
Over 3 months	—	—	—	—
Trade payables and other payables	<u>6,766</u>	<u>6,806</u>	<u>5,840</u>	<u>4,343</u>

13 PROVISIONS

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Current				
Employee entitlements	2,189	2,050	2,138	2,035
Rehabilitation (i)	—	10	—	—
Other	—	72	77	80
	<u>2,189</u>	<u>2,132</u>	<u>2,215</u>	<u>2,115</u>
Non-current				
Employee entitlements	26	30	34	34
Rehabilitation (i)	15,395	10,553	10,800	10,800
	<u>15,421</u>	<u>10,583</u>	<u>10,834</u>	<u>10,834</u>
(i) Rehabilitation movement				
Balance at 1 January	14,418	15,395	10,563	10,800
Adjustment to rehabilitation liability	683	219	(147)	131
Unwinding of the provision	2	9	—	—
Utilised	(7)	—	—	—
Reversal of provision previously recognised ¹	—	(4,500)	—	—
Net foreign exchange movement	299	(560)	384	(131)
Balance at the end of the period	<u>15,395</u>	<u>10,563</u>	<u>10,800</u>	<u>10,800</u>

¹The Group has identified the following events which have had a significant impact on the present obligation and the timing of the associated economic outflows:

- In March 2016, the Group released the maiden Ore Reserve estimate for Fäboliden representing an initial mining life of approximately four years. The mining operations at Fäboliden will extend the operating life of Svartliden and enable ongoing rehabilitation to coincide with operating activities; and
- In June 2016, the County Administration Board granted the Group a permit to fill the open pit with tailings up to the +415 metre level. This provides ample capacity for the development of the Fäboliden project.

Based on the probable outflow of economic resources required to settle the obligation, the Group has reversed its rehabilitation provision for Svartliden by AUD4.5 million.

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, being three years for Finland and six years for Sweden, although some amounts will be settled during the course of 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 at 30 April 2018 was 0% (2017: 0%; 2016: 0%; 2015: 0.05%) and in Sweden was 0% (2017: 0%; 2016: 0%; 2015: 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.

Rehabilitation provisions are subject to an inherent amount of uncertainty in both timing and amount and as a result are continuously monitored and revised.

14 INTEREST BEARING LIABILITIES

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Non-current interest bearing liabilities (i)	—	—	—	3,029
	—	—	—	3,029

- (i) In February 2017, the Group entered into a Hong Kong Dollar denominated unsecured loan facility with AP Finance Limited ("Loan Facility") for the AUD equivalent AUD6.0 million. As at 30 April 2018, AUD3.0 million remains undrawn. The loan facility was amended in March 2018 to extend the repayment date to 31 October 2019. In June 2018, the loan facility was amended to increase the loan facility to AUD8.0 million. The company has agreed with AP Finance Limited that the March 2018 drawdown of AUD2.0 million will be repayable in Australian Dollars. The rest of the facility remains payable in Hong Kong Dollars.

As at 30 April 2018:

	<u>Interest rate</u>	<u>Maturity</u>	<u>HKD'000</u>	<u>AUD'000</u>
AP Finance Limited				
Australian Dollar denominated				
draw downs	4%	31 October 2019	—	2,000
Hong Kong Dollar denominated				
draw downs	4%	31 October 2019	<u>6,098</u>	<u>1,029</u>
			<u>6,098</u>	<u>3,029</u>

15 CONTRIBUTED EQUITY

	<u>As at 31 December</u>			<u>As at</u>	<u>As at 31 December</u>			<u>As at</u>
	2015	2016	2017	30 April	2015	2016	2017	2018
	Number of Shares	Number of Shares	Number of Shares	Number of Shares	AUD'000	AUD'000	AUD'000	AUD'000
Share capital								
Ordinary shares,								
fully paid	<u>88,840,613</u>	<u>88,840,613</u>	<u>88,840,613</u>	<u>88,840,613</u>	<u>119,992</u>	<u>119,992</u>	<u>119,992</u>	<u>119,992</u>

Movements in issued capital

	<u>AUD'000</u>	<u>No. of Shares</u>
Balance at 1 January 2015, 31 December 2015, 2016, 2017 and 30 April 2018	<u>119,992</u>	<u>88,840,613</u>
Balance at 31 December 2015, 2016, 2017 and 30 April 2018	<u>119,992</u>	<u>88,840,613</u>

16 RESERVES

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Foreign currency translation reserve	(4,505)	(5,907)	(4,780)	(3,815)
Option reserve	—	—	—	—
Other reserve	2,068	2,068	2,068	2,068
Available-for-sale financial asset reserve	(11)	—	—	—
Equity reserve from purchase of non-controlling interest	1,069	1,069	1,069	1,069
	<u>(1,379)</u>	<u>(2,770)</u>	<u>(1,643)</u>	<u>(678)</u>

Foreign currency translation reserve

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

Other reserve

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 in issue.

Available-for-sale financial asset reserve

This reserve is used to record the increases and decreases in the fair value of available-for-sale financial assets.

Equity reserve — purchase of non-controlling interest

This reserve is used to record differences between the consideration paid for acquiring the 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.

(a) *Parent entity Statement of Changes in Equity:*

	Contributed Equity	Accumulated Losses	Option Reserve	Other Reserve	Total Equity
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2015	119,992	(115,891)	1,863	2,068	8,032
Profit for the year	—	5,180	—	—	5,180
Other comprehensive income .	—	—	—	—	—
Total comprehensive income for the year	—	5,180	—	—	5,180
Transactions with owners in their capacity as owners:					
Transfer reserves to accumulated losses	—	1,863	(1,863)	—	—
At 31 December 2015 and at 1 January 2016	119,992	(108,848)	—	2,068	13,212
Loss for the year	—	(2,253)	—	—	(2,253)
Other comprehensive income .	—	—	—	—	—
Total comprehensive loss for the year	—	(2,253)	—	—	(2,253)
At 31 December 2016 and at 1 January 2017	119,992	(111,101)	—	2,068	10,959
Loss for the year	—	(870)	—	—	(870)
Other comprehensive income .	—	—	—	—	—
Total comprehensive loss for the year	—	(870)	—	—	(870)
At 31 December 2017 and at 1 January 2018	119,992	(111,971)	—	2,068	10,089
Loss for the period	—	(5,073)	—	—	(5,073)
Other comprehensive income .	—	—	—	—	—
Total comprehensive loss for the period	—	(5,073)	—	—	(5,073)
At 30 April 2018	<u>119,992</u>	<u>(117,044)</u>	<u>—</u>	<u>2,068</u>	<u>5,016</u>

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

Directors

Mr. AG Dew	Non-Executive Chairman (appointed on 7 February 2014)
Mr. BR Smith	Executive Director (appointed on 7 February 2014)
Mr. CC Procter	Non-Executive Director (appointed on 19 May 2015)
Mr. M Wong	Alternate Director to Mr. AG Dew (appointed on 19 May 2015)
Mr. PL Gunzburg	Non-Executive Director (appointed on 8 February 2010, resigned on 19 May 2015)

Executives

Mr. Neale Martin Edwards	Chief Geologist (appointed on 19 August 1996)
Mr. Daniel Karl Broughton	Chief Financial Officer (appointed on 8 September 2014)
Mr. Josh David Stewart	Chief Operating Officer (appointed on 5 May 2014, resigned on 23 February 2015)

(b) Compensation of Key Management Personnel

Key Management Personnel

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD	AUD	AUD	AUD	AUD
Short-term	1,322,552	913,000	920,393	498,333	472,667
Long-term	61,664	49,966	60,816	20,272	21,510
Post-employment	160,597	86,735	87,437	34,364	44,903
Termination benefits	—	—	—	—	—
Share based payments	—	—	—	—	—
Total	<u>1,544,813</u>	<u>1,049,701</u>	<u>1,068,646</u>	<u>552,969</u>	<u>539,080</u>

The 2015 balance includes compensation of AUD257,791 relating to Key Management Personnel who are no longer current executives of the Group. Refer to Note 26 for disclosure of Directors remuneration.

(c) Five Highest Paid Employees

The five highest paid employees during the period ended 30 April 2018 included 1 Director and 4 specified employees (31 December 2015, 2016, 2017 and 30 April 2017: 1 Director, 4 specified employees). Details of the remuneration for the reporting periods of the four highest paid employees who are neither a director nor chief executive of the Group are as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	AUD	AUD	AUD	AUD	AUD
				(unaudited)	
Salaries, allowances and benefits in kind	889,385	940,323	1,010,307	303,878	337,848
Performance related bonuses	—	—	—	—	—
Pension scheme contributions	159,266	212,263	227,786	70,092	77,239
Termination benefits	—	—	—	—	—
Equity settled share option expense	—	—	—	—	—
Total	<u>1,048,651</u>	<u>1,152,586</u>	<u>1,238,093</u>	<u>373,970</u>	<u>415,087</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands, presented in Hong Kong Dollars, translated as at the period average rate is as follows:

	As at 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
				(unaudited)	
Nil to HK\$1,000,000	—	—	—	—	—
HK\$1,000,000-HK\$1,500,000	3	2	2	4	4
HK\$1,500,000-HK\$2,000,000	—	—	—	—	—
HK\$2,000,000-HK\$2,500,000	1	2	2	—	—
HK\$2,500,000-HK\$3,000,000	—	—	—	—	—
HK\$3,000,000-HK\$3,500,000	—	—	—	—	—
Total	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

18 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share amounts are calculated by dividing the net profit or loss for the relevant periods attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings/(loss) per share amounts are calculated by dividing the net profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options). There have been no events after the reporting period impacting the diluted earnings per share.

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

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
				(unaudited)	
Basic earnings/(loss) per share					
Earnings/(loss) used in calculation of basic earnings/(loss) per share (AUD'000)	2,563	5,363	(583)	(1,342)	(4,599)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	88,840,613	88,840,613	88,840,613	88,840,613	88,840,613
Basic earnings/(loss) per share (cents)	2.89	6.04	(0.66)	(1.51)	(5.18)
Diluted earnings/(loss) per share					
Earnings/(loss) used in calculation of basic earnings/(loss) per share (AUD'000)	2,563	5,363	(583)	(1,342)	(4,599)
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	88,840,613	88,840,613	88,840,613	88,840,613	88,840,613
Number of potential ordinary shares (share options) that are not dilutive and hence not included in calculation of diluted EPS. These may be dilutive in future if exercised.	—	—	—	—	—
Diluted earnings/(loss) per share (cents)	2.89	6.04	(0.66)	(1.51)	(5.18)

19 RELATED PARTIES TRANSACTIONS

The following transactions with related parties have been identified:

- (i) The Group has effected Directors' and Officers' Liability Insurance.
- (ii) In addition to his role as the Group's Chief financial officer, Mr. Daniel Karl Broughton provides Chief Financial Officer Service's ("services") to ASX listed gold explorer, Tanami Gold NL ("Tanami"). Tanami is a Group of which Messer's Dew and Procter, the Group's Non-Executive Chairman and Non-Executive Director are also the Non- Executive Directors. The provision of services commenced from 8 September 2014 whereby the Group will charge Tanami an annual service fee of AUD99,000 of which Nil was outstanding at 30 April 2018 (30 April 2017: Nil; 31 December 2017: AUD24,750; 31 December 2016: AUD24,750; 31 December 2015: AUD24,750).

Entity with significant influence over the Group

As at 31 December 2015, 2016 and 2017 and 30 April 2018, Allied Properties Resources Limited, an indirect wholly-owned subsidiary of Allied Properties (H.K.) Limited, owned 21,039,855 ordinary shares for an interest of 23.68% of the Company.

Employees

Contributions to superannuation funds on behalf of employees are disclosed in note 3(f).

20 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, on the basis of geographical locations, different national regulatory environments and different end products. The revenue information is presented based on the locations of the ore where the product was sourced. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produces gold bullion from the Svartliden Production Centre. Dragon Mining Oy in Finland produces gold concentrate from the Vammala Production Centre, processing ore from the Orivesi and Jokisivu Gold Mines.

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

Accounting policies and inter-segment transactions

The accounting policies used by the Group in the reporting segments internally are the same as those contained in note 2.1 to the accounts and in the prior period.

Segment results include management fees and interest charged on intercompany loans, both of which are eliminated in the Group's results. They also include foreign exchange movements on intercompany loans denominated in AUD, and external finance costs that relate directly to segment operations.

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 third parties (Financial Institution B and Financial Institution A).

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

Segment Results	Four months ended 30 April 2018		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment revenue			
Revenue from customers	11,197	604	11,801
Inter-segment	—	11,086	11,086
Elimination of inter-segment revenue	—	—	(11,086)
Total revenue	11,197	11,690	11,801
Other revenue			
Interest revenue	—	1	1
Other revenue	—	—	—
Unallocated interest revenue	—	—	3
Total other revenue	—	1	4

Segment Results	Four months ended 30 April 2018		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment interest expense	—	—	—
Depreciation and amortisation	27	851	878
Segment result			
Pre-tax segment result	(2,846)	(1,248)	(4,094)
Income tax expense	—	—	—
Post tax segment result	(2,846)	(1,248)	(4,094)
Unallocated items:			
Corporate interest revenue			3
Elimination of inter-company debt forgiveness in segment results			—
Corporate costs			(1,160)
Finance costs			(96)
Reversal of rehabilitation			—
Elimination of inter-company interest expense and management fees in segment results			748
Profit/(Loss) after tax as per the Consolidated Statement of Profit or Loss			(4,599)

	As at 30 April 2018		
	Sweden	Finland	Total
Segment assets	21,845	24,061	45,906
Unallocated items: Other corporate assets ¹			2,199
Total assets			48,105

¹Other corporate assets predominately relate to cash held within the Australian parent of AUD0.3 million and prepayments of AUD1.8 million

	Sweden	Finland	Total
Segment acquisitions of non-current assets	98	2,356	2,454

	As at 30 April 2018			
	Australia	Sweden	Finland	Total
	2017	2017	2017	2017
	AUD'000	AUD'000	AUD'000	AUD'000
Non-current assets (excluding financial instruments) by geographic location . .	54	10,153	18,102	28,309
	Year ended 31 December 2017			
Segment Results	Sweden	Finland	Total	
	AUD'000	AUD'000	AUD'000	
Segment revenue				
Revenue from customers	36,007	5,263	41,270	
Inter-segment	—	35,524	35,524	
Elimination of inter-segment revenue	—	—	(35,524)	
Total revenue	36,007	40,787	41,270	
Other revenue				
Interest revenue	5	7	12	
Other revenue	—	122	122	
Unallocated interest revenue	—	—	40	
Total other revenue	5	129	174	
Segment interest expense	1	—	1	
Depreciation and amortisation	43	2,925	2,968	

Segment Results	Year ended 31 December 2017		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment result			
Pre-tax segment result	(6,417)	8,098	1,681
Income tax expense	—	—	—
Post tax segment result	<u>(6,417)</u>	<u>8,098</u>	<u>1,681</u>
Unallocated items:			
Corporate interest revenue			40
Elimination of inter-company debt forgiveness in segment results			—
Corporate costs			(4,475)
Finance costs			(5)
Reversal of rehabilitation			<u>—</u>
Elimination of inter-company interest expense and management fees in segment results			<u>2,176</u>
Profit/(Loss) after tax as per the Consolidated Statement of Profit or Loss			<u><u>(583)</u></u>

Segment Results	As at 31 December 2017		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment assets	21,924	25,568	47,492
Unallocated items:			
Other corporate assets ¹			<u>2,857</u>
Total assets			<u><u>50,349</u></u>

¹Other corporate assets predominately relate to cash held within the Australian parent of AUD1.1 million and prepayments of AUD1.6 million

Segment Results	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment acquisitions of non-current assets	15,073	15,196	30,269

Non-current assets (excluding financial instruments) by geographic location . .	As at 31 December 2017			
	Australia	Sweden	Finland	Total
	2017	2017	2017	2017
	AUD'000	AUD'000	AUD'000	AUD'000
	52	9,742	15,112	24,906

Segment Results	Year ended 31 December 2016		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment revenue			
Revenue from customers	46,286	8,753	55,039
Inter-segment	556	38,757	39,313
Elimination of inter-segment revenue	—	—	(39,313)
Total revenue	<u>46,842</u>	<u>47,510</u>	<u>55,039</u>
Other revenue			
Interest revenue	18	6	24
Other revenue	4	365	369
Unallocated interest revenue	—	—	90
Total other revenue	<u>22</u>	<u>371</u>	<u>483</u>
Segment interest expense	—	10	10
Depreciation and amortisation	24	3,575	3,599
Segment result			
Pre-tax segment result	(6,419)	8,108	1,689
Income tax expense	—	—	—
Post tax segment result	<u>(6,419)</u>	<u>8,108</u>	<u>1,689</u>
Unallocated items:			
Corporate interest revenue			—
Elimination of inter-company debt forgiveness in segment results			90
Corporate costs			(3,059)
Finance costs			(3)
Reversal of rehabilitation			4,500
Elimination of inter-company interest expense and management fees in segment results			<u>2,146</u>
Profit after tax as per the Consolidated Statement of Profit or Loss			<u>5,363</u>

As at 31 December 2016

Segment assets

Unallocated items:	15,541	29,240	44,781
Other corporate assets ¹			<u>5,651</u>
Total assets			<u>50,432</u>

¹Other corporate assets predominately relate to cash held within the Australian parent of AUD5.5 million

Segment acquisitions of non-current assets	13,372	11,025	24,397
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	Australia	Sweden	Finland	Total
	2016	2016	2016	2016
	AUD'000	AUD'000	AUD'000	AUD'000
Non-current assets (excluding financial instruments) by geographic location ..	52	8,139	10,890	19,091

The above non-current assets by geographic location is based on the location of the assets. Non-current assets disclosed above exclude any financial instruments held by the Group.

Year ended 31 December 2015

	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Segment revenue			
Revenue from customers	44,281	32,555	76,836
Inter-segment	—	21,154	21,154
Elimination of inter-segment revenue	—	—	<u>(21,154)</u>
Total revenue	<u>44,281</u>	<u>53,709</u>	<u>76,836</u>
Other revenue			
Interest revenue	31	—	31
Other revenue	—	552	552
Unallocated interest revenue	—	—	<u>120</u>
Total other revenue	<u>31</u>	<u>552</u>	<u>703</u>
Segment interest expense	<u>2</u>	—	<u>2</u>
Depreciation and amortisation	509	4,265	4,774
Impairment of property, plant and equipment	479	1,143	1,622
Impairment of mine properties	—	1,381	1,381

	Year ended 31 December 2015		
	Sweden	Finland	Total
	AUD'000	AUD'000	AUD'000
Impairment of buildings	138	—	138
Impairment of land	411	—	411
Unallocated depreciation			12
	<u>1,537</u>	<u>6,789</u>	<u>8,338</u>
Segment result			
Pre-tax segment result	(4,642)	5,763	1,121
Income tax expense	—	—	—
Post tax segment result	(4,642)	5,763	1,121
Unallocated items:			
Corporate interest revenue			120
Elimination of inter-company debt forgiveness in segment results			—
Other corporate income			58
Corporate costs			(880)
Finance costs			(6)
Elimination of inter-company interest expense and management fees in segment results			<u>2,150</u>
Profit after tax as per the Consolidated Statement of Profit or Loss			<u>2,563</u>

	As at 31 December 2015		
Segment assets	20,793	24,573	45,366
Unallocated items:			
Other corporate assets			<u>5,926</u>
Total assets			<u>51,292</u>

¹Other corporate assets predominately relate to cash held within the Australian parent of AUD5.7 million

Segment acquisitions of non-current assets	1,231	6,164	7,395
Unallocated items:			
Corporate and other acquisitions	—	—	2
	<u>1,231</u>	<u>6,164</u>	<u>7,397</u>

	Australia	Sweden	Finland	Total
	2015	2015	2015	2015
	AUD'000	AUD'000	AUD'000	AUD'000
Non-current assets (excluding financial instruments) by geographic location . .	54	6,858	7,946	14,858

The above non-current assets by geographic location is based on the location of the assets. Non-current assets disclosed above exclude any financial instruments held by the Group.

21 CONTINGENT ASSETS

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 million cash. The Hanhimaa Gold Project remains as an early stage exploration project as at 31 December 2017 and 30 April 2018 and therefore the company has not recognised any receivables from this agreement, as the risk of reversal is considered significant.

22 EXPENDITURE COMMITMENTS

(a) Exploration commitments

Due to the nature of the Group'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 in order to retain present interests in the mineral tenements. Expenditure commitments on mineral tenure for the Group 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.

	As at 31 December			As at 30 April
	2015	2016	2017	2018
	AUD'000	AUD'000	AUD'000	AUD'000
Within one year	63	47	43	30
One year or later and no later than five years	289	204	206	151
	<u>352</u>	<u>251</u>	<u>249</u>	<u>181</u>

(b) Capital commitments

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within one year	—	—	—	—
	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(c) Operating lease expense commitments

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within one year	38	40	71	41
One year or later and no later than five years	101	125	—	—
	<u>139</u>	<u>165</u>	<u>71</u>	<u>41</u>

(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:

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Within one year	511	353	300	300
	<u>511</u>	<u>353</u>	<u>300</u>	<u>300</u>

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and executives referred to in note 26 Directors Remuneration that are not recognised as liabilities and are not included in the Directors' or executives' remuneration.

23 SHARE-BASED PAYMENT PLANS Director and executive share options

Director and executive Share Options

An employee option plan ("Plan") has been established whereby executives and members of staff of the Group are granted options over the ordinary shares of the Company. Options previously granted under this Plan were granted for nil consideration and in accordance with the terms and conditions of the shareholder approved Group Incentive Option Plan. Options do not provide any dividend or voting rights and are not quoted on any stock exchange.

On 13 March 2015, the Company announced that 120,000 unlisted options held by former employees of the Company lapsed unexercised due to the retirement and resignation of the applicable employees. At 31 December 2015 and 31 December 2016 and 31 December 2017 and 30 April 2018, the Company has no options in issue.

(i) Balance at end of the period

The following table reconciles the outstanding share options granted at the beginning and the end of the period:

WAEP = weighted average exercise price

	2015		2016	
	Number	WAEP	Number	WAEP
Balance at beginning of year	120,000	AUD1.45	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Lapsed	(120,000)	AUD1.45	—	—
Balance at end of year	—	—	—	—
Exercisable at the end of year	—	—	—	—

	Year ended 31 December		
	2015	2016	2017
	AUD'000	AUD'000	AUD'000
Expense for employee options which vested during the year	—	—	—

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 the 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 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.

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, credit allowances, and future cash flow forecast projections.

(b) Instruments recognised at amounts other than fair value

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

(c) Fair values for instruments recognised at fair value

The fair values of the financial instruments as well as methods used to estimate the fair market value are summarised in the table below.

	As at December 2015				
	Quoted market price (Level 1)	Valuation technique — market observable inputs (Level 2)	Valuation technique — non market observable inputs (Level 3)	Total	
		AUD'000	AUD'000		AUD'000
		AUD'000	AUD'000		AUD'000
Available-for sale financial assets	213	—	—	213	

	As at 30 April 2018				
	Quoted market price (level 1)	Valuation technique- market observable inputs (Level 2)	Valuation technique- non market observable inputs (Level 3)	Total	
		AUD'000	AUD'000		AUD'000
		AUD'000	AUD'000		AUD'000
Trade receivables at fair value through profit and loss (b)	—	332	—	332	

(a) No available-for-sale financial assets were held as at 31 December 2016, 31 December 2017 or 30 April 2018.

(b) 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 estimating the present value of the final settlement price using the LME forward metals prices at balance date. The embedded derivative in 2015, 2016 and 2017 was not material.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices (Level 1).

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).

The fair values of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that are not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk are not observable, the derivative would be classified as based on non-observable market inputs (Level 3).

There were no transfers between Level 1 and Level 2 during any of the Relevant Periods.

(d) **Credit risk**

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

Credit risk is managed on a Group basis. Credit risk predominately arises from cash, cash equivalents, deposits with banks and financial institutions and gold concentrate receivables.

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 the Board approval.

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 or not impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	2018
				AUD'000
Cash and cash equivalents				
<i>Counterparties with external credit ratings</i>				
AA-	13,827	15,337	6,609	849
A+	—	—	—	—
A	69	70	—	—
A-	—	—	—	—
Total cash and cash equivalents	<u>13,896</u>	<u>15,407</u>	<u>6,609</u>	<u>849</u>
Trade and other receivables				
<i>Counterparties without external credit ratings</i>				
Counterparties with no defaults in the past	<u>9,312</u>	<u>3,696</u>	<u>2,581</u>	<u>2,739</u>
Total trade and other receivables	<u>9,312</u>	<u>3,696</u>	<u>2,581</u>	<u>2,739</u>
Environmental and other bonds				
<i>Counterparties with external credit ratings</i>				
AAA	5,786	5,306	5,415	5,302
A+	—	—	—	—
A-	—	—	—	—
Total environmental and other bonds	<u>5,786</u>	<u>5,306</u>	<u>5,415</u>	<u>5,302</u>

(e) Interest rate risk

At the end of each of the reporting periods, the Group had the following financial assets and liabilities exposed to variable interest rate risk that are not designated as cash flow hedges:

	31 December 2015				31 December 2016			
	Floating interest rate	Non-interest bearing	Total	Average int. rate %	Floating interest rate	Non-interest bearing	Total	Average int. rate %
	AUD'000	AUD'000	AUD'000		AUD'000	AUD'000	AUD'000	
Financial assets								
Cash and cash equivalents . .	13,896	—	13,896	1.37	15,407	—	15,407	0.67
Environmental bonds	5,786	—	5,786	—	5,306	—	5,306	—
	<u>19,682</u>	<u>—</u>	<u>19,682</u>		<u>20,713</u>	<u>—</u>	<u>20,713</u>	
	31 December 2017				30 April 2018			
	Floating interest rate	Non-interest bearing	Total	Average int. rate %	Floating interest rate	Non-interest bearing	Total	Average int. rate %
	AUD'000	AUD'000	AUD'000		AUD'000	AUD'000	AUD'000	
Financial assets								
Cash and cash equivalents . .	6,609	—	6,609	0.61	849	—	849	0.60
Environmental bonds	5,415	—	5,415	—	5,302	—	5,302	—
	<u>12,024</u>	<u>—</u>	<u>12,024</u>		<u>6,151</u>	<u>—</u>	<u>6,151</u>	

The Group'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 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 dollar exposes the Group to risks related to movements in the USD:SEK and USD:EUR exchange rates.

The Group's interest bearing liabilities are in Hong Kong Dollars (HKD) and exposes the Group to movements in the AUD : HKD exchange rate.

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. For all the periods presented the Group did not enter into or hold any foreign exchange forwards.

The Group's financial performance is also affected by movements in the AUD:SEK and AUD:EUR exchange rates. In accordance with the requirements of the IFRSs, exchange gains and losses on intercompany loans that do not form part of the Group's net investment in foreign operations are recognised in the Consolidated Statements of Profit or Loss.

At the end of each period, the Group had the following exposure to foreign currencies:

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
USD exposure				
<i>Entity with Euro functional currency</i>				
Cash and cash equivalents	1,551	6,524	2,511	2
<i>Entity with Euro functional currency</i>				
Trade and other receivables	9,246	5,004	9,984	9,404
<i>Entity with SEK functional currency</i>				
Cash and cash equivalents	—	—	—	57
<i>Entity with SEK functional currency</i>				
Trade and other receivables	—	—	—	1,146
<i>Entity with SEK functional currency</i>				
Trade payables	(24)	(471)	(6,835)	(6,157)
Net USD Exposure	<u>10,773</u>	<u>11,057</u>	<u>5,660</u>	<u>4,452</u>
Euro exposure				
<i>Entity with AUD functional currency</i>				
Intercompany loan	31,235	28,382	26,242	26,029
<i>Entity with SEK functional currency</i>				
Cash and cash equivalents	—	—	28	1
<i>Entity with SEK functional currency</i>				
Trade and other receivables	—	—	(25)	91
Net Euro Exposure	<u>31,235</u>	<u>28,382</u>	<u>26,245</u>	<u>26,121</u>
AUD exposure				
<i>Entity with SEK functional currency</i>				
Cash and cash equivalents	4,611	2,214	909	1
<i>Entity with EUR functional currency</i>				
Cash and cash equivalents	—	—	—	1
<i>Entity with EUR functional currency</i>				
Trade and other receivables	—	—	360	359
Net AUD Exposure	<u>4,611</u>	<u>2,214</u>	<u>1,269</u>	<u>361</u>
SEK exposure				
<i>Entities with AUD functional currency</i>				
Intercompany loans	<u>7,304</u>	<u>8,751</u>	<u>12,303</u>	<u>10,774</u>
Net SEK Exposure	<u>7,304</u>	<u>8,751</u>	<u>12,303</u>	<u>10,774</u>
HKD exposure				
<i>Entities with AUD functional currency</i>				
Interest bearing	—	—	—	<u>3,029</u>

For all periods presented, the Group did not enter into or hold any foreign exchange derivatives.

(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) are used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. Within this context the programs undertaken are structured with the objective of maximising the Group's revenue from gold sales, but in any event, limiting derivative commitments to no more than 50% of the Group's gold reserves.

The Group is exposed to commodity price volatility on the sale of concentrate. Refer to note 2(f) for the accounting policy for trade receivables relating to concentrate. The exposure during the track record period was not material.

For all the periods presented, the Group did not enter into or hold any commodity derivatives.

(h) SENSITIVITY ANALYSIS

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk, foreign exchange risk and gold price 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 period ended 30 April 2018 and the years ended 31 December 2015, 2016 and 2017.

31 December 2015

	Notes	Interest rate risk		Interest rate risk	
		-1%		+1%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents . . .	i	(139)	(139)	139	139
Government bonds	iv	(58)	(58)	58	58
Total (decrease)/increase . . .		<u>(197)</u>	<u>(197)</u>	<u>197</u>	<u>197</u>

31 December 2016

	Notes	Interest rate risk		Interest rate risk	
		-1%		+1%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents ...	i	(154)	(154)	154	154
Government bonds	iv	(53)	(53)	53	53
Total (decrease)/increase ...		<u>(207)</u>	<u>(207)</u>	<u>207</u>	<u>207</u>

31 December 2017

	Notes	Interest rate risk		Interest rate risk	
		-1%		+1%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents ...	i	(66)	(66)	66	66
Government bonds	iv	(54)	(54)	54	54
Total (decrease)/increase ...		<u>(120)</u>	<u>(120)</u>	<u>120</u>	<u>120</u>

30 April 2018

	Notes	Interest rate risk		Interest rate risk	
		-1%		+1%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents ...	i	(8)	(8)	8	8
Government bonds	iv	(53)	(53)	53	53
Total (decrease)/increase ...		<u>(62)</u>	<u>(62)</u>	<u>62</u>	<u>62</u>

31 December 2015

	Note	Foreign exchange		Foreign exchange	
		-10%		+10%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents . . .	i	158	158	(158)	(158)
Trade and other receivables . .	ii	925	925	(925)	(925)
Intercompany loans	iii	856	856	(856)	(856)
Total increase/(decrease) . . .		<u>4,937</u>	<u>4,937</u>	<u>(4,937)</u>	<u>(4,937)</u>

31 December 2016

	Note	Foreign exchange		Foreign exchange	
		-10%		+10%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents . . .	i	679	679	(679)	(679)
Trade and other receivables . .	ii	500	500	(500)	(500)
Intercompany loans	iii	944	944	(944)	(944)
Total increase/(decrease) . . .		<u>4,892</u>	<u>4,892</u>	<u>(4,892)</u>	<u>(4,892)</u>

31 December 2017

	Note	Foreign exchange		Foreign exchange	
		-10%		+10%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents . . .	i	254	254	(254)	(254)
Trade and other receivables . .	ii	998	998	(998)	(998)
Intercompany loans	iii	1,230	1,230	(1,230)	(1,230)
Total increase/(decrease) . . .		<u>2,483</u>	<u>2,483</u>	<u>(2,483)</u>	<u>(2,483)</u>

30 April 2018

	Note	Foreign exchange		Foreign exchange	
		-10%		+10%	
		Profit	Equity	Profit	Equity
		AUD'000	AUD'000	AUD'000	AUD'000
Financial assets					
Cash and cash equivalents . . .	i	6	6	(6)	(6)
Trade and other receivables . .	ii	187	187	(187)	(187)
Intercompany loans	iii	<u>4,247</u>	<u>4,247</u>	<u>(4,247)</u>	<u>(4,247)</u>
Total increase/(decrease) . . .		<u>4,440</u>	<u>4,440</u>	<u>(4,440)</u>	<u>(4,440)</u>
Financial liabilities					
Interest bearing liabilities	v	<u>(100)</u>	<u>(100)</u>	<u>100</u>	<u>100</u>
Total increase/(decrease) . . .		<u>(100)</u>	<u>(100)</u>	<u>100</u>	<u>100</u>

- i. Cash and cash equivalents include deposits at call at floating and short-term fixed interest rates.
- ii. Trade receivables at 30 April 2018 consisting of gold concentrate receivables denominated in USD are AUD0.3 million (31 December 2017: AUD1.6 million; 31 December 2016: AUD2.3 million; 31 December 2015: AUD8.2 million).
- iii. Intercompany loans are denominated in AUD, SEK and EUR. Though these loans are eliminated upon consolidation, changes in the value of the loans due to movements in exchange rates will have an effect on the consolidated results, since in accordance with IFRSs, 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 profit or loss.
- iv. Interest bearing environmental cash bonds that have historically been deposited with Swedish and Finnish government entities.
- v. Interest bearing liabilities consists of the draw down on the unsecured Loan Facility with AP Finance which is denominated in HKD.

(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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and equity raisings.

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

	As at 31 December			As at
	2015	2016	2017	30 April
	AUD'000	AUD'000	AUD'000	AUD'000
Within one year	6,839	6,902	5,942	4,526
One year or later and no later than five years	—	—	—	3,154
	<u>6,839</u>	<u>6,902</u>	<u>5,942</u>	<u>7,680</u>

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flows. The information that is prepared by senior management and reviewed by the Board includes:

- Annual cash flow budgets;
- Five year cash flow forecasts; and
- Monthly rolling cash flow forecasts.

25 SIGNIFICANT EVENTS AFTER THE RELEVANT PERIODS

Update on Hong Kong dollar denominated AUD6 million unsecured Loan Facility with AP Finance Limited ("Loan Facility")

On 27 March 2018, the Company extended the repayment date of its Loan Facility from 15 February 2019 to 31 October 2019, all other terms and conditions remain unchanged.

On 27 August 2018, the repayment date was revised from 31 October 2019 to 31 December 2019, all other terms and conditions remain unchanged.

The Company has made the following drawdowns from, and voluntary prepayments to, its Loan Facility. The drawdowns were used to fund existing development projects and provide additional working capital:

- On 14 March 2018, the Company drew down AUD2 million;
- On 12 April 2018, the Company drew down AUD1 million;
- On 10 and 15 May 2018 the Company drew down a further AUD2 million, AUD1 million of which was voluntarily prepaid on 25 May 2018;

- On 4 June, 20 July, 17 August and 10 September 2018, the Company drew down a further AUD1 million each.

The Loan Facility drawdowns were used to fund existing development projects and provide additional working capital. On 5 June 2018, the Company increased the Loan Facility by AUD2 million, and on 27 August 2018, increased the Loan Facility by an additional AUD4 million leaving AUD5 million in undrawn funds remaining.

Update on Fäboliden test mining permit

On 23 November 2017, the County Administration Board ("CAB") granted the Fäboliden Test Mining Permit ("Permit") to the Company subject to a number of conditions. On 28 December 2017, an appeal against the Permit was received by the CAB from Naturskyddsföreningen, a local nature conservation NGO in Lycksele.

On 18 April 2018, the Company advised that the appeal had been rejected by the Swedish Land and Environmental Court and on 11 May 2018, the Permit had gained legal force enabling the Company to progress test mining activities at Fäboliden.

Update on Orivesi Appeal

On 13 June 2018, the Company advised that the Vaasa Administrative Court rejected the appeal by the Company and the Centre for Economic Development, Transport and the Environment of Pirkanmaa ("ELY") against the rejection by the Western and Inland Finland Regional State Administrative Office ("AVI") of the Company's new Environmental Permit for the Orivesi Gold mine in Finland.

On 11 July 2018, the Company and the Centre Centre for Economic Development, Transport and the Environment of Pirkanmaa each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland in relation to the rejection of the Company's new Environmental Permit for the Orivesi Gold Mine ("Orivesi") in southern Finland by the Western and Inland Finland Regional State Administrative Office. The ruling by AVI is not binding until the appeals have been processed by the courts. Until then, Orivesi can operate under its current permit.

26 DIRECTORS' REMUNERATION

The prescribed remuneration of each of the Company's directors for the reporting periods is set out below:

		Directors	Superannuation and pension			Total
		Fees	Salary	Bonuses	benefits	Remuneration
		AUD	AUD	AUD	AUD	AUD
Directors						
Mr AG Dew	Period ended 30 April 2018	30,000	—	—	2,850	32,850
(Non-Executive	Year ended 31 December 2017	90,000	—	—	8,550	98,550
Chairman) Appointed	Year ended 31 December 2016	90,000	—	—	8,550	98,550
7 February 2014	Year ended 31 December 2015	77,500	—	—	7,363	84,863
Mr BR Smith (Executive	Period ended 30 April 2018	—	100,000	200,000	28,500	328,500
Director) Appointed 7	Year ended 31 December 2017	—	300,000	82,393	36,327	418,720
February 2014	Year ended 31 December 2016	—	350,000	—	33,250	383,250
	Year ended 31 December 2015	—	440,148	200,000	57,950	698,098
Mr CC Procter	Period ended 30 April 2018	10,833	—	—	1,029	11,862
(Non-Executive	Year ended 31 December 2017	30,000	—	—	2,850	32,850
Director) Appointed	Year ended 31 December 2016	30,000	—	—	2,850	32,850
19 May 2015	Year ended 31 December 2015	18,548	—	—	1,762	20,310
Former Directors						
Mr Gunzburg	Year ended 31 December 2017	—	—	—	—	—
(Non-Executive	Year ended 31 December 2016	—	—	—	—	—
Director) Resigned	Year ended 31 December 2015	12,500	—	—	1,188	13,688
19 May 2015						
Total Directors'	Period ended 30 April 2018	40,833	100,000	200,000	32,379	373,212
Remuneration	Year ended 31 December 2017	120,000	300,000	82,393	47,727	550,120
	Year ended 31 December 2016	120,000	350,000	—	44,650	514,650
	Year ended 31 December 2015	108,548	440,148	200,000	68,263	816,959

There was no arrangement under which a director waived or agreed to waive any remuneration during the reporting periods.

27 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 April 2018.

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

A. UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

In accordance with the Australian Securities Exchange (“ASX”) Listing Rules and the *Corporations Act 2001*, Dragon Mining Limited is required to publish its interim financial results on a bi-annual basis.

The information set out in this Appendix IB does not form part of the Accountants’ Report prepared by the reporting accountants of the Company, Ernst & Young Chartered Accountants, Perth, as set out in Appendix IA to this prospectus, and is included herein for information only.

The following is the unaudited interim condensed financial information, which comprises the unaudited consolidated interim statement of financial position as at 30 June 2018; the unaudited consolidated interim statement of profit or loss, the unaudited consolidated interim statement of other comprehensive income; the unaudited consolidated interim statement of cash flows and the unaudited consolidated interim statement of changes in equity for the six months ended 30 June 2018; and certain explanatory notes, prepared in accordance with AASB 134 *Interim Financial Reporting* issued by the Australian Accounting Standards Board for the purpose of inclusion in this prospectus.

There are no material differences between the interim condensed financial information of Dragon Mining Limited when prepared under the Australian Accounting Standards AASB 134 *Interim Financial Reporting* and International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For the six months ended	
		30 June	
		2017	2018
		AUD'000	AUD'000
Revenue from customers		19,422	19,742
Cost of sales	3(b)	(18,200)	(21,917)
Gross (loss)/profit		1,222	(2,175)
Other revenue	3(a)	144	4
Other income	3(a)	39	19
Exploration expenditure		(137)	(30)
Management and administration expenses	3(c)	(1,640)	(1,846)
Other expenses	3(c)	(232)	(34)
Finance costs	3(d)	(8)	(51)
Foreign exchange loss		(56)	(782)
Hong Kong listing costs		(2,130)	(406)
Loss before tax		(2,798)	(5,301)
Income tax expense		—	—
Loss after income tax		(2,798)	(5,301)
Earnings per share attributable to ordinary equity holders of the company (cents per share)			
Basic loss per share		(3.15)	(5.97)
Diluted loss per share		(3.15)	(5.97)

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 June	
	2017	2018
Note	AUD'000	AUD'000
Loss for the period after income tax (brought forward)	(2,798)	(5,301)
Other comprehensive income —		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Gain on foreign currency translation	394	456
Net other comprehensive loss for the period after tax	<u>(2,404)</u>	<u>(4,845)</u>
Loss attributable to:		
Owners of the company	<u>(2,798)</u>	<u>(5,301)</u>
	<u>(2,798)</u>	<u>(5,301)</u>
Total comprehensive loss attributable to:		
Owners of the Company	<u>(2,404)</u>	<u>(4,845)</u>
	<u>(2,404)</u>	<u>(4,845)</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2017 AUD'000	As at 30 June 2018 AUD'000
Current Assets			
Cash and cash equivalents		6,609	2,926
Trade and other receivables	4	2,581	3,106
Inventories	5	9,110	8,140
Other assets	6	1,728	1,946
Total Current Assets		<u>20,028</u>	<u>16,118</u>
Non-Current Assets			
Property, plant and equipment	7	19,344	23,586
Mineral evaluation costs	8	5,562	6,699
Other assets		5,415	5,250
Total Non-Current Assets		<u>30,321</u>	<u>35,535</u>
Total Assets		<u>50,349</u>	<u>51,653</u>
Current Liabilities			
Trade and other payables		5,840	5,919
Provisions	9	2,215	1,993
Other liabilities		101	129
Total Current Liabilities		<u>8,156</u>	<u>8,041</u>
Non-Current Liabilities			
Provisions	9	10,834	11,998
Interest bearing liabilities	10	—	5,100
Total Non-Current Liabilities		<u>10,834</u>	<u>17,098</u>
Total Liabilities		<u>18,990</u>	<u>25,139</u>
Net Assets		<u>31,359</u>	<u>26,514</u>
Equity			
Contributed equity	13	119,992	119,992
Reserves		(1,643)	(1,187)
Accumulated losses		(86,990)	(92,291)
Total Equity		<u>31,359</u>	<u>26,514</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Accumulated Losses	Foreign Currency Translation	Other Reserve	Equity Reserve — Purchase of Non-controlling interests	Total
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 31 December 2017 . . .	119,992	(86,990)	(4,780)	2,068	1,069	31,359
Loss for the period	—	(5,301)	—	—	—	(5,301)
Other comprehensive profit	—	—	456	—	—	456
Total comprehensive profit/(loss) for the period	<u>—</u>	<u>(5,301)</u>	<u>456</u>	<u>—</u>	<u>—</u>	<u>(4,845)</u>
At 30 June 2018	<u>119,992</u>	<u>(92,291)</u>	<u>(4,324)</u>	<u>2,068</u>	<u>1,069</u>	<u>26,514</u>
At 31 December 2016 . . .	119,992	(86,407)	(5,907)	2,068	1,069	30,815
Loss for the period	—	(2,798)	—	—	—	(2,798)
Other comprehensive Profit	—	—	394	—	—	394
Total comprehensive profit/(loss) for the period	<u>—</u>	<u>(2,798)</u>	<u>394</u>	<u>—</u>	<u>—</u>	<u>(2,404)</u>
At 30 June 2017	<u>119,992</u>	<u>(89,205)</u>	<u>(5,513)</u>	<u>2,068</u>	<u>1,069</u>	<u>28,411</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	For the six months ended	
		30 June	
		2017	2018
		AUD'000	AUD'000
Cash flows from operating activities			
Receipts from customers		21,628	19,447
Payments to suppliers and employees		(24,318)	(22,563)
Payments for mineral exploration		(335)	(45)
Interest received		30	4
Interest paid		(1)	(19)
Net cash used in operating activities		<u>(2,996)</u>	<u>(3,176)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,650)	(1,789)
Proceeds from bonds held on deposit		17	8
Payments for development of mine properties		<u>(3,013)</u>	<u>(3,556)</u>
Net cash used by investing activities		<u>(4,646)</u>	<u>(5,337)</u>
Cash flows from financing activities			
Prepaid share issue costs		(622)	(355)
Proceeds from borrowings	10	<u>—</u>	<u>5,000</u>
Net cash proceeds (used in)/from financing activities		<u>(622)</u>	<u>4,645</u>
Net decrease in cash and cash equivalents		<u>(8,264)</u>	<u>(3,868)</u>
Cash and cash equivalents at the beginning of the period		15,407	6,609
Effects of exchange rate changes on cash and cash equivalents		<u>(405)</u>	<u>185</u>
Cash and cash equivalents at the end of the period		<u><u>6,738</u></u>	<u><u>2,926</u></u>

NOTES TO THE FINANCIAL STATEMENTS**1. Corporate Information**

The consolidated interim financial report of Dragon Mining Limited and its controlled entities (“consolidated entity” or the “Group”) for the half year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 28 August 2018.

Dragon Mining Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on Australian Securities Exchange.

2. Basis of Preparation and changes to the Group’s Accounting Policies**(2.1) Basis of Preparation**

The consolidated interim financial statements for the half year ended 30 June 2018 are condensed general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The consolidated interim financial report should be read in conjunction with the annual report for the year ended 31 December 2017 and considered together with any public announcements made by Dragon Mining Limited during the half year ended 30 June 2018 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

(2.2) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group has applied for the first time, AASB 15 *Revenue from Contracts with Customers* (“AASB 15”) and AASB 9 *Financial Instruments* (“AASB 9”). The revised accounting policies arising from the adoption of AASB 15 and AASB 9 are summarised in Note 2.3. Several other amendments and interpretations apply for the first time in 2018, but did not have an impact on the interim consolidated financial statements of the Group.

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

AASB 15

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach. In this regard, the Group has applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

All customer contracts in force throughout the period have been reviewed and assessed and it was determined that the adoption of AASB 15 had no significant impact on the recognition and measurement of revenue. The accounting policy presented in Note 2.3(a) has been updated to reflect the application of AASB 15.

AASB 9

The Group has adopted AASB 9 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. Accordingly, consistent accounting policies have not been applied throughout the Relevant Periods. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139"), and brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policy presented in Note 2.3(b) has been updated to reflect the application of AASB 9 for the period from 1 January 2018.

Measurement and classification

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

At the date of initial application, existing financial assets and liabilities of the Group have been assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139 (i.e. prior to 31 December 2017)	New measurement category under AASB 9 (i.e. from 1 January 2018)
Cash and cash equivalents . . .	Loans and receivables	Financial assets at amortised cost
Trade receivables — concentrate sales	Host contract — loans and receivables Embedded derivative — at fair value through profit and loss	Financial assets at fair value through profit and loss
Trade receivables- other.	Loans and receivables	Financial assets at amortised cost
Other Receivables	Loans and receivables	Financial assets at amortised cost
Bonds and deposits	Loans and receivables	Financial assets at amortised cost
Intercompany loans.	Loans and receivables	Financial assets at amortised cost
Trade and other payables.	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities.	Financial liability at amortised cost	Financial liability at amortised cost

The reclassification of financial instruments did not have a significant measurement impact on the financial statements.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to

measure the loss allowance at an amount equal to lifetime expected credit loss (“ECL”) if the credit risk on the instrument has increased significantly since initial recognition. Where the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The Group’s existing financial assets carried at amortised cost were reviewed and assessed for impairment at 1 January 2018 using reasonable and supportable information. With respect to bonds and cash balances these items were assessed to have a low credit risk as they are held by reputable institutions with high credit ratings. The ECL on other receivables is not considered to be material.

Hedging

The Group does not apply hedge accounting.

(2.3) Summary of revised significant accounting policies

(a) Revenue

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 transferred to the customer.

Concentrate sales

Concentrate is sold to a third-party through a delivery-at-place 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 measured in accordance with the policy at note 2.2.

Bullion sales

Bullion is sold on the market through the Group’s metal account. Revenue is recognised in accordance with the price and quantity specified in the sales contract when the delivery obligations have been met.

(b) Trade and Other Receivables — policy applicable from 1 January 2018

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. 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 losses 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 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.

(2.4) Other significant accounting policies

The following accounting policy has been adopted by the Group since the annual report for the year ended 31 December 2017:

(a) Interest bearing liabilities

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 taking into account any issue costs, and any discount or premium on settlement.

(2.5) Significant Accounting Judgement**(a) Share Issue Costs**

Listing costs totalling \$5.881 million have been incurred up to 30 June 2018, with \$1.832 million relating to the proposed issue of new shares being recognised as a prepayment at 30 June 2018 and \$0.406 million being expensed to the profit and loss for the six months ended 30 June 2018.

The incurred costs capitalised as a prepayment have been assessed by management as being directly attributable to the proposed issue of new shares and will be transferred to contributed equity on the date when the shares are issued. Where costs have been jointly incurred for the listing of existing shares and the issue of new shares, the costs have been allocated based on the proportion of the projected number of new shares issued to the number of total shares. Costs that are related to the Hong Kong listing have been expensed as incurred.

Listing costs recognised as a prepayment will be written off to the profit and loss if the likelihood of the share issue is no longer probable.

(b) Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered as this is the point in time that the Group's performance obligations have been met.

Adjustments are made for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

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.

3. Other Revenue, Income, and Expenses

	For the six months ended 30 June	
	2017	2018
	AUD'000	AUD'000
(a) Other Revenue		
Finance revenue and interest	30	4
Other revenue	153	19
	<u>183</u>	<u>23</u>
(b) Cost of Sales		
Cost of production net of inventory movements ¹	16,608	20,535
Depreciation of mine properties, plant and equipment	1,592	1,382
	<u>18,200</u>	<u>21,917</u>
¹ Cost of production net of inventory movements		
Mining	12,227	12,038
Processing	3,731	7,860
Other production activities	650	637
Cost of production net of inventory movements	<u>16,608</u>	<u>20,535</u>
(c) Other expenses		
Management and administration expenses	1,640	1,846
Depreciation of non-mine site assets	33	34
Exploration write off	199	—
	<u>1,872</u>	<u>1,880</u>
(d) Finance costs		
Interest	1	43
Other	7	8
	<u>8</u>	<u>51</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

4. Trade and Other Receivables

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Current		
- Trade receivables	1,556	—
- Trade receivables — Fair value through profit and loss	—	322
- Trade receivables — amortised cost ⁽ⁱ⁾	—	1,300
- Other receivables	1,025	1,484
	<u>2,581</u>	<u>3,106</u>

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

5. Inventories

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Work in progress		
- Ore and concentrate stockpiles — at cost	4,337	3,634
- Gold in circuit — at NRV	3,889	3,455
- Raw materials and stores — at cost	884	1,051
	<u>9,110</u>	<u>8,140</u>

In accordance with its accounting policy, the Company has stated inventories at the lower of cost or net realisable value (“NRV”).

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

6. Other assets

	31 December 2017	30 June 2018
	AUD'000	AUD'000
Current		
Prepayments	1,728	1,946
	<u>1,728</u>	<u>1,946</u>

To 30 June 2018, the Company has incurred \$1.832 million of costs in relation to the issue of new shares as part of the Company's proposed listing on the Stock Exchange. These costs have been recognised as a prepayment and will be transferred to contributed equity when the shares are issued. The Company received shareholders' approval on 2 May 2017 to issue up to 50 million shares at an issue price of no less than AUD0.35 per Share, by means of a public offer.

7. Property, Plant and Equipment

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
(a) Land		
Gross carrying amount at cost	1,334	1,343
(b) Buildings		
Gross carrying amount at cost	2,422	2,475
Less accumulated depreciation and impairment	(1,809)	(1,860)
Net carrying amount	<u>613</u>	<u>615</u>
(c) Property, Plant and Equipment		
Gross carrying amount at cost	31,609	31,972
Less accumulated depreciation and impairment	(29,152)	(29,756)
Net carrying amount	<u>2,457</u>	<u>2,216</u>
(d) Mine properties		
Gross carrying amount at cost	99,978	105,941
Less accumulated depreciation and impairment	(85,038)	(86,529)
Net carrying amount	<u>14,940</u>	<u>19,412</u>
Total Property, Plant and Equipment	<u><u>19,344</u></u>	<u><u>23,586</u></u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

8. Mineral Evaluation

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Mineral evaluation		
At cost	5,562	6,699
	<u>5,562</u>	<u>6,699</u>

9. Provisions

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Current		
Employee entitlements	2,138	1,899
Rehabilitation	—	—
Other	77	94
	<u>2,215</u>	<u>1,993</u>
Non-current		
Employee entitlements	34	35
Rehabilitation	10,800	11,963
	<u>10,834</u>	<u>11,998</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

10. Interest Bearing Liabilities

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Non-Current Loan Facility		
Opening balance	—	—
<i>Cash</i>		
Drawdowns.....	—	6,000
Repayments.....		(1,000)
<i>Non-cash</i>		
Revaluation	—	100
Closing balance.....	—	5,100

In February 2017, the Group entered into a Hong Kong Dollar denominated unsecured loan facility with AP Finance Limited (“Loan Facility”) for the AUD equivalent of 6.0 million. The Loan Facility was amended in March 2018 to extend the repayment date to 31 October 2019. In June 2018, the Loan Facility was amended to increase the Loan Facility to AUD8.0 million.

The Company has agreed with AP Finance Limited that the March draw down of \$2.0 million will be repayable in Australian Dollars. The rest of the facility remains repayable in Hong Kong Dollars. As at 30 June 2018, AUD3.0 million remains undrawn.

As at 30 June 2018:

AP Finance Limited	Interest rate	Maturity	HKD'000	AUD'000
Australian Dollar denominated draw downs.....	4%	31 October 2019	—	2,000
Hong Kong Dollar denominated draw downs.....	4%	31 October 2019	17,961	3,100
				5,100

Refer to note 14 for significant changes in interest bearing liabilities subsequent to 30 June 2018.

11. Dividends Paid or Provided For

There were no dividends paid or provided for during the period.

12. Segment Reporting

The Group has identified its operating segments to be Sweden and Finland, on the basis of geographical location, different national regulatory environments and different end products. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produced gold bullion from the processing of internally purchased concentrate. Dragon Mining Oy in Finland produced gold concentrate from the Orivesi and Jokisivu Gold Mines. During the period, 100% of the Jokisivu concentrate was purchased by Dragon Mining (Sweden) AB.

The accounting policies used by the Group in reporting segments are the same as in the prior reporting period ending 31 December 2017.

Disaggregation of revenue

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 third party financial institutions.

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

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

	For the six months ended 30 June 2018			
	Sweden	Finland	Unallocated	Total
	AUD'000	AUD'000	AUD'000	AUD'000
Segment revenue				
Revenue from customers	17,980	1,762	—	19,742
Inter-segment	—	16,201	—	16,201
Elimination of inter-segment revenue	—	—	(16,201)	(16,201)
Total revenue	<u>17,980</u>	<u>17,963</u>	<u>(16,201)</u>	<u>19,742</u>
Interest revenue	—	1	—	1
Other revenue	—	—	—	—
Unallocated interest revenue	—	—	3	3
Total other revenue	<u>—</u>	<u>1</u>	<u>3</u>	<u>4</u>
Depreciation and amortisation	40	1,341	—	1,382
Segment result				
Pre-tax segment result	(4,681)	(405)	—	(5,086)
Income tax expense	—	—	—	—
Post tax segment result	<u>(4,681)</u>	<u>(405)</u>	<u>—</u>	<u>(5,086)</u>
Unallocated items:				
Corporate interest revenue				3
Corporate costs				(1,664)
Finance costs				(47)
Elimination of inter-company interest expense, debt forgiveness and management fees in segment results				<u>1,493</u>
Loss after tax as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income				<u><u>(5,301)</u></u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

	For the six months ended 30 June 2017			
	Sweden	Finland	Unallocated	Total
	AUD'000	AUD'000	AUD'000	AUD'000
Segment revenue				
Revenue from customers	18,157	1,265	—	19,422
Inter-segment	—	17,586	—	17,586
Elimination of inter-segment revenue	—	—	(17,586)	(17,586)
Total revenue	<u>18,157</u>	<u>18,851</u>	<u>(17,586)</u>	<u>19,422</u>
Interest revenue	1	2	—	3
Other revenue	—	153	—	153
Unallocated interest revenue	—	—	27	27
Total other revenue	<u>1</u>	<u>155</u>	<u>27</u>	<u>183</u>
Depreciation and amortisation	20	1,603	—	1,623
Segment result				
Pre-tax segment result	(2,788)	2,086	—	(702)
Income tax expense	—	—	—	—
Post tax segment result	<u>(2,788)</u>	<u>2,086</u>	<u>—</u>	<u>(702)</u>
<i>Unallocated items:</i>				
Corporate interest revenue				28
Corporate costs				(3,187)
Finance costs				(3)
Elimination of inter-company interest expense, debt forgiveness and management fees in segment results				<u>1,066</u>
Profit after tax as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income				<u><u>(2,798)</u></u>

The following table presents segment assets of the Group's operating segments as at 30 June 2018 and 31 December 2017:

	Sweden	Finland	Australia	Total
	AUD'000	AUD'000	AUD'000	AUD'000
Segment Non-Current assets				
At 30 June 2018	<u>16,820</u>	<u>18,661</u>	<u>54</u>	<u>35,535</u>
At 31 December 2017	<u>15,073</u>	<u>15,196</u>	<u>52</u>	<u>30,321</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

13. Contributed Equity

	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017	As at 30 June 2018
	Number of Shares		AUD'000	
Share Capital				
Ordinary shares, fully paid	88,840,613	88,840,613	119,992	119,992

There has been no movement in ordinary share capital during the half year period.

14. Expenditure Commitments

An update to the commitments disclosed in the financial report for the year ended 31 December 2018 is detailed below.

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 in order 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 is detailed below.

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Within one year	43	29
One year or later and no later than five years	206	149
	<u>249</u>	<u>178</u>

APPENDIX IB UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

Operating Lease Expense Commitments

Commitments relating to future operating leases in existence at the reporting date but not recognised as liabilities are as follows:

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Within one year	71	30
One year or later and no later than five years	—	—
	<u>71</u>	<u>30</u>

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:

	As at 31 December 2017	As at 30 June 2018
	AUD'000	AUD'000
Within one year	300	300
	<u>300</u>	<u>300</u>

15. Significant Events After Balance Date

During the half year, the Vaasa Administrative Court rejected the appeal by the Company and PIR ELY against the earlier rejection by the Court of the Company's new Environmental Permit for the Orivesi Gold Mine. On 11 July 2018, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland. The Company can continue to operate under its existing Environmental Permit conditions while it awaits the Courts decision.

On 27 July 2018, the Company announced that test mining activities had commenced at Fäboliden.

On 20 July and 17 August 2018, the Company drew down an additional \$2.0 million in total from its unsecured Loan Facility with AP Finance Limited. The drawdown was used to fund existing development projects and to provide additional working capital.

On 27 August 2018, the Company increased its Loan Facility by A\$4.0 million, bringing the total Loan Facility to the AUD equivalent of \$12.0 million. In addition, the repayment date was revised from 31 October 2019 to 31 December 2019. At the date of this report, A\$5.0 million remained undrawn.

B. REPORT FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from the independent reporting accountants of the Company, Ernst & Young Perth, Chartered Accountants, to meet the Australian Securities Exchange (“ASX”) Listing Rules and the Corporations Act 2001, which require Dragon Mining Limited to publish its interim financial results on a bi-annual basis. This report has been re-produced in this prospectus for information purposes only.

Independent auditor’s review report to the members of Dragon Mining Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Dragon Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 30 June 2018, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young
J K Newton
Partner
Perth
28 August 2018

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the accountants' report prepared by Ernst & Young, Chartered Accountants, Perth the reporting accountants of the Company, as set forth in Appendix IA to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" of this prospectus and the accountants' report set forth in Appendix IA to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of Dragon Mining Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") is prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below to illustrate the effect of the proposed offering by the Company of its shares (the "Public Offer") on the consolidated net tangible assets attributable to the equity holders of the Company as at 30 April 2018, as if the Public Offer had taken place on 30 April 2018.

The statement of unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Public Offer been completed as at 30 April 2018 or at any future date.

Consolidated net tangible assets attributable to equity holders of the Company as at 30 April 2018	Estimated net proceeds from the Public Offer	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per Share	
AUD '000	AUD '000	AUD '000	AUD	HK\$
Note 1	Note 2		Note 3	Note 4

Based on an
offer price of
HK\$2.03
(AU\$0.35) per
Share

	19,025	12,868	31,893	0.23	1.33
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Notes:

- The consolidated net tangible assets attributable to equity holders of the Company as at 30 April 2018 is arrived at after deducting mineral exploration costs of AUD8.700 million from the consolidated net assets attributable to equity holders of the Company of approximately AUD27.725 million, as extracted from the accountants' report set out in Appendix IA of this prospectus.

2. The estimated net proceeds from the issue of Shares pursuant to the Public Offer are based on 50,000,000 Shares at the Offer Price of AUD0.35 per share, respectively, after deduction of the underwriting commissions, prepaid listing costs of AUD1.785 million and other listing expenses that have not been incurred to date of approximately AUD2.847 million. The share price has been converted to AUD from Hong Kong dollars at the rate of AUD1 to HK\$5.8.
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per share is arrived at on the basis that 138,840,613 Shares, which represents 88,840,613 Shares in issue and 50,000,000 Shares to be issued pursuant to the Public Offer in issue assuming that the Public Offer, had been completed on 30 April 2018.
4. The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company per share is converted from AUD into Hong Kong dollars at the rate of AUD1 to HK\$5.8. No representation is made that the AUD amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
5. No adjustment has been made to reflect any trading result or other transactions of the Group subsequent to 30 April 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for inclusion in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Perth, Chartered Accountants, in relation to the Group's unaudited pro forma financial information.



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

18 October 2018

To the Directors

Dragon Mining Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Dragon Mining Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the Directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 April 2018, and related notes as set out on pages II-1 to II-2 of the prospectus dated 18 October 2018 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the public offer and placing of shares of the Company on the Group's financial position as at 30 April 2018 as if the transaction had taken place at 30 April 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Public Offer of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Perth

18 October 2018

Multiple Gold Projects Finland and Sweden, Competent Person Report

Dragon Mining Limited

ADV-PE-60421

18 October, 2018

Final Report

IMPORTANT INFORMATION ABOUT THIS DOCUMENT**1. Our Client**

This report has been produced by or on behalf of Runge Asia Limited, trading as RungePincockMinarco ("RPM"), solely for Dragon Mining Limited (the "Client").

2. Client Use

The Client's use and disclosure of this report is subject to the terms and conditions under which RPM prepared the report.

3. Notice to Third Parties

RPM prepared this report for the Client only. If you are not the Client:

- RPM has prepared this report having regard to the particular needs and interests of the Client and in accordance with the Client's instructions. It did not draft this report having regard to any other person's particular needs or interests. Your needs and interests may be distinctly different to the Client's needs and interests, and the report may not be sufficient, fit or appropriate for your purposes.
- RPM does not make and expressly disclaims from making any representation or warranty to you — express or implied — regarding this report or the conclusions or opinions set out in this report (including without limitation any representation or warranty regarding the standard of care used in preparing this report, or that any forward-looking statements, forecasts, opinions or projections contained in the report will be achieved, will prove to be correct or are based on reasonable assumptions).
- RPM expressly disclaims any liability to you and any duty of care to you.
- RPM does not authorise you to rely on this report. If you choose to use or rely on all or part of this report, then any loss or damage you may suffer in so doing is at your sole and exclusive risk.

4. Inputs, subsequent changes and no duty to update

RPM has created this report using data and information provided by or on behalf of the Client and Client's agents and contractors and Dragon Mining Limited. Unless specifically stated otherwise, RPM has not independently verified that data and information. RPM accepts no liability for the accuracy or completeness of that data and information, even if that data and information has been incorporated into or relied upon in creating this report (or parts of it).

The conclusions and opinions contained in this report apply as at the date of the report. Events (including changes to any of the data and information that RPM used in preparing the report) may have occurred since that date which may impact on those conclusions and opinions and make them unreliable. RPM is under no duty to update the report upon the occurrence of any such event, though it reserves the right to do so.

5. Mining Unknown Factors

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond RPM control and that RPM cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

EXECUTIVE SUMMARY

Dragon Mining Limited
Unit B1, 431 Roberts Road
SUBIACO, WA 6008

18 October, 2018

RE: Competent Person Report

RungePincockMinarco Limited
ABN 17 010 672 321

Level 2, 131 St Georges Terrace
Perth WA 6000

PO Box 7433
Cloisters Square
Perth WA 6850

Dear Sirs,

RungePincockMinarco Limited known as RPMGlobal ("RPM") has been engaged by Dragon Mining Limited (ASX: DRA) ("Dragon", the "Company" or the "Client") to undertake an Independent Technical Review ("ITR") and compile a Competent Person Report ("CPR" or the "Report") (as defined by under Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") on the Multiple Gold Projects (the "Projects"), which are owned and operated by Dragon through several wholly owned subsidiaries. The process and conclusions of the ITR are presented in this Report and will be included in the HKEx prospectus prepared as part of the Initial Public Offering.

The statements of Mineral Resources and Ore Reserves (as defined in **Appendix B**) have been reported to be in accordance with the recommended guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**")

RPM's technical team (the "Team") consisted of International Competent Person's, International Senior Consultants, Principal Mining Engineers and Senior Geologists. RPM's Hong Kong Competent Person was responsible for compiling or supervising the compilation of the Report and the JORC Statements of Mineral Resources and Ore Reserves, stated within. The Team's qualifications and experience is detailed in **Annexure A** for reference.

A number of site visits have been undertaken by RPM with initial site visits conducted by Aaron Green in June 2007, Mr. Paul Payne in May 2009, Mr. Trevor Stevenson and Mr. Joe McDiarmid in October 2013. As part of the current detailed review RPM's CP's Mr. Jeremy Clark and Mr. Joe McDiarmid visited the assets in May, 2015 while Mr. McDiarmid completed another visit in November, 2016 and Mr. Clark visited the Finland operations in December, 2017. Drilling, logging, and sampling procedures as well as mining practices were viewed and it was concluded that these were being conducted to best industry practice. During the May 2015, November 2016 and December, 2017 site visits RPM inspected the mines, the ore processing plants, the tailings storage facilities, the water supply system, the power distribution system, and conducted general inspections of the Projects. The visits were also used to gain a better understanding of the Projects status. During the site visits, RPM had open discussions with the Company's personnel on technical aspects relating to the relevant issues. The Company's personnel were cooperative and open in facilitating RPM's work.

In addition to work undertaken to generate independent JORC Code reportable Mineral Resources and Ore Reserves estimates, the CPR relies largely on information provided by the Company, either directly from the sites and other offices, or from reports by other organisations whose work is the property of the Company or its subsidiaries. The data relied upon for the Mineral Resources and Ore Reserves estimates independently completed by RPM have been compiled primarily by the Client and the Company and subsequently reviewed and verified as well as reasonably possible by RPM. The CPR is based on information made available to RPM as at 18 October, 2018. The Client or the Company has not advised RPM of any material change, or event likely to cause material change, to the underlying data, designs or forecasts since the date of asset inspections.

Projects Summary

- The Projects are contained within a series of exploration and mining concessions located in two areas within the Nordic region. The operating Vammala and Svartliden Production Centres are located in southern Finland and northern Sweden respectively and contain a number of medium to small scale medium to very high grade epithermal and orogenic Gold ("Au") deposits at various stages from advanced development to operating development.
- The Vammala Production Centre ("Vammala") contains two well-established underground mines in Finland, the Orivesi and Jokisivu Mines (the "Operating Assets"), which feed the 300 ktpa Vammala floatation plant and a pre-development project, Kaapelinkulma. RPM notes that the Orivesi Mine is scheduled to close early 2019 due to exhausted Ore Reserves. The high grade Au concentrate produced from the plant is transported to the Svartliden Production Centre ("Svartliden") via a series of national highways and ferry where gold doré is produced for market from the Svartliden Carbon In Leach ("CIL") plant. Production, forecast to continue from the Operating Mines, is planned to be supplemented from the advanced open pit development projects.
- Having successfully completed advanced mining studies, which highlighted the commercial viability of the Development Projects, the current production is planned to be augmented by two additional open cut mines, Fäboliden and Kaapelinkulma (the "Development Projects") located in the Svartliden and Vammala respectively. Material from these open pits will be exploited via small scale conventional truck and shovel methods and processed through the current operating plants minimising both the CAPEX and the timing required to commence commercial production in the near term.
- The Company has a long history of operating in the Nordic region with Dragon commencing mining in 2004 at Svartliden with the development of a medium scale open pit and subsequent underground operation. Mining operations in Finland commenced with underground production at Orivesi in 2007 which was supplemented with Jokisivu in 2009 following successful exploration by the Company. Jokisivu commenced in 2009 via open pit operations and subsequently underground operations in 2011. A second small open pit

was mined in 2011 with all production currently being sourced from underground. The Jokisivu and Orivesi mines have been in continuous operation since commissioning, producing 316,000 Au troy ounces to 30th April, 2018 via underground retreat open stoping.

- The Company's recent exploration was focused entirely on the Operating and Development Assets, in particular Jokisivu which is currently subject to ongoing drilling program into the highly prospective extensions below the currently defined shallower lode bodies, whilst the pre-development and development projects of Fäboliden and Kaapelinkulma respectively has surface drilling on-going to support mining and testwork optimisation studies prior to commissioning in the near term.
- RPM's review of the regional and local supporting infrastructure indicates that the area has suitable power, water and transport logistics connecting the operating assets, as well as being in close proximity to the Development Projects which can support the current and planned production. The Projects are located close to well established and excellent quality highways, water sources and regional towns which provide accommodation and support services for the mining operation and its personnel.

Mineral Resource and Ore Reserves Estimates

- The review undertaken by RPM of the drilling and sampling procedures indicates that international standard practices were utilised with no material issues noted by RPM in the checks completed. The QAQC samples all showed suitable levels of precision and accuracy to enable confidence in the primary laboratory for the drilling and the historical Fäboliden drilling. RPM considers that the data which supports the Mineral Resource estimation has no material sample bias and is representative of the samples taken
- Results of the independent Mineral Resources estimate for the Projects are tabulated in the Statement of Mineral Resources in **Table 2** at cut off grades in **Table 1**. The Mineral Resources Statements are reported in line with both the requirements of the 2012 JORC Code and the reporting standards of Chapter 18 of the Listing Rules. The Statement of Mineral Resources is therefore suitable for public reporting and are inclusive of the Ore Reserves reported in **Table 3 and Section 8**, are not additional and do not include any ore loss and dilution.

Figure 1 Graphical Representation of JORC Au Insitu Mineral Resources by Ounces as at 30th April, 2018

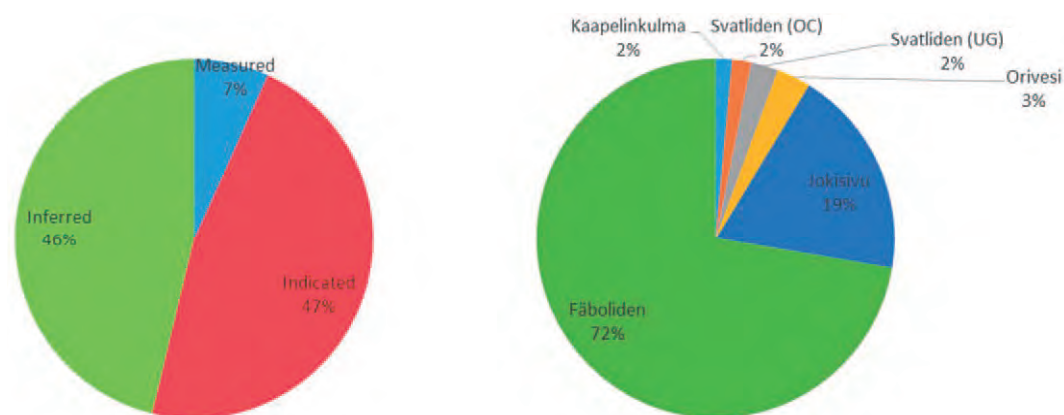


Table 1 Au g/t Cut-off Grades for Au Mineral Resource.

Project	Cut-off Grade (Au g/t)
Orivesi	3.0
Jokisivu	1.9
Kaapelinkulma	1.0
Fäboliden	1.25g/t above 350 mRL and 2.1g/t below
Svartliden (OC)*	1.0
Svartliden (UG)*	1.7

* As per previously reported estimates.

In addition to the insitu Mineral Resources outlined in **Table 7-2**, surface stockpiles are estimated based on surveys and sampling (detailed in **Section 7.4**), these include:

- **Production Stockpiles: 44.7kt at 2.1 g/t for 3,000 ounces** of stockpiles in located throughout the Mines and Vammala Plant. **These stockpiles are classified as indicated.**
- **Tails Stockpile: 60kt at 2.2 g/t for 8,000 ounces** located in the C-Pit historical tails dump 300m from the processing plant. **This stockpile is classified as indicated.**

Table 2 Statement of JORC Mineral Resources as of 30th April, 2018 Reported at a Varying Cut Off grades

Production Centre	Area	Measured			Indicated			Inferred			Total		
		Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)
Vammala	Arpola	119,000	4.7	18,000	387,000	5.1	64,000	147,000	5.3	24,000	653,000	5.1	112,000
	Kujankallio	323,000	4.4	45,000	776,000	3.8	94,000	239,000	3.6	29,000	1,337,000	3.9	155,000
	Kutema	44,000	5.1	7,000	56,000	5.3	10,000	8,000	5.5	1,000	107,000	5.2	19,000
	Sarvisuo	22,000	6.2	4,000	63,000	8.1	16,000	28,000	6.5	7,000	113,000	7.4	24,000
	Kaapelinkulma	76,000	3.8	9000	59,000	4.2	8,000	34000	3.0	3,000	168,000	3.8	21,000
	Vammala Total	584,000	4.5	83,000	1,341,000	4.5	192,000	456,000	4.3	64,000	2,378,000	4.4	331,000
Svarttiden	Fäboliden (485 to 350)				3,807,000	2.8	340,000	887,000	2.4	69,000	4,694,000	2.7	409,000
	Fäboliden (350 to -60)				961,000	3.1	96,000	4,978,000	3.2	514,000	5,938,000	3.2	609,000
	Svarttiden (OC)*	83,000	3.1	8,000	160,000	3.0	16,000	244,000	3.0	24,000			
	Svarttiden (UG)*	36,000	4.3	5,000	150,000	4.6	22,000	60,000	4.0	8,000	245,000	4.4	35,000
	Svarttiden Total	119,000	3.5	13,000	5,078,000	2.9	474,000	5,925,000	3.1	591,000	11,121,000	3.0	1,077,000
	Group	703,000	4.3	96,000	6,419,000	3.2	666,000	6,381,000	3.2	655,000	13,499,000	3.3	1,408,000

Notes:

- The Statement of JORC Mineral Resources has been compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Registered Member of the Australian Institute of Mining and Metallurgy. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.
- All Mineral Resources figures reported in the table above represent estimates at 30th April, 2018. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
- Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code — JORC 2012 Edition).

* Does not form a part of the Company Consolidated Production Plan present in **Section 9**.

- The Independent Statement of Ore Reserves for the Projects is estimated as at the 30th April, 2018 by RPM and reported in accordance with the JORC Code. RPM has determined suitable technical parameters to apply in the Ore Reserve estimation process following review of site data and technical information contained within studies of at least a pre-feasibility level of confidence. Further information taken into consideration included the proposed life of mine plans, mining method, forecast processing plant recoveries and tailings storage facility capacities. The Ore Reserves were derived only from areas of the Projects where Measured and Indicated Resources have been estimated.
- The Proven and Probable JORC Ore Reserves estimates for the Projects are summarised in **Table 3** and shown graphically in **Figure 2**. The Measured and Indicated JORC Mineral Resources quantities reported in **Table 1** are inclusive of and are not additional to the JORC Ore Reserves estimates reported in **Table 2**. RPM has estimated the total JORC Ore Reserves to be 2.2 Million Tonnes ("Mt") at an average grade of 3.1 Au g/t, comprising 0.2 Mt of Proved and 2.0 Mt of Probable Ore Reserves.

Table 3 Statement of JORC Ore Reserves report as at the 30th April, 2018.

Production Centre	Area	Class	Quantity (kt)	Au (g/t)	Au (koz)
Vammala	Jokisivu (U/G)	Proved	149	2.7	13
		Probable	751	2.9	70
		Sub Total	900	2.9	83
	Orivesi (U/G)	Proved	3	5.2	1
		Probable	40	6.6	9
		Sub Total	43	6.5	9
	Kaapelinkulma (O/P) (1.14 g/t Au Cut-off)	Proved	52	3.9	7
		Probable	19	4.3	3
		Sub Total	71	4.0	9
Svartliden	Fäboliden (O/P) (1.47 g/t Au Cut off)	Proved			
		Probable	1,160	3.1	115
		Sub Total	1,160	3.1	115
All	Total	Proved	204	3.1	20
		Probable	1,971	3.1	196
		Total	2,175	3.1	216

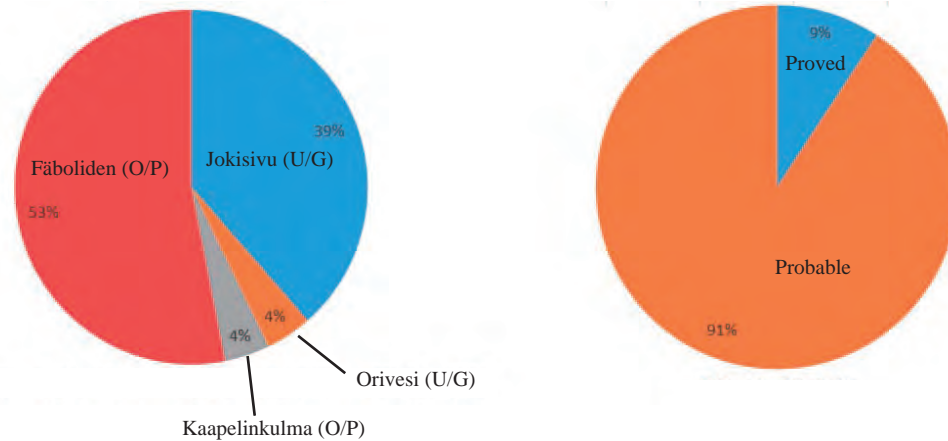
Notes:

1. The Statement of JORC Ore Reserves has been compiled under the supervision of Mr. Joe McDiarmid who is a full time Principle Mining Engineer employed by RPM and is a Member of the Australian Institute of Mining and Metallurgy. Mr. McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.
2. Tonnages are metric tonnes.
3. In situ Cut-off Grade for underground range from a project COG of 5.7 to a development COG of 0.8.
4. Gold price USD1,260/oz for Kaapelinkulma and Fäboliden and USD1,280 for Orivesi and Jokisivu.
5. Figures reported are rounded which may result in small tabulation errors. Ore Reserves have been estimated under the 2012 Edition of the JORC Code.

Figure 2 Graphical Representation JORC Ore Reserves Ounces

JORC Ore Reserves Ounces by Area

JORC Ore Reserves Ounces by Classification



Exploration Potential

RPM considers there to be excellent potential to extend the mine life and Ore Reserves quantities of the Projects through further successful exploration and subsequent mine planning. Below is an outline of RPM high priority targets, while further information is provided in **Section 7.5**.

Jokisivu

RPM considers the exploration potential of the Jokisivu Mine to be good, with three main opportunities being identified to increase the current resource in the short to medium term as well as the longer term, these include:

- Jokisivu Down Dip Extension:** A ground based geophysical survey has highlighted the extension of the host rocks (dioritic intrusion) to the gold bearing quartz veins well beyond the current drilling limits. Modelling of gravity survey data identified that the intrusion continues to plunge to the east (similar to current orientations) to at least a depth of 800m to 1,000m; this is well beyond the current mine depth of 300m and 350m in Arpola and Kujankallio respectively and the maximum drilling depth of 525m. Given the presence of the host rock and the potential for the structural gold bearing zone to continue at depth, RPM considers this a high priority target that can be drilled from within the current and planned mine development. While it is unknown if the gold bearing structure continues at depth, if economic mineralisation is successfully delineated this target presents the opportunity to underpin future mining operations well beyond the current mine life in the medium term.

- **Un-mined Portions of Resource:** A review of the Resource to Reserve conversion ratio indicates that only a low portion of the currently defined resource is converted to Reserves, based on the current mine parameters applied. To date no detailed study has been completed to review alternative mining methods which can be utilised to further exploit these areas. However, a preliminary review by RPM indicates that potential for smaller scale handheld or mechanized methods could be employed to increase extraction of these lodes, while the near-surface mineralisation is potentially amendable to push back to the previously mined open pits.

Orivesi

- **Orivesi Up Dip Extensions:** Recent drilling by the Company has yielded a series of encouraging drill results from the upper zones of the Sarvisuo and Sarvisuo West lode systems, between the surface and the 160m level. It has highlighted extensions to known zones of gold mineralisation at promising grades, as well as identifying a previously unknown zone of gold mineralisation in the area. Given the tenor of the results and the lower costs of mining at these shallow depths, the Company will now look at undertaking an internal feasibility study to develop this new area. A second program of diamond core drilling from the surface was completed to further evaluate Sarvisuo Pipe 2 between the 80m and 120m levels, and other near surface targets between the 80m and 200m levels in the Sarvisuo area. This programme returned a number of significant results which are presented in **Section 7.5.3.1**.

Fäboliden

- **Underground Potential:** Mineralisation within the Fäboliden Project extends well below the base on the reported open pit Ore Reserves. RPM utilised the Vulcan stope optimisation function to conceptually review the material below this elevation based on the LOM production rate (0.3Mtpa). The mine parameters and costs were derived using average short term budgeted mining and processing costs and recoveries as per the current performance of the Finland operations and taking into account the historical costs of the recently closed Svartliden UG and Swedish costs for processing. The concept analysis showed that although high level demonstrated that the portions of the currently defined resource showed reasonable prospects for economic extraction via underground methods and recommended further studies be undertaken.
- **Open Cut:** The current planned pit targets the higher grade near surface portions of the resource, however substantial near surface mineralisation remains to be studied and reviewed. While this presents a longer term opportunity, RPM recommends that studies be completed to determine any potential to exploit this material via larger scale operations, or varying processing options such as onsite processing to lower processing costs and increase recoveries.

Mine and Production

- Mining is planned to be undertaken via both underground and open cut methods. The current underground production from the Jokisivu and Orivesi Mines will be supplemented with the near term production of the under construction Kaapelinkulma Project open cut within the Vammala Production Centre and subsequently by the Fäboliden Project open cut within the Svartliden Production Centre as shown in **Table 6**. Production is planned to continue at current rates at both the underground mines with the same mining methods employed. Variation in development requirements on the monthly and quarterly basis, as shown in the consolidated production plan in **Table 6**. All environmental permits, land use agreements and granted of mining concession in place, the Kaapelinkulma Project is planned to commence production in the 1st Quarter of 2019. This project will follow the same process as the current operations with initial milling at the Vammala plant to produce high grade concentrate which is transported to Svartliden to produce gold doré for market.
- The second project to be developed and exploited is the Fäboliden Open Pit which currently contains 1,160 kt of Ore Reserves with production planned to commence in 2nd Quarter of 2019. The development of the Fäboliden pit is planned to be completed in a number of phases or push backs commencing with the expected receipt of the full environmental permit in 1st Quarter of 2020. The test mining permit has already been received (refer to **Section 13**). These push backs will also ensure consistent ROM ore is produced and balance waste mining requirements as shown in **Table 6**.

Table 6 LOM Consolidated Project Development Sequence

Production Centre	Project	Centre	Units	Total	2018			2019			2020		2021		2022		2023		2024		
					2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H	1H	2H	1H	2H	1H	2H
Vammala	Jokisivu	Ore Feed	kt	900	44	62	58	59	67	66	66	132	135	135	78						
		Feed Grade	g/t	2.9	2.3	2.5	2.7	2.9	3.2	3	2.6	3.1	3.3	2.9	2.5						
		Recovery	%	88.50%	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5						
	Orivesi	Ore Feed	kt	43	7	13	15	9													
		Feed Grade	g/t	6.5	6	6.3	6.5	7.2													
		Recovery	%	85.50%	85.5	85.5	85.5	85.5													
	Kaapelinkulma	Ore Mined	kt	70				8	9	9	8	9	23	5							
		Ore Feed	kt	70			3	8	9	9	9	18	15								
		Feed Grade	g/t	4			2.8	3.5	3.3	3.8	3.5	4.6	4.5								
		Recovery	%	85%			85	85	85	85	85	85	85								
		Waste - Till	kt	13	13																
		Waste & Fresh	kt	846			82	126	126	127	126	247	12								
		Strip Ratio	t:t	12.2			10.8	13.5	14.2	15.6	13.7	10.9	2.6								
	Plant	Ore Feed	kt	1,014	50	75	80	77	75	74	75	155	139	135	78						
		Feed Grade	g/t	3.1	2.8	3.2	3.2	3.4	3.2	3.1	2.7	3.2	3.7	2.9	2.5						
		Ounces rec.	try .oz	89,200	3,900	6,700	7,300	7,400	6,800	6,500	5,700	13,800	14,500	11,000	5,600						
	Svartliden	Fäboliden	Ore Mined	kt	1,160					47	53		44	71	123	150	150	150	150	150	72
			Mined Grade	g/t	3.1					3.4	4		2.7	2.2	3.5	2.6	3.3	3.1	3.4	3.3	1.9
			Recovery	%	82%					82%	82%		82%	82%	82%	82%	82%	82%	82%	82%	82%
			Waste-Till	kt	1,708		344						375	665	218	4					36
Waste			kt	8,420					183	64		717	1511	1574	1840	1127	525	417	370	93	
Strip Ratio			t:t	8.7					3.9	1.2		24.7	30.7	14.5	12.3	7.5	3.5	2.8	2.7	2.2	
Svartliden Plant		Ore Feed	kt	1,160					47	53		44	71	123	150	150	150	150	150	150	72
		Feed Grade	g/t	3.1					3.4	4		2.7	4.4	6.5	5.3	6.5	6.1	6.8	6.6	1.9	
		Ounces rec.	try .oz	94,100					4,200	5,600		3,200	4,100	11,300	10,500	12,900	12,100	13,600	13,000	3,600	
		Vammala Conc. Oz.	try .oz	84,200	3,700	6,300	6,900	7,000	6,400	6,100	5,400	13,000	13,700	10,400	5,300						
		Total Oz.	try .oz	178,300	3,700	6,300	6,900	7,000	10,600	11,700	5,400	16,200	17,800	21,700	15,800	12,900	12,100	13,600	13,000	3,600	

- Based on the Ore Reserve estimate, the project Development Sequence and the Designs the forecast mine life is approximately 6.5 years from 30th April, 2018 with a total of 178,600 payable troy ounces produced from 2.2 Mt of Ore. Production is sourced primarily from Jokisivu and Orivesi during the remainder of 2018 prior to the commissioning of Kaapelinkulma and Fäboliden in Q1 and Q2 of 2019, respectively.
- The Vammala Plant is a well-established facility built on proven technology which can be divided into 6 sections, namely crushing, grinding, gravity circuit, flotation circuit, concentrate dewatering and tailings pumping. With a throughput capacity of 300 ktpa and mean hourly throughput of 38 t/h, the Vammala Plant is a conventional flotation plant producing high grade concentrates which range in grade between 100 and 130 g/t Au.
- The concentrate is loaded into haul trucks and delivered via national highways and ferry to Dragon's Svartliden Carbon in Leach ("CIL") plant in Sweden for further processing. Transportation is undertaken by contractors via typical commercial road haulage trucks with a commercial daily ferry utilised between Finland and Sweden.
- The Svartliden Plant is a conventional CIL plant with a throughput rate of 300ktpa that currently treats high grade Au concentrates produced by the Vammala Plant and previously has treated Third Party concentrates. The plant is located some 30 km by road from the Fäboliden gold deposit which is forecast to feed raw ore material to the plant in 2Q 2019. The mined ore would be treated in conjunction with the Vammala concentrates not unlike the previous approach where Svartliden ores were processed with Vammala concentrates.
- RPM has reviewed the historical testwork completed of the Fäboliden ore types and considers that a sufficient quantity of testwork culminating in a plant trial has been undertaken to demonstrate the technical viability of treating Fäboliden ores in the existing Svartliden Plant. Based on the proposed processing parameters, it is reasonable to assume that a gold recovery of 82% would be achievable at a nominal gold feed grade of 3.1 g/t and a grind size of 80% passing 75 microns. Based on comminution modelling, testwork and plant trial results, a processing capacity of 42 tph (336,000 tpa) has been established with minor changes required to the existing plant (included in OPEX). This mainly involves increasing the mill ball charge and installing a lead nitrate mixing and addition system. While confirmation studies have yet to be undertaken on the co-treatment of Vammala concentrates and Fäboliden ores in the Svartliden Production Centre, no particular issues are foreseen based on previous production.
- RPM's review of the Project's Tailing Storage Facilities ("TSF") of both Vammala and Svartliden indicates that the current and planned facilities are reasonable for the forecast production schedule. TSF's are currently located within the Project site adjacent to the respective facilities, with minimal CAPEX required to maintain over the life of the Projects'.

- RPM considers the proposed Life of Mine Development Sequence and Production Forecast to be reasonable and achievable based on the current mining equipment and designs and contractor tenders, however recommends that further optimisation and rescheduling of the development sequence be undertaken to maximise the profitability of the Projects.
- Forecast Total Project Operating Costs (excluding taxes, royalties and A&D) range from 73USD/ROM t to 153 USD/ROM t for the Projects over the lives of mines. The cost of production varies both between mines and on an annual basis over the life of the Project as would be expected due to the variation in mining methods, production rates, waste movements and depth of mining. A detailed breakdown is supplied in **Section 12** which highlights that the cost profile of the Project sits in the lower quartile of the competitive cost curve which is shown in the business section of the Prospectus.
- Capital Expenditure is required for the Operating Assets and includes mine infrastructure costs at Jokisivu and closure costs for Orivesi. The majority of this expenditure is for the capital waste development required to support the current Ore Reserves Schedule. The Fäboliden CAPEX costs total USD9.97 million and is associated with mine site infrastructure construction, closure costs (later years of mine life) and infill drilling. Limited capital is required for Kaapelinkulma over the mine life with the majority in the site infrastructure and land acquisitions already completed. RPM notes that all forecast Capital Expenditure is associated with mine and plant infrastructure and no expenditure is forecast to ensure the transport or the supply of key consumables for the LOM planned production.

The key opportunities identified for the Projects during the review are outlined below:

RPM considers there to be a number of opportunities with excellent potential to enhance both the Operating Assets and the planned production forecast through short term exploration works, test works and technical studies. RPM is aware the primary goal of the Company's management is to ensure the continuity of the Operating Assets while optimising the Development Assets in the short term. RPM considers this approach suitable and recommended given the various Project status. RPM highlights the following key opportunities:

Exploration Potential and Mine Life Extension: RPM considers there to be excellent potential to extend the mine life and Ore Reserve base of the Projects through exploration and/or optimisation of the Development Projects. These include:

- ***Jokisivu Down Dip Extension:*** A ground based geophysical surveys have highlighted the extension of the host rocks (dioritic intrusion) to the gold bearing quartz veins well beyond the current drilling limits. RPM considers this a high priority target that can be drilled from within the current and planned mine development. If economic mineralisation is successfully delineated this target presents the opportunity to underpin future mining operations well beyond the current mine life in the medium term.

- **Underground Potential:** Mineralisation within the Fäboliden Project extends well below the base on the reported open pit Ore Reserves (370 m elevation). The concept analysis although high level demonstrated that the portions of the currently defined resource showed reasonable prospects for economic extraction via underground methods and with further studies recommended.
- **Orivesi Up Dip Extensions:** Recent drilling by the Company has yielded a series of encouraging drill results from the upper zones of the Sarvisuo and Sarvisuo West lode systems, between the surface and the 160m level. It has highlighted extensions to known zones of gold mineralisation at promising grades, as well as identifying a previously unknown zone of gold mineralisation in the area.

Economic Value: While RPM's review and independent studies show the economic viability of the Operating Assets and Development Projects at current market conditions RPM notes that upside potential exists, with key opportunities including:

- **Fäboliden Silver:** The Fäboliden ore quantities contains approximately 250,000 ounces of silver. During the project evaluation no value has been assigned to the silver and thus no revenue has been realised. The inclusion of a credit for the contained silver will benefit the project cash flow.

The key risks identified to the Projects during the review are outlined below:

- **Fäboliden Permit Approval Timing:** RPM is aware the application for the full environmental permit is ongoing. If this receipt of the approval is not in line with expectation, the full project commissioning will be delayed. RPM notes that a previous environmental permit was granted for a larger, low grade open-pit mining operation and process facility and the new application submitted by Dragon is for a small higher grade open pit operation only utilising existing process infrastructure at the fully permitted Svartliden operation. Furthermore the test permit has been fully granted with mining commencing in 2nd Quarter of 2019 subsequent to infrastructure construction which is underway.

RPM Qualifications and Experience

RPM's advisory division operates as independent technical consultants providing services across the entire mining life cycle including exploration and project feasibility, resource and reserve evaluation, mining engineering and mine valuation services to both the mining and financial services industries.

RPM is the market leader in the innovation of advisory and technology solutions that optimise the economic value of mining assets and operations. RPM has serviced the industry with a full suite of advisory services for over 45 years and is the largest publicly traded independent group of mining technical experts in the world having completed over 14,000 studies across all major commodities and mining methods, and worked in over 120 countries globally. This report was prepared on behalf of RPM by technical specialists, details of their qualifications and experiences are set out in **Appendix A**.

RPM has been paid, and has agreed to be paid, professional fees for its preparation of this report; however, none of RPM or its directors, staff or sub-consultants who contributed to this report has any interest or entitlement, direct or indirect in:

- the Company, securities of the Company or companies associated with the Company; or
- the right or options in the relevant asset.

The work undertaken is an ITR of the information provided by or on behalf of the Company, as well as information collected during site inspections completed by RPM as part of the ITR process. It specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements/contracts that Company may have entered into.

RPM does not warrant the completeness or accuracy of information provided by the Company which has been used in the preparation of this Report.

The title of this report does not pass to the Client until all consideration has been paid in full.

Drafts of this report were provided to the Client, but only for the purpose of confirming the accuracy of factual material and the reasonableness of assumptions relied upon in the report.

Generally, the data available was sufficient for RPM to complete the scope of work. The quality and quantity of data available, and the cooperative assistance, in RPM's view, clearly demonstrated the Company's assistance in the ITR process. All opinions, findings and conclusions expressed in the report are those of RPM and its specialist advisors.

Yours faithfully,



Jeremy Clark

Manager — Hong Kong (Competent Person — Hong Kong)

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1 Introduction

RungePincockMinarco Limited ("RPM") has been engaged by Dragon Mining Limited (ASX: DRA) ("Dragon", the "Company" or the "Client") to undertake an Independent Technical Review ("ITR") and compile a Competent Person Report ("CPR" or the "Report") (as defined by under Chapter 18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") on the Multiple Gold Projects (the "Projects") which are owned and operated by Dragon through several wholly-owned subsidiaries. The process and conclusions of the ITR are presented in this Report which will be included in the HKEx prospectus prepared as part of the Initial Public Offering.

Contained within a series of concessions, the Projects consist of number of medium to small scale epithermal and orogenic gold ("Au") deposits at various stages from advanced development to operating. Gold production has been ongoing for over 10 years from the Vammala Production Centre ("Vammala") and the Svartliden Production Centre ("Svartliden") located in Finland and Sweden respectively. The Production Centres are currently fed from two well-established underground mines in Finland, named the Orivesi Mine and the Jokisivu Mine. Underground Ore is processed in the Vammala flotation plant subsequent to which, the high grade Au concentrate is transported to the Svartliden Carbon In Leach ("CIL") plant via a series of national highways and a public ferry. The Svartliden CIL plant produces gold doré for market. Production is proposed to continue from these underground mines using the established mining methods, with production feed to be supplemented from the under-construction Kaapelinkulma open pit in late 2018 and the advanced open pit development Fäboliden Project located in Finland and Sweden respectively (**Figure 1-1**).

Based on the Ore Reserve estimate, the project development sequence and the mine designs, the forecast mine life is approximately 6.5 years from 30th April, 2018 with a total of 178k payable troy ounces produced from 2.2 Mt of Ore. Production is sourced from Jokisivu and Orivesi during 2018 prior to the commissioning of Kaapelinkulma and Fäboliden in early 2019.

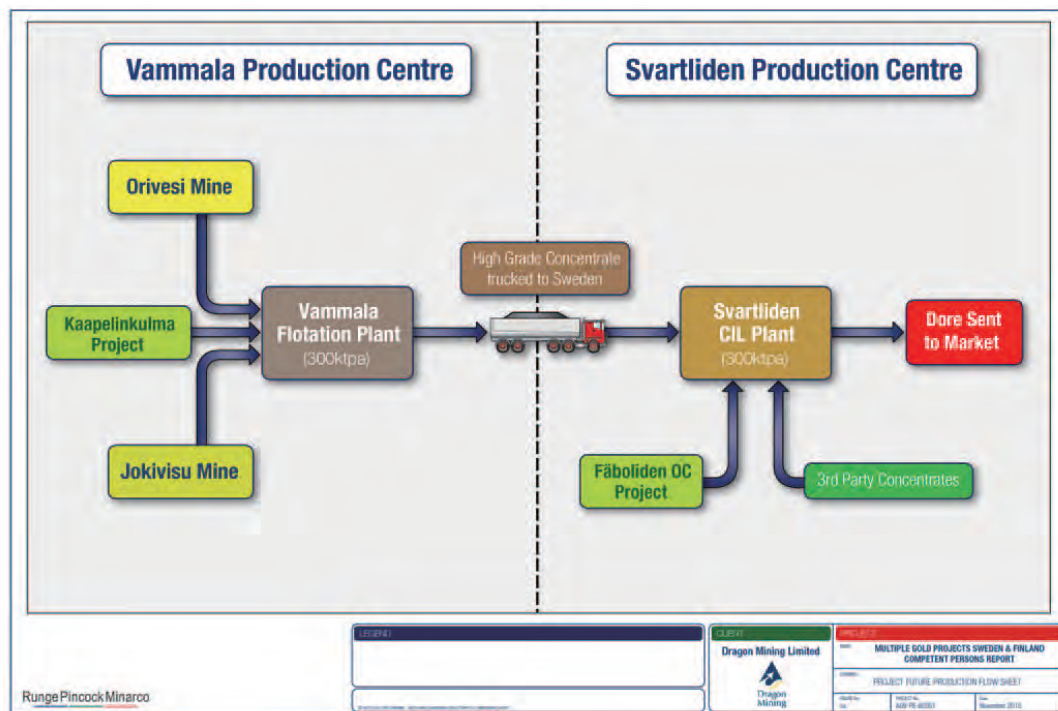
1.1 Scope of Work

RPM's scope of work included:

- Gathering of relevant information on the Projects including Resources and Reserves information, LOM production schedules, and operating and capital cost information;
- Reviewing of the Resources and Reserves, including quantity and quality of drilling, reliability of data, and adequacy of resource and reserve estimation methods;

- Estimation of independent Mineral Resources and Ore Reserves (as defined in Appendix B) reported in compliance with the recommended guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee (the "JORC Code");
- Reviewing and commenting on forecast operating and capital expenditures in the relevant technical studies;
- Reviewing the Projects' short term and long term development plans;
- High level review of the environmental, health and safety risks and management plans for the Projects; and
- Compilation of a CPR as defined under Chapter 18 of the Listing Rules.

Figure 1-1 Current and Future Production Flow Sheet



RPM notes no third party concentrate is currently being processed.

1.2 Relevant Assets

Two Production Centres are included in the Relevant Assets which support production from two operating underground mines (**Table 1-1**). The Vammala Production Centre (Gold only) is located in southern Finland while the Svartliden Production Centre (Gold Only) is located in northern Sweden. These two production centres are planned to support two development projects in the near term. The deposits are located in various exploration and mining tenements currently held by Dragon Mining Limited local subsidiaries.

Table 1-1 Relevant Assets

Production Centre	Project	Commodity	Status
Vammala	Orivesi (Kutema and Sarvisuo)	Gold	Operating
	Jokisivu (Kujankallio and Arpola)	Gold	Operating
	Kaapelinkulma (North and South)	Gold	Construction
Svartliden	Svartliden (Open Pit and Underground)	Gold	Closed
	Fäboliden	Gold	Pre-Development

1.3 Review Methodology

RPM's ITR methodology was as follows:

- Review existing reports and data,
- Conduct a Competent Person site visit,
- Discussions with site personnel of the Company prior to and following the site visit,
- Independent Estimation and Reporting of Mineral Resources and Ore Reserves in accordance with the guidelines of the JORC Code, and
- Compile of a CPR and provision of drafts of the CPR to clients personnel to ensure factual accuracy and reasonableness of assumptions.

The comments and forecasts in this CPR are based on information compiled by enquiry and verbal comment from the Client and Projects personnel from the Company. Where possible, this information has been checked with hard copy data or by comment from more than one source. Where there was conflicting information on issues, RPM used its professional judgment to assess the issues.

1.4 Site Visits and Inspections

A number of site visits have been undertaken by RPM with initial site visits conducted by Mr. Aaron Green in June 2007, Mr. Paul Payne in May 2009, Mr. Trevor Stevenson and Mr. Joe McDiarmid in October 2013. As part of the current detailed review RPM's CP's Mr. Jeremy Clark and Mr. Joe McDiarmid visited the assets in May, 2015. Drilling, logging, and sampling procedures as well as mining practices were viewed and it was concluded that these were being conducted to best industry practice. During the May 2015 site visit RPM inspected the mines, the ore processing plants, the tailings storage facilities, the water supply system, the power distribution system, and conducted general inspections of the Projects area, while Mr. McDiarmid completed another visit in November 2016 while Mr. Clark visited the Finland assets in December 2017. These visits were also used to gain a better understanding of the Projects' status.

During the site visits, RPM had open discussions with the Company's personnel on technical aspects relating to the relevant issues. The Company's personnel were cooperative and open in facilitating RPM's work.

1.5 Information Sources

Several geology studies, feasibility studies, and design reports were provided for the Projects.

1.6 Competent Person and Responsibilities

The statements of Mineral Resources and Ore Reserves have been reported in accordance with the recommended guidelines of the JORC Code and are suitable for inclusion in a CPR as defined by Chapter 18 of the Listing Rules.

1.6.1 Mineral Resources

The information in this report that relates to Mineral Resources is based on information compiled or supervised by Mr. Jeremy Clark who is a full-time employee of RPM and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr. Clark consents to the inclusion in the Report of the matters on his information in the form and context in which it appears.

Reporting of the Mineral Resources estimate complies with the recommended guidelines of the JORC Code and is therefore suitable for public reporting.



Jeremy Clark

1.6.2 Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled or supervised by Mr. Joe McDiarmid who is a full-time employee of RPM and a Registered Charter Professional of the Australasian Institute of Mining and Metallurgy. Mr. McDiarmid has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr McDiarmid consents to the inclusion in the Report of the matters on his information in the form and context in which it appears.

Reporting of the Ore Reserves estimate complies with the recommended guidelines of the JORC Code and is therefore suitable for public reporting.



Joe McDiarmid

1.6.3 HKEx Competent Person

Mr. Jeremy Clark meets the requirements of a Competent Person, as defined by Chapter 18 of the Listing Rules. These requirements include:

- Greater than five years' experience relevant to the type of deposit;
- Member of the Australian Institute of Mines and Metallurgy ("AUSIMM"), Member of the Australian Institute of Geoscientists ("AIG"), which are Recognized Professional Organizations as per the HKEx and JORC Code.
- Does not have economic or beneficial interest (present or contingent) in any of the reported Relevant Assets;
- Has not received a fee dependent on the findings outlined in the Competent Person's Report;
- Is not an officer, employee or proposed officer for the Client or any group, holding or associated company of the issuer, and
- Assumes overall responsibility for the Competent Person's Report.



Jeremy Clark (Hong Kong Competent Person) (MAUSIMM)

Jeremy is a mining professional with over 15 years of experience in the mining industry and has gained extensive experience working in all facets of the mining chain and has a broad understanding of mineralisation styles, mining methods and technical studies required for

mining operations of all scales. Jeremy is a member of good standing both with the AUSIMM and AIG and has taken a lead role in several mining studies and independent reviews including CPR's for numerous HKEx transactions over the past 7 years. Having worked with all major financial exchange rules and regulations throughout the world, including the Hong Kong, London, Australian, Singapore and Toronto Stock Exchanges, Jeremy has a detailed understanding of the requirements of investors and financial institutions as well as compliance reporting to international standards including JORC and NI 43-101. In addition to compliance reporting his experience includes practical working experience on exploration projects, open cut and underground mines in Europe, the Americas, Australia and Africa as well as reviewing and estimating a vast number of metalliferous deposits in all major mining provinces throughout the world. As such in addition to understanding the technical facets of mining operation, Jeremy had developed a detailed understanding of the commercial and social interaction of mining operations in various jurisdictions throughout the world including Brazil and Africa and the subsequent requirements for public compliance reporting and investor confidence and transparency.

For the past 10 years Jeremy has worked as an International consultant with RungePincockMinarco in Australia, North and South America, Africa and Asia where he held the role of Principal Geologist and Project Manager and recently Manager — Hong Kong. During his work with RPM, Jeremy has been based in several of RPM's global offices including Perth, Brisbane, Denver, Beijing and Hong Kong and as such has worked on a vast variety of mineral deposit types, mining styles and operations throughout the world including the major mining centres within Brazil, Africa, China, Central Asia, Europe, and North and South America. Recently Jeremy has been the project manager, principal project reviewer and/or acted as Competent Person for a number IPO's, major exchange transaction or major mining studies completed under the JORC Code (or equivalent international standards). This work has included project managing mining studies ranging from scoping and pre-feasibility studies to independent technical reviews of large scale operating assets in South America, Africa and the DRC, China and Australia, which have a variety of mining methods and product types. Recently, as part of Jeremy compliance reporting Jeremy has been Competent Person or Lead Project manager and reviewer for a number of HKEx reports RPM have a strong history of successfully preparing JORC and HKEx compliant Competent Persons' Reports (**See Annexure A**).

1.6.4 Team Responsibility

As part of the Team, members who have worked to compile this report include the following:

- Mr. Oyunbat Bat-Ochir — Oyunbat was responsible for review the drillhole database and the wireframes completed by Dragon as well as the estimation of the Mineral Resources stated within this Report.
- Mr. Andrew Newell— Andrew was responsible for infrastructure, processing and metallurgical flowsheet and parameter review.

- Mr. Ian Booth — Ian was responsible for review of the mining parameters, undertaking of mine scheduling and design and estimation of the Ore Reserves for Fäboliden and Kaapelinkulma stated within this Report.
- Mr. Joe McDiarmid — Joe was responsible for review of the mining parameters, mine scheduling and design for Jokisivu and Orivesi of the Ore Reserves stated within this Report. Joe has supervised all aspects of and assumes responsibility for all Ore Reserves stated in this Report.
- Mr. Jeremy Clark — Jeremy was responsible for compilation/supervision of all aspects of this report as and assumes responsibility of the Mineral Resources as well as assumes overall responsibility for this Report.
- ERM — ERM was responsible for the review of the environmental and social aspects of the Projects.

1.7 Limitations and Exclusions

RPM's review was based on various reports, plans and tabulations provided by Dragon or the Company either directly from the mine site and other offices, or from reports by other organisations whose work is the property of the Dragon or the Company. Dragon has not advised RPM of any material change, or event likely to cause material change, to the operations or forecasts since the date of asset inspections.

The work undertaken for this Report is that required for a technical review of the information, coupled with such inspections as the Team considered appropriate to prepare this Report.

It specifically excludes all aspects of legal issues, commercial and financing matters, land titles and agreements, except such aspects as may directly influence technical, operational or cost issues and where applicable to the JORC Code guidelines.

RPM has specifically excluded making any comments on the competitive position of the Relevant Asset compared with other similar and competing producers around the world. RPM strongly advises that any potential investors make their own comprehensive assessment of both the competitive position of the Relevant Asset in the market, and the fundamentals of the copper, molybdenum, and gold markets at large.

1.7.1 Limited Liability

This Report has been prepared by RPM for the purposes of Dragon for inclusion in its Prospectus in respect of the proposed acquisition of the Projects in accordance with the Listing Rules and is not to be used or relied upon for any other purpose. RPM will not be liable for any loss or damage suffered by a third party relying on this report or any references or extracts therefrom contrary to the purpose (regardless of the cause of action, whether breach of contract, tort (including negligence) or otherwise) unless and to the extent that RPM has consented to such reliance or use.

1.7.2 Responsibility and Context of this Report

The contents of this Report have been based upon and created using data and information provided by or on behalf of Dragon or the Company. RPM accepts no liability for the accuracy or completeness of data and information provided to it by, or obtained by it from Dragon, the Company or any third parties, even if that data and information has been incorporated into or relied upon in creating this report. The report has been produced by RPM in good faith using information that was available to RPM as at the date stated on the cover page and is to be read in conjunction with the circular which has been prepared and forms part of the referenced transaction.

This report contains forecasts, estimates and findings that may materially change in the event that any of the information supplied to RPM is inaccurate or is materially changed. RPM is under no obligation to update the information contained in the report.

Notwithstanding the above, in RPM's opinion, the data and information provided by or on behalf of Dragon or the Company was reasonable and nothing discovered during the preparation of this Report suggests that there was a significant error or misrepresentation of such data or information.

1.7.3 Indemnification

Dragon has indemnified and held harmless RPM and its subcontractors, consultants, agents, officers, directors, and employees from and against any and all claims, liabilities, damages, losses, and expenses (including lawyers' fees and other costs of litigation, arbitration or mediation) arising out of or in any way related to:

- RPM's reliance on any information provided by Dragon; or
- RPM's services or materials; or
- Any use of or reliance on these services or material,

save and except in cases of death or personnel injury, property damage, claims by third parties for breach of intellectual property rights, gross negligence, wilful misconduct, fraud, fraudulent misrepresentation or the tort of deceit, or any other matter which be so limited or excluded as a matter of applicable law (including as a Competent Person under the Listing Rules), and regardless of any breach of contract or strict liability by RPM.

1.7.4 Mining Unknown Factors

The findings and opinions presented herein are not warranted in any manner, expressed or implied. The ability of the operator, or any other related business unit, to achieve forward looking production and economic targets is dependent upon numerous factors that are beyond RPM's control and which cannot be fully anticipated by RPM. These factors include site specific mining and geological conditions, the capabilities of management and employees,

availability of funding to properly operate and capitalise the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, etc. Unforeseen changes in legislation and new industry developments could substantially alter the performance of any mining operation.

1.7.5 Capability and Independence

RPM provides advisory services to the mining and finance sectors. Within its core expertise it provides independent technical reviews, resource evaluation, mining engineering and mine valuation services to the resources and financial services industries.

RPM has independently assessed the Relevant Assets of the Projects by reviewing pertinent data, including resources, reserves, manpower requirements and the life of mine plans relating to productivity, production, operating costs and capital expenditures. All opinions, findings and conclusions expressed in this Report are those of RPM and its specialist advisors.

Drafts of this Report were provided to Dragon, but only for the purpose of confirming the accuracy of factual material and the reasonableness of assumptions relied upon in this Report.

RPM has been paid, and has agreed to be paid, professional fees based on a fixed fee estimate for its preparation of this Report. Its remuneration is not dependent upon the findings of this Report or on the outcome of the transaction.

None of RPM or its directors, staff or specialists who contributed to this Report have any economic or beneficial interest (present or contingent), in:

- the Projects, securities of the companies associated with the Projects or that of Dragon; or
- the right or options in the Relevant Assets; or
- the outcome of the proposed transaction.

This CPR was compiled on behalf of RPM by the signatories to this CPR, details of whose qualifications and experience are set out in **Annexure A** of this CPR. The specialists who contributed to the findings within this CPR have each consented to the matters based on their information in the form and context in which it appears.

2 Projects Overview

The Projects are contained within a series of exploration and mining concessions tenements **Figure 2-1 to Figure 2-3**) which are concentrated in 2 areas, the operating Vammala and Svartliden Production Centres located in southern Finland and northern Sweden respectively. These two areas contain a number of medium to small scale, medium to very high grade epithermal and orogenic Gold ("Au") deposits.

The Company has a long history of operating in the Nordic Region with Dragon commencing mining in 2004 initially at Svartliden in northern Sweden with the development of a medium scale open pit and subsequent underground operation. Mining operations in Finland commenced with underground production at Orivesi in 2007 which was supplemented with ore from Jokisivu in 2009 following successful exploration by the Company. Mining commenced at Jokisivu via open pit operations in 2009 and subsequently underground operations in 2011, a second small open pit was mined in 2011. All current production is currently being sourced from underground. The Jokisivu and Orivesi mines have been in continuous operation since commissioning, producing more than 200k Au ounces in concentrate via small scale underground retreat open stoping. Mining at Svartliden was completed in 2013 however processing of Svartliden stockpiles continued to 2015.

Mineralisation within Orivesi occurs as multiple near vertical pipe/lode like medium to high grade lodes which cluster along structural dilatational areas. The dispositional style results in multiple lode systems forming within 100's metres, supporting operations in different areas within the mines. These lode systems are vertically continuous and have average thicknesses ranging from 5 to 20 m with current drilling delineating mineralisation to over 1,000m in depth at Orivesi. Jokisivu occurs as a more tabular style of mineralisation with multiple lodes ranging in thickness from 1 to 5 m with current drilling delineating mineralisation to depths of 500 metres. Both Jokisivu and Orivesi remain open at depth.

The Company's recent exploration was primarily focused on four separate deposits, three within the Vammala Production Centre namely Orivesi, Jokisivu and Kaapelinkulma, along with Fäboliden within the Svartliden Production Centre. Jokisivu recently underwent a major drilling program into the highly prospective extensions below the defined shallower lode bodies which resulted in a significant upgrade to the Ore Reserves from the previous year. The development projects of Fäboliden has further surface drilling planned to support mining and optimisation studies prior to full commissioning in Q2 2019.

Having successfully completed advanced mining studies, which highlighted the commercial viability of the Development Projects, the current production is planned to be augmented by two open cut mines, which will be exploited via small scale conventional truck and shovel methods. Material from these open pits will be processed through the current operating plants minimising both the CAPEX and the timing required to commence commercial production in the near term. In support of commissioning, infrastructure construction is well advanced at Kaapelinkulma with Fäboliden construction to commence in late 2018.

2.1 Vammala Production Centre

The Vammala Production Centre is located in southern Finland approximately 2 hours' drive north of Helsinki (**Figure 2-1** and **Figure 2-2**) in the Tampere Region. Vammala consists of an operating 300 kilotonnes per annum ("ktpa") floatation processing plant ("Vammala Plant"), the operating underground mines of Orivesi and Jokisivu and, the under construction open pit Kaapelinkulma Project. The Au concentrate produced at the Vammala Plant is transported to the CIL plant at the Svartliden Production Centre located in northern Sweden via excellent tarred roads and a connecting ferry.

RPM notes that while the current operations process concentrate in Svartliden, previously Dragon has sold concentrate to third parties for processing. If there is capacity, production or transport issues related to Svartliden, this arrangement can be re-implemented to allow continued production.

Figure 2-1 Project Location Map



2.1.1 Projects Location and Access

The Tampere region is connected to the Finnish capital 'Helsinki' via a series of excellent quality tarred roads and highways. Being a major transport hub of Finland, daily flights and freight and passenger train services connect Tampere both internally of Finland and internationally to Sweden. The regional series of excellent quality tarred roads allow access for mining personnel and haulage trucks between the various sites which are all within one hour drive from Tampere. The Vammala Plant is 40 km south of Tampere by road, while the Orivesi Mine is located 80 km northeast of the Vammala Plant (**Figure 2-2**), Jokisivu is located approximately 40km southwest of the Vammala Plant and the Kaapelinkulma Project is 65 km east of the Vammala Plant.

2.1.2 Geography

The geography in the region consists of low undulating hills with a landscape is dominated by fresh water lakes and rivers which range in size from small to very large. Slopes are generally low to moderate, while Flora typically pine and birch trees is framed with ground cover generally consisting of low grass and small shrubs.

2.1.3 Climate

The Vammala Production Centre has a borderline humid continental /subarctic climate with cold winters an average temperature between November and March of below 0 °C (32 °F) and a snow season from late November to early April. Summers are generally mild with temperatures above 10°C (50°F).

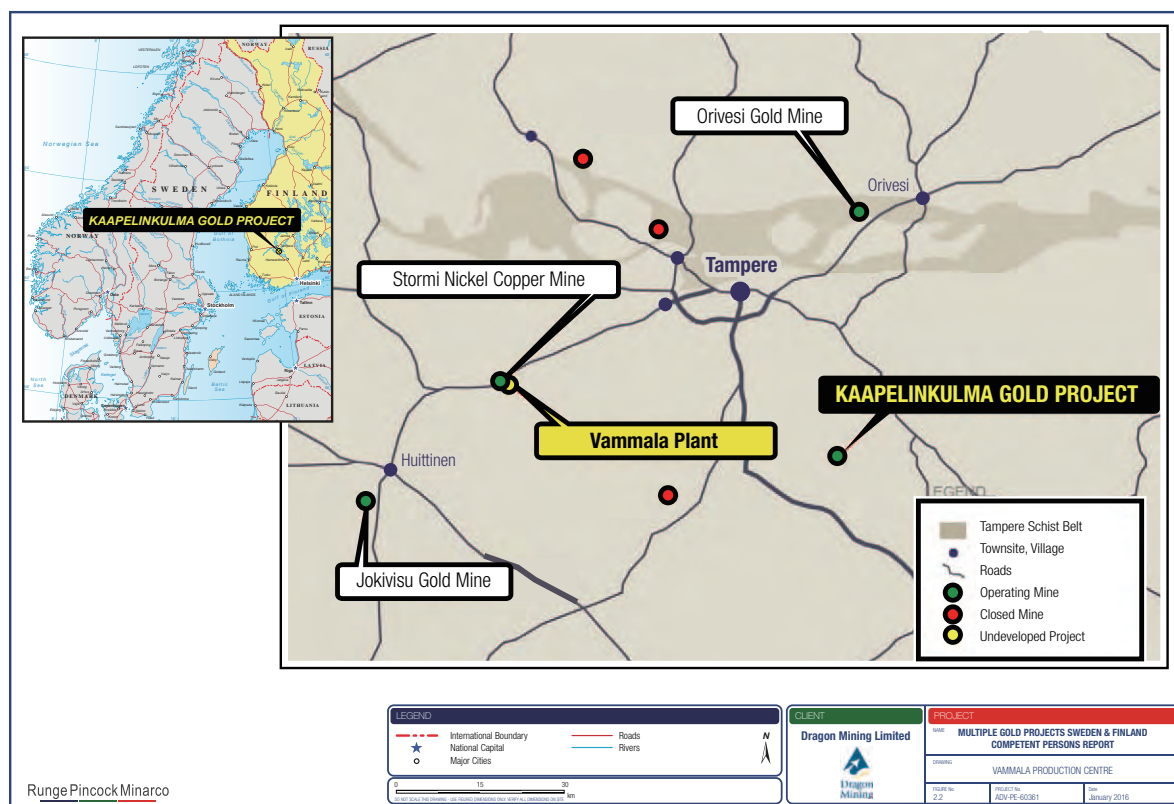
2.1.4 Industry

The region, which includes outlying municipalities, has around 0.47 million residents, 0.23 million of which are employed. The area is strong in mechanical engineering and automation, information and communication technologies, and health and biotechnology, as well as pulp and paper industry education through forestry.

2.1.5 Regional and Local Infrastructure

In addition to the underground mining and the surface processing plant and offices infrastructure, significant regional and local infrastructure provide support to the operations and the forecast production requirements. A review by RPM of the regional and local supporting infrastructure indicates that the area has suitable power, water and transport logistics connecting the operating assets, as well as in close proximity to the pre-development Kaapelinkulma Project which can support the current and planned production. The Project is located close to well established excellent quality highways and rail infrastructure (**Figure 3-1**), water sources and regional towns which provide accommodation and support services for the mining operation and its personnel.

Figure 2-2 Vammala Production Centre Location Plan



2.2 Svartliden Production Centre

The Svartliden Production Centre (“Svartliden”) is located in northern Sweden, 700km north of Stockholm and southwest of the world class Skellefte Mining District. An operating Carbon in Leach (“CIL”) Plant has a capacity of 300 Ktpa and currently is feed by concentrates from Vammala and other third party sources. Svartliden has a long history of production with the plant commissioned in 2005. Since commissioning the plant has processed in excess of 3.0 Mt of ore from the companies de-commissioned Svartliden Mine from both underground and open-pit mining operations. The current feed is concentrate feed from the Vammala Plant and Third parties. This is planned to be supplemented with material from the Fäboliden project, which will commence in 2019.

2.2.1 Projects Location and Access

Svartliden is located approximately 80 km west-northwest of the regional town of Lycksele via all year round tarred and gravel roads. Lycksele is the major regional hub which can be accessed from Stockholm via excellent national highway systems, a rail network and daily commercial passenger flights direct from Stockholm and northern Sweden. While the de-commissioned Svartliden Mine is adjacent to the operating plant, Fäboliden is approximately 30 km by road to the south east, and is connected to the plant via tarred roads (same road which connects Svartliden to Lycksele) and a gravel road.

2.2.2 Geography

The geography in the region consists of low undulating hills which are at or below sea level, as such the landscape is dominated by fresh water lakes which range in size from small to very large and small streams. Slopes are generally low to moderate. Flora in the region is typically pine and birch trees which are forested with ground cover generally consisting of low grass and small shrubs.

2.2.3 Climate

The region has a subarctic climate where the average high for the warmest month of the year (July) is lower than 20°C (68°F) with extreme temperatures of -15 °C (5°F) in February. Despite its extremely northern latitude, the climate is relatively mild compared to other places at similar latitude because of the Gulf Stream influence on the climate. Yearly precipitation averages approximately 440 mm and occurs all year (highest in summer months) round resulting in large snow cover during the winter months. Due to the Arctic Circle the region experiences midnight sun and a moderate polar night with some twilight during opposite sides of the year.

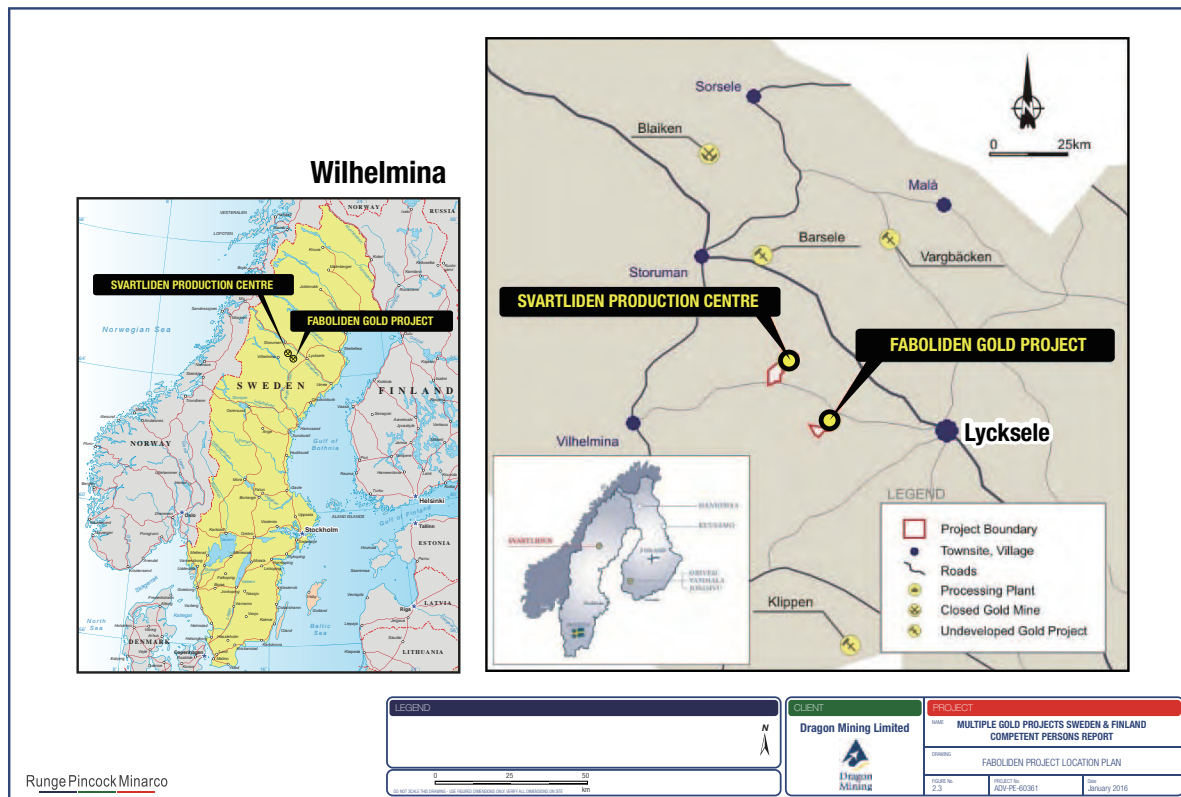
2.2.4 Industry

The main industry in the area surrounding the Svartliden Production Centre is subsistence farming and livestock rearing. The main crop is potatoes while the main livestock are Reindeer, sheep and poultry. In a wider regional context there is large scale gold and base metal mining and processing in the Skellefte Mining District, which has been a focus for activities since the 1920's.

2.2.5 Regional and Local Infrastructure

In addition to the de-commissioned open pit and underground mining areas, the surface processing plant and offices infrastructure significant regional and local infrastructure provides support to the planned operations. A review by RPM of the regional and local supporting infrastructure indicates that the area has extensive power, water and transport logistics connecting the operating asset, as demonstrated by the continuous operations since 2005 which RPM does not envisage will change for future production. While Fäboliden has direct access from the tarred road, the gravel roads will need to be upgraded for all year round haulage trucks along with connection of power to support maintenance work shops and the small office buildings for contractor's administration. RPM notes this power requirement will be small and can be serviced by a diesel generator (if required and more economically viable) while the mains power is located in lines that service village of Fäboliden, 2 km from site and other nearby villages.

Figure 2-3 Svartliden Production Centre Location Map



3 Licences and Permits

The Projects are contained within a series of exploration and mining tenement held by wholly owned subsidiaries of Dragon. The Company possesses all of the mineral rights (concessions) and surface rights necessary to operate both the Vammala and Svartliden Plants and the Jokisivu and Orivesi Mines. Development of the Kaapelinkulma Project is fully permitted pending issue of the mining safety permit, while the Environmental Permit for Fäboliden is under application. **Table 3-1** summaries the currently held mining and exploration rights of the Projects.

RPM provides this information for reference only and recommends that land titles and ownership rights be reviewed by legal experts.

Table 3-1 Primary Assets - Mining and Exploration Right Summary

ID	Name	Project	Type	Status	Area (Ha)	Date of expiry
K7094	Kaapelinkulma	Kaapelinkulma	Mining Concession	Valid	66.54	Until further notice
VA2016:0026	Kaapeli	Kaapelinkulma	Reservation	Valid	1589.00	25-May-18
2676	Seri	Orivesi	Mining Concession	Valid	39.82	Until further notice
ML2015:0026	Sarvisuo 3	Orivesi	EL	Application	56.56	3-July-20
ML2013:0006	Sarvisuo 1-2	Orivesi	EL	Valid	41.86	19-May-18 (reapplied)
9245/1	Yläinensilmäke	Orivesi	Claim	Valid	10.26	11-Jul-19
7244	Jokisivu	Jokisivu	Mining Concession	Valid	48.32	Until further notice
KL2015:0005	Jokisivu 2	Jokisivu	Mining Concession	Valid	21.30	Until further notice
ML2012:0112	Jokisivu 4-5	Jokisivu	EL	Application	85.76	Until further notice
8970/1	Jokisivu 7	Jokisivu	Claim	Valid	6.70	26-Mar-18 (pending)
8970/2	Jokisivu 8	Jokisivu	Claim	Valid	26.40	26-Mar-18 (pending)
1895	Stormi	Vammala	Mining Concession	Valid	157.53	Until further notice
ML2014:0049	Käärmeenmaa	Vammala	EL	Valid	78.00	16-May-18 (pending)
2016:111	Svartlidengruvan K nr 1	Svartliden	Exploitation Concession	Valid	87.54	10-Apr-27
	Ekorrliden nr 2	Svartliden	Exploration Permit	Valid	455.39	2-Dec-19
2016:75	Fäboliden K nr 1	Fäboliden	Exploitation Concession	Valid	122.00	3-Jun-29
	Fäboliden nr 11	Fäboliden	Exploration Permit	Valid	836.26	4-Aug-19
	Fäboliden nr 83	Fäboliden	Exploration Permit	Valid	1006.72	20-Mar-20

Source: Provided by the Client.

RPM notes that all Mineral Resources within the Fäboliden Project are located within the Fäboliden K nr 1 Exploitation Permit area. To date no Mineral Resources have been defined within the Exploration Permits which form the remaining tenement holdings of the project.

3.1.1 Environmental and Operating Permits

The Projects currently holds numerous environmental, construction, and operating permits. Table 3.2 outlines the current licences and permits held.

Table 3-2 Environmental Permits

Asset	Permit Name	Validity	
		Issuance	Expiry
Jokisivu Mine	Environmental Permit 58/2010/1, Dnro ESAVI/6066/2015	3.12.2010	Until further notice.
	Environmental Permit 162/2016/1, Dnro ESAVI/6066/2015	13.6.2016	Until further notice.
Vammala Plant	Environmental Permit 15/2008/2, Dnro LSY-2001-Y-42	19.3.2008	Until further notice.
	Environmental Permit 124/2014/1, DNro LSSAVI/96/04.08/2011 and LSSAVI/373/04.08/2010. Appealed against, Vaasa Administrative Court's decision number 16/0096/2 on the appeals, issued on 2 May 2016. Court's decision was appealed against at Supreme Administrative Court; in process.	24.6.2014	Until further notice.
Kaapelinkulma Project	Environmental Permit 175/2015/1 (Dnro LSSAVI/4511/04.08/2014)	14.10.2015	Until further notice.
Svartliden Plant	Environmental Permit M 1704-10	30.11.2012	Until further notice.
Fäboliden Project	Full permit not granted to date, Test Permit for 100kt	23-Nov-2017	30-Sep-2027

Source: Provided by the Client.

RPM provides this information for reference only and recommends that land titles and ownership rights be reviewed by legal experts.

For further information, refer to **Section 13**.

4 Projects History

4.1 Exploration History

4.1.1 Vammala Production Centre

RPM notes that Mineral Resources for the Jokisivu and Orivesi Mines along with the Kaapelinkulma Project have previously been reported to the Australian Stock Exchange ("ASX") by Dragon in accordance with the JORC Code 2012. While this Report contains an updated Mineral Resource for Orivesi, Jokisivu and Kaapelinkulma a significant amount of other information is publicly available on the Company website. Below is a summary of the previously available public information and highlights the new data.

The Vammala area has a long history of exploration by the current and previous owners which commenced in the 1980's and varies considerably between the various projects. In the previous two years exploration by the Company has focused a significant amount of work on the operating assets of Orivesi and Jokisivu. These works further tested the defined resource and evaluated potential extensions, while significant surface diamond drilling has been undertaken on the Kaapelinkulma Project to further advance the project.

Recent exploration at Jokisivu and Orivesi has primarily been via underground diamond drilling while in mid-2015 geophysical surveys were completed on Jokisivu to evaluate the extensions of the host rock below the current drilling limits. These surveys' successfully delineated the rock type extensions with further drilling planned to test this high priority target to potentially add significant mine life to the current operations (as further discussed in **Section 7**).

The surface diamond drilling completed in 2015 within Kaapelinkulma concentrated on infilling critical portions of the previously defined Mineral Resource in order to increase confidence in the classification applied which was further refined during 2016. Drilling will be included in a further update prior to mine commissioning.

4.2 Svartliden Production Centre

A significant number of exploration generations have been undertaken across the Svartliden area however these have focused primarily on the two main assets of the Svartliden Mine and the Fäboliden Project. Prior to 2014 the Company focused activities on the Svartliden Mine which was discovered in the 1990's with initial drilling carried out in 1995 by Lapland Goldminers AB and then in 1997 by Viking Gold Corporation. Dragon subsequently acquired an initial interest in the project and commenced further drilling in 2000 with an extensive resource drilling program. Dragon has completed numerous drilling programs throughout the development and mining of the Svartliden deposit prior to the cessation of mining in 2013.

Following acquisition of the project, Dragon completed further exploration on the Fäboliden Project which included a detailed review of the large exploration database that the previous owner compiled following several generations of drilling and sampling. This review identified the near surface high grade mineralisation, which forms part of the larger system previously interpreted. This high grade mineralisation highlighted the near term production potential of the project and in order to advance the project to pre-development phase the Company undertook an infill surface diamond drilling program concentrating on a 400 m zone, totaling 34 holes for an advance of 2,941 m as outlined in **Table 4-1**.

Table 4-1 Exploration Summary

Period	Production Centre	Estimate Area	Surface DD	UG DD	P/RC	Trench	Sludge/blast	UG Channels	Total Metres
Total	Vammala	Orivesi (Kutema)	156	872			6,138	301	192,324
		Orivesi (Sarvisuo)	56	577	15		4,211	1,151	171,371
		Jokisivu (Kujankallio)	306	246	739	87	1,389		101,707
		Jokisivu (Arpola)	211	80	153	83	288		44,381
		Kaapelinkulma	231		215	20			23,002
		Svartliden	814		237	8	4,851		210,855
	Svartliden	Fäboliden	362		11				65,907

Source: Provided by the Client.

4.3 Mining History

4.3.1 Vammala Production Centre

Orivesi

Mining at Orivesi was initially undertaken by Outokumpu between 1994 and 2003, producing 1.7 Mt of ore grading 9.4 g/t Au (422,000 ounces) from a series of near vertical pipe-like lodes within the Kutema system. Two of the five main lodes at Kutema continued below the historical extent of the decline at the 720m level and the discovery of a new lode system to the east of the Kutema system formed the basis for the recommencement of mining by Dragon in 2009. Dragon has undertaken staged development and production stoping from the lode system (Kutema and Sarvisuo) with mining currently at depths of approximately 1,200m within the Kutema system and 620 m within Sarvisuo.

Underground mining is owner operator by means of trackless diesel powered equipment such as drill jumbos, front end loaders and trucks. Access is via a decline developed from the surface, this is the same method adopted by Outokumpu. Open stopes are developed over varying heights with floor pillars left at regular intervals. These floor pillars are then extracted at a later time. The mined ore is hauled over public roads to the processing plant at Vammala. Recent production is shown in **Table 4-2** below.

Table 4-2 Jokisivu and Orivesi Recent Production

Mine		2014	2015	2016	2017	2018			
						Jan	Feb	Mar	Apr
Orivesi	Quantity (kt)	164	122	82	71	5.5	1.8	1.6	0.4
	Au g/t	5.7	6.1	4.7	4.6	3.5	4.0	3.7	4.0
Jokisivu	Quantity (kt)	110	164	223	227.2	32.1	22.8	17.0	15.3
	Au g/t	2.8	3.7	3.0	2.6	3.0	2.9	2.8	2.8

Source: Provided by the Client.

Jokisivu

Dragon has mined over 800 kt from the Jokisivu Mine since May 2009, commencing with open pit mining followed by underground development within Kujankallio in September 2010. The portal is located within the Kujankallio open pit, 35m below the surface with first stoping ore delivered to the Vammala Plant in January 2011. Underground commenced in late 2015. Mining is undertaken using similar methods to that at Orivesi however all production is via contractors. Recent mine production is shown in **Table 4-2**.

Vammala Processing Plant

The Vammala Plant is a 300,000 tonnes per annum conventional crushing, milling and flotation facility, which processes ore from Orivesi and Jokisivu. The Vammala Plant was recommissioned in 1994 to allow processing of gold ore. Recent historical production is shown **Table 4-3**. RPM highlights that processing of material from the decommissioned Svartliden Mine ceased in 2015, with all mill feed for Svartliden being sourced from third party and internal concentrate.

Table 4-3 Vammala and Svartliden Recent Production

Plant		2013	2014	2015	2016	2017	2018			
							Jan	Feb	Mar	Apr
Vammala	Quantity (kt)	306	303	286	314	317.8	23.1	25.1	28.1	27.1
	Grade (Au g/t)	3.7	4.6	4.7	3.4	3.2	2.1	3.3	2.6	3.1
	AU recovery	78	81.7	88.7	87.1	87	86	87	85	86
	Ounces	28,732	38,246	38,321	30,478	28,204	1,357	2,318	1,981	2,303
Svartliden	Quantity (kt)	325	312	76 (3.9*)	8.4 (1.4*)					
	Grade (Au g/t)	3.7	2.3	2.3 (92.5)	99.6					
	AU recovery	92.5	91.5	89.4	92.7					
	Ounces	35,750	21,410	15,484	3,939					

Source: Provided by the Client.

* External Concentrate throughput.

2015 includes both stockpile and concentrate production in Svartliden. Material in () is concentrate quantities and grades of which 2.4t was sourced externally.

4.3.2 Svartliden Production Centre

Fäboliden

While no production has occurred as at the effective date of this Report, land clearing resulting from the previous owner's exploration activities has occurred as well as small scale trial production. This small scale production as well as detailed metallurgical testwork completed underpins the pre-feasibility study completed by RPM, while Dragon has completed several further studies and testwork programmes including a 1,000 t batch test at the Svartliden Plant in recent years.

Svartliden Mine

Dragon mined 3.8 Mt from the Svartliden Mine since 2004 via open-pit and underground mining methods. Both methods were carried out in tandem from 2012 until open-pit extraction ceased in April 2013. Completion of underground mining occurred during the December 2013 quarter, following which stockpiled material was processed until April 2015 when they were exhausted.

Svartliden Processing Plant

The Svartliden CIL Processing Plant has a capacity of 300ktpa. Since commissioning in 2005 the plant has been in constant operation with production (**Table 4-3**) commonly exceeding the nameplate capacity. Since the exhaustion of the Svartliden mine stockpiles, the plant has been processing high grade concentrates from the Vammala Flotation Plant and the third parties as outlined in **Table 4-3**.

5 Geology

RPM notes that the Jokisivu and Orivesi Mines along with the Kaapelinkulma Projects have previously been reported to the JORC 2012 on the ASX by Dragon. While this Report contains an updated Mineral Resource for Orivesi, Jokisivu and Kaapelinkulma a significant amount of information is publicly available on the Company website. Below is a summary of the previously available public information and highlights the new data.

RPM has reviewed the geology within the Projects area, on both a regional and deposit scale and considers that the geology is well understood and developed through the generation of geological maps, stratigraphic definitions (sedimentary sequence, dating and intrusive history), geological cross sectional interpretations, and three-dimensional models.

5.1 Vammala Production Centre

5.1.1 Regional Geology

RPM notes that the majority of the geology section was obtained from the 'Vammala Centre Feasibility Study' (Grönholm, Korteniemi & Sandberg, 2005):

The Vammala Production Centre and associated Projects are located within the continental island arc-type Tampere Schist Belt ("TSB") and the Vammala Migmatite Zone ("VMB") of the Palaeoproterozoic Svecofennian Domain of the Fennoscandian Shield (**Figure 5-1**). The Svecofennian Domain has generally been interpreted to represent predominantly juvenile crust formed in a rapid succession of igneous activity, uplift, erosion and redeposition between 1.9 — 1.85 Ga.

The east-west striking TSB lies between the 1.89 Ga Central Finland Granitoid Complex in the north and the Vammala Migmatite Zone in the south. The TSB is approximately 200km long and up to 20km wide, and is characterized by turbiditic metasediments and intermediate, alkaline and calc-alkaline metavolcanic rocks of mainly pyroclastic origin. Metamorphism has culminated in low-pressure, low-temperature amphibolite to transitional greenschist-amphibolite facies conditions (Kilpeläinen et al., 1994; Kilpeläinen, 1998).

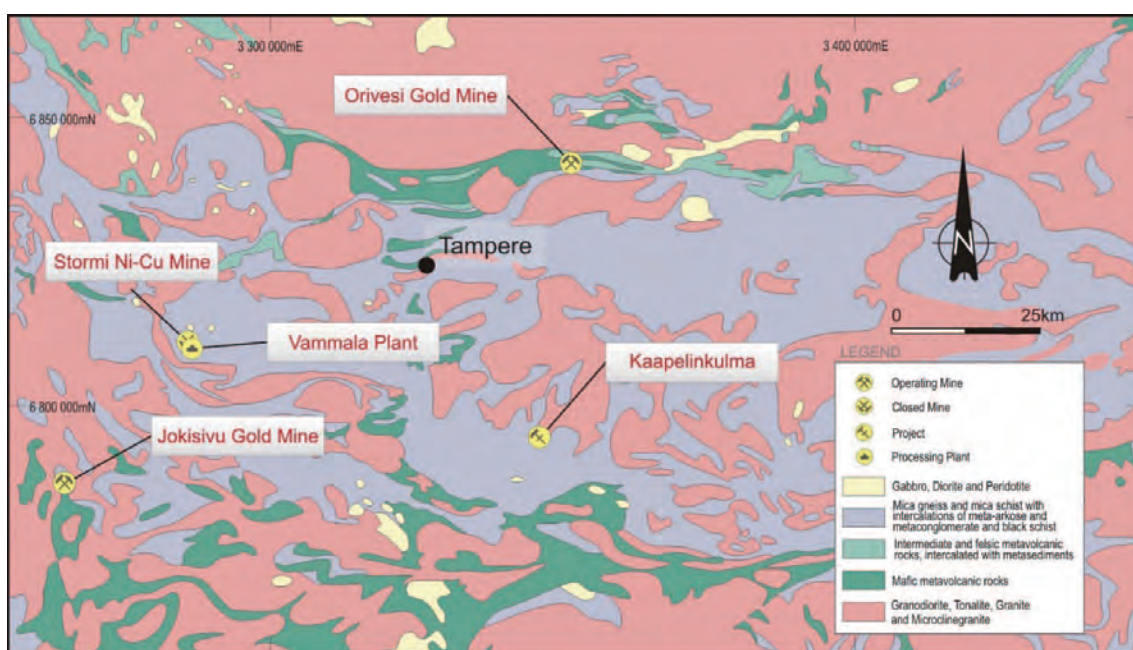
The medium to high grade VMB forms approximately a 50 kilometre wide arcuate structure that can be traced across southern Finland. The migmatites are derived from pelitic and arenaceous metasediments with some graphitic, sulphidic, calcareous and mafic intercalations. The VMB is bound by the lower grade Tampere and Häme Schist Belts in the north and south, respectively.

The Orivesi deposit is located in the north-eastern part of the Tampere Schist Belt (TSB) which is characterised by an east-west striking major isoclinal syncline with sub-horizontal fold axes and sub-vertical plane schistosity. The limbs of the syncline are composed of metavolcanic (felsic to mafic tuffs) and metasedimentary (greywackes and mudstones) rocks. The northern limb is dominated by metavolcanic rocks, while the southern limb is rich in sedimentary rocks (Kähkönen, 1989, 1999). The hinge zone of the syncline is characterized by polymictic meta-conglomerate (**Figure 5-1**).

The Jokisivu deposit is located in the southwest portion of the VMB. The main rock types of this area are tonalitic and granodioritic gneisses, mica gneisses and migmatites as well as metavolcanic rocks of mainly intermediate and mafic composition. These are intruded by granitoids and diorites.

The Kaapelinkulma Project is located in the central portion of the VMB. The main rock types of this area are mica and veined gneisses, migmatites and synorogenic granitoids (**Figure 5-1**). The most common compositions of intrusions are tonalite, granodiorite, quartzdiorite and granite, but also smaller units of gabbros and peridotites have been mapped in the area.

Figure 5-1 Vammala Processing Centre Regional Geology



5.1.2 Deposit Geology and Mineralisation

Orivesi Mine

The Orivesi Mine has two areas of mineralisation (Kutema and Sarvisuo) which are approximately 300m apart. The northern margin of the TSB, i.e. the Orivesi area, is dominated by intermediate, often massive, plagioclase porphyritic metatuffs of dacitic, trachydacitic and andesitic composition. Pyroclastic layering and volcanic breccia structures occur sporadically. Rhyolitic and trachytic felsic metavolcanic rocks occur as interlayers within intermediate metavolcanics. Highly mylonitized rocks representing the main shear zone of the Kutema area are located within a felsic interlayer (**Figure 5-2**). Mafic metavolcanic rocks, which are generally uraltite phenocryst bearing amphibolites, occur usually as thin interlayers in almost all supracrustal rocks. Mafic rocks have been interpreted to represent metamorphosed tuffs, lava flows, sills and dykes (Grönholm, 1992; Luukkonen et al., 1992; Poutiainen and Grönholm, 1996).

The Pukala Tonalite, a hypabyssal synvolcanic porphyritic intrusion of intermediate composition occurs along the northern margin of the TSB (**Figure 5-2**). The 15km long and 1-2km wide intrusion is located only a few hundred metres north of the mine, and appears to crosscut the alteration zone surrounding the mineralised pipes. The intrusion includes numerous angular country rock fragments, mainly mica schists and amphibolites, with a diameter from a few tens of centimetres to several metres.

The Orivesi gold mineralisation is associated with the Kutema alteration zone, which is exposed in an area covering approximately 0.5 sq.km at the present erosion surface. The alteration zone and related gold mineralisation predate multi-phase deformation, and based on this and the geometry of the gold lodes, Orivesi has been interpreted to represent a metamorphosed and deformed high-sulphidation epithermal gold deposit. The mine is located at the south-western edge of the altered metavolcanic sequence, and includes five gold lodes. The Sarvisuo Lodes are located approximately 300m ENE of the main Kutema pipes and generally forms a parallel lode system. Both Kutema and Sarvisuo lodes occur as sub-vertical pipe-like structures with extensive vertical continuity (**Figure 5-4**) with thickness. The deepest grade drill intersection in the Kutema area is well below 1,000m from surface.

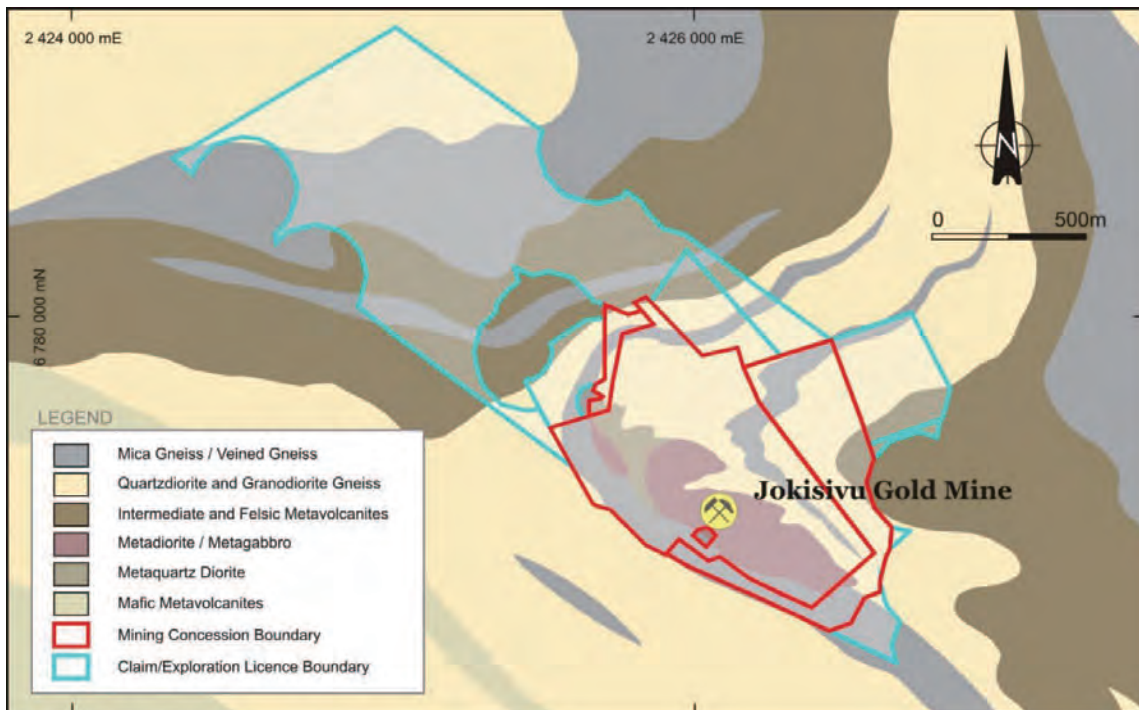
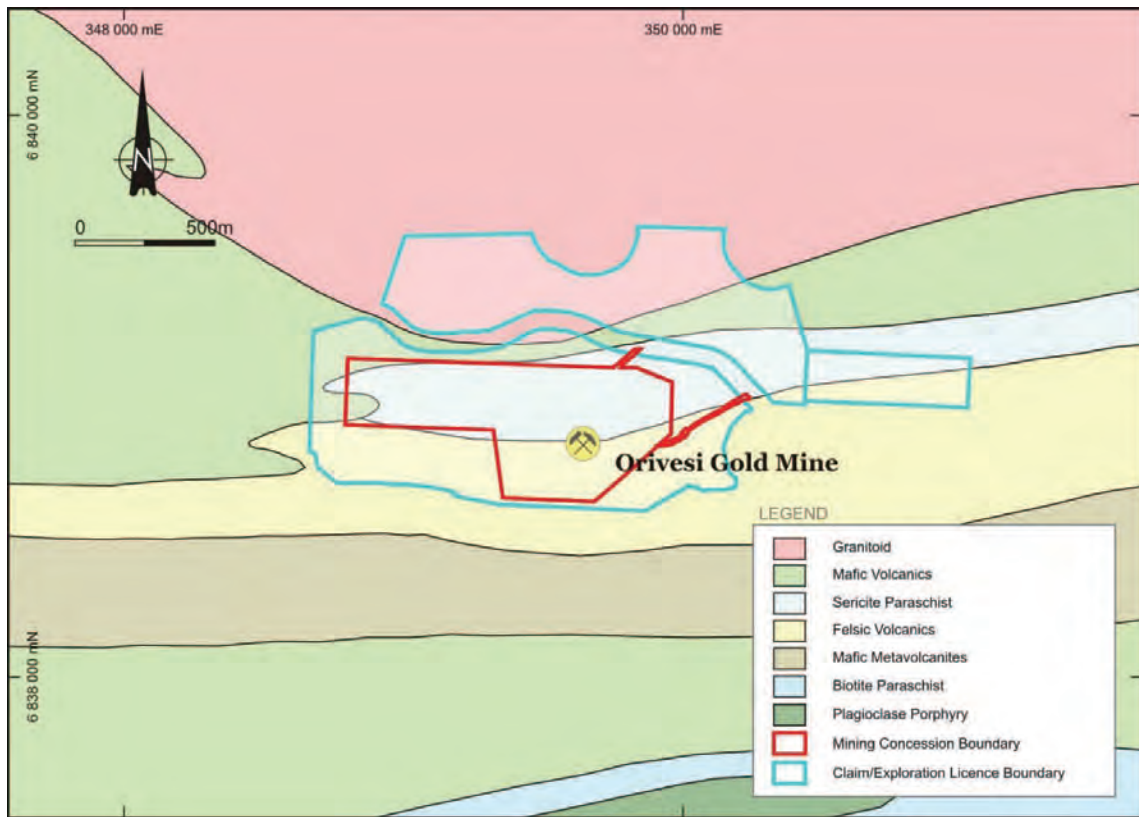
The outer alteration zone (chlorite-sericite schist) is characterised by sericitisation, chloritisation, silicification and pyritisation. Andalusite and phlogopite are common and show post-tectonic crystallization textures. Rutile occurs either as tiny isolated grains or as grain aggregates. Boudinaged and chloritised magnetite-bearing amphibole schist interlayers are typical in the southern portion of the altered area. These highly magnetic units can be mapped using magnetic surveys.

The inner alteration zone is characterised by sericitisation and silicification (sericite-quartz schist). Topaz, fluorite and andalusite occur in variable amounts, and pyrophyllite, kaolinite and sulphides have been encountered occasionally. The sericite-quartz schist contains quartz aggregates (<5mm) and elongated quartz rock lenses with longest dimension up to 10 metres. Topaz occurs as very fine-grained crystals in almost monomineralic topaz rock and in sericite-quartz schist. Fluorite occurs either as post-kinematic fracture fillings or as tiny euhedral grains in small cavities of the topaz-bearing quartz rock (Grönholm, 1992; Poutiainen and Grönholm, 1996).

Gold mineralisation is related to strongly deformed and silicified zones characterized by shearing, boudinaging, folding and quartz veining during syn- to late-stage deformation. Samples collected from the gold lodes of the Orivesi Mine area indicate that most of gold occurs as native gold, which has a very small grain size, generally <60 µm. Gold occurs mainly along quartz grain boundaries and in late-stage fractures. A lesser amount of gold is carried by Au-Te tellurides, especially calaverite (AuTe₂), and to some extent also by electrum (Au, Ag) and aurostibite (AuSb₂) (Grönholm, 1992; Luukkonen, 1994; Poutiainen and Grönholm, 1996).

Sulphides are common in the hydrothermally altered area. Pyrite dissemination characterises the outer alteration zone, and especially its southern part. In contrast, highly silicified portions of the inner alteration zone are generally very poor in sulphides, and gold lodes may often contain more tellurides than sulphides. Pyrite, pyrrhotite, chalcopyrite and, less commonly, sphalerite are the most common sulphides associated with gold mineralisation.

Figure 5-2 Jokisivu and Orivesi Local Geology Maps



Jokisivu Mine

The Jokisivu Mine has two areas of mineralisation (Kujankallio and Arpola) which are approximately 200m apart. The Jokisivu Mine is a Palaeoproterozoic orogenic gold deposit located in the Vammala Migmatite Belt. The deposit is controlled by a conjugate set of brittle-ductile shear zones between two major NW-trending shear zones in upper-amphibolite facies rocks (**Figure 5-2**).

Mineralisation is hosted within relatively undeformed and unaltered diorite, in 1 to 5 metre wide shear zones that are characterised by laminated, pinching and swelling quartz veins and a well-developed moderately (50°) east-northeast plunging lineation, as shown in **Figure 5-5** and **Figure 7-9**. The Kujankallio vein sets have been shown by drilling to extend to at least 525 m depth whereas Arpola has only been drilled to 200m. Gold occurs chiefly as free grains in quartz veins, locally related to arsenopyrite, loellingite, pyrrhotite and scheelite. The Jokisivu diorite is surrounded by mica gneisses, volcanogenic and arenitic metasedimentary gneisses and granitoids (and leukosomes of gneisses) of which have tonalitic to granodioritic composition

Kaapelinkulma

The Kaapelinkulma deposit is 50 to 100 m wide and 1,800 m long, which forms a gently dipping inclusion (large xenolith) in a synorogenic tonalite (**Figure 5-3**). Controlling structures are a set of thin, NNE and NE trending sinistral shear zones dipping at 35 to 40° to the ESE. The width of the shear zones is from a few cm to several metres as can be observed in surface outcrops and drill core.

At Kaapelinkulma, an oval-shaped granitoid intrusion with a size of 4km by 8km is surrounded by mica and veined gneisses with graphitic and sulphidic interlayers. Main rock types of intrusion are tonalite and granodiorite, in which quartz diorite, diorite and gabbro fragments and inclusions are common. Texture of tonalite is porphyric, medium-grained and slightly foliated.

A boomerang-shaped, 1.8km long and 50-120 m wide unit of quartz diorite occurs as a mega-inclusion in the western part of tonalite intrusion (**Figure 5-3** and **Figure 5-6**). The known quartz-diorite unit extends to the shallow levels, only 30-120 metres below surface. Also in quartz diorite, fragments and inclusions (xenoliths and autoliths) are common, especially close to the western contact of quartz diorite and tonalite. Rock types of xenoliths are diorite, mafic-intermediate metavolcanite, mica gneiss and veined gneiss. Texture of quartz diorite is medium-grained and slightly foliated. However, grain size of quartz diorite is clearly smaller than in tonalite.

The Kaapelinkulma gold occurrence is associated with 'en echelon' -type shear zones locating mainly nearby the western contact area of quartz diorite. Shear zones are narrow (0.1 to 5 m), north-south trending and moderately east-wards dipping (35 to 45 degrees). In shear zones, quartz diorite is strongly biotite-altered and quartz-veined. Quartz veins are narrow, 1 to 20 mm, and bright, bluish or brownish white in colour. Gold and other ore minerals occur in shear zones, and especially in association with quartz veins and veinlets.

Mafic veins are younger than quartz diorite, tonalite and mineralized shear zones, according to their cutting structures. The thickest mafic vein type is gently dipping (ca. 10 degrees) to north-west. A narrower mafic vein type dips eastwards moderately (ca. 40 degrees). Gently dipping mafic vein is up to 10 metres thick, and it has often a specific magma mixing (breccia) structure where mafic vein fragments are surrounded by felsic vein material. In certain places, felsic material is dominating over mafic. The narrow mafic vein is 0.1 to 1 metre in thickness. Both mafic vein types are greenish and fine-grained.

The youngest rock types are coarse-grained pegmatite veins and fine to medium-grained aplite veins. Pegmatite veins have in some places quartz-rich core. Both gently and moderately dipping pegmatite and aplite veins occur, and their thicknesses are usually between 0.1 and 2 metres.

The Orogenic-type Kaapelinkulma gold deposit comprises a set of subparallel lodes in a tight array in a sheared quartz diorite. Brittle-ductile shear zones are 'en echelon' —type in which a single shear zone has a limited lateral continuation, but another shear zones exist subparallel and close to each other. Width of shear zones is 0.1 to 5 metres, at the most frequent 1 to 2.5 metres. Mineralised shear zones contain banded quartz veins and veinlets that are characterized by variable amounts of pyrrhotite, arsenopyrite, loellingite, pyrite, chalcopyrite, scheelite, tellurides, bismuth, maldonite and gold. The edges of sheared zones graduate to barren quartz diorite in the distance of a couple of centimetres. Many types of veins cut tonalites, quartz diorite and the mineralised shear system. Gently-dipping mafic dykes replace the mineralisation, and break the continuity of ore lodes in many places. Pegmatite and aplite veins cut all rock type units.

The strong alteration of the country rock is mainly restricted to sheared and mineralised zones. Biotitisation, chloritisation and silicification are the most typical alteration types. The original source rock is so intensively biotite-altered after breakdown of hornblende in the mineralised zones that the rock type looks like quartz-biotite gneiss rather than quartz diorite. Other alteration types are albitisation, epidotisation and carbonatisation. Albitisation has changed feldspar of quartz diorite to Na-richer end member. Epidotisation and carbonation are associated in crack fillings of various rock types.

Two zones of gold mineralisation have been identified, both associated with north-north west trending sinistral shears. Native free gold is chiefly associated with quartz (locally visible to the naked eye), and some gold is associated with native bismuth and as inclusions in arsenopyrite. General alteration is biotitisation of hornblende with quartz as a by-product, tremolite and minor rutile in selvages in some of the mineralised veins.

Figure 5-3 Kaapelinkulma Local Geology Map

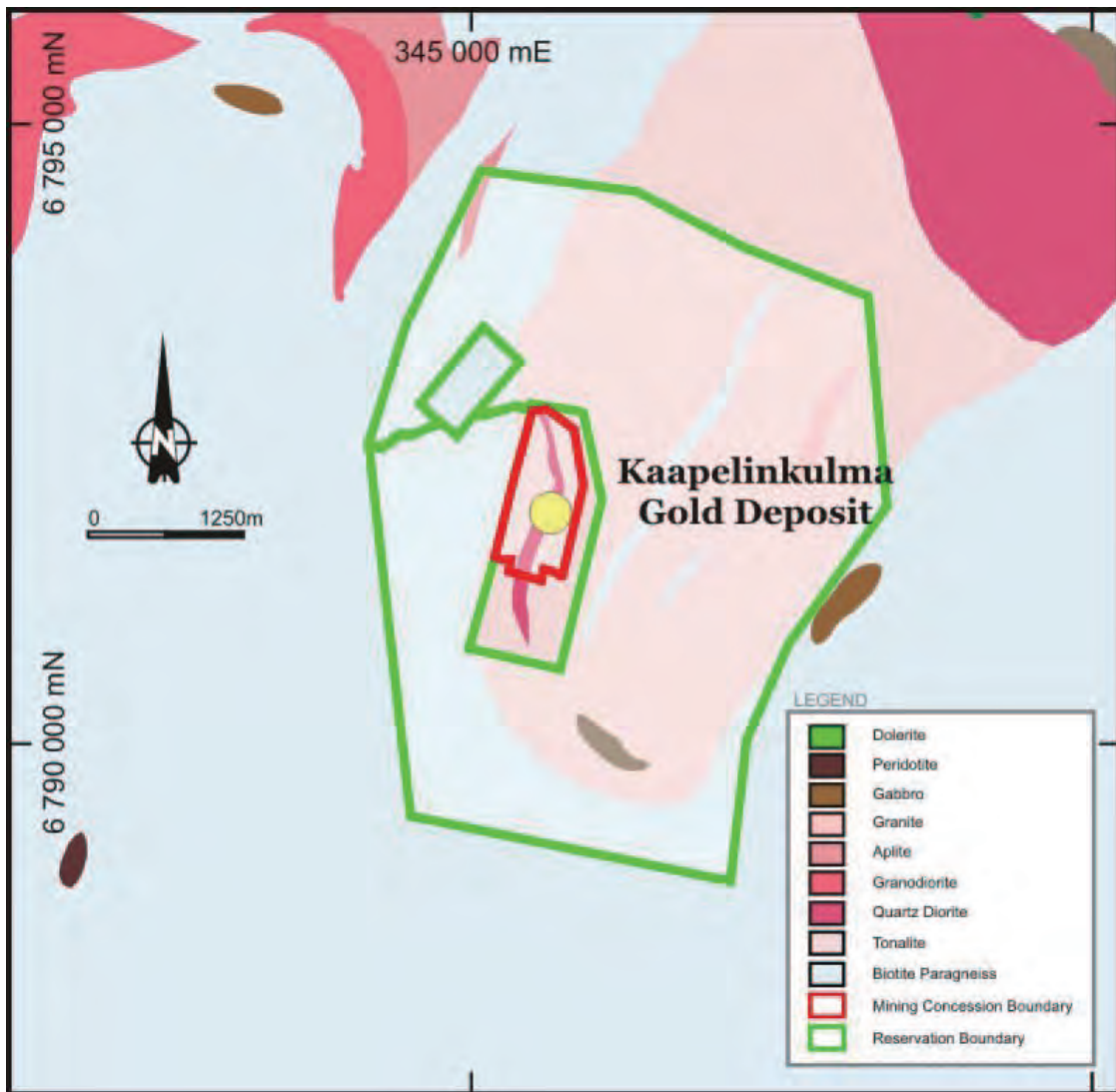


Figure 5-4 Orivesi Mine — Generalised Cross Section

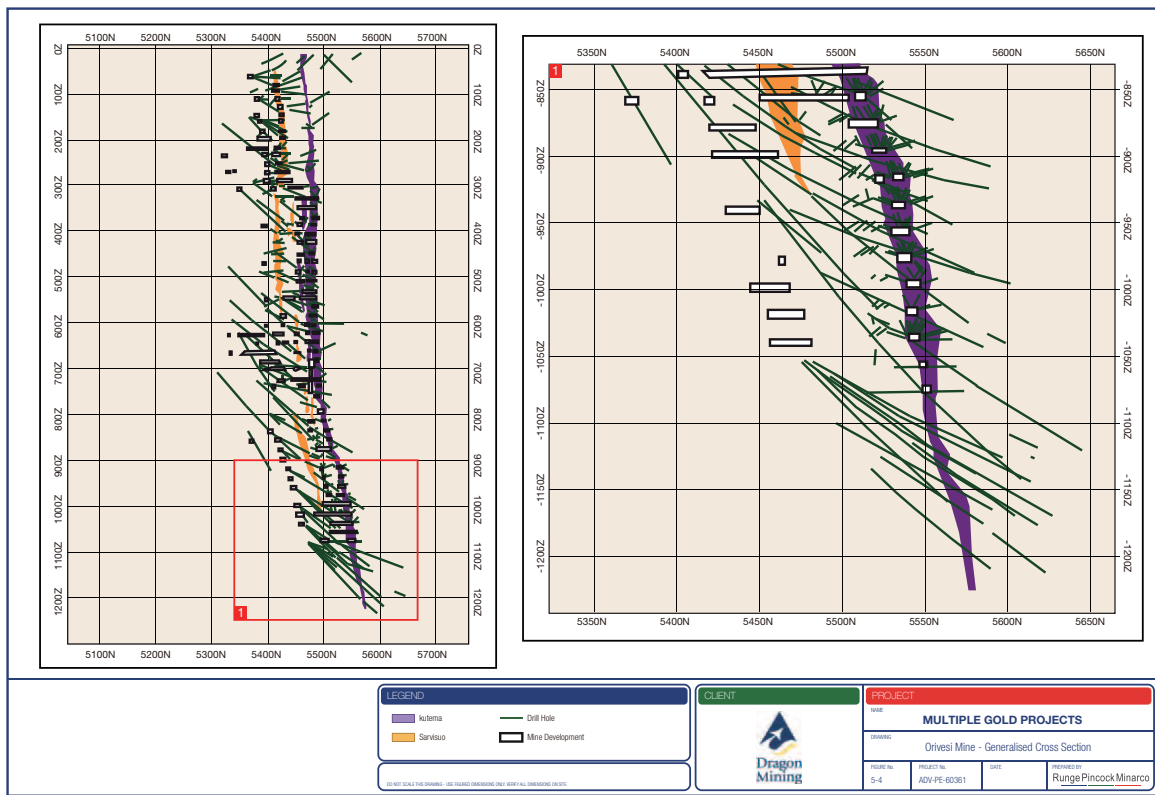


Figure 5-5 Jokisivu Mines — Generalised Cross Section

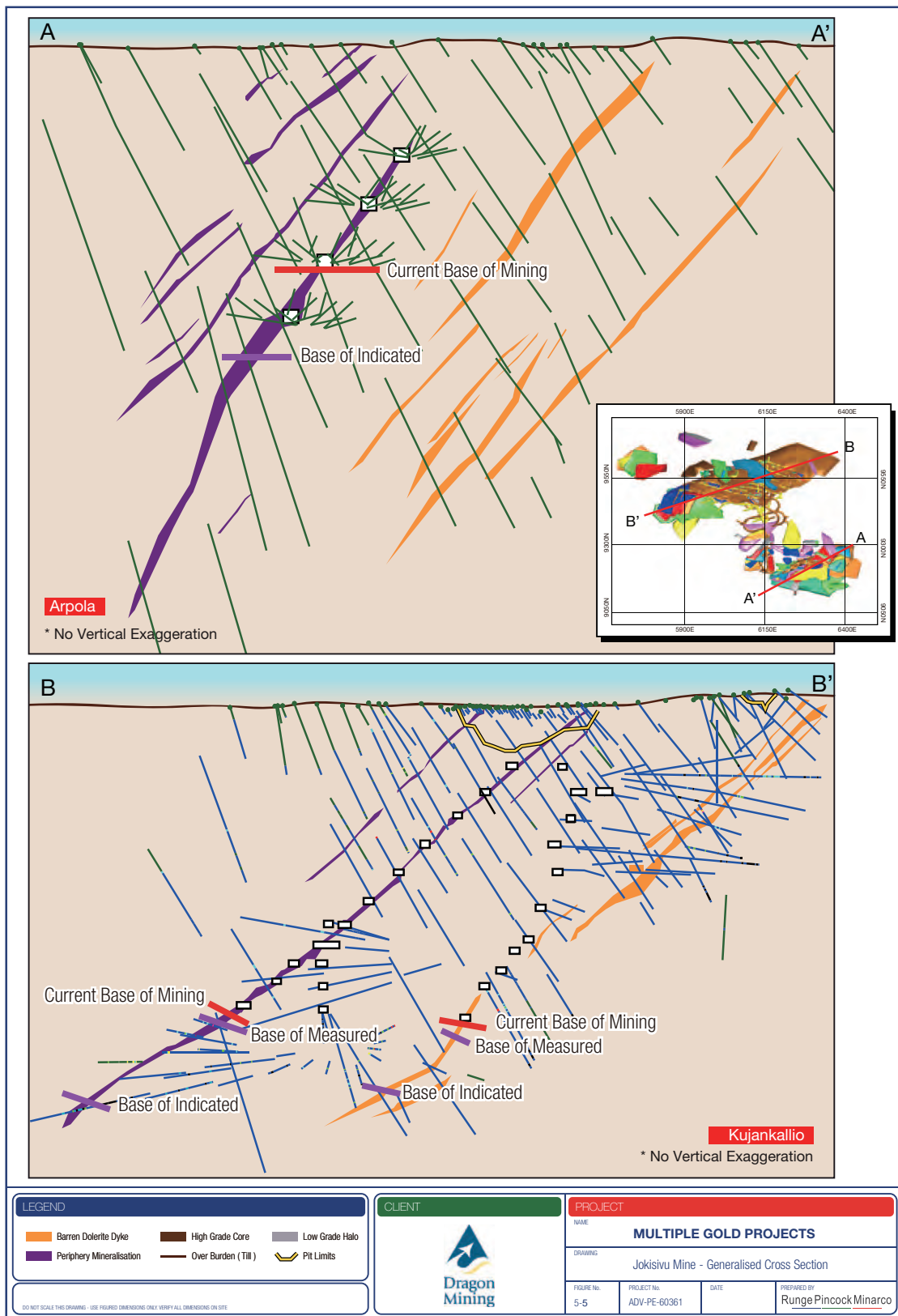
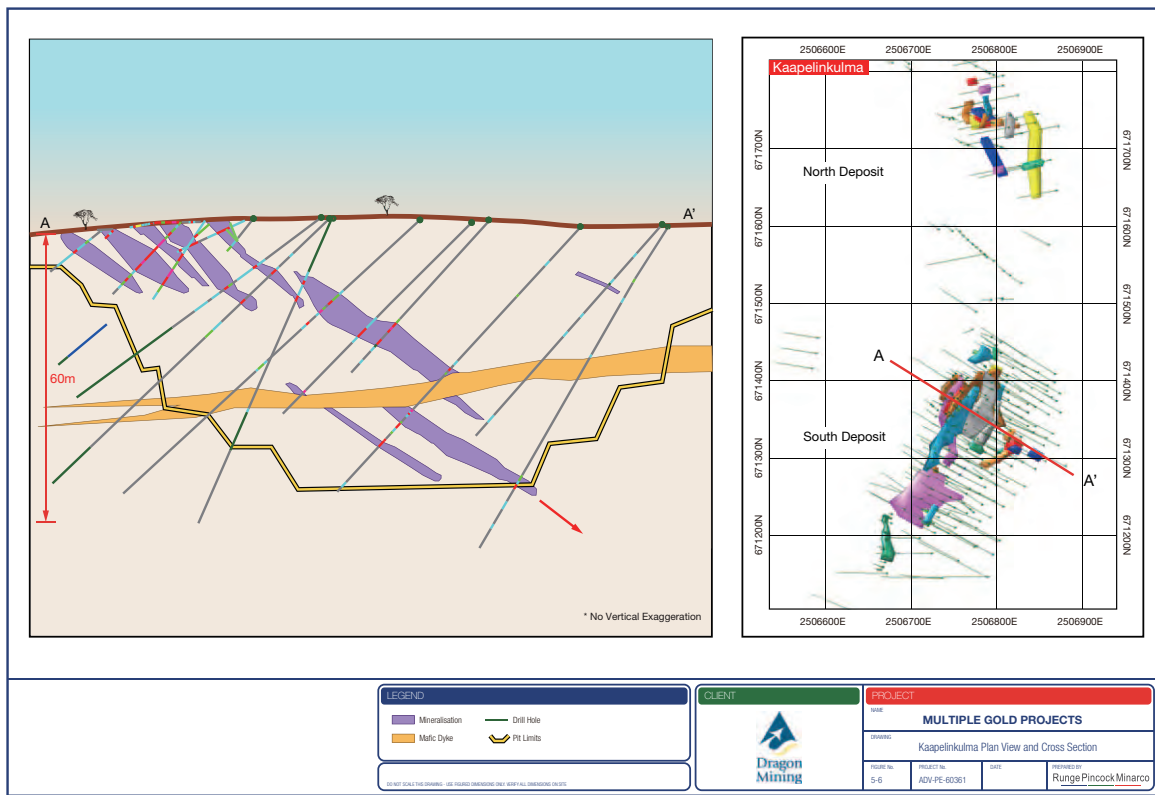


Figure 5-6 Kaapelinkulma Plan View and Cross Section



5.2 Svartliden Production Centre

5.2.1 Regional Geology

The Fäboliden Project is located within the Fennoscandian Shield, south west of the Skellefte District, northern Sweden. At c. 2.45 Ga, rifting of the Archaen craton of the Fennoscandian Shield started, and the final break-up of the craton occurred at c. 1.95Ga, generating a large oceanic basin in the south, the Bothnian Basin. This basin, which is filled mainly with thick metamorphosed sediment sequences and subordinate metasediments rocks, is interpreted as a fore-arc environment. The thickness of the metagreywackes is estimated to be approximately 10km, which suggests a depositional continental margin environment.

The supracrustal rocks of the Lycksele-Storuman area, which form part of this sediment sequence, were intruded during the early stages of the 1.9 to 1.8Ga Svecokarelian orogeny by c. 1.9 to 1.86 Ga calc-alkaline granitoids. During the late stages of the orogeny, the supracrustal rocks were intruded by c. 1.82 to 1.8 Ga S-type granites of the Skellefte-Hamo suite and by 1.81 to 1.77 Ga alkali-calcic granites of the Revsund suite.

The Fäboliden deposit, like Svartliden, is hosted in a sequence of volcano-sedimentary packages in the Bothnian Basin. Geological maps of the region interpret the majority of the rock types to be sedimentary but drilling at Fäboliden and Svartliden have proven that a significant percentage of the geology is composed of volcanics or mafic intrusives.

5.2.2 Local Geology

The Fäboliden deposit, like Svartliden, is hosted in a sequence of volcano-sedimentary packages in the Bothnian Basin (**Figure 5-7**). Geological maps of the region interpret the majority of the rock types to be sedimentary but drilling at Fäboliden and Svartliden have proven that a significant percentage of the geology is composed of volcanics or mafic intrusives (**Figure 5-7**).

Fäboliden has been classified as an orogenic gold deposit Gold mineralisation is hosted by Bothnian Group metasediments and metavolcanic rocks, surrounded by Revsund-type granitoids. The main host rock is metasediments, but in the central portion of the deposit, intercalations of metavolcanic rocks are also mineralised.

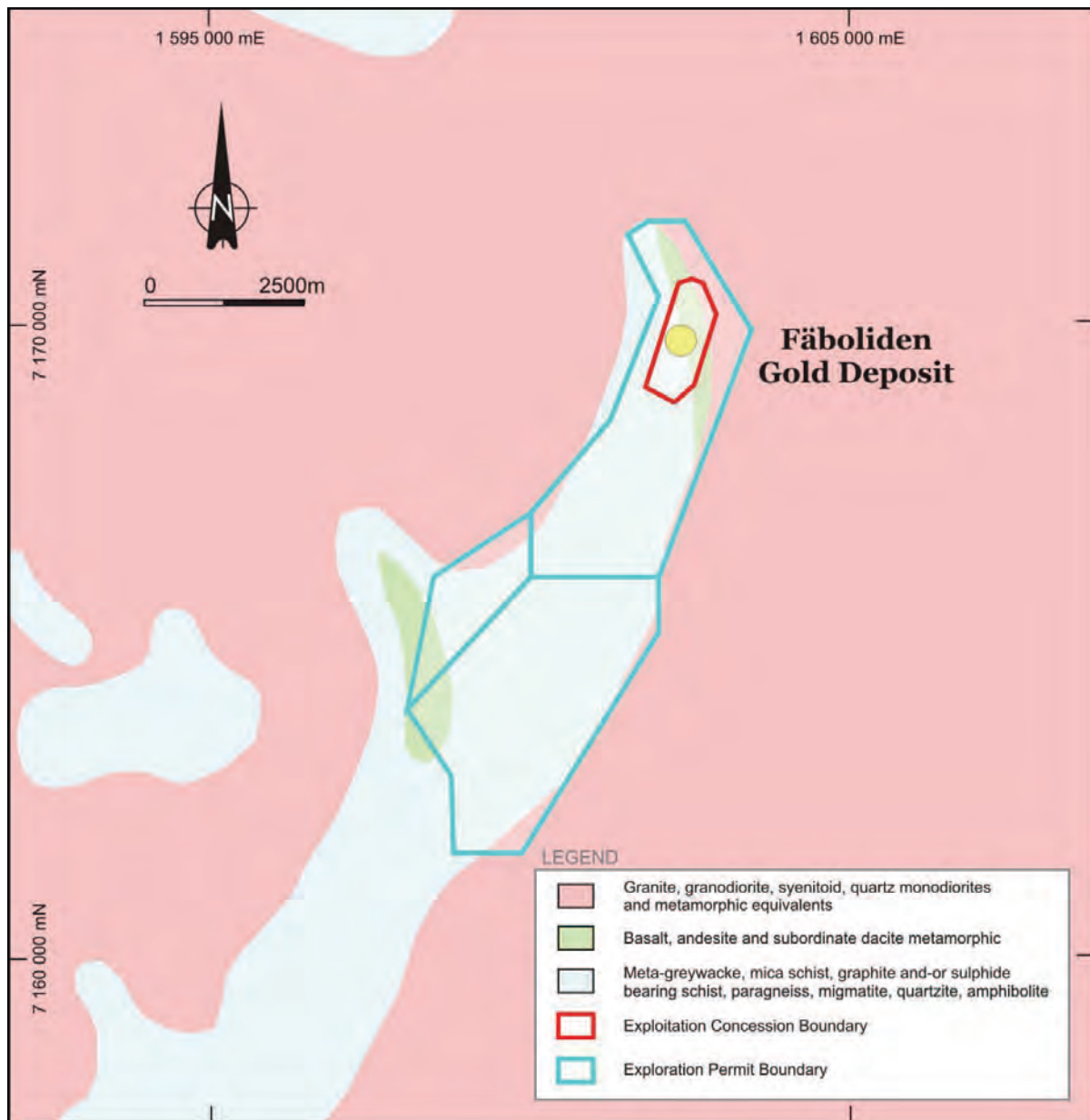
The metasediments are strongly foliated and biotite-rich. They are commonly argillitic, with coarser-grained zones (<1 cm grain size) which are less deformed. These less-deformed parts display primary sedimentary textures such as poor stratification and bedding. The metavolcanic rocks are similar in appearance to the metagreywackes. The metavolcanic rocks are also fine-grained and biotite-rich, however, the metavolcanic rocks are commonly distinctly banded. The Revsund granitoid is medium to coarse-grained, with K-feldspar porphyroblasts (commonly 2 to 5 cm).

While Svartliden is dominated by meta-basalts, argillic and arenitic sediments, Fäboliden also contains intermediate volcanics and volcanoclastic sediments. The stratigraphy strikes NNE-SSW and dips from approximately 50° to 70° east with the orientation steepening in the north. A foliation is apparent in most lithologies and is parallel to the stratigraphy. Unit thickness change abruptly and are likely the result of faulting or shearing.

The mineralisation spans at least 1.7km along strike and varies greatly in thickness which is largely dependent on cut-off grade. Assuming an anomalous gold cut-off of 0.1 g/t, the gold halo is up to 160 m thick in places and could be thicker as only select portions of drill holes were assayed.

The volcano-sedimentary packages and mineralisation are cross-cut by a late dolerite sill which dips gently to the south. Granite dykes also cut stratigraphy but are only significant in the eastern volcanics (**Figure 5-8**). They rarely cut the mineralisation and when they do, are typically thinner than a few metres in thickness. Unlike at Svartliden, granite dykes do not influence the resource at Fäboliden.

Figure 5-7 Fäboliden Local Geology Map



5.2.3 Mineralisation Style

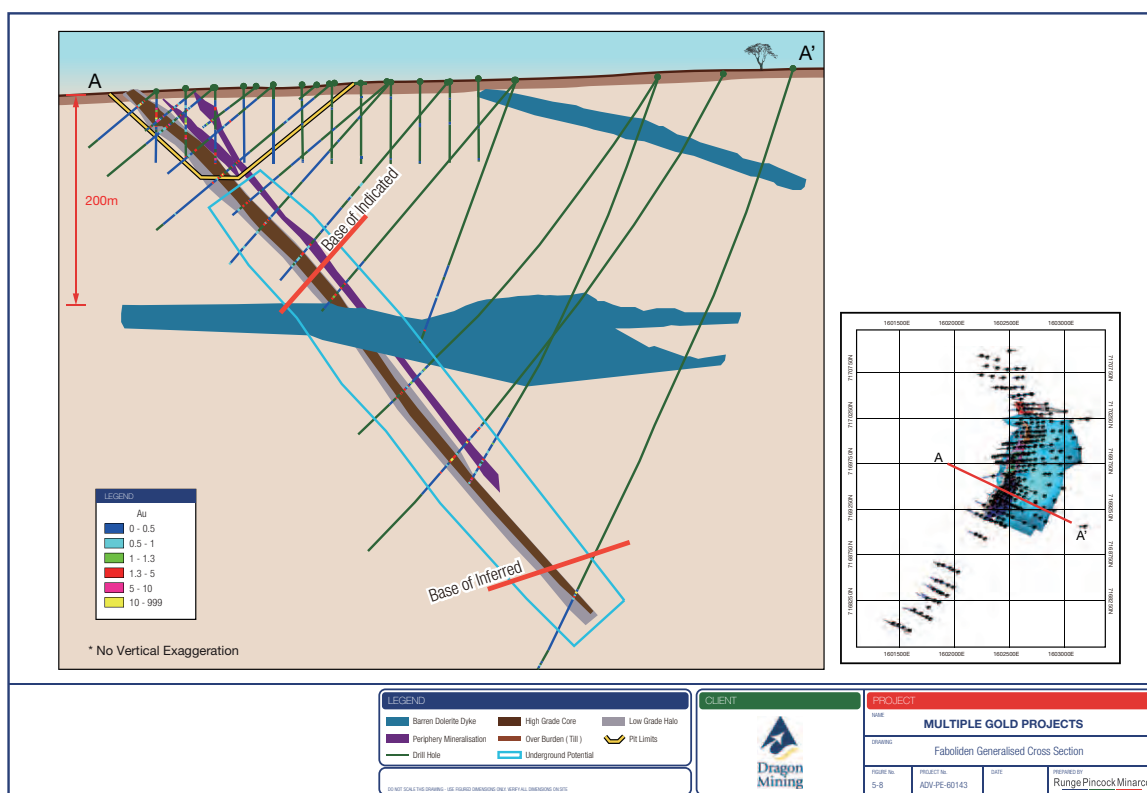
The mineralisation is generally situated at or near the boundary between the lower sediments and the intermediate volcanics. In many cases, the high grades are present immediately at this contact with a zone anomalous in gold separating another mineralisation present deeper in the sediments. The latter becomes the dominant mineralisation to the north as the intermediate volcanics pinch out. While mineralisation is hosted both in sediments and volcanics, gold grades are associated with small quartz or sulfide veins (less than 5 cm in thickness) where arsenopyrite tends to be concentrated. The gold is said to be fine-grained and found in fractures and as inclusions within arsenopyrite-löllingite (Alvarez, J. and others, 2010 and

Ylvén T., word of mouth). Visible free gold has also been observed in the silicate matrix in the proximity of quartz veins. These quartz veins are parallel to foliation/stratigraphy and are typically boudinaged. Another, later set of quartz veins sometimes cross-cut foliation but do not typically carry gold and are not concentrated around the mineralisation.

Proximal alteration is variable at Fäboliden and its character depends on the rock type that is hosting mineralisation. Diopside, calcic-amphibole and biotite alteration is common in the volcanics and often pervasive. Silicification is occasionally observed. In the sediments, light silicification is common while feldspar alteration can be intense or lacking altogether. Some sericitization and chlorite alteration is observed and diopside, calcic-amphibole alteration is sometimes present in varying intensities.

Distal alteration is more difficult to qualify. In the volcanics, low amounts (1-2 %) of pervasive calcite alteration is present, and diopside, calcic-amphibole and biotite alteration is observed quite far from the lode but in veins rather than pervasive. In the sediments, there is little distal alteration other than biotite, but some sericitization is present.

Figure 5-8 Fäboliden Generalised Cross Section



6 Data Verification

RPM conducted a review of the geological digital data supplied by the Client to ensure that no material issues could be identified and that there was no cause to consider the data inaccurate and not representative of the underlying samples. RPM has completed numerous visits to the operating projects and visited all Projects in May 2015 and the Operating Assets in 2016. During these visits RPM reviewed drill-hole locations, down-the-hole survey and laboratory certificates, sampling and survey data acquisition protocols, assay procedures, bulk density determination and logging procedures and QAQC with the last visit primarily focused on the new data. RPM concluded that the data was adequately acquired and validated following industry best practices.

RPM notes that the Mineral Resources for the Jokisivu and Orivesi Mines along with the Fäboliden and Kaapelinkulma Projects have previously been reported in accordance with the JORC Code on the ASX by Dragon. While this Report contains the updated Mineral Resource a significant amount of information is publicly available on the Company website. Below is a summary of the previously available public information however RPM's ITR and Report has focused on the new data since the 1st December 2015.

6.1 Dragon Drilling, Sampling and QAQC

Geological logging, sampling and QAQC procedures adopted by Dragon are common across all their Projects including both the Vammala and Svartliden Production Centres. RPM has reviewed the site procedures during the site visits and considers them industry standard. These procedures include excellent control of the drilling by geologist, all facets of the sampling and logging process supervised or undertaken by the geologists and a comprehensive QAQC program. The QAQC programme includes sample preparation checks for fineness carried out by the laboratory, Industry certified standards were inserted at regular intervals, blanks were sourced from barren material and duplicates, historical pulp checks and coarse crush reject umpire assays are included on a regular basis by site personnel in the sample batches. In addition the internationally accredited laboratory QAQC includes the use of internal standards using certified reference material, and pulp replicates. The various programs of QAQC carried out by previous owners over the years have produced results which support the sampling and assaying procedures used at the various deposits.

Following the sampling being carried out by site personnel all samples bags were sorted into batches and sent to an internationally accredited sample preparation facility and then analytical laboratory located in Romania (Finland assets) or Ireland (Sweden assets). Analysis for gold by 30g Fire Assay fusion with an Atomic Absorption Spectrometry (AAS) finish. Samples with gold values greater than 5g/t gold were re-analysed using 30g Fire Assay methods with gravimetric finish (Au-GRA 21). Multi-element analysis was completed (when applicable) for the following elements using Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES): Ag, Al, As, B, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, Hg, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W and Zn.

Table 6-1 shows a summary from the QAQC samples included in the 2016 underground diamond drilling and 2015 Fäboliden and Kaapelinkulma drilling which are shown graphically in Figure 6-1 to Figure 6-4.

Table 6-1 2016 Finland and 2015 Fäboliden and Kaapelinkulma Drilling QAQC Samples.

Area	Standard	Blank	Field Duplicate	External Repeats	External Crushed	1/4 Core Checks
Kutema*						
Sarvisuo	100	43	149			
Kujankallio	143	78	322			
Arpola	190	102	368			
Kaapelinkulma	134	88	225			
Fäboliden	81	87	82	100	200	18

Source: Provided by the Client.

Note:* included in the Sarvisuo numbers

Figure 6-1 Orivesi Mine - 2015 Standards Samples

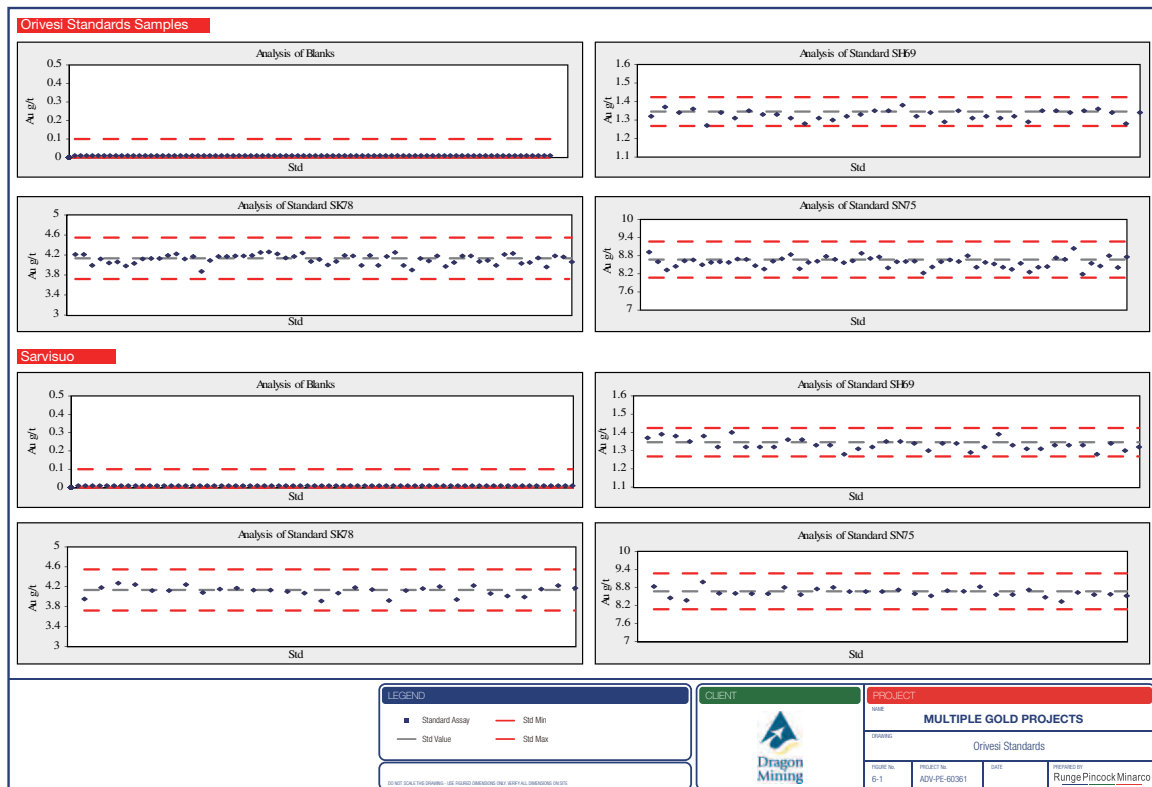


Figure 6-2 Jokisivu Mine - 2015 Standards Samples

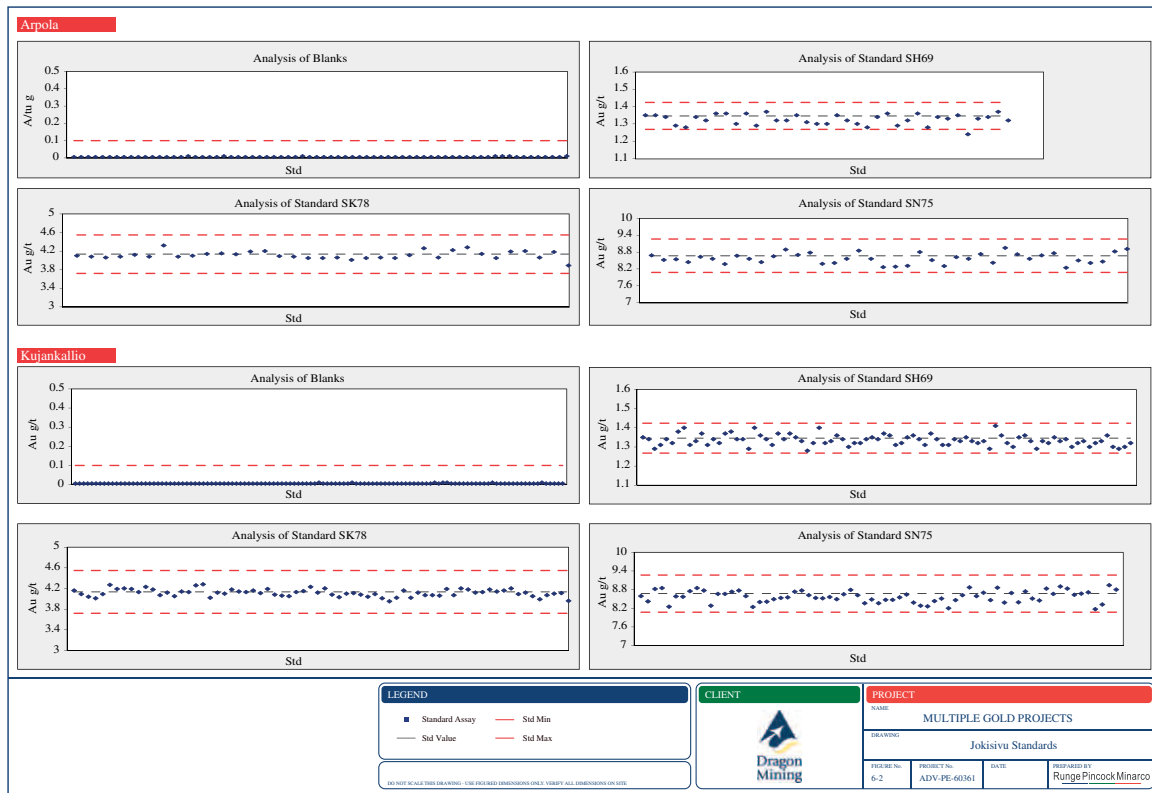


Figure 6-3 Orivesi, Jokisivu and Fäboliden 2015- Duplicates Samples

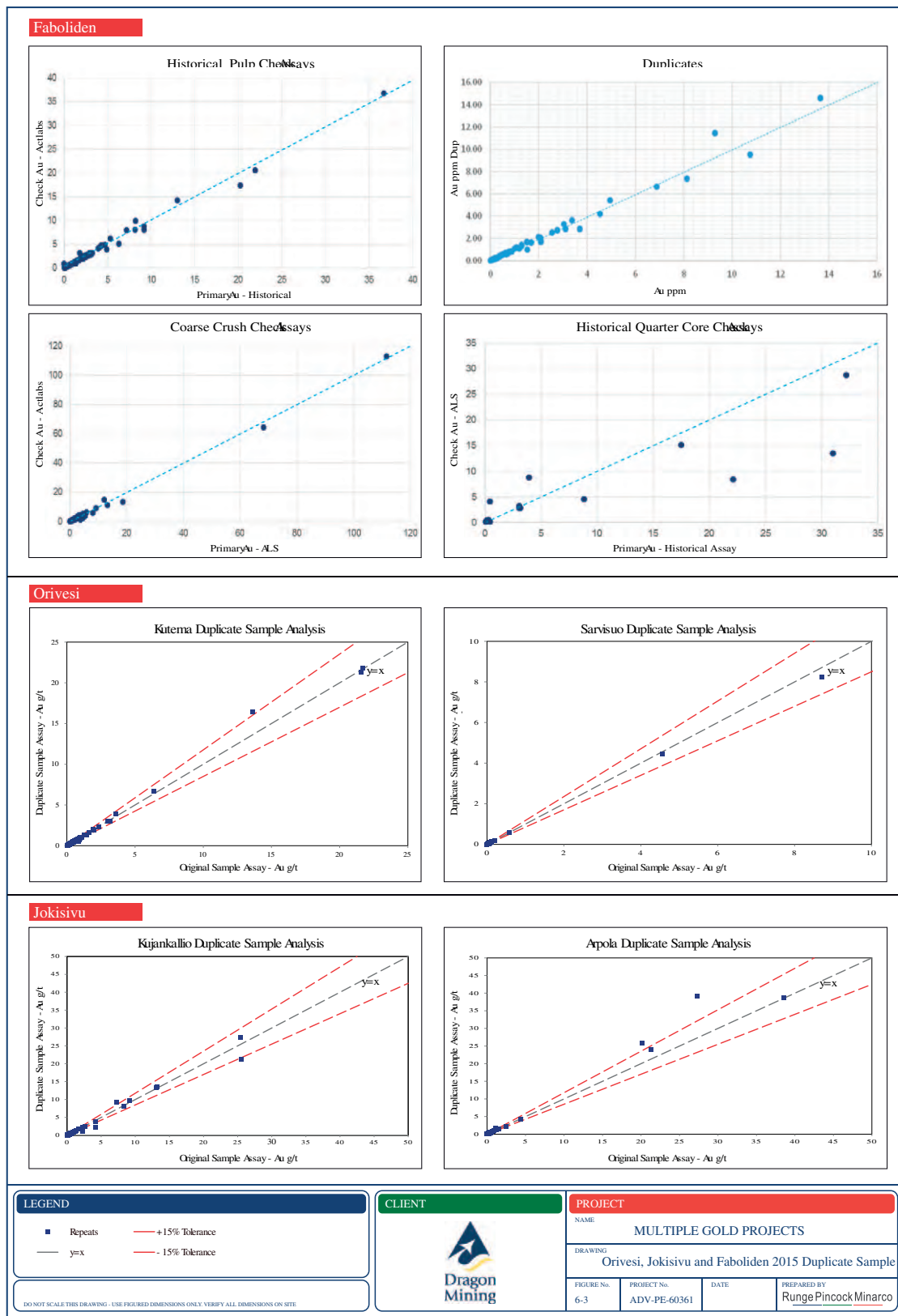
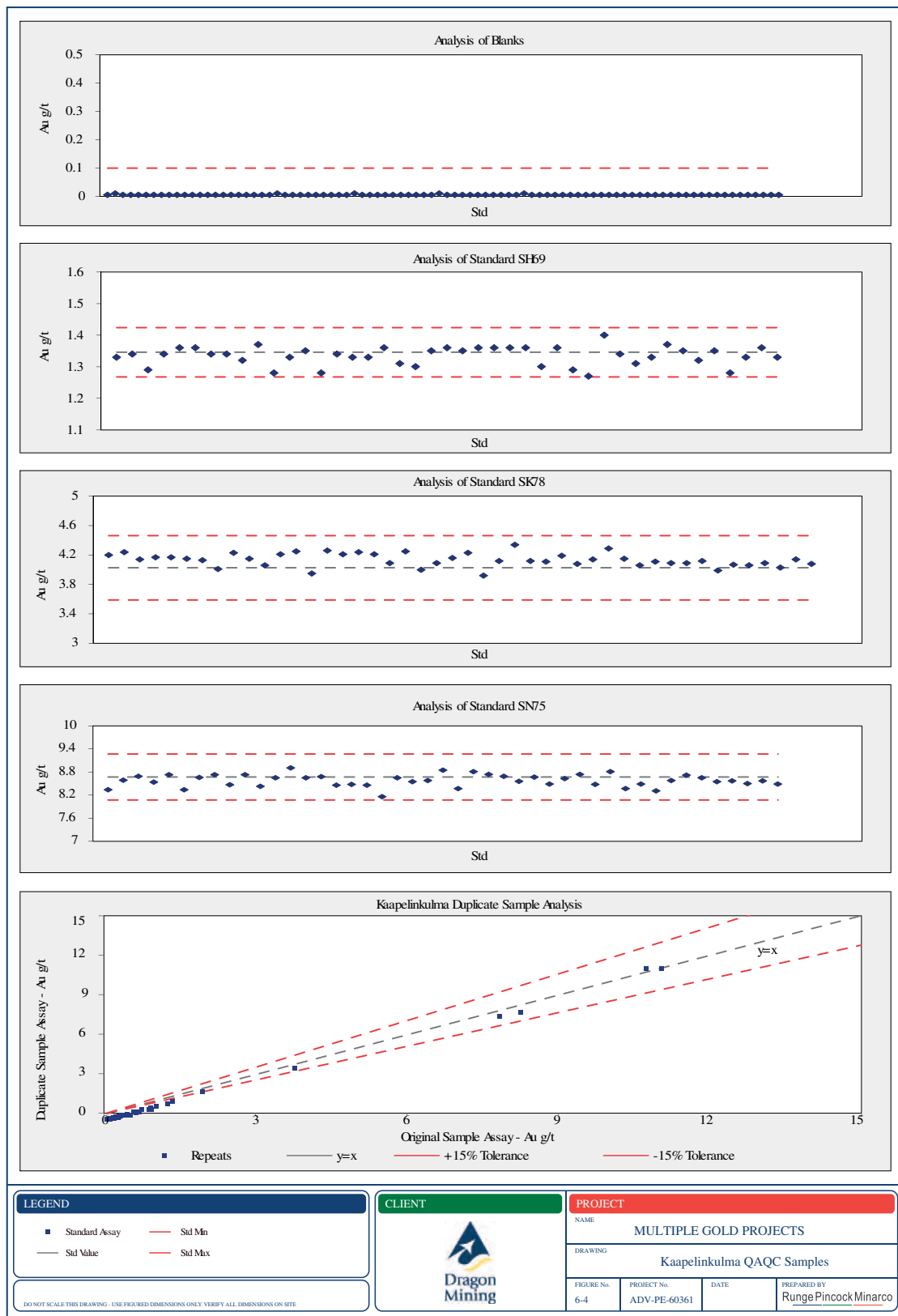


Figure 6-4 Kaapelinkulma 2015- QAQC Samples



6.2 Fäboliden

6.2.1 Pre-2015 Drilling

Dragon has reviewed the QAQC procedures adopted by the previous owners from drill programs conducted between 2001 and 2012. Dragon notes that QAQC procedures were not common practice early on, and were only really implemented when suggested by various consultants as part of external reviews.

Standard reference materials were included during three sampling campaigns by the previous owners since 2001. During those campaigns a total of 17 different certified reference materials (CRMs) were used for a total of 132 inserted standards. These were provided by Ore Research and Exploration Pty Ltd. (OREAS) during the years 2005-2012, however the origin and details about CRMs used during the 2001-2005 sampling campaign were not possible to trace. The OREAS standards were sent to the ALS sample preparation facility in Piteå, Sweden with instructions to submit them along with core samples in the ore zone material at a rate of one for each hole assayed, or sometimes two if the hole was "very long".

The blank material was sourced from core samples of the dolerite dyke material present in the deposit, which is post mineralisation and therefore considered by previous owners to be completely barren of gold. The blank core was supplied to the laboratory who then manufactured the blank samples. The sample was not considered to be "blind" as the laboratory inserted the blank sample and therefore was aware of which sample was the blank.

RPM notes that a total of 455 blanks were submitted since 2004 of which a total of 96% were at or below the detection limit of 0.01 g/t gold. The results indicated that there was little evidence of contamination between samples, however the process is not blind and therefore there is potential for the assay of blank material to be repeated by the laboratory if a very low result was not achieved.

No systematic blind repeat sampling program had been conducted at Fäboliden. In 2005, at the request of previous authors, the owners submitted a batch of 468 pulps samples to OMAC Laboratories in Loughrea, Ireland for check assaying. The pulps were selected from seventeen core holes drilled between 2001 and 2005 and covering various grade ranges. It is unclear what the particle size of the material was or what method of assay was used for the repeat. An analysis of these results and concluded that the results indicate an acceptable accuracy and precision of the original assays.

Dragon notes that duplicates were sampled starting in 2011 with half the drill core preserved while the other half-core was split into quarter core and taken as independent samples to be analysed by the same process in the same laboratory. Internal lab checking procedures were practiced while the samples were assayed by two different analytical methods by the same laboratory. In this case fire and "wet" assays by OMAC were compared. "Wet" assays refer to an Aqua-Regia digest method which is generally considered less reliable compared to Fire Assay.

There were three RC drill holes drilled on profile 400S during 2005 as twin holes to three existing diamond drill holes (drilled in 2001). The samples from RC drilling were analysed by ALS Chemex using cyanide leaching (Au-AA15) whereas diamond drill core was assayed by Fire Assay (Au-AA26, 30 g sample nominal weight).

6.2.2 2015 Drilling and Re-Sampling Program

A total of 81 field standards and 87 blanks were inserted in the 2015 drill program by Dragon. Results of samples were compiled by Dragon and reviewed by RPM. The results indicate that one standard fell outside the certified limits. This was investigated and it was concluded that the original results were incorrect from follow-up analysis. As part of the 2015 works, Dragon undertook a sampling program of the previous drilling which included pulp re-assays, coarse reject re-assaying and quarters core assays. This re-assaying program was in addition to the duplicate sampling of the 2015 drilling as well insertion of blanks which all return values below 0.1g/t Au as well as good correlation of the coarse and pulp re-assays. The QAQC samples are shown graphically in **Figure 6-3**.

Table 6-2 Certified Standard and Blank Summary for Fäboliden 2015 Drilling

Std_ID	Count	Min Assay	Max Assay	Average Assay	Std Min	Std Max	Std Value
SF45	31	0.79	0.87	0.84	0.79	0.90	0.85
SN50	20	7.58	8.83	8.54	8.32	9.04	8.68
Si54	5	1.73	1.81	1.77	1.71	1.85	1.78
HiSiK2	23	3.32	3.54	3.46	3.30	3.65	3.47
SP37	2	17.75	17.80	17.77	17.38	18.90	18.14
Blank	87	0.005	0.090	0.008	—	—	—

Source: Provided by the Client.

6.2.3 QAQC Review

Following the review of the QAQC from each of the assets, RPM is of the opinion that the samples are representative of the underlying data and that no systematic bias has occurred. This conclusion is based on the following:

- Dragon has a comprehensive QAQC for all drilling that is across all projects which includes duplicates, standards and blanks. This data is reviewed on a regular basis by site personnel and was subsequently reviewed by RPM during the resource estimation. The review by RPM indicated that all samples return results within acceptable limits with the acceptance of 1 standard samples for Fäboliden. This single sample was investigated both Dragon and the laboratory which resulted in re-analysis for the sample and portions of the associated batch. RPM is off the opinion this single result outside of tolerance limits is not representative.

- Dragon completed a re-assay program on the remaining historical Fäboliden drill core, which was in addition to the large QAQC sample dataset provided by the previous owners and authors. The re-samples have a high degree of consistency with the original samples which indicated the good quality of the dataset. Some variation is observed in the quarter core analysis, however a general trend can be interpreted with high grade having high grades and low grade having low grade. RPM notes that the reasonable high nugget of the mineralisation (**Section 7**) and considers that the results represent the tenure of the mineralisation and variations as expected from this type of sampling. This interpretation is clearly supported by the good correlation of the other samples however, this should be confirmed with additional sampling as the project progresses towards development (in future drilling programs).

6.3 Bulk Density Determination

RPM reviewed the density determination procedures concluding that they are correctly performed. RPM notes that the Company has been taking bulk density determinations on regularly intervals during each of the drilling programs. The typical procedures includes 10 to 20 cm uncut NQ drill core being selected by the geologist with the water immersion technique being use for the determinations, which RPM considers is of industry standard practice. **Figure 6-5** and **Figure 6-6** summarize the density results from the latest round of drilling during 2015.

Figure 6-5 Recent Bulk Densities for Orivesi and Jokisivu

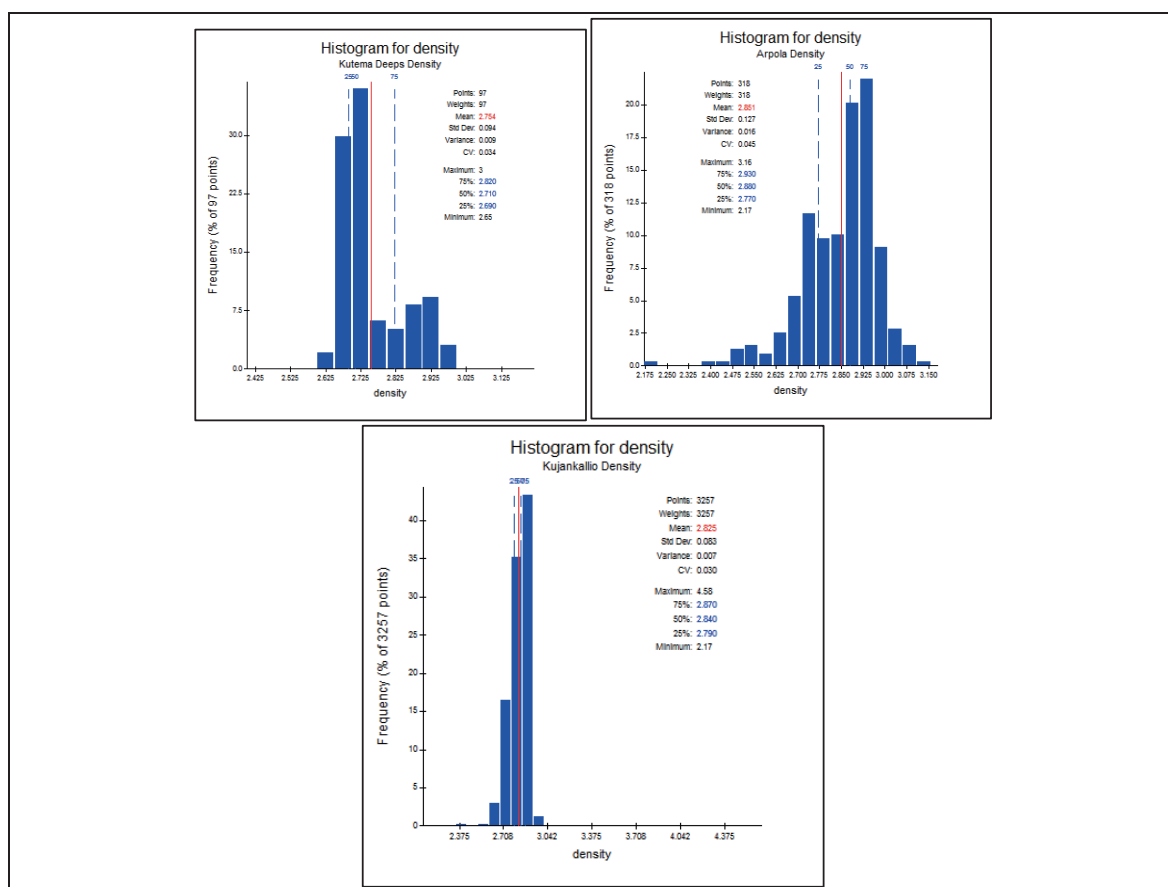
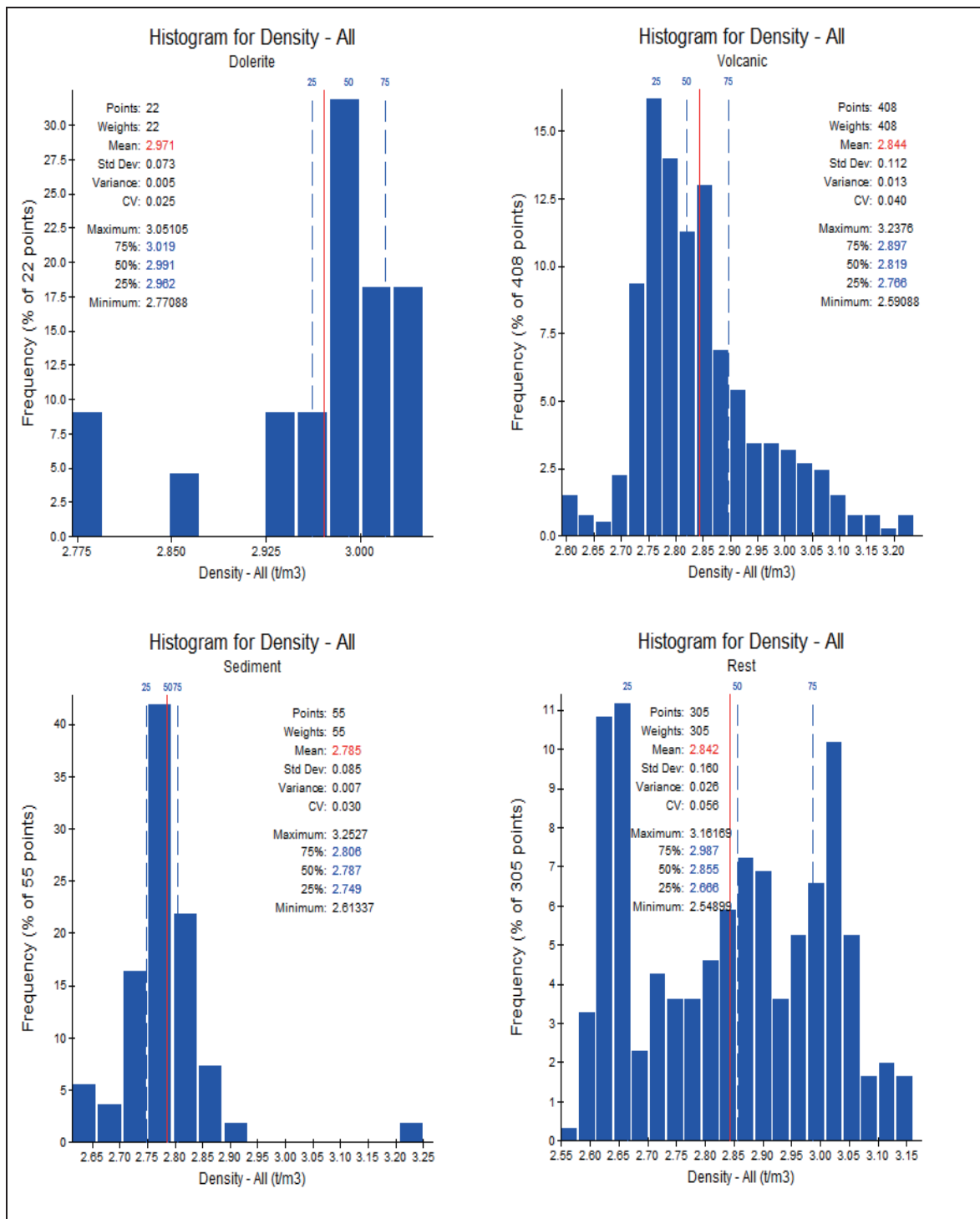


Figure 6-6 Fäboliden Bulk Density Determinations by Rock Type



6.4 Data Quality Review

The review of the drilling and sampling procedures indicates while some issues were noted with the previous owners data for Fäboliden, all drilling completed by Dragon as well as re-sampling programs were to international standard practices with no material issues being noted by RPM. The QAQC samples all showed suitable levels of precision and accuracy to ensure confidence in the sample preparation methods employed by the Company and primary laboratory. RPM also notes that all the samples used for the resource estimation updates were created under the supervision of Dragon or verified by Dragon subsequent re-sampling and as such RPM considers the data that supports the resource estimations have no material sample bias and is representative of the samples taken.

The selective original data review and site visit observations carried out by RPM did not identify any material issues with the data entry or digital data. In addition RPM considers that the onsite data management system is above industry standard which minimizes potential 'human' data-entry errors and no systematic fundamental data entry errors or data transfer errors; accordingly, RPM considers the integrity of the digital database to be sound.

In addition, RPM considers that there is sufficient geological logging and bulk density determinations to enable estimation of the geological and grade continuity of the deposit to an accuracy suitable for the classification applied (see **Section 7**).

6.5 Sample Security

All drilling activities have been undertaken by contractors independent of the Client. Due to the style of drilling undertaken within the Projects the Client's personnel have only been involved during core sample handling. Below is a summary of the security measures undertaken:

- Samples for the Mineral Resource estimates have been derived from a combination of surface and underground diamond drilling and sludge hole drilling. Subsequent to the independent drilling crews delivering the core to the core shed, the laboratories personnel are responsible for cutting the core and placing the cut core in bags for delivery to the laboratory under strict protocols established by the Company. The preparation laboratory was managed by an independent internationally accredited laboratory. Together with the samples, the Company provided, a report with the amount and the numbers of samples. Samples were sent to the laboratory using an independent transportation company.
- RPM notes that, although the Company's personnel are responsible for handling the core during the sampling process, all personnel are supervised by senior site geologists and geotechnicians. In addition, photos are taken of all core trays prior to sampling. Core is clearly labelled for sampling, a suitable paper trail of sampling can be produced and duplicate samples are taken to ensure no sample handling issues arise. RPM considers these procedures to be industry standard and regards that the sample security and the custody chain during this period adequate.

- Subsequent to sampling, all sample preparation and assaying is undertaken by an internationally recognized independent laboratory. As such, RPM considers that the sample security during the drilling, sampling, sample preparation and assaying to be acceptable.

6.6 Data Verification Statement

The review undertaken by RPM of the drilling and sampling procedures indicates that international standard practices were utilised with no material issues were noted by RPM in the checks completed. The QAQC samples all showed suitable levels of precision and accuracy to enable confidence in the primary laboratory for the 2015 drilling and the historical Fäboliden drilling. RPM considers that the data which supports the resource estimation has no material sample bias and is representative of the samples taken.

7 JORC Mineral Resources

Mineral Resources have been independently reported by RPM in compliance with the recommended guidelines of the JORC Code.

7.1 Mineral Resource Classification System under the JORC Code

A "Mineral Resource" is defined in the JORC Code as 'a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.'

Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results.

For a Mineral Resource to be reported, it must be considered by the Competent Person to meet the following criteria under the recommended guidelines of the JORC Code:

- There are reasonable prospects for eventual economic extraction.
- Data collection methodology and record keeping for geology, assay, bulk density and other sampling information is relevant to the style of mineralisation and quality checks have been carried out to ensure confidence in the data.
- Geological interpretation of the resource and its continuity has been well defined.
- Estimation methodology that is appropriate to the deposit and reflects internal grade variability, sample spacing and selective mining units.

- Classification of the Mineral Resource has taken into account varying confidence levels and assessment and whether appropriate account has been taken for all relevant factors i.e. relative confidence in tonnage/grade, computations, confidence in continuity of geology and grade, quantity and distribution of the data and the results reflect the view of the Competent Person.

7.2 Area of the Resource Estimation

The areas which form part of the Mineral Resource estimates, are located in various locations throughout Finland and Sweden and are grouped according to the respective location as below:

- Vammala Production Center:
 - Orivesi Mine is an operating underground gold mine located 80km from the Vammala Plant and consists of 2 deposits, 200m apart, namely Kutema and Sarvisuo.
 - Jokisivu Mine is an operating underground gold mine located 40km from and Vammala Plant and consistent of 2 deposits 300m apart namely Kujankallio and Arpola.
 - Kaapelinkulma Project is a pre-development open pit located 65km east of the Vammala Plant.
 - Stockpile — Occur at each production centre as well as the processing plant.
- Svartliden Production Center
 - Fäboliden Project is a pre-development open pit with underground extensions located 30km by road southeast of the Svartliden Processing Plant.
 - Svartliden Open Cut (OC) and Underground (UG) Mines (de-commissioned) is located adjacent to the Svartliden Processing Plant.

7.3 JORC Statement of Mineral Resources

Results of the independent Mineral Resources estimate for the Projects are tabulated in the Statement of Mineral Resources in **Table 7-2** to **Table 7-3** below, which are reported in line with both the requirements of the 2012 JORC Code and the reporting standards of Chapter 18 of the HKEx Listing Rules. The Statement of Mineral Resources is therefore suitable for public reporting. The Statement of Au Mineral Resources shown in **Table 7-2** to **Table 7-3** and graphically in **Figure 7-2** to **Figure 7-6** at cut-off grades presented in **Table 7-1** are inclusive of the Ore Reserves reported in **Section 8**.

The cut-off grades presented in the **Table 7-1** are based on the following:

- The same mining and processing parameters as in the mining studies which determined the Ore Reserves as outlined in Section 8 and 10.
- The depth of the potential open pit at Fäboliden was determined based on the 1.3 revenue pit shell which was a price of USD 1,500.
- A set of parameters for the Fäboliden UG area were generated based on the historical Svartliden UG, current Finland operations and likely mining factors as outlined in **Section 7.5**.
- Mineral Resource cut-off grades gave consideration to a gold price up to USD1,500 per ounce

Table 7-1 Au g/t Cut off Grades for Au Mineral Resource

Project	Cut-off Grade (Au g/t)
Orivesi	3
Jokisivu	1.9
Kaapelinkulma	1.0
Fäboliden	1.25g/t above 350 mRL and 2.1g/t below
Svartliden (OC)*	1.0
Svartliden (UG)*	1.7

* As per previously reported estimates.

In addition to the insitu Mineral Resources outlined in **Table 7-2**, further surface stockpiles are estimated based on surveys and sampling (detailed in **Section 7.4**), these include:

- **Production Stockpiles: 44.7kt at 2.1 g/t for 3,000 ounces** of stockpiles in located throughout the Mines and Vammala Plant. **These stockpiles are classified as Indicated.**
- **Tails Stockpile: 60kt at 2.2 g/t for 8,000 ounces** located in the C-Pit historical tails dump 300m from the processing plant. **This stockpile is classified as Indicated.**

Table 7-2 Statement of JORC Mineral Resources as of 30th April, 2018 Reported at a Varying Cut Off grades

Production Centre	Area	Measured			Indicated			Inferred			Total		
		Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)	Quantity (tonnes)	Au (g/t)	Au (oz)
Vammala	Arpola	119,000	4.7	18,000	387,000	5.1	64,000	147,000	5.3	24,000	653,000	5.1	112,000
	Kujankallio	323,000	4.4	45,000	776,000	3.8	94,000	239,000	3.6	29,000	1,337,000	3.9	155,000
	Kutema	44,000	5.1	7,000	56,000	5.3	10,000	8,000	5.5	1,000	107,000	5.2	19,000
	Sarvisuo	22,000	6.2	4,000	63,000	8.1	16,000	28,000	6.5	7,000	113,000	7.4	24,000
	Kaapelinkulma	76,000	3.8	9000	59,000	4.2	8,000	34000	3.0	3,000	168,000	3.8	21,000
	Vammala Total	584,000	4.5	83,000	1,341,000	4.5	192,000	456,000	4.3	64,000	2,378,000	4.4	331,000
Svartliden	Fäboliden (485 to 350)				3,807,000	2.8	340,000	887,000	2.4	69,000	4,694,000	2.7	409,000
	Fäboliden (350 to -60)				961,000	3.1	96,000	4,978,000	3.2	514,000	5,938,000	3.2	609,000
	Svartliden (OC)*	83,000	3.1	8,000	160,000	3.0	16,000				244,000	3.0	24,000
	Svartliden (UG)*	36,000	4.3	5,000	150,000	4.6	22,000	60,000	4.0	8,000	245,000	4.4	35,000
	Svartliden Total	119,000	3.5	13,000	5,078,000	2.9	474,000	5,925,000	3.1	591,000	11,121,000	3.0	1,077,000
Group	703,000	4.3	96,000	6,419,000	3.2	666,000	6,381,000	3.2	655,000	13,499,000	3.3	1,408,000	

Notes:

The Statement of JORC Mineral Resources has been compiled under the supervision of Mr. Jeremy Clark who is a full-time employee of RPM and a Registered Member of the Australian Institute of Mining and Metallurgy. Mr. Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.

All Mineral Resources figures reported in the table above represent estimates at 30th April, 2018. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code — JORC 2012 Edition).

* Does not form a part of the Company Consolidated Production Plan present in Section 9, however is consider a future production source with further studies required.

Figure 7-1 Orivesi Mine — Plan View

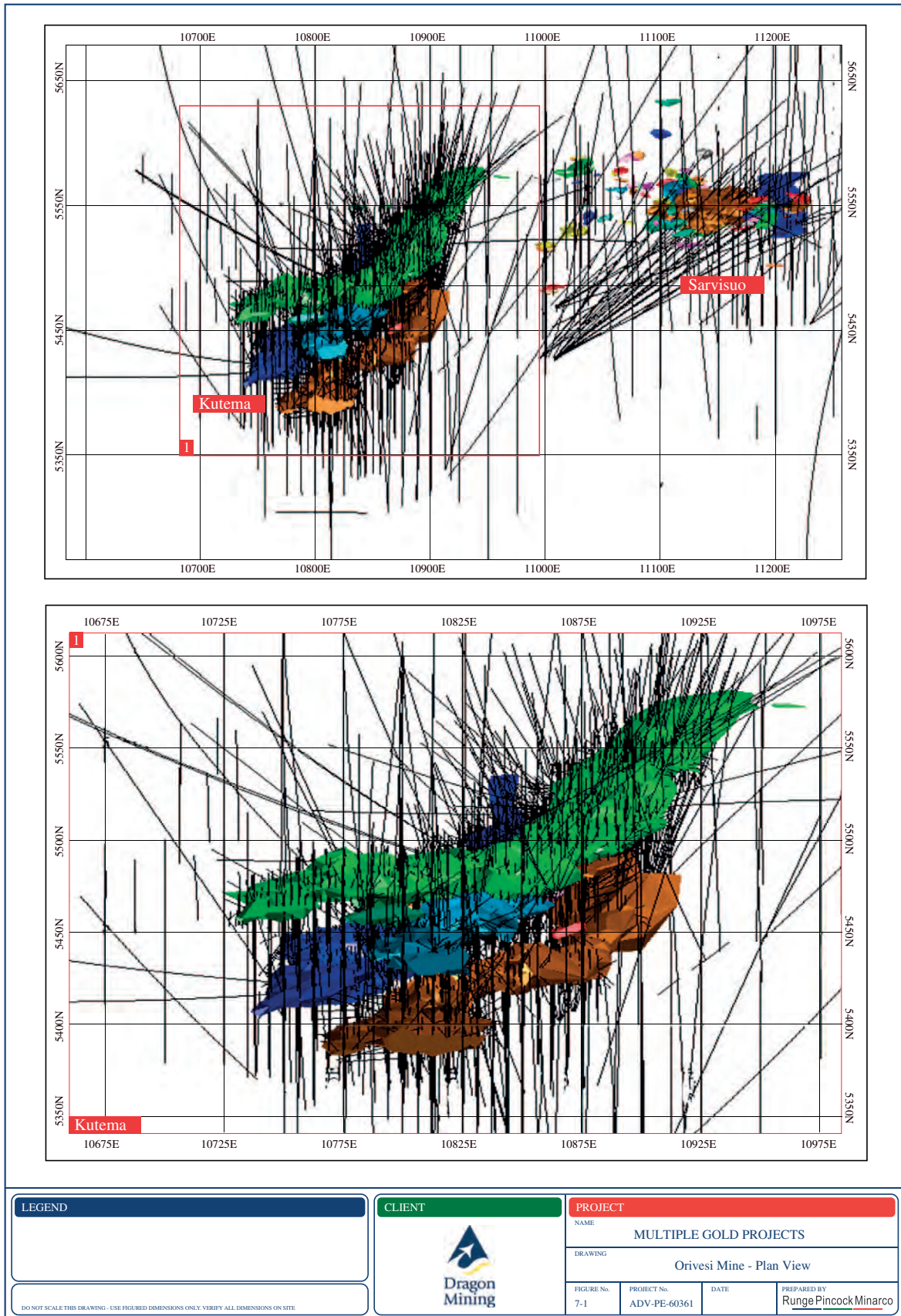


Figure 7-2 Jokisivu Mine — Plan View

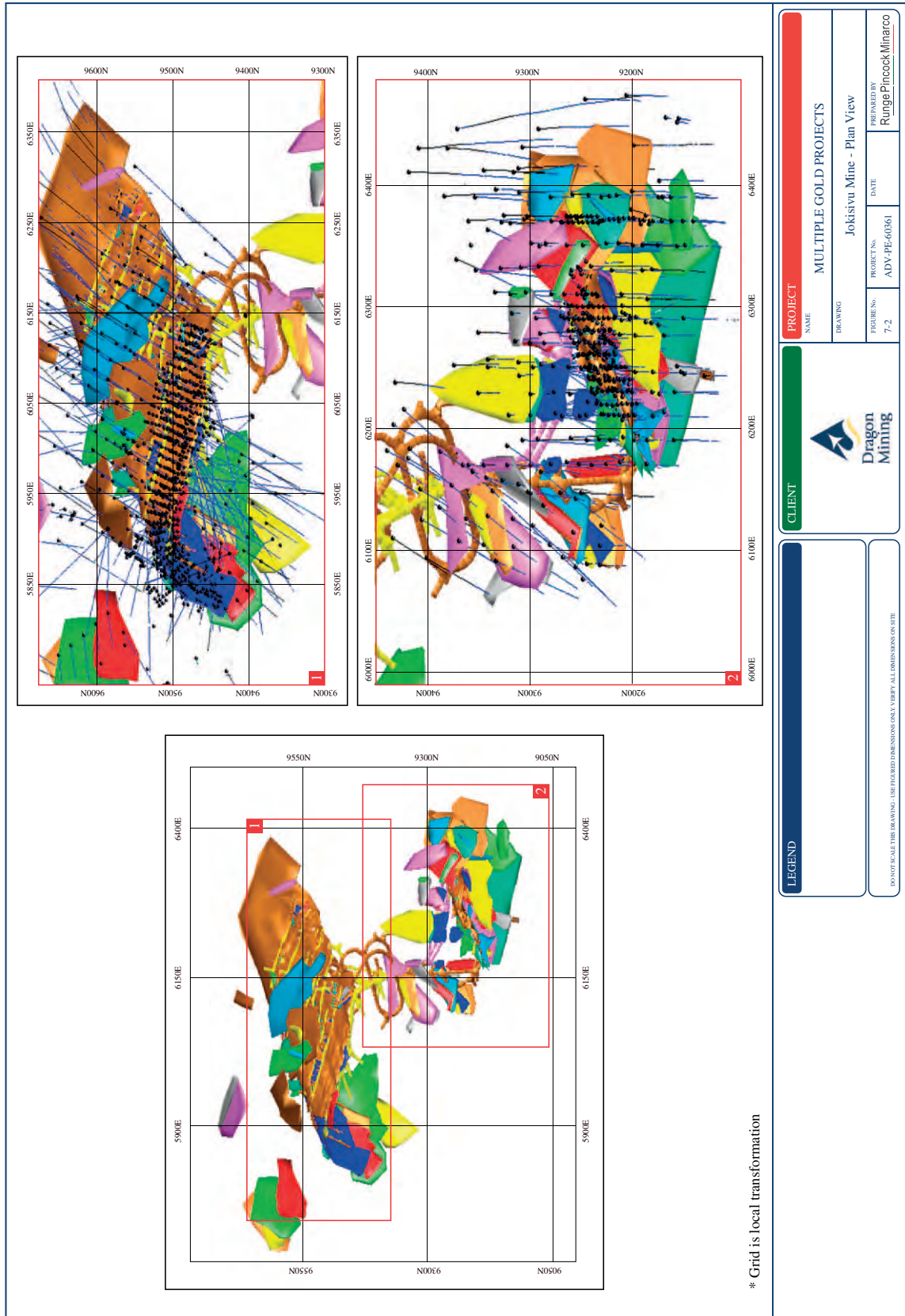
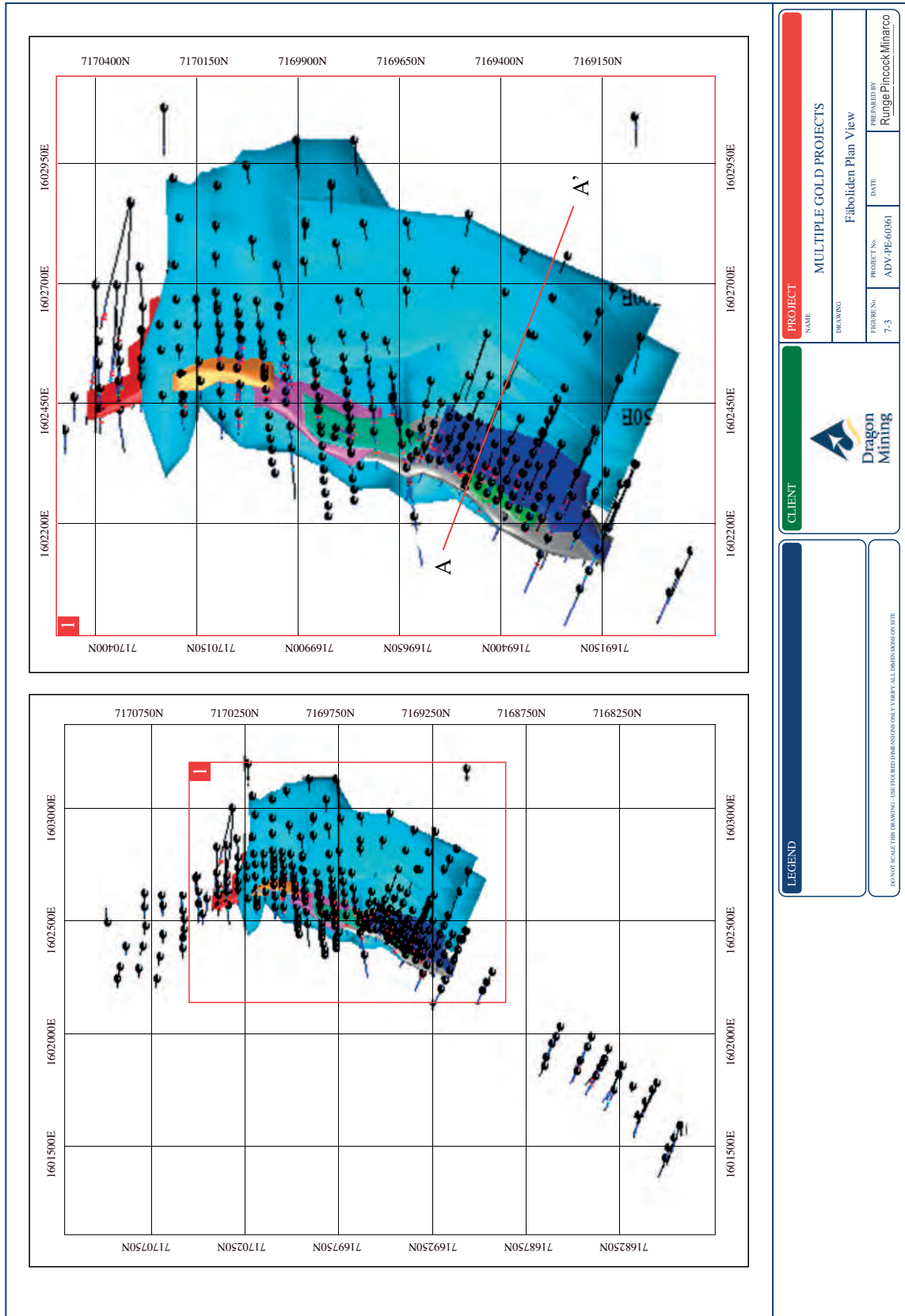


Figure 7-3 Fäboliden Project — Plan View



CLIENT	Dragon Mining	
	Fäboliden Plan View	
PROJECT NAME	MULTIPLE GOLD PROJECTS	
	Fäboliden Plan View	
LEGEND	PREPARED BY: RungePincock/Minarco	
	DATE:	
PROJECT No. ADV-PE-00561		FIGURE No. 7-3
DO NOT SCALE THIS DRAWING. USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE.		

Figure 7-4 Orivesi Mine — 3D Graphical Views

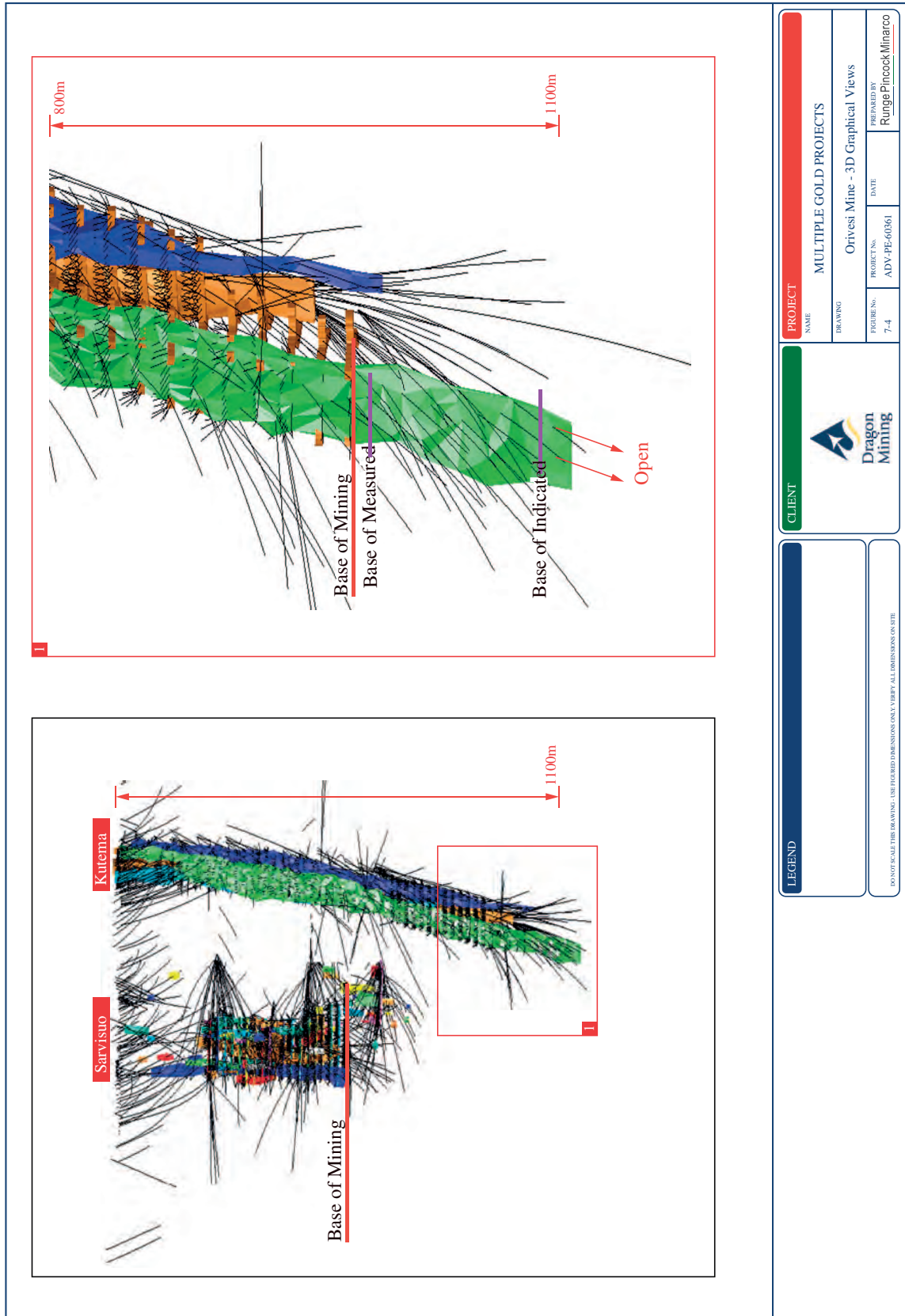


Figure 7-5 Jokisivu Mine — 3D Graphical Views

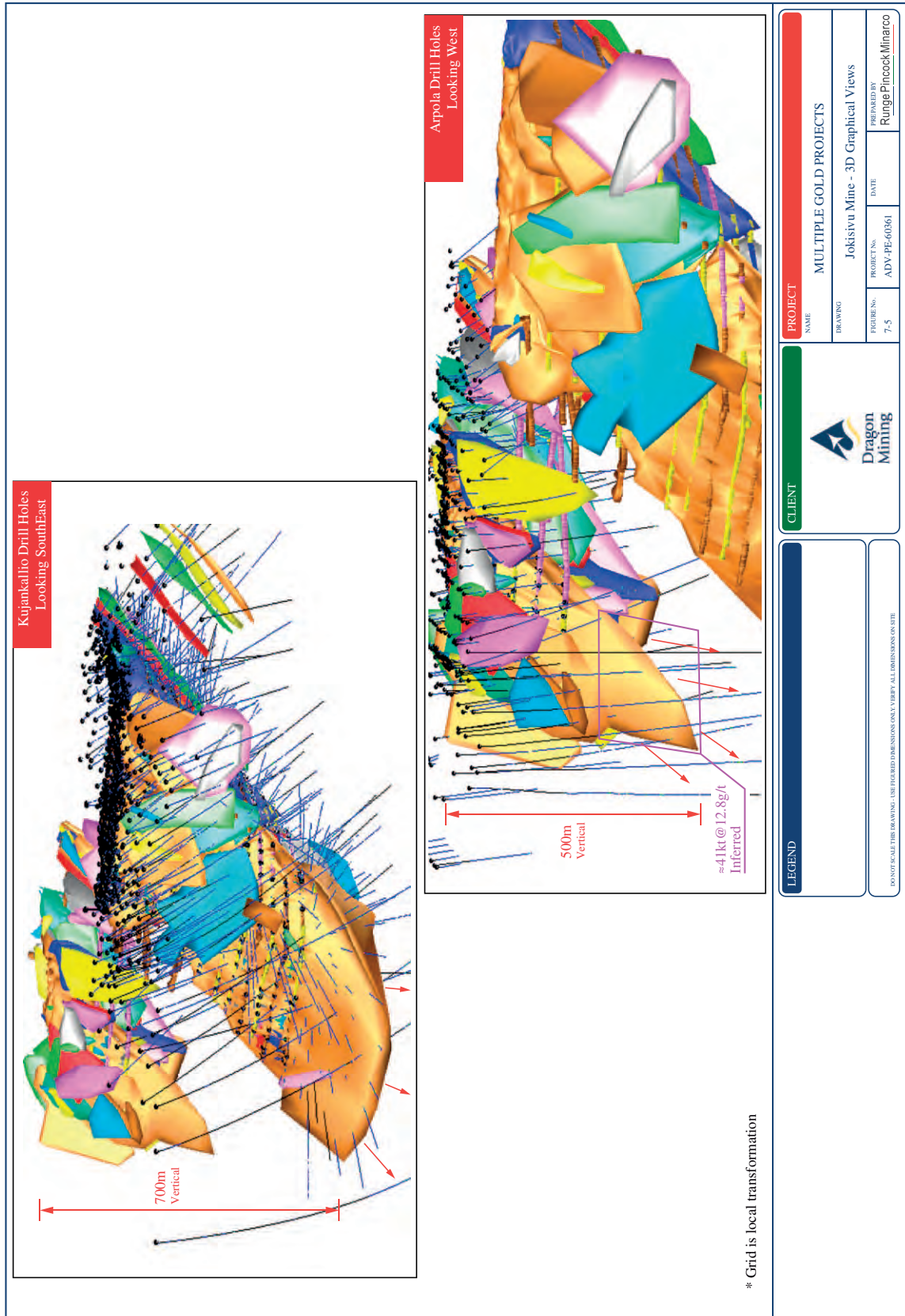
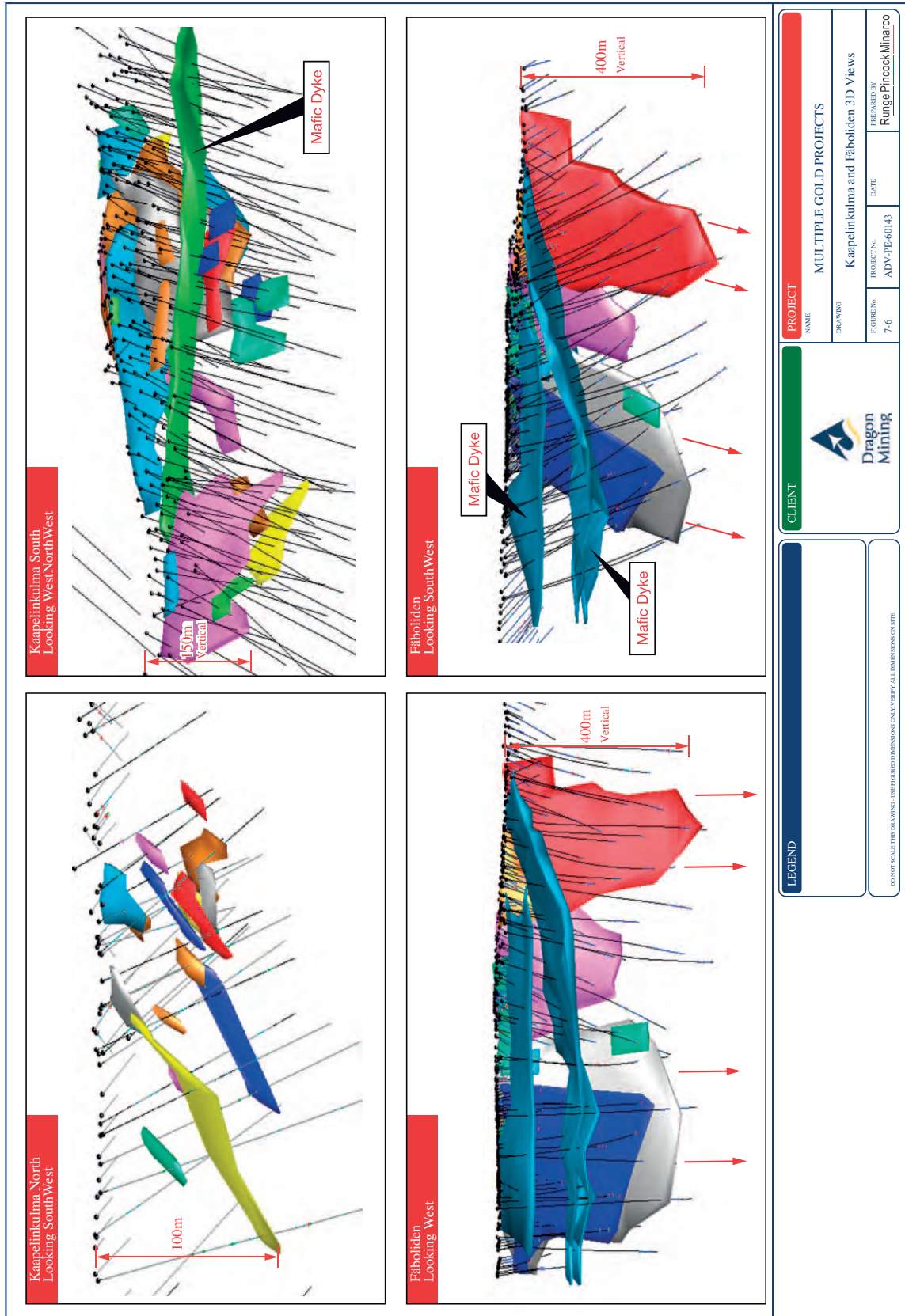


Figure 7-6 Fäboliden and Kaapelinkulma Projects — 3D Graphical Views



LEGEND	CLIENT		
		PROJECT NAME: MULTIPLE GOLD PROJECTS DRAWING: Kaapelinkulma and Fäboliden 3D Views PREPARED BY: RungePincock/Minarco	
PROJECT NO.: ADV-PE-00143 DATE:		FIGURES: 7-6	
DO NOT SCALE THIS DRAWING. USE FIGURED DIMENSIONS ONLY. VERIFY ALL DIMENSIONS ON SITE.			

7.4 Estimation Parameters and Methodology for Au Mineral Resources

The 2012 JORC Code describes a number of criteria that must be addressed in the documentation of Mineral Resource estimates prior to public release of the information. The criteria provide a means of assessing whether or not parts of or the entire data inventory used in the estimate are adequate for that purpose. The Mineral Resources stated in this document are based on the criteria set out in Table 1 of that Code. These criteria are listed in **Appendices C** for the Au Mineral Resource (except the Svartliden OC and UG), however a summary is provided below for reference:

- The individual resource estimates cover a variety of areas ranging from 0.81 sq.km to 3.42 sq.km as shown in **Table 7-5**.

Table 7-3 Block Model Origins and Extents

Estimate Area	Origin			Extent			Area
	Easting (m)	Northing (m)	Elevation (m)	Easting (m)	Northing (m)	Elevation (m)	(sq.km)
Kutema	10,650	5,350	0	400	300	1,280	0.12
Sarvisuo	10,800	5,450	0	500	300	900	0.15
Kujankallio	5,600	9,200	50	900	600	650	0.540
Arpola	6,020	9,060	10	440	384	260	0.167
Kaapelinkulma	6791165	6,791,630	120	280	160	85	0.045
Fäboliden	1,601,900	7,169,125	590	1,000	1,800	860	1.800

- Drilling and sampling which was included in the estimates has been conducted on a variety of spacing's via surface and underground diamond core and sludge drilling, surface reverse circulation/percussion drilling in addition to surface trenching and UG channel sampling. The proportion of each method varies between the estimation areas with the currently operating assets being dominated by underground diamond drilling, while the pre-development assets being dominated by surface reverse circulation and diamond drilling. UG diamond drilling was generally conducted on larger spacing down to 50m by 50m with close spaced (25m by 25m) grade control drilling being used to define the resource with higher confidences which is subsequently followed by sludge and UG channel sampling. **Table 7-6** shows the number of holes within each estimate.
- Surface diamond drill holes were drilled on dips ranging from 45 to 80° using predominately HQ and NQ sized core for all assets, while all underground diamond holes were drilled using NQ sizes. The underground holes were completed on fans, as a result dips ranged from -45° to +45°. Due to the geometry of the mineralisation within Orivesi and Jokisivu, a number of drill orientations were utilised from both surface and UG, while within Fäboliden and Kaapelinkulma set grids were perpendicular to the strike orientation.

Table 7-4 Number of Holes and Assays Utilised in the Estimates

Estimate Area	Surface Diamond	UG Diamond	Percussion/ RC	Surface Trench	Sludge	UG Channels	Total Metres
Kutema		1,026			6,138	301	192,744
Sarvisuo	633	15			4,425	1,151	171,371
Kujankallio	26	526	745	87	1,389		101,707
Arpola	3	271	126	83	288		44,381
Kaapelinkulma	131	0	39	13			20,545
Fäboliden	356		11				67,762

- A series of resource estimation specific site visits have been conducted in the past by RPM with Mr Jeremy Clark completing the recent visit to these assets in May, 2015, specifically for the purpose of this Report.
- Collar azimuths have been accurately surveyed by qualified surveyors using total station equipment. Dip values were measured at regular 10m intervals down hole by the drillers using conventional magnetic tools. The deepest holes have been surveyed with Reflex Maxibor, EMS multi-shot or DeviFlex equipment.
- All underground and surface resource diamond drilling for the projects utilised either whole (Orivesi and Jokisivu) or half cored which is cut using a core saw or brick saw, while full core sampling is utilised for grade control drilling.
- Core logging and sampling methods have been reviewed by RPM and are considered to be of a very high standard for all of the Company's drilling to date. Sampling has been undertaken on a variety of intervals for the estimation areas ranging from <0.2m to over 7m based on geological boundaries however the majority have on average sample length ranging between 1m and 1.5 m.
- In all recent exploration and infill drilling sample preparation and assay determinations were carried out by ALS Minerals Laboratories (Sample Preparation, Outokumpu, Finland, Analysis, Rosia Montana, Romania for Finland and Sample Preparation: Pitea, Sweden, Analysis: Ireland for Fäboliden) for gold using a 30g fire assay with AAS finish. In 2015, analysis of the sludge samples was conducted at the Kemian Tutkimuspalvelut Oy/CRS Minlab laboratory in Finland, using PAL1000 cyanide leach with AAS finish.
- Quality control samples were collected on a regular basis throughout the exploration and resource drilling programs. Internal and external samples were completed in addition to standard reference material, blanks and field duplicates. RPM considers the QAQC program to be of industry standard as outlined in **Section 6**, while further details are provided in **Annexure C**.

- The local Finland and Swedish grid systems are utilised for the estimates.
- Geology and mineralisation wireframes were prepared by Dragon (with the exception of Fäboliden which was completed by RPM) in Surpac software and supplied to RPM for review and subsequently modified as considered appropriate. All mineralisation was constrained based on envelopes prepared using a nominal Au cut-off grades (as outlined in **Table 7-7**) which were based on statistical and spatial analysis, with a minimum down-hole length of 2m . Although nominal cut-off grade were utilised, geological lithological and structural logging was used to create geology wireframes which has resulted in some variations from the cut off applied and inclusions of lower grade material.
- The composite lengths utilised in the estimates with a variety of high grade cuts applied show in **Table 7-7**. The high grade cuts applied were base of statistical analysis for individual mineralised zones, and as such a variety were utilised while a summary is supplied below, further details can be found in **Annexure C**.

Table 7-5 Composite Length, Low grade and High Grade Cuts Applied

Estimate Area	Composite Length (m)	Cut off Grades (Au g/t)	
		Mineralisation Envelope (low grade)	High Grade
Kutema	1.5	0.6 to 1	50
Sarvisuo	1.5	0.5	70
Kujankallio	1	1	Ranged between 10 g/t and 80 g/t
Arpola	1	1	Main lode 50 g/t, other between 10 g/t and 50 g/t
Kaapelinkulma	1	0.5	20 g/t for North, 50 g/t for South
Fäboliden	1	0.5 and 1.5	Main lode 40 g/t, 15 and 20 g/t for others

- One block model was generated for the estimate to encompass the full extent of the currently defined mineralisation within each estimate areas. Models were created using a variety of parent block sizes and sub-cells as shown in **Table 7-8**.

Table 7-6 Block Size Applied

Estimate Area	Parent Block Size			Sub-Cell		
	Easting (m)	Northing (m)	Elevation (m)	Easting (m)	Northing (m)	Elevation (m)
Kutema	10	5	10	2.5	1.25	2.5
Sarvisuo	10	2	10	2.5	0.5	2.5
Kujankallio	5	2	5	1.25	0.5	1.25
Arpola	10	2	5	2.5	0.5	1.25
Kaapelinkulma	2	10	5	0.5	2.5	1.25
Fäboliden	5	10	5	1.25	2.5	1.25

- The Inverse Distance Squared (ID²) algorithm with an anisotropic search was selected for Orivesi, Jokisivu and Kaapelinkulma grade interpolation due to the number of samples and the inability to interpret robust geospatial analysis while Ordinary Kriging was selected for Fäboliden. The search ellipses utilised for the estimate were based on the interpreted lode orientations and the relative orientations of the geology and fault structures. A total of 3 passes were used to estimate the resources with varying search ellipse parameters as shown in **Table 7-9**.

Table 7-7 Parameters for Grade Estimation

Area	Ellipse Orientation						Discretisation	Pass							
	Dip	Bearing	Plunge	maj/		Maj/min		2		3		Max Sam	Min Sam	Max Sam	Min Sam
				semi	major			Radius	Max Sam	Radius	Max Sam				
Kutema	0	180	90	2	5	5	4X by 3Y by 4Z	25	10	40	60	4	40	na	na
Sarvisuo	0	180	90	2	5	5	4X by 2Y by 4Z	30	10	40	60	4	40	200	2
Kujankallio	-90 to 40	5 to 335	0 to 65	1	3	3	4X by 2Y by 4Z	45	10	40	60	6	40	150	2
Arpola	-60 to 50'	70 to 305	0 to -43	1	3	3	4X by 2Y by 4Z	30	10	32	60	6	32	90	2
Kaapelinkulma	0 to 80	0 to 220	0 to -38	2	2	2	2X by 4Y by 3Z	25 - 40	10	40	50 - 80	10	40	100	1
Fäboliden	-55 to -70	0 to 335	0	1 to 1.4	3	3	2 X by 4 Y by 2 Z	50	10	30	100	6	30	150	2

- While Bulk Density Determination where taken every on regular down hole intervals during all drilling completed by the Company, the operating assets also have reconciliation data to enable confirmation of the bulk densities used within the estimates. As a result there are a significant number of determinations and data which have been utilized to estimate the block BD estimates for each area. Statistical analysis of the datasets for each estimate area show minimal variation from the mean, with the exception of Fäboliden. The Bulk densities applied included 2.8cu.m/t for mineralisation and waste material for Kutema, Sarvisuo, Kujankallio and Arpola while 2.83 cu.m/t was utilized in Kaapelinkulma and 1.75 cu.m/t and 1.8 cu.m/t for the till material respectively. Although some variation from the mean is observed for Fäboliden there is insufficient sample spatial distribution between the different rock types observed. As such average bulk densities were applied to the estimate for each rock type as outlined in **Table 7-10**.

Table 7-8 Bulk Density Averages applied to Fäboliden

Type	Statistic	Lithology			
		All	Dolerite	Volcanic	Rest
Min.	Samples	103		100	1
	Mean	2.86		2.86	2.79
Waste	Samples	687	22	308	304
	Mean	2.84	2.97	2.84	2.84
All	Samples	790	22	408	305
	Mean	2.84	2.97	2.84	2.84

- All deposits were estimated using the mineralised envelopes as hard boundaries with the Mineral Resource all reported within these envelopes. The reported cut off grades for each of the operating assets (Orivesi and Jokisivu) were based on the current mine operating costs, production rates and recoveries as outlined in **Section 8 and 9**. The cut off grades and reportable depth for Fäboliden and Kaapelinkulma are based on the open pit pre-feasibility studies completed on the projects also outlined in **Section 8 and 9**.
- **Stockpiles estimation:**
 - **Production Stockpiles:** Volumes were estimated using detailed surveys by site personnel and cross checked with production records of trucked ore. Grade was estimates using grade control sampling of each truck at both the plant and mine site.
 - **Tails Stockpile:** Volumes were estimate using historical production records accumulated by site personnel and reviewed by RPM. These historical records were compared to volumes estimated using the final pit survey with the current surface. These volumes correlated within the acceptable limits of the classification applied. Grade was estimated using historical production records (using the same sampling techniques as currently in place as outlined in **Section 11**). These number were compared to 5 surface percussion holes completed within the pit, results as outlined below compared well with the production records in both variability and averaged. Sampled from each hole were composited to 10kg with the results include
 - **Hole 1** — 2.3 g/t
 - **Hole 2** — 1.9 g/t
 - **Hole 3** — 2.1 g/t
 - **Hole 4** — 2.2 g/t
 - **Hole 5** — 1.9 g/t

7.4.1 Validation

A three-step process was used to validate the estimates at each estimate area. Firstly a qualitative assessment was completed by slicing sections through the block model in positions coincident with drilling with a visual comparison undertaken. Overall the assessment indicated that the trend of the modelled grade was consistent with the composite grades.

Secondly a quantitative assessment of the estimate was completed by comparing the average Au grades of the top-cut composite file input against the block model output for each individual lode within each deposit. The comparative results while showing some variation, overall shows reasonable consistency between the block estimate and composites of generally less than 5%. A visual inspections of the lodes highlighting clustering of data is the likely cause of the variations.

Following completion of the lode quantitative check a further validation was carried out by comparing the interpolated blocks to the sample composite data on 10m bench heights, and 10m E-W or N-S sections. Similar to the lode comparison overall good correlation were observed however sectional variations were noted. Further visual comparisons were completed in these areas to ensure no systematic or interpretation errors could be found.

In general RPM is of the opinion that the comparisons indicates that the block estimates are representative of the underlying sample data and geological interpretation with suitable smoothing of the block grades compared to the composite grades which is suitable for the style of mineralisation.

7.4.2 Classification

Given the similar style of mineralisation observed for the estimation areas within Jokisivu and Orivesi the same approach was applied based on a detailed statistical analysis, sample spacing and continuity of the interpreted lodes. The Measured portion of the areas were defined for the main mineralised lodes where there was extensive underground level development and sludge drilling in addition to the supporting diamond and surface RC drilling. This is generally in areas where the sub levels of 20m are developed along strike and the sludge drilling on the 10 m spacing has been completed. The Indicated Mineral Resource was defined within areas of reasonably close spaced diamond drilling (less than 30m by 30m) due to the good continuity and predictability of the lode positions. The Inferred Mineral Resource included areas of the deposit where sampling was greater than 30m by 30m, small isolated pods of mineralisation outside the main mineralised lodes and geologically complex zones.

The extrapolation of the lodes along strike and down dip has been limited to a distance ranging from 20m to 25m or to half the drill spacing. Areas of extrapolation have been classified as Inferred Mineral Resource.

7.5 Exploration Potential

The Projects have a long history of systematic exploration which has included geological mapping, geophysical and geochemical surveys as well as large quantities of surface and underground diamond drilling. These have been undertaken over numerous generations however within recent years the main focus has been on the deposits for which form part of the consolidated production plan (**Section 9**). Although having a long history of exploration RPM considers there to be good potential to define additional mineralisation within both the Operating Mines and the pre-development Projects which are near current or planned mining infrastructure and as such are likely to require minimal CAPEX for development.

Below is a summary of RPM's opinion of the exploration potential for the Operating and Pre-Development Projects.

7.5.1 Ore Reserves and Mine Life

While both the Jokisivu and Orivesi Mines have been in continuous production since mining commenced, both have consistently had limited Ore Reserves, and as such, mine life's that rarely exceeded 2 years (as is the case with the current Ore Reserves schedule (**Section 8 and 9**). This is primarily due to the style and geometry of the mineralisation, the resultant mining methods employed and budgetary constraints. A single decline with minimal off lode (waste development) is utilised to allow access to the stoping areas for each deposit (**Figure 7-4 and 7-5**), as such due to the near vertical dip of the mineralisation limited drilling positions occur within the mine to allow effective and cost efficient drilling to target the down dip extensions of the deposits.

While drilling from surface would allow access at depth to define the potential in some of the areas, the cost of drilling from surface far exceeds that from underground positions lower in the mine (due to the drilling meterage requirements). It is industry standard practice in operations of this type for drilling to be undertaken on an ongoing basis on regular intervals as the mine vertically advances effectively targeting panels below the current production and reserve plan levels as such they have revolving mine life's. In the case of Jokisivu and Orivesi it is recommended that major future resource drilling programs are undertaken on 2 year intervals with grade control and smaller drilling programs completed each year for stope definition purpose. This will allow for earlier definition of resources and reserves at depth resulting in continuous production.

The Jokisivu Mine has been in production since mining commenced in 2009, the Company has successfully replenished ore material mined, maintaining a mine life of approximately two years at any one time due to the style and geometry of the mineralisation. It is standard industry practice for exploration drilling to be undertaken on an ongoing basis at regular intervals as the mine advances.

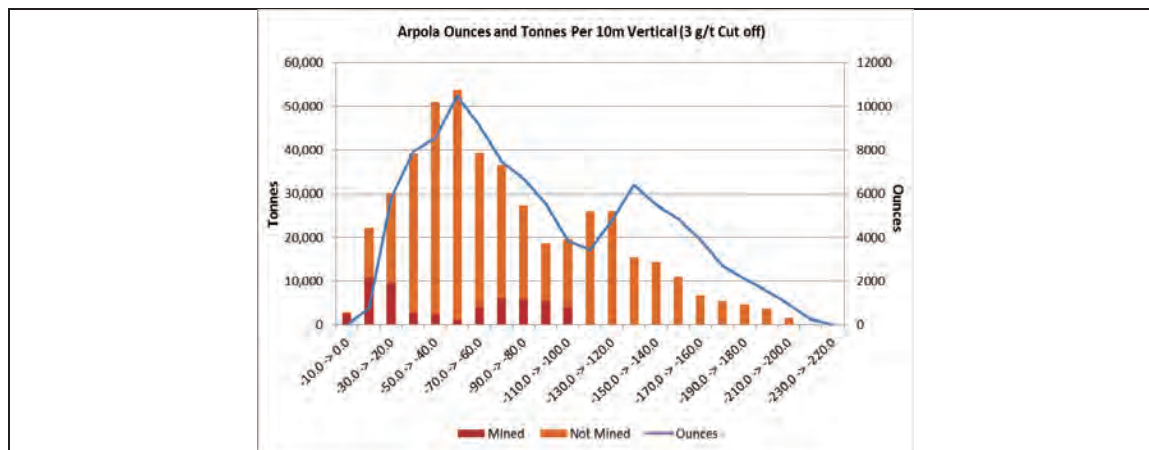
RPM notes that with recent drilling the potential for significant depth extensions which are viable at Orivesi are limited, there has been recent significant intercepts of near surface pipes which are close to mine infrastructure as noted below.

7.5.2 Jokisivu

RPM considers the exploration potential of the Jokisivu Mine to be good, with three main opportunities being identified to increase the current resource in the short to medium term and longer term. A critical aspect of the Jokisivu Mine is that historically the grade of both the Arpolo and Kujankallio deposits have not varied significantly with vertical advancement of the mine. This is clearly shown in the ounces and tonnes per vertical metre graph in **Figure 7-7**. The correspondence of tonnage and contained ounces of gold in the figure indicates a reasonably uniform grade. The tonnages mined historically vertically have varied, but relatively smoothly between adjacent levels. RPM interprets this as proving the vertical continuity of the main mineralised lodes which mining has focused on to date.

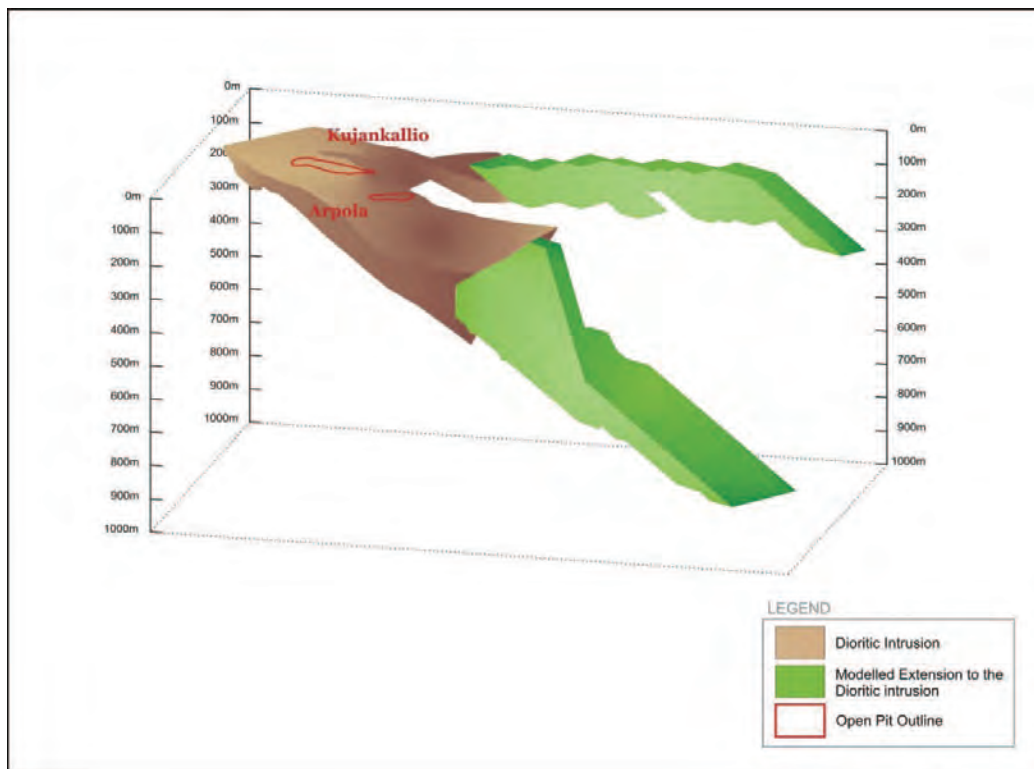
RPM considers the following to be high priority targets for the next phase of drilling:

Figure 7-7 Jokisivu Mine Ounces Per Vertical Metre, as at 2016



- Jokisivu Down Dip Extension:** A recent Geophysical Surveys have highlighted the extension of the host rocks (dioritic intrusion) to the gold bearing quartz veins well beyond the current drilling limits (**Figure 7-8**). Modelling of gravity survey data identified that the intrusion continues to plunge to the east (at similar to current angles) to at least a depth of 800m to 1,000m which is well beyond the current mine depth of 200m and 300m in Arpola and Kujankallio respectively and the maximum drilling depth of 525m. Of particular significance is the deposits are open at depth (**Figure 7-4**) with current drilling limited to 300m and 525m below surface respectively, with the current Kujankallio Measured, Indicated and Inferred Mineral Resource at a 1.5 g/t gold cut-off of 168,000 ounces grading 3.3 g/t gold yielding an average 330 ounces per vertical metre. The Arpola deposit has been drilled down to 300m with a Measured, Indicated and Inferred Mineral Resource at a 1.5 g/t gold cut-off grade of 140,900 ounces grading 4.7 g/t gold yielding an average 480 ounces per vertical metre. No drilling has been completed below these levels to date at either Kujankallio or Arpola. Because of the presence of the host rock and the potential for the structural gold bearing zone to continue to its base, RPM considers this a high priority target that can be drilled from drill sites within the current and planned mine development. RPM is aware the company will continue to target the down dip extensions at Kujankallio and Arpola as the Jokisivu Mine progresses deeper, with the undertaking of a series of underground diamond core drilling programs based on a fan array design to firstly, identify extensions to the known mineralisation and then to outline the extent and geometry of identified mineralisation to a level where it can be potentially included in Mineral Resource and Ore Reserve estimates. While it is unknown if the gold bearing structure continues at depth, if economic mineralisation is successfully delineated this target presents the opportunity to underpin future mining operations well beyond the current mine life in the medium term. Of particular significance is that these mineralisation types in the Nordic region commonly display excellent vertical continuity, as can be seen in Orivesi which has mineralisation defined down to the 1,175m level.

Figure 7-8 Jokisivu Gravity Modelling



Source: Provided by the Client.

- **Unmined Portions of Resource:** A review of the Resource to Reserve conversion ratio indicates that only a low portion of the currently defined resource is converted to reserves. This is because of the current mine parameters applied to resources to define reserves. The resources which are not converted are primarily located in the footwall to the main lodes and are generally either thinner or slightly lower grade. They do not convert of the current mine practices and gold prices. To date no detailed option studies have been completed to review alternative mining methods which could be utilised to exploit these areas. However, a preliminary review by RPM indicates that potential for smaller scale handheld or mechanized methods to extract these lodes could be employed, while the near surface mineralisation is potentially amendable to push backs of the previously completed open pits. RPM notes that there are regulatory restrictions to the mining methods which can be employed within Finland and surface permit restrictions are in place (which would impact open pit mining). The options study would need to be within these parameters.

- **Extensions:** RPM is aware the Company plans to further investigate satellite zones of mineralisation located parallel to and in close proximity to the known Kujankallio and Arpola deposits. Two satellite areas, the Basin Zones and Osmo Zones have already been identified from earlier drilling, where a series of significant intercepts were returned. Continued drill success in these areas would extend the life of the Jokisivu Mine and improve efficiencies by providing additional mining fronts and greater flexibility for production.

RPM understands that Drilling is currently ongoing at Jokisivu, recent programs targeting the satellite Basin Zone north of the Kujankallio deposit to improve knowledge on the extent and geometry of identified mineralisation in this area and the Kujankallio deposit between the 340m and 430m levels to improve data density in this area, which will allow for mineralisation to be upgraded from the Inferred Mineral Resource category to the Indicated Mineral Resource category in preparation for mine planning.

7.5.3 Orivesi

RPM considers that there remains potential to identify additional mineralization at Orivesi. RPM recommends a phased approach to exploration and notes the following:

- Recent drilling by the Company has yielded a series of encouraging drill results from the upper zones of the Sarvisuo and Sarvisuo West lode systems, between the surface and the 160m level. Some of these holes have formed part of the April 2019 estimate, and is open both up and down dip however further results have not been included in the estimate as the Company updates the geological interpretation, See **Section 7.5.3.1**.
- Mineralisation has also been identified between the 1,205m and 1,300m levels at Kutema. Recent drilling has been completed highlighting the excellent potential as shown in **Section 7.5.3.1**. These result have not been included in the resource estimate as the Company updates the geological interpretation and validates all the data. This will be followed by the updated mineral resources in line with the annual reporting company requirements.
- In addition to this the Company is reviewing historical records and identifying remnant mineralisation associated with the historically mined Kutema lode system between the surface and the 720m levels (the area mined by previous owners). This material represents either previously unmined portions of mineralisation that at the time of historic mining were deemed sub-economic or remaining pillars that were not extracted at the time of mining. During an initial review by RPM a number of areas were identified which has the potential to be safely extracted however further work is required to confirm the viability.

7.5.3.1 Orivesi Exploration Results

Below is an extract from the announcement of the Australian Stock Exchange result significant intercepts within the Orivesi mine. RPM notes these will likely define additional resources which with further study could add additional mine life. RPM refers to the following link for additional information and JORC Table 1. The location of these holes are shown in **Figures 7-9** through **Figure 7-11**. RPM notes that the required JORC disclosure can be sourced from the link below and are not included in this report, however agrees with the comments in this press release.

<https://www.asx.com.au/asxpdf/20180615/pdf/43vswy3v5rlmny.pdf>

Figure 7-9 Long Section Showing Location of New Holes

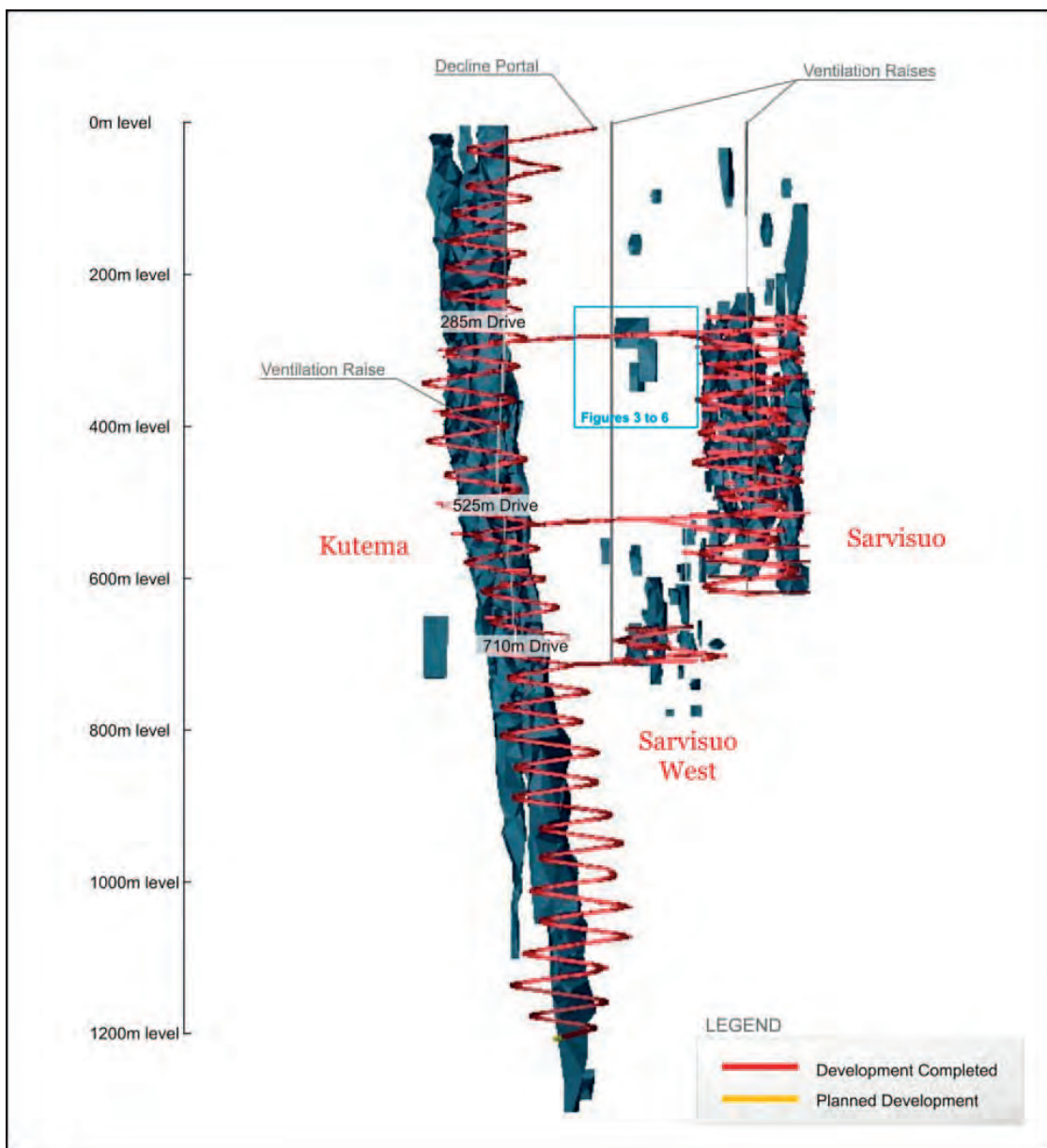


Figure 7-10 340m level at Sarvisuo West targeting the inner areas

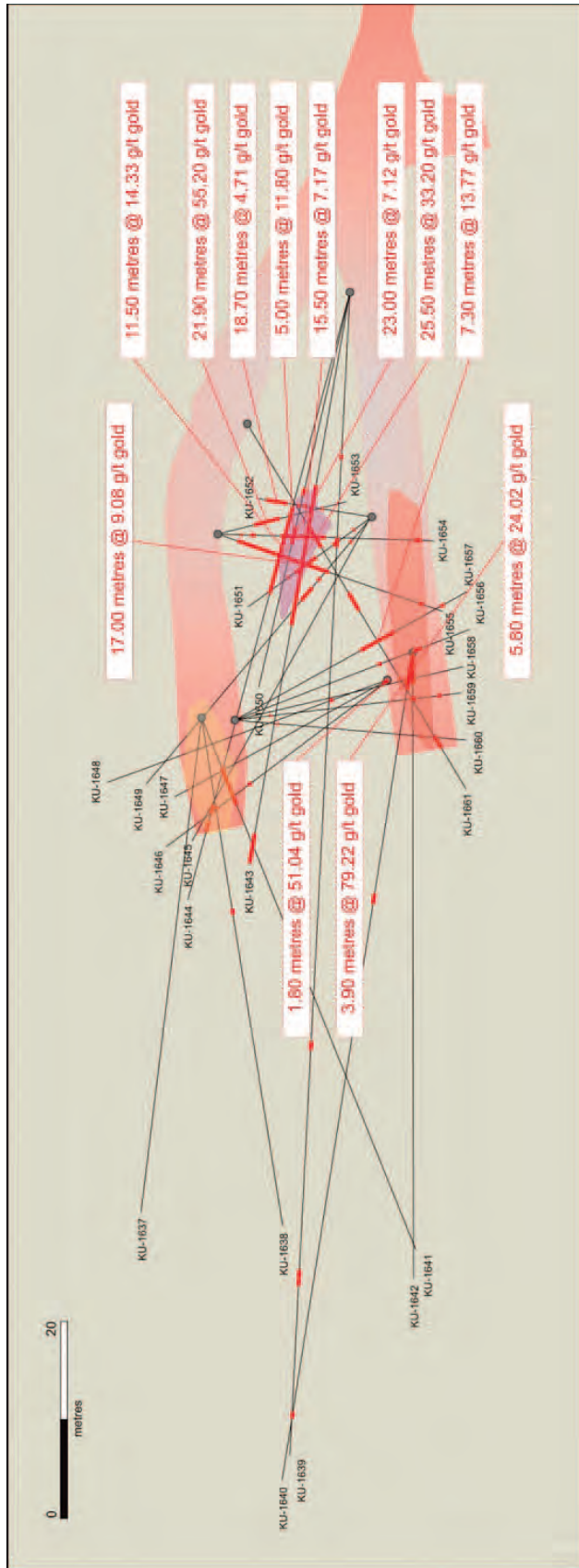
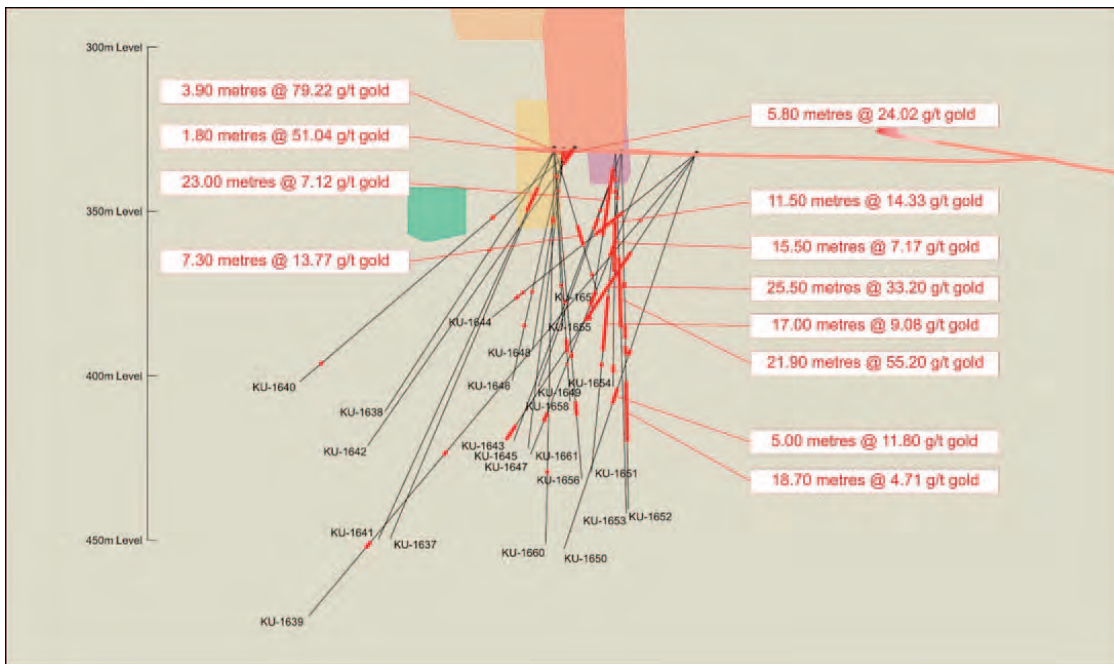
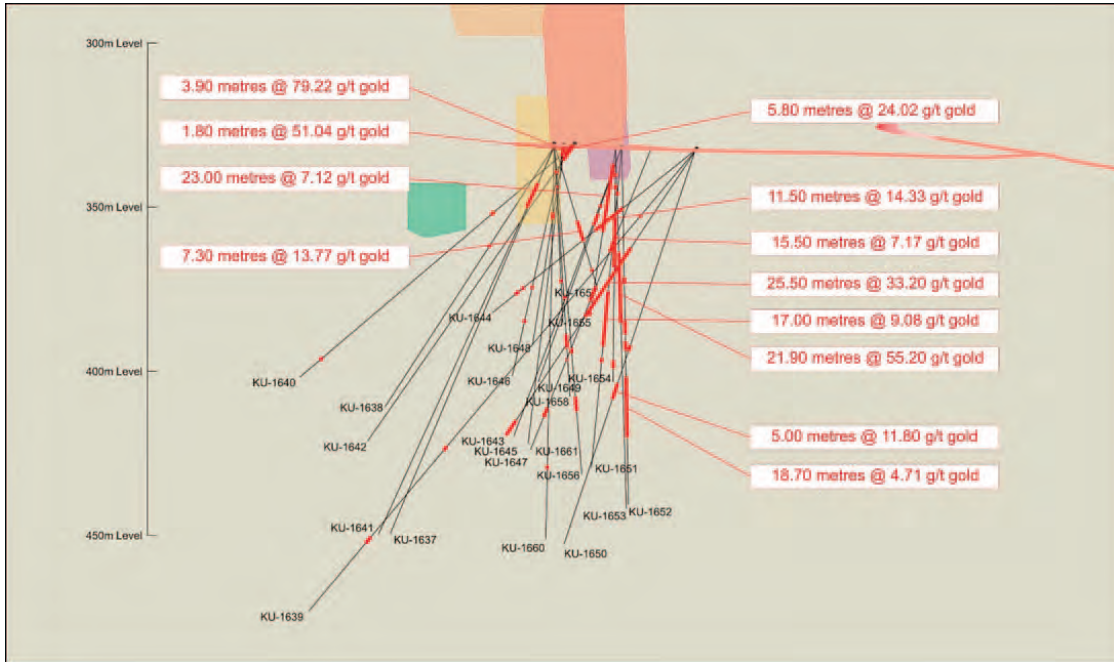


Figure 7-11 Sarvisuo West — Top Section View With Downdip Intercepts, Bottom Plan View New Areas



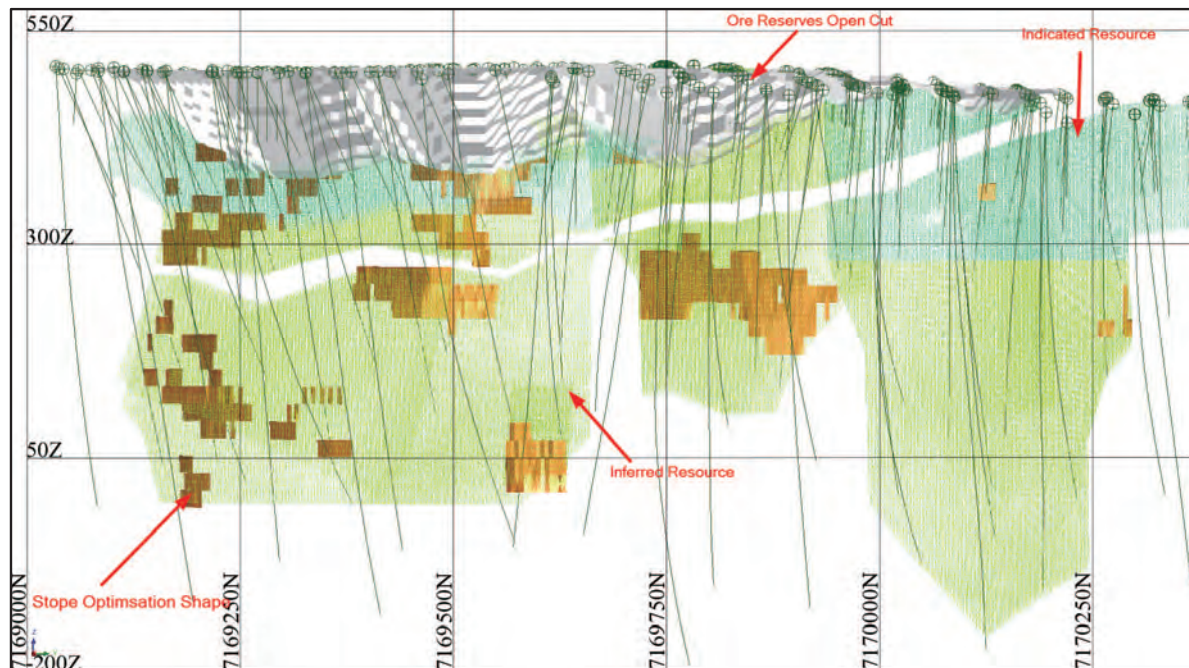
7.5.4 Fäboliden

Significant mineralisation has been defined through several generations of drilling which culminated in the drilling by Dragon in 2015 within the near surface higher grade mineralisation. The PFS open pit mining study completed by RPM resulted in the definition of an open pit with a maximum depth of 90m from surface. Following this study RPM reviewed the project and identified several exploration opportunities which are potential sources of additional feed for the exiting Svartliden Plant. These targets include:

- **Underground Potential:** Mineralisation within the Fäboliden Project extends well below the base on the reported open pit Ore Reserves (370m elevation) (**Figure 5-8, Figure 7-13**). RPM assessed the reasonableness of the expectation of eventual economic extraction via underground mining method for this zone. RPM utilised the Vulcan stope optimisation function to conceptually review the material below this elevation based on the LOM production rate (0.3Mtpa). The mine parameters and costs were derived using average short term budgeted mining and processing costs and recoveries as per the current performance of the Finland operations and taking into account the historical costs of the recently closed Svartliden UG and Swedish costs for processing. The concept analysis, although high level, demonstrated that the portions of the currently defined resource (**Figure 7-12**) showed reasonable prospects for economic extraction via underground methods with approximately 650kt at 4.4g/t reported within the stope shapes. RPM notes that a large proportion of this material is in the Inferred category and further drilling is required to increase the confidence in this resource and confirm the potential for ore reserves in this area.

RPM highlights that the parameters utilised for the review are not Ore Reserve parameters and are not supported by mining studies, designs, plans or schedules and are highly conceptual. Furthermore if a mining study was to be undertaken to increase the accuracy of the parameters, the result of any economic model could vary greatly, which could have a material impact on the economic viability on portions or all of the resources. RPM notes that some variation may occur between these parameters and those utilised to estimate the Ore Reserve. Were variations occur RPM has been conservative in the parameters used for the justification of the Mineral Resources due to the inherent inaccuracies in the resource estimates without supporting mining studies being completed.

Figure 7-12 Southwest looking Fäboliden Section with Classification, Pit and Stope Optimisation Shapes



- Open Cut:** The current planned pit targets the higher grade near surface portions of the resource, however substantial near surface mineralisation remains to be studied and reviewed. While this presents a longer term opportunity, RPM recommends that option studies be completed to determine any potential to exploit this material via larger scale operations, or varying processing options such as onsite processing to lower processing costs and increase recoveries.
- Down Dip Extension:** Drilling has defined mineralisation to a depth of 400m vertically continuous from surface in several lodes. A number of these lodes are open at depth (**Figure 7-6**) with further drilling required to test the extensions. RPM considers this a long term opportunity and recommends that the current underground resource potential and open cut target be reviewed and evaluated prior to this target being incorporated into the exploration work plan.
- Along Strike:** Historic base of till and top of bedrock geochemical survey datasets highlight a number of gold anomalous zones along the 10km of host geological sequence held by the Company. These anomalous zones warrant further evaluation in the longer term.

7.5.5 Kaapelinkulma

Exploration to date has focused on the near surface mineralisation which is amenable to open pit mining. Limited down dip drilling has been completed (**Figure 5-5 and Figure 7-6**) with

mineralisation open at depth in several lodes. RPM recommends a phased approach to exploration, with drilling targeting higher grade lodes which may be amenable to underground mining methods. RPM considers this a long term opportunity which should be evaluated following the Jokisivu higher priority targets being reviewed.

7.5.6 Exploration Target Estimates

Exploration drilling, geophysical surveys and geologic interpretations conducted to date focused mainly down dip extensions of Jokisivu and above the currently defined resource at Orivesi, as outlined above. An estimate of the exploration potential has been estimated as per below by RPM. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A semi-quantitative estimate of the exploration potential for gold mineralization within the drilled area was estimated using the following methodology:

- Mineralized zones defined based on recent drilling results are too broadly spaced to allow estimation of mineral resource, geophysical surveys and recent interpretations of the mineralised trends. .
- The data set was split into two areas:
 - Down Dip of current resource in Arpola and Kujankallio within the Jokisivu Mine, and
 - Near surface new mineralised zone within the Orivesi
- Jokisivu — Current drilling depth is 300m and 525m respectively for Arpola and Kujankallio with the recent geophysical survey interpreted the diorite host rock having a continuous vertical depth to 800m to 1,000m as shown in **Section 7**, with RPM assuming 900m. As further, outlined in Section 7 historically both areas have 300 to 400 ounces per vertical metre. To estimate the exploration target in this area, RPM has determine the remaining vertical depth (potentially) of mineralisation and applied the vertical ounces range per vertical metre. The tonnage was estimated based on the average resource grade for each area of 2.7g/t and 4.7g/t respectively.

The methods outlined above demonstrate that the target area potentially hosts a highly significant quantity of gold mineralisation of potentially economic grades (**Table 7-9 and Table 7-10**) including gold mineralisation which totals, cut-off grade as per the resources as outlined in **Table 7-1**.

Table 7-9. Exploration Target for Jokisivu Deposit

Area	Vertical Depth	Ounces/vert m		Total Ounces		Avg Grade	Tonnage	
		Min Ounces	Max Ounces	Min Ounces	Max Ounces		Min Tonnes	Max Tonnes
Kujankallio	375	300	400	112,500	150,000	2.7	1.3	1.7
Arpola	600	300	400	180,000	240,000	4.7	1.2	1.6
Total	975	300	400	292,500	390,000	3.9	2.5	3.3

The proportions and grades of mineralized rock within the Exploration Targets, is an extrapolation from the assay results of diamond drilling from a small number of holes external to the Resource as well as exploration work including geophysical survey and mineralisation interpretation and geologic understanding developed over the long mine life of the mines. RPM highlights that all relevant data unpinning the estimation of these exploration targets are publicly available on the ASX as per the requirements of public release of Exploration Results. The Exploration Target zones have not yet been drilled in detail and for this reason, the grade-tonnage projections must not be considered to represent a JORC 2012 Resource of any category, but are considered to represent Exploration Targets.

As per the requirements of the JORC Code the exploration activities required to test the full validity of the estimates include drilling will occur on an annual basis of approximately 2,500m to 5,000m per year. This drilling will continuous target the next 50m to 100m below the annual resource updates, which are shown graphically in **Table 9-2**. RPM notes this drilling will be ongoing over the mine life and is designed to support to continual delineation of Ore Reserves. Such drilling is budgeted as part of the mine operational costs on a year by year basis.

8 Ore Reserves

The JORC Code defines an 'Ore Reserve' as *the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. (JORC Code - Clause 28).*

8.1 Areas of Ore Reserves

The estimation of Ore Reserves is based on the following areas which are planned to be exploited through underground and open pit mining methods:

- Orivesi Mine — currently operating as an underground mine containing 43 kt of Ore Reserves.
- Jokisivu Mine — currently operating as an underground mine containing 900 Mt of Ore Reserves.
- Fäboliden Project — is planned to commence Ore production as an open pit mine in 2019 and contains 1.16 Mt of Ore Reserves.
- Kaapelinkulma Project — is planned to commence Ore production as an open pit mine in 2019 and contains 71 kt of Ore Reserves.

8.2 JORC Statement of Ore Reserves

The Proven and Probable JORC Ore Reserves estimate for the Projects is summarized in **Table 8-1** and shown graphically in **Figure 8-1**. The JORC Ore Reserves estimates reported below are inclusive of the Measured and Indicated Mineral Resources quantities reported in **Section 7**. RPM has estimated the total Ore Reserves to be **2.2 Mt** at an average grade of 3.1 g/t Au, comprising **0.20 Mt** of Proved and **1.97 Mt** of Probable Ore Reserves.

Table 8-1 Statement of JORC Ore Reserves report as at the 30th April, 2018

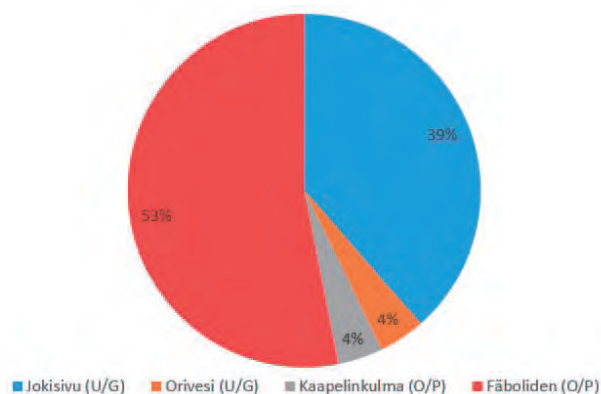
Production Centre	Area	Class	Quantity (kt)	Au (g/t)	Au (koz)
Vammala	Jokisivu (U/G)	Proved	149	2.7	13
		Probable	751	2.9	70
		Sub Total	900	2.9	83
	Orivesi (U/G)	Proved	3	5.2	1
		Probable	40	6.6	9
		Sub Total	43	6.5	9
	KaaPelinkulma (O/P) (1.14 g/t Au Cut-off)	Proved	52	3.9	7
		Probable	19	4.3	3
		Sub Total	71	4.0	9
Svartliden	Fäboliden (O/P) (1.47 g/t Au Cut off)	Proved			
		Probable	1,160	3.1	115
		Sub Total	1,160	3.1	115
All	Total	Proved	204	3.1	20
		Probable	1,971	3.1	196
		Total	2,175	3.1	216

Notes:

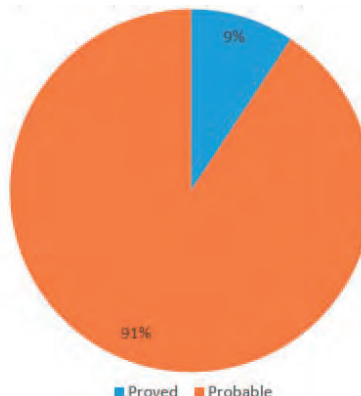
1. The Statement of JORC Ore Reserves has been compiled under the supervision of Mr. Joe McDiarmid who is a full time Principle Mining Engineer employed by RPM and is a Member of the Australian Institute of Mining and Metallurgy. Mr. McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.
2. Tonnages are metric tonnes.
3. In situ Cut-off Grade for underground range from a project COG of 5.7 to a development COG of 0.8.
4. Gold price USD1,260/oz for KaaPelinkulma and Fäboliden and USD1,280 for Orivesi and Jokisivu.
5. Figures reported are rounded which may result in small tabulation errors. Ore Reserves have been estimated under the 2012 Edition of the JORC Code.

Figure 8-1 Graphical Representation JORC Ore Reserves Ounces

JORC Ore Reserves Ounces by Area



JORC Ore Reserves Ounces by Classification



8.3 JORC Ore Reserves Estimation Procedure

Ore Reserves were estimated using a suit of specialised mine planning software packages, which includes the pit optimisation program 'Whittle', Vulcan's Underground Stope Optimiser and RPM's production schedule program Open Pit Metals Solution 'OPMS'. The input parameters selected by RPM are based on the review of the mining studies completed by the Company, discussions with site personnel and site visit observations. To enable the estimation of JORC Ore Reserves, RPM has:

- Reviewed approach, assumptions and outcomes from the Company mine planning studies, including the operating and capital cost forecasts;
- Reviewed information on current mine performance including operating costs and processing recoveries;
- Verified the results of the Whittle and stope optimisations and selection of appropriate pit and stope limits;
- Reviewed the planned mining methods and current life of mine designs;
- Reviewed methodology used to estimate ore recovery parameters in the model;
- Undertook independent open pit production schedules for Fäboliden and Kaapelinkulma Projects. RPM's specialised production schedule program 'OPMS' was used for Fäboliden, while a spreadsheet schedule was utilised for Kaapelinkulma.
- Verified and/or estimated the cut-off grades applied as suitable for use in an Ore Reserve estimate;

- Generated an economic model for the LOM schedule incorporating operating and capital costs and revenue for each Project to confirm economic viability of the Projects. RPM reviewed the operating and capital cost estimates prior to applying them in the economic model and considers them suitable and verify the viability of the projects. RPM notes that as per the JORC Ore Reserves reporting requirements, all cash flow analysis returned positive results.

8.4 JORC Ore Reserves Estimation Parameters

RPM has determined suitable technical parameters to apply in the Ore Reserve estimation process following; discussions with site personnel, review of at least pre-feasibility level accuracy documents or actuals from the mines, proposed life of mine plans, mining method, tailing dam capacity and the forecast processing plant recoveries for the areas of the Projects where Measured and Indicated Resources have been estimated. Inferred Mineral Resources cannot be used for Ore Reserves estimation and were not included as part of the Ore Reserve estimate other than being classified as waste.

The following parameters have been used for the Ore Reserve estimate:

- Variable metallurgical recoveries dependent on the ore types of the direct mill feed from the deposits as shown in **Table 8-2** and detailed in **Section 10**. RPM notes that these recoveries represent the direct feed recoveries in the initial plant for the Finland assets, a further 95% recovery was utilised for the processing of the concentrate (which includes the smelting of the doré product of Svartliden).

Table 8-2 Metallurgical Recovery by Ore Type

Metallurgical Unit	Au Recovery
Orivesi	85.5%
Jokisivu	88.5%
Kaapelinkulma	85.0%
Fäboliden	82.0%

Source: Provided by the Company.

- Operating and capital costs based on at least pre-feasibility level documents. Refer to **Section 12** for the detailed breakdowns estimation of costs while a summary is provided in **Table 8-3**;
- Long Term Consensus Forecast metal prices of USD1,260 per troy ounce of Au. Long Term Forecast prices were utilised for Kaapelinkulma and Fäboliden however given the short mine lives the short term price of USD1,280 per troy ounce was utilised. The long term forecasts were sourced from third party reports completed by marketing experts provided by the Company along with discussions with the Company's personnel. RPM refers to the Business section in the prospectus for detailed marketing and economic

information. RPM is not a commodity forecasting specialist and has relied on third parties for price assumptions. As per the JORC Code reporting requirements, RPM has completed independent reviews based on public and internal pricing information and considers the price assumption to be reasonable

- Underground and Open Pit Optimisation parameters are shown in **Table 8-3**.

Table 8-3 Modifying Factors Utilised in the Ore Reserves by RPM

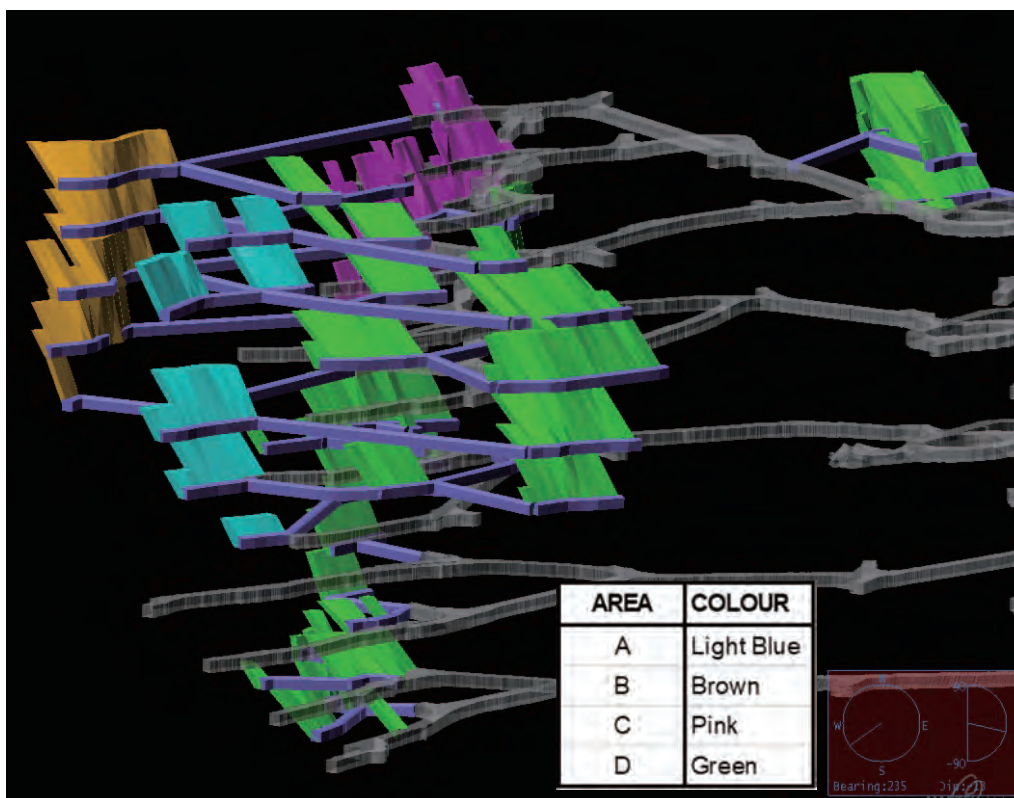
Description	Units	Orivesi	Jokisivu	Kaapelinkulma	Fäboliden
Prices					
Gold	\$/oz	1,280	1,280	1,260 ⁶	1,260 ⁶
UG Operating Costs					
Ore development	\$/t ore	23.2	9.0	N/A	N/A
Stoping costs	\$/m	21.5	18.4	N/A	N/A
Operating fixed cost	\$/m	48.5	13.4	N/A	N/A
OC Operating Costs					
Waste Mining	\$/t rock	N/A	N/A	3.4	2.3
Ore Mining	\$/t ore	N/A	N/A	3.5	2.8
Mining Support	\$/t ore	N/A	N/A	8.2	12.8
Dilution and Recovery					
Mining Recovery	%	90	See Below	Note 4	Note 5
Mining Dilution	%	12			
Pit Slopes					
Overall Slope Angles	degrees	N/A	N/A	45 (ramp inclusive)	Varies
Vammala Plant					
Processing Costs	\$/t ore	28.2	23.6	223	N/A
Recovery	%	85.5	88.5	85	N/A
Svartliden Plant					
Svartliden Processing Cost (inc. Haul)	\$/t conc	270.2	270.2	270.2	N/A
Svartliden Processing Cost	\$/t ore	N/A	N/A	N/A	42.0
Recovery	N/A	N/A	N/A	N/A	82.0
Payability	%	94.5	94.5	94.5	100

Notes:

1. All costs in US Dollars
2. Tonnage in metric tonnes
3. Includes haulage from ROM pad to the Mill and admin
4. Kaapelinkulma a 90% recovery and and 30% dilution was applied to the pit optimisation however the Ore Reserves were reported on SMU blocks of 5m by 5m by 5m.
5. Fäboliden Ore Reserves were reporting using an 82% recovery however the pit optimisation utilised a 74% recovery.
6. Kaapelinkulma and Fabilden Ore Reserves were reported using a gold price of USD1,260/ounce, however pit optimisation was completed using a price of USD1,150/ounce.

- Jokisivu mining dilution and recovery varies for each stope and is determined from historic experience and in-situ to ROM ore reconciliations.
 - Kujankallio, an average mining dilution of 30% and ore loss of 10%, has been used and is based on a minimum mining width of 3m. Some of the stope shapes also include waste rock and Inferred Resources set at zero grade.
 - Arpola has four different zones identified based on site specific history for the mining loss and dilution factors. These are shown graphically in **Figure 8-2** and include the following:
 - Area A: average mining dilution of 30% and ore loss of 15% based on a minimum mining width of 5m;
 - Area B: average mining dilution of 30% and ore loss of 20% based on a minimum mining width of 3m;
 - Area C: average mining dilution of 15% and ore loss of 5% based on a minimum mining width of 2m;
 - Area D: average mining dilution of 30% and ore loss of 10% based on a minimum mining width of 3m;

Figure 8-2: Arpola Ground Condition Areas



9 Consolidated Project Plan

9.1 Current Reserve Mine Life

The current production from the Jokisivu and Orivesi Mines will be supplemented in the near term with ore from Kaapelinkulma within the Vammala Production Centre and subsequently by the Fäboliden Project in two phases as shown in **Table 9-1**. Production is planned to continue at current rates at both the underground mines prior to completion of the Orivesi Mine. As a result the Company is currently construction the Kaapelinkulma open pit with all permits and land use agreements in place. The Kaapelinkulma Project mine infrastructure works are well advanced and planned to be completed in the near term prior to commencement of production in the 4th Quarter of 2018. This project will follow the same process as the current Finland operations with initial milling at the Vammala plant to produce high grade concentrate which is trucked to Svartliden to produce doré for sale.

The second project to be developed and exploited is the Fäboliden open pit which currently contains 1.16 Mt of Ore Reserves with production commencing in the 2nd Q of 2019 with the recent receipt of the a permit to undertake test mining to a maximum of 100kt (**Section 13**). The Fäboliden ore will be fed directly into the Svartliden Plant to produce doré in conjunction with the concentrate from Vammala. During the development of the Fäboliden pit a number of phases or push back are planned to coincide with the expected receipt of the full Environmental Permit in late 2019 (refer to **Section 13**). These push backs will also ensure consistent ROM ore is produced and minimise long period of waste mining as shown in **Section 10**.

The Projects production plan prepared by RPM is based on measured and indicated resources only and is shown in **Table 9-1**. Specifically, the designs used was based on measured and indicated material, and the Inferred resource that fell within the designs was included in the schedule as waste. The development sequence has been designed to allow smooth transition between the projects varying production rates and augment downturn in ore production during waste movement. This is accomplished through a staggered commissioning of the two development deposits as well as production rates from the Operating Assets. **Section 10** presents the underground production plan breakdown by Project which are summarized in **Table 9-2**.

Based on the Ore Reserve estimate, the project Development Sequence and the Designs the forecast mine life is approximately 6.5 years (Each minelife is shown in **Table 9-1**) from 30th April, 2018 with a total of 178,600 troy ounces produced from 2.24 Mt of Ore. RPM considers that the proposed Life of Mine Development Sequence and Production Forecast to be reasonable and achievable based on the current mining equipment and designs. RPM does however recommend further optimisation and short term planning. This optimisation should focus of the sequence of development in conjunction with capital expenditure and short term grade variability to maximise the profitability of the Projects.

Table 9-1 Minelife by Mine

Mine	Mine Life (Months)
Orivesi	10
Jokisivu	42
Kaapelinkulma	24
Fäboliden	54

Table 9-2 Consolidated LOM Production Plan Summary as at 30th April, 2018

Production Centre	Project	Centre	Units	Total	2018			2019				2020		2021		2022		2023		2024		
					2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H	1H	2H	1H	2H	1H	2H	
Vammala	Jokisivu	Ore Feed	kt	900	44	62	58	59	67	66	66	132	135	135	78							
		Feed Grade	g/t	2.9	2.3	2.5	2.7	2.9	3.2	3	2.6	3.1	3.3	2.9	2.5							
		Recovery	%	88.50%	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5							
	Orivesi	Ore Feed	kt	43	7	13	15	9														
		Feed Grade	g/t	6.5	6	6.3	6.5	7.2														
		Recovery	%	85.50%	85.5	85.5	85.5	85.5														
	Kaapelinkulma	Ore Mined	kt	70			8	9	9	8	9	23	5									
		Ore Feed	kt	70			3	8	9	9	9	18	15									
		Feed Grade	g/t	4			2.8	3.5	3.3	3.8	3.5	4.6	4.5									
		Recovery	%	85%			85	85	85	85	85	85	85									
		Waste - Till	kt	13	13																	
		Waste & Fresh	kt	846			82	126	126	127	126	247	12									
		Strip Ratio	t/t	12.2			10.8	13.5	14.2	15.6	13.7	10.9	2.6									
	Plant	Ore Feed	kt	1,014	50	75	80	77	75	74	75	155	139	135	78							
		Feed Grade	g/t	3.1	2.8	3.2	3.2	3.4	3.2	3.1	2.7	3.2	3.7	2.9	2.5							
Ounces rec.		try.oz	89,200	3,900	6,700	7,300	7,400	6,800	6,500	5,700	13,800	14,500	11,000	5,600								
Svartliden	Fäboliden	Ore Mined	kt	1,160				47	53		44	71	123	150	150	150	150	150	150	72		
		Mined Grade	g/t	3.1				3.4	4		2.7	2.2	3.5	2.6	3.3	3.1	3.4	3.3	1.9			
		Recovery	%	82%				82%	82%		82%	82%	82%	82%	82%	82%	82%	82%	82%	82%		
		Waste-Till	kt	1,708		344						375	665	218	4				36	65		
		Waste	kt	8,420				183	64		717	1511	1574	1840	1127	525	417	370	93			
		Strip Ratio	t/t	8.7				3.9	1.2		24.7	30.7	14.5	12.3	7.5	3.5	2.8	2.7	2.2			
	Svartliden Plant	Ore Feed	kt	1,160				47	53		44	71	123	150	150	150	150	150	150	72		
		Feed Grade	g/t	3.1				3.4	4		2.7	4.4	6.5	5.3	6.5	6.1	6.8	6.6	1.9			
		Ounces rec.	try.oz	94,100				4,200	5,600		3,200	4,100	11,300	10,500	12,900	12,100	13,600	13,000	3,600			
		Vammala Conc. Oz.	try.oz	84,200	3,700	6,300	6,900	7,000	6,400	6,100	5,400	13,000	13,700	10,400	5,300							
		Total Oz.	try.oz	178,300	3,700	6,300	6,900	7,000	10,600	11,700	5,400	16,200	17,800	21,700	15,800	12,900	12,100	13,600	13,000	3,600		

9.2 Potential Mine Life

While the current Ore Reserve Production Schedule has a mine life of approximately 6.5 years as at the 30th April, 2018, ounce production decreases during the later years of the mine life. This is the result of the decreased underground production at Jokisivu, however RPM notes that there is substantial potential to both increase the mine life and supply additional feed stocks during reserves mine life to utilize the capacity of the plants. These opportunities are outlined in **Section 7** however RPM considers there to be several opportunities (detailed in Section 7) to increase the resource and reserves base in the short term (<1.5 years) to augment the limited current reserve base, these include:

- **Orivesi:** Recent Drilling has defined additional mineralisation down and up dip of resource within the Sarvisuo West area. As outlined in Section 7.5.3.1, these are significant and require geological interpretation confirmation prior to inclusion in a mineralisation, however will likely result in an increase in mine life.
- **Down Dip extension of Kujankallio and Arpola:** A ground based geophysical survey has highlighted that the host rocks to the gold bearing quartz veins extend at depth, this potentially presents significant upside to locate additional mineralisation within close proximity to current mining infrastructure. This area, which has had no previous exploration work carried out is planned to be drilled by the Company in the ensuing years, and if successful will allow Resource and mine planning work to be completed out prior to the current Ore Reserves being depleted. While it is unknown if exploration will be successful, significant intercepts (as released publicly on the ASX) of similar mineralisation to that currently being mined may form the basis to extended mine life.
- **Fäboliden Underground:** preliminary studies completed by RPM highlights the potential for the area directly below the planned pit to form an underground operation. An underground mine could potentially be completed during the later years of the current planned open cut to provide high grade feed to the plant, and would likely continue after cessation of current planned pit operations. Based on the current resources defined RPM considers that there is potential for a preliminary small scale UG operation with a mine life between 2 to 4 years (at rates of 150 to 200ktpa), however additional drilling and advanced mining studies are required to confirm the viability any operation.
- **Fäboliden Open Cut:** The current planned pit targets the higher grade near surface portions of the resource, however substantial near surface mineralisation remains to be studied and reviewed. While this present a longer term opportunity, RPM recommends that option studies be completed to determine any potential to exploit this material via larger scale operations, or varying processing options such as onsite processing to lower processing costs and increase recoveries.

Given the above opportunities, the Company has developed an exploration and mining study plan to evaluate the opportunities which RPM has reviewed and considers appropriate. The short term plan will include various drilling and mining studies over the next 12 months to 16 months, focused primarily delineation of additional Ore Reserves. This will potentially add

significant value in the short term, prior to depletion of the current Ore Reserves as outlined in **Table 9-3** and result in a potential mine life well beyond that of the current reserves mine life. RPM highlights, as outlined in **Section 7**, the process of updating the Ore Reserves on a regular yearly basis has been the Company's standard practice since Dragon commenced operating in the Nordic Region. RPM highlights that this plan has been developed allow production to continue without cessation of production at the mines and minimize costs in a practical, sensible and are considered industry standard manner in similar operations. Key items of the Plan are summarised below and shown graphically in **Table 9-3**:

- Resource Drilling of Jokisivu Inferred and depth extensions and subsequent mining studies will be ongoing over the remainder of the reserve mine life. This is aimed at extending the Mine life a further 3 years (in the short term) and defining inferred resource at depth. For the purposes of this below potential mine life, RPM has assumed 2 years additional. In addition, RPM has assumed annual mining studies will be completed to support delineation and reporting of Ore Reserves.
- Exploitation of near surface potential resource which has recently been identified by drilling at Orivesi (and reported publicly on the ASX). This has the potential to add 6 to 8 months onto the mine life based on the current exploration potential. RPM has assumed 6 months, and highlight that underground development has already commenced at the time of reporting to minimize timeframes for commencement of production in Q1 2018.
- Re-optimisation of Geotechnical and Metallurgical Testwork on Fäboliden to further optimize the pit and increase the recoveries from the current 82% to up to 85%. A phase of metallurgical test work is planned to be completed prior to commencement of full scale mining during detailed mining studies in 2019.
- Resource and Infill Drilling of select Fäboliden UG areas. This is aimed to define an initial viable UG operation within the current resource to offset the decreased production towards the end of the current open pit. This is planned to be commenced in 2022.
- Evaluation of larger scale open pit potential via a desktop option analysis followed by drilling, testwork as required and subsequent mining studies.

RPM notes that the Potential Mine Life's presented are conceptual in nature and require additional drilling and mining studies to be undertaken and may not result in an economically viable project being defined, and are presented to highlight the potential timeframes for additional mining to be undertaken if drilling and studies show the economic viability of any defined resource.

Table 9-3 Future Work Programme

Production Centre	Project	Production Status																		
			2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023	2H 2023	2024	2025	
Vammala	Orivesi	Current Mine Life																		
		Resource Infill Drilling																		
		Resource and Mining Studies																		
		Potential Mine Life				Conceptual pending drilling and studies														
	KaaPelinkulma	Current Mine Life																		
		Infill drilling																		
		Mining Study																		
	Jokisivu	Current Mine Life																		
		Resource Infill Drilling																		
		Resource and Mining Studies																		
		Potential Mine Life				Conceptual pending drilling and studies														
	Svartliden	Fäboliden	Current Mine Life																	
Geotech and Met Testwork Update PFS																				
UG Drilling																				
UG Resource and Mining Studies																				
Infill UG Drilling																				
Geotech and Met Testwork																				
Detailed Mine Plan																				
Ug Mine Commencement																				
Conceptual pending drilling and studies																				

10 Mining

10.1 Summary

Over the Life of the Mine (“LOM”) Mining is planned to be undertaken via both underground and open cut methods with ore planned to be sourced from two underground and two open pits. Vammala production will continue to be sourced from Orivesi and Jokisivu, which will be supplemented with Ore production from KaaPelinkulma in Q4 2018. Land clearing at KaaPelinkulma has already been completed along with mine infrastructure works. At Svartliden land clearing and production is planned commence at Fäboliden in late 2018, prior to test mining in Q2 2019. Full production is planned to commence Q1 2020.

While all permits are in place for the operating assets and KaaPelinkulma, mine plans developed by RPM and the Company for full Fäboliden are based on a phased approached with test mining of 100kt after the successful granting in 2018 of the test environmental pertmint and assumption that the Fäboliden environmental permits will be received in late 2019.

10.2 Mining Operation

A review of the Projects suggests both open cut and underground mining methods are applicable based on the deposit characterisations. The current operations employ underground mining methods, while both development projects will use open cut methods. Similar underground and open cut methods are planned for future production between the deposits, with each project outlined below.

10.3 Underground Mining - Orivesi

10.3.1 Mine Design and Concept

The current, mining method at Orivesi Mine is Overhand bench & rock fill mining which is planned to continue for all future operations with little variation to the current methods employed. Mining advances from bottom upwards in 80 m vertical mining panels leaving a sill pillar between each panel (Figure 10-1). These voids are subsequently backfilled with waste rock from development. Access drives from the main decline to mining areas are developed at 20 m vertical sub level intervals which act as service points for each stoping area.

Mining Cycle

The development/drifted mining cycle includes the following items:

- Development drilling;
- Charging;
- Blasting;
- Washing down;
- Mucking/bogging;
- Mechanical/manual scaling;
- Fibercrete to support walls and roof;
- Bolting and meshing to support walls and roof (cross-cuts and elsewhere when required);
- Survey and face mapping, and
- Cablebolting crosscuts later.

The production mining cycle includes the following items:

- Sludge sampling immediately after development;
- Cablebolting as required — Action takes place as soon as stope design is ready (requires sludge sampling results);
- Extra bolting and meshing when needed;
- Production Drilling/Blasting; and

- Mucking/Bogging of material onto trucks or remote controlled mucking to a loading point.

Ground Support

The ground support used in the development consist of 2.1m Split Sets or 2.4m Swellex bolts, 125mm x 125mm mesh, 3.0m yielding cement bolts in various patterns as determined locally. The cross cuts and stope drives have splayed 6m to 15m cable bolts at regular intervals of 2m.

Mining Equipment

A variety of mobile and fixed plant is currently in use.

Table 10-1 details the mobile plant used by the mining company and contractors at Orivesi

Table 10-1 UG mobile plant

Description	Quantity
3 Boom Jumbo	2
4.6 m3 Wheel Loader	1
5.5 m3 Wheel Loader	2
6.2 md3 LHD	2
Hydraulic Hammer LHD	1
28 t Haul Truck	8
25 t Rubble Truck	1
Rock Bolter	1
Meshing Rock Bolter	2
Production Drill	3
Cable Bolt Drill	1
Bulk Emulsion Jumbo	1
ANFO Loader Scissor Lift	1
Shotcrete Sprayer	1
Scissor Lift	3
Dust Suppression Unit	2
Back Hoe Digging and Scaling	2
Tractor Digger	1
Material Transportation Truck	1
Small Vehicles	16
Grader	1

Figure 10-1 Orivesi Mine Design

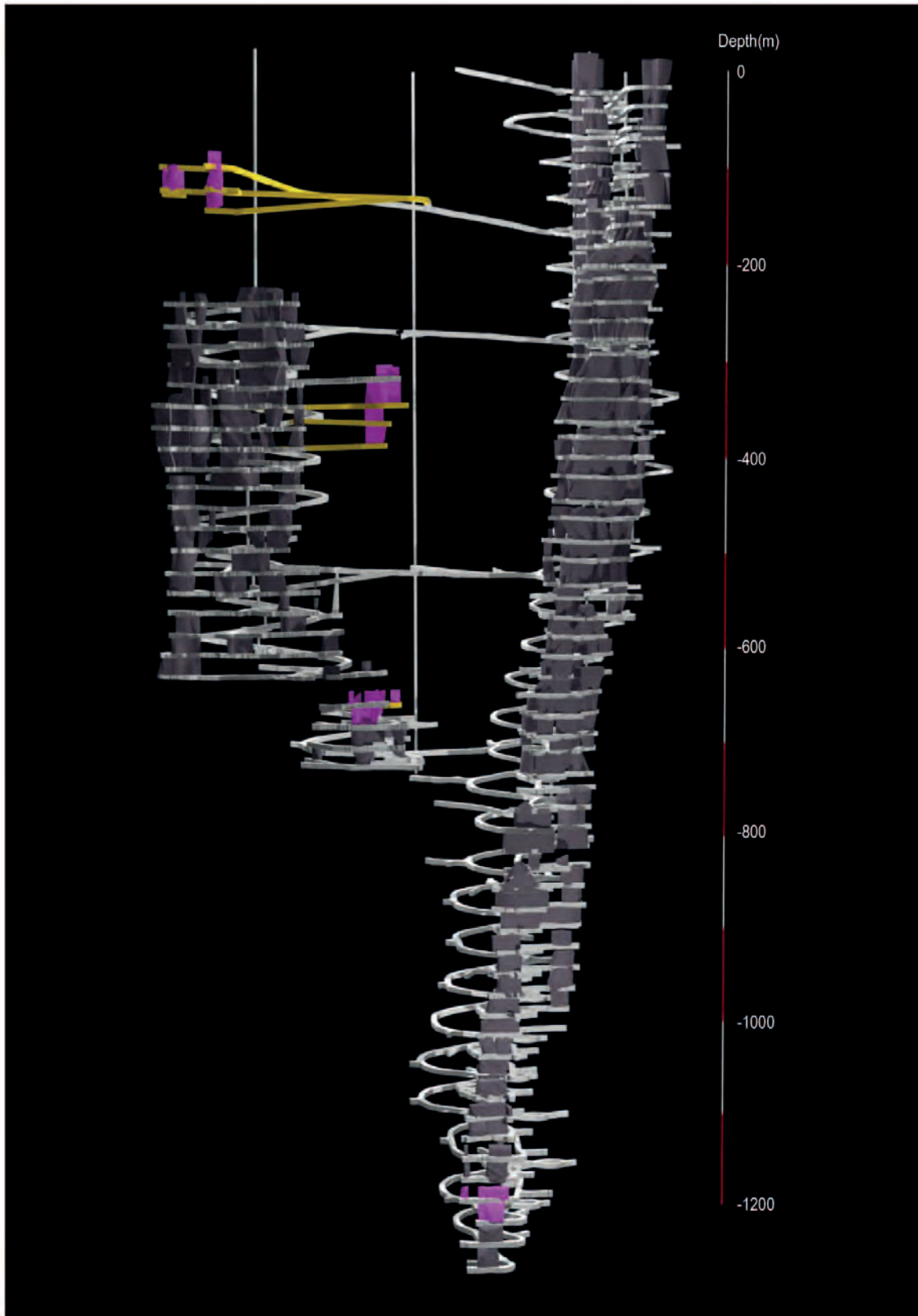


Table 10-2 outlines the underground fixed plant in place at Orivesi.

Table 10-2 Proposed UG fixed plant

Description	Quantity
Geophone system with 7 installed geophones	1
Leaky feeder radio communication system	1
Void scanner	1
Mine Emergency cage	1
FAR # 1 fans	4
EAR #1 fans	5
EAR #2 fans	1
Air compressors	6
Pumping stations & 45 kW slurry pumps	16
36 kW development fans	10
22 kW developments fans	30
Underground service bay	3
Ug explosives storage	3
Sea container style refuge stations	27
Surface offices and facilities	3
Mine Rescue Supplies	1

Cut Off Grade Analysis

The in situ Ore cut-off grade outlined in **Table 10-3** is based on USD1,280 gold price and mining factors, metallurgical factors and costs described in the following sections.

Table 10-3 Orivesi Underground Cut-off

	Project	Opex	Stoping	Ore Dev
In-Situ Gold Grade (g/t)	5.4	4.4	3.7	1.0

10.3.2 Mining Infrastructure and Support

The Orivesi Mine had been operating close to 20 years in Southern Finland. It is supported by an extensive and suitable infrastructure network which supplies power, water and communications from surface and as such no further surface capital is required for future operations. The surface mining related infrastructures supporting operations in place are outlined below.

Mine Power

The power supply is via the public grid from overhead power lines. A 20kV supply runs overhead from the substation on the surface to underground substations. These 20kV

substations are situated throughout the underground mine and deliver 400V to the underground equipment. The two main mine ventilation fans are powered by 200kW and 115kW motors respectively, with a nearby transformer, frequency converter and switch room providing power.

Mine Communications

Mine communications are industry standard analogue VHF leaky feeder system. This system is controlled via the main server which is located underground on 543m level. There is also a traditional landline phone system installed in the mine.

Magazine

The secure bulk and detonator magazines are located on the 525m, 710m and 830m level. The magazines have a sufficient capacity for approximately two month's operation.

Ventilation/Heating

The mine is ventilated via a series of raises, drives and fans which have been designed by onsite personnel. The ventilation systems include:

- One 745m vertical (in three stages), 3.1m diameter, raise bored shaft for intake air is fitted with one 200 kW centrifugal fan. This fan delivers 120 cu.m/s of air volume.
- One 525m vertical (in two stages), 3.1m diameter, raise bored shaft acts a main return airway together with the main decline.
- A series of mined raises to connect working areas to the main ventilation circuits.
- Fresh air is heated by a direct fired liquid gas heater during winter season. Power of the heater is 5.0MW.

Compressed Air

Compressed air is produced by several underground compressors.

Water Supply and Mine Dewatering

The mine is generally dry with the majority of water within the mine originating from dust suppression and ground water. There are series of pump stations at 80 to 100m vertical intervals which results in an annual discharge into the near-by lake of approximately 100,000cu.m. Potable water is derived from a drilled well at the site.

Waste Rock

The waste rock is stockpiled on the surface or used as back fill material in exhausted stopes, however minimal waste rock will be generated based on the current Ore Reserves schedule.

10.3.3 Mine Production Schedule

The production plan for Orivesi Mine prepared by RPM is based on measured and indicated resources only and is shown in **Table 10-4**. Specifically, the design used was based on measured and indicated material, and the inferred resource that fell within the design was included in the waste category. Mine plans have been designed by Dragon and reviewed by RPM and includes a staggered introduction of mining from the deposits in order to achieve the maximum production rate.

No further waste development is required to support the current Ore Reserve estimate and resultant schedule.

RPM notes the following schedule is for mining only, with the balance of the Ore Reserves sourced from surface stockpiles.

Table 10-4 LOM Production Schedule Orivesi Mine

Year		2018								
Month		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Development	Waste (m)	155	157	47	148	154	89	0	0	
	Ore (t)	2,646	3,087	40	1,865	1,904	2,587	500	0	
	Au (g/t)	6.3	6.5	5.1	5.4	4.8	5.1	6.6	0.0	
Stope	Area									
	Ore (t)									
	Au (g/t)									
	130-L57	2,812	6.1						2,812	
	150-L57	3,615	8.2						3,615	
	170-L57	2,170	8.1					2,170		
	150-FL2	1,268	4.1				1,268			
	150-L2	5,623	8.0					5,623		
	400-L88	3,017	7.8	3,017						
	380-L88	2,213	9.1		2,213					
	360-L88	2,991	3.8			2,991				
	360-L87	2,570	5.9				2,570			
	340-L87	1,339	6.9					1,339		
	650-L31	536	5.0	536						
650-L35	2,517	5.3	2,517							
	30,671		0	3,053	3,017	2,213	2,991	3,838	9,132	6,427
GRAND TOT	6.9	0.0	5.2	7.8	9.1	3.8	5.3	7.9	7.3	

10.4 Underground — Jokisivu

10.4.1 Mine Design and Concept

The mining method at Jokisivu Mine is Overhand bench and rock fill mining. Mining advances from the bottom upwards in approximately 80m high mining panels leaving a sill pillar between the panels. Back fill material is waste rock from development. Access drives from the main decline to mining areas are developed at 15 to 20m vertical sub level intervals as shown in *Figure 10-2*.

Mining Cycle

The development/drifting mining cycle includes the following items:

- Development drilling;
- Charging;
- Blasting;
- Washing down;
- Mucking/bogging;
- Mechanical/manual scaling;
- Shotcrete to support walls and roof;
- Bolting and meshing to support walls and roof (cross-cuts and elsewhere when required);
- Survey and face mapping;
- Cablebolting crosscuts and large openings.

Due to good ground conditions 5 rounds/cuts can be taken without the need or ground support. All drives are systematically shotcreted to 2m from the floor and bolted with 2.1m splitsets (3 bolts / metre). Mining development is shotcreted without steel fibres

The production mining cycle includes the following items:

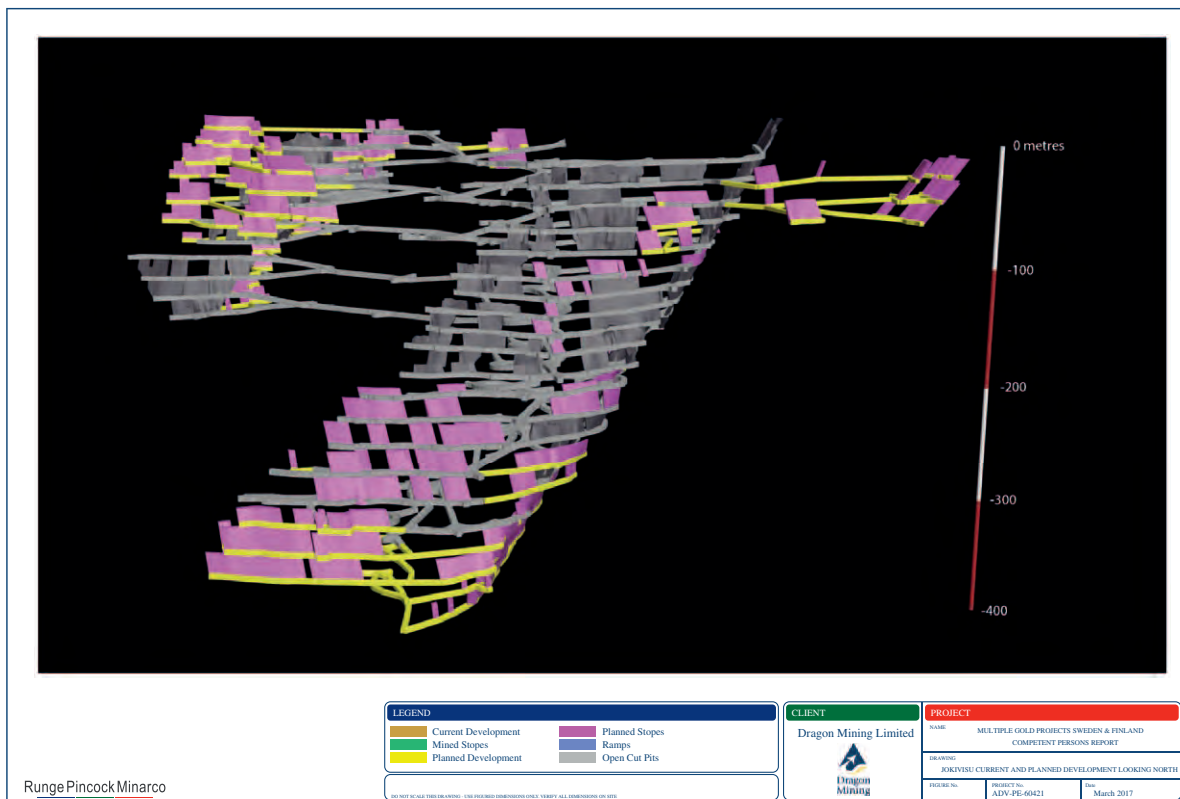
- Sludge sampling immediately after development;
- Cablebolting as required — Action takes place as soon as stope design is ready (requires sludge sampling results);
- Wall slashing is done based on sludge drilling;

- Extra bolting and meshing when needed;
- Production Drilling/Blasting; and
- Mucking/Bogging of material onto trucks or remote controlled mucking to a loading point.

Ground Support

The geotechnical ground conditions are relatively good and therefore five rounds/cuts can be taken before the need or ground support. All drives are systematically shotcreted to 2m from the floor and bolted with 2.1m splitsets (3 bolts / metre). Mining development is shotcreted without steel fibres. Crosscuts and large openings are cablebolted.

Figure 10-2 Jokisivu Mine Design



Mining Equipment

The following table shows the mobile plant used by the mining company and contractors at Jokisivu. RPM notes that the equipment is potentially not the optimal size for this style of mineralisation, if further contractor negotiations can be achieved for implementation of smaller mobile equipment, upside exists to lower OPEX and access smaller mineralisation zones.

Table 10-5 Proposed UG mobile plant

Description	Quantity
3-boom jumbo Sandvik DT1130i	1
2-boom jumbo Sandvik Axera 8 S-290 Cabin	1
1-boom jumbo Tamrock Monomatic	1
Longhole drilling rig Tamrock Solomatic H618	1
Longhole drilling rig Sandvik DL421-7C	1
Longhole drilling Atlas Copco Cabletec LC	1
Cablebolting rig Sandvik DS420-C	1
Bolting rig Tamrock Robolt 330	1
Excavator 13tn // Cat313	1
Excavator 25tn // Cat320	1
Excavator 29tn // Cat329	1
Charging platform Charmec 1525	1
Different working platforms (3 PAUS + 1 Normet)	4
Road grader Vammas	1
Wheel loader Cat980K	1
Wheel loader Cat980G	1
Wheel loader Cat938G	1
Loader Sandvik Toro 0010	3
Loader Sandvik Toro 0011 + remote control	1
Loader Sandvik Toro 1250 + remote control	1
Shotcreting system Normet Spraymec 9110 WPC	1
Mechanical scaling Gradall 300	1
Dump truck Tamrock Toro T60	2
Cars	18
Hauling truck MB	4
Highway truck	4
Washing unit MB Unimog U90	1
Warehouse forklift Nissan 1500	1

The following table is the underground fixed plant in place at Jokisivu:

Table 10-6 Proposed UG fixed plant

Description	Quantity
Liquid gas heating station 2.6 MW	1
Fresh air Fan 110kW	1
Exhaust air fan 90kW	1
Auxiliary Fans 45kW	25
Fresh air raise (RF LVLS +15 to +260)	1
Exhaust air raise (RF LVLS +15 to +330)	1
Main dewatering stations 45kW	3
UG explosives storage	2
Mine offices and surface storage	2
UG washdown bay	1
Refuge stations	4
Fuel storage (5,000 -10,000 litres)	3
Mine rescue supplies	21
Main transformers (20kV to 690/400V)	3
Monitoring well for the discharge waters	1
Settling pond system for discharge waters	1

Cut Off Grade Analysis

The in situ ore cut-off grade is based on USD1,280/oz. gold price and mining factors, metallurgical factors and costs described in the various sections. The stoping COG includes the operating cost without ore development. That is, the average grade of a stope must be above this value for it to be economic to mine. It assumes stope access development has been completed for the level. The Operating COG includes all the operating costs inclusive of ore development and hence provides an indicator whether an entire level is economic to be mined. The Ore Development COG assumes that all mining costs have been otherwise included and hence provides an indicator whether that development is economical to mill and refine. The Project costs include direct underground capital and operating costs.

Cut-off grades have been determined for both the Kujankallio and Arpola regions of the Jokisivu area. In the case of Arpola, several different COG's have been estimated depending on ground conditions and corresponding mining loss and dilution figures.

Table 10-7 Jokisivu Underground Cut-off

Area	Project	Operating	Stoping	Ore Dev
Kujankallio In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0
Arpola A In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0
Arpola B In Situ Au Grade (g/t)	3.7	2.7	2.4	1.0
Arpola C In Situ Au Grade (g/t)	3.1	2.3	2.0	0.9
Arpola D In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0

10.4.2 Mining Infrastructure and Support

The mining operation is supported by an extensive and suitable infrastructure network which supplies power, water and communications from surface. In addition several other surface mining related infrastructures are in place, as outlined below.

Mine Power

The power supply is via the public grid from overhead power lines by cable (underground) to the mine. A 20kV supply runs overhead from the two substation on the surface to the 260m level underground substations, other line 20kV, 690V and 400V. This 20kV substation is situated on 260 level. From this 20kV substation on 260 level of the underground mine and deliver 690V and 400V to the underground equipment. The two main mine ventilation fans are powered by 110kW and 90kW motors respectively, with a nearby transformer, frequency converter and switch room providing power.

Mine Communications

Mine communications are industry standard digital UHF leaky feeder system. This system is controlled via the main server, which is located at surface. There is also a traditional landline phone system installed in the mine.

Magazine

The secure bulk and detonator magazines are located on the 145m level. Cartridge storage with a maximum capacity of 4,800kg is located at the 80m level. The magazines have a sufficient capacity for approximately two weeks' operation.

Ventilation/Heating

The mine is ventilated via a series of raises, drives and fans which have been designed by the onsite personnel. The ventilation systems include:

- One fresh air raise to level +260, approximately 3.0m diameter, surface to +145 by Alimak, +145 to +260 longhole raise done in two parts. Main fan delivers approximately 90 cu.m/s of air volume.
- Longhole return air raise is developed to the bottom of mine, profile square of roughly 2mx2m. Exhaust fan 90kW, is silenced and located inside the noise barrier walls next to open pit crest.
- Secondary ventilation circuit consist mostly 1000mm fans of 2x27kW motor. All fans are VFD operated.
- Fresh air raise is heated by direct fired liquid gas heater, 2.6MW, during winter time.

Compressed Air

Compressed air is produced by several underground compressors.

Water Supply and Mine Dewatering

The majority of water within the mine originates from dust suppression and ground water. There are a series of pump stations at 80m vertical intervals. Water is pumped from one station to another and from the open pit bottom; a large portion is circulated back to be used as process water after clarification. Water is discharged to surrounding streams on an average of 3 days per week. Annual discharge into surrounding streams is roughly 120,000m³. Potable water to site is from community pipeline.

Waste Rock

The waste rock is stockpiled on the surface or used as back fill material in exhausted stopes. The waste rock is considered as inert waste and can be used in construction in and outside the mine.

10.4.3 Mine Production Schedule

The production plan for Jokisivu Mine prepared by RPM is based on measured and indicated resources only and is shown in **Table 10-8**. Specifically, the design used was based on measured and indicated material, any inferred resource that fell within the design was included in the waste category. Mine plans have been designed by Dragon and reviewed by RPM and includes a staggered introduction of mining from the deposits in order to achieve the maximum production rate.

RPM notes the following schedule is for mining only, with the balance of the Ore Reserves sourced from surface stockpiles.

10.5 Open Pit Mining — Fäboliden and Kaapelinkulma

RPM has independently completed a Pre-Feasibility Study ("PFS") for the Fäboliden and Kaapelinkulma Projects, however RPM highlights that the below optimisation is based on a USD1,150 per ounce gold price whereas the Ore Reserves are reported at a cut of grade using a USD1,260 per ounce price and processing recoveries of 82% for the Ore Reserves for Fäboliden. Below is an outline of the work completed and/or reviewed by RPM.

Key characteristics of the mineralisation within the Fäboliden and Kaapelinkulma Projects are; occurrence near surface; shallow to vertical type ore bodies ranging between 2 and 10m thick and extending to depth. The deposits are overlain with a layer of unconsolidated till ranging from 1 to 10 metres thick.

Typical open cut mining is the preferred mining method as:

- mineralisation occurs near surface;
- minimal initial mining capital investment for open cut mining as mining contractors will be engaged;
- Dragon has prior experience with commencing and undertaking open cut mining in the Nordic Region;
- open cut operational costs are lower than underground.

The typical open cut mining method includes:

- excavation and stockpiling of till;
- drilling of a blast pattern;
- blasting to fragment rock;
- marking out ore zones based on grade control results; and
- digging, loading and hauling of ore and waste rock to the surface.

10.5.1 Pit Optimisation

Approach

The economic pit limits were determined using the Whittle 4X pit limit optimisation software ("Whittle 4X Optimiser"). It is termed 'optimisation' as the pit shell generated defines the theoretical optimal economic mining limits for the given input parameters. It does not "optimise" the Project development as practical elements such as blending strategy; water management, etc. are excluded.

The general approach to identifying the final economic pit limit is:

- Identify the physical constraints to mining;
- Define the Project economic input parameters, for example, mining costs and ore price;
- Estimate mining modifying factors, for example, ore loss and dilution;
- Estimate metallurgical modifying factors, for example, process plant ore recovery;
- Define the pit slope design requirements (overall slope including ramps, catch berms etc.);
- Import all above parameters including the geological model into the pit limit optimisation software;
- Run the pit limit optimisation software to produce a series of nested pit shells at a range of product selling prices;
- Analyse results; and
- Select a preferred pit shell in conjunction with the Client.

Physical constraints are typically surface features which limit the allowable extent of mining. Examples include critical infrastructure, mining titles, property ownership and environmentally sensitive areas.

Note that the reported in-pit ore estimates for the optimal pit shells do not take into account the practicalities of mining and may over-estimate ore quantities.

Pit Shell Selection

Within the general approach to identifying pit limits there are two key steps conducted within Whittle 4X to support the selection of the ultimate pit shell for pit design:

- Step 1: Sensitivity Analysis. This aspect examines the sensitivity of ore tonnage to changes in Project economics. Here the metal selling price is varied to create a set of nested pit shells, one for each metal price. A change in the metal price can be considered synonymous with a change in project economics;
- Step 2: Cashflow Analysis. Base case parameters (such as metal price and costs) are fixed and applied to the material contained within the nested pit shells created during step 1 to estimate the indicative undiscounted and discounted cash-flow for each shell.

Sensitivity Analysis on Metal Price

A key aspect of the pit optimisation process is to identify the optimal pit shell across a range of metal selling prices to assist understanding the characteristics of the deposit, areas of greater value and potential development strategies. For this Study a series of nested pit shells were generated based on metal selling prices ranging from 30% to 170% of the base selling price in increments of 10%. The factor applied to the selling price is generally referred to as the "revenue factor" (RF).

The lower the selling price, the smaller the pit and the higher the economic margin relative to the base price. For example, a pit shell based on a selling price at 20% revenue factor (of the base price) would focus only on the higher value ore able to be profitably extracted at this lower revenue factor. For Reserve determination there is flexibility to choose a pit shell up to the 100% revenue factor shell.

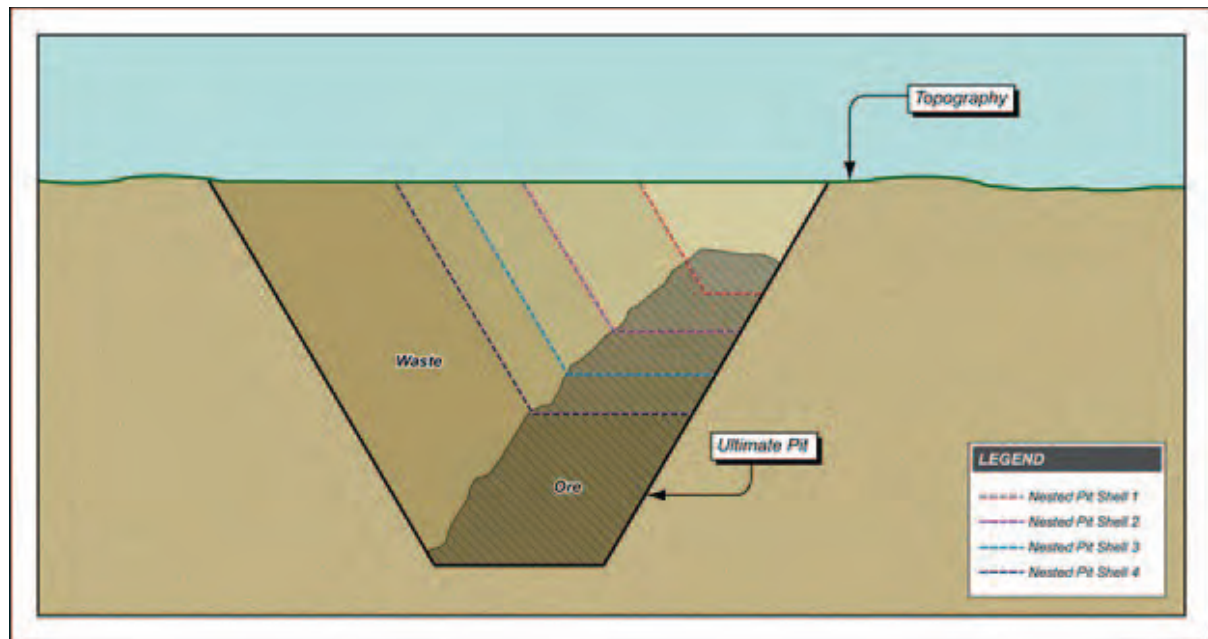
The ore tonnes within each pit shell are estimated for a given cut-off grade, based on the base product price and revenue factor for that scenario. Though the sensitivity analysis is applied to metal price, a 5% change in product price can equally be viewed as a change to any other parameter that drives economics, for example, mining cost.

Analysis of the nested shell outcomes provides an understanding of how the ore tonnes and total contained pit tonnes vary with project economics. That is, how robust any pit will be to changes in influencing economic conditions.

The approach to select the preferred pit shell involved analysing the results in conjunction with Dragon to determine which shell best meets the corporate strategy for mine life, ore production and economic return.

The concept of nested pit shells based on progressively increasing revenue factors is shown below in **Figure**. Nested pit shells one to four are at lower revenue factors than the ultimate pit, and may form pit cut-backs.

Figure 10-3 Pit Optimisation — Concept of Nested Pit Shells



Operating Cash-flow Analysis

The sensitivity analysis on metal price defines the “optimal” pit shell for fixed mining, economic and physical constraints. However, this outcome is not necessarily the “optimal” investment decision as it does not consider the development strategy or the time value of money. To address this issue, a life-of-mine (LOM) discounted cash-flow analysis is undertaken within the Whittle software to assess which pit provides the highest economic return.

In the second stage analysis, operating cash-flow is estimated by applying the base case inputs (i.e. 100% revenue factor selling price and costs) to each of the pit shells generated during the sensitivity analysis stage. Note that because the economic parameters are held constant, by definition the cut-off grade is constant. This is different from the sensitivity analysis, where cut-off grade varies for each pit shell.

For mining costs, revenue and hence cash-flow to be estimated, a LOM production schedule is required. Whittle 4X generates two basic types of schedules, which it refers to as “best case” and “worst case” schedule. The “best case” schedule assumes the mining sequence will proceed from the lowest revenue factor shell (15% of selling price) to the 100% revenue factor shell. That is, the sequence progresses from the highest marginal value pit to the lowest with each nested shell used as a mining cutback. The “worst case” schedule assumes mining proceeds sequentially from the upper most bench in the 100% revenue factor shell to the lowest, effectively mining the deposit using only one cutback. It is termed the “worst case” as it generally involves mining from the highest strip ratio area (and hence cost) to the lowest cost area.

The “best” and “worst” cases estimate results at the two extremes of the probable range. As such, RPM often includes in any analysis a more realistic “selected” case obtained by choosing a few pit shells to represent mineable cutbacks and then controlling the progress rates within each shell.

Note that the Whittle Four-X software does not attempt to optimise a scheduling sequence to best meet all constraints and maximise cash-flow, but simply follows the rules dictated by the “best” case and “worst” case scenario schedules. The preferred method for assessing the performance of a given pit shell and hence its cash-flow is to export the data to alternative software packages such as RPM's XPAC and XERAS where greater scheduling and financial analysis flexibility exist.

10.5.2 Inputs

The key inputs to the pit limit optimisation process are:

- Physical mining constraints;
- Geological block model and topography;
- Pit optimisation input parameters such as:
 - Geotechnical inputs;
 - Mining modifying factors;
 - Metallurgical factors such as processing recovery;
 - Operating and sustaining capital costs; and
 - Product selling price.

Physical Mining Constraints

After consultation with Dragon and reviewing the available technical reports, RPM is not aware of any physical constraints to the pit limits for either Fäboliden or Kaapelinkulma as reported in the current Ore Reserves.

Geological Block Model and Topography

The Surpac format block model (Fäboliden_ok_20151002.mdl) was prepared by RPM and forms the basis for the Fäboliden Resource Report. This model contained estimates for Au, Ag, As, S and Sb and had coding for the lithology and resource classification. Dragon completed the Kaapelinkulma block model which was subsequently reviewed by RPM who assumed CP responsibility.

Pit Optimisation Input Parameters

The pit optimisation input parameters are summarised in the following sections. The sources for the various parameters include:

- Dragon Mining — various correspondence;
- Report - InfraTech: Fäboliden Gold Project - Desktop Geotechnical Assessment (2 Oct 2015);
- Spreadsheet - Summary Ore + Ore & Con + Con Processing Costs Per Unit (Final).xlsx
- Spreadsheet - Fäboliden standalone Pit1 17122014.xlsm
- Spreadsheet - DAB_Forecast2015_06_Process Plant_v5_APPROVED.xlsx and
- Spreadsheet - Reserve Statement Mining Costs - KJIN Schakt 2015.xlsx

Geotechnical Parameters

A desktop geotechnical study was completed by InfraTeck Consulting Pty Ltd. The RPM pit optimisation and design work for this study follows the recommended slopes included in this report.

Three slope domains based on rock domains and weathering have been identified; Footwall (North-West) fresh rock, Hangingwall (South-East) fresh rock and overburden (till). The pit slope parameters for the various rock domains and regions are presented in **Table 10-9**.

Table 10-9 InfraTech Geotechnical Parameters

Deposit	Domain	Wall Type	Weathering Profile	Design Sector	BFA (°)	Berm Width (m)	Batter Height (m)	IRSA (°)	IRSH m
Fäboliden	Footwall	Final	Fresh	West	60	5.5	20	50	100
	Hangingwall / Mineralised	Final/Interim	Fresh	East/South	75	7.5	20	57	100
Kaapelinkulma	Footwall	Final	Fresh	West	75	7.5	20	57	100
	Footwall	Interim	Fresh	West	75	7.5	20	57	30
	Hangingwall / Mineralised	Final/Interim	Fresh	East/South	75	7.5	20	57	100

Legend: BFA - Batter Face Angle; IRSA - Inter-Ramp Slope Angle; IRSH - Inter-Ramp Slope Height

In the report Infratech noted that “No slope geometry has been recommended for the overburden/till material as it was assumed that the material will be stripped prior to the formation of the pit walls”. For pit optimisation and design RPM have used a slope of 1:3 (18 degrees), a value used by Dragon in their 2014 Fäboliden pit design.

An initial optimisation case was run using the inter-ramp slope angles to assess the potential size, shape and depth of the pit. Based on this result an estimate was made of the number of ramp segments needed in the various pit walls for mining. The pit slopes were then adjusted to angles that were inclusive of ramps. These ramp-inclusive angles were used in the final series of pit optimisations.

Mining Modifying Factors

Mine planning typically requires the application of modifying factors to reflect ore loss, waste rock dilution and other practicalities of mining. When mining at the boundaries of the mineralisation it is not possible to selectively mine 100% of the ore and exclude 100% of the waste. This selectivity is dependent on the type and size of mining equipment used and the structure of the mineralisation.

Mining loss and dilution is estimated by modifying the geological block model to the selective mining unit (SMU) size. The SMU defines the size of material that can be selectively excavated based on the mining parameters. The SMU is applied by re-blocking the orebody model so that no block is less than or greater than the SMU size. In this way the loss and dilution is built into the geological model and will vary by location depending on changes in the mineralised structures. During re-blocking the grades of adjacent blocks were combined resulting in lower grade material added to higher grade blocks (dilution) and higher grade material added to lower grade blocks (loss). The SMU sizes used for final pit optimisation and in reserving for Fäboliden and Kaapelinkulma are shown in **Table 10-10**.

Table 10-10 Open Pit Selective Mining Unit (SMU) Sizes

Project	Units	X (East)	Y (North)	Z (Height)
Fäboliden	m	5.0	5.0	5.0
Kaapelinkulma	m	2.5	2.5	2.5

Metallurgical Factors

A gold recovery of 74% for Fäboliden was provided by Dragon based on the results of the initial phase of metallurgical test work and utilised in the pit optimisation. Dragon also advised that the resulting metal was 100% payable and that a refining cost was applied on the gold produced. No recovery was provided for the silver and though it is tracked by RPM no values have been assigned to it in the pit optimisation or economic modelling. RPM highlights that a recovery of 82% was utilised to report Ore Reserves within the pit design based on recent testwork as outlined in **Section 11**.

A gold recovery of 85% was utilised for Kaapelinkulma with a 95% payable selling cost to account for concentrate processing in Svartliden. Apart from the processing cost no refining fee was applied.

Operating and Sustaining Capital Costs

The mining cost inputs for the Whittle 4X Optimiser can be classified into four categories:

- Rock mining cost;
- Ore mining and processing costs;
- Site overheads; and
- Selling costs.

The “rock mining cost” is the expense to fragment, load and haul rock to the pit crest and place it in an adjacent pile; this could be either a ROM pad or waste rock dump. The rock mining cost generally has two components: a fixed component and a variable component, which is a function of the depth of mining. That is, as mining proceeds deeper, the rock mining cost increases. This cost is applied to each tonne of rock.

The “ore mining and processing costs” are expenses specifically for “ore” such as grade control, stockpile rehandle and ore processing. These costs are applied to each tonne of ore input to the processing plant.

“Site overheads” are all other site costs required to support the mining operation while “selling costs” are all off-site costs such as concentrate transport, and any additional processing and refining of the product. Depending on the nature of these costs, they are either applied to the ore tonnage or to the product made by the processing plant (e.g., metal, concentrate, etc.).

Rates for mine operating costs are based on a mining contractor quotation prepared for Dragon and made available to RPM. These unit rates include the contractor capital costs and anticipated replacement capital for the term of the contract. In addition to the contractor costs all owner costs relating to the supervision of the contract have also been provided by Dragon and added to the unit operating costs. No Dragon capital costs were included in the pit optimisation process as major Project infrastructure expenditure should be considered a sunk cost.

The rates are intended to be “order of magnitude” only and do not represent results of mine planning and detailed estimating. The non-mining costs, including ore processing and site overheads, were provided by Dragon.

The waste and ore mining costs are summarised in **Table 8-3** and detailed in **Section 13**. Load and haul costs used in the pit optimisation were on a \$/bcm mined basis. An average material density has been applied in this table to show the equivalent costs in \$/t mined. Detailed of the processing and other ore costs are presented in **Section 12**.

Metal Selling Price and Royalties - Fäboliden

The selling price for gold used in this study was USD1,260 per troy ounce. Dragon confirmed that no royalties, fees or other selling costs would apply to the metal sold.

Mining and Processing Rate

Dragon has advised RPM that the ore processing rate for Fäboliden is 300 kt per annum. The mining rate has not been constrained and is selected based on the requirement to supply sufficient ore.

Within Kaapelinkulma the total rock mining rate was set to 45kt mining per month with no limit on ore processing. This resulted in ore production ranging from 4 to 5kt per month.

Other Assumptions

For the discounted cash-flow analysis, the discount rate was set at 10%. All cash-flows are pre-taxation.

No mining or processing cut-off grades were applied within the pit optimiser. Selection of material for processing was made based on the value of the contained metal and associated mining costs.

10.5.3 Optimisation Results and Mine Design — Fäboliden**Sensitivity Analysis**

The pit optimisation economic sensitivity results are summarised in **Table 10-14** and show the 100% shell (Pit 8) contains 1.2Mt of ore at 3.35g/t Au and strip ratio of 8.2 (t:t).

The pit size and ore tonnes are highly sensitive to economics (metal prices), which is expected for a shallow near vertical type deposit that extends from the surface to depth. A drop in metal price of 10% decreases the mined gold by 34% while a 10% increase adds 25% to the mined gold. This relationship can be seen visually in **Figure 10-4**.

Figure 10-5 shows how the waste tonnage and strip ratio changes for the various pit sizes.

Table 10-11 Fäboliden Pit Economic Sensitivity

Pit Shell	Revenue Factor %	Equivalent Price USD/tr.oz	Waste Mt	Ore Mt	SR t/t	Ore Ag g/t	Ore Au g/t	Ore Au k tr.oz	Ore Au Variation %
1	30%	345	0.1	0.01	7.7	7.35	8.63	3	-97%
2	40%	460	0.3	0.05	5.1	8.84	6.62	10	-91%
3	50%	575	0.5	0.1	4.7	8.17	5.91	16	-87%
4	60%	690	0.7	0.1	4.8	7.79	5.27	21	-82%
5	70%	805	2.1	0.3	6.6	7.92	4.45	40	-66%
6	80%	920	3.5	0.5	6.8	6.85	3.99	58	-51%
7	90%	1,035	5.3	0.7	7.2	6.81	3.69	78	-34%
8	100%	1,150	10.1	1.1	8.2	7.50	3.35	117	0%
9	110%	1,265	14.5	1.4	9.3	7.88	3.22	147	25%
10	120%	1,380	21.6	2.0	9.6	7.70	2.99	195	66%
11	130%	1,495	24.2	2.4	9.1	7.21	2.83	218	86%
12	140%	1,610	30.7	2.9	9.5	6.66	2.71	254	117%
13	150%	1,725	32.8	3.1	9.5	6.51	2.66	267	127%
14	160%	1,840	37.1	3.4	10.0	6.31	2.62	284	143%
15	170%	1,955	40.2	3.6	10.3	6.22	2.59	296	153%

Figure 10-4 Fäboliden Pit Limit Sensitivity — Ore

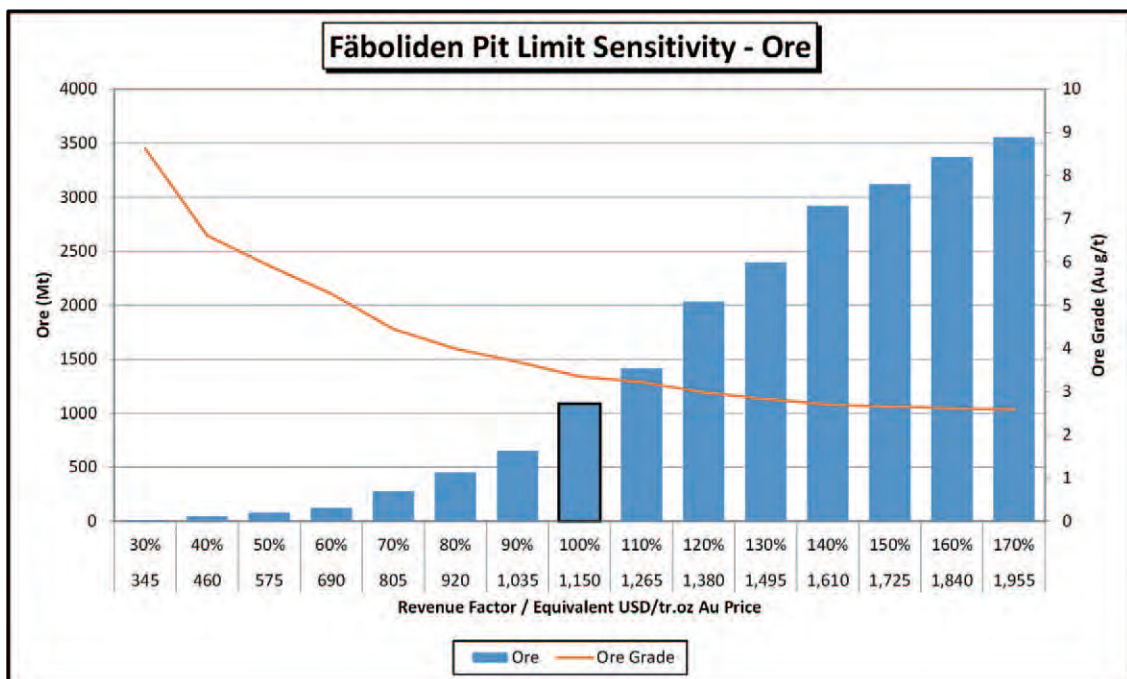
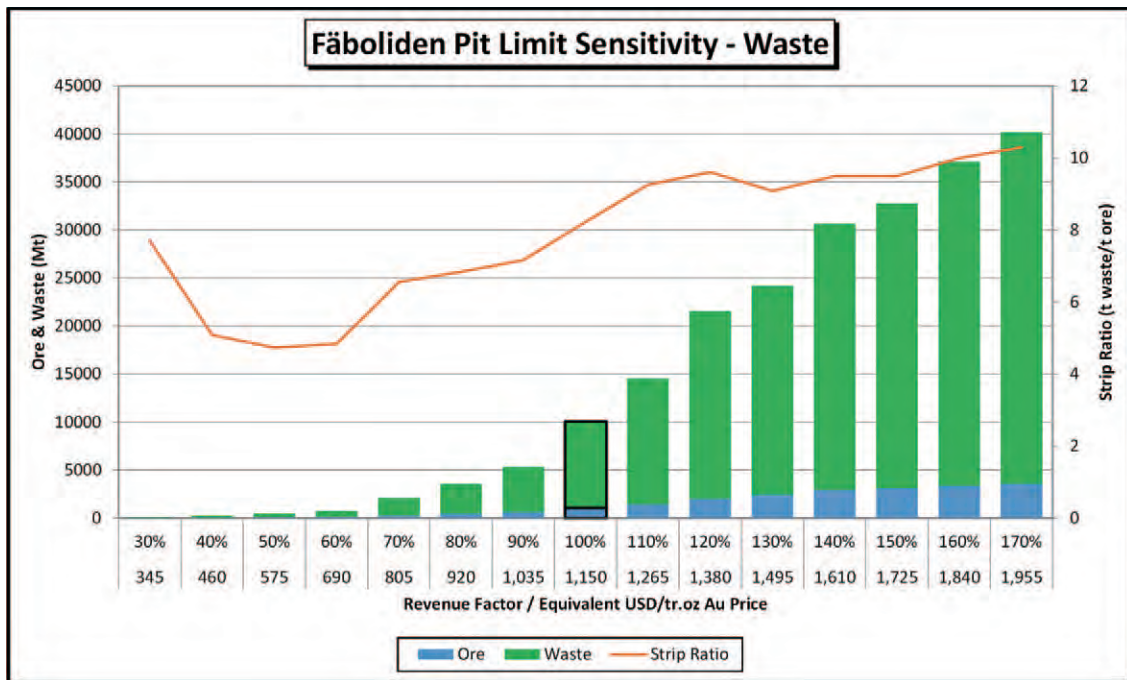


Figure 10-5 Fäboliden Pit Limit Sensitivity — Waste



Cash-flow Analysis

With each progressively larger pit shell the incremental margin (*Figure 10-4*) decreases due to the increase in incremental waste stripping (*Figure 10-7*). Pit Shell 8, representing a 100% Revenue Factor, has a margin of USD47/tr.oz. Pit shells larger than this are not economic and their incremental margins will be negative. While a pit smaller than shell 8 will have a lower overall (undiscounted) cash-flow it will have a larger incremental margin, as shown by shell 7 which has an incremental margin USD167/tr.oz. This means that a design based on a pit shell smaller than the optimum (highest cash value) shell will be more resilient to price fluctuations and thus be a lower risk.

Figure 10-6 Fäboliden Nested Pit Shells - Incremental Margin

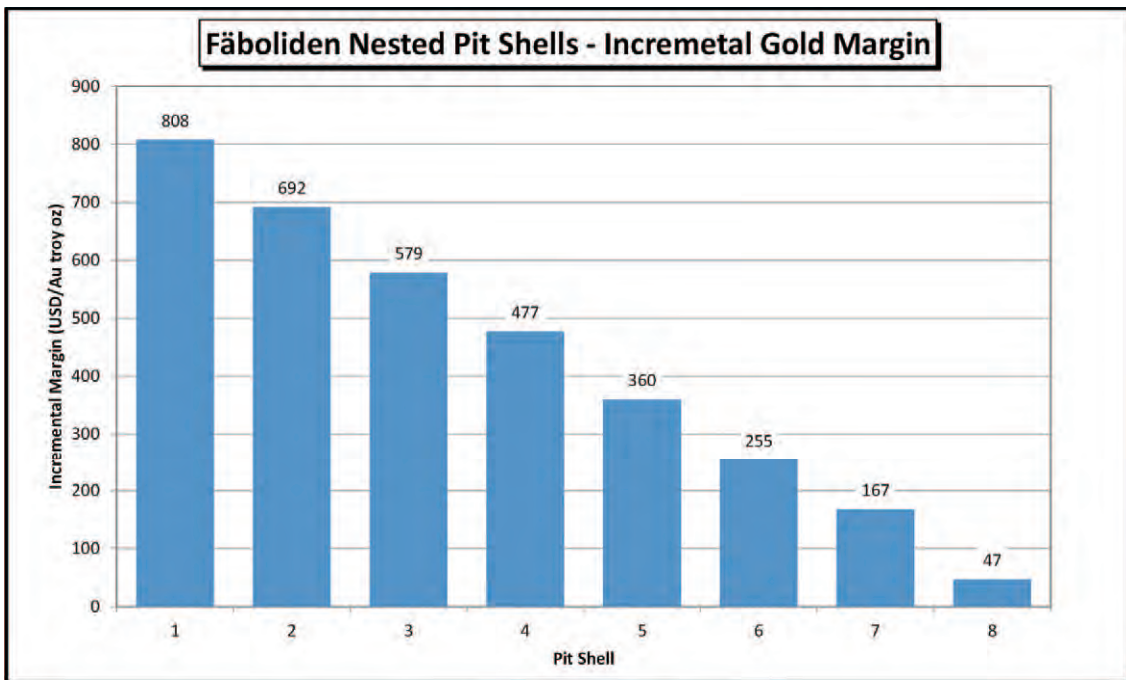
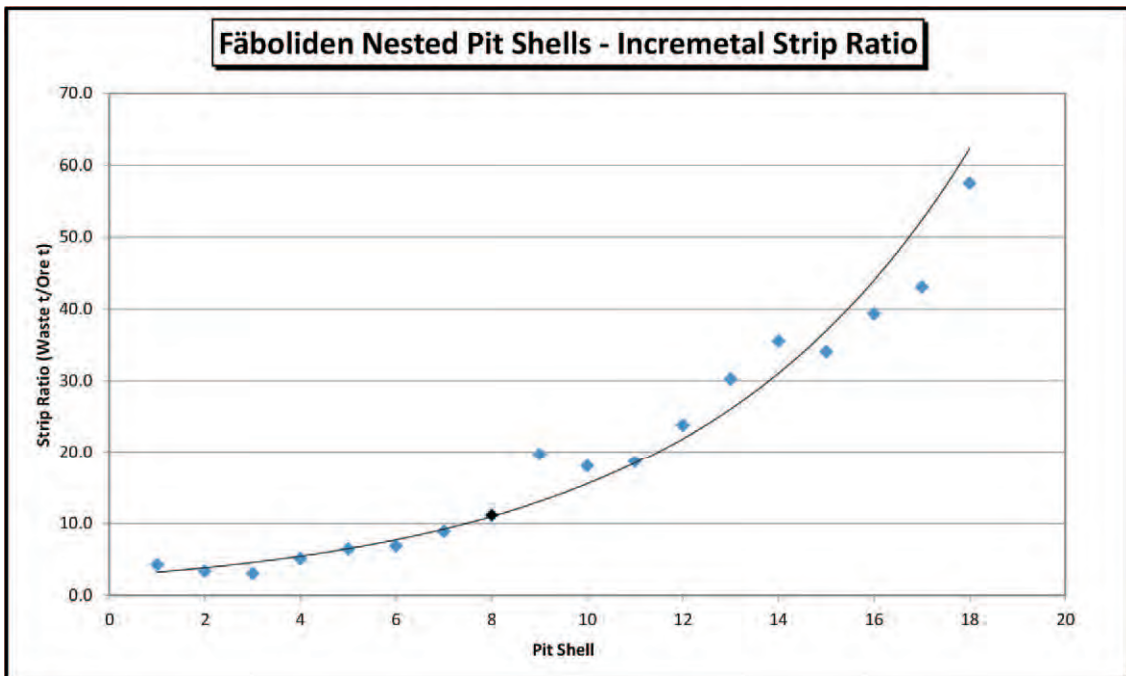


Figure 10-7 Fäboliden Nested Pit Shells - Incremental Strip Ratio



A discounted cash-flow analysis was completed by preparing a high level schedule in the Whittle pit optimiser. The results of this analysis, presented in **Figure 10-8**, show three potential cash-flows. As discussed earlier, the scenarios are as follows;

Best case	schedule with no restriction of the number of cutbacks or benches in a period,
Worst case	only one cutback is used with each bench fully mined before starting the one below and;
Specified case	practical limits have been placed on the number of cutbacks and the benches mined per period.

Note that these cash-flows use operating and sustaining capital costs only and do not include capital costs. The results are presented only as a relative comparison between the pit shells. All pit shells were evaluated at a gold price of USD1,260/tr.oz.

As the graphed results show, the highest undiscounted cash-flow occurs for pit shell 8, the "optimum" pit. However, when the discounted ("practical") cash-flow is considered the difference in value between pits 7 and 8 is very small; suggesting that either pit 7 or 8 can be chosen as the final pit limit.

After considering the results of these analyses, Dragon directed RPM to use pit shell 8 as the basis for subsequent design and reserving. The pit 8 optimum shell is shown in **Figure 10-9**.

Figure 10-8 Fäboliden High Level Cashflow Analysis (Excluding CAPEX)

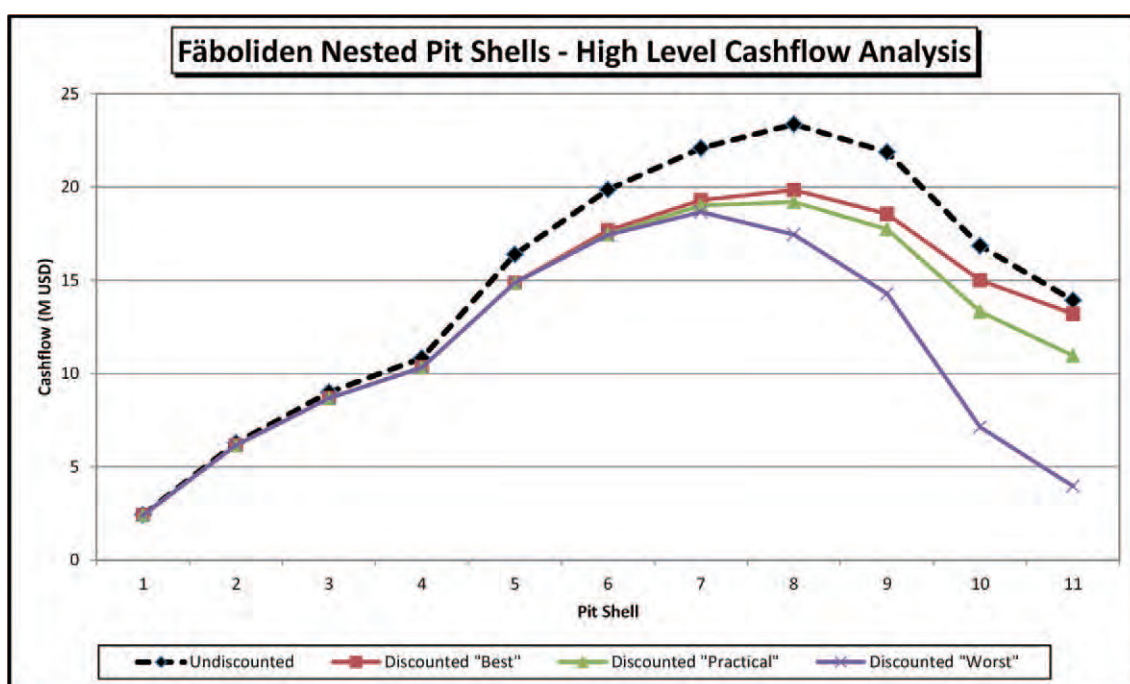
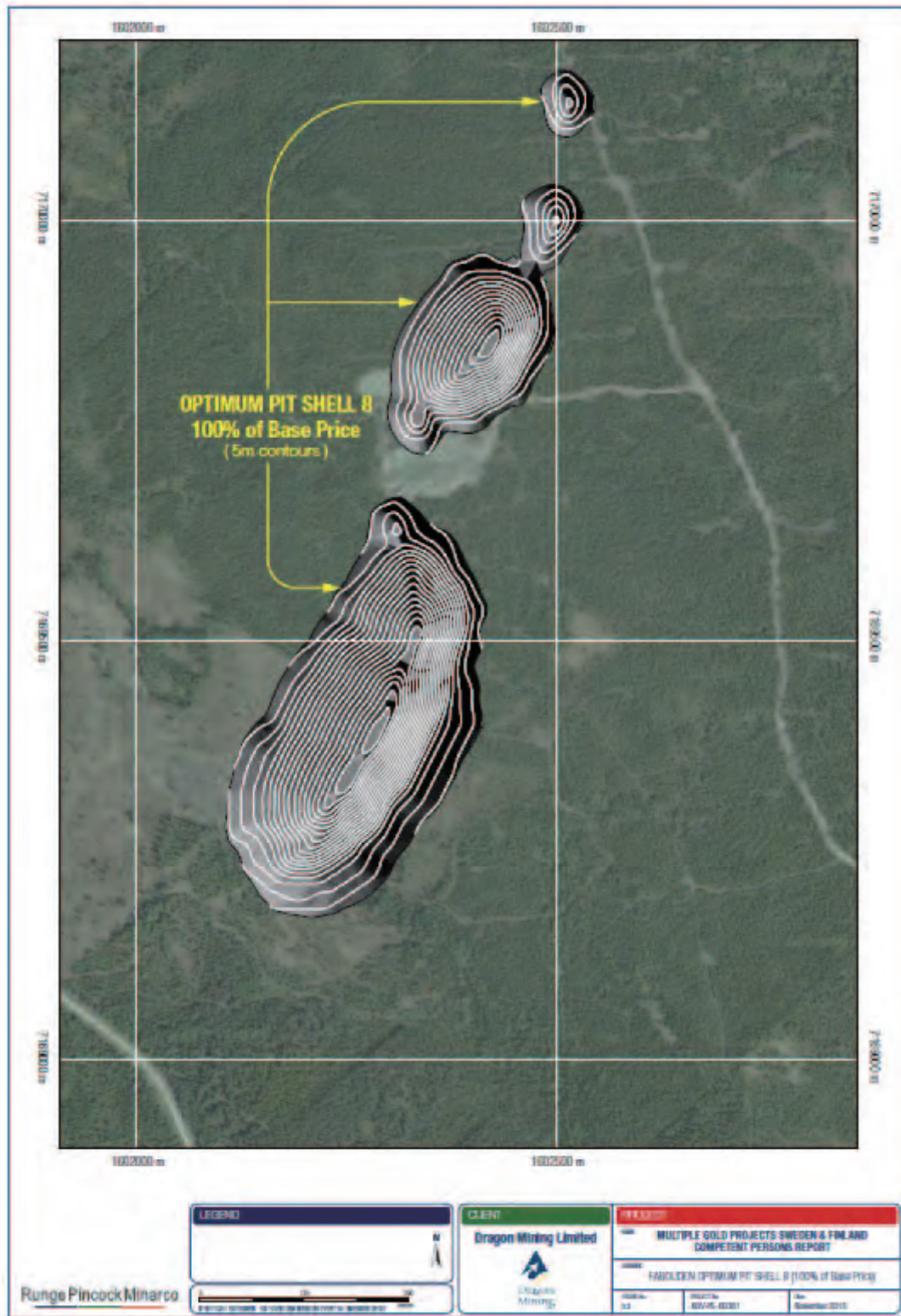


Figure 10-9 Fäboliden Optimum Pit (Shell 8)



Mine Design

Mine designs were completed based on the Whittle 100% Revenue Factor pit shell. This shell was composed of several adjacent pits of varying size. Pits deemed too small to be practical to mine were excluded from the design. The design parameters are shown in **Table 10-12**.

Table 10-12 Fäboliden Mine Design Parameters

Description	Units	Value
Ramp Gradient	%	10
Ramp Width: Standard	m	16
Ramp Width: Goodbye Cut	m	10
Batter Angle: Footwall	degrees	75
Berm Width: Footwall	m	7.5
Batter Angle: Hangingwall	degrees	60
Berm Width: Hangingwall	m	5.5
Till Slope	degrees	18.4
Till Berm	m	8

Where possible haulage ramps were located in the shallower north-west (footwall) of the pit allow a greater pit depth to be reached. For safety, a catch bench was included at the fresh rock/till interface to prevent any unconsolidated till material from falling into the pit. In addition to the pits shown in **Figure 10-11** a smaller starter pit was designed over the southern pit. The four pits, along with the starter pit, allow the mining to be progressed in stages thus reducing the annual stripping and allowing a more consistent ore supply.

The cut-off grade used for selecting ore is shown in **Table 10-13**.

Table 10-13 Fäboliden Open Pit Cutoff Grade

Description	Units	Value
Cutoff Grade	Au g/t	1.47

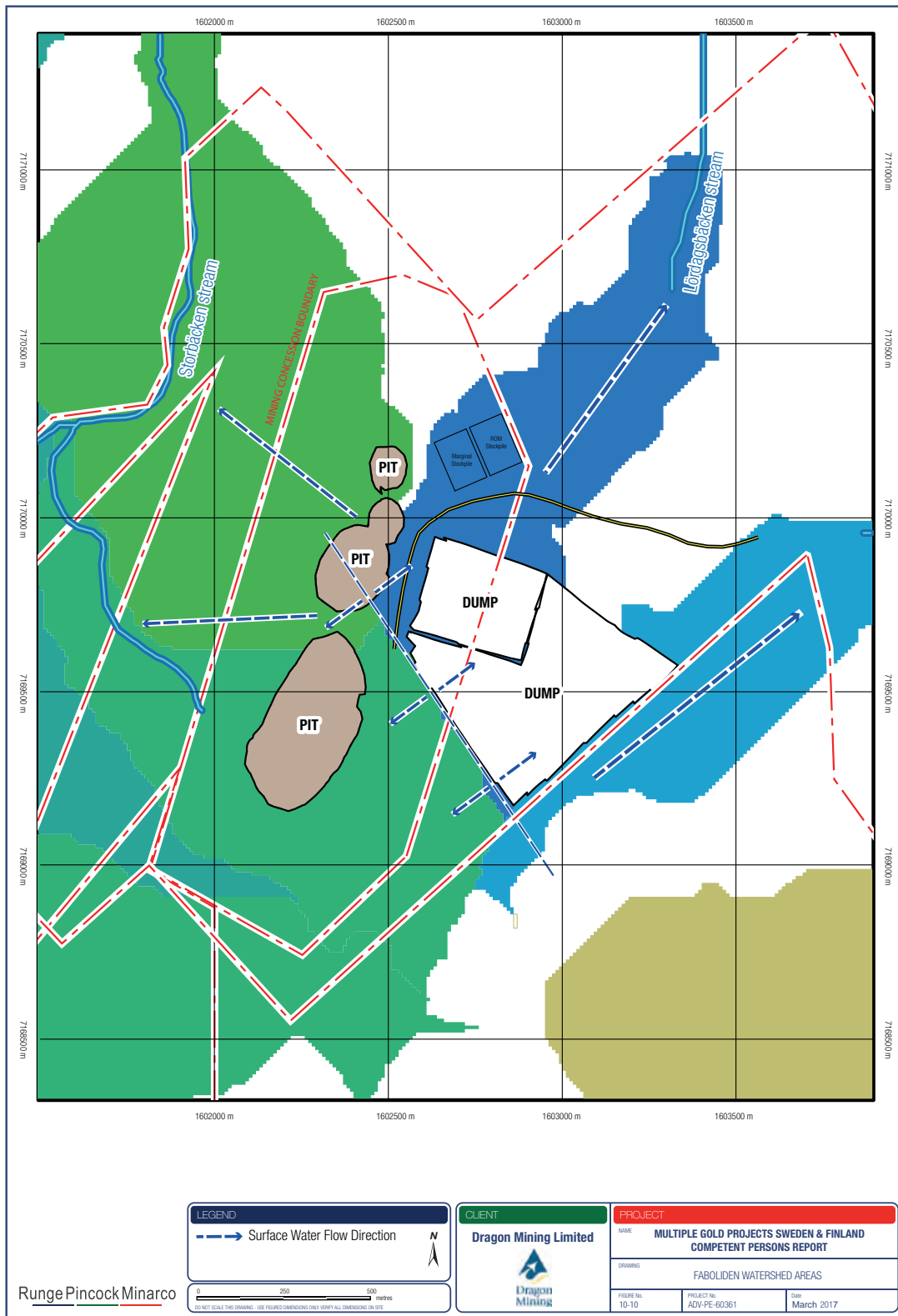
A cross section through the south pit showing the location of mineralisation is shown in **Figure 10-6**.

Waste Dumps

All waste is planned to be stored on surface in two main waste dumps, one for till and the other for fresh waste rock. As directed by Dragon, the waste dump is positioned on the east side of the pit at a position outside of the 200% Revenue Factor optimiser shell. The waste dump uses 5m high benches with 6m berms to give an overall slope angle of 18° (a gradient of 1:3). A till bottom of 1.5m height is required, and a till cover of 1 metre is required on closure. Where possible, PAF material will be encapsulated within the waste dump. A rock swell factor of 30% has been used for converting in situ volume to broken volume.

Dragon advised that as the Storbäcken stream to the north-west is environmentally protected all surface water from the waste dumps should flow to the Lördagsbäcken stream to the east. The water shed diagram in **Figure 10-10** highlights the dividing line for these water flows and shows the resulting waste dump position.

Figure 10-10 Fäboliden Water Shed Diagram with Waste Dump Location



Mining Equipment

Dragon has advised RPM that Fäboliden is planned as a contractor mining operation. As such the contractor will be responsible for ensuring that suitable equipment types and numbers are used to achieve the mining schedule as directed by Dragon.

Typical equipment envisaged for the operation includes;

- Excavator:
CAT 385 — 4.5m³ - 6.5m³ with a 1.9m wide bucket

- Trucks:
7 x CAT 775 — 63t
2 x CAT 773 — 54t.

Mine Construction works

RPM is not aware of any existing significant infrastructure at Fäboliden. As processing of the ore will take place at Svartliden, Fäboliden site preparation will primarily involve the building of offices, site amenities and structures for use by the contractor.

Mine Production Schedule

The mineable ore within the 1 September 2015 pit design (that was based on a gold price of USD1,150 per ounce and process recovery of 74%) was then estimated for the given ore cut-off grade based on a gold price of USD1,260 per ounce and process recovery of 82% using the ROM geological model. The quantities were reported separately for the Measured and Indicated Resource classification. The Mine production is shown in **Section 9**.

Comments and Recommendations

RPM considers that an open cut mining method is appropriate for the project and is the most effective means by which to exploit the near surface mineralisation of the Fäboliden project. RPM is also of the opinion that the project mining economic parameters and modifying factors are reasonable for an operation of this size and location.

The pit optimisation and designs are based on the September 2015 whittle optimisation gold price of USD1,150 per ounce and process recovery of 74%. It is recommended that the pit optimisations and pit designs are updated to reflect the revised gold price of USD1,260 per ounce and process recovery of 82% in future studies.

RPM notes the Fäboliden deposit is very sensitive to changes in the project economics (metal prices and production costs) as well as the processing recoveries.

RPM is aware that additional geotechnical study is required to confirm the design slopes for the pit.

The mineralisation extends below the planned pit and offers a potential for extraction using underground methods. A detailed underground mining analysis is recommended.

Figure 10-11 Fäboliden Open Pit Design

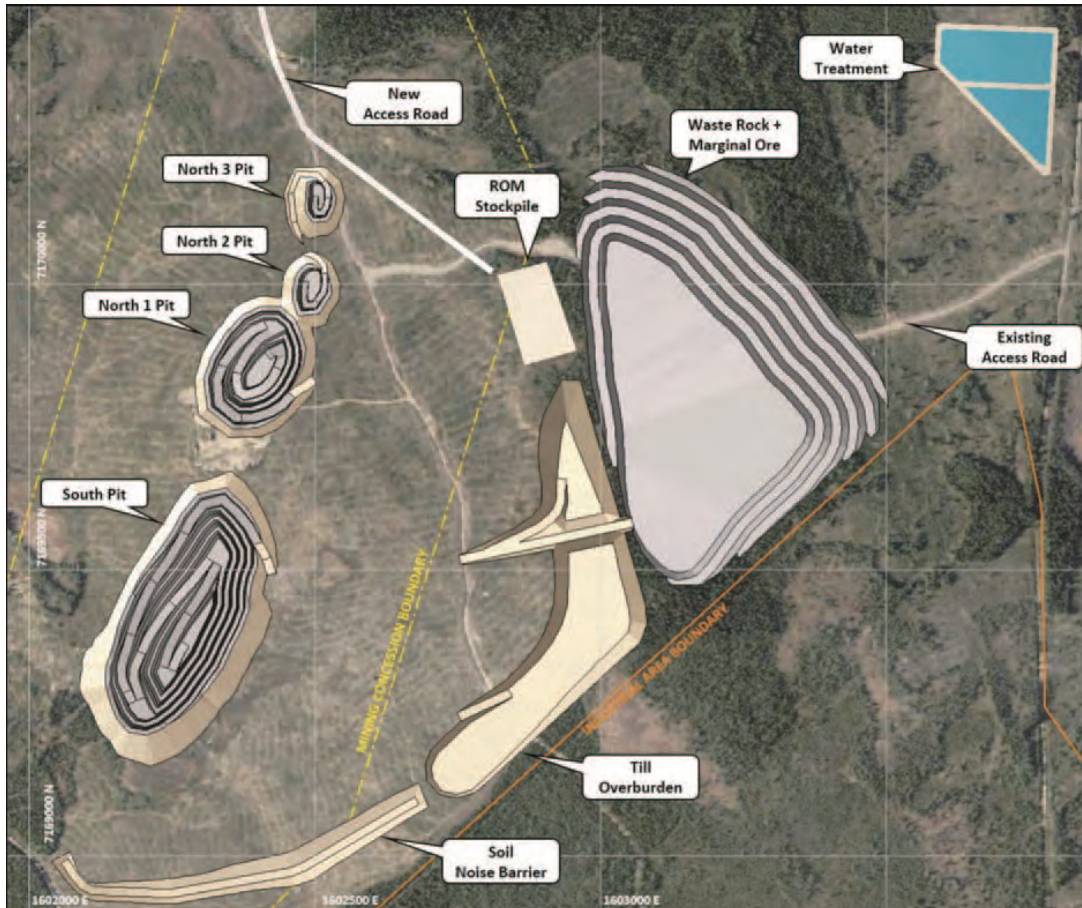
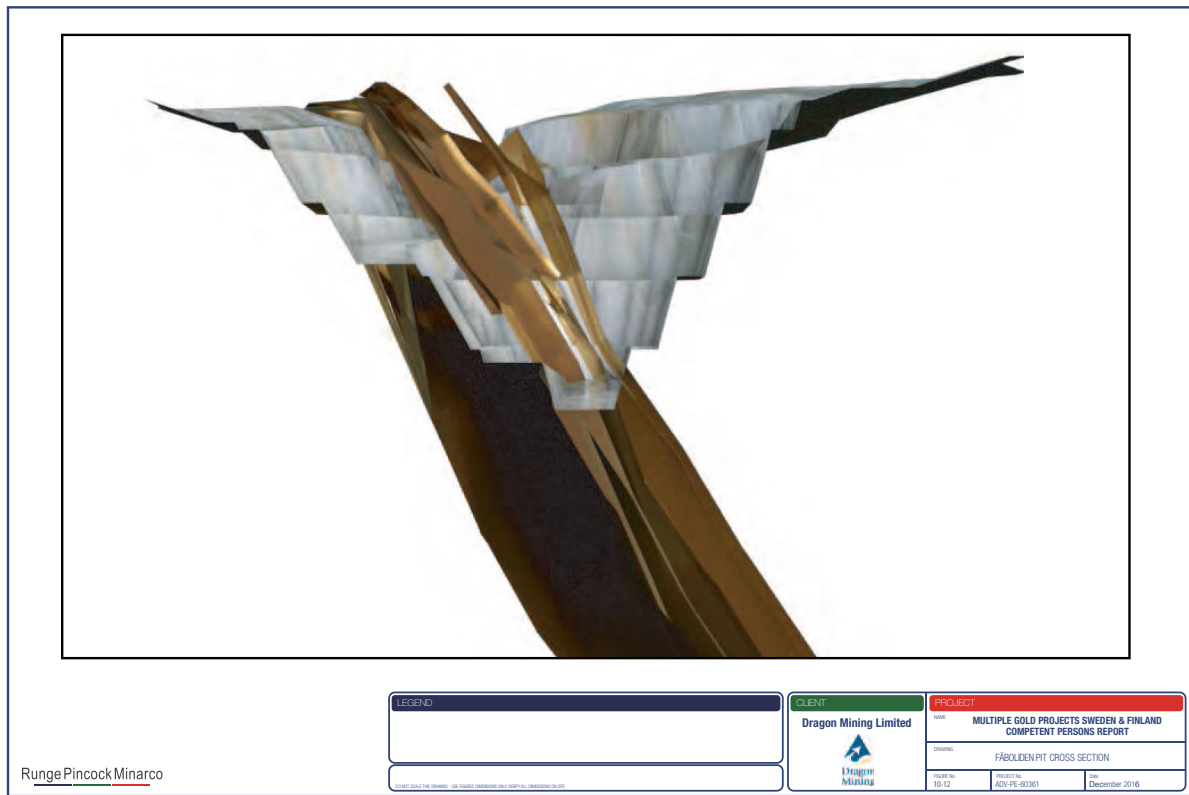


Figure 10-12 Fäboliden Pit Cross Section Showing Minerised Zone



10.5.4 Optimisation Results and Mine Design — Kaapelinkulma

Sensitivity Analysis

The pit optimisation economic sensitivity results are summarised in **Table 10-14** and show the 100% shell (Pit 16) contains 83kt of ore at 4.98 g/t Au and strip ratio of 11.9 (t:t).

The pit size and ore tonnes are moderately sensitive to economics (metal prices), which again is expected for a shallow near vertical type deposit that extends from the surface to depth. However, this deposit is much less sensitive to economics than Fäboliden. As shown in **Table 10-14**, a drop in metal price of 10% decreases the contained gold by only 3% while a 10% increase adds 9% to the ore tonnage. This is shown graphically in **Figure 10-13**, show how the waste tonnage and strip ratio changes for the various pit sizes.

Table 10-14 Kaapelinkulma Optimisation Results

Pit Shell	Revenue Factor	Equip Price	Waste	Ore	SR	Ore Au	Ore Au	Ore Au Variation
	%	USD/ozt	kt	kt	t/t	g/t	k tr.oz	%
2	30%	345	1	1	1.3	6.98	0.2	-98%
4	40%	460	91	13	7.2	7.08	2.9	-78%
6	50%	575	325	36	9.1	5.94	6.8	-49%
8	60%	690	714	58	12.2	5.81	10.9	-17%
10	70%	805	790	64	12.3	5.64	11.7	-12%
12	80%	920	881	73	12.1	5.32	12.5	-6%
14	90%	1,035	931	78	11.9	5.13	12.9	-3%
16	100%	1,150	981	83	11.9	4.98	13.2	0%
18	110%	1,265	1,261	94	13.5	4.77	14.4	9%
20	120%	1,380	1,347	96	14.0	4.73	14.7	11%
22	130%	1,495	1,363	99	13.8	4.66	14.8	12%
24	140%	1,610	1,693	113	14.9	4.36	15.9	20%
26	150%	1,725	2,042	121	16.8	4.30	16.7	27%
28	160%	1,840	2,121	124	17.1	4.26	16.9	28%
30	170%	1,955	2,148	124	17.3	4.25	17.0	29%

Figure 10-13 Kaapelinkulma Pit Limit Sensitivity - Ore

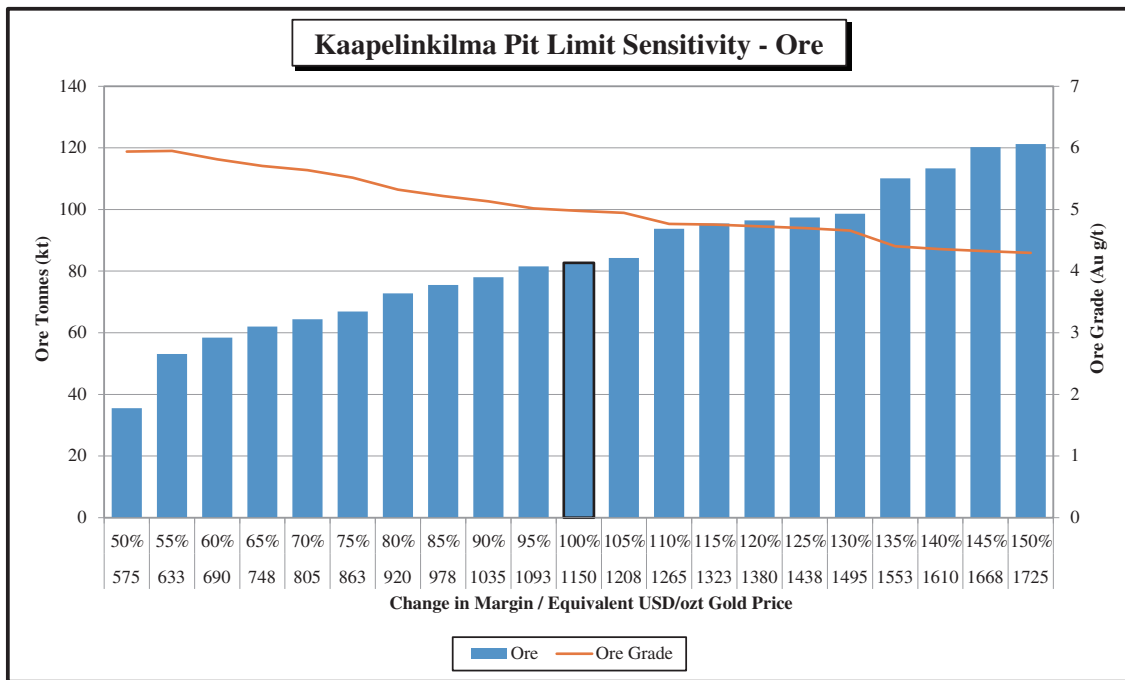
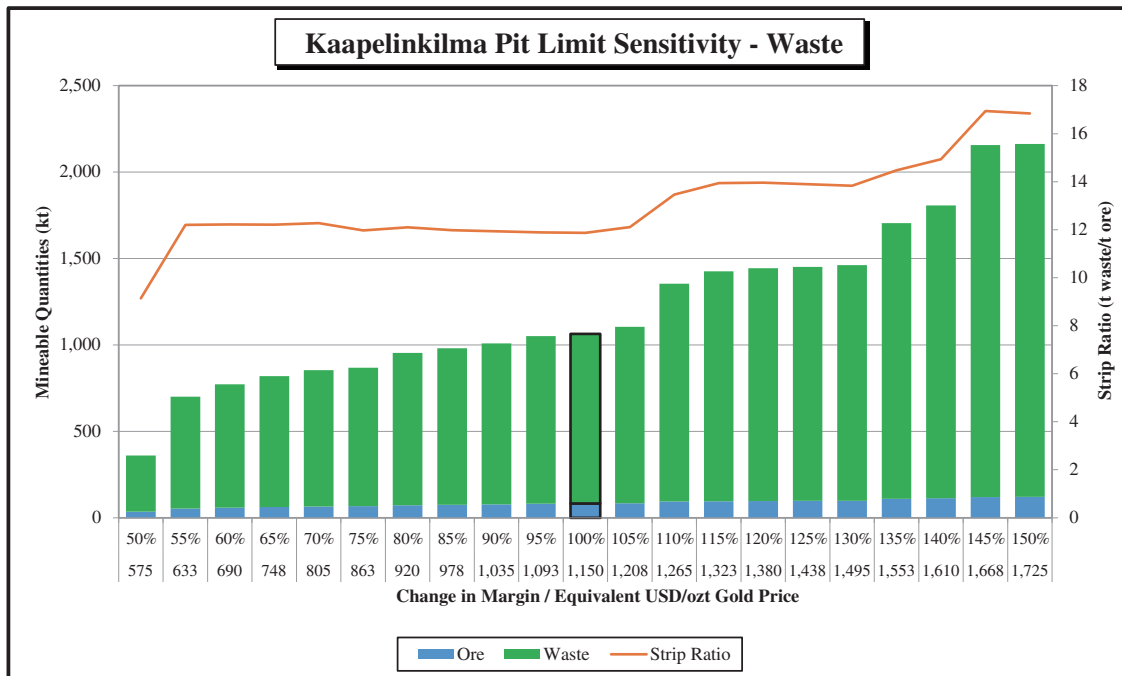


Figure 10-14 Kaapelinkulma Pit Limit Sensitivity - Waste



Cash-flow Analysis

The incremental margin for each pit shell is shown graphically in **Figure 10-15**. The additional ore gained when expanding from pit 15 to pit 16, the “optimum” or highest cash value pit shell, has a margin of USD22/troy oz. As with Fäboliden, mining to a pit shell limit smaller than the “optimum” will decrease the total ore but increase the margin. This can lower the economic risk by making the pit limit more resistant to price (or cost) changes.

The change in incremental strip ratio, which impacts the margin, is shown in **Figure 10-16**.

Figure 10-15 Kaapelinkulma Nested Pit Shells - Incremental Margin

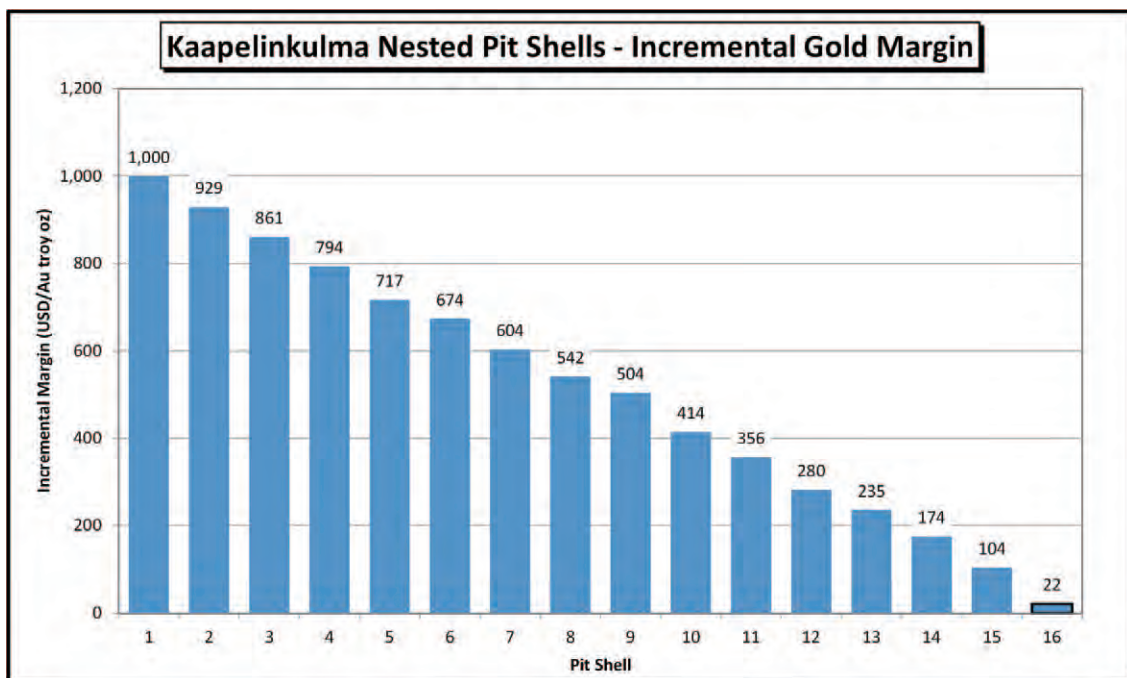
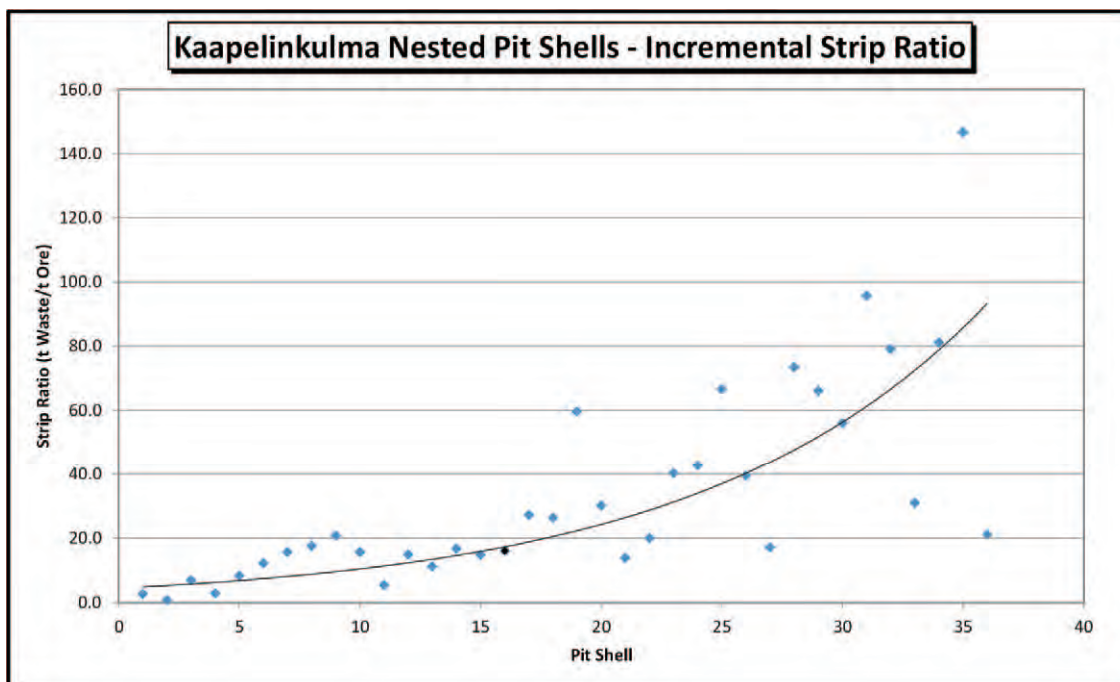


Figure 10-16 Kaapelinkulma Nested Pit Shells - Incremental Strip Ratio



A discounted cash-flow analysis was completed by preparing a high level schedule in the Whittle pit optimiser. The results of this analysis, presented in Figure 10-8, show three potential cash-flows. As discussed earlier, the scenarios are as follows;

- | | |
|-----------------------|---|
| Best case | schedule with no restriction of the number of cutbacks or benches in a period, |
| Worst case | only one cutback is used with each bench fully mined before starting the one below and; |
| Specified case | practical limits have been placed on the number of cutbacks and the benches mined per period. |

Note that these cash-flows use operating and sustaining capital costs only and do not include capital costs. The results are presented only as a relative comparison between the pit shells. All pit shells were evaluated at a gold price of USD1,150/tr.oz.

As Kaapelinkulma is a much smaller pit than Fäboliden, and has an estimated mine life of just under two years, the discounted cashflow graph shows a more broad and flatter peak. This means that a range of pit shells, in this case 12 to 16, can be selected with little impact on the discounted cashflow. Even choosing pit shell 7 only reduces the maximum cashflow by about 9%.

Based on the results of the analyses, pit shell 16 (see **Figure 10-18**) was selected as the basis for subsequent design and reserving.

Figure 10-17 Kaapelinkulma High Level Cashflow Analysis (Excluding CAPEX)

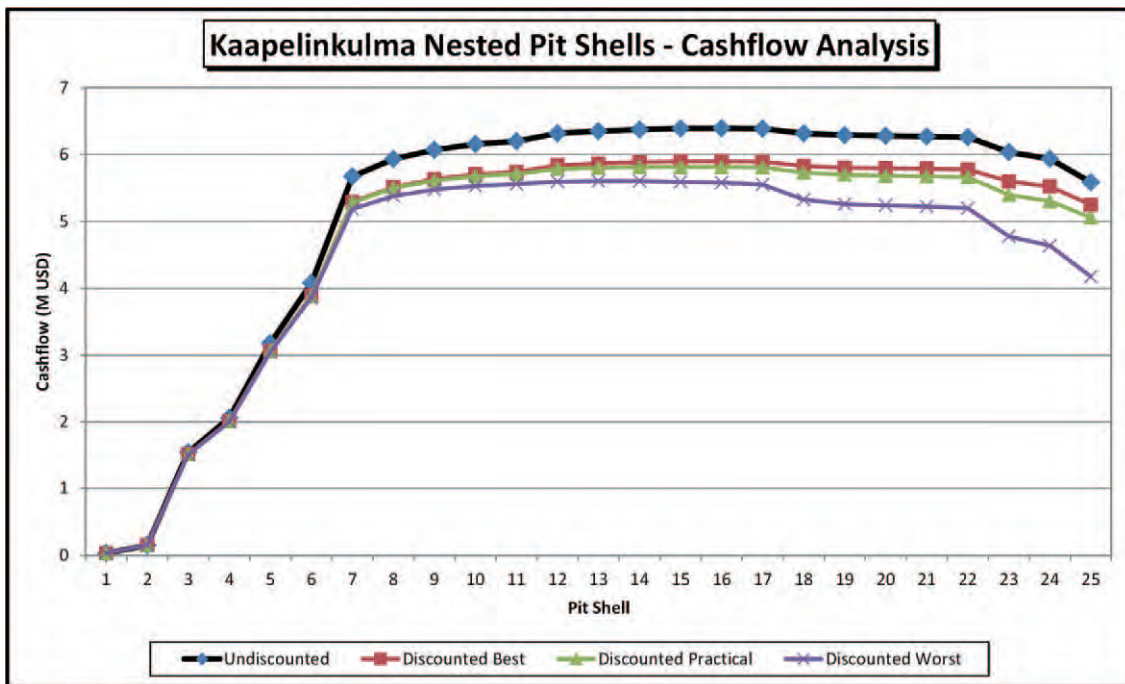
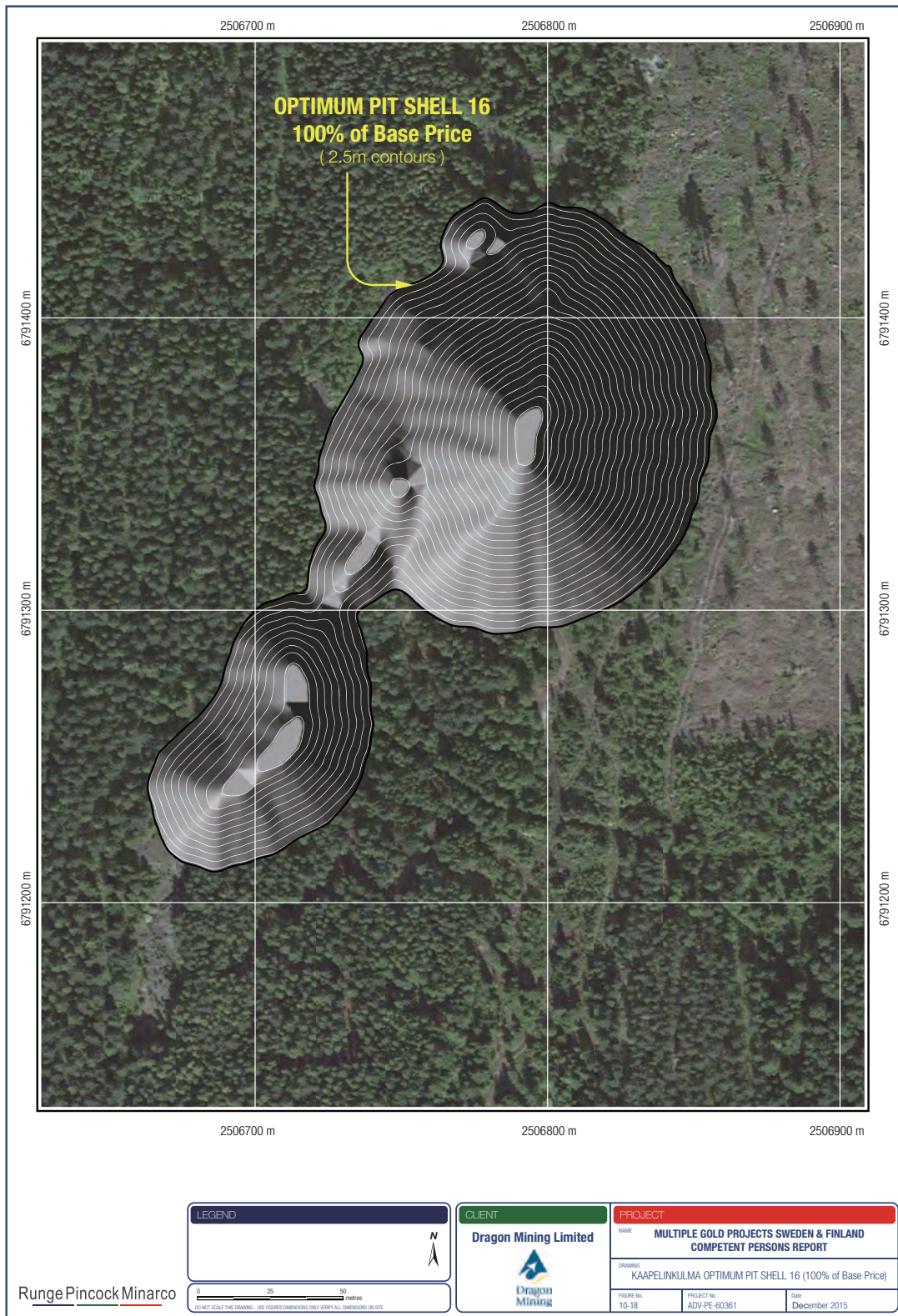


Figure 10-18 Kaapelinkulma Optimum Pit (Shell 16)



Mine Design

Mine designs were completed based on the Whittle 100% Revenue Factor pit shell. This shell was composed of a single main pit with a connected smaller satellite pit to the south. The design parameters are shown in **Table 10-15**.

Table 10-15 Kaapelinkulma Mine Design Parameters

Parameter	Value	Unit
Ramp width	10	m
Ramp gradient	1:10	
Berm width	10	m
Bench height	10	m
Bench angle	80	°
Till gradient	1:04	
Till clearance	5	m

To reduce surface haulage distances the ramp exits the pit in the north, adjacent to the waste dump. The satellite pit to the south is accessed from the main ramp through a channel from the main pit. This eliminates the need for a dedicated ramp exit at the south. The channel between the pits contains ore which pays for the associated waste stripping. **Figure 10-19** shows the final pit and dump design in plan view. A perspective view of the pit highlighting the model ore blocks is shown in **Figure 10-20**.

The thickness of till layer around the edges of the pit averages 2m. Due to this low thickness the till slope was selected as 30 degrees with no berm at the till/fresh rock interface. As the position of the till layer becomes better defined with further drilling and actual mining, it may be necessary to include a small catch bench where the till depth extends to 5m or greater. Such a minor adjustment to the design will not have a material impact on the project economics.

The pit limits were defined by considering the physical constraints to mining. An environmental limit due to a native butterfly habitat, not included in previous studies, has constrained the mine design to the northern or main pit only.

A population of a butterfly Woodland Brown (Lopinga Achine) has been discovered south from the Kaapelinkulma open pit area. The butterfly is protected under a European Union Directive the Habitats Directive 92/43/EEC. The butterfly is listed in Directive's Annex IV that covers species in need of strict protection. The legislation, that is adopted into Finnish Nature Conservation Act (1096/1996) states that those places, which the butterfly uses for breeding and resting, are not to be destroyed. The open pit or any other mining related activity cannot be extended into this area, south of the pit area.

RPM has not identified or been informed of any other physical constraints to mining within the concession area. No property, infrastructure or additional environmental issues are known to exist which may limit the extent of mining within the Mining Concession.

At the proposed mining rate of 55kt/month total material movement the mine life will be just under two years.

The cut-off grade used for selecting ore is shown in **Table 10-16**.

Table 10-16 Kaapelinkulma Open Pit Cutoff Grade

Description	Units	Value
Cut off Grade	Au g/t	1.14

Figure 10-19 Kaapelinkulma Open Pit Design

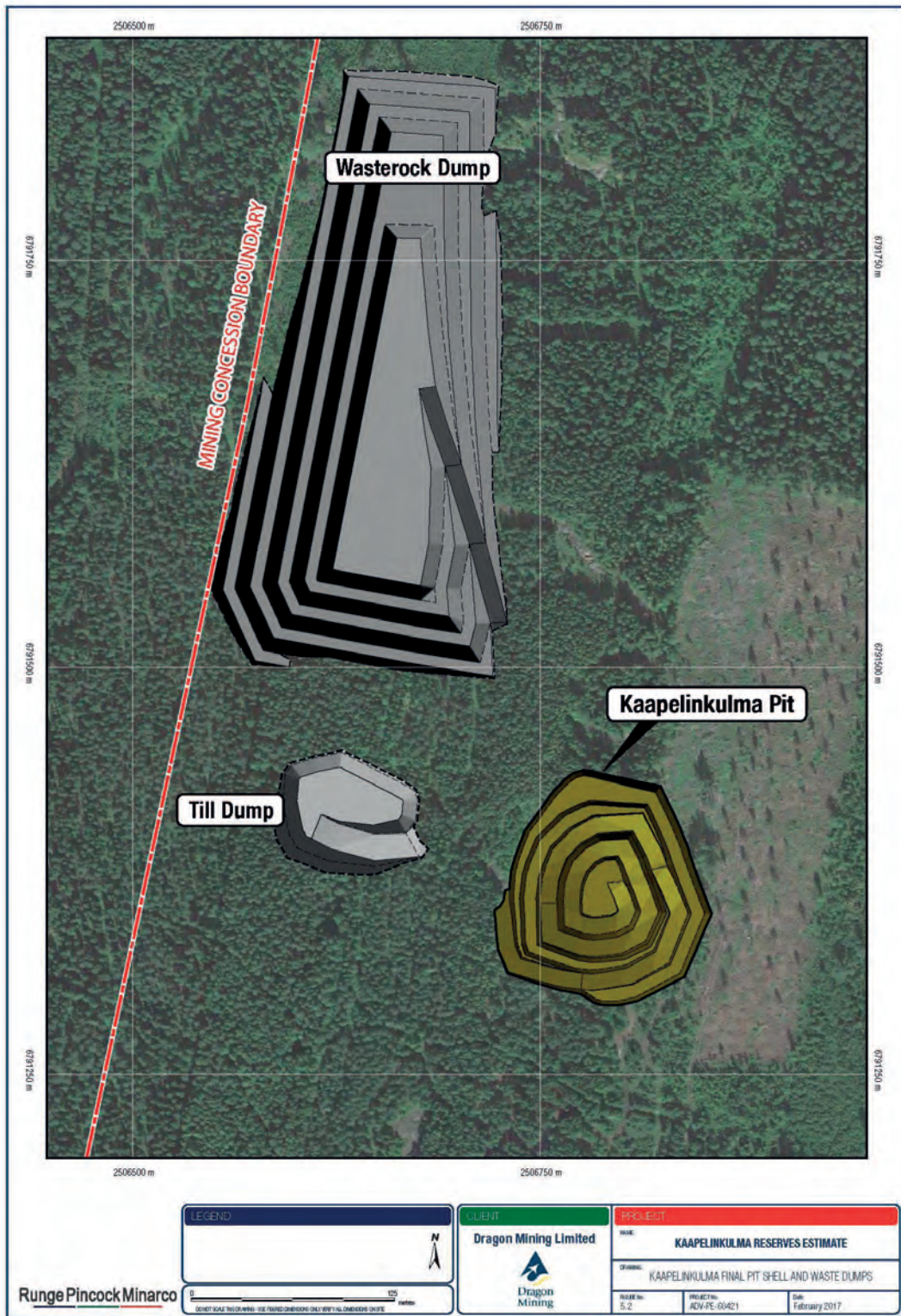
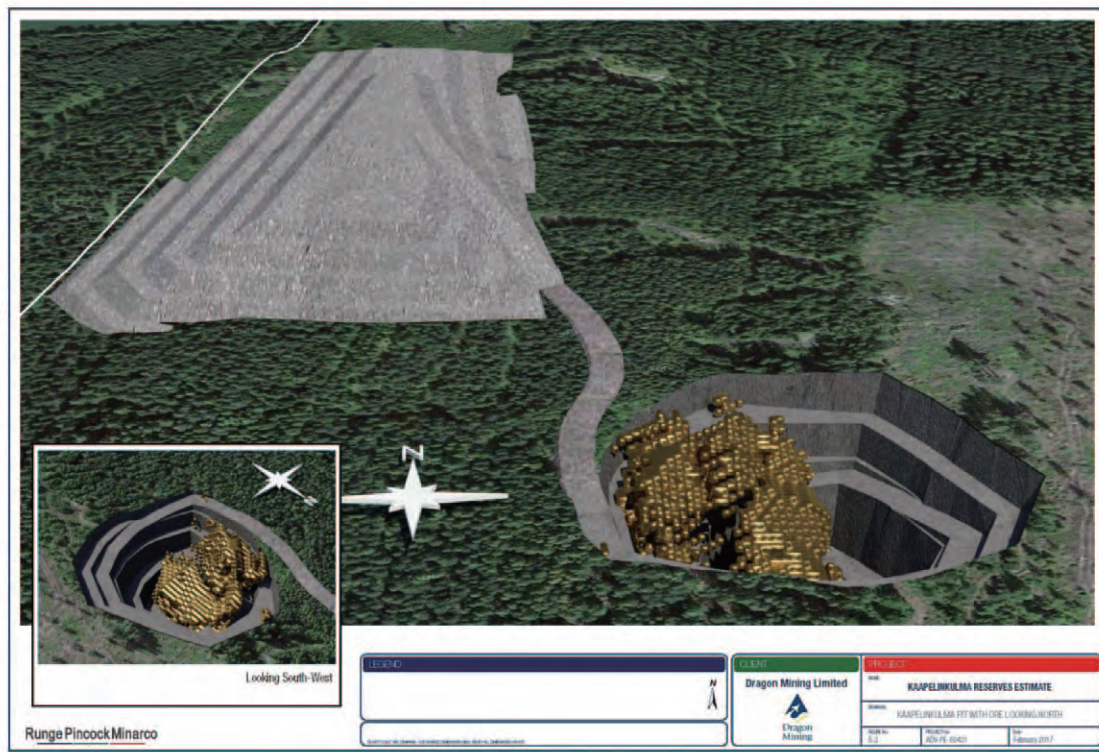


Figure 10-20 Kaapelinkulma Pit Perspective View Showing Ore Blocks



Waste Dumps

All waste is planned to be stored on surface in two main waste dumps, one for till and the other for fresh waste rock. The fresh waste dump is positioned on the north side of the pit while the smaller till dump is positioned to the west of the pit. Both dumps are outside the 200% Revenue Factor optimiser shell.

The waste dumps use 5m high benches with 6m berms to give an overall slope angle of 18° (a gradient of 1:3). A till bottom of 1.5m height is required, and a till cover of 1 metre is required on closure. Where possible, PAF material will be encapsulated within the waste dump. A rock swell factor of 30% has been used for converting in situ volume to broken volume.

RPM is not aware of any requirements to constrain or direct surface water flows from the dumps.

Mining Equipment

Dragon has advised RPM that Kaapelinkulma is planned as a contractor mining operation. As such the contractor will be responsible for ensuring that suitable equipment types and numbers are used to achieve the mining schedule as directed by Dragon.

Typical equipment envisaged for the operation includes;

- Excavator
bucket size 2 — 3 m³ with rock breaker, (Caterpillar 320 - 330 series);
- Trucks
2 to 3 Trucks - 40 — 50 tonnes, (Caterpillar articulated 745C series);
- Other
Rock drill — 64mm — 76mm hole size (Sandvik Tiger DG700 drill rig)
Bulldozer mid-size (Caterpillar C4.4 ACERT);

Mine Construction works

RPM is not aware of any existing significant infrastructure at Fäboliden. As milling of the ore will take place at the Vammala plant, Kaapelinkulma site preparation will primarily involve the building of offices, site amenities and structures for use by the contractor.

Mine Production Schedule

The mineable ore within the 1 September 2015 designed pit shell that was based on a gold price of USD1,150 per ounce was then estimated for the given ore cut-off grade based on a gold price of USD1,260 per ounce using the ROM geological model. The quantities were reported separately for the Measured and Indicated Resource classification. The Mine production is shown in **Section 9**.

Comments and Recommendations

RPM considers that an open cut mining method is appropriate for the project and is the most effective means by which to exploit the near surface mineralisation of the Kaapelinkulma project. RPM is also of the opinion that the project mining economic parameters and modifying factors are reasonable for an operation of this size and location.

The pit optimisation and designs are based on the September 2015 whittle optimisation gold price of USD1,150 per ounce. It is recommended that the pit optimisations and pit designs are updated to reflect the 2016 revised gold price of USD1,260 per ounce in future studies.

RPM notes the Fäboliden deposit is moderately sensitive to changes in the project economics (metal prices and production costs) as well as the processing recoveries. RPM is aware that additional geotechnical study is required to confirm the design slopes for the pit.

The mineralisation extends below the planned pit and offers a potential for extraction using underground methods. A detailed underground mining analysis is recommended.

11 Metallurgy and Ore Processing

11.1 Vammala Production Centre

11.1.1 Introduction

The Vammala Production Centre is located in the Sastamala region in southern Finland, 165km northwest of the Finnish capital Helsinki. It comprises the Vammala Plant, a 300 ktpa crushing, milling and flotation facility, which sources feed from two gold mines, Orivesi and Jokisivu. Material from the advanced Kaapelinkulma Project will also be processed at Vammala when mining commences. The Vammala Production Centre was successfully recommissioned in June 2007 and has up to 31 December 2015 produced 283,082 ounces of gold in concentrate.

The Orivesi Mine is located 80km to the northeast of the Vammala Plant while the Jokisivu Mine is located 40km southwest. The Kaapelinkulma Project is an advanced gold project located 65km east of the Vammala Plant. .

11.1.2 Plant Flowsheet and Description

The Vammala Plant is a well-established facility built on proven technology. The plant has been in operation since the 1970's, first as a pilot plant and later as an actual production plant treating nickel sulphide ores at a rate of 70 tonnes per hour. Since 1994 this plant has successfully been used for concentrating of gold ore from the Orivesi Mine and in recent years the Jokisivu Mine at a rate from 30 to 40 tonnes per hour depending on ore hardness.

The Vammala process can be divided into 6 sections, namely crushing, grinding, gravity circuit, flotation circuit, concentrate dewatering and tailings pumping. Throughput is 300ktpa and the mean hourly throughput is 38t/h. The process flowsheet is presented in **Figure 11-1**.

The production record for the Vammala Production Centre treating the Jokisivu and Orivesi ores is presented in **Table 11-1**. Relatively high gold recoveries are found for both ore types, particularly the lower grade Jokisivu ores.

Table 11-1 Vammala Production Centre Gold Production History

Ore Type	Parameter	2008	2009	2010	2011	2012	2013	2014	2015
Orivesi	Feed Grade (g/t Au)	6.3	5.8	5.0	4.3	3.5	4.4	5.0	5.9
	Recovery (%)	85.6	84.0	83.3	82.9	76.2	77.4	78.7	81.1
Jokisivu	Feed Grade (g/t Au)			4.1	3.1	2.8	2.8	4.1	4.3
	Recovery (%)		78.3	79.8	82.9	85.9	83.2	85.4	89.0

Figure 11-2 presents a historical plot of the feed grade-gold recovery relationship for Orivesi ores. It shows that there are probably two ore types with different processing responses. With the primary ore sources coming from Pipe 2 and 5 at Kutema in recent years, the gold recovery has become more predictable.

Figure 11-1 Vammala Flowsheet

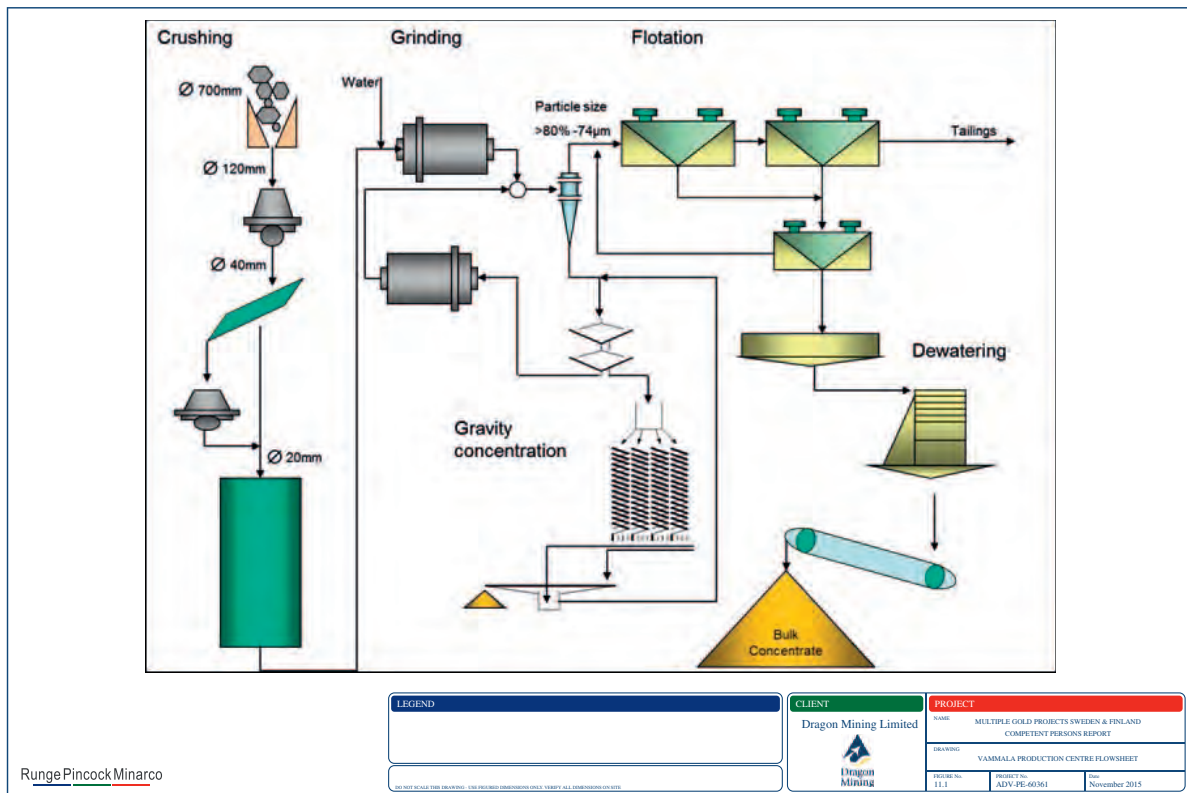
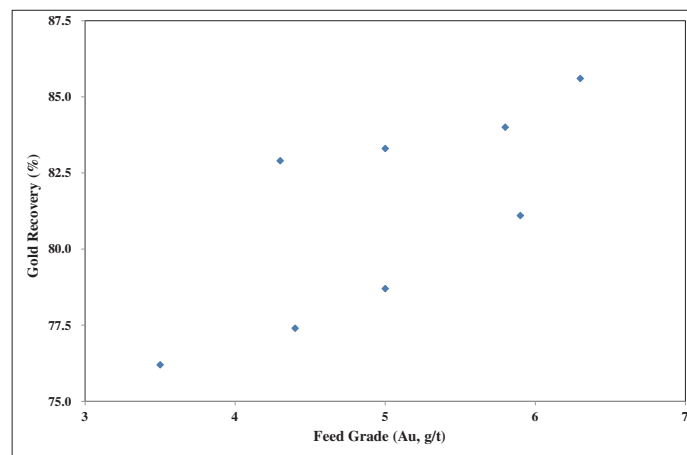
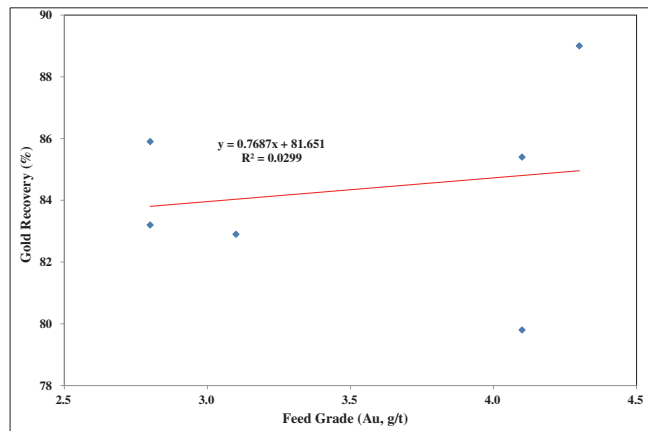


Figure 11-2 Historical Orivesi Feed Grade-Gold Recovery Relationship



A similar plot for the Jokisivu ores shows some variability in the gold recovery at higher feed grades (refer to **Figure 11-3**).

Figure 11-3 Historical Jokisivu Feed Grade-Gold Recovery Relationship

11.1.3 Crushing Circuit

Ore from the mines is dumped on the ROM ore pad in stockpiles to differentiate ore types and grade as required. Ore trucks can also unload directly onto the wagon feeder during crushing times or a Front End Loader (FEL) can recover ore for crushing.

The wagon feeder discharges the ore into a Lokomo MK120 160kW primary jaw crusher operating at a 120mm closed side setting. Crushed ore is discharged onto a feed conveyor for delivery to the secondary crusher. The belt is equipped with a tramp-metal detector.

The secondary crusher is a Lokomo G3210 90kW gyratory crusher run at a 40mm closed side setting. Screened oversize material is fed to a KMD 1750T 132 kW tertiary cone crusher run at a 20mm closed side setting. The crushed ore is conveyed to the ore bin with a living capacity of 1,000 tonnes.

The ore bin has been designed as a mass flow bin, with a very small capacity due to concerns over freezing of stagnant ore during the winter months.

11.1.4 Grinding Circuit

Ore is drawn from the fine ore bin and fed to a 500 kW overflow rod mill (3.2m Ø x 4.5m) operating in an open circuit. The rod mill discharge is classified by hydrocyclones and the underflow gravitates to the ball mill. Hydrocyclone underflow can also be fed to a Skim Air coarse flotation cell depending on the ore type being treated. Skim Air concentrate is pumped to final concentrate or to the cleaner circuit.

The 630 kW overflow ball mill (3.2m Ø x 4.5m) is rubber lined. The ball mill discharge is combined with the rod mill discharge and pumped to the hydrocyclones. The hydrocyclones (140mm Ø) consist of one duty and one standby unit, operating at nominal feed pressure of 100 kPa to produce an overflow product of 80% passing 103 µm with Jokisivu ore and 80% passing 75 µm with Orivesi ore.

11.1.5 Gravity Circuit

When processing Jokisivu ores, a gravity concentration circuit is employed which consists of a Reichert cone, spirals and a shaking table. Gold is very fine-grained in Orivesi ore and the gravity concentration circuit is not beneficial.

11.1.6 Flotation Circuit

The hydrocyclone overflow is conditioned with reagents prior to flotation. The flotation circuit consists of six Outokumpu 16 cu.m flotation cells, with the first two flotation cells employed as roughers and the last four cells as scavengers. The cleaning circuit consists of eight Outokumpu 3 cu.m flotation cells, however are not used.

11.1.7 Concentrate Dewatering

The final concentrate is pumped into a thickener, after the addition of flocculant. The thickener underflow is pumped to a Larox PF automatic pressure filter and the resultant filter cake conveyed to a 720 sq.m concentrate storage area, which has the capacity to hold up to 1,500 tonnes of concentrate.

11.1.8 Tailings Storage Facility

Flotation tailings are pumped a few hundred metres to the 50 ha Tailings Storage Facility ("TSF") which consists of 3 (A, B and C) compartments. Supernatant water from the tailings dam is reclaimed via a settling pond to the process plant as process water.

RPM is aware that two raises are planned over the next 12 months. These raises are permitted and will support the planned production over the next 3 years.

11.1.9 Orivesi Ores

Background

As outlined in **Section 5** the Sarvisuo lodes share many similar characteristics with the Kutema Lodes and include:

- host rock types: andalusite-sericite-quartz schist and quartz-andalusite rock with minor lenses of andalusite rock, quartz rock and topaz-quartz rock;
- multiple quartz vein systems in host rocks: stock work of quartz vein lets (0.1-5 mm wide), deformed quartz veins (1-10 cm) and milky quartz veins (1—100 cm);
- structural features: brecciation, shearing, folding, lineation;
- typical path-finder minerals: apatite, topaz, pyrophyllite, ball-shaped accumulations (1-5 mm) of amorphous carbon, tellurides;

- typical ore minerals: low amount of sulphides compared to the barren rock, whilst relatively high amount of Bi-Pb-Fe -tellurides and Au-Ag -tellurides. The following tellurium minerals have been identified on the preliminary studies from Sarvisuo: tellurobismutite (Bi_2Te_3), altaite (PbTe), frobergite (FeTe_2), rucklidgeite ($(\text{Bi}_1\text{Pb})_3\text{Te}_4$), calaverite (AuTe_2), costovite (CuAuTe_4), sylvanite ($(\text{Au,Ag})_2\text{Te}_4$), tellurium (Te) and melonite (NiTe_2); and
- gold occurs as small free particles and also in Au-tellurides. Visible gold is extremely rare, although the gold grade of a single sample can be several hundred grams per tonne.

Concentrate

The concentrates produced from the Orivesi ores are mainly iron sulphides (31.8% pyrite, 7.13% pyrrhotite) with quartz (23.6%) and other gangue minerals including 5.86% spodumene (refer to **Table 11-2**). The main source of ore has been the Kutema Pipe 5 with a typical head grade of 6 g/t however the remainder of the minelife will be sources from the Sarvisuo ores with grades of between 3 and 4 g/t. The typical concentrate grade ranges between 135 g/t Au with an average gold recovery of 85.5%.

Table 11-2 Orivesi Concentrate Mineralogy

Mineral	Wt%
Pyrite	31.8
Pyrrhotite	7.13
Pyrrhotite oxidized	0.05
Chalcopyrite	1.93
Quartz	23.6
Plagioclase	0.58
K-feldspar	0.14
Enstatite	0.17
Chlorite	0.36
Biotite	0.45
Muscovite	6.80
Kaolinite	4.24
Kyanite	13.0
Spodumene	5.86
Tourmaline	0.19
Apatite	0.12
Calaverite (AuTe_2)	0.04
Pentlandite	0.17
Sphalerite	0.11
Arsenopyrite	0.05
Tetradymite	0.09
Tellurobismuthite	0.36
Rutile	0.33
Al-oxide	1.44
Goethite	0.17

Testwork- 2004

Bench scale metallurgical tests on ore samples from the Sarvisuo Lodes at Orivesi were carried out at the GTK Mineral Processing Facility in Outokumpu, Finland. The objective of the test work was to determine the response to the flotation process, similar to that employed at the Vammala Plant.

Metallurgical Samples

In total, 160 kilograms of samples from Sarvisuo were selected and homogenised prior to being composited to form two blends for metallurgical test work. The samples had undergone crushing prior to their arrival at the GTK facility and approximately 40% passed 75 micron. The details of the composition of these two blends are provided in **Table 11-3** with the head grade for these samples presented in **Table 11-4**. These values compare favourably with the calculated head grades from drill core analysis of 24.2g/t gold and 13.9g/t gold for Sample 1 and 2 respectively.

Table 11-3 Sample Details

Metallurgical Sample-ID	Hole-ID	From (m)	To (m)	Length (m)	Assay Sample-ID	Gold (g/t)
Sample 1	KU-818	182.30	184.20	1.90	2212874	2.40
	KU-818	184.20	185.40	1.20	2212875	0.20
	KU-818	185.40	187.00	1.60	2212876	139.8
	KU-818	187.00	189.00	2.00	2212877	0.90
	KU-818	189.00	190.20	1.20	2212878	1.10
	KU-818	190.20	192.00	1.80	2212879	1.70
					Average	24.2
Sample 2	KU-806	196.25	198.00	1.75	2212474	4.90
	KU-809	222.30	224.00	1.70	2212524	17.0
	KU-809	224.00	226.00	2.00	2212525	0.01
	KU-809	226.00	227.60	1.60	2212526	0.01
	KU-809	227.60	229.00	1.40	2212527	7.50
	KU-812	173.30	174.95	1.65	2212594	72.0
	KU-812	174.95	176.60	1.65	2212595	14.5
	KU-812	176.60	178.30	1.70	2212596	23.9
	KU-812	178.30	179.75	1.45	2212597	12.1
	KU-812	179.75	181.50	1.75	2212598	5.80
	KU-816	156.60	157.80	1.20	2212695	6.60
	KU-816	157.80	159.00	1.20	2212696	13.4
	KU-817	140.00	142.00	2.00	2212826	5.80
	KU-817	142.00	142.70	0.70	2212827	12.5
					Average	13.9

Table 11-4 Compositated Sample Head Assays

Sample	Gold g/t	Iron %	Arsenic %	Sulphur %	Bismuth %	Tellurium %
1	26.58	0.43	0.0006	0.04	0.023	0.018
2	13.97	1.04	0.0002	0.64	0.004	0.006

Mineralogy

The Sarvisuo and Kutema Lodes share many similarities. The lodes are hosted by andalusite-sericite-quartz schist and quartz-andalusite rock with minor lenses of andalusite rock, quartz rock and topaz-quartz rock. Typical ore minerals include a low amount of sulphides, primarily pyrite and relatively high amounts of bismuth-lead-iron tellurides and gold-silver tellurides. Visible gold is extremely rare even though individual assays have reached levels of several hundred grams per tonne.

The poor gold recoveries in cyanide leach tests with Sarvisuo ore and flotation concentrate samples indicate that the Sarvisuo ore is a refractory gold ore. Examination of the occurrence of gold by the GTK Mineral Processing facility in Outokumpu, Finland, showed that non-soluble gold occurs as gold bearing telluride minerals, predominantly calaverite (AuTe₂) and kostovite (CuAuTe₄) and to a lesser degree sylvanite (Au,Ag)₂Te₄.

Comminution

Comminution test work was undertaken on ten diamond core drill samples from Sarvisuo. Details of the ten samples are provided in **Table 11-5** which were prepared and tested according to the suggested methods of ISRM (Brown 1981), using a MTS 815 rock mechanics test system. This work was completed by Finnish consultants Gridpoint Finland Oy, independent of the metallurgical test work.

Table 11-5 Communiton Sample Details

Hole	Depth	Analysis Number	Rock Type
KU-827	202.00 — 202.30	2004 19511	Chlorite-sericite schist
KU-827	221.30 — 221.60	2004 19512	Andalusite-sericite-quartz schist
KU-827	230.45 — 230.70	2004 19513	Andalusite-quartz rock
KU-827	234.80 — 235.00	2004 19514	Topaz-andalusite-quartz rock
KU-828	53.00 — 53.45	2004 19518	Intermediate tuff
KU-828	175.30 — 175.80	2004 19519	Sericite-chlorite schist
KU-828	229.55 — 230.00	2004 19520	Andalusite-quartz schist
KU-829	87.35 — 87.80	2004 19521	Andalusite-chlorite-sericite schist
KU-829	130.20 — 130.60	2004 19522	Andalusite-chlorite-sericite schist
KU-829	182.10 — 182.55	2004 19523	Andalusite-quartz schist

Compressive Strength

Uniaxial compressive strength (“UCS”) test measurements returned values in the range of 35 MPa to 166 MPa, indicating that the Orivesi ore could be categorised as medium strong to strong (refer to **Table 11-6**).

Table 11-6 UCS Test Results

Analysis Number	UCS (MPa)	Descriptive Strength
2004 19511	40	Medium Strong
2004 19512	95	Strong
2004 19513	134	Strong
2004 19514	166	Strong
2004 19518	123	Strong
2004 19519	41	Medium Strong
2004 19520	107	Strong
2004 19521	70	Strong
2004 19522	35	Medium Strong
2004 19523	147	Strong

Bond Ball Mill Work Index

The Bond Ball Mill Work Index (“BBMWi”) was determined by the GTK on ore samples from Sarvisuo. This work showed that the work index for Sarvisuo Sample 2 was 14 kWh/t indicating a net energy consumption of 15.4 kWh/t for the actual operation (refer to **Table 11-7**). This result compares favourably with the gross grinding energy of 17-21 kWh/t for the Kutema ore in the Vammala Plant.

Table 11-7 Sarvisuo Estimated Grinding Requirements

Sample	Sizes (mm)		BBMWi		Work Index
	Feed F ₈₀	Product P ₈₀	Gross kWh/t	Net kWh/t	kWh/t
Vammala Concentrator — Orivesi Ore	20.0	0.072	17.8	14.7	13.27
Sarvisuo Sample 2 (lab)	0.40	0.073		9.4	14.02
Sarvisuo Estimate for the Plant	20.0	0.073		15.4	14.02

Flotation

Flotation tests were completed for both feed samples, primarily kinetic rougher flotation tests although some tests included the cleaner flotation stages. In total, five tests were completed and results reported for Sample 1 and three tests were completed and results reported for Sample 2.

Flotation conditions in the tests were initially selected on the basis of the flotation procedure at the Vammala Plant. Danafloat was used as the main collector chemical, potassium amyl xanthate as an auxiliary collector and Dowfroth 250 as a frother. All tests were conducted at a natural pH. Differing from the practice at Vammala, carboxyl methyl cellulose (FF-BDA) was used as a depressant in one test. Test details are provided in **Table 11-8**.

Table 11-8 Flotation Test Details

Sample Number	Test Number	Test Type	Batch (kg)	Grinding Time (min)	Grind Size (% passing 75µm)	Danafloat (g/t)	KAX (g/t)	Dow Froth (g/t)	CMC (g/t)
1	1	Rougher	1	50	89.7	100	50	40	
	2	Rougher	1	40	83.5	100	50	40	
	3	Rougher	1	60	94.0	100	50	40	
	4	Cleaner	5	100	93.2	100	50	40	
						30	10	5	
1						20	7	5	
	5	Cleaner	5	100	93.2	100	50	40	100
						30	10	5	30
						20	7	5	30
	2	8	Rougher	1	40	91.6	100	50	40
9		Rougher	1	30	84.6	100	50	40	
11		Cleaner	5	60	87.5	100	50	20	
						30	10	2	
					20	7			

Results indicate that the recovery of gold in the rougher flotation stage was high for Sample 1, ranging from 91.7% to 95.6% with a grade of 82g/t to 244g/t gold. The highest grade was obtained with the coarser grind of 83% passing 75µm, whereas gold recovery was highest with the finer grind of 94% passing 75µm. The cleaner flotation tests were conducted on feed samples of 5kg. The gold recoveries in these tests were similar in all flotation stages, but the grades were higher in which the depressant (CMC) was used.

For Sample 2 the recovery of gold in the rougher flotation stages ranged from 88.1% to 90.0% with a grade of 83g/t to 120g/t gold. The highest grade was obtained with the finer grind of 91.6% passing 75µm, while the highest gold recovery was obtained from the test with the medium grind of 87.5% passing 75µm.

Metallurgical Performance

The flotation tests showed that the Sarvisuo ore could be processed through a flotation circuit similar to that in place at the Vammala Production Centre. Due to the limited number of tests completed the final results are not considered to be optimal. The estimated metallurgical performance to achieve a concentrate grade of 200g/t gold from the Sarvisuo ore is shown in **Table 11-9**.

Table 11-9 Estimated Metallurgical Performance for Sarvisuo Ores

Process Stream	Weight (%)	Grade (g/t Gold)	Gold Recovery (%)
Feed	100	11.3	100
Flotation Concentrate	4.945	200	86

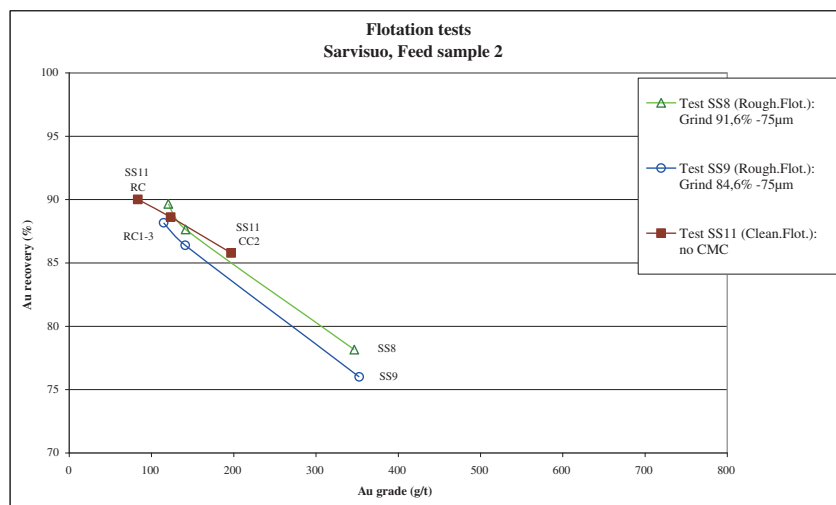
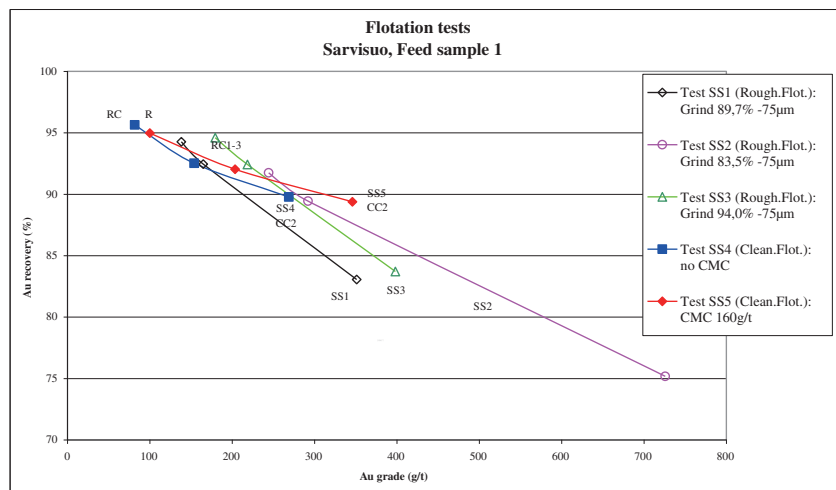
From the chemical analysis of the composites it can be seen that the test samples differ from each other in terms of sulphur, bismuth and tellurium contents. Such a range in values can complicate the evaluation of the final concentrate quality. The levels of elements presented in **Table 11-10** are typical of the final Sarvisuo concentrate.

Table 11-10 Sarvisuo Flotation Concentrate Assay

Element	Assay (%)
Bismuth	0.12
Tellurium	0.12
Fluorine	0.20
Chlorine	0.01
Arsenic	0.003
Copper	0.10

Figure 11-4 shows the grade-recovery curves for the two Sarvisuo samples.

Figure 11-4 Sarvisuo Grade-Recovery Curves



The estimated metallurgical performance is not based on optimisation of the grade-recovery relationship. Optimisation should be completed in real operating conditions like those proposed for the Jokisivu ore. On the basis of the similarity between the Sarvisuo Lodes and the Orivesi Lodes, the feed rate and consumables to be used for processing of Sarvisuo ore have been estimated at levels comparable to those used when processing Orivesi ore through the Vammala Plant and include:

- total energy consumption 35kWh/t;
- grinding energy 20kWh/t with degree of grinding 80% passing 75 μ m;
- grinding media 2.3kg/t;
- Xanthate 40g/t;
- Danafloat 60g/t;
- frother 10g/t; and
- flocculant 2g/t.

A review of this test work was completed by an independent metallurgist during April/May 2005 concluded that:

- the Sarvisuo recovery is likely to be around 88% for a flotation concentrate grading 200g/t gold;
- the flow sheets for the Sarvisuo ore in the feasibility study is appropriate, though some optimisation of the crushing/grinding circuit at Vammala may be possible after start-up; and
- due to the limited number of tests completed, the final results are not considered to be optimal and so some upside on the grades/recoveries remains possible.

Leaching

Preliminary cyanide leaching tests were carried out at the GTK Mineral Processing facility in Outokumpu, Finland on both an ore and concentrate sample from the Sarvisuo Lodes.

In the cyanide leaching tests of ore samples batches of 500 grams were used, while for the leaching of the concentrates a sample of 226 grams was obtained from the flotation concentrate of Sarvisuo Sample 2. The grade of the ore sample from analysis was 13.97 g/t gold.

The ore sample was ground to the typical fineness used in the flotation tests, and the ground sample together with 750 mL of leaching solution was placed in a leaching reactor. The cyanide concentration in the solution was adjusted to 0.3% and the slurry was mixed for 24 hours at a temperature of 22°C, with air blown through at a rate of 0.3 litres per minute. The pH was adjusted to approximately 10.8 at the beginning and was kept at levels between 11.3 and 11.5 with calcium hydroxide. During the test, the liquid phase was sampled for gold and cyanide concentration at 0.5, 2, 5, 10 and 24 hours. The solid tail was analysed at the end of the 24 hour period.

The test for the concentrate sample was conducted in a similar manner, except that the sample mass was less than the ore and the cyanide concentration in the leaching solution was higher. Leach test conditions for both Sarvisuo ore and concentrate are provided in **Table 11-11**.

Table 11-11 Leach Test Conditions

Testwork Details	Ore	Concentrate
Mass of Sample (g)	500	220
Solution Volume (ml)	750	750
NaCN Concentration (%)	0.3	0.6
pH (adj with Ca(OH) ₂)	11.0 to 11.5	11.0 to 11.5
Air Flow (litres/min)	0.3	0.3
Temperature (°C)	22	22

The results obtained from this test work are summarised in **Table 11-12** and show that the Sarvisuo ore was not amenable to leaching. The gold recovery to cyanide solution was 48.0% from the Sarvisuo ore and 38.6% from the flotation concentrate after 24 hours. The cyanide consumption over this period was 879g/t for the ore and 3,982g/t for the concentrate. Leach curves are shown in **Figure 11-5**.

Table 11-12 Leach Test Results

Time (hr)	Sarvisuo — Ore				Sarvisuo Float Concentrate			
	NaCN Consumption (g/t)	Ca(OH) ₂ Consumption (g/t)	Solution Au (mg/L)	Au Solution Recovery (%)	NaCN Consumption (g/t)	Ca(OH) ₂ Consumption (g/t)	Solution Au (mg/L)	Au Solution Recovery (%)
0	0		0	0.0	0		0	0.0
0.5	439		0.59	6.3			3.87	4.9
2	1.11		11.9	2323			7.23	9.2
5	439			1.92	20.6	2987	12.03	15.3
10	732		2.84	30.5	3319		18.49	23.5
24	879	838	4.47	48.0	3982	1722	30.36	38.6
	Tailings (g/t)		7.20		Tailings (g/t)		162.5	
	Feed (g/t)		13.85		Feed (g/t)		264.6	

Concentrate Treatment

Processing of the concentrate at the Svartliden Production Centre recovers around 94% of the gold at a treatment rate of 3tph, which is supported by testwork (ALS Report A1611, 2015 “Metallurgical testwork Conducted Upon Orivesi Gold Ore Flotation Concentrate for Dragon Mining Limited”).

A plant trial conducted at Svartliden in April 2014 co-treated the concentrate (1tph) with low grade Svartliden ore (35tph) which indicated a concentrate gold recovery of 73%. Longer residence times were required to improve the gold recovery from the concentrate while the existence of two ore types, namely low and high sulphur, was raised. The gold recovery for low sulphur concentrates varies between 88 to 96% while that for high sulphur concentrates are typically more than 96%.

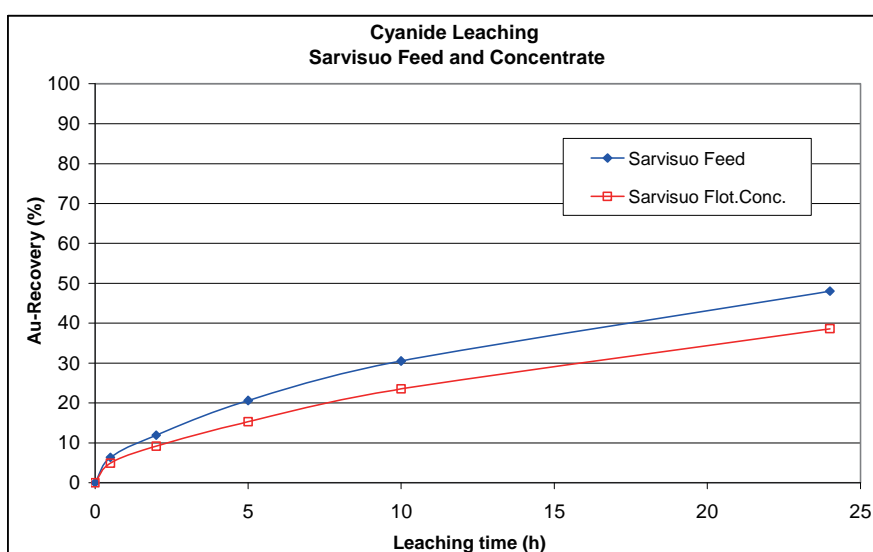
Under the right conditions in the Svartliden Production centre, high gold recoveries are expected for the two concentrates (refer to **Table 11-13**). RPM notes these are the best case and not the actuals observed and utilised in the Ore Reserve estimates reported in this Report.

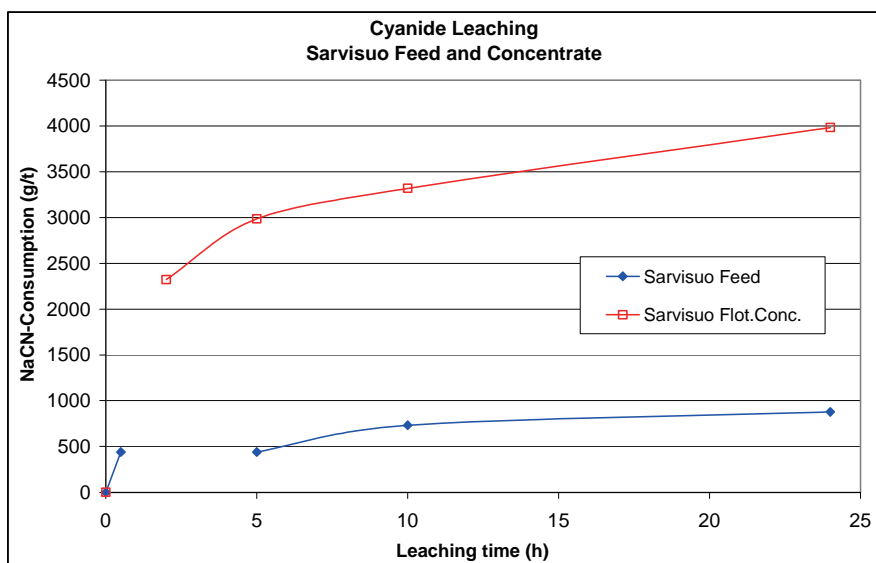
Table 11-13 Vammala Concentrate Leach Gold Recoveries

Source	Recovery (Au %)
Orivesi	93.0
Jokisivu	95.0

Figure 11-5 Sarvisuo Leach Curves

Sarvisuo





11.1.10 Jokisivu Ores

Background

Gold occurs as intergrowths with tellurides, in fractures and inter-granular spaces of silicates and sulphides. A small amount of gold is tied to aurstibite (AuSb_2) and maldonite (Au_2Bi). Approximately 90% of the gold occurs as free gold, the grain size of which ranges from a few microns to a couple of millimetres.

Gold mineralisation occurs within two zones located 200m apart, which are referred to as Kujankallio and Arpola. There are no differences in the mineralogy of the ore from either Kujankallio or Arpola. The mineralogy of these deposits has been shown to be consistent as the mine progresses deeper.

Concentrate

The concentrates produced from the Jokisivu ores are mainly iron sulphides (37.53% pyrrhotite, 8.02% pyrite) with plagioclase (15.45%) and other gangue minerals (refer to **Table 11-14**). The main source of ore has been from both the Kujankallio and Arpola zones with a typical head grade of 4g/t. The typical flotation concentrate grade is 115g/t Au, while the gravity concentrate grade is 92%. The total gold recovery is 88.5%.

Table 11-14 Jokisivu Concentrate Mineralogy

Mineral	Wt%
Pyrite	8.02
Pyrrhotite	37.53
Pyrrhotite oxidized	2.24
Chalcopyrite	4.49
Quartz	9.46
Plagioclase	15.45
K-feldspar	2.30
Enstatite	0.24
Diopside	0.15
Augite	0.04
Actinolite	0.18
Hornblende	5.66
Talc	0.11
Serpentine	0.16
Chlorite	1.52
Biotite	1.21
Muscovite	0.98
Kaolinite	0.16
Smectite	2.01
Kyanite	1.32
Spodumene	0.30
Allanite	1.04
Titanite	0.10
Grossular	0.83
Calcite	0.05
Apatite	0.13
Gold	0.02
Pentlandite	0.05
Sphalerite	0.50
Lollingite	0.18
Arsenopyrite	2.71
Bi-tellurides	0.06
Ilmenite	0.14
Al-oxide	0.06
Goethite	0.14

Testwork — Pre 2004*VTT Metallurgical Study*

During 1999-2001 a metallurgical study was completed by the mineral processing division of the Technical Research Centre of Finland (VTT) with various gold ore samples from Finland, including Jokisivu. The study consisted of bench scale flotation tests, gravity concentration tests followed by flotation and cyanidation tests on the feed and flotation concentrate samples. The occurrence of gold was also studied from mineralogical samples.

For the tests, two samples from the Kujankallio ore zone were prepared:

- a drill core sample of 75kg at a grade of 9.2g/t gold and 0.155% arsenic; and
- a bulk sample of 3,500kg at a grade of 31g/t gold and 0.057% arsenic.

From this test work it was found that:

- a grind fineness of 65-80% passing 75 μ m was needed for flotation — at these levels 94% of gold was occurring as free particles;
- gold recovery levels by flotation was 94% to 95%, with a concentrate grade ranging from 200g/t to 500g/t gold and 1.2% to 1.7% arsenic;
- from the bulk sample, the gravity concentrate was grading 1.05% gold at a 55.7% recovery level; and
- gold in Jokisivu is amenable to cyanide leaching, with direct bench scale cyanidation returning 96% recovery.

Pilot Plant Study

Following the encouraging results from obtained gravity testing by the VTT test work, a pilot plant study was initiated using a 260 tonnes ore sample grading 21.9g/t gold, 0.06% arsenic and 1.0% sulphur from the Kujankallio occurrence. This study was undertaken at the VTT facilities in Finland over the period December 2001 to January 2002.

The primary objectives of the pilot plant study were:

- the reconciliation of the high grade of the mined sample; and
- testing the amenability of the feed material to gravity concentration followed by flotation.

The program also included bench scale dewatering tests and cyanide leaching tests of flotation tails. Outokumpu Research Oy (ORC) carried out mineralogical studies of the process samples.

According to this study, gold occurred as native gold with silver as the principal alloying element. Other gold bearing minerals were maldonite, aurostibite and krennerite. Sulphide minerals included pyrrhotite, chalcopyrite, pyrite, spharelite and galena. The most abundant arsenic carriers were arsenopyrite and löllingite. Bismuth and tellurium-containing minerals were also detected, as well as scheelite and unidentified lead-uranium minerals.

The mass balance and primary results calculated on the basis of the existing concentrates is provided in **Table 11-15**. The total gold recovery of the Jokisivu plant test work was 88.8%, of which gravity had an average gold recovery of 58.3% and flotation a gold recovery of 30.5%.

Table 11-15 Mass Balance and Primary Results

Product	Mass	Gold	Gold Recovered	Arsenic	Sulphur
	wt%	g/t	%	%	%
Feed	100.00	21.9	100.0	0.06	1.03
Gravity Concentrate	0.02	51,704.0	58.3	41.70	5.31
Flotation Feed	99.98	9.1	41.7	0.06	99.90
Flotation Concentrate	2.70	251.0	30.5	0.80	27.20
Tailing	97.30	2.5	11.2	0.03	0.18

The primary concentration flowsheet consisted of a gravity circuit with a spiral and a shaking table and a flotation circuit with rougher-scavenger flotation and one cleaning stage. A short period of 1.5 days was run with flotation alone at the end of the campaign.

The principal outcomes of the pilot plant campaign were:

- reconciliation confirmed the presence of high grade gold shoots in the ore;
- the sample could be treated with a gravity-flotation circuit and a total gold recovery exceeding 90% was obtained during the most of the test runs;
- in the gravity circuit, gold recovery ranged between 50% and 66% at a concentrate grade of 3% to 6% gold, indicating the presence of free milling gold in a rather coarse grind;
- the flotation circuit yielded the balance of the total gold recovery of 88% to 89%;
- cyanide leaching recovered 68% of the gold in the flotation tails;
- the flotation concentrate comprised mostly pyrrhotite;

- the net energy consumption in the three stage rod mill — ball mill grinding to the fineness of 70% passing 75µm was 15.1 kWh/t; and
- the grinding medium consumption varied between 1 and 1.5 kg/t.

Besides gold, the rougher gravity concentrate contained 42% arsenic, 24% iron, 4.9% sulphur, 4.1% calcium, 0.34% bismuth, 17% tungsten and 0.2% uranium as an unidentified uranium-lead oxide. At the end of the pilot plant study, the rougher concentrate was subjected to batch cleaning. The concentrate was upgraded to the range of 68-88% gold, albeit with the loss of gold recovery from 60% to approximately 40%. The radiation of the final concentrate was decreased, indicating the possible enrichment of uranium into cleaner tails.

Test Work- 2004

Bench scale metallurgical tests, on ore samples from the Kujankallio and Arpola occurrences, were carried out at the GTK Mineral Processing Facility in Outokumpu, Finland over the period April to December 2004. The objective of the test work was to determine the response to gravity and flotation processes, similar to that employed in the Vammala Plant.

The testing program included:

- a gravity separation test with 5 kilogram samples followed by flotation; and
- flotation only tests.

In summary, the principal findings of the Jokisivu metallurgical program are:

- both Kujankallio and Arpola ore types represent free milling gold ores that are amenable to gravity concentrating followed by flotation;
- grind fineness of approximately 80% passing 75 microns is required for flotation;
- arsenic occurring as loellingite and arsenopyrite, is concentrating with the gold causing a potential penalty issue;
- radioactive minerals in the gravity concentrate need special attention;
- the grindability of Jokisivu ore is comparable to that of Orivesi ore and will allow for milling at the same rate; and
- Jokisivu ore is less abrasive than Orivesi ore, with the consumption of grinding media for Jokisivu being 1-1.5 kilograms per tonne against 2.2-2.4 kilograms per tonne for Orivesi.

Metallurgical Samples

Three ore samples, two from Kujankallio (Kujankallio 1 and Kujankallio 2) and one from Arpola (Arpola 1) were supplied in the form of drill core quarters. The samples were crushed to -1 millimetre, homogenised, divided to sub-samples of 5 kilograms and 1 kilogram and stored.

Kujankallio 1 represented the near surface material of the Kujankallio occurrence. This sample was a composite of samples from drillholes HU/JS — 185, 187, 189, 191, 193, 195, and 197. The sample consisted of three separate samples, one from the ore zone weighing 23.9 kilograms and two from barren host rock representing hanging wall (6.5 kilograms) and foot wall (6.9 kilograms) material. The Jokisivu ore was the only material used in the test work.

Kujankallio 2 represented the deeper material of the Kujankallio occurrence. It consisted of 33 kilograms of composited sample from drillholes HU/JS — 184, 186, 188, 190, 192, 194, 196, 198, and 200.

The 50 kilogram Arpola sample consisted of samples from drillholes HU/JS — 208, 211, 235, 239, 240, 241, 242 and 245. It represented material considered likely to fall within an open pit.

The chemical analysis for each of these composite samples is provided in **Table 11-16**.

Table 11-16 Geochemical Analysis of Composited Metallurgical Samples

Sample	Gold (g/t)	Iron (%)	Arsenic (%)	Sulphur (%)
Kujankallio 1	7.53	3.10	0.030	0.78
Kujankallio 2	6.40	3.02	0.109	0.76
Arpola	6.10	3.17	0.168	0.73

Comminution

Comminution test work was undertaken on twelve diamond core drill samples from Jokisivu (refer to **Table 11-17**). The twelve samples as tabled below were prepared and tested according to the suggested methods of ISRM (Brown 1981), using a MTS 815 rock mechanics test system. This work was completed by Finnish consultants Gridpoint Finland Oy, independent of the metallurgical testwork.

Table 11-17 Comminution Sample Details

Hole	Depth	Analysis No	Area	Rock Type
HU/JS 260	12.75 — 13.00	1	Kujankallio	Diorite with few quartz veins
HU/JS 262	16.00 — 16.30	2	Kujankallio	Diorite without quartz veins
HU/JS 267	36.60 — 36.90	3	Arpola	Diorite with quartz veins
HU/JS 260	13.75 — 13.95	4	Kujankallio	Pegmatite
HU/JS 262	12.85 — 13.15	5	Kujankallio	Pegmatite
HU/JS 267	25.80 — 26.05	6	Arpola	Pegmatite
HU/JS 260	21.05 — 21.30	7	Kujankallio	Barren Diorite
HU/JS 262	5.00 — 5.25	8	Kujankallio	Barren Diorite
HU/JS 267	53.15 — 53.40	9	Arpola	Barren Diorite
HU/JS 220	176.05 — 176.35	10	Kujankallio	Barren Mica Gneiss
HU/JS 267	72.20 — 72.50	11	Arpola	Barren Mica Gneiss
HU/JS 267	8.25 — 8.50	12	Arpola	Barren Intermediate Tuff

Compressive Strength

Uniaxial compressive strength (UCS) test measurements returned values in the range of 103 to 185 MPa, indicating that the Jokisivu ore could be categorised as strong. Results are presented in **Table 11-18**.

Table 11-18 UCS Test Results

Analysis No	UCS (MPa)	Descriptive Strength
1	162	Strong
2	161	Strong
3	136	Strong
4	181	Strong
5	103	Strong
6	113	Strong
7	177	Strong
8	143	Strong
9	185	Strong
10	112	Strong
11	129	Strong
12	152	Strong

Bond Work Index

Bond Ball Mill Work Index (BBMWi) test work was performed by the GTK on the supplied Kujankallio and Arpola ore samples. This work showed that the Work Index for the Kujankallio and Arpola samples ranged from 13.28kWh/t to 15.35kWh/t indicating net energy consumption in the range of 14.8kWh/t to 16.5kWh/t for the actual operation. These results correlate well with the gross grinding energy of 17-21kWh/t for the Orivesi ore in the Vammala Plant.

Results of the comminution testwork are summarised in **Table 11-19**.

Table 11-19 Grinding Estimation for the Jokisivu Ore

Sample	Grinding Sizes		Grinding Energy		Work Index kWh/t
	Feed Size F80 mm	Product Size P80 mm	Gross kWh/t	Net kWh/t	
Vammala Concentrator — Orivesi Ore	20.0	0.072	17.8	14.7	13.27
Jokisivu — Kujankallio 1 (lab)	0.50	0.076		10.7	15.35
Jokisivu — Kujankallio 2 (lab)	0.70	0.080		10.7	14.51
Jokisivu — Arpola (lab)	0.70	0.071		10.7	13.28
Kujankallio 1 — Plant Estimate	20.0	0.076		16.5	15.35
Kujankallio 2 — Plant Estimate	20.0	0.080		15.2	14.51
Arpola — Plant Estimate	20.0	0.071		14.8	13.28

Gravity Concentration

The principal gravity concentration method employed was shaking tables, although the Knelson Concentrator was also briefly tested.

Samples of 5 kilograms weight were ground in a Mergan ball mill prior to commencement of the shaking table tests. The size distribution of the shaking table feed for tests 1 and 2 in which different grinding times were used are listed in **Table 11-20**.

Table 11-20 Grinding Time and Size

Test	Grinding Time	Passing 180 μ m	Passing 75 μ m
1	20 minutes	84.6%	37.9%
2	10 minutes	63.4%	25.1%

Gold recovery into a rougher gravity concentrate was approximately 60% for all samples. The highest grade after one cleaning step was 1,410g/t gold, with a uranium content of 0.07%. The presence of uranium suggests that a high grade final concentrate should be achieved, to reduce the radiation in the flotation concentrate. Upgrading of gravity concentrates in bench scale tests was difficult because of the small quantities of concentrate made.

Kujankallio 1

The results of the shaking table tests for the Kujankallio 1 sample are provided in **Table 11-21**.

Table 11-21 Shaking Figure Test Results — Kujankallio 1

Test	Product	Mass	Gold		Iron		Arsenic		Sulphur	
		%	g/t	Recovery (%)	%	Recovery (%)	%	Recovery (%)	%	Recovery (%)
1	Ore Feed	100	7.08		3.34		0.03		0.82	
	ST Conc 1	2.96	150.8	63	16.09	14.2	0.8	71.9	11.6	41.9
	ST Tails 1	97.04	2.7	37	2.95	85.8	0.01	28.1	0.49	58.1
2	Ore Feed	100	8.23		3.07		0.04		0.85	
	ST Conc 2	5.43	97.5	64.35	12.05	21.3	0.51	83.1	8.66	55.4
	ST Tails 2	94.57	3.1	35.65	2.55	78.7	0.01	16.9	0.4	44.7
3	Cleaning of ST Conc 1+2									
	ST Conc 3	4.52	1,410.50	65.44	31.67	11.1	8.53	71.2	18.9	10.7
	ST Tails 3	95.48	35.3	34.56	11.99	88.9	0.16	28.8	7.5	89.3
3	Recoveries from Ore Feed									
	ST Conc 3	0.19	1,410.50	41.67	31.67	2	8.53	55.2	18.9	5.2
	ST Tails 3	4.01	35.3	22.01	11.99	15.8	0.16	22.3	7.5	43.5
4	Ore Feed	100	8.38		3.15		0.04		0.79	
	ST Conc 4	6.918	75.35	62.22	11.37	25	0.44	76.1	6.79	59.7
	ST Tails 4	93.08	3.4	37.78	2.54	75	0.01	23.3	0.34	40.2
5	ST Conc 4 Cleaned by Shaking Table									
	STCC	0.784	583.8	54.61	35.19	8.8	3.6	70.6	20.1	20
	STCT	6.135	10.4	7.62	8.33	16.2	0.04	6.1	5.09	39.7

In tests 1, 2 and 4, gold recovery was 62.2% to 64.4% to the gravity rougher concentrate with a best grade of 151g/t gold. By cleaning the gravity concentrates of tests 1 and 2 in test 3, a gold grade of 1,411g/t gold was obtained with an overall recovery from the ore feed of 41.7%. In test 5, the grade of the gravity cleaner concentrate was 584g/t gold at a recovery of 54.6%.

A test was also conducted using a Knelson Concentrator for the tailings from the shaking table test 4. Compared with the rougher flotation tests, the grade of the Knelson concentrate was higher (119g/t gold), but the gold recovery was low at 8.5% of the ore feed.

A preliminary gravity separation test with the Knelson Concentrator was completed for an ore sample of 2kg weight. The results of this test are shown **Table 11-22**. It is considered that these results are modest as both gold grade and recovery of concentrate are low. There was also a possibility that there were problems with the gold analysis because the calculated feed grade was low at 4.06g/t gold.

Table 11-22 Knelson Concentrator Results (Ore)

Product	Water Pressure (psi)	Mass		Gold		Iron		Arsenic		Sulphur	
		g	Wt. %	g/t	Recovery (%)	%	Recovery (%)	%	Recovery (%)	%	Recovery (%)
Overflow 1	10	1,810.1	92.06	2.6	58.9	2.69	87.4	0.01	35.5	0.62	75.1
Overflow 2	15	76.9	3.91	4.3	4.1	2.58	3.6	0.02	3.1	0.60	3.1
Overflow 3	17	38.4	1.95	6.7	3.2	3.03	2.1	0.04	2.8	1.12	2.9
Overflow 1-3		1,925.4	97.92	2.75	66.3	2.69	93.0	0.01	41.4	0.63	81.1
Concentrate		40.9	2.08	65.9	33.7	9.49	7.0	0.86	58.6	6.91	18.9
Calculated Feed		1,966.3	100	4.06	100.0	2.83	100.0	0.03	100.0	0.76	100.0

Kujankallio 2

The results of the shaking table tests for the Kujankallio 2 sample are provided in **Table 11-23**.

Table 11-23 Shaking Figure Test Results — Kujankallio 2

Test	Product	Mass	Gold		Iron		Arsenic		Sulphur	
		(%)	g/t	Recovery (%)	%	Recovery (%)	%	Recovery (%)	%	Recovery (%)
1	Ore Feed		4.40		3.04		0.09		0.75	
	ST Conc 1	5.81	43.23	57.16	10.19	19.49	1.24	77.42	5.66	43.71
	ST Tails 1	94.19	2.0	42.84	2.60	80.51	0.02	22.58	0.45	56.29
2	ST Conc 2	0.35	503.6	40.65	26.11	3.05	13.39	50.93	18.10	8.53
	ST Tails 2	5.46	13.30	16.51	9.16	16.44	0.45	26.49	4.85	35.17
3	Ore Feed		5.89		2.98		0.09		0.85	
	ST Conc 3	7.98	43.83	59.38	8.77	23.48	0.95	80.74	6.21	58.0
	ST Tails 2	92.02	2.6	40.62	2.48	76.52	0.02	19.26	0.39	42.0
4	STC Con 4	0.29	890.4	43.58	23.85	2.31	17.32	53.36	15.60	5.26
	STC Tail 4	7.69	12.1	15.80	8.21	21.17	0.33	27.38	5.86	52.74

In tests 1 and 3, the gold recovery was 57.2% to 59.4% to the gravity rougher concentrate with a narrow grade range of 43g/t to 44g/t gold. By cleaning the gravity rougher concentrates, a gold grade of 890g/t gold was obtained with a recovery of 43.6%.

Arpola

The results of the shaking table tests for the Arpola sample are presented in **Table 11-24**.

Table 11-24 Arpola Shaking Figure Results

Test	Product	Mass	Gold		Iron		Arsenic		Sulphur	
		%	g/t	Rec %	%	Rec %	%	Rec %	%	Rec %
1	Ore Feed		7.80		3.04		0.13		1.08	
	ST Conc 1	10.77	44.25	61.10	5.28	18.7	0.91	74.1	6.31	62.8
	ST Tails 1	89.23	3.40	38.90	2.77	81.3	0.04	25.9	0.45	37.2
2	ST Conc 2	1.184	317.6	48.20	25.19	9.8	7.64	68.6	18.10	19.8
	ST Tails 2	9.58	10.50	12.90	2.82	8.9	0.07	5.4	4.85	43.0

In test 1, the gold recovery was 61.1% to the gravity rougher concentrate with a grade of 44g/t gold. By cleaning the rougher concentrate, a gold grade of 318g/t gold was obtained with a recovery of 48.2%.

Flotation

The flotation tests parameters were kept similar to those developed in processing of the Orivesi gold ore in the Vammala Plant. In the flotation-only test (test 9) with Kujankallio 1, a gold recovery of 82% with a rougher concentrate grade of 207g/t gold was achieved. In the cleaning steps, the recovery dropped due to a low slurry density. Flotation tests with Kujankallio 2 and Arpola samples returned similar results to those of Kujankallio 1. In one test with the Arpola sample, Aerophine 3418 (ditiophosphinate) was used as the primary collector instead of Danafloat (ditiophosphate) and a clear improvement in the grade-recovery relationship was achieved. Aerophine had been earlier used in Vammala, but was replaced by Danafloat after tests in the plant. More tests are needed to confirm the overall benefit of Aerophine, firstly at the laboratory scale.

Kujankallio 1

The tailings from the shaking tables were divided into samples each weighing approximately 900 grams. Potassium amyl xanthate and Danafloat 245 were used as collectors and Dowfroth 250 as the frother. Most tests were completed at a natural pH.

The parameters used in flotation tests 1-8 and 12-16 are presented in **Table 11-25**.

Table 11-25 Flotation Test Parameters — Kujankallio 1 Shaking Figure Tails

Test	Test Type	Grinding Time	Fineness	pH	Danafloat	PAX	Dow Froth
		(min)	(% passing 75 μ m)		(g/t)	(g/t)	(g/t)
1	Ro+Scav	30	75.5	8.2-8.3	28	80	40
2	Ro+Scav	20	63.8	8.2-8.3	28	80	40
3	Ro+Scav	30	75.5	5	28	80	40
4	Ro+Scav	30	75.5	10	28	80	40
5	Ro+Scav	40	78.9	8.2-8.3	28	80	40
6	Ro+Scav	40	78.9	8.2-8.3	40	120	40
7	Ro+Scav	50	85.9	8.2-8.3	28	80	40
8	Ro+Scav	60	89.7	8.2-8.3	28	80	40
12	Ro+Scav	40	78.9	8.2-8.3	28	80	40
13	Ro+Scav	50	85.9	8.2-8.3	28	80	40
14	Ro+Scav	50	85.9	5	28	80	40
15 (SCT)	Ro+Scav	25		5	40	120	40
16	Ro+Scav	60	89.7	5	28	80	40

The total recovery of gold to rougher concentrates from shaking tables and flotation was 89% to 93%. The highest combined grade was 113g/t gold with a recovery of 92.0% in shaking table test 1 followed by flotation test 3. As flotation test 3 was performed at a pH of 5 and ground for 30 minutes, it highlights the favorable effect of a lower pH.

Three flotation tests consisting of roughing and two cleanings were conducted for crushed ore samples. The variable in these tests was the grinding time. Rougher flotation tailings were screened to size fractions by using 100, 125 and 160 μ m screens. The test parameters are provided in **Table 11-26**.

Table 11-26 Flotation Test Parameters — Kujankallio 1 Ore

Test	Grind (min)	Rougher Flotation				Cleaner Flotation 1			Cleaner Flotation 2		
		pH	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)
9	40	8.2-8.3	80	28	40	30	10	5	20	7	5
10	50	8.2-8.3	80	28	40	30	10	5	20	7	5
11	60	8.2-8.3	80	28	40	30	10	5	20	7	5

The results of the three cleaner flotation tests on the Kujankallio 1 ore sample are provided in **Table 11-27**.

Table 11-27 Flotation Test Results — Kujankallio 1 Ore

Test No.	Flotation Product	Mass	Gold		Iron		Arsenic		Sulphur	
		(%)	g/t	Recovery (%)	%	Recovery (%)	%	Recovery (%)	%	Recovery (%)
9	Ro Conc	2.99	207.2	82.0	26.90	24.8	0.973	77.1	16.11	63.2
	Cl 2 Conc	1.74	276.8	63.6	42.67	22.8	1.673	75.2	26.70	60.8
10	Ro Conc	4.16	120.8	57.4	20.14	26.5	0.586	65.3	11.88	62.5
	Cl 2 Conc	1.83	233.7	48.8	39.58	22.9	1.287	63.1	25.40	58.8
11	Ro Conc	4.32	134.3	84.7	71.17	52.7	0.525	70.3	8.63	49.4
	Cl 1 Conc	1.57	294.1	67.4	34.67	9.3	1.373	66.8	20.27	42.1
	Cl 2 Conc	1.22	336.7	59.9	42.39	8.9	1.739	65.8	25.30	40.8

The best results were obtained in test 11 with the finest grind (time 60 minutes). The grade in the rougher concentrate was 134g/t gold with a recovery of 84.7%. The grade increased in the second cleaner concentrate to 337g/t gold, but the recovery dropped to 59.9%. The grades in these flotation tests were higher than in the combined shaking table and flotation tests, but the gold recoveries remained lower. The lowest gold value in tailings of tests 9-11 was 1.1g/t gold, which is higher than the 0.5 to 0.8g/t gold after using the combined shaking table and flotation tests.

Kujankallio 2

The tailings from the shaking tables were divided into samples each weighing approximately 900 grams. Potassium amyl xanthate and Danafloat 245 were used as collectors and Dowfroth 250 as the frother. In addition, CMC was tested as a depressant for silicates in tests 4 and 5. Most tests were completed at a natural pH.

The parameters used in the flotation tests are displayed in **Table 11-28**.

Table 11-28 Flotation Test Parameters — Kujankallio 2 Shaking Figure Tails

Test	Test Type	Grinding Time	Grind Size	pH	Danafloat	PAX	CMC	Dow Froth
		(min)	(%-75 μ m)					
1	Ro+Scav	40	78.9	8.2-8.3	28	80		40
2	Ro+Scav	50	85.9	8.2-8.3	28	80		40
3	Ro+Scav	50	85.9	5	28	80		40
4	Ro+Scav	40	78.9	8.2-8.3	28	80	80	40
5 (SCT)	Ro+Scav	25		5	40	120	80	40

High total gold recoveries of around 97% were obtained by shaking table test 1 and flotation tests 1-4, but the grades of the combined concentrates were low, ranging between 22g/t and 29g/t gold. By combining the gravity cleaner concentrate from shaking table test 2 and flotation tests 4 and 5, the combined grade was 40g/t gold with a recovery of 91.8%.

Flotation tests 6 to 11 for the tailings from shaking table test 3 contained two cleanings after the rougher flotation. The variables in these tests were the dosage levels of collectors, CMC and the frother. The grinding time (40 minutes) and pH (natural) were not changed. The test conditions are listed in **Table 11-29**.

Table 11-29 Cleaner Flotation Test Parameters — Kujankallio 2 Shaking Figure Tails

Test	Rougher Flotation				Cleaner Flotation 1				Cleaner Flotation 2			
	CMC	PAX	Danaf	Froth	CMC	PAX	Danaf	Froth	CMC	PAX	Danaf	Froth
	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)
6	110	130	45	40								
7	80	80	28	40	20	30	10	5	10	20	7	5
8	80	80	28	40		30	10	5		20	7	5
9		80	28	40		30	10	5		20	7	5
10	120	120	40	40	30	40	13	5	20	30	10	5
11	200	120	40	50	40	40	13	5	10	30	10	5

The cleaner flotation testwork produced concentrates ranging from 197g/t to 244g/t gold. The combined concentrates from shaking table test 3 and flotation test 9 had a gold grade of 59g/t gold and a recovery of 85.8%. By combining the flotation concentration of test 9 with the cleaned gravity concentrate from test 4, the gold grade was 438g/t gold and the recovery 70%.

Flotation test 12 was conducted for the minus 125 μ m fraction of the ore sample, which was separated by screening after grinding. The rougher flotation of the minus 125 μ m fraction yielded a gold grade of 98g/t and recovery of 76.3% from the total ore feed as presented in **Table 11-30**.

Table 11-30 Flotation Test Parameters — Kujankallio 2 Screened Ore

Test	Test Type	Grinding Time	Grind Size	pH	Danafloat	PAX	CMC	Dow Froth
		(min)	(% Passing 75 μ m)		(g/t)	(g/t)	(g/t)	(g/t)
12	Ro+Scav	40	78.9	8.2-8.3	28	80		40

The separated coarse fractions contained 12.8% of the total gold distribution of the feed, of which 8.5% was in the coarsest fraction +160 μ m. The grade of this coarse fraction was high at 16g/t gold. By combining the flotation rougher concentrate and the screened fraction, a product containing 66g/t gold with a recovery of 84.9% is obtained.

Arpola

Two cleaner flotation tests were completed on the shaking table tailings, the parameters of which are provided in **Table 11-31**. The dosage levels of the collectors and the frother were changed between these tests. A grinding time of 40 minutes and a natural pH were used in both tests.

Table 11-31 Flotation Test Parameters — Arpola Shaking Table Tails

Test	Rougher Flotation			Cleaner Flotation 1			Cleaner Flotation 2		
	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)
A2	80	28	40	30	10	5	20	7	5
A3	120	40	50	40	20	5	30	10	5

The grades of the flotation cleaner concentrates were 315g/t and 244g/t gold. By combining the gravity rougher concentrate and flotation concentrate from test A2 or A3, the gold grade was about 55g/t gold and recovery 80%. By combining the gravity cleaner concentrate from shaking table test 2 and flotation concentrate from test A3, a gold grade of 292g/t is obtained with a recovery of 68.1%. A higher gold recovery, but lower grade was obtained in flotation test A3 because of the increased level of collectors.

For the Arpola ore sample, one rougher flotation test was completed for the screen fraction -125 μ m and three cleaner flotation tests for unscreened samples. Test parameters are presented in **Table 11-32**. A grinding time of 40 minutes and a natural pH was used for all tests. In tests A4 and A6, the collectors were sodium isopropyl xanthate and Danafloat 245 in a ratio of 1:2. These collectors were previously used at Vammala. In test A5, Danafloat was replaced by dithiophosphinate Aerophine 3418A.

Table 11-32 Flotation Test Parameters — Arpola Screened Ore

Test	Rougher Flotation			Cleaner Flotation 1			Cleaner Flotation 2		
	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)	PAX (g/t)	Danaf (g/t)	Froth (g/t)
A1	80	28	40						
	SIPX (g/t)	Danaf 245 (g/t)	Dow 250 (g/t)	SIPX (g/t)	Danaf 245 (g/t)	Dow 250 (g/t)	SIPX (g/t)	Danaf 245 (g/t)	Dow 250 (g/t)
A4	40	80	30	15	30	5	10	20	5
A6	60	120	30	15	30	5	10	20	5
			3418A (g/t)			3418A (g/t)			3418A (g/t)
A5	40	80	30	15	30	5	10	20	5

The flotation recovery to rougher concentrate was only 52%, which is at least partly explained by the fact that much of the gold occurred in the coarse fractions not included in the flotation feed. The plus 160 μ m contained as much as 26% of the total gold of the feed and the grade of this fraction was 94g/t gold. By combining the flotation concentrate and the screened fraction, a product containing 64g/t gold was obtained at a recovery of 78.2%.

The results of test A5 in which Aerophine was used were better than those of tests A4 and A6. In test A5, the grade of the rougher concentrate was 187g/t gold at a recovery level of 88.7%. The second cleaner concentrate contained 529g/t gold at a recovery level of 81.2%. These results are better than those of test A1 or the combined gravity and flotation tests. However, higher grade concentrates were obtained by gravity method only, when shaking table rougher concentrates were cleaned by the same method.

Metallurgical Performance

The projected metallurgical performance is based on the recent bench scale flotation-only tests giving the total gold recovery and grade of a combined concentrate. In these tests, assuming a concentrate grade of 200g/t gold, the recovery of gold was:

- 82% for the Kujankallio samples; and
- 88% for the Arpola sample.

The result of the gravity circuit is based on the pilot plant runs completed in 2002. The head grade of the sample in the pilot run was 22g/t gold, which is significantly higher than the reserve grade and has been taken into consideration in the estimate. However, most of the gold in Kujankallio and Arpola is occurring in high grade ore spots similar to the pilot plant sample and the conducted pilot plant run represents how the majority of the gold content can be recovered.

It is anticipated that in order to avoid the radiation problem, the grade of the gravity concentrate must be at least 70% and considering the lower head grade, gold recovery to gravity concentrate is forecast to be 28%. The cleaning of the gravity concentrate will be made with the same shaking table on a campaign basis. Middling products can be combined with the flotation concentrate.

The forecast for metallurgical performance assuming a head grade of 7.3g/t gold is presented in **Table 11-33**.

Table 11-33 Estimate of Metallurgical Performance for Jokisivu

Product Stream	Weight (%)	Grade (g/t gold)	Gold Recovery (%)
Feed	100	7.3	100
Gravity concentrate	0.00075	70%	28
Flotation concentrate	8.9362	140	60
Combined concentrate	8.9369	200	88

Gravity concentrate will contain about 10% to 15% iron, 5% to 10% arsenic and some tungsten. The important penalty elements that are considered in the Net Smelter Revenue (NSR) calculation for the flotation concentrates are presented in **Table 11-34**.

Table 11-34 Jokisivu Flotation Concentrate Penalty Element Levels

Element	Flotation Concentrate (%)
Copper	0.2
Arsenic	1.9
Bismuth	0.01
Tellurium	0.01
Fluorine	0.01
Chlorine	0.01
Uranium	0.001

The estimated metallurgical performance is not based on optimisation of the grade-recovery relationship. Optimisation would be completed in real operating conditions like those proposed for Orivesi.

Cyanide Leaching

Preliminary cyanide leaching tests were carried out at the GTK Mineral Processing facility in Outokumpu, Finland in December 2004 on both ore and concentrate samples from the Kujankallio and Arpola occurrences.

For the cyanide leaching tests of the Kujankallio 2 and Arpola ore samples, batches of 500 grams were used, while for the leaching of the concentrates a sample of 209 grams was obtained from the rougher concentrate collected from flotation tests 1-4 of the Kujankallio 2 sample. The grade of the Kujankallio 2 and Arpola ore samples from analysis were 6.4g/t gold and 6.1g/t gold respectively.

The ore sample was ground to the typical fineness used in the flotation tests, and the ground sample together with 750ml of leaching solution was placed in a leaching reactor. The cyanide concentration in the solution was adjusted to 0.3% and the slurry was mixed for 24 hours at a temperature of 22°C, with air blown through at a rate of 0.3 litres per minute. The pH was adjusted to about 10.8 at the beginning and was kept between 11.3 and 11.5 with calcium hydroxide. During the test the liquid phase was sampled for gold and cyanide concentration at 0.5, 2, 5, 10 and 24 hours. The solid tail was analysed at the end of the 24 hour period.

The test for the concentrate sample was conducted in a similar manner, except that the sample mass was less than the ore and the concentration of cyanide in the leaching solution was higher (refer to **Table 11-35**).

Table 11-35 Leach Test Conditions

Testwork Details	Ore	Concentrate
Mass of Sample (g)	500	220
Solution Volume (ml)	750	750
NaCN Concentration (%)	0.3	0.6
pH (adj with Ca(OH) ₂)	11.0 to 11.5	11.0 to 11.5
Air Flow (litres/min)	0.3	0.3
Temperature (°C)	22	22

The Kujankallio samples reached maximum gold recovery to cyanide solution after 10 hours leaching time. For the Kujankallio ore sample, gold recoveries of 91.2% with a cyanide consumption of 465g/t was achieved at 10 hours, whilst the gold recovery of the concentrate sample was 95.2% with a cyanide consumption of 2,872g/t. The calculated feed grades for the Kujankallio ore and concentrate were 6.64g/t and 12.6g/t gold respectively. The results are provided in **Table 11-36**.

Table 11-36 Leach Test Results — Kujankallio 2

Time (h)	Kujankallio 2 — Ore				Kujankallio 2 - Concentrate			
	NaCN Consumption (g/t)	Ca(OH) ₂ Consumption (g/t)	Solution Au grade (mg/l)	Au Recovery to Solution (%)	NaCN Consumption (g/t)	Ca(OH) ₂ Consumption (g/t)	Solution Au grade (mg/l)	Au Recovery to Solution (%)
0	0		0	0.0	0		0	0.0
0.5	180		1.68	37.9	1,328		1.57	44.8
2	285		3.16	71.3	1,831		2.61	74.4
5	405		3.84	86.7	2,406		3.11	88.7
10	465		4.04	91.2	2,872		3.34	95.2
24	735	809	4.03	91.0	3,985	2,210	3.34	95.2
Tailings (g/t)			0.60		Tailings (g/t)		0.06	
Feed (g/t)			6.64		Feed (g/t)		12.62	

The leaching of the Arvola ore achieved a gold recovery of 90.1% after 24 hours and a cyanide consumption of 734g/t. The calculated feed grade was 9.10g/t gold. The results are provided in **Table 11-37**.

Table 11-37 Leach Test Results — Arpola

Time (hr)	Arpola — Ore			Au Recovery to Solution (%)
	NaCN Consumption (g/t)	Ca(OH) ₂ Consumption (g/t)	Solution Au grade (mg/l)	
0	0		0	0.0
0.5	180		2.26	37.3
2	285		3.73	61.6
5	405		4.78	78.9
10	464		5.20	85.7
24	734	543	5.46	90.1
	Tailings (g/t)		0.09	
	Feed (g/t)		9.10	

Figure 11-6 and **Figure 11-7** present the leaching kinetic curves for Kujankallio 2 and Arpola ores respectively. Both ores are fast leaching, with leaching basically completed for Kujankallio 2 ores after ten hours. Leaching continues for Arpola ores after ten hours, increasing by another 5% up to 24 hours.

Figure 11-6 Kujankallio 2 Leach Curves

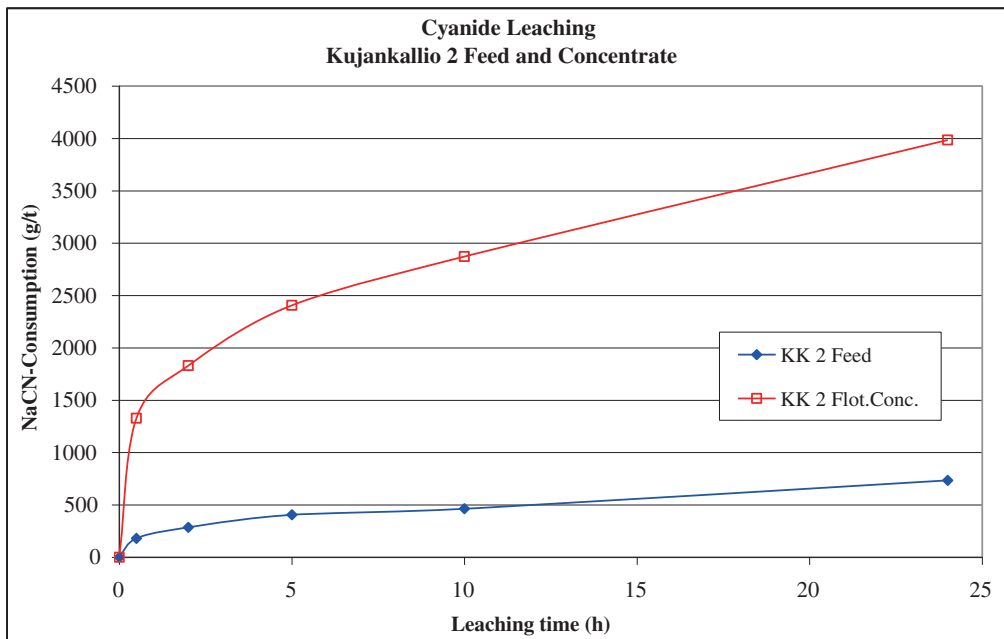
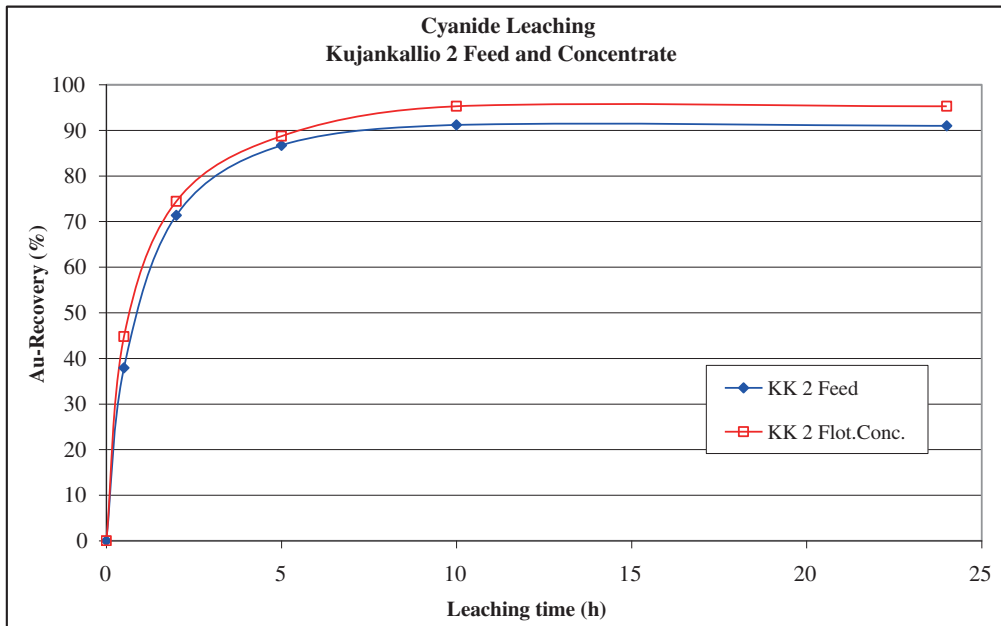
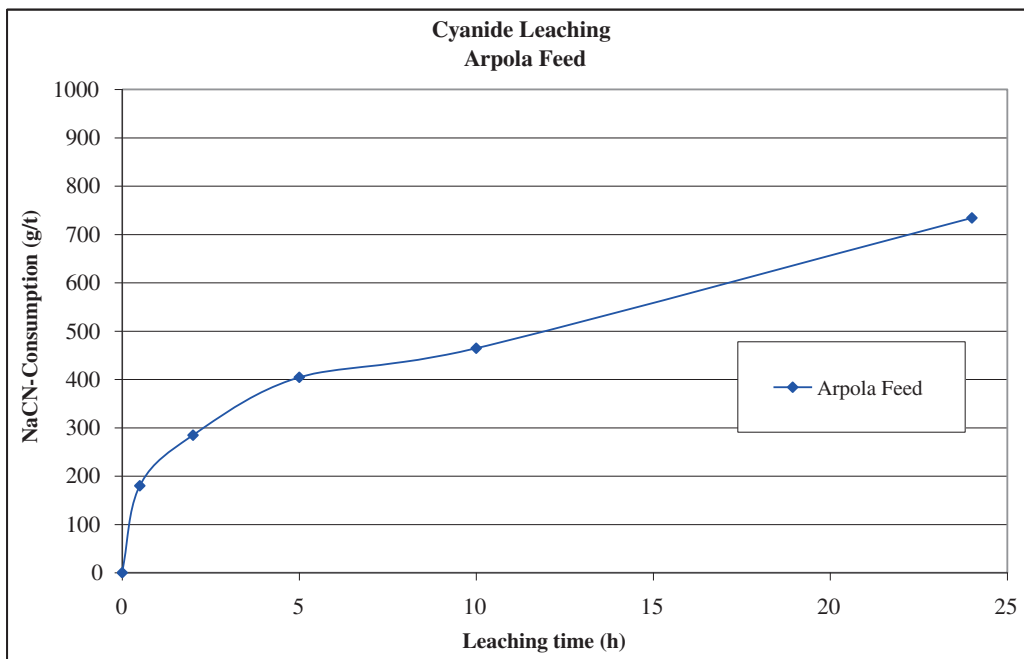
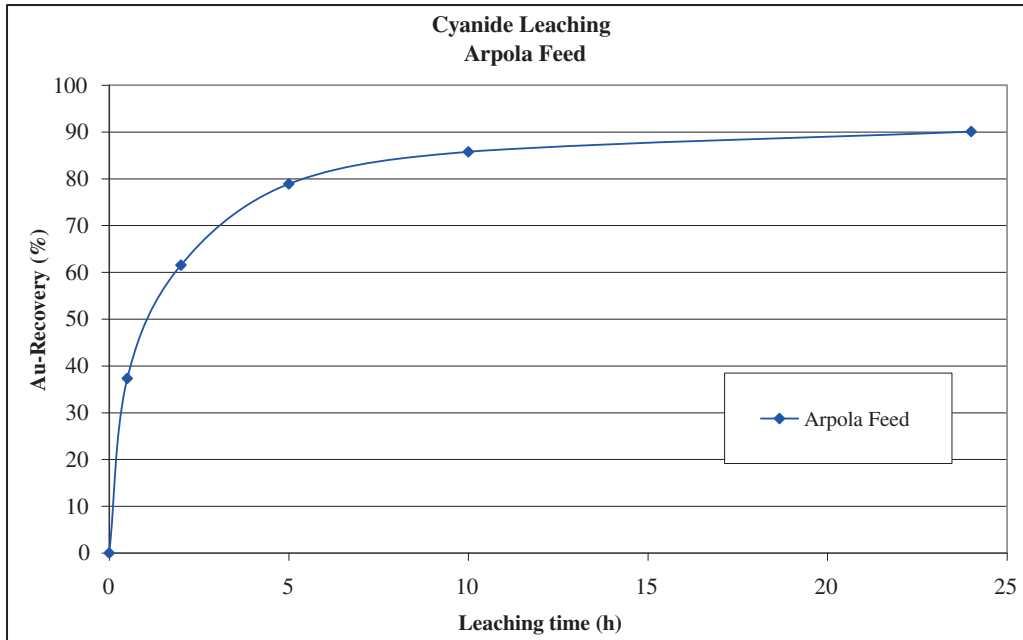


Figure 11-7 Arpola Leach Curves

ARPOLA



11.1.11 Kaapelinkulma Ore

Background

Native gold occurs often with native bismuth, maldonite or bismuth tellurides. These are usually found as inclusions in arsenopyrite or as native metal among silicate minerals. Gold and bismuth in quartz veins is generally coarser than the gold and bismuth found in arsenopyrite where it rarely exceeds 10µm. Loellingite usually occurs with arsenopyrite.

Testwork -2010

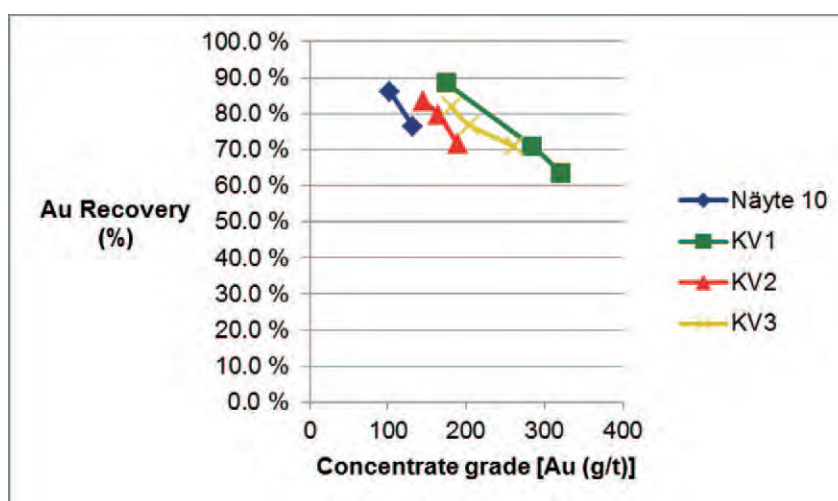
The benchscale testwork program concentrated on selection of promoters for future plant scale pilot test work. Promoters for the test work were Aerophine 345A, Danafloat 245, 271, 507E and 527E. Sodium Isobutyl Xanthate (SIBX) was used as an additional collector, Dowfroth was used as the frother and grind time was 30 minutes in all tests.

The best results were achieved with Danafloat 507 and Aerophine 345A. Danafloat 507 is currently used for Jokisivu flotation. The results are provided in **Table 11-38** and the associated grade-recovery curves in **Figure 11-8**.

Table 11-38 Testwork Conditions

Test	SIBX	Danafloat	Dowfroth	Bulk	Concentrate
	g/t	507 g/t			
Näyte 10	50	75	20	102.6	86.1
KV1	50	50	16	174.2	88.5
KV2	25	50	16	145.2	83.5
KV3	25	35	16	181.5	81.8

Figure 11-8 Grade-Recovery Curves



The testwork verified that Aerophine 345A and Danafloat 507E were the best promoters for the full scale testing, with the expectation that high recoveries and grades would be achieved.

The seven samples used in this test work represent the coarse reject samples from a series of channel samples sawn on the outcrop of the main zone of mineralisation. The channels were sawn in 2006. The coarse rejects were stored in a warehouse in the Outokumpu, Finland until required.

Testwork - 2013

More testwork was conducted in 2013.

Sample Selection

The sample material for the 2013 test work program comprised a single composite sample estimated to be 50kg in weight. The sample material represents diamond core that was drilled in 2010. Samples include ore and waste rock dilution so that it best represented future process feed. Details are summarised in **Table 11-39**.

Table 11-39 Kaapelinkulma Sample Details

Hole ID	From (m)	To (m)	Length (m)	Sample ID	Mass (g)	Grade (Au g/t)
VK/KKU-87	26.85	27.80	0.95	201013689	871	0.13
VK/KKU-87	27.80	28.40	0.60	201013691	257	16.80
VK/KKU-87	31.15	32.15	1.00	201013695	1,030	3.50
VK/KKU-87	32.15	33.20	1.05	201013696	963	5.11
VK/KKU-87	33.20	34.10	0.90	201013697	783	0.78
VK/KKU-92	57.20	58.00	0.80	201014075	824	3.89
VK/KKU-92	58.00	58.90	0.90	201014076	1,127	2.22
VK/KKU-92	58.90	60.00	1.10	201014077	1,658	0.01
VK/KKU-92	60.00	60.85	0.85	201014078	677	3.56
VK/KKU-94	36.85	37.85	1.00	201014311	1,263	4.05
VK/KKU-94	37.85	38.85	1.00	201014312	1,564	0.02
VK/KKU-94	38.85	39.95	1.10	201014313	2,173	0.10
VK/KKU-94	39.95	40.60	0.65	201014314	935	2.08
VK/KKU-98	24.40	25.40	1.00	201014484	1,537	1.46
VK/KKU-98	25.40	26.25	0.85	201014485	1,098	0.01
VK/KKU-98	26.25	27.10	0.85	201014486	1,170	0.52
VK/KKU-98	27.10	27.80	0.70	201014487	778	13.65
VK/KKU-99	55.20	56.20	1.00	201019428	1,318	0.07
VK/KKU-99	56.70	58.15	1.45	201019431	2,618	6.29
VK/KKU-99	61.25	62.10	0.85	201019437	1,615	3.59
VK/KKU-99	62.10	62.75	0.65	201019438	603	1.81
VK/KKU-99	62.75	63.45	0.70	201019439	668	3.92
VK/KKU-101	39.80	40.65	0.85	201019659	1,151	0.63
VK/KKU-101	40.65	41.65	1.00	201019661	1,541	25.80
VK/KKU-101	41.65	42.30	0.65	201019662	684	46.80
VK/KKU-105	35.55	36.70	1.15	201014569	2,133	8.52
VK/KKU-105	36.70	37.55	0.85	201014571	1363	0.12
VK/KKU-105	41.20	41.80	0.60	201014576	657	6.10
VK/KKU-105	41.80	42.80	1.00	201014577	1,548	6.03
VK/KKU-106	67.30	68.50	1.20	201015088	1,245	0.68
VK/KKU-106	68.50	69.25	0.75	201015089	771	2.15
VK/KKU-106	69.25	70.00	0.75	201015091	637	14.70
VK/KKU-106	70.00	71.00	1.00	201015092	819	6.14
VK/KKU-112	3.45	4.60	1.15	201022184	943	1.12
VK/KKU-112	4.60	5.50	0.90	201022185	916	0.18
VK/KKU-112	5.50	6.10	0.60	201022186	228	1.65
VK/KKU-112	6.10	6.70	0.60	201022187	242	10.75
VK/KKU-118	22.25	22.85	0.60	201022307	613	2.86
VK/KKU-118	22.85	23.80	0.95	201022308	1,124	0.23
VK/KKU-118	23.80	24.50	0.70	201022309	758	0.45
VK/KKU-118	24.50	25.40	0.90	201022311	1,106	7.95
VK/KKU-120	8.75	9.45	0.70	201022607	1,062	1.85
VK/KKU-120	9.45	10.00	0.55	201022608	457	3.53
VK/KKU-120	32.45	33.20	0.75	201022634	1,031	0.31
VK/KKU-120	33.20	33.65	0.45	201022635	124	10.85
VK/KKU-120	33.65	34.30	0.65	201022636	513	1.34
VK/KKU-122	53.15	53.80	0.65	201022517	337	0.23
VK/KKU-122	53.80	54.75	0.95	201022518	939	0.80
VK/KKU-119B	78.35	79.15	0.80	201022901	706	10.50
VK/KKU-119B	79.15	79.90	0.75	201022902	503	0.13
VK/KKU-119B	79.90	80.90	1.00	201022903	1,104	2.06

Figure 11-9 and Figure 11-10 show the location of all testwork samples, namely 2010, 2013 and 2015.

Figure 11-9 Testwork Sample Locations (Longitudinal View)

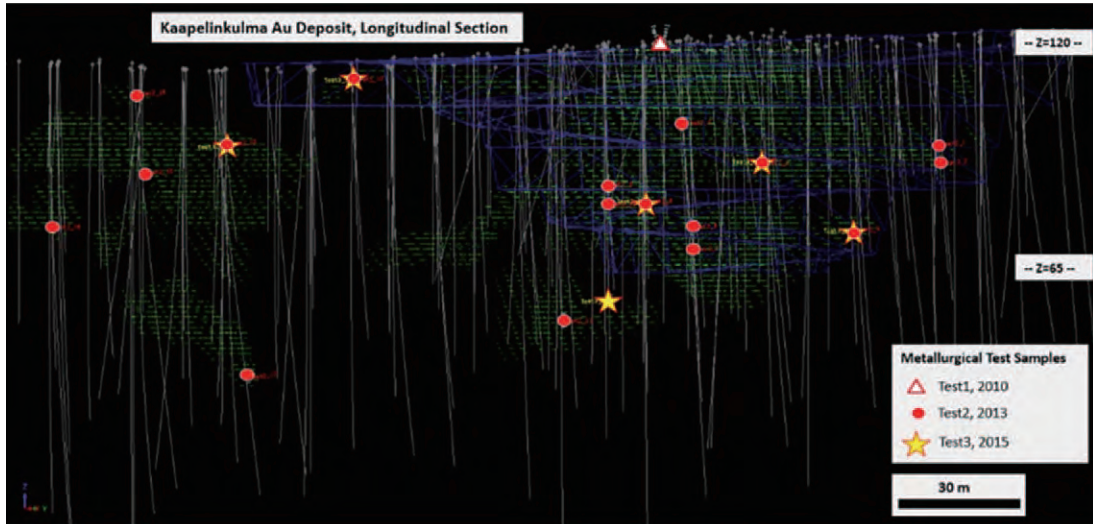
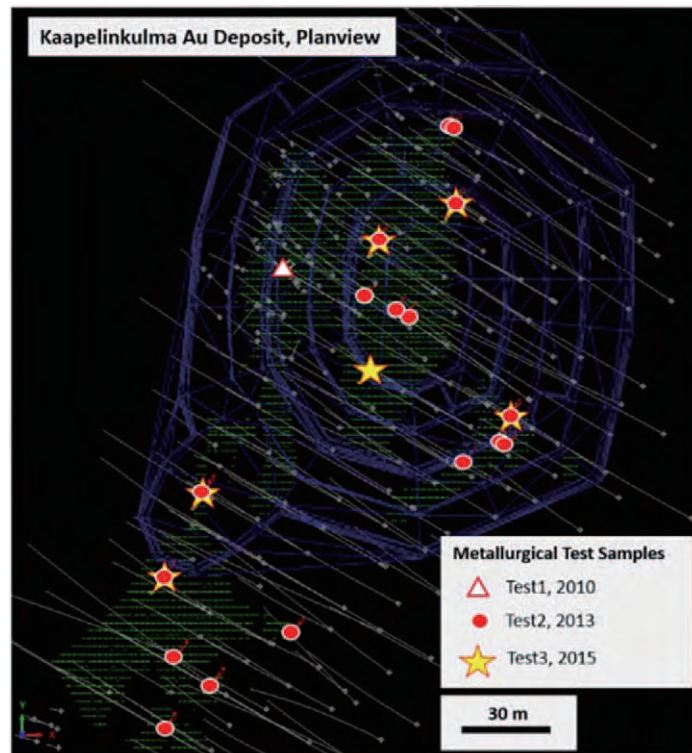


Figure 11-10 Testwork Sample Locations (Plan View)



Head Grade

Table 11-40 summarises the head grade of the sample used in the testwork.

Table 11-40 Head grade in composite sample

Total Length (m)	Average Grade / Length (g/t Au)	Total Mass (kg)	Average Grade / Mass (g/t Au)
43.4	4.52	50.8	4.36

The total length of the hand sampled drill holes in the composite sample was 43.4m with an average grade 4.52g/t gold. The total mass of the composite sample was 50.785kg with an average grade of 4.36g/t gold. The head grade of the composite sample was deemed representative of the future process feed.

Comminution

Crushing

Crushing studies were ordered from Metso Minerals - Mineral Research and Test Center (MRTC). Approximately 20kg of diamond cores were selected to present most abundant rock type diorite. Standard tests at MRTC are Solid Density test and Crushability and Abrasiveness tests based on French Standard (NF P-18-579). Also bond abrasion test was performed. Test results are presented in **Table 11-41**.

Grinding

Bond work index study was conducted at Aalto University, School of Chemical Technology, Materials Science and Engineering, Mechanical Process Technology and Recycling Laboratory. Test results are presented in **Table 11-41**.

Table 11-41 Crushing and Grinding Results

Test	Units	Result	Comment	Source
Solid Density	t/m ³	2.86		Metso
Abrasiveness	g/t	1,250	Abrasive	Metso
Crushability	%	38	Medium	Metso
Ai		0.71	Very Abrasive	Metso
BBMWi	kWh/t	26.9	Aalto	

In this work, correlation between crushability according to French standard and Bond crushing work index and Bond rod mill work index have been applied. Bond work index estimations used in this work are presented in **Table 11-42**.

Table 11-42 Bond Crushing and Rod Mill Work Index Estimates

BBMWi	kWh/t	26.9	Test result
BRMWi	kWh/t	15-17	Crushability 30-40% is approximately 15-17 kwh/t
CWi	kWh/t	10-14	Crushability 30-40% is approximately 10-14 kwh/t

Table 11-43 shows the calculated power and milling media consumption per tonne for Kaapelinkulma ores. Currently the rod mill power consumption is 250kW while the ball mill uses 460kW.

Table 11-43 Estimated Power and Media Consumption

Mill	P ₈₀ (µm)	Power (kWh/t)	Media (kg/t)
Rod Mill	470	4.6	680
Ball Mill	75	18.7	2,600
	90	15.9	2,200
	105	13.8	1,900

Grinding Circuit Capacity

The grinding circuit includes Rod and Ball mills. The rod mill is in open circuit while the ball mill is in closed circuit with pump sump and classifier. Capacity calculations are based on Bond Ball Mill Work Index test work and the Allis Chalmers equations for rod and ball mills.

The total grinding energy, 751kW, was calculated using the Bond equation with feed of 80% passing 2.5mm a flotation feed 80% passing 106 microns and a Bond Ball Mill Work index of 26.1kWh/t. It was assumed that one third of the total grinding energy is drawn by the rod mill, some 250kW, and thus 501kW for the ball (refer to **Table 11-44**).

Table 11-44 Power Draw Calculations

Rod Mill		
Vp	0.25	
D	3.1	m
fCs	75.0%	
BRMWi	9.5	kW/t
Ball Mill		
Vp	17.7%	
D	3.05	m
fCs	75.0%	
Ss	0.041	
BBMWi	13.2	kW/t
Current Power draw	460	kW
Balls	34.8	t
Power draw increase	41	kW
Ball charge increase	3.1	t
New charge	37.9	t
New Vp	19.3 %	

Currently the rod mill draws approximately 250kW, which is sufficient for Kaapelinkulma ore. Ball mill power draw is 460kW, which is not sufficient for Kaapelinkulma ore. It is assumed that the ball mill draws 13.2kW/t of for the ball charge, currently 34.8 tonnes. To draw 501kW power, the ball charge would need to increase by 3.1 tonnes to 37.9 tonnes.

Flotation

The main objective of the flotation test work was to verify high recovery and grade of the concentrate that was achieved during the 2010 test work. Preliminary test work revealed that a certain xanthate threshold dose was required for sufficient froth to form. Frother dosage had no influence if xanthate dose was below this threshold. High xanthate dosage, such as 300g/t, reduced significantly gold grade in the bulk concentrate.

The collector for this work was Aerophine 3418A. Aerophine 3418A can be used as primary collector in the selective flotation of gold with low copper content. It is highly selective against iron and arsenic minerals, such as pyrite and arsenopyrite. Flotation conditions of the test work with are presented in **Table 11-45**. A summary of the flotation test results are presented in **Table 11-46**.

Table 11-45 Flotation Testwork Conditions

Flotation Conditions							
Test	Flotation time	P ₈₀	SIBX	Aerophine 3418A	Dowfroth 250	CuSO ₄	Danafloat 507E
	(minute)	(µm)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)
KKU-10	8	100	225	35	15.3	0	0
KKU-11	8	102	225	35	13.3	500	0
KKU-12	8	87	300	35	16.6	0	0
KKU-13	8	81	200	100	16.6	1,000	0
KKU-14	10	74	140	110	22	0	0
KKU-15	10	93	160	20	18	100	0
KKU-16	10	73	110	0	18	0	110

High xanthate dosage may have distorted sulphur recovery calculations. In test KKU-13, the arsenic in tailings was below analysis limit so the recovery is 100%.

Table 11-46 Testwork Results

	Au (g/t)	Au Recovery (%)	As (%)	As Recovery (%)	S (%)	S Recovery (%)	Te (%)	Te Recovery (%)	Bi (%)	Bi Recovery (%)
KKU-10	96.2	78.2	5.1	75.1	8.5	61.8	0.006	17.9	0.097	55.1
KKU-11	106.6	76.1	7.3	91.7	11.4	97.3	0.008	19.9	0.117	55.0
KKU-12	37.6	80.2	2.5	78.1	3.7	78.1	0.004	26.2	0.044	58.6
KKU-13	120.0	75.8	6.8	100.0	10.3	77.7	0.008	22.3	0.118	57.2
KKU-14	88.7	81.1	4.0	75.7	6.8	74.4	0.009	27.7	0.077	52.1
KKU-15	142.1	79.9	7.8	94.7	11.4	77.1	0.014	29.1	0.143	58.5
KKU-16	53.1	86.0	2.5	79.6	3.9	100.0	0.009	43.1	0.054	60.9

Test KKU-16 was conducted to verify suitability of the Danafloat 507 collector currently used for Jokisivu ore flotation, instead of Aerophine 3418A. Copper sulphate (CuSO_4) activation was studied in tests KKU-11, 13 and 15. These tests revealed that low doses of $\sim 100\text{g/t}$ increase the gold grade without reducing recovery of the bulk concentrate, while the rougher concentrate gold recovery was slightly lower than rougher concentrate without CuSO_4 activation. Very high CuSO_4 doses ($1,000\text{g/t}$), increase both the rougher concentrate grade and recovery however no significant increase in bulk concentrate grade or recovery was observed.

High doses of Aerophine 3418A ($>100\text{g/t}$) in tests KKU-13 and 14 increased mainly the rougher concentrate grade without a noticeable increase in recovery. Best bulk concentrate gold grade with a relatively high recovery (142.1g/t Au , 79.9% Au recovery) was achieved in test KKU-15 using Aerophine 3418A as collector. Best recovery was achieved using same collector as currently for Jokisivu ore, however the bulk concentrate grade was slightly lower.

A large portion of gold is associated with arsenic containing minerals and a high arsenic content in bulk concentrate cannot be avoided. The best concentrate grade with a relatively high recovery (142.1g/t Au , 79.9% Au recovery) was achieved with 160g/t xanthate, 20g/t Aerophine 3418A and 100g/t CuSO_4 in test KKU-15. **Figure 11-11**, **Figure 11-12** and **Figure 11-13** present the gold recovery-grade relationship, the arsenic-gold concentrate correlation and the arsenic-gold recovery correlations respectively.

Figure 11-11 Testwork Recovery-Grade Relationship

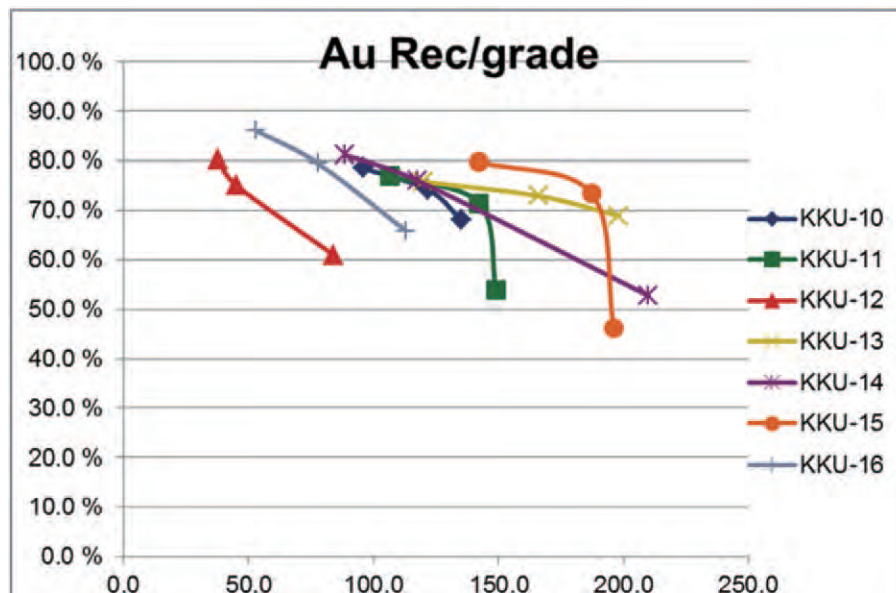


Figure 11-12 Gold-Arsenic Concentrate Correlations

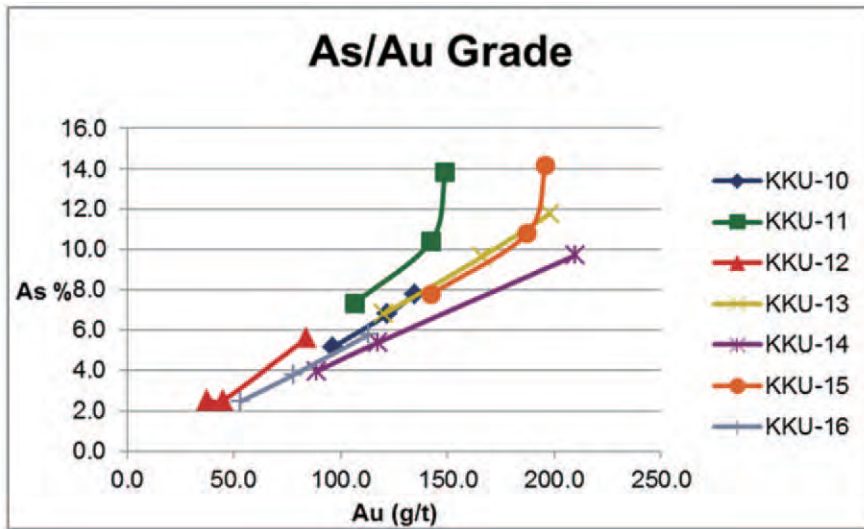
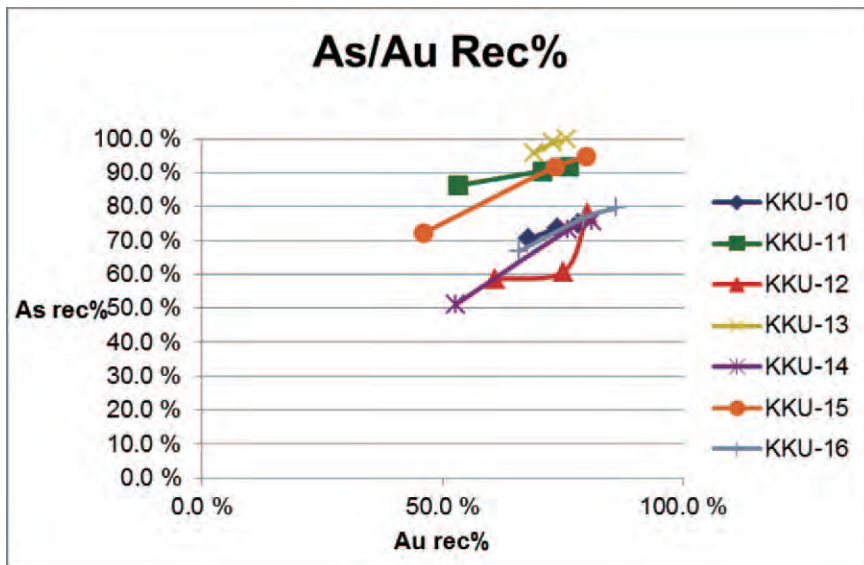


Figure 11-13 Gold-Arsenic Recovery Correlations



Dewatering

Bench scale dewatering tests were performed for the concentrate. Settling tests were conducted in graduated glass cylinder, filled with concentrate slurry. Three 500mL glass cylinders were filled with 25g of concentrate and 500mL of water. 1.5g/t of flocculants used in the Vammala plant (namely cationic Fennopol 3450 and anionic Flopam SNF 905 SH) were added, the cylinder closed and turned upside down three times. The descending interface between water and pulp phase was measured over 60 minutes and the results presented in **Table 11-47**.

Table 11-47 Concentrate Dewatering Results

Dewatering test		1	2	3
Time	Chemical Dose Description	Fennopol 1.5 g/t	None 0	Flopam 1.5 g/t
<1 min	Floc height	70	<5	45
	Brightness	Grey	Dark	Grey
5 min	Floc height	55	10	48
	Brightness	Grey	Dark	Grey
10 min	Floc height	53	15	49
	Brightness	Grey	Dark	Grey
15 min	Floc height	52	20	49
	Brightness	Grey	Dark	Grey
30 min	Floc height	50	20	49
	Brightness	Grey	Dark	Grey
45 min	Floc height	50	20	49
	Brightness	Grey	Dark	Grey
60 min	Floc height	50	20	49
	Brightness	Grey	Muddy Grey	Grey

Both flocculants worked immediately. Fennopol appeared to give the faster response. However also Flopam is suitable for thickening flocculant and it is currently used in production.

2015 Kaapelinkulma Metallurgical Testwork

Sample Selection

The sample material for the 2015 test work program comprised a single composite sample estimated to be approximately 20kg in weight. The composite samples included ore and waste rock dilution and represents future process feed as shown in **Table 11-48**.

Table 11-48 Kaapelinkulma Sample Details

Hole ID	From	To	Length	Sample ID	Mass (g)	Au (g/t)
VK/KKU-92	57.20	58.00	0.80	201014075		3.89
VK/KKU-92	58.00	58.90	0.90	201014076		2.22
VK/KKU-92	58.90	60.00	1.10	201014077		0.01
VK/KKU-92	60.00	60.85	0.85	201014078		3.56
VK/KKU-94	36.85	37.85	1.00	201014311		4.05
VK/KKU-94	37.85	38.85	1.00	201014312		0.02
VK/KKU-94	38.85	39.95	1.10	201014313		0.10
VK/KKU-94	39.95	40.60	0.65	201014314		2.08
VK/KKU-101	39.80	40.65	0.85	201019659		0.63
VK/KKU-101	40.65	41.65	1.00	201019661		25.80
VK/KKU-101	41.65	42.30	0.65	201019662		46.80
VK/KKU-104	70.00	70.85	0.85	201014958		1.14
VK/KKU-104	70.85	71.90	1.05	201014959		0.01
VK/KKU-104	71.90	72.90	1.00	201014961		2.42
VK/KKU-112	3.45	4.60	1.15	201022184		1.12
VK/KKU-112	4.60	5.50	0.90	201022185		0.18
VK/KKU-112	5.50	6.10	0.60	201022186		1.65
VK/KKU-112	6.10	6.70	0.60	201022187		10.75
VK/KKU-118	22.25	22.85	0.60	201022307		2.86
VK/KKU-118	22.85	23.80	0.95	201022308		0.23
VK/KKU-118	23.80	24.50	0.70	201022309		0.45
VK/KKU-118	24.50	25.40	0.90	201022311		7.95

Feed Flotation Analysis

The feed sample was sized and each size fraction assayed for gold. 73.32% of the gold was found to be coarser than 106 micron which is readily recoverable by gravity (refer to **Table 11-49**).

Table 11-49 Size-Assay Analysis

Size Range (micron)	Weight g	Cumulative %	Gold g/t	Au Weight g	Au Distribution %
+106	688.1	78.0	3.02	0.002078	73.32
-106/+75	46.5	5.3	3.04	0.000141	4.97
-75/+53	33.8	3.8	3.71	0.000125	4.41
-53/+38	29.0	3.3	4.19	0.000121	4.26
- 38	85.1	9.6	4.34	0.000369	13.02
Calculated	882.5	100.0	3.21	0.002834	100.0
Assayed			5.84		

Figure 11-14 and **Figure 11-15** present the size and gold distributions graphically. 13.0% of the gold lies below 38 microns.

Figure 11-14 Cumulative Particle Size Distribution

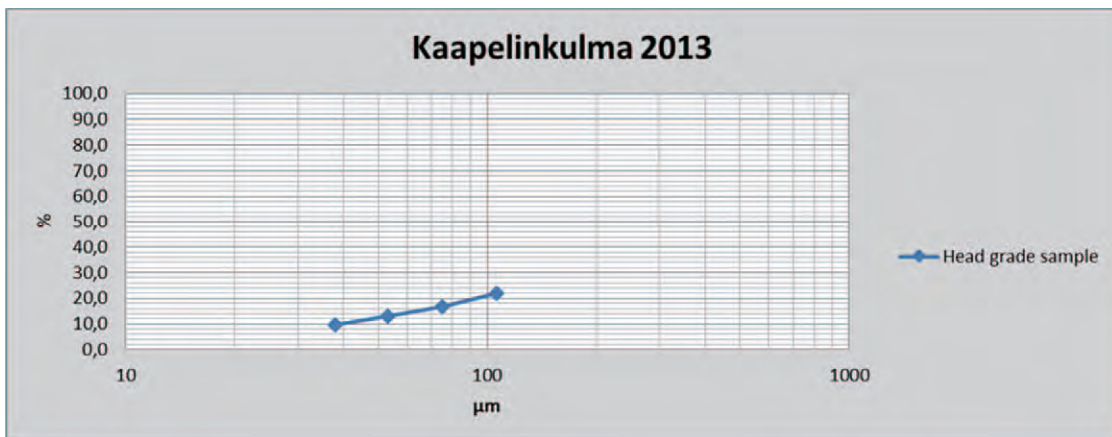
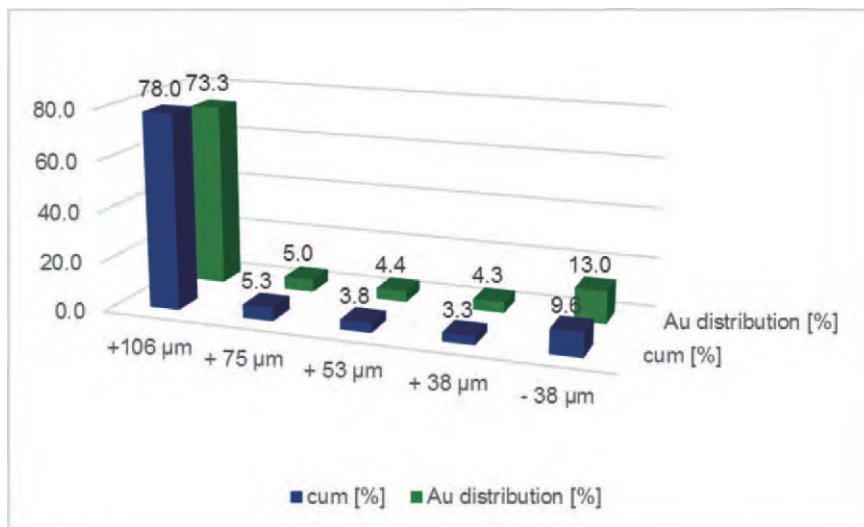


Figure 11-15 Particle Size and Gold Distributions by Size Fractions



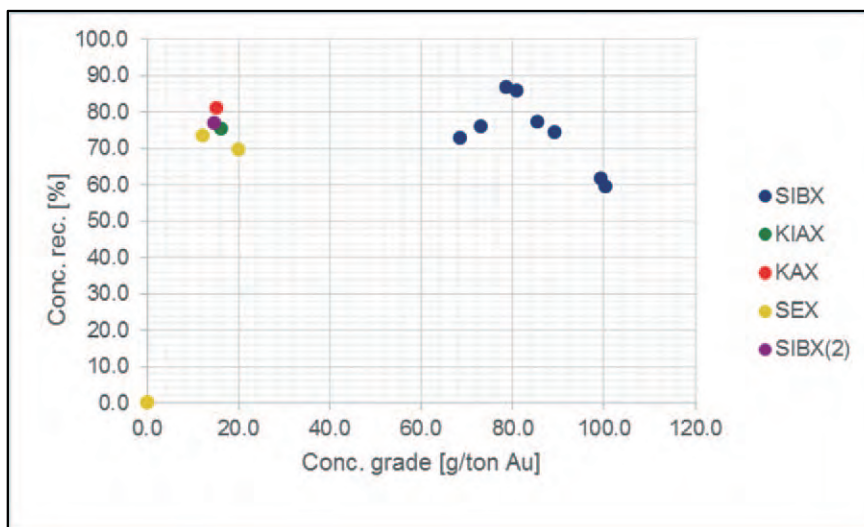
Flotation Testwork

Altogether 24 test flotations were conducted to determine major parameters to optimise flotation. These parameters include particle size, reagents (frother and xanthate) as well as the physical conditions for flotation, namely residence time and aeration rate.

Grind Size

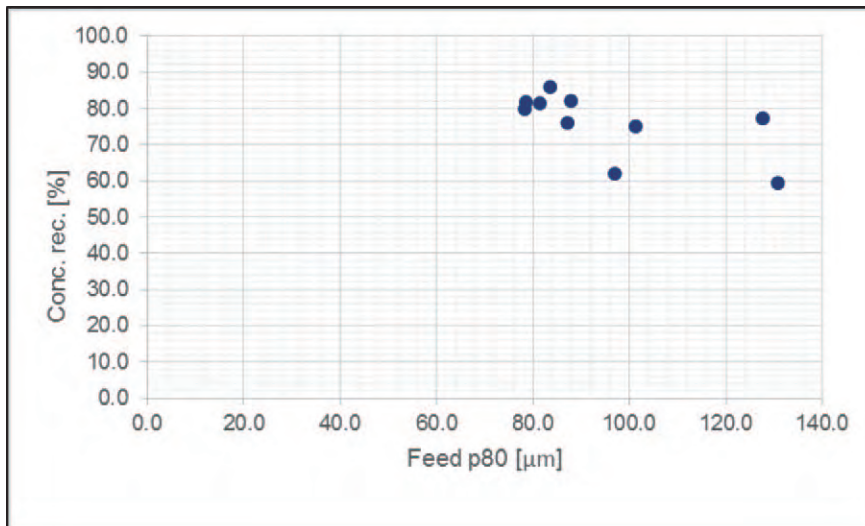
Figure 11-16 shows the effect of ball mill grinding upon the 80% passing size.

Figure 11-16 Grind Time versus 80% Passing Size



Flotation tests conducted with feed with different 80% passing size ranges showed that the best size needs to be less than 90 microns (refer to **Figure 11-17**). From this data it seems that optimum would lie around 85 microns.

Figure 11-17 P₈₀ and Gold Recovery



Frother

At the beginning of tests it was noted that a “skin like” layer was formed at the top of the froth layer preventing decent froth formation. MIBC and Oreprep 465 frothers were used as alternatives to Dowfroth 250 to see if a better froth layer could be formed. In these tests, Dowfroth 250 had best performance.

While comparing recoveries achieved with different frothers, Dowfroth 250 showed to be best alternative. While comparing of concentrate grades, MIBC was the most selective alternative, ahead of Dowfroth 250 and Cyttec Oreprep 549, which was expected.

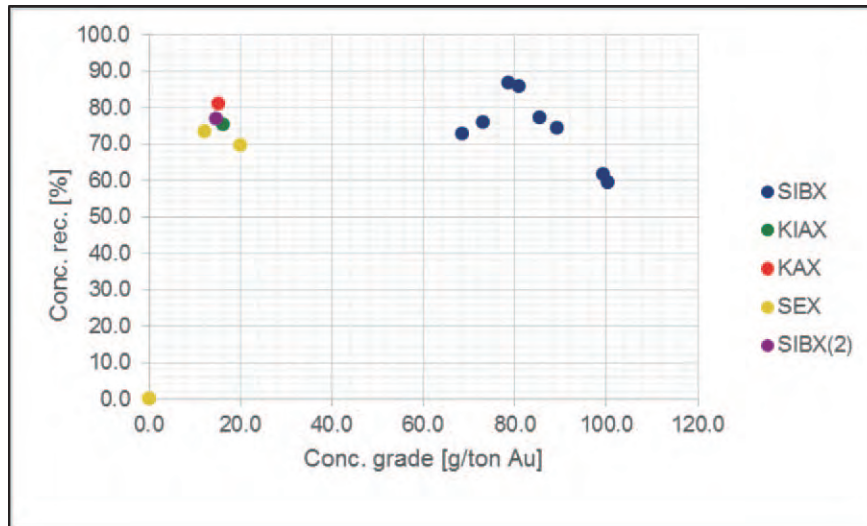
During testing, it was found that both the stator and rotor were worn and rotor even nearly totally blocked. This caused poor bubble formation in slurry. After replacement of these parts, the flotation behavior changed, which was seen especially with froth and a “skin like” layer was not formed.

Collector

Xanthates were tested to see if molecules with stronger collective power would provide better recovery in flotation. SIBX (Sodium Iso Butyl Xanthate) which is used in production in Vammala production centre was used as the reference. Addition rates were higher than used with current ore types in the plant. Both xanthate and dithiophosphate dosages were more than 50 g/t with Kaapelinkulma ore.

The data shown in **Figure 11-18** was sourced from test flotation's with two different feed grades and explains the difference in concentrate grades. Ore in these test had a head grade of gold under 2 g/t while with the ore used in the SIBX tests was more than 4 g/t.

Figure 11-18 Grade versus Recovery as a Function of Xanthate Type



It was partly surprising that collectors with longer hydrocarbon chain and thus stronger collection power did not provide higher recoveries or mass pulls. The only major difference was received with for SEX (Sodium Ethyl Xanthate), which was slightly more selective to gold than other collector types tested. Tests where SEX was used in combination with other collector showed similar phenomena.

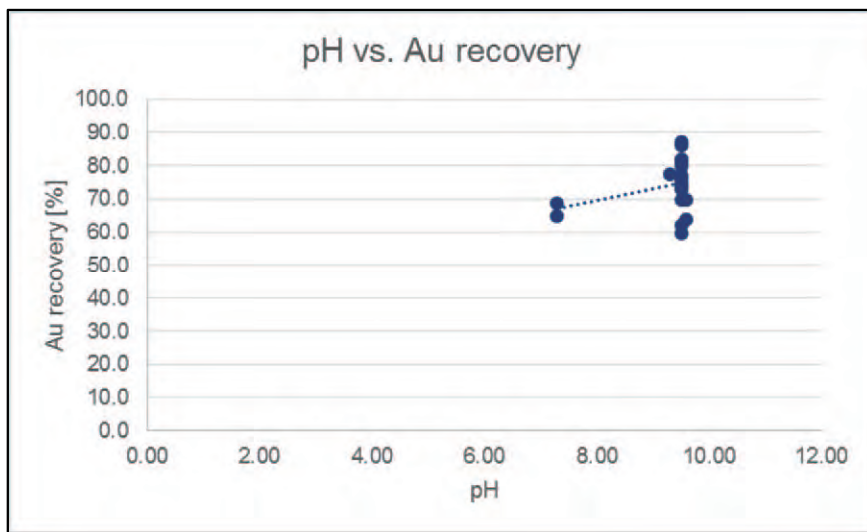
SIBX (Sodium Iso Butyl Xanthate) showed overall best results. Highest recoveries in test series were achieved with this collector type.

Ditiophosphate collector Danafloat 571 was used in all experiments.

pH and Aeration

Figure 11-19 shows that lower pH values do not have positive effect on flotation recovery of gold. Pulp aeration was used with four individual samples by mixing air prior conditioning for at least 10 minutes. Aeration (oxidative conditions) did not show any positive effect on flotation results.

Figure 11-19 pH as a Function of pH

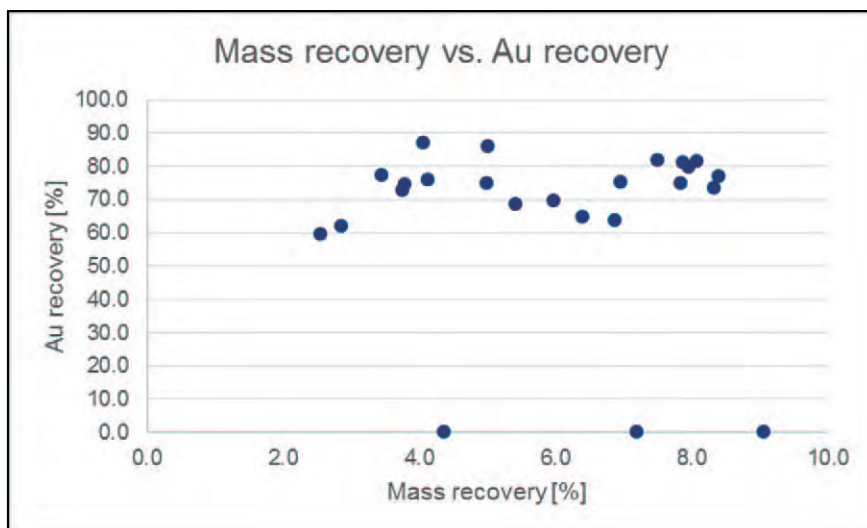


Mass Recovery

Figure 11-20 presents results from flotation tests where the gold recovery was measured as a function of increasing mass recovery. An optimum mass recovery lies between 6 and 8%.

Between mass recoveries of 4 to 5% there tends to be a local maximum in terms of gold recovery. There may be other factors causing this effect other than amount of mass pull.

Figure 11-20 Gold Recovery as a Function of Mass Recovery

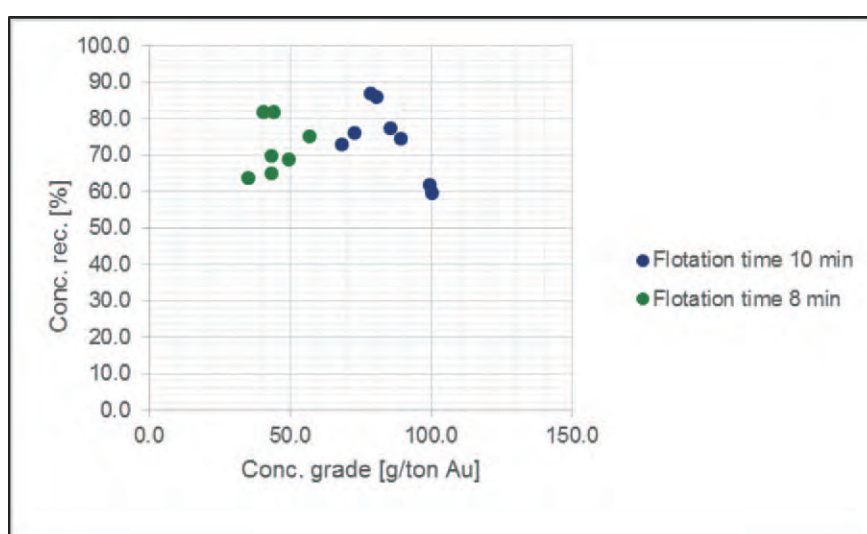


Flotation time

Best results were achieved with flotation time longer than is used with ore types that are currently treated. Initial tests were made with three concentration stages but later two stages were used to model existing process.

Figure 11-21 shows that a flotation time of 10 minutes produced the highest recoveries and concentrate grades.

Figure 11-21 Gold Recovery as a Function of Flotation Time



Longer flotation times are better suited for the Vammala concentrator since the current residence time is much more than desired with ores that are used in production now - Jokisivu and Orivesi. Thus, for Kaapelinkulma ores, the residence time would be optimal with existing production rate and density.

Concentrate Mineralogy

A MLA (Mineral Liberation Analysis) was undertaken on the Kaapelinkulma concentrate sample achieved from the test flotation series. From this analysis it was found that part of the gold is bound to maldonite, a bismuth mineral. Maldonite may have negative effect of leaching rate of Kaapelinkulma concentrate. Bismuth was not systematically analyzed from samples of this test series.

11.2 Svartliden Production Centre

11.2.1 Introduction

The Svartliden processing plant currently treats flotation concentrates produced by the Vammala processing operation in Finland and consists of a 300 ktpa CIL plant. The plant is located some 30km by road from the Fäboliden gold deposit where Dragon are evaluating the possibility of treating the higher grade gold zones mined by open cut methods. The mined ore would be treated with the Vammala concentrates not unlike the previous approach where Svartliden ores were processed with Vammala concentrates.

11.2.2 Mineralogy

The main sulphide minerals in the ore zone are arsenopyrite and pyrrhotite with accessory chalcopyrite, pyrite, and sphalerite. Arsenopyrite and pyrrhotite is often disseminated along the foliation or closely associated with quartz veins, while chalcopyrite and pyrite are mostly bound to quartz veins. Sphalerite often forms narrow veins parallel to foliation or clusters in quartz veins. A younger generation of pyrrhotite-arsenopyrite veins and clusters sometimes overprint the previous fabric.

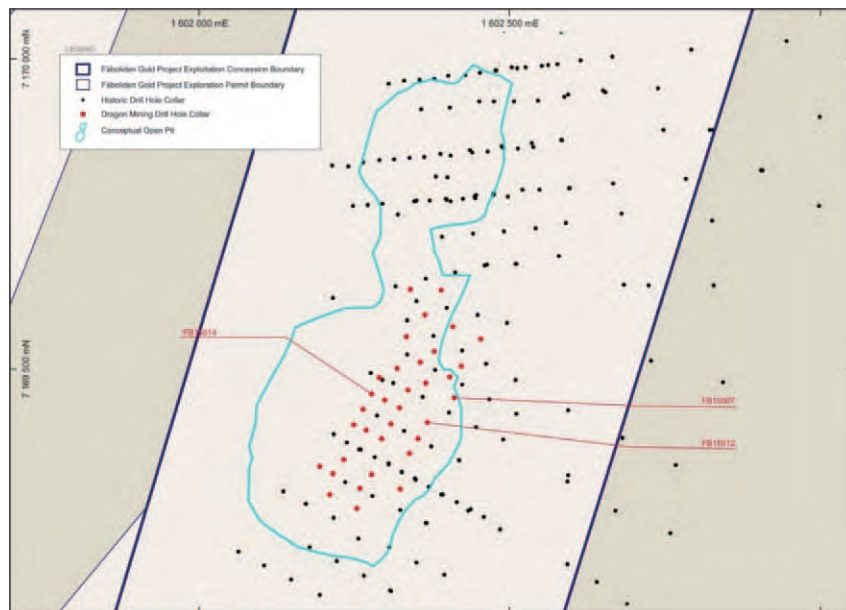
Stibnite has also been noted as an accessory mineral during core logging and like the chalcopyrite and pyrite is bound to quartz veins. The alteration assemblage consists of quartz, biotite, pyrrhotite, arsenopyrite, pyrite, feldspar, muscovite, chlorite and a range of rarer amphibole minerals. Narrow widespread boudinaged quartz-sulphides veins with biotite rims or without alteration haloes define the broad low grade mineralisation envelope.

Three samples were submitted to ALS in Brisbane, Australia for mineralogical assessment and selected from the area of the conceptual open-pit area representing three different gold ranges. The location of where these samples were taken is shown in **Figure 11-22** while the assay details are summarised in **Table 11-50**.

Table 11-50 Mineralogical Samples

Sample ID	Hole ID	From	To	Au (ppm)	Ag (ppm)	As (%)	S (%)	Sb (ppm)
150388	FB15007	119	120	18.60	62.1	1.22	2.15	729
150649	FB15012	110	111	8.13	26.8	2.41	2.96	644
150765	FB15014	25	26	3.52	16.4	3.05	3.40	403

Figure 11-22 Location of Mineralogical Samples



The mineralogical study included Extended Liberation Analysis to quantify the gangue and sulphide mineralogy and Sparse Phase Analysis for the search of gold bearing minerals. The results included a mineral list, mineral abundances, elemental distributions, mineral association (liberation and locking), grain size distributions and gold bearing minerals and their abundances.

The minerals identified in the Fäboliden samples are presented in **Table 11-51**.

All samples were enriched in sulphide minerals and dominated by arsenopyrite and pyrrhotite, varying in abundance between 2.9 wt.% to 7.6 wt.% and between 7.7 wt.% to 12.7 wt%, respectively (refer to **Table 11-52**). The pyrite and sphalerite abundances were found to range between trace to minor levels, whilst boulangerite, galena and chalcopyrite were present as only trace occurrences.

Non-sulphide minerals included abundant quartz (42 wt.% to 45 wt.%) and feldspars including K-feldspars, albite and plagioclase (12.9 wt.% to 31.7 wt.%). Muscovite and phlogopite (grouped into phyllosilicates) were also abundant (11.59 wt.% to 17.72 wt.%).

Table 11-51 Mineral List

Mineral	Density	Formula	Au (%)	Ag (%)	As (%)	Fe (%)	S (%)	Sb (%)
Gold	18.77	(Au,Fe)	98.95	0.00	0.00	1.05	0.00	0.00
Gold-Ag10	17.67	(Au,Ag,Fe)	90.27	9.14	0.00	0.59	0.00	0.00
Electrum-Ag30	15.32	(Au,Ag,Fe)	70.55	28.61	0.00	0.84	0.00	0.00
Electrum-Ag40	14.44	(Au,Ag,Fe)	60.80	38.62	0.00	0.58	0.00	0.00
Electrum-Ag50	13.41	(Au,Ag,Fe)	47.97	51.62	0.00	0.41	0.00	0.00
Dyscrasite	9.73	(Ag,Au) ₃ Sb	11.75	68.35	0.00	0.00	0.00	19.90
Aurostibite	9.95	(Au,Fe)(Sb,As) ₂	46.64	0.00	0.55	0.58	0.00	52.23
Aurostibite-FeNi	9.95	(Au,Fe,Ni)(Sb,As) ₂	36.67	0.00	2.70	2.16	0.00	55.39
Antimony	6.70	Sb	0.00	0.00	0.00	0.00	0.00	100.00
Arsenopyrite	6.09	FeAsS	0.00	0.00	46.13	34.07	19.80	0.00
Boulangerite	6.21	Pb ₅ Sb ₄ S ₁₁	0.00	0.00	0.00	0.00	18.93	24.82
Chalcopyrite	4.19	CuFeS ₂	0.00	0.00	0.00	30.43	34.94	0.00
Galena	7.54	PbS	0.00	0.00	0.00	0.00	13.40	0.00
Gudmundite	6.84	FeSbS	0.00	0.00	0.00	26.83	15.39	57.78
Lollingite	7.04	(Fe,Ni)(As,S,Sb) ₂	0.00	0.00	68.03	27.16	2.89	0.55
Pyrite	4.90	FeS ₂	0.00	0.00	0.00	46.55	53.45	0.00
Pyrrhotite	4.65	Fe ₇ S ₈	0.00	0.00	0.00	60.68	39.32	0.00
Sphalerite	4.05	(Zn,Fe,Mn,Co,Cd)S	0.00	0.00	0.00	7.04	33.25	0.00
Stannite	4.47	(Cu,Zn)FeSnS ₄	0.00	0.00	0.00	11.18	28.30	0.00
Tetrahedrite	4.88	(Cu,Ag,Fe) ₁₂ Sb ₄ S ₁₃	0.00	19.35	0.00	5.54	23.20	28.41
Ullmannite	6.74	(Ni,Fe,Co)(Sb,As)S	0.00	0.00	0.94	0.46	15.88	57.10
Rutile	4.46	TiO ₂	0.00	0.00	0.00	0.00	0.00	0.00
Calcite	2.79	(Ca,Mn)CO ₃	0.00	0.00	0.00	0.00	0.00	0.00
Apatite	3.21	Ca ₅ (PO ₄) ₃ (OH,F)	0.00	0.00	0.00	0.00	0.00	0.00
Monazite	5.16	(Ce,La,Nd,Pr,Sm,Th,U,Ca,Pb)(PO ₄ ,SiO ₄)	0.00	0.00	0.00	0.00	0.00	0.00
Scheelite	6.10	CaWO ₄	0.00	0.00	0.00	0.00	0.00	0.00
Xenotime	4.66	(Y,Dy,Er,Gd,Ho,Yb,Sm)PO ₄	0.00	0.00	0.00	0.00	0.00	0.00
Albite	2.62	NaAlSi ₃ O ₈	0.00	0.00	0.00	0.00	0.00	0.00
Allanite	3.82	(Ca,Mn,Mg)(Ce,La,Nd,Pr,Sm,Gd)(Al,Fe) ₂ Fe(Si ₂ O ₇)(SiO ₄)O(OH)	0.00	0.00	0.00	4.49	0.00	0.00
Alminosilicate	3.59	Al ₂ SiO ₅	0.00	0.00	0.00	0.00	0.00	0.00
K-feldspar	2.58	(K,Na)AlSi ₃ O ₈	0.00	0.00	0.00	0.00	0.00	0.00
Chamosite	3.12	(Fe,Mg) ₅ Al(Si ₃ Al)O ₁₀ (OH) ₈	0.00	0.00	0.00	29.80	0.00	0.00
Clinochlore	2.82	(Mg,Fe,Mn,K,Na) ₅ Al(Si ₃ O ₁₀)(OH) ₈	0.00	0.00	0.00	7.15	0.00	0.00
Clinzoisite	3.34	Ca ₂ (Al,Mg,Fe,Mn) ₃ (Si ₂ O ₇)(SiO ₄)O(OH)	0.00	0.00	0.00	1.80	0.00	0.00
Margarite	3.04	(Ca,Na)Al ₂ (Si ₂ Al ₂)O ₁₀ (OH) ₂	0.00	0.00	0.00	0.00	0.00	0.00
Muscovite1	2.83	(K,Na)(Al,Mg,Fe,V,Ti) ₂ Si ₃ AlO ₁₀ (OH) ₂	0.00	0.00	0.00	0.27	0.00	0.00
Muscovite2	2.83	(K,Na)(Al,Mg,Fe,V,Ti) ₂ Si ₃ AlO ₁₀ (OH) ₂	0.00	0.00	0.00	1.95	0.00	0.00
Prehnite	2.90	Ca ₂ Al(AlSi ₃ O ₁₀)(OH) ₂	0.00	0.00	0.00	0.00	0.00	0.00
Phlogopite	2.81	K(Mg,Fe,Mn) ₃ (Al,Ti,Fe,Cr,V)Si ₃ O ₁₀ (OH) ₂	0.00	0.00	0.00	2.61	0.00	0.00
Plagioclase1	2.67	(Na,Ca,K)[Al] ₁₋₂ [Si] ₃₋₂ O ₈	0.00	0.00	0.00	0.00	0.00	0.00
Plagioclase2	2.74	(Ca,Na)[Al] ₂₋₁ [Si] ₃₋₂ O ₈	0.00	0.00	0.00	0.00	0.00	0.00
Pumpellyite	3.25	Ca ₂ (Al,Mg,Fe)Al ₂ (SiO ₄)(Si ₂ O ₇)(OH,O) ₂ .H ₂ O	0.00	0.00	0.00	0.84	0.00	0.00
Quartz	2.67	SiO ₂	0.00	0.00	0.00	0.00	0.00	0.00
Titanite	3.50	Ca(Ti,Al)SiO ₅	0.00	0.00	0.00	0.00	0.00	0.00
Tourmaline	3.10	(Na,Ca)(Mg,Fe) ₃ (Al,Cr,V,Ti,Fe) ₆ (Si ₆ O ₁₈)(BO ₃) ₃ (OH) ₃ (OH)	0.00	0.00	0.00	0.49	0.00	0.00
Tremolite	3.01	([],K)Ca ₂ (Mg,Fe,Mn) ₅ (Si,Al) ₈ O ₂₂ (OH) ₂	0.00	0.00	0.00	0.66	0.00	0.00
Zircon	4.54	(Zr,Hf)SiO ₄	0.00	0.00	0.00	0.00	0.00	0.00
Iron	7.87	Fe	0.00	0.00	0.00	100.00	0.00	0.00

Table 11-52 Mineral Abundances

Mineral	150388	150649	150765
Gold minerals	0.00	0.00	0.00
FeAs sulphides	2.93	5.71	7.58
Fe sulphides	7.86	12.63	12.74
Other sulphides	0.28	0.56	1.42
Phosphates	0.39	0.82	0.24
Feldspars	31.67	12.85	16.18
Other silicates	0.00	4.13	4.33
Phyllosilicates	12.62	17.72	11.59
Quartz	42.30	44.44	45.00
Others	0.96	1.13	0.91
Total	100.00	100.00	100.00

The elemental distribution of gold and silver based on mineral composition and mineral abundances is summarised in **Table 11-53**. The silver is only included where detected in gold bearing minerals or in other minerals within the host particles.

The distribution of gold to the detected minerals is consistent with the relative mineral abundances. The high silver bearing electrum was the source of the majority of gold in samples 150388 and 150765. Gold-Ag₁₀ contributed significant gold in sample 150649. Auostibite was a significant source of gold in samples 150649 and 150765. Auostibite is a gold-antimony compound.

Table 11-53 Gold and Silver Elemental Distributions to Gold and Host Minerals

Mineral	150388 Ag	150649 Ag	150765 Ag	150388 Au	150649 Au	150765 Au
Gold	0.00	0.00	0.00	0.02	1.75	1.99
Gold-Ag ₁₀	0.13	11.73	0.34	1.03	44.15	2.23
Electrum-Ag ₃₀	3.74	14.93	9.93	7.46	14.03	16.18
Electrum-Ag ₄₀	51.79	47.29	46.44	65.93	28.36	48.33
Electrum-Ag ₅₀	28.50	17.32	27.75	21.42	6.13	17.05
Dyscrasite	13.25	8.71	12.74	1.84	0.57	1.45
Auostibite	0.00	0.00	0.00	1.76	4.59	12.77
Auostibite-FeNi	0.00	0.00	0.00	0.55	0.41	0.00
Total	97.40	100.00	97.20	100.00	100.00	100.00
Tetrahedrite	2.60	0.00	2.80			
Total	100.00	100.00	100.00			

The distribution of copper in the samples was as chalcopyrite, and in both chalcopyrite and tetrahedrite for one sample. Lead is found predominantly as boulangerite and galena, whilst zinc in was present as solely sphalerite. Between 70% and 74% of the iron reported was present as pyrrhotite with the remainder mainly in arsenopyrite. Pyrite only accounted for a minor amount of the iron. More than 70% of the sulphur was attributed to pyrrhotite, with the remainder in predominantly arsenopyrite and pyrite. The sulphur distribution is shown in **Table 11-54**.

Table 11-54 Sulphur Distribution

Mineral	150388	150649	150765
Arsenopyrite	15.48	17.67	21.52
Boulangerite	0.57	0.13	0.06
Chalcopyrite	0.17	0.14	0.16
Galena	0.07	0.05	0.05
Gudmundite	0.05	0.08	0.06
Lollingite	0.02	0.00	0.00
Pyrite	2.05	8.10	0.24
Pyrrhotite	80.91	71.61	71.66
Sphalerite	0.60	2.18	6.22
Tetrahedrite	0.05	0.01	0.01
Ullmannite	0.03	0.03	0.02
Total	100.00	100.00	100.00

Electrum-Ag30, -Ag40 and -Ag50 were the most abundant gold minerals detected in the samples. As shown in **Table 11-55** except for electrum-Ag50 in sample 150649, the electrum grains tended to be relatively coarse in samples 150388 and 150649. The electrum in sample 150765 was relatively fine grained with maximum diameters less than 12 microns for all variants.

Gold-Ag10 represented a significant proportion of the detected gold occurrence in sample 150649 only. The 80% passing values for minimum and maximum diameters were relatively coarse for this sample at 13 microns and 42 microns respectively. When all of the gold bearing grains were grouped the percentage passing data P80 values for the minor axis varied from 5.5 microns to 24.5 microns and for the major axis from 10.7 microns to 96 microns.

Table 11-55 Grouped Gold Bearing Mineral Maximum and Minimum Sizing

Minimum Passing Size (micron)	150388	150649	150765
P10	1.9	1.8	1.0
P20	3.6	3.0	1.4
P50	10.6	11.1	2.7
P80	23.9	24.5	5.5
P90	25.5	25.8	8.1
Maximum Passing Size (micron)	150388	150649	150765
P10	3.9	3.4	1.9
P20	6.7	6.3	2.6
P50	26.4	20.5	5.4
P80	96.1	69.1	10.7
P90	101.1	72.1	11.2

The grouped gold bearing grains in all samples showed a strong association with sulphide minerals and the most abundant gangue minerals for all of the samples (refer to **Table 11-56**). Arsenopyrite, boulangerite and pyrrhotite were commonly associated with gold grains.

Table 11-56 Grouped Gold Mineral Associations (%)

Mineral	150388	150649	150765
FeAs Sulphides	11.1	10.2	12.6
Fe Sulphides	2.5	6.1	7.4
Other Sulphides	7.9	8.7	6.3
Phosphates	0.0	0.0	0.3
Feldspars	19.5	13.5	8.1
Other Silicates	6.6	5.0	23.6
Phyllosilicates	8.6	10.6	6.0
Quartz	17.8	22.5	20.6
Others	1.0	0.4	1.0
Free Surface	25.1	22.9	14.0

The hosting of gold grains by silicate minerals was diverse and included feldspars, quartz and micas. The most common association was with quartz (17.8 wt. % to 22.5 wt. %) as shown in **Table 11-57**.

Table 11-57 Grouped Gold Minerals with Gangue Minerals Association (%)

Mineral	150388	150649	150765
Arsenopyrite	11.1	10.2	12.6
Boulangerite	5.7	2.5	3.3
Pyrrhotite	2.5	5.9	7.4
Ullmannite	0.3	3.1	0.8
Albite	6.2	2.2	1.4
K-feldspar	4.8	7.6	3.6
Clinozoisite	2.5	2.7	0.3
Muscovite	5.6	7.1	6.0
Prehnite	0.0	0.0	22.3
Phlogopite	2.5	3.1	0.0
Plagioclase 1	8.0	3.1	2.4
Pumpellyite	3.6	1.4	0.0
Quartz	17.8	22.5	20.6

11.2.3 Ore Types

Ore types have not been specifically addressed since the material to be treated is surface material. However variations in gold grade have been recognised (cf. mineralogical studies) while differences in gold recovery between testwork conducted by Ammtec in 2001 and more recent testwork (ALS, 2014) may be due to ore types.

The ore zone at Fäboliden in the area of the proposed open pit area is characterised by intensive, pervasive silicification and the presence of numerous quartz veins parallel to the foliation. It is predominantly hosted in meta-sedimentary units, further to the north and south of this area meta-volcanics are the primary host unit. From an ore type perspective, lithology appears to be relatively consistent and does not provide the basis for variability in ore types.

The ore and waste zones represent fresh rock, oxidation is limited to fracture surfaces, generally in the first five to ten m below the bedrock surface. The bedrock underlies an unconformable glacial till layer that ranges from 1 to 15 m in thickness and contains no gold. A head grade of 2.5 to 3.0 g/t gold is expected from the ore zone. The existence of only one degree of oxidation removes this classification as an ore type.

The final potential ore type classification is variability in mineralogy, namely high and low grade zones of pyrrhotite. The mineralogical studies seem to indicate that the abundance of the pyrrhotite does not vary appreciably within the likely mining zones and thus does not contribute to selection as an ore type. In spite of previous differences in metallurgy between testwork programs, only one ore type would appear to exist.

11.2.4 Metallurgical Testwork

Introduction

Several metallurgical testing campaigns have been carried out, namely:

- Initial test work conducted in 2001 “Metallurgical Test Work Conducted on an Ore Sample from the Fäboliden Gold Deposit for Swedish Geochem Services AB”, Ammtec, Report No. A7732.
- Autogenous comminution flotation and leaching test work in 2006 “Autogenous Grinding and Bench Scale Tests on Fäboliden Gold Ore Deposit”, Minpro AB.
- Comminution results reported in 2012 by Metso Minerals in “Fäboliden Grinding Circuit Trade-Off Study” from Ammtec report No A12666 and “Boliden Process Technology report TM_REP2004/2005”.
- Leaching test work in 2012 by GTK, Finland (raw data only).
- Flotation test work in 2012 by GTK Finland (raw data only).
- INCO detoxification test work in 2012 by GTK Finland (raw data only).
- Comminution and whole-ore leaching test work conducted in 2014 “Metallurgical Test Work conducted upon Composite from Fäboliden Gold Ore Project for Minnovo/Dragon Mining Sweden AB”, ALS Metallurgy Report No. A15995.

In addition, a 1,000 tonne parcel of Fäboliden ore was processed through the Svartliden processing plant in October 2014, the results of which were summarised in “*Report 1 ktonne test batch Fäboliden ore*” by Dragon Mining.

Historical metallurgical testwork conducted on samples from Fäboliden were based on the flowsheet adopted by the previous owners (Lapland Goldminers AB), which consisted of a flotation circuit and cyanide leaching of the flotation concentrates. Metallurgical testwork examining the leaching of whole rock samples was limited.

As part of the due diligence process preceding acquisition of the project, Dragon Mining submitted representative drill core samples from the near surface higher grade zone at Fäboliden to ALS Metallurgy in Perth for benchscale comminution and leaching testwork, using process parameters from the Svartliden plant as reference. This testwork program was managed by an independent consultant (Minnovo Pty Ltd,).

The comminution results showed moderate hardness and abrasion, with a Bond Ball Mill Work Index (BBMWi) of 15.3kWh/t and a Bond Abrasion index (Ai) of 0.2614. Modelling of the Svartliden mill based on the obtained parameters showed that for a grind size of P₈₀ of 75 microns, a throughput range of 33 to 42 t/hr would be achievable at Svartliden. Similarly, for a grind size of P80 of 106 microns a throughput range of 46 to 53 t/h would be possible.

The separation testwork program examined whole ore cyanide leaching and found gold recoveries ranging from 70.3% to 84.4%. All tests completed displayed relatively fast leaching, with approximately 97% of the final gold extraction being achieved after 16 hours.

Samples

Table 11-58 summarises the samples and associated head grades used in the various testwork campaigns.

Table 11-58 Sample Testwork Details

Campaign	Sample	Au (g/t)	STOTAL (%)	As (%)	CuCNSOL (ppm)	CuTOTAL (ppm)
Ammtec 2001	Fäboliden Composite	2.06	2.64	0.89		340
	2.4 g/t MC — 1.5 mm	2.15	2.49			
GTK 2012	3.5 g/t MC — 1.5 mm	2.06	3.98			
	Carbon sample MC — 1.5 mm	1.23	2.23			
	Low Grade Ore — 1.5 mm	0.68				
ALS 2014	Fäboliden HG Composite	3.12*	3.18	0.99	106	145
Plant Trial 2014	Fäboliden Ore	3.02				

*Fire assay

Metallurgical samples for the most recent ALS testwork programs were prepared from historical drill core samples and prepared as two composites reflecting a higher and lower grade (refer to **Table 11-58** and **Table 11-60**). The location of these samples is shown in **Figure 11-23**.

Table 11-59 High Grade Composite Details

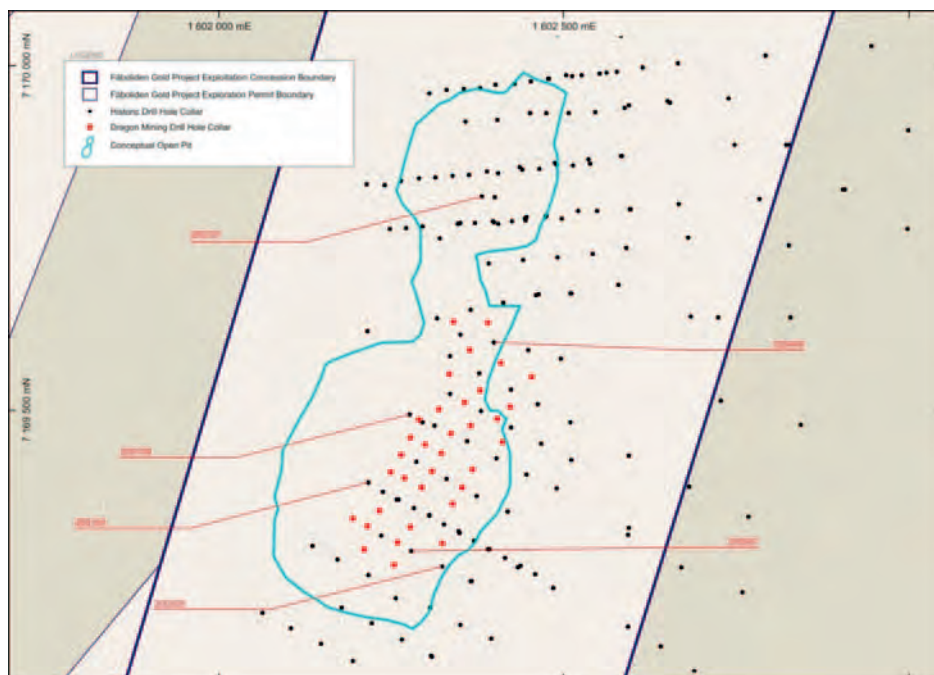
Sample ID	From (m)	To (m)	Mass (gm)	Grade Au (g/t)
200707	7.5	8.5	611.3	0.99
	8.5	9.5	759.5	6.02
	9.5	10.5	894.7	1.76
	10.5	11.5	946.5	1.41
	11.5	12.5	875.2	1.73
	12.5	13.5	937.8	3.74
	13.5	14.5	893.2	0.73
200709	12.1	13.1	683.0	2.11
	14.1	15.1	802.6	8.06
	15.1	16.1	808.1	11.85
	16.1	17.1	789.9	1.07
200104	14.0	15.0	630.7	3.08
	16.0	17.0	763.2	0.89
	17.0	18.0	696.5	1.96
	20.0	21.0	753.7	0.67
	21.0	22.0	690.8	0.85
	22.0	23.0	794.7	2.58

Sample ID	From (m)	To (m)	Mass (gm)	Grade Au (g/t)
200508	129.0	130.0	1092.9	0.88
	130.0	131.0	1111.7	11.35
	131.0	132.0	907.2	3.53
	132.0	133.0	899.5	1.72
	133.0	134.0	977.4	1.39
	134.0	135.0	911.6	0.76
	135.0	136.0	938.2	2.81
	138.0	139.0	990.1	7.46
	139.0	140.0	906.2	0.75
	140.0	141.0	1016.5	2.52
200406	141.0	142.0	897.1	1.56
	36.9	37.9	725.6	2.43
	37.9	38.9	778.5	1.39
	38.9	39.9	704.5	2.66
	39.9	40.9	770.8	6.36
	40.9	41.9	720.0	1.25
	42.9	43.9	660.3	0.70
	43.9	44.9	782.5	0.84
	44.9	45.9	791.7	2.51
	45.9	46.9	812.9	3.22
200507	46.9	47.9	735.1	1.50
	47.85	48.75	770.9	0.53
	78.5	79.5	883.4	1.31
	82.5	83.5	852.5	1.03
	84.5	85.5	971.5	0.70
	88.5	89.5	839.7	0.50
	92.5	93.5	818.7	15.40
	96.5	97.5	674.2	0.80
98.5	99.5	644.2	0.89	
100.5	101.5	749.5	0.89	
102.5	103.5	670.2	0.96	
Total			39,337	2.80

Table 11-60 Low Grade Composite Details

Sample ID	From (m)	To (m)	Mass (gm)	Grade Au (g/t)
200414	112.3	113.3	817.7	1.62
	114.3	115.3	974.7	0.64
	115.3	116.3	720.0	1.61
	116.3	117.3	872.4	0.58
	119.3	120.3	876.0	2.21
	120.3	121.3	836.3	0.76
	123.3	124.3	822.0	1.02
	124.3	125.3	756.9	1.99
	125.3	126.3	786.8	1.47
	126.3	127.3	834.7	0.42
	127.3	128.3	856.8	1.61
	129.3	130.3	682.9	2.78
	130.3	131.3	642.0	2.12
	133.3	134.3	732.2	1.29
	134.3	135.3	784.1	1.04
	135.3	136.3	576.8	1.63
	136.3	137.3	615.2	2.04
	137.3	138.3	732.3	1.91
	138.3	139.3	593.8	1.19
139.3	140.3	596.1	0.63	
140.3	141.3	760.7	2.06	
141.3	142.3	750.8	1.43	
200416	198.1	199.1	849.9	1.52
	200.1	201.1	832.8	0.58
	201.1	202.1	799.2	1.58
	202.1	203.1	890.3	1.97
	203.1	204.1	848.6	2.84
	204.1	205.1	907.9	1.00
	205.1	206.1	892.0	0.68
	206.1	207.1	696.4	0.71
	207.1	208.1	719.2	0.83
	209.1	210.1	755.4	2.19
	212.1	213.1	842.3	0.92
	213.1	214.1	720.1	1.54
	214.1	215.1	875.6	2.30
	215.1	216.1	653.7	2.36
	217.1	218.1	670.6	1.32
	218.1	219.1	627.8	0.85
	220.7	221.7	653.0	0.90
	221.7	222.7	624.1	3.05
	222.7	223.7	746.6	0.54
223.7	224.7	674.1	1.00	
226.7	227.7	742.3	0.79	
227.7	228.7	562.4	1.53	
Total			45,700	1.42

Figure 11-23 Location of Recent ALS Testwork Samples



Comminution Testwork

Previous comminution testwork results are summarised in **Table 11-61**. While details of the samples are not fully known, recent comminution testwork at ALS supports the general findings that the ores are moderately hard (Bond Ball Mill Work Index of 15.3 kWh/t for 80% passing 90 microns) and moderately abrasive (Bond Abrasion Index of 0.2614).

Table 11-61 Comminution Testwork Details

Campaign	Sample	DWi (kW/m ³)	A x b	CWi (kWh/t)	BRMWi (kWh/t)	BBMWi (kWh/t)	Ai(g)
Ammtec 2001	Fäboliden					14.2	0.32
Metso 2012 (Ammtec A12666)	IVT Composite (FBI 200620: 369-392 m)	10.92	27.4		28.1	17.8 -19.8	0.56
	MAG Composite (FBI 200620: 431-448m - 454-461m)	9.92	27.9		19.3	12.0 -13.7	0.33
	Fäboliden Master Composite					14.7	
Metso 2012 (Boliden Report)	Fäboliden			23.7			040
ALS 2014	Fäboliden HG					15.3	0.26
Average		10.4	27.7		23.7	15.0	0.38
80th percentile					26.3	15.9	0.44

Metso Minerals were engaged by Golder Associates in 2012 to review the comminution circuit for a new 1.5 Mtpa facility to treat Fäboliden ore, based on comminution work conducted by Ammtec, Boliden and Minpro. More details of the comminution parameters reported by Ammtec (A12666) are summarised in **Table 11-62**.

Table 11-62 Ammtec Comminution Results

Sample	Particle size (μm)		Test Aperture	BWi
	F80	P80	Pi (μm)	(kwh/t)
IVT Composite (FBI 200620: 369-392 m)	2,506	57	75	19.8
IVT Composite (FBI 200620: 369-392 m)	2,506	73	106	18.4
IVT Composite (FBI 200620: 369-392 m)	2,506	104	150	17.8
MAG Composite (FBI 200620: 431-448m - 454-461m)	2,596	57	75	13.7
MAG Composite (FBI 200620: 431-448m - 454-461m)	2,596	77	106	12.2
MAG Composite (FBI 200620: 431-448m - 454-461m)	2,596	102	150	12.0
Fäboliden Master Composite (-5mm bag)	2,881	88	106	14.7

The IVT and MSAG composites are much more competent and abrasive than the other Fäboliden samples tested. The comminution parameters presented in the Metso Minerals report from Boliden Process Technology (TM_REP2004/054) were:

- Abrasion Index (Ai): 0.40g.
- Crusher Impact Work Index (CWi): 23.7kWh/t (average of 10 samples).

While the identity of these samples is not clear, the results indicate a more abrasive and possibly harder ore than is proposed to be treated.

Separation Testwork

ALS/Ammtec

The results of benchscale leaching testwork conducted by Ammtec/ALS with Fäboliden ore samples are summarised in **Table 11-63**.

Table 11-63 Summary of Leaching Testwork Results

Campaign	Leach Test	Grind Size P ₈₀ (µm)	Calc'd Head (Au g/t)	Leach Residue (Au g/t)	Gold Recovery (%)	Consumption (kg/t)	
						Lime	NaCN
Ammtec 2001	Standard ³	150	2.26	0.82	63.7	0.26	0.75
	Standard	106	2.29	0.69	70.0	0.26	0.75
	Standard	75	2.24	0.53	76.5	0.27	0.75
	Standard	45	2.38	0.42	82.4	0.28	0.78
	Standard	25	2.33	0.29	87.5	0.27	0.90
	Standard	150	2.89	0.86	72.4	0.26	0.99
	Standard	106	3.54	0.83	73.4	0.25	0.92
	Standard	75	2.67	0.79	74.7	0.31	0.93
	Standard	53	3.18	0.84 ²	73.1	0.25	1.19
ALS 20141	Low cyanide	53	3.29	0.87	72.1	0.40	0.72
	High cyanide	53	3.19	0.80	74.4	0.29	1.95
	Lead nitrate	53	3.31	0.81	74.0	0.29	0.81
	2 hour	53	3.23	0.84	73.1	0.60	0.71
	pre-oxidation + lead nitrate						
	Gravity tail + Amalgam tail	53	2.97	0.53	83.0	0.80	0.32
	Gravity tail	53	3.13	0.49 ⁴	84.2	0.94 ⁵	0.26 ⁵

1. ALS 2014 gold recovery results are based on the residue grade and average head grade.
2. Residue grade is the average of the 500 ppm and 2000 ppm NaCN tests as the 1,000 ppm NaCN test had an anomalous result.
3. Standard leach conditions were 1,000 ppm NaCN, pH 10.5 and 24 hours bottle roll leach time.
4. Assumes a 95% recovery on the 5.2% mass that reported to the gravity concentrate, based on the 10 µm regrind leach test results on flotation concentrate in the Ammtec 2001 test work that provided 97.4% recovery.
5. Consumption only for gravity tail leach. No allowance made for leaching of gravity concentrate.

A flotation-leaching flowsheet where both the flotation concentrate and tailings were leached resulted in an overall gold recovery of 93.4% however with a high cyanide consumption (6.5 kg/t) (refer to **Table 11-64**).

The flotation concentrate was reground to 80% passing 10 microns, leached for 96 hours and effectively complete after 12 hours with a gold recovery of 97.4%. The flotation tailings were leached at a cyanide concentration of 1,000 ppm for 24 hours and returned a gold recovery of 73.0%.

Table 11-64 Flotation-Leaching Testwork Results

Float Mass Recovery %	Reground Conc. P80 (µm)	Flotation Tail Grind Size P80 (µm)	Gold Recovery (%)			Combined Leach Residue Grade Au g/t	Overall NaCN cons. (kg/t)
			Leached Flotation Conc.	Leached Flotation Tailing	Total		
11.8	10	75	81.5	11.9	93.4	0.16	6.5

The flotation stage was based on a grind size of 75 microns with copper sulphate activation (3 minutes) followed by 17 minutes of flotation with potassium amyl xanthate (refer to **Table 11-65**).

Table 11-65 Flotation-Leaching Testwork Results

Grind Size P80 (microns)	Concentrate					Tailing				
	Wt (%)	Gold		Sulphur		Wt (%)	Gold		Sulphur	
		g/t	Dist'n (%)	%	Dist'n (%)		g/t	Dist'n (%)	%	Dist'n (%)
75	11.77	17.2	83.79	23.0	99.35	88.23	0.446	16.27	0.002	0.65

The high grade sample had a head grade of 3.20 to 3.30 g/t Au with 0.986% As, 0.033% Sb and 2.82% S. Diagnostic leaching studies found that 77.1% of the gold was readily dissolved by cyanide with 11.57% locked in sulphides. While some of the gold was locked in gangue (~3.8%), the identification of gold as preg-robbed and locked in telluride (overall~7.54%) appears misleading since little organic carbon or telluride was found in the sample. It is likely that more than 80% is readily recoverable at this feed grade depending upon the grind size.

This compares well with the result found by Ammtec in 2001 that 81.5% of the gold was readily soluble in cyanide, with 13% locked in sulphides and 5.1% tied up in silicates.

The testwork program examined grind size, cyanide concentration, pre-oxidation (2 hours), lead nitrate (100g/t) and gravity concentration. 80% passing 53 microns produced the best gold recovery and was selected as the grind size for further testwork.

Leaching testwork was conducted as bottle rolls at pH 10.5, a base-line initial cyanide concentration of 1,000 ppm and a dissolved oxygen concentration between 15 to 20 mg/L. Solution samples were taken after 2,4,8 and 24 hours. In the pre-oxidation test, 2 hours of oxygenation was applied followed by the addition of lead nitrate prior to bottle rolling. **Table 11-66** summarises the findings of the leaching testwork program.

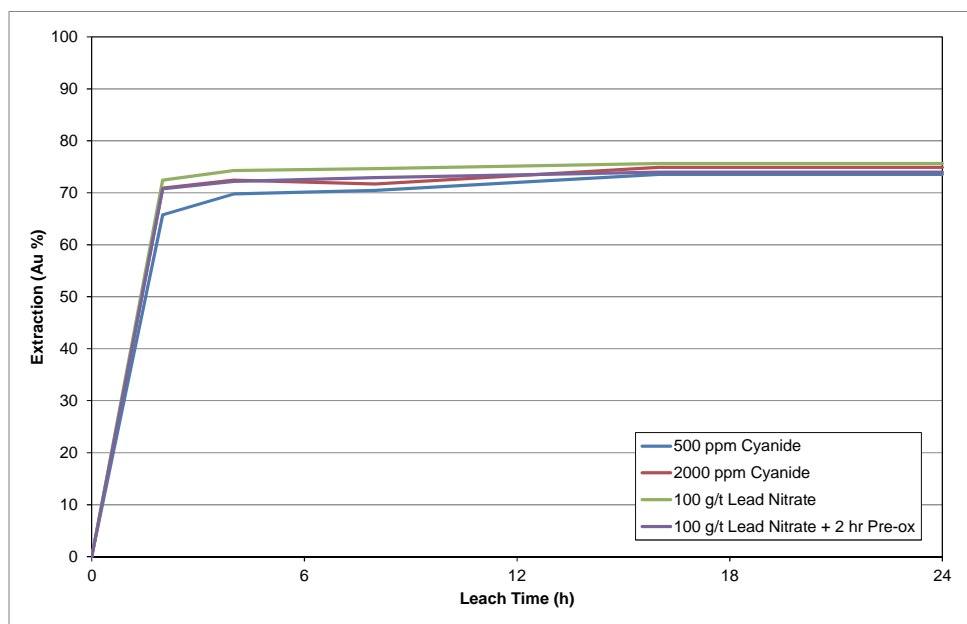
Table 11-66 Bottle Roll Testwork Results

Grind Size (P80, microns)	Initial NaCN Concentration (ppm)	Comment	Gold Recovery (%)				Gold Grade (g/t)		Reagent Consumption (kg/t)	
			2 hours	4 hours	8 hours	24 hours	Calculated Feed	Leach Residue	NaCN	Lime
150	1,000	Standard test conditions	55.9	61.3	63.3	70.3	2.89	0.86	0.99	0.26
106			57.7	64.8	67.7	76.6	3.54	0.83	0.92	0.25
75			56.8	63.1	65.3	70.4	2.67	0.79	0.93	0.31
53			71.5	75.3	74.5	84.4	3.18	0.50	1.19	0.25
53	500	Lead nitrate Pre-oxidation + lead nitrate	65.7	69.8	70.5	73.6	3.29	0.87	0.72	0.40
	2,000		70.9	72.4	71.7	74.9	3.31	0.81	1.95	0.29
	1,000		72.5	74.3	74.6	75.7	3.31	0.81	0.81	0.29
	1,000		70.8	72.2	72.9	74.0	3.23	0.84	0.71	0.60

The feed grade for the test employing a grind size of 75 microns was considered anomalously low at 2.67 g/t Au; based on the average head grade of 3.12 g/t Au, a gold recovery of 74.7% is indicated. In addition, the residue or tailings grade for the 53 micron grind size was also considered anomalously low at 0.50 g/t Au, particularly in the light of the other residue results for this grind size.

As **Figure 11-24** shows, gold dissolution is relatively fast, with most (~94%) of the cyanidable gold being recovered in the first three hours.

Figure 11-24 Whole Ore Leaching Kinetics



Gravity concentration testwork found that 28.3% of the gold could be recovered at a grind size of 80% passing 150 microns and that, after regrinding to 80% passing 53 microns, 58.1% of the gold could be recovered from the gravity tailings. Overall, 86.2% gold recovery was found with a significantly lower final tailings assay (0.45g/t Au). Other gravity testwork, employing amalgamation and leaching, produced similar results (refer to **Table 11-67**).

Table 11-67 Gravity Testwork Results

Test	Grade (Au g/t)		Gravity		Amalgamation Recovery (Au %)	Leach Recovery (Au %)	Total Recovery (Au %)	
	Head	Residue	Mass %	(Au %)			Calculated Head	Average Head ¹
Whole Ore Leach	3.31	0.81				75.65	75.6	74.0
Leach of Gravity Tail and Amalgam Tail	2.97	0.53			5.9	76.44	82.3	83.2
Leach of Gravity Tail Only	3.13	0.45	5.2	28.3 ²		58.08	86.4	86.2

Average head grade of 3.12g/t Au as determined by screen fire assay.

Assumes 100% of gold in gravity concentrate is recovered. There will be some gold lost in this stream, depending on the process used. For example, a regrind to a P80 of 10 µm and leach would result in around 95% recovery of the 28.3% gold in the gravity concentrate, reducing the overall recovery to 84.2%.

Testwork on a low grade composite (ALS, A16026, 2014) was based on establishing the potential for heap leaching. The sample assayed 1.42/1.48g/t Au with 1.04% As, 2.34% S and 0.63% Sb. At 80% passing 106 microns, 57.5% of the gold was recovered after 24 hours with an agitated leach, with around 92% of the gold recovery occurring in the first two hours.

Subsequent bottle rolls at 100% passing 12.5mm and 6.3mm found that in both cases, less than 30% gold recovery was achieved after 120 hours. Further testwork was not conducted, indicating the non-viability of heap leaching this lower grade ore.

GTK (2012)

Only raw results of test work conducted by GTK Finland for Lappland Goldminers AB were available. There were no details of the samples or their representativeness.

The program appeared to involve:

- Flash flotation at a grind P₈₀ of approximately 300µm;
- Subsequent rougher flotation at a grind P₈₀ of 60µm;

- Regrinding of the flotation concentrate to a P_{80} of 10 μ m;
- Separate cyanide leaching of the flotation products.

The results do not clearly show the testwork flowsheet and the sample names did not align between the flotation and leach results, meaning that a full interpretation of the results was not possible. The average flotation recovery was approximately 89% with a 20% mass pull to concentrate.

The subsequent leaching of the flotation concentrate recovered an average of 87% of the contained gold, while an average gold recovery of 78% was found for the flotation tailings.

The flotation results are summarised in **Table 11-68**, while the results of the leaching results for the flotation products are presented in **Table 11-69**.

INCO detoxification test work was also completed on selected leached samples. Given the INCO process is not used at Svartliden, the results of this test work have not been analysed as part of this review.

Table 11-68 GTK 2012 - Flotation Results

Sample	Test No.	Head Grade (Au g/t)		Combined Concentrate			Tailings		
				Weight	Gold		Weight	Gold	
		Assay	Calculated	%	g/t	Distribution %	%	g/t	Distribution %
2.4 g/t MC - 1.5 mm	1	2.15	2.41	19.0	10.8	85.2	81	0.44	14.8
	2	2.15	2.24	20.3	9.72	88.3	79.7	0.33	11.7
3.5 g/t MC - 1.5 mm	1	2.06	1.74	23.9	6.99	96.1	76.1	0.09	3.9
Carbon sample MC — 1.5 mm	1	1.23	1.31	23.2	4.86	86.0	76.8	0.24	14.0
Low Grade Ore — 1.5 mm	1	0.68	0.78	16.4	4.12	87.1	83.6	0.12	12.9
	2	0.68	0.7	16.8	3.77	90.5	83.2	0.08	9.5

Primary grind P_{80} of 60 μ m

Minpro AB (2006)

Benchscale and pilot scale testwork was conducted in 2006 by Minpro AB on three large samples (72 tonnes in total) from Fäboliden which examined autogenous milling, flotation and leaching. Since the flowsheet does not reflect the adopted flowsheet, no review has been conducted on this data set.

Other Testwork

Ammtec (2001) conducted viscosity determinations on slurries with 40%, 50% and 60% solids. The results indicate that no issues would be encountered (e.g. sizing of interstage screens and oxygen dispersion).

Settling tests were also undertaken on presumably tailings samples with non-ionic flocculants. Rapid settling rates were found with clear supernatant fluid. The results are summarised in **Table 11-70**.

Table 11-69 GTK 2012 - Flotation Product Leaching Results

Sample / Test	Calc'd Head (Au g/t)	Leach Residue (Au g/t)	Carbon Assay (Au g/t)	Gold Extraction (%)	Consumption (kg/t)	
					Lime	NaCN
1.4 gpt HG1	5.76	0.61	121	89.4	1.21	9.3
1.4 gpt HG2	5.82	0.8	129	86.3	0.86	7.4
1.4 gpt HG3	5.99	0.68		88.6	0.78	6.9
1.4 gpt HG4	6.22	0.77		87.6	0.78	6.3
1.4 gpt HG5	5.37	0.68		87.3	1.22	4.1
1.4 gpt HG6	5.47	0.59		89.2	1.83	6.9
1.4 gpt HG7	5.48	0.64		88.3	1.52	6.7
1.4 gpt LG1	0.18	0.03	3.34	83.6	1.16	3.4
1.4 gpt LG2	0.16	0.02	2.78	87.5	1.1	2.37
1.4 gpt LG3	0.12	0.02		83.7	0.75	2.1
1.4 gpt LG4	0.15	0.02		86.8	0.23	2.8
2.4 gpt HG1	7.15	0.77		89.2	1.51	5.7
2.4 gpt HG2	10.64	0.67		93.7	1.71	10.8
2.4 gpt LG1	0.31	0.09		71.1	0.67	1.2
2.4 gpt LG2	0.42	0.09		78.5	0.71	1.1
Carbon HG1	3.80	0.52		86.3	0.51	4.9
Carbon HG2	3.82	0.58		84.8	1.42	6
Carbon LG1	0.21	0.11		48.5	0.62	1.1
Carbon LG2	0.22	0.1		53.8	0.51	1.4
LGO HG1	3.10	0.58		81.3	0.78	5.3
LGO HG2	3.12	0.49		84.3	1.41	6.2
LGO LG1	0.59	0.02		96.6	1.28	1.6
LGO LG2	0.15	0.02		86.8	0.41	1.6

Notes:

1. HG samples are flotation concentrates.
2. LG samples are flotation tailings.
3. All flotation feed samples had a primary grind P80 of 60 µm.
4. All HG samples were reground to a P80 of 10 µm.
5. Insufficient information to enable the GTK flotation and leaching tests to be linked.

Table 11-70 Settling Testwork Results

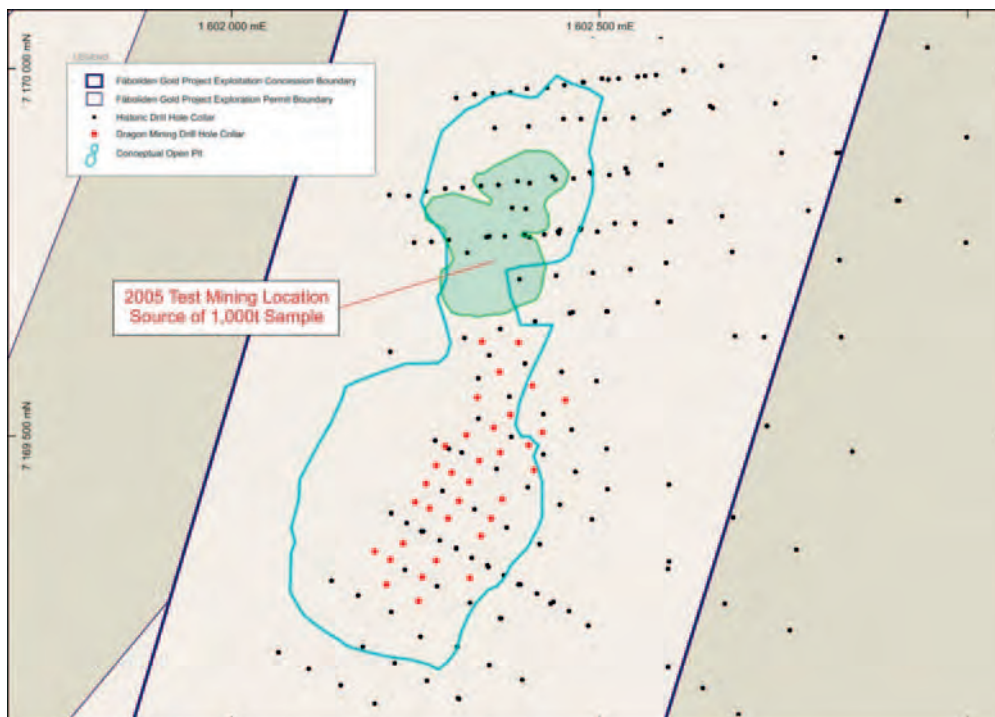
Grind Size P ₈₀ (µm)	Flocculant		Pulp Density (% w/w)		Required Thickener Area (m ² /t/day)	Free Settling Rate (m/h)
	Type	Dosage (g/t)	Initial	Final		
45	Non-ionic	20	14.92	60.2	0.241	1.156
		50	14.97	60.36	0.241	1.135
		100	14.93	60.23	0.243	1.135

11.2.5 Plant Trial

A full scale production test of approximately 1,000 tonnes of higher grade gold bearing material from the Fäboliden deposit was trialed at the Svartliden Plant. This material was excavated during the 2005 test mining and processing program and stockpiled on the surface. The location of the sample is shown in **Figure 11-25**. It is likely that the sulphide minerals had become passivated and the surface oxidised nature of the sulphide minerals no doubt contributed in part to the high CNwad values (3.2ppm) that were recorded.

The production trial confirmed the results of the benchscale leach test work, yielding a gold recovery of 79.4% from a head grade of 3.22g/t gold. The tailings residue was 0.64g/t Au. 85.3% of the cyanidable soluble gold was recovered with a comparable cyanide consumption to that of Svartliden ores was found (1.7kg/t).

Figure 11-25 Location of Plant Trial Sample



Analyses of feed grade samples showed that 90.8% of the contained was potentially recoverable (refer to **Table 11-71**).

Table 11-71 Plant Trial Feed Grade Analysis

Ore Feed PAL (g/t Au)	Leach Feed PAL (g/t Au)	Leach Feed Fire Assay (g/t Au)	Cyanidable Gold (%)
2.74	2.92	3.22	90.8

Ore was crushed to below 6mm and showed a slightly finer distribution (P_{80}) than the Svartliden ores (refer to **Table 11-72**) as was the mill feed size (F_{80}) (refer to **Table 11-73**) Interestingly leach feed (F_{80}) was coarser (refer to **Table 11-74**).

Table 11-72 Comparative Crushed Product Size Distribution

Screen Size (mm)	Svartliden	Fäboliden
10	0.0	5.6
9.5	0.0	0.0
6.7	12.7	7.2
4.75	86.0	72.0
2.36	139.8	129.4
1.7	47.3	45.8
1.12	40.7	38.6
P_{80}	4.7	4.5

The plant was operated over three days at a nominal rate of 36 tph to produce a leach feed 80% passing 108 microns and an effective leaching residence time of 16 hours. Mill power draw increased to 720 kW, marginally higher than that required for Svartliden ores with the same mill size.

The main concern was the high CNwad values, which exceeded the limit (1.5 ppm). Detox operating conditions were not altered during the trial. This may not be a problem, since the detox parameters can be ramped up while RPM would expect that considerably less CNwad would be generated with the treatment of fresh ores.

Table 11-73 Comparative Mill Feed Size Distribution

Screen Size (mm)	Svartliden	Fäboliden
300	0.1	0.1
212	1.7	1.5
150	5.8	6.1
106	11.6	12.9
75	13.6	14.7
53	12.7	13.2
38	12.8	12.4
F_{80}	104.5	108.0

Table 11-74 Comparative Mill Feed Size Distribution

Screen Size (mm)	Svartliden	Fäboliden
300	0.1	0.1
212	1.7	1.5
150	5.8	6.1
106	11.6	12.9
75	13.6	14.7
53	12.7	13.2
38	12.8	12.4
F₈₀	104.5	108.0

11.2.6 Design Criteria

Appendix E shows the design criteria for the processing plant based on treating historical, current and future feed stock. Notably, the data shows the processing requirements to treat Fäboliden ores and the nature of the improvements required to achieve the design throughput and gold recovery. It is proposed to treat 336,000 tpa of ore at a design feed grade of 2.54 g/t Au with a recovery of 74% to produce 20,305oz/a.

Observations and recommendations from the plant trial include:

- No modifications to the crushing circuit would be required;
- Comminution modelling based on a F₈₀ of 7.5mm, 80th percentile harness (BBMWi = 15.9 kWh/t) and a P₈₀ of 75 microns :
 - Increased ball charge to 32%
 - Install ball retaining ring
 - Throughput of 42 tph (336,000 tpa)
 - Comparative Milling Circuit Parameters are summarised in **Table 11-75**.

Table 11-75 Comparative Milling Parameters

Item	Unit	Svartliden	Fäboliden
Nominal throughput	dry t/h	37.5	42
Feed Size, F ₈₀	µm	7,500	7,500
Product Size, P ₈₀	microns	106	75
Primary Mill			
Type		Ball	
Ball mill specific pinion energy required	kWh/t	16.9	20.2
Ball mill pinion power required	kW	635	849
Ball mill motor power required including contingency	kW	717	960
Mill motor installed	kW	1,200	
Operating ball charge	% v/v	22	32
Maximum ball charge	% v/v	36	
Mill diameter (inside shell)	m	3.5	
Mill length (EGL)	m	5.5	
Mill discharge density	% w/w	75	

- The leaching circuit would have a reduced residence time and this would be increased by:
 - Increasing leach feed to 48% solids
 - Addition of lead nitrate (100g/t) to enhance kinetics
 - Comparative Leaching Circuit Parameters are shown in **Table 11-76**

Table 11-76 Comparative Milling Parameters

Item	Unit	Svartliden	Fäboliden
Leach feed	t/h	37.5	42
	% w/w solids	45	48
	m ³ /h	58	60
Leach tank nominal live capacity	m ³	125	
Number of leach tanks	No.	2	
Leach tank capacity	m ³	250	
Nominal leach residence time	h	4.3	4.2
CIL tank nominal live capacity	m ³	125	
Number of CIL tanks	No.	5	
Leach tank capacity	m ³	625	
Nominal CIL residence time	h	10.8	10.4
Total tank capacity	m ³	875	
Nominal residence time - total	h	15.1	14.6

- No changes are required to the Elution/Electrowinning circuits
- Detoxification circuit may require review based on the findings of the plant trial; high CNwad levels were found due to a combination of oxidised ores and insufficient hydrogen peroxide addition rates
- No major changes to the Reagent Mixing and Distribution circuits; inclusion of a system for lead nitrate.

11.2.7 Flowsheet

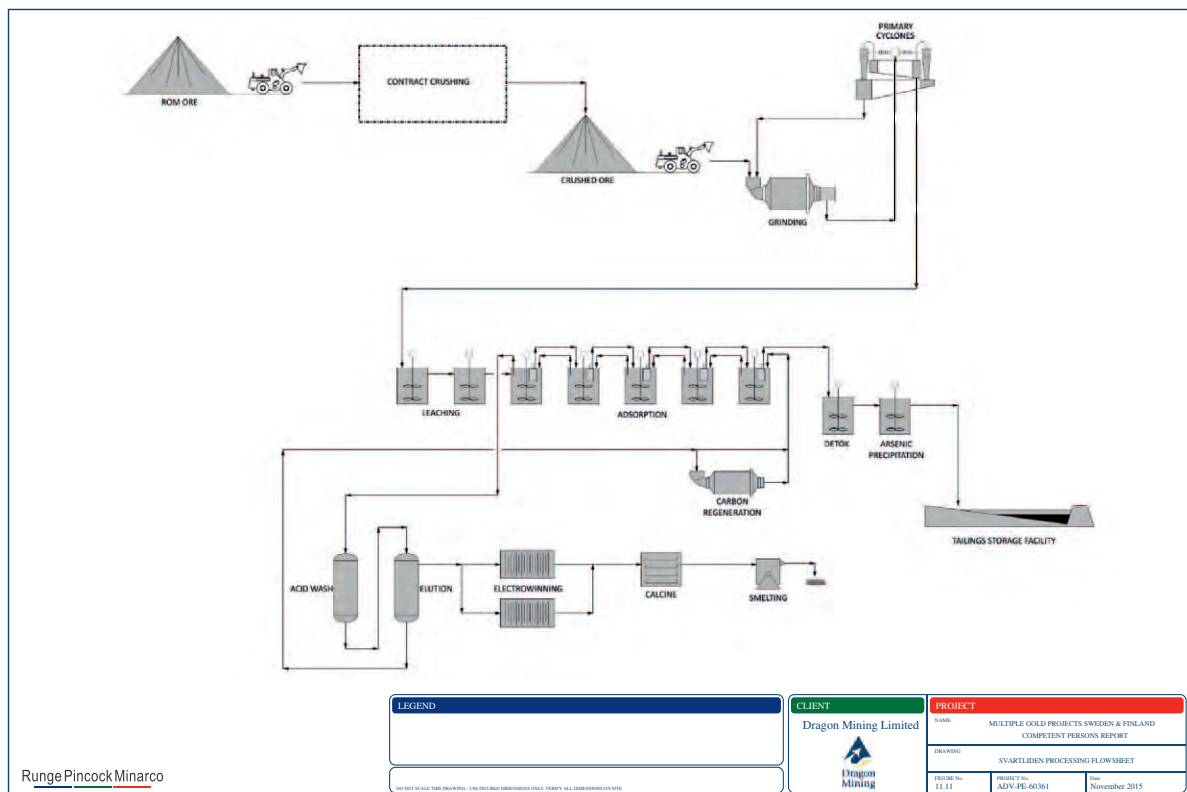
The Svartliden processing plant flowsheet is a conventional flowsheet with an established production profile and is presented in **Figure 11-26**.

The overall flowsheet consists of the following unit processes, which are described in detail in the sections below:

- Four stage crushing.
- Single stage ball milling.
- Leach/Carbon In Leach (CIL).
- Atmospheric Zadra elution.
- Cyanide detoxification.
- Arsenic precipitation.
- In-pit tailings storage facility.

To support the processing operation, there are water and air services, reagent mixing and storage facilities and a site assaying facility.

Figure 11-26 Svartliden Processing Flowsheet



11.2.8 Flowsheet Description

A local contract crushing group is utilised on site. The mobile plant represents a four stage circuit comprising a primary jaw crusher, secondary gyratory crusher and tertiary and quaternary cone crushers, comprising:

- Primary Jaw Crusher: Svedala R120120 — 250 single toggle weight 80t: 1200mm x 1200mm feed (inlet 700mm, product 0-200mm);
- Secondary Gyratory Crusher: Metso S 300 (inlet 200mm - product t 0-70mm)
- Tertiary Crusher: Sandvik CH 440 Cone Crusher (inlet 70 mm - product 0-20 mm) medium manganese
- Quaternary Crusher: Sandvik CH 440 Cone Crusher (inlet 40mm - product 0-14 mm) fine manganese

The capacity to produce a minus 8mm final product is approximately 130 — 150 t/hr.

The grinding circuit has a single stage 1.2 MW fixed speed ball mill operating in closed circuit with hydrocyclones. The ball mill is 3.5 m Ø by 5.5 m EGL.

The hydrocyclone cluster is fed by duty/standby horizontal centrifugal slurry pumps and consists of two duty and one standby 165 mm Ø cyclones, operating at nominal feed pressure of 100 kPa. Lime slurry can be added to the mill feed to ensure the correct pH (10.5) is achieved prior to addition of cyanide in the downstream leach circuit. Mill scats and pebbles discharge into a small bin for disposal.

The ore feed rate to the ball mill is controlled via the plant control system to set measured tonnage determined by the plant operators. Both mill discharge pumps have variable speed drives to ensure optimum grinding circuit performance. Water additions are manually controlled.

The leach/CIL circuit is designed with a circuit residence time of approximately 16 hours at nominal throughput, with each tank having a nominal volume of 125 cu.m. Cyclone overflow reports by gravity to a trash screen which discharges into the first leach tank. From here, slurry flows by gravity to the second leach tank and on to the CIL circuit. Each CIL tank is equipped with a vertical cylindrical intertank screen to retain carbon. The screens are equipped with a low speed pump mechanism to move slurry to the next tank.

For the treatment of Fäboliden ores, lead nitrate would be added to leach tank 1 mainly to enhance the leaching rate. Activated carbon is transferred counter-current to the slurry flow by the use of airlift pumps before being recovered from the first CIL tank by a recessed impeller vertical spindle pump. Oxygen is sparged into all leach and CIL tanks to maximise gold extraction. The gold recovery circuit consists of a Zadra-style elution circuit with a separate acid wash column.

Loaded carbon from CIL1 is recovered by a recessed-impeller vertical spindle pump located in the tank and pumped to the loaded carbon screen. Screen undersize (slurry) is returned to CIL1, while the washed carbon discharges in to the acid wash column.

The acid wash column and downstream elution column have a nominal capacity of 2 tonne of carbon. Once the acid wash column is full, 2% HCl is pumped in to the column to remove contaminants from the carbon. The carbon is then rinsed with raw water to remove the acid before being transferred to the elution column. Waste acid and rinse water are discharged to the tailings hopper for disposal in the tailings storage facility.

Acid washed carbon is transferred to the elution column before being treated with a heated caustic/cyanide solution to remove gold. The solution is pumped via a heat exchanger to the elution column and back to the dedicated electrolyte tank, with heating provided by a gas-fired heater. Once the solution reaches temperature, the solution leaving the column is diverted to two parallel electrowinning cells prior to returning to the electrolyte tank.

Gold and silver are deposited onto mild steel wool cathodes in the electrowinning cells. Once loaded, the cathodes are removed and calcined to oxidise the steel wool prior to smelting. The

calcined cathodes are mixed with fluxes prior to smelting in an electric furnace to produce doré which is then shipped off site for refining. At the completion of the elution cycle, the batch of carbon is hydraulically transferred from the elution column to the last CIL tank (CIL 5) or to the feed hopper of the regeneration kiln.

Barren carbon is regenerated in a gas-fired horizontal rotary kiln to remove organic contaminants and to maintain the activity of the carbon. Regenerated carbon is then quenched and returned to CIL 5. Fine carbon is screened out at the kiln discharge and transferred to the tailings hopper for disposal.

Carbon is maintained in the reactivation zone of the kiln at 700 to 750 °C for a nominal 15 minutes to ensure regeneration to acceptable activity. One 2 tonne batch of carbon is regenerated over a period of approximately 20 hours, at a nominal 100kg/h.

Effluent Treatment

Discharge from the CIL circuit is detoxified in a two stage process employing covered 18 m³ tanks. The first stage utilises hydrogen peroxide and copper sulphate to destroy cyanide and CNwad, while the second stage uses ferric sulphate to precipitate arsenic as stable ferric arsenates (scorodite process) by adding iron in a molar ratio of approximately 6:1 Fe to As.

Detoxified slurry is pumped out of the detoxification tank to the arsenic precipitation tank by duty/standby variable speed slurry pumps. The arsenic precipitation tank has a live capacity of 125 cu.m, providing a nominal 1.9 hours residence time. The final plant effluent overflows the arsenic precipitation reactor to the final tailings sump before being pumped to the Tailings Storage Facility (TSF) by a two-stage pumping circuit.

11.2.9 RPM Commentary

A sufficient quantity of testwork culminating in a 1,000t plant trial has been conducted to demonstrate the technical viability of treating Fäboliden ores in the existing Svartliden processing plant. Based the proposed processing parameters, it is reasonable to assume that a gold recovery of 82% would be achievable with a gold feed grade of 3.2g/t and a grind size of 80% passing 75 microns.

Based on comminution modelling, testwork and plant trial results, a processing capacity of 42 tph (336,000 tpa) has been established with minor changes required to the existing plant. This mainly involves increasing the mill ball charge and installing a lead nitrate mixing and addition system.

While studies have not been undertaken on the co-treatment of Vammala concentrates and Fäboliden ores in the Svartliden Production Centre, no particular issues are foreseen based on previous

11.2.10 Recommendations

The opportunity to improve gold recoveries by the relatively cost-effective adoption of gravity concentration and treatment circuit should be examined as well as the benefit of adding additional leaching capacity should also be reviewed.

Regrinding of the sulphide component of Fäboliden ores to 80% passing 10 micron has shown a significant improvement in gold recovery (10 to 15%) however the viability of this approach would need to be studied further.

Testwork should be conducted on fresh representative Fäboliden ore samples to confirm reagent consumptions (cyanide, lime, lead nitrate and oxygen demand) as well as the production of CNwad (which would be expected to be lower than that found during the plant trial) and the subsequent impact on the detoxification circuit.

A study, which may include modelling, to examine the optimum blend of Vammala concentrates and Fäboliden ores and the associated processing and detoxification requirements, is recommended. The opportunity to lower crushing costs, which are very high based on historical figures, is worth pursuing.

12 Capital and Operating Costs

12.1.1 Capital Costs

A summary of the Total Capital Expenditure for the remainder of the mine life of the Operating Projects is shown in **Table 12-1** along with that required to for the development of Kaapelinkulma and Fäboliden, while a detailed breakdown is presented in **Table 12-2**. The Fäboliden CAPEX costs total USD8.67 million and are associated with mine site infrastructure construction (USD1.8 million) and Environmental costs (USD2.3 million) while the majority of the CAPEX for Jokisivu is from capital development. RPM notes that all forecast Capital Expenditure is associated with mine and plant infrastructure and no expenditure is forecast to ensure the transport or the supply of key consumables for the LOM planned production. The estimates for Fäboliden and Kaapelinkulma include a 30% contingency.

RPM is aware the Company depending on its treatment of development costs may choose to expense or capitalize development costs in a different way to the below figures and those utilised in the cashflow analysis completed by RPM. In addition RPM is aware that the closure bond is refundable on completion of the mine closure plans and may also not be conceded capex however this is dependent on final approval by the relevant authorities. RPM has included these costs in the CAPEX for transparency. In addition RPM highlights that ongoing sustaining CAPEX is required for the Vammala plant, these costs are split below Orivesi and Jokisivu on a weighted throughput average.

Table 12-1 LOM CAPEX Estimate Per Year

Project	Unit	2018	LOM
Orivesi	(Million USD)	0.11	1.57
Jokisivu	(Million USD)	2.6	15.2
Kaapelinkulma	(Million USD)	0.33	0.51
Fäboliden	(Million USD)	1.5	8.67
Total	(Million USD)	4.5	25.9

Table 12-2 LOM CAPEX Estimate Breakdown Per Project

Cost Centre	Unit	Orivesi	Jokisivu	Fäboliden	Kaapelinkulma
Onsite Infrastructure	(Million USD)			2.14	0.11
Mine Infrastructure	(Million USD)	0.16 [#]	13.1 [#]	0.05	0.3
Infill Drilling	(Million USD)		2.06	1.44	
Land Acquisition/ Permitting	(Million USD)			1.19	
Closure Bond	(Million USD)	1.52	0.47	3.42	0.15
Contingency	(Million USD)			0.78	
Total	(Million USD)	1.64	15.7	9.97	0.56

* Fäboliden and Kaapelinkulma Costs Includes Mobilisation and Demobilisation of Contractor Equipment.

Includes the processing CAPEX proportioned for the relative productions rates per asset.

RPM notes that CAPEX is required for the Vammala Plant during 2018 which includes equipment replacement and the required tails dam raises to support ongoing production is proportioned between Orivesi and Jokisivu based on the production rate for the total 300kt throughput per year.

12.1.2 Operating Costs

Estimated LOM operating costs for the Projects are summarized in **Table 12-3** and are described below. The cost of production vary from each project over the life of the mine as would be expected to the variation in mining methods and depth of mining for the underground operations. RPM also highlights the variation in processing cost per tonne of ore processed (production of gold Doré from concentrate). This varies due to the grade changes in the concentrate produced in Vammala for each operation.

Table 12-3 LOM Operating Cost Estimate Per Project

Item	Orivesi		Jokisivu		Kaapelinkulma		Fäboliden	
	LOM	LOM	LOM	LOM	LOM	LOM	LOM	LOM
	USD/ tonne ore	USD/oz Au	USD/ tonne ore	USD/oz Au	USD/ tonne ore	USD/oz Au	USD/ tonne ore	USD/oz Au
Mining	93.2***	519.5	38.7	478.0	28.1	332.7	25	313
Transportation [#]	9.0	50.0	4.2	51.1			4	50
Vammala Processing	15.1	84.2	15.1	184.3	28**	218.2**	Na	Na
Svartliden Processing*	11.1	62.3	6.0	73.1	8.5	66.7	36	445
G&A	4.1	22.0	4.1	49.8	1.8	13.7	7	90
Total	132.6	738.7	68.1	830.3	74.8	684.0	73	899

Source: Unit Costs Provided by the Company and utilised by RPM in the Ore Reserve Schedule.

*Including transportation costs from Vammala to Svartliden. This is not applicable for Fäboliden.

[#]Transportation of material from the mine to the ROM pad at the Mill (either Vammala or Svartliden) and Re-Handle Cost,

** Includes ore transportation cost to from site to Vammala plant and processing admin costs

*** Includes Waste Development Costs

Historical Costs

RPM notes that's only Orivesi and Jokisivu mines are operating. Combined over the past 2 years these mines have had C1 costs of USD722 in 2015 decreasing to USD792 in 2016. This decrease is in line with the decrease in feed from the higher costs mine of Orivesi (**Table 12-5**) and increase input from Jokisivu (**Section 9**) and it expected to continue with increased feed from Jokisivu over the next year.

Mining Costs

Table 12-4 through **Table 12-6** provide breakdowns of the underground and open cut mining operating costs to transport ore material from underground to the mine site ROM pad. The haulage costs for transport to the plants is included in the processing costs in **Table 12-7** and **Table 12-8**. The underground Mine Operating costs are inclusive of mine maintenance, mine geology, stoping, ore development, mine air and water, dewatering, secondary ventilation, mining administration, mining power, sustaining U/G infrastructure.

The Open Cut Mining Costs are based on contractor tenders provided by Dragon as well as unit rates provided by Dragon based on current operations.

Table 12-4 Underground Mine LOM Ore Operating Costs Breakdown

Cost Centre	USD	Jokisivu	Orivesi
Ore Development.	\$/t ore	9.0	23.2
U/G Stopping Costs	\$/t ore	18.4	21.5
U/G Opex Fixed Cost	\$/t ore	13.4	48.5
Ore Mining Opex cost	\$/t ore	40.7	93.2
Waste Development	\$/m	2,293	2,224.5

Source: Provided by the Company.

Table 12-5 Kaapelinkulma Open Cut Operating Costs Breakdown

OPERATING COSTS		Variable Rates USD/unit	Unit
Waste Stripping	Till Removal	0.51	sq.m
	Drill and Blast	2.94	bcm waste
	Smooth Wall Blasting	11.86	sq.m
	Waste Mining	2.99	bcm till
	Waste Mining - Incremental Cost	0.14	bcm till/300m
	Waste Non-Till Mining	3.22	bcm waste
	Waste Non-Till Mining - Incremental Haulage	0.14	bcm waste/300m
OC Ore Mining	Drill and Blast	2.94	bcm Ore
	Smooth Wall Blasting	11.86	sq.m
	Ore Mining	3.22	bcm Ore
	Ore Mining - Incremental Cost	0.136	bcm Ore/300m
OC Support	Geology & Grade Control	1.00	ROM t
	Electricity	1.13	per month
	Road maintenance	0.62	per month
	Environmental	0.40	ROM t
	Site Staff	5.65	per month
	Administration/Overheads	1.76	ROM t
Ore Processing	Others	1.92	per month
	Milling incl haulage	22.94	Millfeed t
	Admin	4.98	Millfeed t
	Concentrate Haulage costs \$/DMT	70.2	Conc dmt
Selling Costs / Royalty	Smelter Fee at Svartliden \$/DMT	200.00	Conc dmt
	Royalty	0.16	ROM t

Source: Provided by the Company.

Table 12-6 Fäboliden LOM Open Cut Operating Costs Breakdown

OPERATING COSTS		Variable Rates USD/unit	Unit
Waste Stripping	Drill and Blast - Till	0.15	bcm
	Drill and Blast - Non-Till Waste	3.04	bcm
	PreSplit Cost	0.17	bcm
	Fuel Cost	0.90	bcm
	Load and Haul - Till	2.13	bcm
	Load and Haul - non-Till	3.35	bcm
OC Ore Mining	Drill and Blast - non-Till	3.04	bcm
	PreSplit Cost	0.17	bcm
	Fuel Cost	0.90	bcm
	Load and Haul - non-Till	3.79	bcm
	Rehandle	1.78	Feed t
	Ore Haulage	4.09	Feed t
	Minesite Admin	1.19	ROM t
	Grade Control	2.94	ROM t
	Service Costs	2.81	ROM t
Ore Processing	Labour	8.34	Feed t
	Power	2.31	Feed t
	Maintenance materials	2.28	Feed t
	Reagents and consumables	7.73	Feed t
	Miscellaneous (less rehandle)	2.02	Feed t
	Admin (G&A)	1.20	Feed t
	Crushing	12.26	Feed t
Selling Costs / Royalty	Refining cost	0.38	USD/tr.oz

Source: Provided by the Company.

Processing Costs

Estimated ore-milling unit operating costs for Vammala and Svartliden Plants are shown in **Table 12-7** and **Table 12-8** respectively. RPM notes **Table 12-7** reflects the costs for processing raw ore material at the Vammala Plant for Orivesi, Jokisivu and Kaapelinkulma to produce the high grade concentrate which is subsequently transported to Svartliden. **Table 12-7** reflects the costs of transporting the Vammala concentrate to Svartliden and processing to produce gold doré as well as the costs breakdown of processing the Fäboliden Ore to produce gold doré. Both the Vammala and Svartliden processing costs include transport of the ROM material from the mine site ROM pad to the plant.

Table 12-7 Vammala Plant Operating Costs

Item	Orivesi	Jokisivu	Kaapelinkulma	Fäboliden
	USD/tonne Milled	USD/tonne Milled	USD/tonne Milled	USD/tonne Milled
Labour	5.8	5.8	5.5	
External labour	3.1	3.1	1.9	
Power	2.0	2.0	2.1	
Maintenance materials	1.3	1.3	1.5	
Reagents and consumables	2.3	2.3	1.9	
Miscellaneous (less rehandle)	0.7	0.7	0.7	
Admin (G&A)	4.1	4.1	5.0	
Total Processing Cost	19.2	19.3	17.0	N/A
Rehandle				
ROM to mill transport	9.0	4.4	9.4	
TOTAL	27.2	23.7	27.9	N/A

Source: Provided by the Company.

*Includes Reagents and Consumables

Table 12-8 Svartliden Plant Operating Costs

Item	Vammala Concentrate	Fäboliden Ore
	USD/t conc milled	USD/t Milled
Transport		
Labour		8.3
Power		2.3
Maintenance materials		2.3
Reagents and consumables		7.7
Miscellaneous (less rehandle)		2.0
Crushing		12.3
Admin		1.2
Total Processing Cost	200.0	36.1
Rehandle		
Ore haulage to Mill	70.2	5.9
TOTAL	270.2	42.0

Source: Provided by the Company.

Annual Costs

Table 12-9 shows the annual total operating costs for each project based on RPM Ore Reserve schedule and unit costs as detailed above. As is typical with these types of mines, the majority of the costs are associated with mining and processing.

Table 12-9 Annual Operating Costs as at 30th April, 2018.

Project	Year	2018	2019	2020	2021	2022	2023	2024	LOM
Orivesi	Mining (Million USD)	4.0						—	4.0
	Transportation (Million USD)	0.4						—	0.4
	Vammala Plant (Million USD)	0.5	0.1					—	0.7
	Svartliden Plant (Million USD)	0.4	0.1					—	0.5
	G&A (Million USD)	0.1	0.04					—	0.2
	Sub Total (Million USD)	5.5	0.3						—
Jokisivu	Mining (Million USD)	7.3	8.6	11.7	7.1			—	34.8
	Transportation (Million USD)	0.9	0.9	1.2	0.8			—	3.8
	Vammala Plant (Million USD)	2.7	3.9	4.0	3.2			—	13.6
	Svartliden Plant (Million USD)	0.9	1.6	1.8	0.9			—	5.4
	G&A (Million USD)	0.7	1.1	1.1	1.2			—	3.2
	Sub Total (Million USD)	12.2	16.0	19.9	13.2				—
Kaapelinkulma	Mining (Million USD)	0.3	1.5	0.8				—	2.5
	Transportation (Million USD)								
	Vammala Plant (Million USD)	0.1	1.0	0.9				—	2.0
	Svartliden Plant (Million USD)	0.01	0.3	0.3				—	0.6
	G&A* (Million USD)	0.01	0.06	0.05				—	0.12
	Sub Total (Million USD)	0.4	2.7	2.1					
Fäboliden	Mining (Million USD)	0.6	1.4	8.7	11.1	6.4	4.2	0.7	33.3
	Haulage to Mill (Million USD)		0.4	0.5	1.1	1.3	1.2	0.2	4.7
	Svartliden (Million USD)		3.6	4.2	9.9	10.8	10.8	2.5	41.9
	G&A (Million USD)		0.1	0.1	0.3	0.4	0.4	0.2	1.3
	Sub Total (Million USD)	0.6	5.8	14.9	23.3	19.9	17.5	3.6	84.6

Source: Unit Rates Provided by the Company and applied to the Ore Reserve Schedule.

* Includes royalty

13 Overview of Permitting, Environmental Impact, and Social and Community Impact

13.1 Introduction

An initial site inspection of Dragon Mining operational assets in Finland and Sweden was undertaken by Mr. Henri de Branche and Mr. Jussi Kuusola on 9 to 13 December 2015. Interviews with site managers of the mine and collection and review of available information were conducted during the site visit. A follow-up site visit was conducted by Mr Henri de Branche at Svartliden Production Centre on 15 February 2017 and interviews with selected Dragon Mining Sweden and Finland representatives took place in February 2017.

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13.4 Environmental and Social Settings

13.4.1 Finland

Dragon operates four sites in Finland covered in this review, the **Orivesi and Jokisivu gold mines**, the **Vammala plant** and the **Kaapelinkulma exploration area**. All operations are governed by environmental EU Directives and national legislations, principally the *Mining Act 10.6.2011*, the *Health Protection Act 19.8.1994*, the *Environmental Protection Act 27.6.2014*, the *Land Use and Building Act 5.2.1999*, the *Adjoining Properties Act 13.2.1920*, etc.

Table 13-1 Dragon Finland Operations

Asset	Activities (duration)	Jurisdiction	Administrative Oversight		Nearest Sensitive Receptor (m to site boundary)	
			Permitting	Supervising	Social	Environmental
Orivesi Gold Mine	Mining: 1994-2003 and 2007 — on-going	Orivesi Commune, Pirkanmaa Province	Western and Inner Finland State Administrative Agency	Pirkanmaa Centre for Economic Development, Transport and the Environment	Residences western and eastern side of the mine within 1.2km.	Water discharge point into a forest ditch 200 m upstream of Harjunvuori-Viitapohja Natura 2000 area.
Jokisivu Gold Mine	Mining 2009 — on-going	Huittinen Commune, Satakunta Province	Southern Finland State Administrative Agency	Southwest Finland Centre for Economic Development, Transport and the Environment	Residences at north-western and eastern side of the mine within 0.3km. In total, 6 residences within 0.5km of site boundaries.	Water discharge point Paukkionoja about 5km to Vanhakoski Natura 2000 area.
Vammala Production Centre	Mining 1974 — 1995. Ore processing: 2007 - on-going	Sastamala Commune, Pirkanmaa Province	Western and Inner Finland State Administrative Agency	Pirkanmaa Centre for Economic Development, Transport and the Environment	One residence western side of the plant about 100 m and some residential within 0.5km northern side of the tailings pond.	Water discharge point via Kovero-oja ditch and Korvalamminoja ditch to Ekojoki River about 7km to Ekojärvi Natura 2000 area.
Kaapelinkulma Gold Deposit (Project)	Exploration: 2004 — on-going	Valkeakoski Commune, Pirkanmaa Province	Western and Inner Finland State Administrative Agency	Pirkanmaa Centre for Economic Development, Transport and the Environment	Nearest residence south western side of the project area within 1km.	Water discharge point via Haavanoja ditch and Vallonjärvi lake to Kärjenniemenesikä, about 3km into Pitkäkorpi Natura 2000 area which is right next to the project area. An endangered species of butterflies is present within the southern part of the concession and beyond.

Orivesi

Orivesi Gold Mine is located on the north-western side of Lake Kutemajärvi and between the lakes Ylä-Jalkajärvi and Ala-Jalkajärvi about 10km west from Orivesi city centre. The mine is about 30km to the northeast from Tampere city. The nearest residences are some holiday cottages on Lake Kutemajärvi about 600m to the northeast from the mine. The nearest permanent residences are about 1.2km respectively to the east and west from the mine.

The water discharge is via a forest ditch to Lake Ala-Jalkajärvi. Lake Ylä-Jalkajärvi is nearly totally in the mining lease area. The mine claim area is in the immediate vicinity of the Harjunvuori-Viitapohja Natura 2000 area (FI0334003), which lies on the opposite bank of the lake from the discharge point.

Jokisivu

Jokisivu Gold Mine is located about 7km south from Huittinen town on the eastern side of Lauttakylä-Säkylä road. The mine is located on in a generally agricultural area, with nearby residence about 200-300m from the mine and waste rock pile areas. There are six residences within 0.5km from the site boundaries.

The water discharge is via clarification ponds through the Paukkionoja ditch to the Loimijoki River about 1.5km east from the mine. The Vanhakoski Natura 2000 area is about 5km to northeast from the mine. There are four flying squirrel territories within the mine area, with three to five males and three females with succeeded nesting (2013). The flying squirrel (*Pteromys Volans*) is in EU nature directive appendix IV A classified as a particularly endangered species. The breeding and resting areas of flying squirrel are protection targets in local legislation and permitting conditions, and regular habitat and population monitoring indicate their continued presence in the protection area within the mine lease. The mine has got an exemption permit from the authorities to cut and remove one nesting tree to allow for expansion of Kujankallio open pit.

Vammala

Vammala Production Centre is located in the direct vicinity of the Stormi village about 5km south from Vammala conurbation of the City of Sastamala. The nearest residence is about 100m from the plant building and 300m from the crusher. About couple hundred metres to the north from the tailings pond are some residences.

The water discharge is via Kovero-oja ditch and Korvalamminoja ditch to Ekojoki River and further to Ekolahti Bay. There are no special nature conservation areas nearby the plant. Ekojärvi (FI0350001) Natura 2000 area is located about 7km east from the plant.

Kaapelinkulma

Kaapelinkulma Gold Deposit Project area is located 74km southeast from the City of Valkeakoski and about 45km southeast from the City of Tampere. The nearest residence is on the south-western side of the project area within 1km.

The water discharge is via Haavanoja ditch and Vallonjärvi lake to Kärjenniemenselkä northeast from the area. The nearest nature conservation Natura 2000 area Pitkäkorpi (FI0349001, SCI) is located to the east right next to the project area. There are signs of a protected butterfly (Lopinga Achine) south from the deposit. The butterfly is mentioned in EU nature directive appendix IV (a) classified as a particularly endangered species. No flying squirrel territories were identified when investigated in April 2014.

13.4.2 Svartliden Production Centre

The Svartliden Production Centre consists of two sites covered in this review, the **Svartliden Plant** and the **Fäboliden Pre-Development Project**. All operations are governed by environmental EU Directives and national legislations, principally the *Mining Act*, 24.1.1999 the *Environmental Code*, 1.8.2000, the *Health Protection Act*, 13.6.1991, the *Environmental Protection Act*, (in 1.8.2000 Environmental Code) and the *Planning and Building Act*, 1.7.2010, etc.

Table 13-2 Svartliden Production Centre Operations

Asset	Activities (duration)	Jurisdiction	Administrative Oversight		Nearest Sensitive Receptor (m to site boundary)	
			Permitting	Supervising	Social	Environmental
Svartliden Production Centre	Mine 2004 -2014. Ore/ Concentrate processing: 2004 - on-going	Storuman and Lycksele Communes, Västerbotten County	Umeå District Court, Land and Environment Court	Västerbotten County Administrative Board	Nearest permanent residential southern side of the plant within 6km.	Water discharge point 1,5km to Öreälven Natura 2000 area and 4km to Pauträsk Natura area.
Fäboliden Gold Deposit (Project)	Exploration: 1993 - on-going	Lycksele Commune, Västerbotten County	Umeå District Court, Land and Environment Court	Västerbotten County Administrative Board	Nearest village about 1-3km south from the area.	Natura 2000 protection areas both to the North and South of the exploration area

Svartliden

Svartliden Production Centre is located in northern Sweden about 50km northwest from the City of Lycksele and 8km southeast from the Pauträsk village on the border area of Storuman and Lycksele communes. The nearest residence area is Norrbäck village about 6km south from Svartliden. The area is inside reindeer care area of the Vapsten Sami Village.

Fäboliden Gold Deposit Project area is located about 25km southeast from Svartliden Production Centre. Fäboliden village is located about 1-3km south from the area and it is the nearest residence area. Its permanent population has been decreasing in recent years.

13.5 EHSS Governance and Management Systems

13.5.1 Overview of Dragon Mining's Experience in Dealing with Applicable Laws and Practices

Dragon's operations in both Finland and Sweden are respectively headed by Country Managers. Each asset has a local management team, supervising Environment, Health and Safety (EHS). Community relations are overseen by the Country Manager. While Occupational Health & Safety is generally overseen by the asset's production manager, environmental aspects are supervised by dedicated resources. Dragon appeared to be generally aware of the environmental, health and safety requirements applicable to their operations by seeking applicable permits from relevant authorities, conducting regular monitoring of their environmental performances, hosting inspections from relevant occupational health and safety authorities, and holding mandated stakeholder consultations or communication events. They have recently moved to address compliance with broader environmental, health and safety permitting requirements and management of the range of risks detailed in this report.

The overall environmental and social impact of the mining and processing operations at the Projects is expected to be moderate due to their general compliance with EHSS regulatory standards and requirements. However, the renewal of the environmental permit for Orivesi Mine, being processed since 2010, has not been granted due to litigations between Dragon and the relevant authorities associated with environmental degradation of the mine discharge's receiving water bodies. Considering the long-standing operations at the Vammala Plant and Orivesi Mine and the proximity to sensitive environmental receptors and local communities the EHS risks may increase with pending closure of selected mines and associated costs.

The general degree of implementation of the occupational health and safety management system at the two plants and two mines at the time of site visit appeared to meet industry standard. The preparedness of Dragon Mining's management to prevent incidents and manage occupational safety risks was demonstrated by well documented incident/accident recording and reporting, emergency response planning and regular communication with employees and contractors. Routine spot check and supervision of safety and firefighting practices were being undertaken and documented. Based on the available records, issues identified were addressed in a timely manner.

In both Finland and Sweden, the safety authorities conduct yearly visit of all underground installation and certify their compliance with applicable safety and firefighting requirements. Medical check-ups and Occupational Health monitoring (e.g. indoor air quality, noise, etc.) are undertaken on a regular basis, and their outcomes are validated by the relevant authorities.

13.5.2 Environmental Permitting

The following environmental permits are currently valid or in place at the time of reporting. Comments on current permitting compliance status for specific assets are presented below the **Tables 14-3** and **Table 14-4**.

Table 13-3 Dragon Finland Environmental Permitting Status

Asset	Permit Name	Issuing Entity	Validity			Supervision (Compliance Monitoring)	
			Issuance	Expiry	Supervision Entity	Date & Findings of recent 2 years	
Orivesi Gold Mine	Environmental permit 1/2006/2, Dnro LSY-2000-Y-284	The Environmental Permit Agency of Western Finland	24.2.2006	31.12.2010 If the permit holder will continue the mining operations after year 2010, a new permit application must have been forwarded no later than 30.4.2010.	Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre)	- Too much aluminium in monitoring water samples in August 2015. -Increased metal, sulphate and nitrogen contents in water sample point OP4 in Autumn 2014. -Noise announcement 6.6.2015 - Jump in pH value in January 2016, deemed not harmful by ELY after reporting	
Jokisivu Gold Mine	Environmental permit 58/2010/1, Dnro ESAVI-12/04.08/2010 Exception permit concerning the flying squirrels DNro VARELY/167/07.01.2010 Environmental Permit for Rock Crushing	Southern Finland State Administrative Agency Southwestern Finland Centre for Economic Development, Transport and the Environment (ELY Centre)	3.12.2010 25.1.2010 June 2016	Until further notice. Upon completion of tree felling. Until further notice.	South Western Finland Centre for Economic Development, Transport and the Environment (ELY Centre)	— No documents with any findings.	

Asset	Permit Name	Issuing Entity	Validity			Supervision (Compliance Monitoring)	
			Issuance	Expiry	Supervision Entity	Date & Findings of recent 2 years	
Vammala Production Centre	Environmental permit 15/2008/2, Dnro LSY-2001-Y-42 Decision for applying the EIA procedure for Vammala Environmental permit 124/2014, DNro LSSAVI/96/04, 08/2011 and LSSAVI/373/04, 08/2010	The Environmental Permit Agency of Western Finland Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre) Western and Inner Finland State Administrative Agency	19.3.2008 29.3.2012 24.6.2014 There have been complaints for this environmental permit and it's not valid yet. Dragon appealed against the permit decision, too. The permit is processed by Vaasa Administrative Court. Before it is becoming effective the operation is supervised under the permit issued in 2008.	Until further notice. The operator must make an application for checking the permit orders no later than 31.12.2016. No EIA procedure needed for activities at Vammala conforming to the permit 124/2014. Until further notice.	Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre) Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre)	- Tailings dust May-June 2015. - In 2016, a pipe at the Vammala Tailing leaked a small volume of contaminated tailings within the tailings area. Further dust issue occurred in September, controlled through water spraying.	
Kaapelinkulma Gold Deposit (Project)(Project)	Environmental permit 92/2011/1, Dnro LSSAVI/315/04.08/2010, replaced in Oct 2015. Environmental permit 175/2015/1 (Dnro LSSAVI/4511/04.08/2014)	Western and Inner Finland State Administrative Agency Western and Inner Finland State Administrative Agency	26.8.2011 14.10.2015	Until further notice. Until further notice.	Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre) Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre)		

The Orivesi Gold Mine re-applied for an extension of its environmental permit prior to 30 April 2010. Due to changes in mine features, delays in completing stakeholder consultation by the authorities and the opposition of selected stakeholders to the permit renewal, the Western and Inner Finland State Administrative Agency rejected the application in December 2015, citing harmful effects of the mine to the nearest surface water bodies (in particular Lake Ala-Jalkajärvi) and impacts to Harjunvuori-Viitapohja Natura 2000 area. During this legal review process, the Finnish Association for Nature Conservation (FANC) had initially submitted an opinion against the re-issuance of the Permit in the course of the Appeal process, and Friends of the Earth (FOTE) made allegations of pollution against Dragon. Dragon has appealed against the decision of the State Administrative Agency on 8 January 2016 at the Vaasa Administrative Court. During this appeal process, stakeholders were consulted by the Court and statements and opinions of selected interested parties collected. In early February 2017, the Court required from Dragon Mining the submission of recent environmental emission monitoring reports for their review. While the appeal process is unravelling, the Orivesi Gold Mine is operating as per the permitting conditions established in 2006. An outcome is reportedly expected by Dragon Mining within six month, or in 2018. RPM is aware that the current life of mine Ore Reserves will be exhausted in Q4 2018, as such this is a non issue.

The Vammala Production Centre is permitted for a processing capacity of 200,000 T/a, while it currently operates at a capacity of 300,000 T/a. Dragon has engaged with the relevant authorities and demonstrated to the satisfaction of the supervision authority (Pirkanmaa Centre for Economic Development, Transport and the Environment (ELY Centre)) that emissions were unchanged by the capacity increase, and was thus authorised by ELY to operate at this increased capacity in October 2015. Friends of the Earth (FOTE) has filed an appeal against the extension of the Environmental permit 15/2008/2, DNro LSY-2001-Y-42 which was rejected on the basis that FOTE was not a local stakeholder. Dragon has appealed against some of the permitting conditions contained in DNro LSSAVI/96/04.08/2011 and LSSAVI/373/04.08/2010, and the court has sent back the permit to the ELY for rewording permitting conditions in line with actual operations and performances of the Vammala Production Centre. The permit re-issuance was expected within a coming couple of years, however in September 2016 ELY confirmed that the processing of 300,000t of ore per year coming from Dragon's three operations in Finland was authorised and all Finland operations were permitted.

Table 13-4 Svartliden Production Centre Environmental Permitting Status

Asset	Permit Name	Issuing Entity	Validity		Supervision (Compliance Monitoring)	
			Issuance	Expiry	Supervision Entity	Date & Findings of recent 2 years
Svartliden Production Centre	Environmental permit M 1704-10	Umeå District Court, Land and Environment Court	30.11.2012	Until further notice.	Västerbotten County Administrative Board	
	Decision for cleaning devices of the water handling in Svartliden	Västerbotten County Administrative Board	18.02.2014	None	Västerbotten County Administrative Board	
	Decision for order of safety measures regarding notification for processing enriched ore in Svartliden	Västerbotten County Administrative Board	20.04.2015	None	Västerbotten County Administrative Board	
Fäboliden Gold Deposit (Project)	N/A	Umeå District Land and Environment Court	Lapland Goldminers Fäboliden AB.		Västerbotten County Administrative Board	

Fäboliden Gold Deposit was initially permitted under the ownership of Lapland Goldminers Fäboliden AB but that one lapsed shortly after DMS acquisition of the asset and before an extension was obtained. DMS has met with the Västerbotten County Administrative Board (CAB) in Q4 2014 to present and validate the Terms of Reference for the EIA for the Fäboliden Gold Mine development, and has been engaged in completing required environmental studies to compile the environmental impact assessment and other permitting application material since then.

Dragon has received a test mining permit as outlined in **Table 13-4**, and is preparing to file their permitting application material (estimated to be ready in late 2019) for full scale mining with the Umeå District Land and Environment Court. That one would manage the permitting process, including consultation of stakeholders, and would manage potential appeals against the Project by those. The reindeer herding study and options for the siting of waste rock and discharge points have been disclosed to relevant stakeholders as part of the consultation for permitting. Accounting for the previous permit granted to Lapland Goldminers Fäboliden AB for large scale proposed mining and processing operation, the extensive environmental baseline studies completed to date and the smaller scale of proposed mining activities by Dragon with ore processing taking place at Svartliden, Dragon assumes that its design and permitting material should be supportive of the permitting of Fäboliden Gold Deposit by the Court. Considering delays may occur due to possible appeals by interested parties, the permitting process could possibly take 18 months (assuming appeals) or Q3 2019 from submission of the Environmental Impact Assessment in Q2 2018 (Base Case). The worst case scenario would be 24m or more from material submission Q2 2020 at the earliest, assuming submission occurs on schedule.

13.5.3 Health and Safety Permitting

Safety

Vammala Production Centre

Vammala has established an EHS management system in line with applicable regulatory requirements and Dragon's corporate commitments. The sites implement an Environment, Health and Safety (EHS) management system under the supervision of the EHS Manager and Country Manager responsible for all operations in Finland.

Vammala has a tailing dam safety monitoring program in the Vammala Plant, which is approved by the Centre for Economic Development, Transport and the Environment (ELY Centre). The program includes regular monitoring, yearly safety checks and regular inspections. A regular inspection is made every five years by the dam safety authority. Also, other authorities such as the regional fire commander and the municipal fire authority may participate in the inspection. A copy of the inspection record is sent to the Regional ELY Centre.

In Jokisivu and Orivesi there are only clarification ponds which aren't considered under Dam Safety Act and thus not inspected by the relevant authorities.

Svartliden Production Centre

The Svartliden Production Centre is regulated as a Seveso installation due to the storage and use of cyanide and hydrogen peroxide for the ore recovery process. The company maintains an internal emergency response plan, safety program, EHS management program, and a program for identifying and evaluating the risks of major incidents.

The Company has programs and routines to implement the risk assessment, aiming to reduce the risks of accidents occurring and thus reducing the potential for BI (bodily injury) and PD (property damage) exposures. The risk assessment provides a detailed picture of the risks associated with Dragon Mining's operations, including risks to human health and the risks of serious consequences for the environment. It is carried out for all operations at least every three years in conjunction with the revision of the Emergency Response and Safety Plans. If necessary, such as in the case of a change of equipment or process, the risk assessment is carried out more often.

The underground mine is now flooded and access is restricted. Tailings are deposited in slurry form in the historical open pit. A detailed management plan for dam safety has been put in place, covering operation, condition monitoring and maintenance, detailed in the DTU Manual.

Dragon regards environment and safety as a key responsibility for management and all employees. A participatory approach is encouraged through company-wide participation to risk assessments and safety inspections (covering occupational health & safety and environment). Health and safety is a standing item on the agenda at production meetings, work meetings, executive group meetings, department meetings and management meetings. All employees are required to identify and point out risks and deficiencies, and submit proposals for improvement.

Dragon has developed a database for managing production, projects and maintenance. The database is made up of different modules such as projects, process, divergence / incident reporting and maintenance. The anomaly reporting module can be used by all employees for reporting incidents and accidents. It covers both occupation and environmental incidents reporting. Incident reporting is followed up at the department level and by the company's management team on a weekly basis.

To prevent interference and problems with tailing dams and settling pond DMS applies European mining industry guidelines for dam safety, Mining RIDAS. DMS has established a Dam Safety organization comprising a responsible for RIDAS implementation, a dam engineering expert (DS), a dam operator (DDA), and the staff responsible for dam operation and condition monitoring, readiness and maintenance. The workings of the organization and detailed operating procedures for each tasks, record keeping and reporting is described in the DTU-manual. In addition, and as specified in the Manual, the tailings dam is inspected at least every three years by a competent third party.

The DTU Manual contains operational instructions describing measures for the operation of the dam. A monitoring and inspection program is defined to control the dam's conditions, with clear criteria defined in the Manual. Schedules external safety supervision inspections are also mentioned in the Manual and in-depth dam safety evaluation is performed.

An action program has been developed in Svartliden for the prevention of serious chemical accidents. In Svartliden adjacent to the concentrator there are four gas tanks; a gas tank (60 m³), two oxygen tanks (50m³ and 10m³) and a hydrogen peroxide tank (24m³). An LPG is located about 20m from oxygen, another 10m further away stands a hydrogen peroxide storage tank. The plant uses approximately 350 tonnes of cyanide per year, stored in secured dedicated warehouse, in double-walled containers. Cyanide gas detectors are located within the facility and portable units are worn at all time by DMS employees when in the plant.

Occupational Health

Vammala Production Centre

Dragon's EHS Manager is responsible for overseeing Occupational Health and Safety across all Finish sites. Dragon's Occupational Health management plan has been drafted together with the specialist consulting company Terveystalo. Particular attention is given to exposure to hazardous substances and dust inhalation.

The Occupational Health & Safety Management system of the company seems to be appropriate, and in line with common industry practice in Finland.

Svartliden Production Centre

The definition of "serious chemical accident" under the Lag Act (SFS 1999:381) on measures to prevention and control of major chemical accidents is: "An accident with one or more dangerous substances involved, e.g. emission, fire or explosion, caused by a uncontrolled developments in the course of the operation of an activity covered by this law, and leading to serious, immediate or delayed hazard to human health, within or outside the establishment, or the environment."

To identify the risks that may cause such an incident, DMS regularly carries out a risk assessment of the whole business operations where dangerous substances are present, and identifies hazards specific to each job position, preventive and protective measures and an occupational health program accordingly. Exposure to chemicals, and in particular to cyanide, is monitored throughout the facility.

The Occupational Health & Safety Management system of the company seems to be appropriate, and in line with common industry practice in Sweden.

13.6 EHSS Operational Performance

13.6.1 Pollutant discharges

Air

Vammala Production Centre

Dragon operations are generally equipped with air emission capture and treatment devices, such as bag filters at the exhaust of the workshop areas and particular filters at the generators' exhaust. The generally high level of rainfall in Finland and relatively dense vegetation coverage around the mining area help reduce the transportation of dust from ore and waste rock dumping and processing operations through most of the year. Water sprinkling is applied during the dry season.

Orivesi

Blasting, handling of rock in the mine area, exhausts from vehicles and machinery and the thermal power plant are the main sources of air emissions sources. The emissions from the thermal power plant are particulate emissions (0.12 tonnes/a), sulphur dioxide (0.36 tonnes/a) and 565 tonnes/a of carbon dioxide.

Jokisivu

The emissions are mainly dust and exhaust from vehicles and machinery. Also, some noise from machinery, loading, blasting and drilling. The amount of particulate emissions are estimated to be about 13 kg/a.

Vammala

The operations at the Vammala plant produce an estimated 1 tonne/a of particulate emissions. Air emissions consist mainly of dust from crushing and machinery exhaust emissions. Dust may also occur, particularly in dry and windy weather, on tailings ponds. Dust emission exceedance occurred in 2015 during a partial drainage of the TSF to reinforce and heighten the dam wall and during the drier month of September 2016.

Kaapelinkulma

No discharges are occurring at Kaapelinkulma.

Svartliden Production Centre

Svartliden

Cyanide and hydrogen cyanide (calculated as HCN) emissions to air from cyanide management may not exceed 5 mg/m³ ntg. Cyanide content in the eastern process ventilation was 1.0 mg/m³ ntg (in 2014 environmental report). Cyanide content in the western process ventilation was 3.8 mg/m³ ntg (2014). Cyanide content in general ventilation was 1.7 mg/m³ ntg (2014).

The dust emissions to air from the crusher may not exceed 50 mg/m³ ntg. Dust concentration after the bag filter was 1.0 mg/m³ ntg in June 2013.

Gas consumption was 23.3 tonnes in 2014 which is estimated to have caused the emission 75 kg of NO_x and 70 tonnes of CO₂. For diesel-powered vehicles and machinery, emissions in 2014 were estimated at approximately 786 tonnes of CO₂ and 11.9 tonnes of NO_x. No complaints about noise were received during these years.

Fäboliden

No discharges are occurring at Fäboliden yet.

Solid Waste

Vammala Production Centre

Orivesi

The amounts of waste in Orivesi mine have been annually 6.2 tonnes of waste oil, about 2 tonnes of solid oily waste, 150 tonnes of sanitary waste, 0.8 tonnes of batteries and condensers and about 84 tonnes of mixed waste. The waste oil, batteries and condensers are handled as hazardous waste, the others are non-hazardous.

Waste rock comprises both inert material and potentially acid forming (PAF) material. These are stored distinctly, with PAF material stored into the old historical open-pit to allow for vertical draining of ARD. New channels were dug alongside the northern and north-eastern boundary of the waste rock stockpiles to drain run-offs toward 2 sedimentation ponds and neutralization ponds before discharge.

Jokisivu

Excluding the gangue, the amounts of waste in Jokisivu mine have been annually one tonne of waste oil, 0.18 tonnes of solid oily waste, 12 tonnes of mixed waste and 10 tonnes of sanitary waste. The waste rock has been tested and certified inert, and is temporarily stored in stockpiles while Dragon is waiting for approval to crush stockpiled waste rock and use/sell it as construction material. Part of the waste rock has been used to fill the historical Arpola Open Pit.

Vammala

The amounts of waste in Vammala plant have been annually 6 tonnes of waste oil (stored in a 4000 litres tank with secondary containment), 5 tonnes of paper and cardboard waste and about 14 tonnes of mixed waste.

Kaapelinkulma

Kaapelinkulma has a new waste management plan since 25 February 2015 including an early conceptual plan for mine closure activities. No waste is produced at Kaapelinkulma since there are no operational activities.

*Svartliden Production Centre***Svartliden**

The amount of hazardous and non-hazardous waste generated in 2014 at Svartliden was 10.4 tonnes (incl. 7.8 tonnes of waste oil) and 50.7 tonnes. The non-hazardous waste fraction consists of about 15 tonnes of wood waste, approximately 16 tonnes of other combustible and about 14 tonnes of scrap metal shredding. Landfill residue was about 5 tonnes. Fraction of hazardous waste comprises e.g. the elution liquid containing cyanide.

Fäboliden

There are no activities at Fäboliden currently.

Waste Water*Vammala Production Centre***Orivesi**

The emissions from the discharge water in 2014 have been 9.2 µg/l Ni, 2400 mg/l sulphate and 4.1 mg/l suspended material. The pH of the water was from 6.4 to 8.8. The amount of discharge water was 58,000 cu.m in 2014.

Wastewater's pH monitoring takes place on a daily basis at the discharge point, and extensive monitoring of pH and metals takes place on a monthly basis in the discharge ditch and two lakes receiving the effluent carrying the mine's discharges. Sediments in lakes were last sampled in 2012. Samples have indicated presence of Aluminium, traces of Uranium and other metals in the two sampled lakes. This is assumed to be induced by the low pH of the discharge inducing a leaching of metals deposited in the lakes through the extensive mine life (including the none operating times prior to Dragon taking ownership). Latest exceedances of discharge standards was established in July 2015, with Aluminium and other metals above the standard due to low water flow having increased the acidity and leaching capacity of the mine's discharge into the environment, and a rise in pH was detected in January 2016. Monitoring of discharge effluent indicated no increase in metal content and the incident was considered not harmful to the environment by the local authorities. Two automated pH adjustment devices have since been integrated to the water treatment and disposal system.

Jokisivu

The emissions from the discharge water in 2015 have been 0.021 mg/l Ni, 0,007 mg/l Cu, 324 mg/l sulphate and 4.1 mg/l suspended material. The quantity of discharge water is typically around 100,000 cu.m/a. Discharge parameters generally meet the applicable discharge standards. The pH of the water ranges 7.4-7.9. The amount of discharge water was 103,000 cu.m in 2015.

Vammala

From Vammala plant the waste water amount has been 118,000m³ in 2013 from the enrichment operations. The emissions from the discharge water have been 0.051-0.22 mg/l Ni, 0.02 mg/l Cu and 750-900 mg/l sulphate. The pH of the water has varied between 6.2 and 8.8. The monthly average discharge in 2015 has been 6.6 tonnes SO₄, 3.4 kg Ni, 0.003 kg As and 98 kg suspended material.

The sulphate load to Kovero-oja ditch was of 853kg/d in 2011 (v.2010 379kg/d) and the nickel load of 0.388kg/d in 2011 (v.2010 0.196kg/d). The nutrient load of nitrogen was moderate (0.674kg/d) and the phosphorus load was low (0.061kg/d). The load monitoring shows the sulphate load of 26,763 kg in 2011 to Korvalamminoja ditch and the nickel load was of 10.7kg.

The Plant discharges from two points, one indicated on the environmental permit and another acknowledged by the monitoring authorities. Discharge from the first is sporadic, mainly occurring during wet season, while discharge from the second is near constant, shows higher nickel concentration. Surface run-off and seepage flowing to the north-east of the TSF are captured in an open ditch and discharged directly through that discharge point without treatment. Monitoring indicates generally higher levels of sulphites in discharged water in winter.

In 2016 Vammala experienced a small-scale leakage from a tailing pipe within the tailings area. The spilled material was collected and cleaned up and the incident closed to the satisfaction of the authorities.

Kaapelinkulma

There are no activities in Kaapelinkulma at the moment.

*Svartliden Production Centre***Svartliden**

Emissions of metals at Svartliden water discharge point (F13) calculated in 2014 have amounted to 6 kg As, 0,07 kg Pb, 0,02 kg Cd, 1 kg Cu, 0,1 kg Cr, 24 kg Ni and 11,2 kg Zn. Cyanide has been about 1-1.7 mg/l in the tailings pond water. In the discharge water cyanide has been below the detection limit 0.025 mg/l.

Fäboliden

There are no activities in Fäboliden at the moment.

13.6.2

Soil, Surface Water, Groundwater Management and Erosion Control

Vammala Production Centre

Orivesi

Dragon conducted studies of the waters from Ylä-Jalkajärvi to the Peräjärvi discharge ditch. Dragon has also made studies of sediments' chemical composition, drainage waters and the suspended material to inform a review and modification of the mine's water handling system, capture and discharge. The monitoring reports indicate presence of metals and uranium in sediments in the discharge channel and receiving water body. Traces of Nitrogen and metals in the Ala-Jalkajärvi Lake and downstream Peräjärvi Lake were identified in the 2003 Environmental Assessment of the Orivesi Gold Mine (Soil & Water Co. Ltd) conducted in the scope of the asset purchase and transfer to Dragon.

Traces of metals have been identified in analysis of effluents and sediments in the discharge ditch during Dragon operations at Orivesi. During Dragon operations, pH of the discharge water has been below the regulatory threshold on multiple occasions, inducing leaching of the metals present in the lake.

A remediation plan has been started for the contaminated sludge present in the lakes, but was halted pending further studies regarding the impact of dredging and further guidance from the regulator. The footprint of the working areas is minimized and no material signs of material erosion were observed on site.

Jokisivu

Dragon has made studies of groundwater, sediments and surface waters and further environmental and social studies (ecology, regional hydrogeology, cultural history, archaeology, landscape and Natura areas), and flying squirrel specialist studies.

Two groundwater wells are located within the mining lease, with one having dried out since start of operation. The remaining well is monitored for water quality on a regular basis. No signs of material erosion were observed on site.

Vammala

Dragon has made studies of seepage waters, sediments and surface waters in the mining area and the environment, also some studies for the state of the soil (clay, sand and till/moraine).

Kaapelinkulma

Dragon has made studies of ground waters, sediments and surface waters in the mining area and the environment, also some studies for the state of the soil (moraine, possible to use in roads etc.) and studies of protected fauna (butterfly and flying squirrel).

*Svartliden Production Centre***Svartliden**

The thickness of the moraine cover is on average 2-5 m, but is at its deepest point at 14 metres.

The areas around Paubäcken and Öreälven tributaries are Natura 2000 sites (Special Conservation Areas). Because these are areas worthy of protection, the company has taken the following measures to prevent a serious chemical accident affecting these areas. Watercourses, including Svartliden creek, which flows into the Paubäcken has been diverted to prevent accidental release from reaching protection targets. Capture ditches have also been dug around work areas and tailings areas to prevent surface run-offs and accidental releases to flow into the Paubäcken through channelling into an emergency pond for treatment.

The final clarification pond discharges through a ditch into the Middagsmålsmyran, which is drained by a creek systems and later flows into the Öreälven. The supply of water that the company makes to this system, groundwater, precipitation and collected water from the mine, are first led to the sedimentation pond where lime is added to sediment metals before discharge into the clarification pond. Since settling pond has a large volume relative to supply and the runoff from sampled regularly and that ditch goes through woodland and bogs before it empties into the Öreälven, the Company believes that it has sufficient control of the water discharged via Middagsmålsmyran. A major chemical spill will not be pumped or diverted in this system. The potential impact of a major chemical accident is considered to be minimal because even the natural water distribution in area in practice prevents an influence of a major chemical leak from the plant to the Öre river system.

Fäboliden

There are no operations yet in Fäboliden however the Company has conducted environmental and social baseline studies to support the test mining permitting application. Extensive baseline studies had been conducted by the previous owner in the scope of their permitting application process, and data is available to DMS.

13.6.3

Rehabilitation and mine closure

Vammala Production Centre

Orivesi

The expired environmental permit states a requirement for completing and submitting to the regulator for review a mine closure plan at last six month before ending the activities. No draft closure plan was provided for review at the time of site visit since mining operations were recently extended until Q3 2017, however RPM is aware the Company has made a CAPEX provision as outlined in **Section 12**.

Jokisivu

The environmental permit states a requirement for completing and submitting to the regulator for review a mine closure plan at last six month before ending the activities. The environmental authorities have required in the permitting documentation a EUR20,000 guarantee for the mine closure operations including waste rock management, revegetation and landscaping in Jokisivu mine environmental permit. A further EUR5,000 guarantee has been paid in 2016 following the issuance of the rock crushing permit, and Dragon has been requested to provide a bond for EUR35,000 toward the decommissioning of selected facilities.

Vammala

A conceptual closure plan was prepared in 2013. Per the plan the tailings pond will be covered with top soil to facilitate re-growth, prevent the dust and to minimize the amount of leaching waters. The dam walls will be made gradual and covered with vegetation to prevent collapsing and erosion.

Less environmentally harmful Au tailings are laid above the old nickel ore tailings. This prevents nickel ore tailings oxidizing and producing acid drainage and thus acts as a masking material reducing harmful environmental impacts. Dam height increases are also made using gold ore tailings sand, which reduces the previously used nickel tailings acid production. At the end of the current operations the leaching waters from the tailings area to the current storm water pumping station will be held separately from the other surface run-off.

The environmental authorities had originally required a guarantee for EUR192,000 toward the mine closure costs in the Vammala plant environmental permit. In the new permit application Dragon has provided collateral as determined in accordance with the Extractive Waste Act 717/2009 the amount of EUR350,000.

Kaapelinkulma

The principle of the mine closure planning is to be in accordance with the regional legislation in force requiring maintaining public security, as well as to rehabilitate, clean-up and landscape the area back to an environmentally acceptable state. A conceptual closure plan prepared in February 2015 indicates gradual rehabilitation and landscaping measures throughout the proposed mine life.

It propose the filling of the open pit with water, and channelling of run-off water from the waste rock stockpiles toward the pit, with potentially additional sedimentation and clarification ponds to be operated during the initial post-closure years. Once settling and clarification ponds will not be required, they will be back-filled with waste rock and covered with topsoil.

The ultimate waste rock stockpiles are estimated to comprise 700,000-800,000 tonnes of material over an area covering 3.5ha. It is proposed to be covered with top soil and reforested to be returned to a forestry area suitable as breeding ground. The dump area will be landscaped with dumped soils (noise barrier) so that it is suitable for breeding ground and forestry. The environmental authorities have required a provision of EUR70,000 for the mine closure in Kaapelinkulma environmental permit, to be paid upon start of mining operations.

Svartliden Production Centre

Svartliden

There are no measures in the environmental permit of Svartliden about the closure and no specific monetary guarantee is required for the closure activities. The Phase I closure plan has been completed in April 2016. A certain monetary guarantee has been put aside to a closed account per the environmental permit. Phase II of the closure plan will be submitted at a later date since Svartliden is currently processing Dragon Finland's ore and future ore from Fäboliden.

Fäboliden

There are no plans for mine closure yet, but a conceptual one has been prepared for submission to the authorities together with the test mining application material, along with CAPEX provisions as outlined in **Section 12**.

13.6.4 Chemical Storage

Vammala Production Centre

Orivesi

During the first years of the operations sulfuric acid (20 %) and sodium hydroxide. have been used to neutralize the alkaline drainage waters.

Vammala

Chemicals that are used in the flotation are sodium isobutyl xanthate (NIBX), di-isobutyl thiophosphate, di (Danafloat 245, Aerophine 3418A), polypropylene glycol methyl ether (Dowfroth 250) or a chemical with some similar effect. The flocculating agent used in clarification is Fennopol or Flopam 905 SH. In addition, Arfoam S41 is used as a foam remover. Chemicals are stored in drill core storage, the process storage, material storage or in the enrichment workshop.

The majority of the chemicals have health effects, some are irritating and some corrosive. Dowfroth and Fennopol K 3450 are biologically not easily degradable. The most harmful decay product of NIBX is carbon disulphide. In the enrichment area there is an above-ground storage tank (AST) of 3,000 litres of diesel fuel. The site uses approximately 20,000 litres of diesel a year for vehicles (loader, trucks, vans).

Besides the sulfuric acid tank farm, secondary containment was absent for other small above ground storage tanks including a hydrochloric acid (HCl) tank and a sulphuric acid (H₂SO₄) tank within the processing plant. The lack of suitable containment may induce soil and groundwater contamination in case of spill or incident at the tank farms.

Kaapelinkulma

There are no chemicals used or chemical storage in Kaapelinkulma since there are no operational activities.

Svartliden Production Centre

Svartliden

In Svartliden the process chemicals are transported by truck in suitable packaging. The main chemicals used in the process are cyanide, hydrogen peroxide (60%), propane, oxygen, copper sulphate, iron sulphate, hydrochloric acid, caustic, lime and petroleum products. The water treatment plant uses sodium hydroxide, ethanol, defoamers, polymer, phosphoric acid, iron (II) sulphate and hydrogen peroxide. There is also a minor amount of borax, sodium carbonate, potassium nitrate, and other chemicals used in the laboratory.

Handling and storage of process chemicals occurs adjacent to the mill. Diesel is stored near the mine. A detailed description of the storage, handling and location of tanks and storage is provided in the safety report.

Unloading and storage of containers with sodium cyanide briquettes occurs above a dense concrete slab. The containers consist of plywood boxes that contain both an outer bag of reinforced plastic, and a tight inner bag where the briquettes are stored. In the preparation of cyanide solution, boxed briquettes are lifted from the storage area into a mixing tank, and then pumped to a storage tank before further pumping to leaching tanks and elution in the process area. The concentrator has embankments that can hold at least the largest solution tank's volume, (i.e. 160 m³). Any spillage of cyanide chemicals is collected and recycled in the process.

Hydrochloric acid and sodium hydroxide (lye) are delivered in 1 m³ polyethylene tanks with protective steel mesh. The tanks are unloaded on paved surface and stored in a dedicated storage room, where acids and bases are held separately. The chemicals are pumped directly to the respective application in the mill.

Copper and iron sulphate are supplied in bulk packs of 1 tonne. Unloading takes place on tarmacked surface and storage in cold storage. The bags are sealed until they are lifted and lowered over mixing tanks where they are cut open for discharge, from where the solution is pumped into the process tanks. Unloading and storage of slaked lime takes place outdoor over paved surfaces.

Liquid oxygen and LPG are delivered in tankers to the respective outdoors pressure vessels provided by the suppliers of gas for on-site storage. They are then piped through above-ground pipelines to the concentrator. Gas suppliers hire out the pressure vessels and provide that the vessels meet current standards. Small amounts of propane and acetylene for welding are supplied in cylinders.

Hydrogen peroxide is delivered by truck and transferred by air lifting to the two storage tanks located outdoors. Hydrogen peroxide is then pumped into a day tank inside the concentrator. Hydrogen peroxide is then pumped to the cyanide destroying station and a minor amount overflows into the cyclone flowing further down in the first CIL tank.

Activated carbon is delivered in big bags and unloaded on sealed surface. Storage takes place in containers at the stock. Carbon bags are closed and sealed until they are raised and lowered over the CIL tanks where they are emptied.

The chemicals and products used in the field and in the process, are well known and documented. Safety data sheets for the different chemicals are available on the plant and used for safety information regarding the products and their environmental impacts.

The chemicals are stored in accordance with applicable rules and regulations. When reagents / chemicals demand truck transportation between the area's various buildings, this is done by trained staff. Other chemicals are transported in enclosed piping systems.

There is a risk of the formation of hydrogen cyanide during heavy and uncontrolled lowering of the pH of the concentrator.

To prevent this risk, steps have been taken:

- Staff has radio communication and wears measurement equipment that measures the cyanide content.
- Continuous pH measurement. Cyanide Meter on the reagent area and leaching area and at elution with an alarm to the control room and on the radio. The alarm goes off both if the deviation between the gauges is too large or if a metre shows the pH too low or too high cyanide content.
- Lime is available to neutralize any cyanide leaching.
- Regular cyanide training.

- Procedures for working with cyanide.
- Personal protective equipment adapted to the work to be performed.
- Cyanide tanks are inspected every 3 years (operating tests) and every 6 years (internal and external examination). The inspections are performed by accredited inspection bodies.
- Preventive maintenance.

The County Board has sent a notice to fix the leak from the diesel spill at the filling station and to submit a remediation notification later than 1 September 2014. DMS has submitted a remediation notice on 1 September 2014 to the Administrative Board and carried out measures in the autumn. These measures included the excavation of contaminated soil, temporary localized groundwater dewatering, transport of contaminated soil and water to an approved landfill.

DMS has informed the Administrative Board of these measures and sampling groundwater were showing levels below the limit of SPI. About 4.4 m³ of contaminated water (largest share of the gravel bed under the high voltage plant, about 400 litres from the tray under the diesel pump and about 10-20 litres of groundwater pipe DIE 6 at the filling station) was taken care of by a specialized company (Stena) for disposal in an approved landfill. Approximately 35 tonnes of contaminated soil was collected by another specialized company (RGS 90) for disposal at an approved site in Vilhelmina.

Fäboliden

There are no chemicals used or chemical storage in Fäboliden.

13.6.5 Explosives storage, fire safety and emergency preparedness

Vammala Production Centre

Dragon has safety plans and safety programs for each site. The whole organisation is well prepared for different kinds of fire and emergency response. In Orivesi the amounts of explosives used annually is 200 tonnes of emulsion and 68 tonnes other explosives annually. In Jokisivu the amount of explosives used is 15 tonnes annually. The explosives are stored in dedicated warehouses and handled by a contractor.

Svartliden Production Centre

Svartliden

It is the responsibility of executives to implement and / or update existing risk assessments of the business. In connection with the revision of the safety report, the risk assessments are implemented. Descriptions of methods for risk assessment are contained in the procedure R7790-04 Risk Assessment. Management of Change, including a risk assessment process, is defined in the procedure R7790-02.

The ponds have a similar risk assessment carried out. For the scenarios that have been rated with class 3 severity or higher for health and safety trigger an in-depth risk analysis. The external environmental impact at different scenarios are described and assessed qualitatively in the environmental risk analysis. Fire has been recognized as a significant chemical accident as hazardous chemicals are released during fire and explosion.

Based on the rough analysis and risk assessments undertaken a plan of action has been developed. For each risk, the action plan contains concrete measures that have timed and every action has also a manager appointed.

Emulsion explosive (ammonium nitrate) was delivered to the plant by a subcontractor, which also charges the explosive substance directly into each drill hole during the review of the company's mining contractor. The explosive is not considered a significant risk before charging primed with a detonator.

Fäboliden

There are no storage in Fäboliden yet.

13.6.6 Workplace conditions

The working conditions in Dragon are suitable. Workers (staff and contractors) are provided with general EHS training and activity-specific training (e.g. special permits, etc.). Use of PPE and management of harmful exposure is appropriate in the operations of both Dragon and DMS. Both have also a plan and a procedure in place to ensure that medical examination for each employee is conducted annually. Dragon and DMS have maintained all necessary insurance in respect to medical and occupational diseases for its employees required under the applicable laws and regulation.

During the observation of the Dragon's operations, all the places where there are moving or rotating parts (motor axis and belts) were properly guarded.

In Kaapelinkulma and Fäboliden there is no permanent work going on yet.

13.6.7 Community

Vammala Production Centre

Generally, some of the sites are located near residential area (Jokisivu, Vammala), some in agricultural areas. During the site visits, it was identified that some of the nearest neighbours are located within the safety protection distance (600m). However, at the time of the initial site visit, the site management reported that not much grievances have been received from the nearest neighbours. One open-house was organized at Jokisivu site in the scope of the

application for lease extension and for waste rock crushing. Communication with neighbouring communities outside the permitting process is generally taking place through informal channels (employees originating from communities), and formal communications are driven by the Dragon Country Manager.

Two neighbours of the Vammala plant appealed against the permitting application to increase capacity to 300,000T/a. Several local stakeholders (residents, holders of fishing rights and neighbouring towns) made statements against the renewal of the Orivesi permit or expressed their concerns on setting adequately strict permitting conditions during the application process.

Dragon has been the target of a campaign by Friends of the Earth Finland, and the Finnish Association for Nature Conservation. Friend of the Earth publicized an attack against Dragon's operation at Orivesi in Q4 2013. These two organizations voiced their opposition to the continued mining operations at Orivesi during the appeal process which resulted in the rejection of the new environmental permit issuance by the Western and Inner Finland State Administrative Agency. They demanded from ELY the closing down of mining operation after the rejection of the permit issuance, which was rejected by ELY.

Communities near the TSF could possibly be impacted in the event of dam failure. As mentioned in previous sections, safety assessments for the TSF were conducted by governmental authorities, and emergency response plans that cover TSF were prepared.

Svartliden Production Centre

Generally, the site is in the middle of a forest area and the nearest residential area is some km away. In fact, the most complaints have been from the Sami community, which practices reindeer husbandry as their source of livelihood and have traditional herding rights over the Svartliden area. Scheduled engagement with local communities and the Sami villages' representatives is specified in Svartliden's environment permit. Sami's have raised grievances against the project, mostly of general nature regarding the restriction on land access across the project footprint and impacts of mining, and a neighbour opposed to mining had initially refused to sell his land for an expansion of the TSF approved by the relevant authorities but recently agreed to the transaction.

Media reported non-compliance with the discharge standards applied to the wastewater transfer between the TSF and the settling pond at Svartliden. Dragon has been cleared of all charges both in the Court of First Instance and then in the Supreme Court.

Sami's are expected to present challenges for the permitting of the Fäboliden project. Consultations with Sami representatives on management measures for potential impacts of the project on reindeer herding have started in February 2017.

14 Mine Risks and Opportunity Assessment

14.1 Opportunity

RPM considers there to be a number of opportunities with excellent potential to enhance both the Operating Assets and the planned production forecast through short term exploration works, test works and technical studies. RPM is aware the primary goal of the Company's management is to ensure the continuity of the Operating Assets while optimising the Development Assets in the short term. RPM considers this approach suitable and recommended given the various Project status. RPM high the following key opportunities:

Exploration Potential and Mine Life Extension: RPM considers there to be excellent potential to extend the mine life and Ore Reserve base of the Projects through exploration and/or optimisation of the Development Projects. These include:

- **Orivesi:** Recent Drilling has defined additional mineralisation down and up dip of resource within the Sarvisuo West area. As outlined in Section 7.5.3.1 these are significant and require geological interpretation confirmation prior to inclusion in a mineralisation, however will likely result in an increase in mine life.
- **Jokisivu Down Dip Extension:** Recent Geophysical Surveys have highlighted the extension of the host rocks (dioritic intrusion) to the gold bearing quartz veins well beyond the current drilling limits. RPM considers this a high priority target that can be drilled from within the current and planned mine development. If economic mineralisation is successfully delineated this target presents the opportunity to underpin future mining operations well beyond the current mine life in the medium term.
- **Underground Potential:** Mineralisation within the Fäboliden Project extends well below the base on the reported open pit Ore Reserves (370 m elevation). The concept analysis although high level demonstrated that the portions of the currently defined resource showed reasonable prospects for economic extraction via underground methods and with further studies recommended.

Economic Value: While RPM's review and independent studies show the economic viability of the Operating Assets and Development Projects at current market condition RPM notes that upside potential exists, with key opportunities including:

- **Fäboliden Silver:** The ore within the Fäboliden pit contains approximately 250,000 ounces of silver. During the project evaluation no value has been assigned to the silver and thus no revenue has been realised. Including a credit for the contained silver will benefit the project cash flow.

14.2 Risk

Mining is a relatively high risk business when compared to other industrial and commercial operations. Each mine has unique characteristics and responses during mining and

processing, which can never be wholly predicted. RPM's review of the Projects indicates risk profiles typical of large scale mines at similar levels of resource, mine planning and development in the Nordic Region. Until further studies provide greater certainty, RPM notes that it has identified risks and opportunities with the Projects as outlined in **Table 15-2**.

RPM has attempted to classify risks associated with Dragon based on Guidance Note 7 issued by The Stock Exchange of Hong Kong Limited. Risks are ranked as **High**, **Medium** or **Low**, and are determined by assessing the perceived consequence of a risk and its likelihood of occurring using the following definitions:

Consequence of risk:

- **Major:** the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on Dragon's cash flow and performance and could potentially lead to failure;
- **Moderate:** the factor, if uncorrected, could have a significant effect (10% to 15% or 20%) on the Projects' cash flow and performance unless mitigated by some corrective action, and
- **Minor:** the factor, if uncorrected, will have little or no effect (<10%) on Dragon's cash flow and performance.

Likelihood of risk occurring within a 7 year timeframe:

- **Likely:** will probably occur;
- **Possible:** may occur, and
- **Unlikely:** unlikely to occur.

The consequence of a risk and its likelihood of occurring are then combined into an overall risk assessment as shown in **Table 14-1** to determine the overall risk rank.

Table 14-1 Risk Assessment Ranking

Likelihood	Consequence		
	Minor	Moderate	Major
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

RPM notes that in most instances it is likely that through enacting controls identified through detailed review of the Mine's operation, existing documentation and additional technical studies, many of the normally encountered Mine risks may be mitigated.

Risk Ranking	Risk Description and Suggested Further Review	Mitigant	Area of Impact
M	<p>Leaching residence time (Svartliden Production Centre)</p> <p>Although the ore is fast leaching, the circuit does have a low residence time (14.6 hours) and is vulnerable to any production disruptions (i.e. lower gold recovery)</p>	<p>Increase leach feed to 50% solids; add an additional leaching tank</p>	<p>Life of Project Costs</p>
M	<p>Metal Prices & Operating Costs:</p> <p>The Fäboliden open cut mine is sensitive to metal prices and operating costs. For new projects any unexpected increases in operating costs can significantly impact on the project economics. Equally, any decrease in the metal prices will also negatively impact the operation, however this also reverts in the alternative direction with significant upside for increases in price. RPM notes that contractors will be utilised in the mining, as such presents minimal risk.</p>	<p>Review and confirm all operating costs and parameters. During operation all costs and performance factors need to be monitored closely.</p> <p>Where possible, metal can be sold forward to minimise downside.</p>	<p>Project Economics</p>
L	<p>Reputational Risk:</p> <p>Dragon operations in Finland have been targeted by opposition campaign by NGOs, and are opposed by local stakeholders in both Finland and Sweden. In Sweden, Sami's are generally opposed to mining however the Company has good relationships with the local communities.</p>	<p>Increase formal stakeholder engagement and reach alignment with key stakeholders</p>	<p>Reputation, business continuity.</p>
L	<p>Fäboliden Permit</p> <p>The Final Environmental Permit is pending approval at Fäboliden. RPM is aware this process is on going and under discussion with local authorities.</p> <p>RPM considers that this approval of the permit is a matter of time and no material issue of approval have been noted</p>	<p>Progress further discussion</p>	<p>Commencement of Mining</p>

Risk Ranking	Risk Description and Suggested Further Review	Mitigant	Area of Impact
L	<p>Decontamination of Lake Ala-Jalkajärvi (Orivesi Mine)</p> <p>Claims by NGOs of contamination of Lake Ala-Jalkajärvi (in particular) and non-compliances with the discharge standards identified in monitoring reports communicated to the authorities may lead to requirement for decontamination of receiving water bodies. ELY Centre has communicated its intent to obtain a detailed closure and decontamination plan from Dragon. The reviewed closure costing does not include the corresponding clean-up costs for the receiving water bodies. Outokumpu can be held liable for previous contamination.</p>	<p>Complete remediation and decontamination study for Lake Ala-Jalkajärvi, as part of comprehensive site closure plan</p> <p>Trigger environmental liability of Outokumpu Mining and Outokumpu Nickel (clause 4.8 of Share and Loan Sales Agreement (2003)) with regards to clean-up costs of the impacted lakes</p>	<p>Environmental quality of receiving body</p> <p>Remediation/decontamination costs</p>
L	<p>Mining at depth:</p> <p>Orivesi is mining at a depth that will require additional ground stress management. Additional ground support and ground management programs will be required to monitor and to be followed.</p> <p>RPM notes that minimal tonnage remains at these depths.</p>	<p>Independent geotechnical mining review is recommended</p>	<p>Safety, Production profile.</p>

Annexure A — Qualifications and Experience

Jeremy Clark — Manager, Hong Kong, Bsc. with Honours in Applied Geology, Grad Cert Geostatistics, MAIG, MAusimm

Jeremy has over 15 years of experience working in the mining industry. During this time he has been responsible for the planning, implementation and supervision of various exploration programs, open pit and underground production duties, detailed structural and geological mapping and logging and has a wide range of experience in resource estimation techniques. Jeremy's wide range of experience within various mining operations in Australia and recent experience working in South and North America gives him an excellent practical and theoretical basis for resource estimation of various metalliferous deposits including Iron Ore and extensive experience in reporting resource under the recommendations of the JORC and NI-43-101 reporting codes.

With relevant experience in a wide range of commodity and deposit types, Jeremy meets the requirements for Qualified Person for 43-101 reporting, and Competent Person ("CP") for JORC reporting for most metalliferous Mineral Resources. Jeremy is a member of the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy.

Igor Bojanic BE (Mining, Hons), RungePincockMinarco Senior Mining Engineer, M.Appl.Sc. (Env Mgmt), MAusIMM, CPMIn, MMICA.

Igor is a mining engineer with extensive practical experience in all facets of opencut mining. His strengths lie in project mine planning and scheduling in opencut metalliferous, coal and quarries. Metalliferous projects undertaken include pit optimisations using both Whittle 4D and 4X, pit design, scheduling, equipment selection and mine costing. Igor has also worked on a number of quarry projects, developing quarry plans for both operations and to support environmental documents. He has obtained a Masters in Environmental Management and has a particular interest in incorporating environmental planning into the mine planning process and also has a very good working knowledge of Gemcom, MicroLynx, Datamine, Surpac and Whittle software. Recently Igor has had significant exposure to the development and running of detailed economic models as part of Due Diligence and Detailed Feasibility Studies.

Andrew Newell - BE, MEngSc, University of Melbourne, PhD, University of Cape Town. Member of the SME, CIMM, AusIMM & IEA as well as a Chartered Professional Engineer, Australasia

Andrew has over 30 years of broad experience in the fields of minerals processing, hydrometallurgy, plant design, process engineering (including equipment selection and design) and metallurgical testwork. He has worked on five iron ore projects, one involving flotation, and is knowledgeable about iron ore processing techniques such as magnetic separation. The experience includes operating and management experience in base-metal concentrators, precious metal leaching facilities as well as diamond processing and base-metal smelting in several countries, including Chile, Peru, South Africa, USA and Australia. Responsible for the design of flotation equipment, concentrators and commissioning of flotation and precious metals leach plants. In addition, Andrew has had experience in process and process plant evaluations, due diligence audits, feasibility studies and metallurgical testwork and program development.

Company's Relevant Experience

RungePincockMinarco (RPM) is the market leader in the innovation of advisory and technology solutions that optimise the economic value of mining assets and operations. RPM has serviced the industry with a full suite of advisory services for over 45 years and is the largest publicly traded independent group of mining technical experts in the world.

RPM has completed over 11,000 studies across all major commodities and mining methods, having worked in over 118 countries globally.

RPM has operations in all of the world's key mining locations enabling them to provide experts who understand the local language, culture and terrain. RPM's global team of technical specialists are located in 18 offices around the world. Through their global network, RPM can provide you access to the right specialist technical skills for your project.

RPM's advisory division operates as independent technical consultants providing services across the entire mining life cycle including exploration and project feasibility, resource and reserve evaluation, mining engineering and mine valuation services to both the mining and financial services industries.

RPM's trusted advisors typically complete assignments across all commodities in the disciplines of:

- Geology;
- Mining Engineering;
- Minerals Processing;
- Coal Handling and Preparation;
- Infrastructure and Transportation;
- Environmental Management;
- Contracts Management;
- Mine Management;
- Finance and Projects Funding;
- Commercial Negotiations.

RPM was founded in Australia and as a result, has a solid understanding of and is committed to compliance with the codes which regulate Australian corporations and consultants.

Over the past 45 years, RPM has grown into an international business which has continued to provide clients and those that rely on its work the confidence that can be associated by the use of the relevant global industry codes some of which include:

- The Australasian Institute of Mining and Metallurgy Code of Ethics;
- The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;
- The Australian Institute of Geoscientists Code of Ethics and Practices;

- Society for Mining, Metallurgy and Exploration Code of Ethics; and
- The National Instrument 43-101 Standards of Disclosure for Mineral Projects.

RPM has conducted numerous independent mining technical due diligence studies and reporting for IPO's and capital raisings under the requirements of all key mining equity markets over the past six years, with involvement in capital raisings worth more than USD44 billion. Some of this and other work is summarised in **Table A1**.

RPM leverages the power of its specialist knowledge to also provide cutting edge mining software that is sought after globally for mine scheduling, equipment simulation and financial analysis. RPM software is relied on by mining professionals to understand how to structure their long and short term operations efficiently using auditable best practice methodologies and solutions.

Joe McDiarmid — Principal Consultant, Runge Ltd Industry Consultants. BEng Mining, MAusIMM.

Joe has over 17 years of exposure to underground operational, technical and leadership roles in mineral resource companies in Australia. He has broad exposure to a variety of mining methodologies across four principal mineral deposits coupled with a well-developed understanding of the commercial, functional and safety management aspects of mining operations. Joe has proven ability at leading large teams, direct reports and sub-contractors simultaneously. With substantial experience in a wide range of commodity and deposit types, Joe meets the requirements for Competent Person for JORC reporting for most metalliferous Ore Reserves.

Ian Booth BSc (Mining Engineering, Hons)

Ian joined RPM in mid 2005. Ian's strengths lie in the area of open pit optimisation, mine planning, scheduling and computer applications. He brings considerable exposure to the mining industry and has worked on projects at numerous mine sites and head offices in Australia and overseas. He has experience working with various deposit types including base metals, gold, uranium, mineral sands, bauxite and coal. While he is familiar with several mine planning packages he is highly skilled at using Datamine for open pit and underground. In addition his ability to write computer software gives him the capacity to provide innovative, practical and fast solutions to what can sometimes be complex data handling problems. Ian is also skilled in the use of 3D computer graphics and animation. Recent work with RPM has covered metals work in the Northern Territory and New Guinea.

Shaun Searle - Senior Consultant Geologist, RungePincocKMinarco - Bachelor of Applied Geology (Hons) Curtin University of Technology — Graduate Certificate (Applied Finance, FINSIA accredited) — MAIG

Shaun has over 10 years of experience working in the mining industry and has worked as a Senior Consultant Geologist with RPM for 3 years and as a Consultant Geologist for 2 years prior. Since joining RPM he has been involved in a number of projects including Mineral Resource estimation, technical reviews and due diligences for a variety of commodities including iron ore, magnetite, gold, copper, base metals and graphite. He has site based field experience in Western Australia and Queensland, as well as India, Indonesia and the Philippines. Prior to joining RPM, Shaun worked in the planning, implementation and supervision of various drill programs, geological mapping; and resource modelling in Western Australia.

In addition, Shaun has signed off as Competent Person for Mineral Resources on BIF and channel derived iron ore deposits and Archean shear hosted gold lode deposits. Shaun can use a variety of mining software packages including: Surpac, Vulcan, Supervisor, and AcQuire.

Table A1 — Significant Mining Related IPO and Acquisitions Since 2011

2017 Yanzhou Col Mining Co. Ltd Competent Persons Report of Coal Resources and Coal Reserves under JORC and Independent Technical Review for inclusion in a HKEx Prospectus to support the a indirect Major Transaction for the acquisition of the Hunter Valley Coal Assets, Australia

2017 China Molybdenum Company., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKEx Prospectus to support the a indirect Major Transaction for the acquisition of the Tenke Copper and Cobalt Mine, DRC.

2016 China Molybdenum Company., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKEx Circular to support the a Major Transaction for the acquisition of the Tenke Copper and Cobalt Mine, DRC.

2016 China Molybdenum Company., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKEx Circular to support the a Major Transaction for the acquisition of the Phosphate and Niobium Mine Brazil

2016 CGN Mining Company Limited; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKEx Circular to support the a Major Transaction for the acquisition of a 19.9% equity stake in Fission Uranium Corps Pattersons Lake Uranium Project, Canada.

2015 BHP Limited Demerger into South 32; independent technical review and compilation of a Competent Persons Report as defined by the European Securities and Markets Authority's Recommendations on consistent implementation of Commission Regulations ("EC") No 809/2004 implementing the Prospective Directive (the "ESMA Recommendations"). The ITR was completed on the assets of Illawara Coal Holdings located in the New South Wales state of Australia.

2014. MMG., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the acquisition of the Las Bambas Copper Mine, Peru.

2014 Hidili International Development Company., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the divestment of Multiple Coal Mines, Yunnan Province, China.

2013 China Molybdenum Company., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the acquisition of the Northparkes Copper and Au Mine, Central West NSW, Australia.

2012 China Au Resources International., Ltd; Tibet Jiama Copper-Polymetallic Phase II NI 43-101 HKEx Pre-Feasibility Study. China

2012 China Precious Metal Resources Holdings Co., Ltd Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the acquisition of an Au Operation Yunnan Province, China.

2012 Kinetic Mines and Energy., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the IPO of an underground coal asset in Inner Mongolia Province, China.

2012 China Daye Non-Ferrous Metals Mining., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the acquisition of 4 operating underground copper, lead, zinc assets in Hubei Province, China.

2012 Huili Resources Group ., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the IPO of multiple underground nickel, lead, zinc, copper and au mining assets in Xinjiang and Hami Province, China.

2011 China Polymetallic Limited Mining., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the IPO of a lead zinc silver polymetallic underground mining assets in Yunnan Province, China.

2011 China Precious Metal Resources Holdings Co., Ltd; Competent Persons Report of Mineral Resources and Ore Reserves under JORC and Independent Technical Review for inclusion in a HKSE Circular to support the acquisition of multiple underground au mining assets in Henan Province, China.

Annexure B — Glossary of Terms

The key terms used in this report include:

- **AA** stands for atomic adsorption, and analytical procedure
- **Ag** refers to silver
- **ANFO** stands for ammonium nitrate fuel-oil, an explosive used in mining
- **ARD** stands for acid rock drainage
- **ARI** refers to Average Recurrence Interval
- **Au** refers to Gold
- **AUSIMM** stands for Australasian Institute of Mining and Metallurgy
- **BOO** stands for Build, Own, Operate (placing a system in the hands of a third party to build, own, and operate; for example, the power transmission line)
- **BPC** stands for biphenyl polyvinyl chloride
- **bornite** refers to a brown metallic mineral containing Cu Sulphide
- **chalcopyrite** refers to a brassy sulphide mineral containing copper and iron.
- **chalcocite** refers to a gray to black brittle copper sulphide mineral
- **CIRA** refers to archaeological review approval of a site, which allows disturbance to occur.
- **covellite** refers to a purple mineral consisting of thin sheets of Cu sulphide
- **Client** refers to Dragon Mining Limited
- **concentrate** refers to the Au Product produced and trucked to the Svartliden Production Centre
- **Company** means Dragon Mining Limited.

- **Cu** refers to Copper
- **Cu.m/h** refers to refers to cubic metres per hour
- **Cut-Off Grade** ('cog')
- **Resource cog:** is the lowest grade of mineralised material that qualifies as having reasonable economic potential for eventual extraction and supports a geologically justifiable and continuous mineralisation domain.
- **Economic/Reserve cog:** is the lowest grade of mineralised material that qualifies as economically mineable and available in a given deposit after application of modifying factors and economic assessment at given commodity prices. It may be defined on the basis of economic evaluation, or on physical or chemical attributes that define an acceptable product specification.
- **DE** stands for Definitive Estimate (of the cost and schedule to complete construction)
- **deposits** refers to the cluster of mineralised bodies which are contained within the Projects.
- **DH** stands for diamond-drill hole
- **EGL** stands for effective grinding length, used of grinding mills
- **EHS** means Environmental, Health and Safety
- **EIS** stands for environmental impact assessment
- **EMP** stands for environmental management plan
- **EMS** stands for environmental management system
- **EPCM** stands for engineering, procurement, and construction-management, a type of contract
- **ESIA** stands for environmental social impact assessment
- **Fault** refers to a slip-surface between two portions of the earth's surface that have moved relative to each other. A fault is a failure surface and is evidence of severe earth stresses.
- **PFS** stands for Pre Feasibility Study
- **FSR** stands for freight, smelting, and refining, the costs for transporting and processing of concentrates to produce metal for sale

- **G&A** stands for General and Administrative, a category of operating costs
- **GL** refers to a giga litre
- **g/t** stands for grams per tonne
- **Ha** also **ha** stands for Hectares
- **HDPE** stands for high-density polyethylene, a type of plastic film
- **HHR** means heavy haul road, which is the newly-constructed road connecting the Projects to Espinar.
- **HKEx** stands for Hong Kong Stock Exchange
- **hr** stands for hour
- **ITR** stands for Independent Technical Review
- **JORC** stands for Joint Ore Reserves Committee
- **JORC Code** refers to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
- **kg** stands for kilogram
- **km** stands for kilometre
- **kt** stands for 000's of tonnes of kilo tonnes
- **ktpa** stands for 000's tonnes per annum or kilo tonnes per annum
- **KV** refers to kilovolt
- **kW** stands for kilowatt
- **KWh** refers to kilowatt hours
- **the Projects** refers to the Multiple Projects, Sweden and Finland
- **L** stands for litres
- **lbs** stands for pounds (avoirdupois)

- **LOM** stands for Life of Mine
- **LOM plan** stands for Life of Mine Plan
- **LTA** means lost time accident
- **m** stands for metre
- **m³** stands for cubic metres
- **masl** stands for metres above sea level
- **mm** refers to millimetre
- **mine production** is the total raw production from any particular mine
- **Mining rights** means the rights to mine mineral resources and obtain mineral products in areas where mining activities are licensed
- **MI** stands for mega litre which is equal to one million litres
- **Mt** stands for mega tonnes which is equal to one million tonnes
- **Mtpa** stands for million tonnes per annum
- **MVA** refers to megavolt ampere
- **MW** refers to megawatt
- **MWH** refers to the international engineering firm of Montgomery Watson and Harza
- **NSR** refers to Net Smelter Return, the net value of concentrate after deducting freight, smelting, and refining costs
- **P₈₀** refers to 80 weight % passing, used in association with particle size
- **PAG** stands for potential acid generating
- **Projects** refers to the Multiple Projects Sweden and Finland contained within the Exploration and Mining Licences
- **PVC** stands for polyvinyl chloride, a type of plastic film
- **pyrite** refers to a hard, heavy, shiny, yellow mineral, FeS₂ or iron disulfide, generally in cubic crystals.

- **QA/QC** stands for quality assurance and quality control
- **RC** stands for reverse circulation, a drilling method
- **Relevant Asset** means the mines, projects, processing facilities, associated mining and administration infrastructure and mining and exploration licences.
- **ROM** stands for run-of-mine, being material as mined before beneficiation
- **ROW** means right-of-way
- **RPM** refers to RungePincockMinarco
- **SAG** stands for semi-autogenous mill, a type of grinding mill
- **s.g.** stands for specific gravity
- **t** stands for tonne
- **TDH** stands for total dynamic head, the hydraulic head applied to pumps
- **TISUR** refers to the owner/operator of the port at Matarani
- **Troy Oz** equates to 31.103477g
- **TSF** stands for tailings storage facility
- **tonne** refers to metric tonne
- **tpd** stands for tonnes per day
- **tph** stands for tonnes per hour
- **TSF** stands for tailings storage facility
- **µm** stands for micron (1/1,000 of a metre)
- **Wi** stands for work index, a measure of rock hardness
- **WMP** stands for water management plan
- **WRSF** stands for waste rock storage facility
- **Wmt** stands for Wet metric tonne
- **USD** refers to United States dollar currency.

- \$ refers to United States dollar currency
- ¥ is the symbol for the Chinese Renminbi Currency Unit
- % refers to a Percentage.
- Note: Where the terms Competent Person, Inferred Resources and Measured and Indicated Resources are used in this report, they have the same meaning as in the JORC Code.
- A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Mineralisation may be classified as a Measured Mineral Resource when the nature, quality, amount and distribution of data are such as to leave no reasonable doubt, in the opinion of the Competent Person determining the Mineral Resource, that the tonnage and grade of the mineralisation can be estimated to within close limits, and that any variation from the estimate would be unlikely to significantly affect potential economic viability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource. Mineralisation may be classified as an Indicated Mineral Resource when the nature, quality, amount and distribution of data are such as to allow confident interpretation of the geological framework and to assume continuity of mineralisation. Confidence in the estimate is sufficient to allow the application of technical and economic parameters, and to enable an evaluation of economic viability.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource. The Inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are insufficient to allow the geological and/or grade continuity to be confidently interpreted. Commonly, it would be reasonable to expect that the majority of Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration. However, due to the uncertainty of Inferred Mineral Resources, it should not be assumed that such upgrading will always occur. Confidence in the estimate of Inferred Mineral Resources is usually not sufficient to allow the results of the application of technical and economic parameters to be used for detailed planning. For this reason, there is no direct link from an Inferred Resource to any category of Ore Reserves.

Annexure C — JORC Code Disclosure Requirements

Section 1 Sampling Techniques and Data

Orivesi

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	The various mineralised lodes at the Kutema and Sarvisuo deposits were sampled using surface and underground diamond core drill holes (DD) and underground production 'soija' (sludge) holes. Production grade control drilling was mainly undertaken at 4m intervals along development drives, whilst DD holes were drilled at variable spacings but averaged 10-30m spacing in the central portions of the deposit around the underground development, increasing to 30-60m above and below the current working levels. Drill holes were surveyed on the local mine grid.
	Include reference to measures taken to ensure sample representativeness and the appropriate calibration of any measurement tools or systems used.	All drill hole collar co-ordinates have been accurately surveyed by qualified mine surveyors and tied into the local mine grid. Down hole surveys were undertaken on all exploration and resource development holes, however the majority of historic holes only have dip data with nominal azimuth readings. Surveys were generally taken at 3m or 10m intervals down hole using Maxibor or EMS multishot equipment. The majority of surveys were conducted by Suomen Malmi Oy (SMOY). Recent drill holes were surveyed by Nivalan Timanttikairaus Oy using Maxibor II or Gyro equipment.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Drilling was conducted by Lohja Oy, Outokumpu and Dragon. Diamond core drilling by Lohja and Outokumpu used 45mm diameter core (T56) with sampling at varying intervals based on geological boundaries. Lohja used mainly VTT Laboratory in Finland for assaying. In 1992-2003 (Outokumpu), sample preparation and analysis were undertaken at the local independent laboratory (GAL and later VTT) in the town of Outokumpu using Fire-Assay with AAS or ICP finish. Diamond core drilling by Dragon used 39mm, 40.7mm and 50mm core diameter (WL-56, BQTK and NQ2) with sampling and analysis as described above for Outokumpu drilling. In June 2008, the independent sample preparation laboratory in the town of Outokumpu became part of ALS Chemex laboratories.

Criteria	JORC Code explanation	Commentary
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Diamond core and sludge drilling were the primary techniques used at Orivesi.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Recoveries from diamond core were recorded in the supplied database, with an average core recovery of >99%. Lost core was also routinely recorded.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Diamond core was reconstructed into continuous runs with depths checked against core blocks. Core loss observations were noted by geologists during the logging process. No major recovery problems were encountered with sludge drilling which has been routinely applied for almost 20 years at the Orivesi Mine.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No relationship was noted between sample recovery and grade. The mineralised zones have predominantly been intersected by percussion and diamond core with good core recoveries. The consistency of the mineralised intervals suggests sampling bias due to material loss or gain is not an issue.
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	All holes were site logged by company geologists to a high level of detail. Diamond core was logged for recovery, RQD, number and type of defects. The supplied database contained tables with information recorded for alpha/beta angles, dips, azimuths, and true dips. Specific indicator minerals and the amount and type of ore textures and ore minerals were also recorded within separate tables.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Drill samples were logged for lithology, rock type, colour, mineralisation, alteration, and texture. Logging is a mix of qualitative and quantitative observations. It has been standard practice by Outokumpu and Dragon (since 2001), that all diamond core be routinely photographed.
	The total length and percentage of the relevant intersections logged.	All drill holes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Diamond full-core is usually submitted for sample preparation and assay. In some cases, core is cut in half or quarter using a core saw with half or quarter core is sent for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Sampling of diamond core uses industry standard techniques. Core sampling was undertaken at intervals from 0.3m to 2.5m based on geological boundaries with the average sample length being around 1.5m. Whole core was generally sent for analysis, although some half core sampling has been carried out.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	At the Orivesi mine, sludge drill holes were drilled with a Solo rig, with a hole diameter of 64mm. Sludge drill holes are perpendicular to the strike of the lodes, with the dip of sludge drill holes is usually 30-80 degrees upwards. The slurry runs via a pipe line to a plastic bucket. After thorough mixing, a sample is collected into a sample bag with a sample length of 1.5m. After each sample is collected, the hole is washed with water to minimise contamination. This kind of sludge drilling has been routinely and successfully applied at the Orivesi mine. Samples are dried in ALS lab, and weight of a dry sample is 3 kg, in the average. Standards and systematic duplicates are not put to the batches of sludge samples. Samples are assayed in ALS Minerals Ltd using Au_AA25 method, values exceeding 50 g/t are checked with Au_GRA21.
	Quality control procedures adopted for all sub-sampling stages to maximise representativeness of samples.	Dragon has used systematic standard and pulp duplicate sampling since 2004. Every 20th sample (sample id ending in -00, -20, -40, -60, -80) is submitted as a standard, and every 20th sample (sample id ending in -10, -30, -50, -70, -90) is inserted as a pulp duplicate (with the original sample id ending in -09, -29, -49, -69, -89).
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Sample sizes are considered appropriate to correctly represent the moderately nuggetty gold mineralisation based on: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and assay value ranges for Au.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Samples were assayed by GAL or VTT Laboratories in Outokumpu. The whole pulverised core was assayed for Au via Fire Assay using a 40g charge with gravimetric finish using standard methods. In addition to Au, some mineralised sections were analysed for a number of other elements including Te and Bi. From 2006, all samples were shipped to ALS Chemex (Perth, Australia or more recently Rosia Montana, Romania) for Fire Assay determination (30g subsample) with AAS finish. Recently, for samples returning values above 5ppm, a 50g Fire Assay with GRA finish was used.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine any element concentrations used in this Mineral Resource estimate.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Prior to 2004, QAQC programs were restricted to analysis of 41 duplicate samples from drill holes KU-803 to KU-805. Since 2004, a more expansive QAQC program was implemented consisting of systematic duplicate and standard sampling. The program included inserting a duplicate sample every 20th sample and also inserting a standard sample for every 20th sample. ALS Chemex report their internal QAQC results for review by Dragon personnel. Constant monitoring of the standard and duplicate results has been undertaken by Dragon site geologists. The results are considered acceptable.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	RPM has independently verified significant intersections of mineralisation by inspecting drill core from the recent drilling at the Dragon core yard during the 2015 site visit.
	The use of twinned holes.	There has been no specific drill program at Orivesi designed to twin existing drill holes.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data is documented on paper logs prior to being digitised using Drill Logger software.
	Discuss any adjustment to assay data.	Dragon adjusted zero Au grades to half the detection limit.

Criteria	JORC Code explanation	Commentary
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Drill hole collars and starting azimuths have been accurately surveyed by Dragon mine and exploration surveyors. Down hole surveys were undertaken on all exploration and resource development holes. Surveys were generally taken at 3m or 10m intervals down hole using Maxibor or EMS multishot equipment. The majority of surveys were conducted by Suomen Malmi Oy (SMOY). Recent drill holes were surveyed by Nivalan Timanttikairaus Oy using Maxibor II or Gyro equipment.
	Specification of the grid system used.	A local mine grid system is used at Orivesi
	Quality and adequacy of topographic control.	A topographic surface is not used at Orivesi as all mineralised lodes are at depth (greater than 700m depth) and defined by underground surveyed drives.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	Production grade control drilling was undertaken at 4m intervals along development drives, whilst diamond core holes were drilled at variable spacings but averaged around 10-30m spacing in the central portions of the deposit around the underground development, increasing to 30-60m above and below the current working levels.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The main mineralised domains have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource, and the classifications applied under the 2012 JORC Code.
	Whether sample composition has been applied.	Samples have been composited to 1.5m lengths using 'best fit' techniques prior to estimation.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	The majority of drill holes are underground drill holes and orientated predominantly to an azimuth of grid north and drilled at various angles in a 'fan' array to optimally intersect the sub-vertical orientation of the mineralised trends.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation based sampling bias has been identified in the data.

Criteria	JORC Code explanation	Commentary
Sample security	The measures taken to ensure sample security.	Chain of custody of samples is managed by Dragon and the process was closely reviewed by Jeremy Clark (RPM) during the May 2015 site visit. Dragon personnel or drill contractors transport diamond core to the core logging facilities where Dragon geologists log the core. Core samples are cut either by Dragon personnel or by ALS laboratory personnel. Samples are transported to the sample preparation laboratory and then on to the analysis laboratory using contract couriers or laboratory personnel. Dragon employees have no further involvement in the preparation or analysis of samples.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	A review of sampling techniques and data was carried out during a site visit conducted by Jeremy Clark (RPM) in May 2015. The conclusion made was that sampling and data capture was to industry standards.

Jokisivu

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</p> <p>Include reference to measures taken to ensure sample representativeness and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</p>	<p>The various mineralised lodes at the Jokisivu Mine were sampled using surface and underground diamond core drill holes, RC percussion drill holes, and sludge drill holes, surface trench sampling, and face chip sampling from underground development drives.</p> <p>Diamond core drill hole collars and starting azimuths have been accurately surveyed by various contract surveyors. Dip values were measured at 10m intervals down hole by drillers using conventional equipment. Azimuth deviations of the deepest holes were surveyed with Reflex Maxibor or EMS multi-shot equipment. Drill samples were taken at geological intervals with average sample lengths of 1m. Face and wall samples were taken from development drives within ore zones.</p> <p>Drilling was conducted by Outokumpu and Dragon. In the 1990s, diamond core drilling by Outokumpu used 45mm core diameter (T56) with sampling at varying intervals based on geological boundaries. Half-split core was sampled and sent for preparation (crushing and pulverising) and assaying at Outokumpu's laboratory where samples were analysed using a Fire-Assay method with AAS or ICP finish. Since 2000, diamond core drilling by Outokumpu and Dragon used 62mm and 50mm diameter core (WL-66, T76 or NQ2) with sampling and preparation as described above. In some circumstances drill holes have been sampled using the full-core sample. Sample preparation was undertaken at the local independent laboratory in Outokumpu. Pulverised samples from drilling programs over the period 2000 to mid-2003 were assayed for gold using a 50g Fire Assay with AAS or ICP finish at VTT laboratory (Outokumpu town) and GTK's laboratory (Espoo and Rovaniemi). In addition to Au, some mineralised sections were assayed by ACME Analytical Laboratories (Vancouver, Canada) for a multi-element suite by ICP-MS method. From mid-2003 to 2007, all pulverised sample pulps have been shipped by DHL to ACME Analytical Laboratories (Vancouver, Canada) for Au analysis using a 30g Fire Assay with ICP-ES finish. During this period, all samples exceeding a 1ppm Au value were checked using Fire Assay with gravimetric finish. From the start of 2008 to the end of 2013, analysis of Dragon's pulverised core was completed at ALS Chemex Laboratory (Rosia Montana, Romania) for Au using a 30g Fire Assay with AAS finish. In 2008, any Au values exceeding 3ppm were checked with Fire Assay using gravimetric finish. In the 2009 grade control program, Au values in diamond core and percussion samples in excess of 5ppm and 50ppm respectively were checked using Fire Assay with gravimetric finish. From 2014, full core from infill drilling was submitted to ALS Chemex, whilst half core was submitted from surface exploration holes.</p>

Criteria	JORC Code explanation	Commentary
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Diamond core, percussion, sludge, and reverse circulation (RC) were the primary drilling techniques used at Jokisivu. Channel sampling (with a field diamond saw) was used at trenches and outcrops. Mini drill holes were also used historically. Later core was orientated using Reflex tools. Runs of diamond core were placed in cradles by Dragon geologists and marked up with an orientated centre line prior to logging. Lost core was also routinely recorded.
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<p>Diamond core was reconstructed into continuous runs for orientation marking with depths checked against core blocks. Core loss observations were noted by geologists during the logging process. All percussion and RC samples were visually checked for recovery, moisture and contamination and no recovery problems were encountered.</p> <p>No relationship was noted between sample recovery and grade. The mineralised zones have predominantly been intersected by diamond core with generally good core recoveries. The consistency of the mineralised intervals suggests sampling bias due to material loss or gain is not an issue.</p>
Logging	<p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>All holes were field logged by company geologists to a high level of detail.</p> <p>Diamond cores were logged for recovery, RQD, number and type of defects. The supplied database contained tables with information on quartz vein shearing and vein percentage with observations recorded for alpha/beta angles, dips, azimuths, and true dips. The amount and type of ore textures and ore minerals were also recorded within a separate table.</p> <p>Drill samples were logged for lithology, rock type, colour, mineralisation, alteration, and texture. Logging was a mix of qualitative and quantitative observations. It has been standard practice by Outokumpu and Dragon (since 2000), that all diamond core be routinely photographed.</p> <p>All drill holes were logged in full.</p>

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representativeness of samples.</p> <p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	<p>Diamond core is cut in half using a core saw with half core submitted for assay. In some circumstances, full-core or quarter core has been sent for analysis.</p> <p>Open pit percussion drill samples were collected at 1m intervals. Samples were collected at the rig, representing cutting's coarse fraction. The whole sample was collected and split at the laboratory's sample handling facility. Samples were predominantly dry. Percussion drilling was halted immediately if groundwater was encountered. Drilling was through bedrock from surface. Sampling of diamond core and RC chips uses industry standard techniques. After drying the sample was subject to a primary crush, then pulverised so that 85% passes a -75um sieve.</p> <p>Underground sludge holes were sampled at 1m intervals. The collected sample represents the whole drilled bulk material. Sample material was collected directly from the hole into a large plastic bucket.</p> <p>Dragon has used systematic standard and pulp duplicate sampling since 2004. Every 20th sample (sample id ending in -00, -20, -40, -60, -80) is submitted as a standard, and every 20th sample (sample id ending in -10, -30, -50, -70, -90) is inserted as a pulp duplicate (with the original sample id ending in -09, -29, -49, -69, -89).</p> <p>Sample sizes are considered appropriate to correctly represent the moderately nuggetty gold mineralisation based on: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and assay value ranges for Au.</p>

Criteria	JORC Code explanation	Commentary
<p>Quality of assay data and laboratory tests</p>	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</p> <p>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</p>	<p>The predominant assay method for drill samples was by Fire Assay with AAS or ICP finish (30g or 50g pulps). From 2008, samples reporting greater than 5ppm were checked using the gravimetric finish. Trench samples were analysed using Aqua-Regia digestion with ICP-MS analysis. The main element assayed was Au, but major and trace elements were analysed on selected drill holes with analysis undertaken at ACME Analytical Laboratories (Vancouver, Canada). In 2015, analysis of the Jokisivu sludge samples was conducted at the Kemian Tutkimuspalvelut Oy/CRS Minlab laboratory in Finland, using PAL1000 cyanide leach with AAS finish.</p> <p>No geophysical tools were used to determine any element concentrations used in this resource estimate.</p> <p>Sample preparation checks for fineness were carried out by the laboratory as part of internal procedures to ensure the grind size of more than 85% passing 75µm was being attained. Laboratory QAQC includes the use of internal standards using certified reference material, and pulp replicates. The various programs of QAQC carried out by various companies over the years have produced results which support the sampling and assaying procedures used at the various deposits.</p> <p>A total of 5 different certified reference materials representing a variety of grades from 1.34g/t to 18.12g/t were inserted systematically since 2004. Results highlighted that the sample assays are accurate, showing no obvious bias.</p> <p>Blank samples were submitted during the drill programs. Results show that contamination of samples has not occurred.</p> <p>Field duplicate analyses honour the original assay and demonstrate best practice sampling procedures have been adopted.</p>

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>RPM has independently verified significant intersections of mineralisation by inspecting drill core from the recent drilling at the Dragon core yard during the 2015 site visit.</p> <p>There has been no specific drill program at Jokisivu designed to twin existing drill holes.</p> <p>Primary data was documented on paper logs prior to being digitised using Drill Logger software. From 2008 data has been documented on Excel spreadsheets and printed on paper copies.</p> <p>Dragon adjusted zero Au grades to half the detection limit.</p>
Location of data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Diamond core drill hole collars and starting azimuths have been accurately surveyed by various contract surveyors. Down hole dip values were recorded at 10m intervals by the drillers using conventional equipment. The azimuth deviations of the deepest holes have been surveyed with Maxibor equipment. All drilling from 2010 has been surveyed using the Maxibor or Deviflex equipment.</p> <p>Drill hole locations were positioned using the Finnish National Grid System (FIN KKJ2, 2003) with survey control established by Suomen Malmi Oy. A local mine grid is used at the Jokisivu Mine and all resource modelling was done using the local grid co-ordinates. The topographic surface over the Jokisivu Mine was prepared by Dragon using topographic contours from digi-form maps. Surveyed data points from drill hole collars and trench samples were used to create a more accurate surface immediately above the mineralised lodes. The Kujankallio and Arpola open pits were generated from mine survey pickups.</p>

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <p>Whether sample composition has been applied.</p>	<p>Drill holes have been located at 5m by 10m through the shallow portions of the mineralised lodes. The nominal spacing across the deposits is at 20m by 20m.</p> <p>The main mineralised domains have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource, and the classifications applied under the 2012 JORC Code.</p> <p>Samples have been composited to 1m lengths using 'best fit' techniques prior to estimation.</p>
Orientation of data in relation to geological structure	<p>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</p> <p>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</p>	<p>Drill holes are orientated predominantly to the south (local mine grid) and drilled at an angle which is approximately perpendicular to the orientation of the mineralised trends. Underground 'fan' drilling is at variable dips and directions dependant on the drill site within the drives and orientated to optimally intercept the mineralised lodes.</p> <p>There is the potential for orientation based sampling bias due to sludge drill holes being drilled up into the mineralised lodes but is not considered to be material.</p>
Sample security	<p>The measures taken to ensure sample security.</p>	<p>Chain of custody of samples is managed by Dragon and the process was closely viewed by Jeremy Clark (formerly RPM) during the May 2015 site visit. Dragon personnel or drill contractors transport diamond core to the core logging facilities where Dragon geologists log the core. Core samples are cut either by Dragon personnel or by ALS laboratory personnel. Samples are transported to the sample preparation laboratory and then on to the analysis laboratory using contract couriers or laboratory personnel. Dragon employees have no further involvement in the preparation or analysis of samples.</p>
Audits or reviews	<p>The results of any audits or reviews of sampling techniques and data.</p>	<p>A review of sampling techniques and data was carried out during the site visit conducted by Jeremy Clark (RPM) in May 2015. The conclusion made was that sampling and data capture was to industry standards.</p>

Section 2 Reporting of Exploration Results

Orivesi

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</p> <p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</p>	<p>The Orivesi Mining Lease covers both the Kutema and Sarvisuo deposits which Dragon is actively mining.</p> <p>Mine lease 'SERI' (K2676, 39.82 ha).</p> <p>Claims: Exploration Licence 'Sarvisuo1-2' (ML2013:0006, 41.86 ha) and Claim 'Yläinensilmäke' (9245/1, 10.26 ha) are valid. Exploration Licence 'Sarvisuo3' (ML2015:0026, 56.56 ha) is in the preparation process of Finnish mining permit consideration authority (TUKES).</p>
Exploration done by other parties	<p>Acknowledgement and appraisal of exploration by other parties.</p>	<p>The gold potential of the area was recognized in the early 1980's as a result of litho-geochemical research work carried out by the Department of Geology, University of Helsinki. Lohja Ab explored the area for Au until 1990 when Outokumpu acquired the property. After a feasibility study was completed, Outokumpu commenced Au production in 1994 based on the estimated ore reserves for the Kutema deposit of 360,000 tonnes at 7g/t Au. Between 1994 and December 2003 the mine produced 1.7Mt of ore grading 9.4g/t Au (422,000 ounces) from the Kutema Lodes.</p>
Geology	<p>Deposit type, geological setting and style of mineralisation.</p>	<p>The Kutema and Sarvisuo lode systems are Palaeoproterozoic gold deposits located in the Tampere Schist Belt (TSB). The area is dominated by intermediate, often massive, plagioclase porphyritic metatuffs of dacitic, trachydacitic and andesitic composition. The mineralisation is associated with the Kutema alteration zone and has been interpreted to represent a metamorphosed and deformed high-sulphidation epithermal Au deposit. The mine is located at the south-western edge of the altered metavolcanic sequence. The Kutema lodes occur as sub-vertical pipe-like structures with extensive vertical continuity. The deeper Sarvisuo Lodes were discovered in 2002 and are located approximately 300m east-northeast of the main Kutema ore pipes. The lodes occur as sub-vertical pipe-like structures with extensive vertical continuity.</p>

Criteria	JORC Code explanation	Commentary
Drill hole information	<p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <p>easting and northing of the drill hole collar</p> <p>elevation or RL (Reduced Level — elevation above sea level in metres) of the drill hole collar</p> <p>dip and azimuth of the hole</p> <p>down hole length and interception depth</p> <p>hole length</p> <p>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	<p>Recent drilling at the deposit was primarily underground diamond core 'fan' drilling. No exploration results are being reported.</p> <p>The Orivesi mine has been operating since 1994. In the opinion of Dragon, material drill results have been adequately reported previously to the market as required under the reporting requirements of the ASX Listing Rules.</p>
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>Exploration results are not being reported.</p> <p>No aggregation has been applied to the data.</p> <p>Metal equivalent values are not being reported.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>The majority of drill holes are underground drill holes and orientated predominantly to an azimuth of grid north and drilled at various angles in a 'fan' array to optimally intersect the sub-vertical orientation of the mineralised trends.</p>

Criteria	JORC Code explanation	Commentary
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Drilling at Orivesi is primarily aimed at defining the lodes currently being mined. No significant new discoveries are being reported. Plans showing mineralisation wireframes and drilling are included within regular Mineral Resource reports.
Balanced Reporting	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</p>	<p>Drill hole collars and starting azimuths have been accurately surveyed by Dragon mine and exploration surveyors. Down hole surveys were undertaken on all recent exploration and resource development diamond drill holes. Surveys were generally taken at 3m or 10m intervals down hole using Maxibor or EMS multishot equipment. The majority of surveys have been conducted by Suomen Malmi Oy (SMOY). Recent drill holes have been surveyed by Nivalan Timanttikairaus Oy using Maxibor II or Gyro equipment.</p> <p>Exploration results are not being reported.</p>
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Comprehensive wall and face sampling of development drives is undertaken by Dragon geologists. Results are used to update the mineralised lode interpretations but are not incorporated into the Mineral Resource estimates.
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large- scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	Mine development is ongoing. Dragon is undertaking drilling underground at a number of levels to better understand the nature and extent of the gold mineralisation.

Jokisivu

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<p>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</p> <p>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</p>	<p>The Jokisivu Mining Lease covers both the Arpola and Kujankallio deposits which Dragon are actively mining.</p> <p>Mine lease 'JOKISIVU' (K7244 1a-1b, 48.32 ha) and application for extension of the mine lease 'JOKISIVU2' (KL2015:0005, 21.31 ha).</p> <p>Claims, close to mine lease area: Jokisivu4-5 (ML2012:0112, 90.82 ha), Jokisivu6 (8768/1, 4.22 ha), Jokisivu7 (8970/1, 6.70 ha) and Jokisivu8 (8970/2, 26.40 ha).</p> <p>The tenements are in good standing and no known impediments exist.</p>
Exploration done by other parties	Acknowledgement and appraisal of exploration by other parties.	The Arpola and Kujankallio deposits were discovered by Outokumpu Mining Oy.
Geology	Deposit type, geological setting and style of mineralisation.	The deposits are Palaeoproterozoic orogenic gold deposits comprising two major ore bodies (Kujankallio and Arpola) in a diorite. Mineralisation is hosted within relatively undeformed and unaltered diorite in 1m to 5m wide shear zones that are characterised by laminated, pinching, and swelling quartz veins.
Drill hole information	<p>A summary of all information material to the under-standing of the exploration results including a tabulation of the following information for all Material drill holes:</p> <p>easting and northing of the drill hole collar</p> <p>elevation or RL (Reduced Level — elevation above sea level in metres) of the drill hole collar</p> <p>dip and azimuth of the hole</p> <p>down hole length and interception depth</p> <p>hole length</p> <p>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	<p>At the Arpola deposit the latest diamond core drill program was executed in 2014 and 2015. Open pit RC drilling at 5m by 10m spacing was undertaken in 2010.</p> <p>Recent drilling at Kujankallio was primarily underground diamond 'fan' drilling from two locations at depth. No exploration results are being reported in this report.</p> <p>The Jokisivu Gold Mine has been operating since 2009. In the opinion of Dragon, material drill results have been adequately reported previously to the market as required under the reporting requirements of the ASX Listing Rules.</p>

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>Exploration results are not being reported.</p> <p>No aggregation has been applied to the data.</p> <p>Metal equivalent values are not being reported.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</p>	<p>At Arpola the drill holes were orientated predominantly to an azimuth of 180° (local mine grid) and angled to an average dip of approximately -50° which is approximately perpendicular to the orientation of the mineralised trends. The narrow mineralised zones strike at approximately 280° (local grid) and are variably dipping between 45° and 65° to the north (local grid).</p> <p>At Kujankallio the majority of drill holes were orientated predominantly to an azimuth of 198° (local mine grid) and angled to an average dip of approximately -60° which is approximately perpendicular to the orientation of the mineralised trends. The main Kujankallio lode strikes at approximately 280° (local grid) and dips at 40° to the north (local grid). Lodes within the 'hinge zone' strike approximately at 160° to 205° and dip to the east (local grid) at approximately 45°. Four lodes to the north-west strike at 015° and dip at 45° to the east.</p>
Diagrams	<p>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</p>	<p>A plan showing mineralisation wireframes and drilling is included within the Mineral Resource reports.</p>

Criteria	JORC Code explanation	Commentary
Balanced Reporting	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</p>	Exploration results are not being reported.
Other substantive exploration data	<p>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<p>Face and wall chip sampling has been undertaken as mine development continues. These samples are not included in Mineral Resource estimates but are used by Dragon to guide the mineralisation interpretations.</p>
Further work	<p>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large- scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<p>Mine development is ongoing. Dragon is undertaking drilling underground at a number of levels to better understand the nature and extent of the gold mineralisation.</p>

Section 3 Estimation and Reporting of Mineral Resources

Orivesi

Criteria	JORC Code explanation	Commentary
Database integrity	<p>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</p> <p>Data validation procedures used.</p>	<p>Drilling data is initially captured on paper logs and/or manually entered into a database. Dragon carry out internal checks to ensure the transcription is error free. Laboratory assay results are loaded as electronic files direct from the laboratory so there is little potential for transcription errors.</p> <p>The data base is systematically audited by Dragon geologists. All drill logs are validated digitally by the geologist once assay results are returned from the laboratory.</p> <p>RPM also performed data audits in Surpac and checked collar coordinates, down hole surveys and assay data for errors. No errors were found.</p>
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>The most recent site visit was conducted by Jeremy Clark (RPM) in May 2015. Drilling, logging, and sampling procedures were viewed and it was concluded that these were being conducted to best industry practice.</p> <p>Not applicable.</p>

Criteria	JORC Code explanation	Commentary
Geological interpretation	<p>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</p> <p>Nature of the data used and of any assumptions made.</p> <p>The effect, if any, of alternative interpretations on Mineral Resource estimation.</p> <p>The use of geology in guiding and controlling Mineral Resource estimation.</p> <p>The factors affecting continuity both of grade and geology.</p>	<p>The confidence in the geological interpretation is considered to be good and is based on previous mining history and visual confirmation in underground walls and faces.</p> <p>Drill hole logging by Dragon geologists, through direct observation of drill core samples has been used to interpret the geological setting. The bedrock is exposed at surface and in underground developments.</p> <p>The continuity of the main mineralised lodes is clearly observed by Au grades within the drill holes. The close spaced underground drilling and face and wall sampling suggest the current interpretation is robust. The nature of the pipe-like structures would indicate that alternate interpretations would have little impact on the overall Mineral Resource estimation.</p> <p>Mineralisation occurs within the Kutema alteration zone. The lodes occur as sub-vertical pipe-like structures with extensive vertical continuity. The current interpretations are mainly based on Au assay results.</p> <p>Au mineralisation is related to strongly deformed and silicified zones characterized by shearing, boudinaging, folding and quartz veining during syn- to late-stage deformation.</p>
Dimensions	<p>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</p>	<p>The Kutema Deeps Mineral Resource area extends over a strike length of 110m (from 10,805mE — 10,915mE), has a maximum width of 60m (from 5,540mN to 5,500mE) and includes the 525m vertical interval from -700mRL to -1,225mRL. The Sarvisuo Mineral Resource area extends over a strike length of 280m (from 10,955mE — 11,235mE), has a maximum width of 50m (from 5,525mN to 5,575mN) and includes the 760m vertical interval from -15mRL to -775mRL.</p>

Criteria	JORC Code explanation	Commentary
<p>Estimation and modeling techniques</p>	<p>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p> <p>Any assumptions about correlation between variables.</p>	<p>Inverse Distance Squared (ID2) interpolation with an oriented 'ellipsoid' search was used for the estimates. As shown by Dragon's 8 years of mining experience at the Orivesi Mine (Kutema and Sarvisuo deposits), inverse distance provides a robust estimate of grade that reconciles well with production data. Surpac software was used for the estimations.</p> <p>Three dimensional mineralised wireframes (interpreted by Dragon and reviewed by RPM) were used to domain the Au data. Sample data was composited to 1.5m down hole lengths using the 'best fit' method. Intervals with no assays were excluded from the estimates.</p> <p>The influence of extreme grade values was addressed by reducing high outlier values by applying high grade cuts to the data. These cut values were determined through statistical analysis (histograms, log probability plots, cv's, and summary multi-variate and bi-variate statistics) using Supervisor software.</p> <p>The maximum distance of extrapolation from data points (down dip) was 25m at Kutema, and 20m at Sarvisuo.</p> <p>No assumptions have been made regarding recovery of by-products from the mining and processing of the Orivesi Au resource.</p> <p>Sulphur was estimated into the block model and was cut to 5% and 10%.</p>

Criteria	JORC Code explanation	Commentary
	<p>Description of how the geological interpretation was used to control the resource estimates.</p> <p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<p>An orientated 'ellipsoid' search was used to select data and was based on the observed lode geometry. The search ellipse was orientated to the average strike, plunge, and dip of the main lodes. At Kutema the model interpolation was divided above and below the -700mRL due to the change in orientation of the main mineralised lode at this level. Above -700mRL, a first pass search radius of 25m was used based on the drill spacing. The search radius was increased to 60m for the second pass. More than 99% of the blocks were filled by the first pass above -700mRL. Below -700mRL, a first pass radius of 25m and a second pass of 60m were used with a minimum number of samples of 10 and 4 respectively. A third pass search radius of 200m was used with 2 the minimum number of samples to fill the model. Only mineralisation below the -720mRL has been reported in this report. At Sarvisuo, the search ellipse was orientated to the average strike, plunge, and dip of the main lodes. Three passes were used in the estimation. For the main lodes, the first pass used a range 30m, with a minimum of 10 samples. For the second pass, the range was extended to 60m, with a minimum of 4 samples. A third pass radius of 200m with a minimum of 2 samples was used to fill the model. A maximum of 40 samples was used for all 3 passes. More than 99% of the blocks were filled in the first two passes.</p> <p>Mineral Resource estimates for the Kutema and Sarvisuo lode systems have previously been reported by RPM, with the earliest reported in November 2004 (for Sarvisuo). The current estimate is based upon data and interpretations from the previous estimates, and has included information from recent underground diamond drilling. Dragon supplied RPM with stope and drift outlines which were used to deplete the current models.</p> <p>No assumptions were made regarding the recovery of by-products.</p> <p>Sulphur was estimated into the Kutema block model to understand where potentially acid forming material occurs.</p>

Criteria	JORC Code explanation	Commentary
		<p>At Kutema, the parent block dimensions used were 5m NS by 10m EW by 10m vertical with sub-cells of 1.25m by 2.5m by 2.5m. The parent block size was selected on the basis of being approximately 50% of the average drill hole spacing. At Sarvisuo, the parent block dimensions used were 2m NS by 10m EW by 10m vertical with sub-cells of 0.5m by 2.5m by 2.5m. The parent block size was selected on the basis of being approximately 50% of the average drill hole spacing.</p> <p>The block model size used in the Mineral Resource estimate was based on drill sample spacing and lode geometry. Selective mining units were not modelled.</p> <p>Only Au assay data was available, therefore correlation analysis was not carried out.</p> <p>From the Kutema interpretations provided, it appears that a combination of Au grade, lithology and structure has been used to define the margins of the mineralised zones based on a nominal 0.6-1.0g/t Au cut-off. At Sarvisuo, from the interpretations provided, it appears that a combination of Au grade, lithology and structure has been used to define the margins of the mineralised zones with no particular cut-off grade and no minimum width. This has resulted in numerous intersections being included in the wireframes where the Au grade is extremely low, and where the intersection length is very small. However, in most cases the minimum grade of 0.5g/t Au was used as a limit value when the envelopes of mineralisation were digitised. The wireframes were applied as hard boundaries in the estimates.</p> <p>Statistical analysis was carried out on the composited data. The high coefficient of variation within some main lodes, and the scattering of high grade outliers observed on the histograms, suggested that top-cuts were required if linear grade interpolation was to be carried out.</p>

Criteria	JORC Code explanation	Commentary
		<p>A three step process was used to validate the models. A qualitative assessment was completed by slicing sections through the block model in positions coincident with drilling. A quantitative assessment of the estimate was completed by comparing the average Au grades of the composite file input against the Au block model output for all the mineralised wireframes. A trend analysis was completed by comparing the interpolated blocks to the sample composite data within the main lodes. This analysis was completed for eastings and elevations across the deposit. Validation plots showed good correlation between the composite grades and the block model grades.</p> <p>Production from the Orivesi Mine is composed of material mined from Kutema Deep, with no production occurring at the adjacent Sarvisuo deposit during 2015. Production from stoping at the Orivesi Mine during 2015 totalled 80,200 tonnes at a grade of 6.1g/t Au, compared to 80,400 tonnes at 6.1g/t Au reported from the block model within the stope wireframes. As dilution is not incorporated into the block model, there is likely to be a slight overestimation of tonnage and underestimation of grade in the block model.</p>
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnages and grades were estimated on a dry in situ basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The Mineral Resources have been reported at a 3g/t Au cut-off. Dragon assumes a cut-off of 2g/t Au is close to the economic limit for underground operations, however are using 3g/t Au cut-off as a conservative cut-off due to the higher cost of mining at the Orivesi Mine.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	The Kutema Deeps and Sarvisuo deposits are currently being mined using underground methods.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	RPM has made no assumptions regarding metallurgical amenability. Ore from Orivesi is processed at the Vammala Plant through a conventional flotation and gravity circuit plant. Only the flotation circuit is used for the Kutema and Sarvisuo ore due to the fine-grained gold.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	No assumptions have been made by RPM regarding possible waste and process residue disposal options.

Criteria	JORC Code explanation	Commentary
Bulk density	<p>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</p> <p>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit</p> <p>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</p>	<p>A bulk density value of 2.80t/m³ was assigned to all material (ore and waste) based on 87 core measurements and almost 20 years of mining experience at the Orivesi mine (Kutema and Sarvisuo deposits).</p> <p>Bulk density is measured. Moisture is accounted for in the measuring process. It is assumed there are minimal void spaces in the rocks at Orivesi.</p> <p>All material at the Orivesi Mine is fresh rock and has been assigned the value of 2.80t/m³.</p>
Classification	<p>The basis for the classification of the Mineral Resources into varying confidence categories.</p> <p>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p>	<p>Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012). The Mineral Resource was classified on the basis of sample spacing and continuity of the interpreted zones. The Measured portion of the deposits were defined for the main mineralised zones where there was extensive underground level development and sludge drilling. The Indicated Mineral Resource was defined within areas of reasonably close spaced diamond drilling (less than 30m by 30m) due to the good continuity and predictability of the lode positions. The Inferred Mineral Resource included areas of the deposits where sampling was greater than 30m by 30m, small isolated pods of mineralisation outside the main mineralised zones and geologically complex zones.</p>

Criteria	JORC Code explanation	Commentary
		<p>The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The definition of mineralised zones is based on high level geological understanding producing a robust model of mineralised domains. This model has been confirmed by infill drilling which supported the interpretation. Validation of the block model shows good correlation of the input data to the estimated grades. The drilling and sampling processes used by Dragon are 'best practice' and certified laboratories have been used for Au analyses of samples. The input data is considered reliable and suitable for use in the resource estimate.</p> <p>The Mineral Resource estimate appropriately reflects the view of the Competent Person.</p>
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate.
Discussion of relative accuracy/ confidence	<p>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>The Kutema Deeps and Sarvisuo Mineral Resource estimates have been reported with a high degree of confidence. The lode geometry and continuity has been verified through sampling and mapping of underground development drives, and through infill drilling orientated to optimally intersect the lodes. Dragon has been mining the deposits for many years and has a good understanding of the geology and mineralisation controls.</p> <p>The Mineral Resource statement relates to global estimates of tonnes and grade.</p> <p>Results from chip samples taken along underground development drives have confirmed the lode geometry and position.</p>

Jokisivu

Criteria	JORC Code explanation	Commentary
Database integrity	<p>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</p> <p>Data validation procedures used.</p>	<p>Drilling data is initially captured on Excel spreadsheets and manually entered into a database. Dragon carries out internal checks to ensure the transcription is error free. Laboratory assay results are loaded as electronic files direct from the laboratory so there is little potential for transcription errors.</p> <p>The data base is systematically audited by Dragon geologists. All drill logs are validated digitally by the geologist once assay results are returned from the laboratory.</p> <p>RPM also performed data audits in Surpac and checked collar coordinates, down hole surveys and assay data for errors. Minor errors were noted but pertain to data outside the resource.</p>
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>The most recent site visit was conducted by Jeremy Clark (RPM) in May 2015. Drilling, logging, and sampling procedures were viewed and it was concluded that these were being conducted to best industry practice.</p> <p>Not applicable.</p>
Geological interpretation	<p>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</p> <p>Nature of the data used and of any assumptions made.</p> <p>The effect, if any, of alternative interpretations on Mineral Resource estimation.</p> <p>The use of geology in guiding and controlling Mineral Resource estimation.</p> <p>The factors affecting continuity both of grade and geology.</p>	<p>The Kujankallio deposit comprises a set of parallel lodes of varying thickness and grade hosted in a shear zone striking west-north-west. The shears are characterised by laminating, pinching, and swelling quartz veins and a well-developed, moderately plunging lineation. The lodes are hosted within a sheared quartz diorite unit. The Arpola deposit comprises a set of multiple thin, discontinuous structures modelled as sub-parallel lodes in a tight array. The lodes are hosted within a sheared quartz diorite unit. Ongoing underground development has increased the level of confidence in the current interpretations.</p>

Criteria	JORC Code explanation	Commentary
		<p>Drill hole logging by Dragon geologists, through direct observation of drill core and percussion samples have been used to interpret the geological setting. The bedrock is exposed at surface, within the open pits and in the underground mine development.</p> <p>The continuity of the main mineralised lodes is clearly observed by Au grades within the drill holes. The close spaced drilling (5m) at shallow depths, and trench sampling, suggest the current interpretation is robust. The majority of the mineralisation has been captured within the current interpretations of thin parallel lodes. Alternate interpretations would have little impact on the overall Mineral Resource estimation.</p> <p>Mineralisation occurs within quartz diorite which is directly observed at surface. Vein percent has been used in geological logging to highlight mineralised intersections. The current interpretations are mainly based on Au assay results.</p> <p>Gold mineralisation is contained within quartz veins occurring within the barren host rocks.</p>
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	The Arpola Mineral Resource area extends over a strike length of 395m (from 6,055mE — 6,450mE) and includes the 220m vertical interval from -10mRL to -230mRL. The Kujankallio Mineral Resource area extends over strike length of 700m (from 5,650mE to 6,350mE local grid) and includes the 350m vertical interval from 0m to -350m.

Criteria	JORC Code explanation	Commentary
Estimation and modeling techniques	<p>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</p> <p>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</p> <p>The assumptions made regarding recovery of by-products.</p> <p>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</p> <p>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</p> <p>Any assumptions behind modelling of selective mining units.</p> <p>Any assumptions about correlation between variables.</p> <p>Description of how the geological interpretation was used to control the resource estimates.</p>	<p>Inverse Distance Squared (ID2) interpolation with an oriented 'ellipsoid' search was used for the estimates. As shown by Dragon's mining experience at the Jokisivu Mine, inverse distance provides a robust estimate of grade that reconciles well with production data. Surpac software was used for the estimations.</p> <p>Three dimensional mineralised wireframes (interpreted by Dragon and checked by RPM) were used to domain the Au data. Sample data was composited to 1m down hole lengths using the 'best fit' method. Intervals with no assays were excluded from the estimates.</p> <p>The influence of extreme grade values was addressed by reducing high outlier values by applying top-cuts to the data. These cut values were determined through statistical analysis (histograms, log probability plots, cv's, and summary multi-variate and bi-variate statistics) using Supervisor software.</p> <p>The maximum distance of extrapolation from data points (down dip) was 20m.</p> <p>No assumptions have been made regarding recovery of by-products from the mining and processing of the Arpola and Kujankallio Au deposits.</p> <p>No estimation of deleterious elements was carried out. Only Au was interpolated into the block model.</p>

Criteria	JORC Code explanation	Commentary
	<p>Discussion of basis for using or not using grade cutting or capping.</p> <p>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</p>	<p>Inverse Distance Squared (ID2) interpolation with an oriented 'ellipsoid' search was used for the estimates. As shown by Dragon's mining experience at the Jokisivu Mine, inverse distance provides a robust estimate of grade that reconciles well with production data. Surpac software was used for the estimations.</p> <p>Three dimensional mineralised wireframes (interpreted by Dragon and checked by RPM) were used to domain the Au data. Sample data was composited to 1m down hole lengths using the 'best fit' method. Intervals with no assays were excluded from the estimates.</p> <p>The influence of extreme grade values was addressed by reducing high outlier values by applying top-cuts to the data. These cut values were determined through statistical analysis (histograms, log probability plots, cv's, and summary multi-variate and bi-variate statistics) using Supervisor software.</p> <p>The maximum distance of extrapolation from data points (down dip) was 20m.</p> <p>No assumptions have been made regarding recovery of by-products from the mining and processing of the Arpola and Kujankallio Au deposits.</p> <p>No estimation of deleterious elements was carried out. Only Au was interpolated into the block model.</p>

Criteria	JORC Code explanation	Commentary
		<p>An orientated 'ellipsoid' search was used to select data and was based on the observed lode geometry. The search ellipse was orientated to the average strike, plunge, and dip of the main lodes. Three passes were used in the estimations. For the main lodes at Arpola, the first pass used a range 30m with a minimum of 10 samples. For the second pass, the range was extended to 60m, with a minimum of 6 samples. A third pass radius of 90m with a minimum of two samples was used to fill the model. A maximum of 32 samples was used for all 3 passes. Greater than 97% of the blocks were filled in the first two passes. For Kujankallio, the first pass used a range 45m with a minimum of 10 samples. For the second pass, the range was extended to 60m, with a minimum of 6 samples. A third pass radius of 150m with a minimum of two samples was used to fill the model. A maximum of 40 samples was used for all 3 passes. Greater than 94% of the blocks were filled in the first two passes.</p> <p>Mineral Resource estimates for the Arpola and Kujankallio deposits have previously been reported by RPM, with the earliest reported in July 2010 (Arpola) and January 2009 (Kujankallio). Prior to this, estimates were completed by Maxwell Geoservices in 2005. The current estimate is based upon data and interpretations from the previous estimates, and has included information from recent surface drilling and underground sampling. Recent underground development has occurred at Jokisivu. Dragon supplied RPM with drift outlines which were used to deplete the current models.</p> <p>No assumptions were made regarding the recovery of by-products.</p> <p>No non-grade deleterious elements were estimated.</p>

Criteria	JORC Code explanation	Commentary
		<p>At Arpola, the parent block dimensions used were 2m NS by 10m EW by 5m vertical with sub-cells of 0.5m by 2.5m by 1.25m. The parent block size was selected on the basis of being approximately 50% of the average drill hole spacing. At Kujankallio, the parent block dimensions used were 2m NS by 5m EW by 5m vertical with sub-cells of 0.5m by 1.25m by 1.25m. The parent block size was selected on the basis of being approximately 50% of the average drill hole spacing.</p> <p>Selective mining units were not modelled. The block size used in the resource model was based on drill sample spacing.</p> <p>Only Au assay data was available, therefore correlation analysis was not carried out.</p> <p>The deposit mineralisation was constrained by wireframes constructed using a combination of Au grade, lithology, and structure. No minimum intercept length was used, and a lower grade cut-off was not applied although, in most cases, the minimum grade of 0.5g/t Au (Arpola) and 1g/t Au (Kujankallio) was used as a limit. The wireframes were applied as hard boundaries in the estimates.</p> <p>Top-cuts were applied to the data based on a statistical analysis of samples. The high coefficient of variation within some main lodes, and the scattering of high grade outliers observed on the histograms, suggested that top-cuts were required if linear grade interpolation was to be carried out.</p> <p>To validate the model, a qualitative assessment was completed by slicing sections through the block model in positions coincident with drilling. A quantitative assessment of the estimate was completed by comparing the average Au grades of the composite file input against the Au block model output for all the resource objects. A trend analysis was completed by comparing the interpolated blocks to the sample composite data within the main lodes. This analysis was completed for eastings and elevations across the deposit. Validation plots showed good correlation between the composite grades and the block model grades.</p>

Criteria	JORC Code explanation	Commentary
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnages and grades were estimated on a dry in situ basis.
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	The Mineral Resource has been reported at a 2g/t Au cut-off based on assumptions made by Dragon in regard to economic cut-off grades for open pit and underground mining.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	The Arpola and Kujankallio deposits are currently being mined using underground methods.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	RPM has made no assumptions regarding metallurgical amenability. Ore from Jokisivu is processed at the Vammala Production Centre through a conventional flotation and gravity circuit plant.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	No assumptions have been made by RPM regarding possible waste and process residue disposal options.

Criteria	JORC Code explanation	Commentary
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The bulk density values assigned to the block models were assumed. A value of 2.8t/m ³ was used for fresh material (both mineralised and waste material). A value of 1.75t/m ³ was assigned to the overlying till material. These values are consistent with similar styles of mineralisation and lithologies at neighbouring Dragon operations.
Classification	<p>The basis for the classification of the Mineral Resources into varying confidence categories.</p> <p>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</p> <p>Whether the result appropriately reflects the Competent Person's view of the deposit.</p>	<p>Mineral Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012). The Mineral Resource was classified on the basis of sample spacing and continuity of the interpreted zones. In general, any zone defined by surface trenching or drilling immediately below the mined pit, where drill hole spacing was 10m by 5m, and good geological lode continuity was apparent (or confirmed by underground development), was classified as Measured Mineral Resource. Remaining areas where drill hole spacing was less than 20m by 20m and reasonable geological lode continuity was apparent were classified as Indicated Mineral Resource. Those zones where drill hole spacing was greater than 20m by 20m, or where the continuity and/or geometry were uncertain were classified as Inferred Mineral Resource. Zones with less than four drillhole intersections were also classified as Inferred.</p> <p>The mineralised lode interpretations at Jokisivu are based on a high level of understanding of the geology and mineralisation controls gained through mining of the deposit since 2009. similar deposits currently being mined by Dragon. The drilling and sampling processes used by Dragon are 'best practice' and certified laboratories have been used for Au analyses of samples. The input data is considered reliable and suitable for use in the Mineral Resource estimate.</p> <p>The Mineral Resource estimate appropriately reflects the view of the Competent Person.</p>

Criteria	JORC Code explanation	Commentary
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate.
Discussion of relative accuracy/ confidence	<p>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</p> <p>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</p> <p>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</p>	<p>The Mineral Resource estimates have been reported with a high degree of confidence. The lode geometry and continuity has been verified through sampling and mapping of underground drives, and through infill drilling orientated to optimally intersect the lodes. Dragon has a good understanding of the geology and mineralisation controls gained through mining of the deposit since 2009.</p> <p>The Mineral Resource statement relates to global estimates of tonnes and grade.</p> <p>Results from chip samples taken along underground development drives have confirmed the lode geometry and position.</p>

Jokisivu Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The Mineral Resources for Jokisivu is a combination of the Kujankallio and Arpola deposits. The Competent Person for the Mineral Resource estimate is Mr. Jeremy Clark who is a full time employee of RPM Limited and is a member of the Australasian Institute of Geoscientists with sufficient relevant experience to qualify as a Competent Person. The Mineral Resources are inclusive of these Ore Reserves.
<i>Site visits</i>	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> A site visit was undertaken to the Jokisivu Mine by Mr Joe McDiarmid in November 2016. A following site visit was conducted by the Resource CP, Mr Jeremy Clark, in November 2017 and no material changes were noted.
<i>Study status</i>	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. 	<ul style="list-style-type: none"> Jokisivu is an operating mine with a history of mining in the types of development and stopes included in the Ore Reserves. The Mineral Resources have been converted to Ore Reserves by means of Life of Mine development and stoping plan together with economic budget preparation. Material, even if within the Mineral Resources that have not been planned to be mined at this stage have not been included in the Ore Reserves. Standard modifying factors based on historic mining as stated below were used for underground mining.

Criteria	JORC Code explanation	Commentary				
<p><i>Cut-off parameters</i></p>	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> Cut-off grades have been determined for both the Kujankallio and Arpola regions of the Jokisivu area. In the case of Arpola, several different COGs have been estimated depending on ground conditions and corresponding mining loss and dilution figures. The table below shows the cut-off grades used: 				
		Area	Project	Operating	Stoping	Ore Dev
		Kujankallio In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0
		Arpola A In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0
		Arpola B In Situ Au Grade (g/t)	3.7	2.7	2.4	1.0
		Arpola C In Situ Au Grade (g/t)	3.1	2.3	2.0	0.9
		Arpola D In Situ Au Grade (g/t)	3.6	2.7	2.3	1.0
		<ul style="list-style-type: none"> An in-situ stoping COG includes the operating cost without ore development. The Operating COG includes all the operating cost inclusive of ore development, the Project COG includes all site capital and operating costs. The in situ ore development COG assumes the mining cost is included in the Opex Operating COG and only includes the milling and refining costs The key parameters to estimate ore cut-off grade are based on the current mining operations. 				

Criteria	JORC Code explanation	Commentary																																		
<p><i>Mining factors or assumptions</i></p>	<ul style="list-style-type: none"> • The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods. 	<ul style="list-style-type: none"> • Reconciliation of past production for this mine was used to determine appropriate mining modifying factors to convert the Mineral Resource to an Ore Reserve. • Overhand bench and rock fill mining has been successfully used at the mine for many years and is appropriate for this style of deposit. Mining advances from bottom upwards in 80 m high mining panels leaving a sill pillar between the panels. Back fill material is waste rock from development. Access drives from the main decline to mining areas are developed at 15 to 20 m vertical sub level intervals. • The stopes have been designed based on historical operational parameters and validated using a commercial stope optimisation product. • The average mining dilution and ore loss factors are shown in the table below, also included are the minimum mining widths adopted: 	<table border="1"> <thead> <tr> <th data-bbox="767 1003 1034 1064">Area</th> <th data-bbox="1038 1003 1157 1064">Dilution</th> <th data-bbox="1161 1003 1279 1064">Ore Loss</th> <th colspan="2" data-bbox="1284 1003 1396 1064">Width (m)</th> </tr> </thead> <tbody> <tr> <td data-bbox="767 1070 1034 1104">Kujankallio</td> <td data-bbox="1038 1070 1157 1104">30%</td> <td data-bbox="1161 1070 1279 1104">10%</td> <td colspan="2" data-bbox="1284 1070 1396 1104">3</td> </tr> <tr> <td data-bbox="767 1111 1034 1144">Arpola A</td> <td data-bbox="1038 1111 1157 1144">30%</td> <td data-bbox="1161 1111 1279 1144">15%</td> <td colspan="2" data-bbox="1284 1111 1396 1144">5</td> </tr> <tr> <td data-bbox="767 1151 1034 1184">Arpola B</td> <td data-bbox="1038 1151 1157 1184">30%</td> <td data-bbox="1161 1151 1279 1184">20%</td> <td colspan="2" data-bbox="1284 1151 1396 1184">3</td> </tr> <tr> <td data-bbox="767 1191 1034 1225">Arpola C</td> <td data-bbox="1038 1191 1157 1225">15%</td> <td data-bbox="1161 1191 1279 1225">5%</td> <td colspan="2" data-bbox="1284 1191 1396 1225">2</td> </tr> <tr> <td data-bbox="767 1232 1034 1265">Arpola D</td> <td data-bbox="1038 1232 1157 1265">30%</td> <td data-bbox="1161 1232 1279 1265">10%</td> <td colspan="2" data-bbox="1284 1232 1396 1265">3</td> </tr> </tbody> </table>				Area	Dilution	Ore Loss	Width (m)		Kujankallio	30%	10%	3		Arpola A	30%	15%	5		Arpola B	30%	20%	3		Arpola C	15%	5%	2		Arpola D	30%	10%	3	
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<ul style="list-style-type: none"> • Inferred Mineral Resources may be included within stope shapes but the assigned grade to this material is zero and hence assumed to be waste rock. 																																				
<ul style="list-style-type: none"> • All required infrastructure is present or proposed (such as ventilation raises) as this is an ongoing operation. 																																				

Criteria	JORC Code explanation	Commentary
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> • The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? 	<ul style="list-style-type: none"> • Material from the Jokisivu Gold Mine is processed through a conventional flotation circuit at Vammala with a gold concentrate being produced, which is subsequently treated at the company's Svartliden CIL Plant in northern Sweden. • The metallurgical process is well tested having been in operation since 1994. • The metallurgical recovery is estimated at 88.5% based on the historical performance of the plant. • Bulk samples are not required for further metallurgical testing.
<i>Environmental</i>	<ul style="list-style-type: none"> • The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> • The Jokisivu mine and the Vammala Plant have separate Environmental Permits. As an ongoing mining operation no adverse environmental restrictions are anticipated.

Criteria	JORC Code explanation	Commentary
<i>Infrastructure</i>	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. 	<ul style="list-style-type: none"> Existing site infrastructure is in place, no additional infrastructure is required.
<i>Costs</i>	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private. 	<ul style="list-style-type: none"> Only sustaining capital has been utilised, estimated from historic costs The operational costs have been based on historical costs Allowances for deleterious elements and concentrate treatment have been allowed for in the economic model. The gold price was supplied by Dragon Mining and reviewed by RPM. The exchange rate was supplied by Dragon Mining. Transport charges are based on current site operating conditions. Treatment and refining charges have been applied as per ongoing experience. Minimal royalties are payable to the land owner.

Criteria	JORC Code explanation	Commentary
<i>Revenue factors</i>	<ul style="list-style-type: none"> • The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. 	<ul style="list-style-type: none"> • A gold price of US\$1,280/oz was provided by Dragon Mining and confirmed by RPM as reasonable using published metal price forecasts. • An exchange rate of USD/EUR 1.18 was provided by Dragon Mining and validated by internal RPM data bases.
<i>Market assessment</i>	<ul style="list-style-type: none"> • The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract. 	<ul style="list-style-type: none"> • The demand for gold is considered in the gold price used. • It was considered that gold will be marketable for beyond the processing life of these Reserves. • The commodity is not an industrial metal.
<i>Economic</i>	<ul style="list-style-type: none"> • The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs. 	<ul style="list-style-type: none"> • This project has been operating since 2009 and the inputs into the economic modelling are based on this historic information. The economic modelling demonstrates that the Project is cash flow positive. • The base case results in a positive economic outcome as assessed by a NPV calculation (@10% DCF). The NPV is most sensitive to the gold price. The NPV at a discount factor of 10%pa changes by +/- 66% with a +/-10% change in gold price yet still economically viable.

Criteria	JORC Code explanation	Commentary
<i>Social</i>	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social licence to operate. 	<ul style="list-style-type: none"> Operations have been in place since 2009 and enjoy a good relationship with the local community.
<i>Other</i>	<ul style="list-style-type: none"> To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: <ul style="list-style-type: none"> Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. 	<ul style="list-style-type: none"> Ingress of water and geotechnical issues are addressed by site. All legal and marketing arrangements are in good standing. Government agreements and approvals are in line with current operations.
<i>Classification</i>	<ul style="list-style-type: none"> The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<ul style="list-style-type: none"> The Ore Reserve is classified as Proved and Probable in accordance with the JORC Code, corresponding to the resource classifications of Measured and Indicated. The deposit's geological model is well constrained. The Ore Reserve classification is considered appropriate given the nature of the deposit, the moderate grade variability, drilling density, structural complexity and mining history. No Measured was included in the Probable Ore Reserve No Inferred Mineral Resources were included in the Ore Reserve estimate.

Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> RPM has completed an internal review of the Ore Reserve estimate and found it to be reasonable.
<i>Discussion of relative accuracy/confidence</i>	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> RPM has used mine design practices and estimates based on the operational factors that have occurred throughout the mines life since 2009. No statistical analysis procedures have been applied. The Ore Reserve report is a global assessment of the Jokisivu Gold Mine based on the assumption that the operation will continue in operation. The accuracy and confidence limits are based on the current designs and cut-off grade analysis employed in the economic evaluation. Material changes to the economic assumptions including the operating assumption and the revenue factors may materially impact the accuracy of the estimate. The Ore Reserve has utilised parameters provided by site as made available.

Orivesi Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> The Mineral Resources for Orivesi is a combination of the Kutema and Sarvisuo deposits. The Competent Person for the Mineral Resource estimate is Jeremy Clark who is a full time employee of RPM Limited and is a member of the Australasian Institute of Geoscientists with sufficient relevant experience to qualify as a Competent Person. The Mineral Resources are inclusive of these Ore Reserves.
<i>Site visits</i>	<ul style="list-style-type: none"> <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> A site visit was undertaken to the Jokisivu Mine by Mr. Joe McDiarmid in November 2016. A following site visit was conducted by the Resource CP, Mr. Jeremy Clark, in November 2017 and no material changes were noted.
<i>Study status</i>	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> Orivesi is an operating mine. The mine was initially operated by Outokumpu from 1994 to 2003 and again by Dragon Mining since 2007. Geological studies are being updated as more data is obtained. Mining studies are continually being updated by a budgeting process. Standard modifying factors based on historic mining as stated below were used for underground mining.
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> An in situ stoping COG includes the operating cost without ore development is estimated as 3.6 g/t for gold. The Opex COG includes all the operating cost inclusive of ore development and is estimated at 4.3 g/t for gold and the Project COG is estimated at 5.1 g/t for gold and includes all site capital and operating costs. The key parameters to estimate ore cut-off grade are based on the current mining operations.

Criteria	JORC Code explanation	Commentary
<p><i>Mining factors or assumptions</i></p>	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> • <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> • Reconciliation of past production for this mine was used to determine appropriate mining modifying factors to convert the Mineral Resource to an Ore Reserve. • Overhand bench and rock fill mining has been successfully used at the mine for many years and is appropriate for this style of deposit. Mining advances from bottom upwards in 80 m high mining panels leaving a sill pillar between the panels. Back fill material is waste rock from development. Access drives from the main decline to mining areas are developed at 20 m vertical sub level intervals. • The stopes have been designed based on historical operational parameters and validated using a commercial stope optimisation product. • The average mining dilution factor adopted is 18%. • The average mining recovery factor adopted is 98% of the metal within the defined shapes. • A minimum mining width of 5m is adopted. • Inferred Mineral Resources may be included within stope shapes but the assigned grade to this material is zero and hence assumed to be waste rock. • All required infrastructure is present or proposed (such as ventilation raises) as this is an ongoing operation.

Criteria	JORC Code explanation	Commentary
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<ul style="list-style-type: none"> • Material from the Orivesi Gold Mine is processed through a conventional flotation circuit at Vammala with a gold concentrate being produced, which is subsequently treated at the company's Svartliden CIL Plant in northern Sweden. • The metallurgical process is well tested having been in operation since 1994. • The metallurgical recovery is estimated at 84% based on the historical performance of the plant. • Bulk samples are not required for further metallurgical testing.
<i>Environmental</i>	<ul style="list-style-type: none"> • <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<ul style="list-style-type: none"> • The Orivesi Mine and the Vammala Plant have separate Environmental Permits. As an ongoing mining operation no adverse environmental restrictions are anticipated. • An environmental extension permit for Orivesi has been rejected by the Western and Inland Finland Regional State Administrative Office ("AVI") and has been appealed by Dragon Mining. The ruling by the AVI is not binding until the appeals have been processed by the courts and these Ore Reserves will be depleted by the time the appeals process will be complete.
<i>Infrastructure</i>	<ul style="list-style-type: none"> • <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i> 	<ul style="list-style-type: none"> • Existing site infrastructure is in place, no additional infrastructure is required.

Criteria	JORC Code explanation	Commentary
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • Only sustaining capital has been utilised, calculated from historic costs • The operational costs have been based on historical costs • Allowances for deleterious elements and concentrate treatment have been allowed for in the economic model. • The gold price was supplied by Dragon Mining and reviewed by RPM. • The exchange rate was supplied by Dragon Mining. • Transport charges are based on current site operating conditions. • Treatment and refining charges have been applied as per ongoing experience. • Minimal royalties are payable to the land owner.
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • A gold price of US\$1,260/oz was provided by Dragon Mining and confirmed by RPM as reasonable using published metal price forecasts. • An exchange rate of USD/EURO1.13 was provided by Dragon Mining and validated by internal RPM data bases.
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • The demand for gold is considered in the gold price used. • It was considered that gold will be marketable for beyond the processing life of these Reserves. • The commodity is not an industrial metal.

Criteria	JORC Code explanation	Commentary
<i>Economic</i>	<ul style="list-style-type: none"> <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> This project has been operating since 2007 and the inputs into the economic modelling are based on this historic information. The economic modelling demonstrates that the Project is cash flow positive. The base case results in a positive economic outcome as assessed by a NPV calculation (@10% DCF). The NPV is most sensitive to the gold price. The NPV at a discount factor of 10%pa changes by +/- 46% with a +/-10% change in gold price.
<i>Social</i>	<ul style="list-style-type: none"> <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> Operations have been in place since 2007 and enjoy a good relationship with the local community.
<i>Other</i>	<ul style="list-style-type: none"> <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> <i>Any identified material naturally occurring risks.</i> <i>The status of material legal agreements and marketing arrangements.</i> <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> Ingress of water and geotechnical issues are addressed by site. All legal and marketing arrangements are in good standing. Government agreements and approvals are in line with current operations.

Criteria	JORC Code explanation	Commentary
<i>Classification</i>	<ul style="list-style-type: none"> • <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> • <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> • The Ore Reserve is classified as Proved and Probable in accordance with the JORC Code, corresponding to the resource classifications of Measured and Indicated. • The deposit's geological model is well constrained. The Ore Reserve classification is considered appropriate given the nature of the deposit, the moderate grade variability, drilling density, structural complexity and mining history. • No Measured was included in the Probable Ore Reserve • No Inferred Mineral Resources were included in the Ore Reserve estimate.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> • RPM has completed an internal review of the Ore Reserve estimate and found it to be reasonable.

Criteria	JORC Code explanation	Commentary
<p><i>Discussion of relative accuracy/confidence</i></p>	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • RPM has used mine design practices and estimates based on the operational factors that have occurred throughout the mines life since 2007. No statistical analysis procedures have been applied. • The Ore Reserve report is a global assessment of the Orivesi Gold Mine based on the assumption that the operation will continue in operation. • The accuracy and confidence limits are based on the current designs and cut-off grade analysis employed in the economic evaluation. Material changes to the economic assumptions including the operating assumption and the revenue factors may materially impact the accuracy of the estimate. • The Ore Reserve has utilised parameters provided by site as made available.

Fäboliden Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> <i>The Mineral Resources for the Fäboliden Gold Deposit were compiled and supervised by Mr. Jeremy Clark. Mr. Clark, who is a Registered Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of RPM and is the Competent Person for the Mineral Resource estimate</i> <i>Mineral Resources quoted in this report are inclusive of Ore Reserves.</i>
Site visits	<ul style="list-style-type: none"> <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> <i>The Ore Reserve for the Fäboliden Gold Project is based on information compiled and reviewed by Mr. Joe McDiarmid, who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy, and is an employee of RPM</i> <i>A site visit was undertaken by Mr. McDiarmid to the Project area in Nov 2016. The site visit confirmed site conditions and enabled planning assumptions to be reviewed.</i>
Study status	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> <i>The Mineral Resources have been converted to Ore Reserves by means of a Pre-Feasibility level Life of Mine plan including economic assessment.</i> <i>Key aspects of the study were technically achievable pit designs. These designs were also assessed to ensure economic viability.</i>
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> <i>The cut-off grade is based on the processing costs and parameters developed for the Operation. The cut-off grade derived and used in this study is 1.47 g/t gold.</i>

Criteria	JORC Code explanation	Commentary
<p>Mining factors or assumptions</p>	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> • <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> • <i>The chosen mining method is conventional open pit mining utilising hydraulic excavators and trucks, mining bench heights of 5 m.</i> • <i>The pit shell was defined using Whittle 4X pit optimisation software ("Whittle 4X") at a gold price of USD1,150 per ounce and a process recovery of 74% as at 1 September 2015.</i> • <i>The pit wall design criteria are based on a desktop geotechnical assessment by Infra Tech Consulting Pty Ltd. Overall pit slopes 50 to 57 degrees inclusive of berms spaced at between 20m vertically and berm widths of 5.5 to 7.5 m. Till slope angles of 18.4 degrees (1:3) were used.</i> • <i>Appropriate mining modifying factors such as ore loss, dilution and design parameters were used to convert the Mineral Resource to an Ore Reserve at a revised cut-off grade based on a gold price of USD1,260 per ounce and a process recovery of 82%.</i> • <i>Based on the digging unit selected and geometry of mineralisation the geological models were re-blocked and regularised to represent the smallest mining unit (SMU) size. The resulting SMU model has ore loss and dilution included.</i> • <i>A minimum mining width of 20 m was generally applied to the pit designs.</i> • <i>Inferred Resources have not been included in this mining study.</i> • <i>As the Company has been in operation in the region since 2004 and the mining method is the same as previously used at Svartliden, the only infrastructure needed to access new mining areas is that required due to the selected mining method.</i> • <i>RPM has not identified or been informed of any physical constraints to mining within the lease area. No property, infrastructure or environmental issues are known to exist, which may limit the extent of mining within the mining lease.</i>

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<ul style="list-style-type: none"> • <i>The Svartliden Plant is a conventional comminution and carbon-in-leach (CIL) circuit with a design capacity of 300,000 tonnes per annum.</i> • <i>The technology used in the processing plant is well proven, and the plant has been operating successfully since 2005.</i> • <i>The processing test work is based on a historical core samples from the southern pit area and a limited near surface bulk sample. They may not be fully representative of the different material types throughout the mining area.</i> • <i>No deleterious material has been identified</i> • <i>A processing recovery of 82% has been estimated based on the second phase of bench scale metallurgical test work.</i> • <i>Only fresh rock will be mined as ore.</i>

Criteria	JORC Code explanation	Commentary
Environment	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> No environmental issues are known to exist that will prevent open pit mining and ore processing to operate. Dragon Mining appears to have sufficient space available for waste dumps to store the expected quantities of mine waste rock associated with the open pit Ore Reserve. Any potentially acid generating material will be encapsulated within the waste rock. Waste dumps will be located to ensure that any potential surface run-off will flow away from protected watersheds. Environmental Permits have yet to be obtained Dragon Mining is seeking two permits for mining for Fäboliden Administrative permitting from Västerbotten County Administrative Board (CAB) for test mining Full scale mining permitting from Land and Environment Court. In December 2012 a new Operating Permit was received by Dragon Mining for the Svartliden Operation. The permit adjusted discharge conditions. The Svartliden Water Treatment Plant (SWTP) is used to discharge treated water from the tailings storage facility to a nearby clear water dam.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. 	<ul style="list-style-type: none"> No significant infrastructure currently exists at Fäboliden. As processing of the ore will take place at Svartliden, the Fäboliden site will only require the building of offices, site amenities and structures for use by the mining contractor. Existing site infrastructure at Svartliden is in place and includes haul roads, a conventional CIL plant, stockpiles, offices, tailings dam and associated facilities.

Criteria	JORC Code explanation	Commentary
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • <i>Capital costs were derived by Dragon Mining based on infrastructure requirements, material estimates and their previous operating experience within Sweden</i> • <i>The mining cost is based on a schedule of rates provided by a selected Dragon Mining contractor. All other operating costs have been provided by Dragon Mining and its consultants</i> • <i>No deleterious materials have been identified</i> • <i>Gold is the only metal considered in the Ore Reserves and has been assigned a price in line with consensus forecasts for the project duration</i> • <i>Exchange rates were provided by Dragon Mining in line with consensus forecasts for the duration of the Project</i> • <i>All costs in this report have been converted to USD</i> • <i>Transportation costs of the ore from Fäboliden to Svartliden have been obtained from a contractor quotation</i> • <i>Refining costs are based on historical costs</i> • <i>No royalties on the metal price are applicable</i>
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • <i>A gold price of USD1,260/oz was provided by Dragon Mining and validated by RPM using independent consensus price forecasts.</i> • <i>Processing and Refining costs are based on historical data.</i> • <i>No royalties on the metal price are applicable</i>

Criteria	JORC Code explanation	Commentary
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • <i>The demand for gold is considered in the gold price used.</i> • <i>It was considered that gold will be marketable for beyond the processing life.</i> • <i>The processing forecast and mine life are based on life of mine plans.</i> • <i>The commodity is not an industrial metal</i>
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> • <i>A production schedule and economic model have been completed using the Ore Reserves published in this Statement. The inputs used are as per those stated in the relevant sections of this Statement.</i> • <i>The base case results in a positive economic outcome as assessed by a NPV calculation (@10%DCF). The NPV is highly sensitive to the gold price and recovery. As the gold price or recovery decrease by 10% the NPV decreases by 52% and vice versa.</i> • <i>The following points must be considered in regard to the project sensitivity;</i> <ul style="list-style-type: none"> • <i>The sensitivity analysis has been completed on a single selected pit boundary and pit size. In reality, a material decrease in the gold price will result in a smaller pit limit being defined that mines higher margin ore. Thus, the total project cash-flow will decrease but the reduced pit will still remain NPV positive.</i> • <i>This deposit is being mined as part of a larger corporate plan that includes several open pit and underground operations located in both Sweden and Finland. The value of this operation must be considered in respect to this larger strategy.</i>
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> • <i>Dragon Mining has commenced discussions in relation to the project with local stakeholders.</i> • <i>Dragon Mining have been in operation in the region since 2005 and enjoys a good relationship with the local community.</i>

Criteria	JORC Code explanation	Commentary
Other	<ul style="list-style-type: none"> • <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> • <i>Ingress of water and geotechnical issues are part of the ongoing study before mining commences.</i> • <i>All marketing arrangements are in good standing.</i> • <i>The Fäboliden Open Pit occurs fully within the granted Exploitation Concession — Fäboliden K nr 1 that covers an area of 122 hectares. The Exploitation Concession is fully surrounded by a granted Land Designation area covering an area of 1,095.6 hectares which provides working area for the mining operation.</i> • <i>Applications for required Environmental Permits to commence mining are being prepared by the Company.</i> • <i>The Svartliden processing site is fully permitted.</i>

Criteria	JORC Code explanation	Commentary
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> • <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> • <i>Ore Reserves are classified based on the underlying Mineral Resources classifications and the level of detail in the mine planning. Mineral Resources are classified as Measured, Indicated and Inferred. Ore Reserves are based only on the Measured and Indicated Resources, and are classified as Proven and Probable Ore Reserves, respectively.</i> • <i>The Fäboliden gold deposit contains only Indicated and Inferred Resources. The Ore Reserve is classified as Probable in accordance with the JORC Code, corresponding to the Indicated Mineral Resource classification and taking into account other factors where relevant. The deposit's geological model is well constrained. The Ore Reserve classification is considered appropriate given the nature of the deposit, the moderate grade variability, drilling density, structural complexity and mining history. Therefore it was deemed appropriate to use Indicated Mineral Resources as a basis for Probable Reserves.</i> • <i>No Inferred Mineral Resources were included in the Ore Reserve estimate.</i>
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> • <i>RPM has completed an internal review of the Ore Reserve estimate.</i>

Criteria	JORC Code explanation	Commentary
<p>Discussion of relative accuracy/confidence</p>	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • <i>The Ore Reserve has utilised all parameters provided by Dragon Mining as made available.</i> • <i>The accuracy of the underlying Mineral Resources is defined by the Resource Category that the Mineral Resources are assigned to. As the Project has no Measured Resource only Indicated Resource has been used for estimating Ore Reserves.</i>

Kaapelinkulma Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> The Mineral Resources for Kaapelinkulma were compiled and supervised by Mr. Jeremy Clark. Mr. Clark, who is a Registered Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of RPM and is the Competent Person for the Mineral Resource estimate. Mineral Resources quoted in this report are inclusive of Ore Reserves.
Site visits	<ul style="list-style-type: none"> <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> The Ore Reserve for Kaapelinkulma is based on information compiled and reviewed by Mr. Joe McDiarmid, who is a Chartered Professional and Member of the Australasian Institute of Mining and Metallurgy, and is an employee of RPM A site visit was undertaken by Mr. McDiarmid to the Project area in May 2015. The site visit confirmed site conditions and enabled planning assumptions to be reviewed.
Study status	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> The Mineral Resources have been converted to Ore Reserves by means of a Pre-Feasibility level Life of Mine plan including economic assessment. Key aspects of the study were technically achievable pit designs based on Pit Limit Optimisation. These designs were also assessed to ensure economic viability.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> The cut-off grade is based on the processing costs and parameters developed for the Operation. The cut-off grade derived and used in this study is 1.2 g/t gold.

Criteria	JORC Code explanation	Commentary
<p>Mining factors or assumptions</p>	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> • <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> • The chosen mining method is conventional open pit mining utilising hydraulic excavators and trucks, mining bench heights of 2.5 m. • The economic pit shell was defined using Whittle 4X pit optimisation software ("Whittle 4X") with inputs such as geotechnical parameters, ore loss and dilution, metallurgical recovery and mining costs. • The pit optimisation was run with revenue generated only by Indicated Mineral Resources as there was no Measured Resource in the model. No value was allocated to Inferred Mineral Resource and it was mined as waste. • Whittle 4X inputs were based on parameters and costs developed by Dragon Mining, contractor quotations, Dragon Mining's consultants and supporting technical studies. • The pit wall design criteria are based on a desktop geotechnical assessment by Infra Tech Consulting Pty Ltd. Overall pit with slopes of 57 degrees inclusive of berms spaced at between 20m vertically and berm widths of 7.5 m. Till slope angles of 18.4 degrees (1:3) were used. • Appropriate mining modifying factors such as ore loss, dilution and design parameters were used to convert the Mineral Resource to an Ore Reserve • Based on the digging unit selected and geometry of mineralisation the geological models were re-blocked and regularised to represent the smallest mining unit (SMU) size. The SMU selected for this study was 2.5m east-west (X), 2.5m north-south (Y) and 2.5m vertically (Z). The resulting SMU model has ore loss and dilution included. • A minimum mining width of 20 m was generally applied to the pit designs. • Inferred Resources have not been included in this mining study.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> • As the Company has been operating mines in the region since 2007 and the mining method is the same as previously used at Jokisivu, the only infrastructure needed to access new mining areas is that required due to the selected mining method. • RPM has not identified or been informed of any physical constraints to mining within the lease area. No property, infrastructure or environmental issues are known to exist which may limit the extent of mining within the mining lease.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<ul style="list-style-type: none"> • The Vammala Plant is a 300,000 tonne per annum crushing, milling and flotation facility that was recommissioned in June 2007. • The Svartliden Plant is a conventional comminution and carbon-in-leach (CIL) circuit with a design capacity of 300,000 tonnes per annum. • The technology used in the both processing plants is well proven, and the plants have been operating successfully since 2005 at Svartliden and 1994 on gold ore at Vammala. • The processing test work is based on a historical core samples from the pit area. The samples may not be fully representative of the different material types throughout the mining area. • No deleterious material has been identified • A processing recovery of 85% has been estimated based the bench scale metallurgical test work. • Only fresh rock will be processed as ore.

Criteria	JORC Code explanation	Commentary
Environment	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> No environmental issues are known to exist which will prevent open pit mining and ore processing to operate. Dragon Mining appears to have sufficient space available for waste dumps to store the expected quantities of mine waste rock associated with the open pit Ore Reserve. Any potentially acid generating material will be encapsulated within the waste rock. Environmental Permits are currently in place <ul style="list-style-type: none"> (Environmental permit 92/2011/1, Dnro LSSAVI/315/04.08/2010 Environmental permit 175/2015/1 (Dnro LSSAVI/4511/04.08/2014) The validity of the Kaapelinkulma Mining Concession is pending Dragon Mining finalising purchase or compensation agreements with affected landowners. In 2014 an updated Environmental Permit for the Vammala Plant was approved with conditions, but has been appealed. The previous Environmental Permit will remain in force until the appeal process has been completed. Material from Kaapelinkulma cannot be processed until the updated Environment Permit for the Vammala Plant is valid. In December 2012 a new Operating Permit was received by Dragon Mining for the Svartliden Operation. The permit adjusted discharge conditions. The Svartliden Water Treatment Plant (SWTP) is used to discharge treated water from the tailings storage facility to a nearby clear water dam.

Criteria	JORC Code explanation	Commentary
Infrastructure	<ul style="list-style-type: none"> • <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i> 	<ul style="list-style-type: none"> • No significant infrastructure currently exists at Kaapelinkulma. As processing of the ore will take place at Vammala, the Kaapelinkulma site will only require the building of offices, site amenities and structures for use by the mining contractor • Existing site infrastructure at Vammala and Svartliden is in place and includes haul roads, a conventional CIL plant, stockpiles, offices, tailings dam and associated facilities.
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • Capital costs were derived by Dragon Mining based on infrastructure requirements, material estimates and their previous operating experience within Finland • The mining cost is based on a schedule of rates provided by a selected Dragon Mining contractor. All other operating costs have been provided by Dragon Mining and its consultants • No deleterious materials have been identified • Gold is the only metal considered in the Ore Reserves and has been assigned a price in line with consensus forecasts for the project duration • Exchange rates were provided by Dragon Mining in line with consensus forecasts for the duration of the Project • All costs in this report have been converted to USD • Transportation costs of the ore from Kaapelinkulma to Vammala have been obtained from a contractor quotation • Refining costs are based on historical costs from the company owned and operated Svartliden processing plant • No royalties on the metal price are applicable

Criteria	JORC Code explanation	Commentary
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • A Gold price of USD1,260/oz was provided by Dragon Mining and validated by RPM using independent consensus price forecasts. • The following Processing & Refining costs have been applied; <ul style="list-style-type: none"> • Processing cost of USD23/tonne ore. • Concentrate transport cost of USD70/dmt • Refining cost of USD26/ozt gold • Processing and Refining costs are based on historical data from Dragon Mining's processing facilities at Vammala and Svartliden • No royalties on the metal price are applicable
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • The demand for gold is considered in the gold price used. • It was considered that gold will be marketable for beyond the processing life. • The processing forecast and mine life are based on life of mine plans. • The commodity is not an industrial metal
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> • see section 8.4 and section 10.

Criteria	JORC Code explanation	Commentary
Social	<ul style="list-style-type: none"> <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> Dragon Mining has held information meetings with the local community in relation to developing the Kaapelinkulma Gold Project Dragon Mining have been active in the region since 2003 and has received all permits required for development of the project. RPM is however is aware that an appeal to the Environmental Permit has been lodged and pending finalisation. RPM and its CP is of the opinion that this is not an impediment to reporting of Ore Reserves as per the JORC Code or in the development of the project in the future.
Other	<ul style="list-style-type: none"> <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> <i>Any identified material naturally occurring risks.</i> <i>The status of material legal agreements and marketing arrangements.</i> <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> Ingress of water and geotechnical issues are part of the ongoing study before mining commences. All marketing arrangements are in good standing. The Kaapelinkulma Open Pit occurs fully within the Mining Concession — Kaapelinkulma K7094 that covers an area of 66.54 hectares. The validity of the Kaapelinkulma Mining Concession is pending Dragon Mining finalising purchase or compensation agreements with affected landowners. Environmental Permits to commence mining at Kaapelinkulma are granted. In 2014 an updated Environmental Permit for the Vammala Plant was approved with conditions, but has been appealed. The previous Environmental Permit will remain in force until the appeal process has been completed. Material from Kaapelinkulma cannot be processed until the updated Environment Permit for the Vammala Plant is valid. The Svartliden processing site is fully permitted.

Criteria	JORC Code explanation	Commentary
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> • <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> • All reserve are reported as probable as all resources are indicated.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> • RPM has completed an internal review of the Ore Reserve estimate.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • The Ore Reserve has utilised all parameters provided by Dragon Mining as made available. • The accuracy of the underlying Mineral Resources is defined by the Resource Category that the Mineral Resources are assigned to. As the Project has no Measured Resource only Indicated Resource has been used for estimating Ore Reserves.

Annexure D — Svartliden Processing Plant Design Criteria

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
PRODUCTION SCHEDULE					
Annual throughput					
Annual throughput	t/y	300,000	10,000	336,000	
Plant utilisation	h/y	8,000	8,000	8,000	Typical value
Crushing					
Operating days per year .	days	365	N/A	365	Typical in regioni to be confirm in pre-development study
Operating availability	%	91.3		91.3	
Plant utilisation	h/y	8,000		8,000	
Grinding and CIL					
Operating days per year .	days		365		
Shifts per day			2		
Hours per shift	hours		12		
Operating availability	%		91.3		
Plant utilisation	h/y		8,000		
Throughput	t/h	37.5	1.25	42.0	MDM* / Plant data (30 tpd) / Based on comminution calculations
MATERIAL CHARACTERISTICS					
Design Head Grade	Au g/t	8.16	150	2.54	MDM* / Plant data / Desktop Review of Fäboliden and Kaapelinkulma
	Range- rAu g/t		50-250	2.0-3.5	
	% Cu		0.8-2.0	0.02	NA / Plant data / ALS report A15995
	% S		8-10	2.50	NA / Plant data / ALS report A15995

APPENDIX III
COMPETENT PERSON'S REPORT

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
SG		3.05	3.60	2.90	MDM* / Assumed / ALS report A15995
GOLD RECOVERY					
CIL	%Au Rec	96.0	73.0	74.0	MDM* / Plant data / Desktop Review of Fäboliden and Kaapelinkulma
Recovered gold	kg/a	2,350	1,095	632	
	oz/d	207	96	56	
	oz/a	75,557	35,205	20,305	
COMMINUTION CIRCUIT					
Crushing Work Index	kWh/t	15.0	N/A	25.5	MDM* / NA / 80th Percentile of available data
Rod mill work index, design	kWh/t	19.3	N/A	26.3	MDM* / NA / 80th Percentile of available data
Rod mill work index, range	kWh/t	17.1- 19.3	N/A	19.3- 28.1	MDM* / NA / From available data
Ball mill work index, design	kWh/t	17.0	N/A	15.9	MDM* / NA / 80th Percentile of available data
Ball mill work index, range	kWh/t	15.7- 17.0	N/A	12.2- 18.4	MDM* / NA / From available data
Abrasion Index, design ..	g	0.5932	N/A	0.4363	MDM* / NA / 80th Percentile of available data
Abrasion Index, range ...	g			0.2614- 0.5645	MDM / NA / From available data
Nominal throughput	t/h	37.5		42	
Feed Size, F ₈₀	µm		7,500		Plant data / NA / Comminution calculation

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
Product Size, P ₈₀	µm	106		75	Svartliden plant data / NA / Comminution calculation
Mill Type			Ball		
Ball mill specific pinion energy required	kWh/t	16.9		20.2	Refer comminution calculations
Ball mill pinion power required	kW	635		849	Back calculated from plant data. Typical power draw on Svartliden at 36 t/h is 700 kW
Ball mill motor power required inc. contingency	kW	717		960	
Mill motor installed	kW		1,200		
Operating ball charge	% v/v	22		32	Comminution calculations / NA / Comminution calculations - ball retaining ring will be required.
Maximum ball charge	% v/v		36		To be confirmed
Mill diameter (inside shell)	m		3.5		
Mill length (EGL)	m		5.5		
Mill discharge density	% w/w		75		
Classification			Hydrocyclone		Site data
Size (diameter)	mm		165		Site data
Operating pressure	kPa		100		Assumed
Number required operating			2		Site data
Number installed			3		Site data

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
Overflow density	% w/w solids	45		48	MDM* / NA / Fäboliden density increased to maximise Leach/CIL residence time
Underflow density	% w/w solids	75		75	MDM* / NA / Assumed
Circulating load	%	250		250	Assumed
LEACHING AND ADSORPTION CIRCUIT					
Titratable cyanide levels in first leach tank	ppm	800- 1,000	1,800- 2,000	800- 1,000	Plant data / Plant data / ALS A15995
Titratable cyanide levels in last CIL tank	ppm	120-200	200-300	120-200	Plant data / Plant data / Assumed
Lead Nitrate addition	g/t	—	—	100	NA / NA / Improves leaching kinetics, refer ALS report A15995
Leach tank nominal live capacity	m ³		125		Site data
Number of leach tanks . . .	#		2		Site data
Leach tank capacity	m ³		250		
Nominal leach residence time	h	4.3	156.5	4.2	
CIL tank nominal live capacity	m ³		125		Site data
Number of CIL tanks	#		5		Site data
Leach tank capacity	m ³		625		
Nominal CIL residence time	h	10.8	391.3	10.4	
Total tank capacity	m ³		875		

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
Nominal residence time - total	h	15.1	547.8	14.6	
Leach feed pH		10.5	10.5	10.5	Site data
Oxygen addition method .			Oxygen sparge		Site data
Carbon					
Gold recovered per day . .	kg/d	6.4	3.0	1.7	
Loaded carbon grade	g/t		3,500		Site data
Stripped carbon grade . . .	g/t		100		Site data
Design concentration per tank	g/L		10		Typical
Intertank Screens			Vertical cylindrical, pumped		Site data
Screen cloth material			Wedgewire		Site data
Screen aperture	mm	0.8	0.8	0.8	Site data
Specific screen flow - Nominal	m ³ /h/m ²	39	1	40	
Specific screen flow - Peak	m ³ /h/m ²	55	21	57	
ELUTION CIRCUIT					
Process Type			Zadra		Site data
Elution circuit capacity - design	t/strip		2.0		Site data
No strips per day		0.9	0.4	0.3	
Strips per week		6.6	3.1	1.8	
Acid Wash Column					
Column capacity - required	t		2.0		Site data
Bed volume	m ³		4.4		
Temperature	°C		Ambient		Site data
Pressure	kPa		Atmospheric		Site data
Acid type			Hydrochloric		Site data
Acid strength - neat	%w/w		32		Site data
Acid strength - in wash . .	%w/v		2.0		Site data
Acid Water Rinse					
Water flowrate	BV/h		2		Site data
	m ³ /h		8.9		
Time	min		60		Site data / Site data / Assumed

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
Elution					
Column capacity	t		2.0		
Bed volume	m ³		4.4		
Cyanide concentration . . .	%		0.6		Site data / site data / typical
Caustic concentration . . .	%		2.0		Site data
Temperature	°C		105		Site data
Pressure	kPa		200		Site data
Electrolyte volume	m ³		5.0		
Fuel type			Propane		Site data
Thermal output (max.) . . .	kW		300		Site data
Electrowinning					
Number of Cells	#		2		Site data
Cathode Type			Steelwool		Site data
Carbon Regeneration					
Reactivation Kiln Type . . .			Horizontal Rotary		Site data
Carbon Retention Time . . .	min		15		Typical
Carbon Processing Time . .	h/batch		20		Site data
Capacity	kg/h		100		Site data
Cyanide Destruction					
Feed	t/h	37.5	1.25	42.0	Mill feed tonnage
	% w/w solids	42	30	45	Plant data / Plant data / assumed
	m ³ /h	64	3.3	66	
NaCN in CIL discharge . .	ppm		200		Plant data / Plant data / assumed
CNwad Level Discharged to TSF	ppm		1.5		Environmental license requirement
Reactor Tank Live Volume	m ³		18		Plant data
Total Reactor Residence Time	h	0.3	5.5	0.3	

Parameter	Unit	Svartliden Ore	Flotation Concentrate	Fäboliden Ore	Basis
Arsenic Precipitation					
Design As Concentration .	g/m ³ solution		10		MDM* / Assumed / Assumed
Design Fe:As ratio			6		MDM* / Assumed / Assumed
Operating Fe:As ratio . . .		6.9	102.1	N/A	
Fe source			Ferric Sulphate		Site data
Reactor Feed Solution Flowrate	m ³ /h solution	51.8	2.9	51.3	
Reactor Tank Live Volume	m ³		125		Site data
Reactor Residence Time .	h	1.9	36.4	1.8	

* MDM Tender enquiry number 642/SGP-001, February 2002

Set out below is a summary of certain provisions of our Constitution and the Australian Corporations Act, the governing corporate law of our Company, in effect as of the date hereof. The summary is not intended to be comprehensive and it is noted that our Company is also subject to the Listing Rules and general law in both Australia and Hong Kong.

1. Incorporation and listing

Our Company was incorporated on 23 April 1990 and was listed on the ASX on 19 September 1990. Prior to 2007, our Company was a no liability Australian listed public company. On 16 February 2007, our Company was registered as a limited liability Australian listed public company.

2. Constitution

Our Constitution was adopted by a special resolution dated 30 November 2006. On 2 May 2017, a special resolution was passed to amend and restate the Constitution, effective upon the Listing Date.

3. Share capital

The issued capital of our Company as at the Latest Practicable Date was 88,840,613 Shares. All Shares have no nominal or par value (such concepts do not exist under Australian law) and are recorded in the accounts of our Company at their issue price.

4. Classes of shares

Pursuant to the Australian Corporations Act and our Constitution, our Company may issue shares in different classes, on different terms and with different rights and restrictions attaching to shares. However, our Company currently only has ordinary shares on issue.

5. Options

Pursuant to the Australian Corporations Act and our Constitution, our Company may grant options over unissued shares in our Company. However, our Company currently has no outstanding options on issue.

6. Capital raising

Our Constitution enables our Company to raise capital. Any capital raising must be conducted in compliance with the Australian Corporations Act, which contains various provisions relevant to capital raisings, including but not limited to:

- (a) comprehensive takeover provisions to ensure that, among other things, the acquisition of control over shares in our Company takes place in an efficient, competitive and informed market; and

(b) disclosure requirements in relation to fundraising.

7. Pre-emptive rights on new issues of Shares

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

8. Alteration of capital

Our Company, in accordance with the Australian Corporations Act, may by ordinary resolution convert all or any of our Shares into a larger or smaller number of shares.

Subject to the Australian Corporations Act, our Company may reduce its share capital in any way.

9. Buy-backs

Subject to the Australian Corporations Act, our Company may buy back its own shares.

10. Director shareholdings

Our Directors are not required to hold any Shares.

11. Objects

Our Company does not have an objects article in our Constitution because an Australian company is not required to have an objects article. Pursuant to Section 124 of the Australian Corporations Act, our Company has the legal capacity and powers of an individual and all powers of a body corporate.

12. Voting rights

All shareholders of our Company — irrespective of where they are resident and including those acting and registered as a nominee of a person beneficially interested in any of the Share — are permitted to appoint proxies/corporate representatives.

The Australian Corporations Act states that:

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

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

Article 13 of our Constitution contains practical rules about entitlements to attend and vote which reflect this statutory position.

13. **Dividends**

A dividend must not be paid by our Company unless:

- (a) our Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to our Shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice our Company's ability to pay its creditors.

Our Directors may determine that a dividend is payable and fix:

- the amount;
- the time for payment;
- the method of payment; and
- if some or all of the dividend is to be paid by distributing assets, what those assets are.

Our Directors, when paying or declaring a dividend, may direct payment of the dividend wholly or partly by distribution of specific assets, including fully-paid shares in, or debentures of, our Company and any other corporation.

All dividends declared but unclaimed may be invested by our Directors as they think fit for the benefit of our Company until claimed or dealt with under any law relating to unclaimed money.

14. Distribution of assets on a winding-up

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

- (a) to members in relation to each class of shares in accordance with the respective rights to those assets established by the terms of issue of each class of the shares; and
- (b) so that (to the greatest possible extent), in relation to each class of shares, the amount distributed to the members holding shares of that class is distributed in the proportions which the amounts paid (including any amounts credited) on the shares of a member is of the total amounts paid and payable (including amounts credited) on the shares of all members in that class of shares.

15. Transfer of Shares

Subject to our Constitution, a member may transfer all or any of our Shares held by it/him/her:

- (a) by instrument in writing:
 - (i) in the usual or common form; or
 - (ii) in any other form approved by the Board, provided always that it shall be in such a form that complies with the Listing Rules and the Australian Corporations Act and may be under hand only or, if the transferor or transferee is a clearing house (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as our Board may approve from time to time.

Except where required or permitted by law and our Constitution, there is no restriction on the transfer of Shares.

16. Variation of rights

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

- (a) the consent in writing of the holders of 75% of the issued shares of that class; or
- (b) the sanction of a special resolution passed at a separate meeting of the holders of shares of that class,

and the following provisions apply:

- (a) in relation to any separate meeting of the holders of Shares in a class, the provisions of Constitution which relate to general meetings apply as far as they are capable of application and modified as necessary, except that any holder of Shares of that class present in person or by proxy, attorney or representative may demand a poll; and
- (b) the rights attached to a class of Shares are not to be considered as varied if further Shares of that class are issued on identical terms except if the terms of issue of that class of Shares otherwise provides;

but so that the necessary quorum (other than at an adjourned meeting) shall be not less than three natural persons holding (or, in the case of a holder being a corporation, by its duly authorised representative) or representing by proxy one-third of the issued Shares of that class, and that the quorum for any meeting adjourned for want of quorum shall be three holders present in person (or in the case of the holder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them).

17. Powers of our Board

Our Board may exercise all the powers to manage the business of our Company and, except as required by the Australian Corporations Act and our Constitution, may exercise each right, power or capacity of our Company to the exclusion of our Company in general meeting and the members. This includes, without limitation, the power to authorise the presentation of a petition for the winding up of our Company by an Australian court.

Unissued Shares are under the control of our Board which may on behalf of our Company, allot, issue, grant options over or otherwise dispose of them to persons, on the terms and conditions, with the rights and privileges, and at the times, that the Board determines.

18. Remuneration of Directors

Remuneration of the non-executive directors (other than a “Managing Director” or an executive director whether by employment or consultancy) may be paid as remuneration for their services, an aggregate maximum fixed sum of AUD500,000 per annum as determined from time to time by our Company in general meeting.

The maximum amount of AUD500,000 was approved by a resolution of our Shareholders on 30 May, 2012.

Our Board may fix the remuneration of each “Managing Director” or an executive director whether by employment or consultancy and that remuneration may be by way of salary or commission or participation in profits or by all these modes, but may not be by a commission on or a percentage of operating revenue.

19. Indemnity

To the extent that it is permitted to do so by the Australian Corporations Act, our Company must indemnify each Director, officer, auditor and agent of our Company (the “Officer”) against any liability which that Officer may incur by reason of being an Officer or in carrying out the business or exercising the powers of our Company.

The indemnities apply in respect of each person who is at any time an Officer for all the period during which that person is an Officer and the person may claim on those indemnities in respect of that period even though the person is not an Officer at the time the claim is made.

Our Company must not indemnify a person against any of the following liabilities incurred as an Officer:

- (a) a liability owed to our Company or a related body corporate;
- (b) a liability for a pecuniary penalty order under the Australian Corporations Act or a compensation order under the Australian Corporations Act; or
- (c) a liability that is owed to someone other than our Company and did not arise out of conduct in good faith.

20. Directors’ interests in contracts

Each Director must declare and disclose a material interest to our Board as required by the Australian Corporations Act at the first meeting of our Board after our Director becomes a Director or our Director becomes aware of the facts give rise to the material interest.

21. Restrictions on Directors voting

Except as permitted by the Australian Corporations Act, a Director who has a material personal interest in a matter that is being considered at a meeting of our Directors must not vote on or in relation to the matter or, but may be counted in the quorum or be present at the meeting when such matter is being considered.

22. Number of Directors

The number of Directors must be such number not less than three and not more than ten as our Company may determine in general meeting.

23. Directors' appointment and retirement by rotation

At each annual general meeting of our Company one-third of our Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest (but not exceeding) one-third, and any other Director who has held office for three years or more (except the managing director), must retire from office.

Our Directors to retire at any annual general meeting must be those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire must be determined by lot. A retiring Director is eligible for re-election.

24. General meetings

In accordance with the Australian Corporations Act, our Company must hold an annual general meeting at least once every calendar year, and within the period of 5 months after the end of the financial year and where possible within 15 months of holding of the last preceding annual general meeting. A general meeting can be held at such place as may be determined by the Board.

A general meeting of our Company may also be convened by our Directors or Shareholders, subject to our Constitution and the Australian Corporations Act.

25. Disclosure of shareholding

The Australian Corporations Act requires that a party with voting power of 5% or more of ordinary shares in a company "included in the official list of a prescribed financial market operated in" Australia (such as the ASX) must give a prescribed notice to that company of the fact of that voting power, and that party must continue to give a prescribed notice if there is a movement of at least 1% in their holding. The Stock Exchange is not a "prescribed financial market operated in" Australia for the purposes of the Australian Corporations Act. As a result, this disclosure requirement will not apply in respect of our Company once the Delisting has occurred and whilst the Stock Exchange is not a "prescribed financial market operated in" Australia for the purposes of the Australian Corporations Act.

26. Reductions of capital

An ordinary resolution of Shareholders is required for an equal reduction of capital. A reduction of capital is an equal reduction of capital if:

- (a) it relates only to ordinary Shares; and
- (b) it applies to each holder of ordinary Shares in proportion to the number of ordinary Shares he/she/it holds; and

(c) the terms of the reduction are the same for each holder of ordinary Shares.

Any other reduction of capital is a selective reduction. A special resolution of Shareholders is required for a selective reduction of capital.

27. Redeemable shares

Our Company may issue preference shares in accordance with the Australian Corporations Act and our Constitution. Our company may only redeem redeemable preference shares:

- (a) on the terms on which they were issued; and
- (b) if the shares are fully paid-up and out of profits or the proceeds of a new issue of shares made for the purpose of redemption.

Our Company does not currently have any preference shares on issue.

28. Financial assistance

Financial assistance for the acquisition of our Company's own shares is generally prohibited, except with Shareholder approval or where an exception applies. The principal exception is where the assistance does not materially prejudice:

- (a) the interests of our Company or our Shareholders; or
- (b) our Company's ability to pay its creditors.

29. Statutory derivative actions

A Shareholder or an officer of our Company may bring proceedings on behalf of our Company where leave is granted by an Australian court. An Australian court must grant leave if it is satisfied that:

- (a) it is probable that our Company will not itself bring the proceedings; and
- (b) the applicant is acting in good faith; and
- (c) it is in the best interests of our Company that the applicant be granted leave; and
- (d) there is a serious question to be tried; and
- (e) at least 14 days written notice has been given to our Company of the intention to apply for leave or it is appropriate to grant leave.

30. Protection of minorities

A Shareholder may apply for a court order where the conduct of our Company's affairs is, among other things, oppressive to, unfairly prejudicial to, or unfairly discriminatory against, a Shareholder or Shareholders. The orders that may be sought include winding up, amendment to our Constitution, orders regulating the conduct of our Company's affairs, orders for the purchase of shares, orders that our Company institute, defend or discontinue specified proceedings, and other similar orders.

31. Disposal of assets

The Australian Corporations Act contains no specific restrictions on the powers of directors to dispose of the assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of our Company.

Our Company cannot give a financial benefit to a related party of our Company without Shareholder approval, unless one of the exceptions specified in Part 2E of the Australian Corporations Act applies. A related party is a director or a person or entity related to a director.

32. Accounting and auditing requirements

A copy of either our Directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account or the summary financial report shall be laid before the annual general meeting of Shareholders.

33. Register of members

Our Company must keep a register of its members. The register may be kept in hard copy, or on computer.

34. Inspection of books and records

No member is entitled to require discovery of, inspection of, or any information concerning the affairs of our Company, except as provided by the Australian Corporations Act or as permitted by the Board.

On application by a Shareholder, an Australian court may make an order:

- (a) authorising the applicant to inspect books of our Company; or
- (b) authorising another person to inspect books of our Company on the applicant's behalf.

35. Special resolutions

The Australian Corporations Act provides that a resolution is a special resolution when it has been passed by a majority of not less than 75% of the votes cast by members entitled to vote on the resolution.

36. Subsidiary owning shares in parent

Subject to a limited exception, the Australian Corporations Act does not permit a company to hold shares in its parent company.

37. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by:

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

The transaction must also be approved by order of an Australian court. While a dissenting Shareholder would have the right to express to the Australian court his/her/its view that the transaction should not be approved, the Australian court will generally approve the transaction where it has been approved by the requisite majorities of Shareholders and it complies with the Australian Corporations Act.

38. Winding Up

Our Company may be wound up either by an order of an Australian court or by a special resolution of its members.

39. Takeover Regulation

The takeovers provisions of the Australian Corporations Act apply to dealings in the Shares. The Australian Corporations Act forbids the acquisition of a “relevant interest” (basically power to vote or dispose of the share) in the voting shares in a company incorporated in Australia if, as a result, the “voting power” of the acquirer (or any other person) would increase from 20% or below to more than 20%. Similarly, such an acquisition is forbidden if any person who already has more than 20%, but less than 90%, of the voting power increases their voting power in the target company. However, it is not mandatory for a person who already exceeds these thresholds to make a takeover bid for all Shares in which it does not already hold a relevant interest.

There are several exceptions which allow acquisitions which would otherwise be prohibited from taking place. These exceptions include acquisitions:

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

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

There have not been any public takeover bids in respect of the Shares during the current or previous financial year.

Under the Australian Foreign Acquisition and Takeovers Act 1975 (Cth) and accompanying regulations, proposed acquisitions by foreign entities requiring approval must be examined by the Foreign Investment Review Board.

40. General

Addisons, our Company's legal adviser as to the Australian laws, has sent to our Company a letter of advice summarising certain aspects of the Australian Corporations Act. This letter is available for inspection as referred to in Appendix VI to this prospectus. Any person wishing to have a detailed summary of the Australian Corporations Act or advice on the differences between it and the laws of any other jurisdiction is recommended to seek independent legal advice.

41. Shareholders Protection

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

Matters requiring a Super-Majority Vote

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

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

Under Australian law, there is a "special resolution" voting threshold for certain matters, which is effectively a 75% threshold. Under our Constitution, a special resolution is required to approve:

- (a) changes to the rights attached to any class of shares;
- (b) any modification to, or repeal of, our Constitution or a provision of our Constitution; and
- (c) where our Company is being wound up by the Court or voluntarily.

Meanings of a Super-Majority Votes

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

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

Variation of rights

Our Constitution provides that a special resolution or the consent in writing of 75% of those in a class is required to approve a variation of rights of that class of shares. A quorum of at least three voting shareholders is required for a general meeting. Our Constitution also provides that changes to the rights attached to any class of Shares shall only be made with a special resolution passed at a separate general meeting of the holders of the Shares at that class (the quorum being at least three voting shareholders) or with the written consent obtained from the holders of three-fourths of the issued shares of that class.

Changes to our Constitution

Section 136(2) of the Australian Corporations Act and our Constitution provides that a special resolution of Shareholders is required for any modification to, or repeal of, our Constitution or a provision of our Constitution.

Winding-up

A special resolution is required to approve (i) winding-up by the court under Section 461(1)(a) of the Australian Corporations Act and (ii) voluntary winding-up under Section 491(1) of the Australian Corporations Act. In addition, if our Company is wound up and a special resolution is passed authorising that it be done, a liquidator may distribute to the members all or any part of the assets to be distributed to them in specie and by special resolution the members may specify the terms on which the distribution must occur under Article 28.4 of our Constitution; and if so authorised by a special resolution, a liquidator of our Company may vest all or any part of the assets to be distributed to the members in a trustee on terms of trust for the benefit of the members as the liquidator considers appropriate under Article 28.5 of our Constitution.

Individual Members to Approve Increase in Members' Liability

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

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

Appointment of Auditors

The Joint Policy Statement requires that the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two tier board structure.

Under the Australian law, two tier board structures do not exist.

Appointment

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

Removal

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

Remuneration

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

Annual General Meetings

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

Section 250N of the Australian Corporations Act provides that our Company must hold an annual general meeting at least once in each calendar year and within five months after the end of its financial year. Our Company was required to hold its first annual general meeting within 18 months after its registration.

Notice of General Meetings

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

Section 249HA of the Australian Corporations Act provides that our Company must give at least 28 days' notice of a meeting of members. However, our Company may call, on shorter notice, (i) an annual general meeting, if all the members entitled to attend and vote at the annual general meeting agree beforehand; and (ii) any other general meeting, if members with at least 95% of the votes that may be cast at the meeting agree beforehand. However, our Company cannot call an annual general meeting or other general meeting on shorter notice if it is a meeting at which a resolution will be moved to remove or appoint a director or remove an auditor.) Written notice of a meeting of a company's members must be given individually to each member entitled to vote at the meeting and to each director. Notice need only be given to one member of a joint membership. Notice to joint members must be given to the joint member named first in the register of members.

Rights to speak and vote at the General Meetings and Material Interests in a Transaction

The Joint Policy Statement requires that all members must have the right to speak and vote at a general meeting, except in cases where a member is required by the Hong Kong Listing Rules to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interest in the transaction or arrangement). Under Article 12.16 of our Constitution, the notice of a general meeting specifies that, in relation to particular business to be considered at that general meeting, votes cast by particular persons (whether specified by name or by description of particular classes of persons) are to be disregarded by our Company, our Company must take no account, in determining the votes cast on a resolution relating to that business (whether a special resolution or an ordinary resolution) or for any other purpose, of any vote cast or purported to be cast by or on behalf of any of those persons (whether on a show of hands or on a poll) in relation to that resolution.

Under Article 13.1 of our Constitution, each member and each director is entitled to notice of each general meeting and to be present and to speak at that general meeting, subject to our Constitution and any terms of issue of any share. Section 250S of the Australian Corporations Act also provides that the chair at an annual general meeting must allow reasonable opportunity for the members as a whole at the meeting to ask questions about or make comments on the management of the company.

Rights to Request for an Extraordinary General Meeting

The Joint Policy Statement requires that members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%.

Under Section 249D of the Australian Corporations Act, our Directors must call and arrange to hold an extraordinary general meeting on request of members with at least 5% of the votes that may be cast at the meeting. Our Directors must call the meeting within 21 days and convene the meeting no later than two months after receipt by our Company of the requisition.

Proxies or Corporate Representatives

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

The Australian Corporations Act does not contain any provision to the effect that a recognised clearing house would be prohibited from appointing proxies/corporate representatives. On the contrary, Section 249 of the Australian Corporations Act states that:

- (i) a member of our Company who is entitled to attend and cast a vote at a meeting of our Company's members may appoint any person or corporate representative as that member's proxy to attend and vote for that member at the meeting; and
- (ii) a proxy appointed to attend and vote for a member has the same rights as the member that appointed that proxy, to speak and vote at the meeting and join in a demand for a poll.

Our Constitution also provides that any voting member shall be entitled to appoint another person as his proxy to attend a general meeting and vote instead of him there at. A voting member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in Western Australia on 23 April 1990 under the Companies (Western Australia) Code under the name of Torum Mining N.L. as a no liability company and was registered in Western Australia. Our Company changed its name to Dragon Mining N.L. on 5 July 1990 and on 16 February 2007, our Company changed its corporate structure from that of a public no liability company to a public company limited by shares and traded as “Dragon Mining Limited” from then on. Our Company has established a place of business in Hong Kong at Unit B, 1st Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong and has been registered as a non-Hong Kong Company under Part 16 of the Hong Kong Companies Ordinance on 23 March 2017. Mr. Dew and Mr. Wong have been appointed as our agents for the acceptance of service of process in Hong Kong. As our Company is incorporated in Australia, its corporate structure and Constitution are subject to the relevant Australian laws. A summary of certain relevant parts of our Company’s constitution and certain relevant aspects of the Australian Corporations Act are set out in Appendix IV to this prospectus.

Our Company’s registered office and principal executive offices are located at Unit B1, 431 Roberts Road, Subiaco Western Australia 6008.

2. Changes in share capital of our Company

- (a) As at the Latest Practicable Date, our Company had issued 88,840,613 Shares.
- (b) Immediately following the completion of the Public Offer, 138,840,613 Shares will be issued fully paid or credited as fully paid.

Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital within two years immediately preceding the date of this prospectus.

3. Changes in share capital of our subsidiaries

Below are the brief particulars of the subsidiaries of our Company:

(a) Dragon Mining (Sweden) AB

Established	27 April 1993
Place of incorporation	Sweden
Type of entity	Corporation
General nature of business	Gold production
Equity interest	100% directly owned by our Company
Issued and paid up shares	20,000 shares (SEK100,000)

(b) Viking Gold & Prospecting AB

Established	3 April 1996
Place of incorporation	Sweden
Type of entity	Corporation
General nature of business	Exploration
Equity interest	100% directly owned by Dragon Mining (Sweden) AB
Issued and paid up shares	1,000 shares (SEK100,000)

(c) Dragon Mining Oy

Established	24 March 1993
Place of incorporation	Finland
Type of entity	Corporation
General nature of business	Gold production
Equity interest	100% directly owned by our Company
Issued and paid up shares	65,555 shares (EUR100,000)

(d) Dragon Mining Investments Pty Ltd

Established	18 December 2008
Place of incorporation	Australia
Type of entity	Corporation
General nature of business	Dormant
Equity interest	100% directly owned by our Company
Issued share	1 share (AUD1)

Further information about the subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix IA to this prospectus.

There has been no alteration to the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Ordinary resolutions of the Shareholders passed at the general meeting on 2 May 2017 (reapproved on 29 May 2018)

Pursuant to the ordinary resolutions passed by the Shareholders at the general meeting of the Company held on 2 May 2017 (reapproved on 29 May 2018), among other things:

(a) **Delisting**

that, subject to:

- (1) the approval of the second resolution and the third resolution, in accordance with their respective terms as set out in the notice of the general meeting, for the purpose of satisfying any condition required by the listing rule 17.11 of the ASX;

- (2) satisfaction of the conditions for the Delisting imposed by ASX and other conditions; and
- (3) for all other purposes:

our Company be removed from the official list of the ASX and our Directors be authorised to do all things reasonably necessary to give effect to our Company's removal from the official list of the ASX, by a date, and in accordance with such condition or conditions, if any, as is or are prescribed or approved of by ASX;

(b) **Public Offer**

that, subject to the approval of the first resolution and the third resolution, and further subject to the satisfaction or waiver of each of the conditions for the Public Offer, namely,

- (1) the Listing Committee granting the listing of, and permission to deal in the Public Offer Shares to be issued pursuant to the Public Offer;
- (2) the Offer Price having been duly determined;
- (3) the execution and delivery of the Underwriting Agreement on the date as specified in the prospectus; and
- (4) the obligations of the Joint Lead Managers under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) as stated in the Underwriting Agreement to those obligations becoming unconditional, by the Joint Lead Managers) and not being terminated in accordance with the terms of the Underwriting Agreement or in accordance with any conditions as specified in the prospectus), in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of the prospectus;

in accordance with their respective terms as set out in the notice of the general meeting, and for the purpose of satisfying any condition required by ASX under listing rule 7.1 of the ASX and for all other purposes, our Company be authorised to issue not more than 50,000,000 Shares at an issue price no less than AUD0.35 per Share, in order to raise an aggregate amount of no more than AUD17.5 million (converted at an assumed exchange rate, to be HK\$101,500,000), and otherwise upon such terms and conditions that are more particularly set out in the explanatory statement in the notice of the general meeting;

(c) ***Amendments to the Constitution***

that, subject to the approval of the first resolution and the second resolution, in accordance with their respective terms as set out in the notice of the general meeting, for the purpose of satisfying the requirements of, and to facilitate a listing on, the Stock Exchange, in connection with an application for the entry by our Company onto the official list of the Stock Exchange, our Constitution be amended and restated as more particularly set out in the explanatory statement to the notice of the general meeting, with such amendment to be effective on and from the Listing Date.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary and usual course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a share sale and purchase agreement (the “**2016 Kuusamo SPA**”) dated 8 November 2016 entered into between our Company as guarantor, Dragon Mining Oy as vendor and Nero Projects Australia Pty Ltd (“**Nero**”) as purchaser for the sale of Dragon Mining Oy’s 100% interest in Kuusamo Gold Oy;
- (b) a deed of amendment and restatement — share sale and purchase agreement dated 28 November 2016 entered into among our Company, Dragon Mining Oy and Nero to vary and restate certain terms in the 2016 Kuusamo SPA;
- (c) a deed of assignment dated 28 November 2016 entered into among Dragon Mining Oy, Kuusamo Gold Oy and Nero for assigning to Nero the rights to the debts owed by Kuusamo Gold Oy to Dragon Mining Oy;
- (d) the Deed of Non-Competition; and
- (e) the Underwriting Agreement.

2. Intellectual Property Rights of our Group

Domain name

As at the Latest Practicable Date, our Group had registered the following domain name which is material to the business of our Group:

Domain name	Registered owner	Expiry date
dragonmining.com.	DOY	2 May 2019

Trademarks

As at the Latest Practicable Date, our Group had registered the following trademark which is material to the business of our Group:

Trademark	Place of registration	Registered owner	Registration Number	Registration Class	Duration of validity
 龍資源有限公司 DRAGON MINING LIMITED	Hong Kong	Dragon Mining Limited	304218048	Class 14, 37, 40	25 July 2017 - 24 July 2027

C. DISCLOSURE OF INTERESTS

1. Interests and short positions of our Directors in our Shares, underlying Shares and debentures of our Company and its associated corporations following the Public Offer

Immediately following completion of the Public Offer, the interests or short positions of our Directors in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange will be as follows:

Long position in Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interests (%)
Mr. Dew	Beneficial interest	220,000	0.16
Mr. Smith	Beneficial interest	118,866	0.09
Mr. Procter	Beneficial interest	102,602	0.07

2. Interests and short positions of substantial shareholders in our Shares, underlying Shares and debentures of our Company and its associated corporations

So far as it is known to our Directors and save as disclosed in this prospectus, immediately following the completion of the Public Offer, the following persons (not being a Director or chief executive of our Company) will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in Shares

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding interests (%)
Future Rise	Beneficial interest <i>(Notes 1 and 2)</i>	10,733,560	7.73
China Medical	Interest in controlled corporations <i>(Notes 1 and 2)</i>	10,733,560	7.73
Mr. Nicolas Mathys	Beneficial interest	15,287,486	11.01
Allied Properties Resources	Beneficial interest <i>(Notes 1 and 3)</i>	21,039,855	15.15
APOL	Interest in controlled corporations <i>(Notes 1 and 3)</i>	21,039,855	15.15
Allied Properties (HK)	Interest in controlled corporations <i>(Notes 1, 3 and 4)</i>	21,039,855	15.15
Allied Group	Interest in controlled corporations <i>(Notes 1, 3 and 4)</i>	21,039,855	15.15
Minty	Interest in controlled corporations <i>(Notes 1 and 3)</i>	21,039,855	15.15
Lee and Lee Trust	Interest in controlled corporations <i>(Notes 1 and 3)</i>	21,039,855	15.15
Mr. Lee Seng Hui	Other Interest <i>(Notes 1 and 3)</i>	21,039,855	15.15
Ms. Lee Su Hwei	Other Interest <i>(Notes 1 and 3)</i>	21,039,855	15.15
Mr. Lee Seng Huang	Other Interest <i>(Notes 1 and 3)</i>	21,039,855	15.15

Notes:-

- (1) The shareholding of our Company above is based on the information to the public available as at the date of this prospectus.
- (2) China Medical indirectly owns the entire issued shares of Future Rise. Therefore, China Medical is deemed, or taken to be, interested in 10,733,560 Shares held by Future Rise for the purpose of the SFO. Sun Hung Kai Investment is a custodian that holds 10,733,560 Shares on behalf of Future Rise.

- (3) Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust, which indirectly (through (1) holding the entire issued shares of Zealous Developments Limited which holds the entire issued shares of Cashplus Management Limited which holds approximately 31.78% of the total number of issued shares of Allied Group; and (2) holding the entire issued shares of Minty which holds approximately 43.15% of the total number of issued shares of Allied Group) holds approximately 74.93% of the total number of issued shares of Allied Group. Allied Group holds approximately 77.49% of the total number of issued shares of Allied Properties (HK) (through (1) directly holding approximately 14.21% of the total number of issued shares of Allied Properties (HK); and (2) indirectly holding approximately 63.28% of the shares of Allied Properties (HK) through (i) an interest in 1,973,216,190 shares held by Capscore Limited; (ii) an interest in 45,903,120 shares held by Citiwealth Investment Limited; (iii) an interest in 2,121,437,331 shares held by Sunhill Investments Limited; and (iv) 170,000,000 Shares held as holder of security interest by a wholly-owned subsidiary of Sun Hung Kai & Co. Limited). Allied Properties (HK) owns the entire issued shares of APOL which in turn owns the entire issued shares of Allied Properties Resources. Therefore, Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang, Lee and Lee Trust, Minty, Allied Group, Allied Properties (HK) and APOL are deemed, or taken to be, interested in 21,039,855 Shares held by Allied Properties Resources for the purpose of the SFO.
- (4) As at the Latest Practicable Date, Mr. Dew was the chairman and a non-executive director of Allied Properties (HK) and Allied Group.

3. Particulars of service agreements and appointment letters

(a) *Executive Director*

Our executive Director has entered into a service agreement with our Company pursuant to which he has agreed to act as an executive Director for a fixed term of two years with effect from the Listing Date and the annual director's fees is AUD328,500, excluding annual bonus of AUD200,000 (equivalent to approximately HK\$1.95 million). The term of service shall be terminable by either party giving at least three months' written notice or payment in lieu of notice.

(b) *Non-executive Director and independent non-executive Directors*

Our non-executive Director has been appointed for a fixed term of two years commencing from the Listing Date and the annual director's fees is AUD90,000. Each of the independent non-executive Directors has been appointed for a fixed term of two years with effect from the Listing Date and is entitled to an annual director's fee ranging from AUD10,200 to AUD40,000. Save for our Directors' fees, none of the non-executive Director and the independent non-executive Directors is expected to receive any other emolument for holding his office as a non-executive Director or an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service agreement with our Company or any of the subsidiaries (other than the contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Directors' emoluments

- (a) For each of the three years ended 31 December 2017 and the four months ended 30 April 2018, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately AUD816,959, AUD514,650, AUD550,120 and AUD373,212, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors or proposed Directors for the year ending 31 December 2018 are expected to be approximately HK\$2,952,248.
- (c) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2017 and the four months ended 30 April 2018 (i) as an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2017 and the four months ended 30 April 2018.
- (e) Under the arrangements currently proposed, conditional upon the Listing, the basic annual emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Director

Mr. Smith	AUD328,000
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Non-executive Director

Mr. Dew	AUD98,550
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Independent non-executive Directors

Mr. Procter	AUD40,659
Mr. Martin Pak Wai Keung	HK\$60,000
Mr. Poon Yan Wai	HK\$90,000

- (f) Each of our executive Director and non-executive Director is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his duties to our Group under the service agreement.

5. Fees or commission received

Save as disclosed in the paragraph headed “Commission and expenses” in the section headed “Underwriting” of this prospectus, no commissions, discounts, brokerages or other special terms granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

6. Related party transactions

Details of the related party transactions are set out under Note 19 to the Accountants’ Report as set out in Appendix IA to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) without taking into account of any Shares which may be taken up or acquired under the Public Offer, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Public Offer, have an interest or short position in our Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures of our Company or any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once our Shares are listed;
- (c) none of our Directors or proposed Directors or the experts named in paragraph headed “Qualifications of experts” in this appendix has been directly or indirectly interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group;

- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (e) none of the experts named in paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. OTHER INFORMATION

1. Estate duty, tax and other indemnity

Further, our Directors have been advised that under Australian, Finnish and Swedish laws, neither our Company nor any of its subsidiaries incorporated in Australia, Finland and Sweden have any liability for the payment of estate duty respectively.

2. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, to the best of our Directors’ knowledge, there was no current litigation or any pending or threatened litigation or arbitration proceedings against any member of our Group that could have a material adverse effect on our Group’s financial conditions or results of operations.

3. Sponsor

The Sponsor has, on behalf of our Company, made an application to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sponsor’s fees payable by our Company are approximately HK\$5.9 million. The Sponsor satisfies the independence criteria applicable to sponsors under Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses of our Company were approximately AUD1,000 (equivalent to approximately HK\$5,800) and was paid by our Company.

5. Promoter

- (a) Our Company does not have any promoter.

- (b) Within the two years immediately preceding the date of this prospectus, no amount or cash, securities or other benefit has been paid, allotted or given to any promoter of our Company in connection with the Public Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
Altus Capital Limited	A corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Addisons	Legal adviser as to Australian Law
Tomi Rinne	Legal adviser as to Finnish Law
Foyen Advokatfirma KB	Legal adviser as to Swedish Law
RungePincockMinarco Limited	Competent Person
Ernst & Young, Perth	Chartered Accountants (Australia)
Frost & Sullivan	Industry consultant

7. Consents of experts

Each of experts referred to in the paragraph headed “Qualification of experts” in this Appendix has given and has not withdrawn its/his written consent to the issue of this prospectus with the inclusion of its report and/or letters and/or legal opinion (as the case may be) and the references to their name included herein in the form and context in which they are respectively included.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares or exercising any rights attaching to them. It is emphasized that none of our Company, our Directors or the other parties involved in the Public Offer would accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

10. Miscellaneous

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no Share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company; and
 - (iii) no founder, management or deferred shares of our Company have been issued or agreed to be issued.
- (b) no Share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2018, being the date on which the latest audited financial information of our Group was reported in the accountants' report set out in Appendix IA to this prospectus;

- (d) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
- (e) our Group has no outstanding hire purchase commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (g) our Company has no outstanding convertible debt securities.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of the Application Forms; (b) the written consents referred to in the paragraph headed “Qualifications of experts” under the paragraph headed “Other information” in Appendix V to this prospectus; and (c) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” under the paragraph headed “Further Information about the business of our Group” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Kwok Yih & Chan at Suites 2103-05, 21st Floor, 9 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Constitution;
- (b) the Australian Corporations Act;
- (c) the accountants’ report of our Group prepared by Ernst & Young, Perth, the text of which is set out in Appendix IA to this prospectus;
- (d) the audited statutory financial statements of our Company as have been prepared for the companies comprising our Group for each of the three financial years ended 31 December 2017 and the four months ended 30 April 2018;
- (e) the report on the unaudited interim condensed financial information prepared by Ernst & Young, Perth, the text of which is set out in Appendix IB to this prospectus;
- (f) the report on the unaudited compilation of pro forma financial information prepared by Ernst & Young, Perth, the text of which is set out in Appendix II to this prospectus;
- (g) the CPR, the text of which is set out in Appendix III to this prospectus;
- (h) the legal opinion prepared by Addisons, our legal adviser as to Australian laws, summarising certain aspects of our Constitution and the Australian Corporations Act;
- (i) the letter prepared by Tomi Rinne, our legal adviser as to Finnish laws, summarising certain aspects of Finnish laws and regulations as referred to in the section headed “Regulatory overview” of this prospectus;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (j) the letter prepared by Foyen Advokatfirma KB, our legal adviser as to Swedish laws, summarizing certain aspects of Swedish laws and regulations as referred to in the section headed “Regulatory overview” of this prospectus;
- (k) the material contracts referred to in the paragraph headed “Summary of material contracts” under the paragraph headed “Further information about the business of our Group” in Appendix V to this prospectus;
- (l) the service agreements and appointment letters referred to in the paragraphs headed “Particulars of service agreements and appointment letters” in Appendix V to this prospectus;
- (m) the written consents referred to in the paragraph headed “Qualifications of experts” under the paragraph headed “Other information” in Appendix V to this prospectus; and
- (n) the Frost & Sullivan Report.

In addition, investors can access copies of the following documents via the following web links:

1. The Australian Corporations Act
 - www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401854?OpenDocument
2. The ASX Listing Rules
 - http://203.15.147.66/compliance/rules_guidance/listing_rules1.htm
3. The ASTC Settlement Rules
 - http://203.15.147.66/compliance/rules_guidance/astc_rules.htm
4. The Foreign Acquisitions and Takeovers Act
 - <http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagebyid/IP200402783?OpenDocument>

Any information contained in, or that can be accessed via the above web sites, does not constitute part of this prospectus.

AUSTRALIA

The following is a general description of the material Australian income tax consequences for Existing Shareholders of the Company at the time of its Delisting from ASX.

It is not intended to be an authoritative or complete analysis of the income taxation laws of Australia, as they apply to the specific circumstances of any particular Shareholder. In particular, the outline does not apply to Shareholders who:

- hold their shares on revenue account or as trading stock;
- are a bank, insurance company, tax exempt organisation or superannuation fund that are subject to special tax rules;
- acquired their shares pursuant to an employee share or option plan;
- are regarded as a “temporary resident” for Australian tax purposes; or
- are non-resident Shareholders that hold, or have held, their Shares as an asset of a permanent establishment in Australia.

This description is based upon Australian taxation law and practice in effect at the date of this prospectus. The consequences of acquiring Offer Shares may therefore be different if the law is amended (including retrospectively), the courts change their interpretation of the law, or the Australian Taxation Office (**ATO**) or State or Territory revenue offices change their administration of the law.

You are advised to seek independent professional advice regarding the Australian tax consequences of holding Offer Shares according to your own particular circumstances.

General

The Company is incorporated in Australia and is therefore a resident of Australia for income tax purposes. The proposed Delisting will not impact on this residency characterisation.

Dividends

Broadly, dividends paid by the Company on Shares may be “franked” (fully or in part) or “unfranked” for Australian tax purposes under the imputation system. Franked dividends have franking credits attached. The concept of franking reflects that the underlying profits from which the dividends have been sourced have been subject to Australian corporate income tax. To the extent that a dividend is “unfranked”, no franking credits are attached.

To be entitled to franking credits in respect of franked dividends, the Shareholder must be a “qualified person”. This generally requires that the Shareholder satisfies “holding period” and “related payments” rules. Broadly, the holding period rule requires that the Shareholder has held the shares at risk for 45 days (not counting the day of acquisition or disposal). An exemption may be applicable to certain Shareholders.

For example, the holding period rules do not apply to individual Shareholders where the tax offset entitlement does not exceed AUD5,000 in respect of all dividends received during the income year in which the dividend is paid (provided that they satisfy the related payment rules). The qualified person rules are complex and depend on the individual circumstances of each Shareholder. Shareholders should seek their own advice regarding the application of these rules. The comments below assume that the “qualified person” provisions are satisfied by the entity entitled to franking credits on any franked dividends paid by the Company.

Dividends will have different tax implications depending on the tax residency of the Shareholder and whether the dividend is franked or unfranked.

Stock Exchange Central Clearing and Settlement System (CCASS)

Shares that are deposited into Stock Exchange’s CCASS are registered in the name of HKSCC Nominees, a wholly-owned member of HKSCC and a Hong Kong tax resident company. As our Company will pay dividends directly to HKSCC Nominees, who will pass them onto the relevant Shareholders, they will have different tax implications depending on whether the Shareholder holds CCASS or non-CCASS Shares.

Conduit foreign income

Broadly, amounts considered to be conduit foreign income are amounts of foreign (i.e. non- Australian) income earned by or through an Australian corporate tax entity, including:

- foreign non-portfolio dividends received by an Australian company;
- foreign income and certain capital gains derived directly or indirectly by an Australian company from carrying on business in a foreign country through a permanent establishment; and
- capital gains on the disposal of shares in a foreign company with an underlying active business.

Given our Company’s current non-Australian asset holdings are our Group’s only income generating assets, any dividends paid by our Company (in its current structure) should be free of Australian dividend withholding tax under these conduit foreign income rules.

Non-CCASS Australian Resident Shareholder

Non-CCASS Shareholders who are residents of Australia for tax purposes, will include dividends together with any attached franking credits, in their assessable income. Depending on the tax profile of the Shareholder, a tax offset may be allowed up to the amount of franking credits attached to the dividend. Any excess tax offset may be refundable to individual and certain other Shareholders (but not companies). Where the Shareholder is a corporate entity, the receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account.

Unless an exemption applies, unfranked dividends paid to Non-CCASS Shareholders who are Australian tax residents and who choose not to quote their Tax File Number (or, where applicable, their Australian Business Number) will be subject to a withholding at the top marginal tax rate plus the Medicare levy (currently 47%). The Shareholder will, however, be entitled to a credit or refund in their tax return to the extent of the tax withheld.

Non-CCASS Non-Australian Resident Shareholder

Dividends paid to a non-tax resident of Australia will not be subject to dividend withholding tax to the extent the dividends have been franked under the Australian imputation system or are declared to be "conduit foreign income" (see above).

However, unfranked dividends (that are not subject to a conduit foreign income declaration) paid to Non-CCASS Shareholders who are non-Australian residents (or other Non-CCASS Shareholders whose registered address is outside Australia, or who authorise or direct that their dividends be paid at a place outside Australia) will be subject to Australian dividend withholding tax. The domestic rate of dividend withholding tax is 30% of the unfranked component of the dividend. However, where the Non-CCASS Shareholder is resident in a country that has a double tax agreement with Australia, the double tax agreement may reduce the rate of dividend withholding tax, potentially to as low as nil (depending on a number of factors, including the legal nature of the Non-CCASS Shareholder and its shareholding).

CCASS Australian Resident Shareholder

Dividends paid to HKSCC Nominees (being a non-Australian tax resident entity) will not be subject to dividend withholding tax to the extent the dividends have been franked under the Australian imputation system or are declared to be conduit foreign income. The domestic rate of dividend withholding tax is 30% of the unfranked component of the dividend and this rate will apply as Australia and Hong Kong have not entered into a double tax agreement. HKSCC Nominees will then pay the dividend (net of the 30% withholding tax) onto the CCASS Australian Resident Shareholder.

The *Taxation Administration Act 1953* of Australia provides the mechanism for the CCASS Australian Resident Shareholder to make an application to the ATO for a refund or tax offset (depending on their personal marginal tax rate) in relation to the withholding tax amount.

CCASS Non-Australian Resident Shareholder

Dividends paid to HKSCC Nominees will not be subject to dividend withholding tax to the extent the dividends have been franked under the Australian imputation system or are declared to be conduit foreign income. No further Australian withholding tax obligation will arise when HKSCC Nominees pays the dividend to the CCASS Non-Australian Resident Shareholder.

Unfranked dividends which are not declared to be conduit foreign income, and are paid to HKSCC Nominees, will be subject to Australian dividend withholding tax. The domestic rate of dividend withholding tax is 30% of the unfranked component of the dividend and this rate will apply as Australia and Hong Kong have not entered into a double tax agreement. HKSCC Nominees will then pay the dividend (net of the 30% withholding tax) onto the CCASS Non-Australian Resident Shareholder.

If there is a double tax agreement between Australia and the Shareholder's resident country for tax purposes, the CCASS Non-Australian Resident Shareholder will have access to any concessional withholding tax rate set out in such double tax agreement between Australia and the Shareholder's resident country for tax purposes. The mechanism to obtain a refund of the difference between the rate required to be withheld by the Company, and the concessional rate in the applicable double tax agreement is provided for in the *Taxation Administration Act 1953* of Australia by application to the ATO.

Sale of Shares - Existing Australian resident Shareholders

The delisting from the ASX and relisting on the Stock Exchange will not constitute a taxable event for Australian capital gains tax (**CGT**) purposes as Shareholders are not disposing of their Shares in the Company.

No CGT implications will therefore arise for Australian resident Shareholders.

After the relisting has taken place, Australian resident Shareholders who dispose of their Company shares listed on the Stock Exchange will trigger a CGT event at the time of the disposal.

A capital gain will arise where the proceeds received on sale of the Shares exceed the CGT "cost base" of the Shares (both denominated in AUD). The CGT cost base of a Share will generally include the actual (or deemed cost) of acquisition plus certain other incidental costs, such as brokerage and stamp duty.

Conversely, an Australian resident Shareholder will make a capital loss on the sale of their Shares where the disposal proceeds received are less than the “reduced cost base” of the Shares. The reduced cost base is broadly the tax cost base less specific legislative reductions and is likely to be similar to the cost base.

Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains (subject to certain loss utilization rules).

Capital gains and capital losses of a Shareholder in a year of income are aggregated to determine whether there is a net capital gain. If there is a net capital gain, it is then included in the assessable income of the Shareholder and is subject to income tax. However, a capital gains tax discount may be available to reduce the taxable gain for certain Shareholders (refer below).

Discount Capital Gains

A CGT discount may apply to reduce the amount of net capital gains that might otherwise be included in a Shareholder’s assessable income.

Australian resident Shareholders who are individuals or trusts may be eligible for a 50% discount (or a 33.33% discount for complying superannuation funds) on any capital gain that arises, provided that they have held their Offer Shares for at least 12 months. No such discount arises with respect to Shares held by companies.

Sale of Shares - *Existing non-Australian resident Shareholders*

The impact of the delisting and relisting for non-Australian resident Shareholders will be as above for Australian resident Shareholders. That is, there is no impact brought about by the change in listing.

After the relisting has taken place, non-resident Shareholders who choose to dispose of their the Company shares listed on the Stock Exchange will not be subject to Australian CGT unless the following two criteria are satisfied:

- the non-resident Shareholder holds a direct interest in the Company (together with their associates) of at least 10% at the time of sale or throughout a 12 month period that began within 24 months of the time of the sale; and
- 50% or more of the value of the Company’s assets (including assets held by subsidiaries, both Australian and foreign) is attributable to “real property” situated in Australia (which includes mining, quarrying or prospecting rights in Australia).

The Directors confirmed that the Group does not hold any “real property” situated in Australia mentioned above as at the Latest Practicable Date.

Goods and Services Tax (GST)

The delisting and relisting should not result in any GST obligations for existing Shareholders.

The issue of Offer Shares should not attract GST. Shareholders should consider their ability to claim input tax credits in respect of costs incurred in relation to acquiring the Offer Shares (e.g. fees for advice, brokerage fees), and obtain professional advice where appropriate.

HONG KONG**Taxation of Dividends**

No tax is payable in Hong Kong in respect of dividends.

Disclaimer

This summary does not constitute financial product advice as defined in the Australian Corporations Act. This summary is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments. The partnership of Ernst & Young, Perth is not required to hold an Australian Financial Services License under the Australian Corporations Act to provide you with this taxation advice.

We have not caused and take no responsibility for the publication of any part of the prospectus in which this letter appears, other than this letter itself.



龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED
龍 資 源 有 限 公 司*