

龍資源有限公司  
DRAGON MINING  
LIMITED

**DRAGON MINING LIMITED**

龍資源有限公司\*

*(Incorporated in Western Australia with limited liability ACN 009 450 051)*  
(於西澳洲註冊成立的有限公司·澳洲公司註冊號碼009 450 051)

**Stock Code 股份代號 : 1712**

**2018**  
Annual Report  
年報

\* For identification purpose only 僅供識別

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## BOARD OF DIRECTORS

Arthur George Dew  
*Chairman and Non-Executive Director*  
Brett Robert Smith  
*Chief Executive Officer and Executive Director*  
Wong Tai Chun Mark  
*Alternate Director to Arthur George Dew*  
Carlisle Caldwell Procter  
*Independent Non-Executive Director*  
Pak Wai Keung Martin  
*Independent Non-Executive Director*  
Poon Yan Wai  
*Independent Non-Executive Director*

## AUDIT AND RISK MANAGEMENT COMMITTEE

Poon Yan Wai *Chairman*  
Carlisle Caldwell Procter  
Pak Wai Keung Martin

## REMUNERATION COMMITTEE

Carlisle Caldwell Procter *Chairman*  
Pak Wai Keung Martin  
Poon Yan Wai

## NOMINATION COMMITTEE

Arthur George Dew *Chairman*  
Carlisle Caldwell Procter  
Pak Wai Keung Martin

## BANKERS

National Australia Bank  
Nordea Bank Finland Plc

## AUDITOR

Ernst & Young, Perth

## LEGAL ADVISERS

Kwok Yih & Chan (as to Hong Kong law)  
Addisons (as to Australian law)  
Tomi Rinne (as to Finnish law)

## REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN AUSTRALIA

Unit B1, 431 Roberts Road,  
Subiaco, WA 6008  
Australia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 1st Floor,  
Neich Tower,  
128 Gloucester Road,  
Wanchai,  
Hong Kong

## AUSTRALIAN PRINCIPAL SHARE REGISTRAR

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067  
Melbourne, Australia

## 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

## JOINT COMPANY SECRETARIES

Shannon Louise Coates  
(for Australian regulations)  
Lo Tai On  
(for Hong Kong regulations)

## COMPLIANCE ADVISER

Altus Capital Limited

## STOCK CODE

1712

## WEBSITES

<http://www.dragonmining.com>  
<http://www.irasia.com/listco/hk/dragonmining/index.htm>

## Chairman's Statement

I am pleased to present to shareholders, the Dragon Mining Limited (the "Company") Annual Report for the year ended 31 December 2018. The year was particularly challenging for all the Company's staff in view of the additional workload generated by the pursuit of the Company's listing on the Stock Exchange of Hong Kong. I would like to express my appreciation, and that of the shareholders, to all staff for this additional effort.

A highlight of the year was the listing of the Company on the Stock Exchange of Hong Kong on 5 November 2018. This listing enabled the Company to raise funds for the development of the Fäboliden Gold Project ("Fäboliden"), and we hope that it will prove beneficial to shareholders in the future.

Operationally and financially the Company also faced a difficult year, but significant progress was made which should provide future benefits for the Company.

In Finland, the Jokisivu mine performed. At Orivesi, known reserves are almost depleted. Difficult mining issues experienced during the last few weeks of the year delayed mining, causing a shortfall in anticipated ore production at Orivesi during this period. This issue was exacerbated by a problem with our primary crusher in December, resulting in an inability to crush the harder Orivesi ore for a short period. On the positive side, these mining delays have resulted in the present expectation that Orivesi will remain in production until May 2019, when it will be placed on care and maintenance while further exploration and evaluation drilling will be carried out.

Again, on a positive note overburden stripping is taking place at the Group's new mine at Kaapelinkulma and it's expected that ore production will commence by the end of March 2019, despite the difficulties experienced because of protests by certain activists opposed to mining. The Vammala plant has continued to operate satisfactorily.

In Sweden, the test mining permit at Fäboliden for 100,000 tonnes was finally obtained and removal of overburden undertaken in preparation for mining to commence after March 2019. The application for the Environmental Permit for the full mining permit was submitted during the year and is being processed. The Group currently expects treatment for the test mining ore to commence at the Svartliden plant in August 2019.

Financially the significant cost of keeping the Svartliden plant operational in readiness to treat the Fäboliden ore together with the expensed listing costs adversely impacted the Group's results generating a net loss of AU\$9.5 million for the year.

The Group will continue to pursue long-term production from Fäboliden and continued production from Jokisivu and Kaapelinkulma in Finland as the key to the future, whilst continuing with further exploration and evaluation drilling at Orivesi.

I again wish to express my sincere thanks to our Directors and loyal staff for their support and efforts during this difficult year. I also thank our shareholders for their ongoing support.

**Arthur G. Dew**  
*Chairman*

Hong Kong, 7 March 2019

## Mineral Resources and Ore Reserves Annual Statement

The estimates for Mineral Resources and Ore Reserves as at 31 December 2018 were disclosed to the Stock Exchange of Hong Kong ("Stock Exchange") in compliance with the reporting guidelines as set out in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") in April 2019:

### ❖ Mineral Resources and Ore Reserves Updated (Stock Code: 1712)

The statement of Mineral Resources for Dragon Mining Limited (the "Company" or "Dragon Mining") totals 13,638 kt grading 3.2 g/t gold for 1,421 kozs as at 31 December 2018, inclusive of Ore Reserves. This represents a 0.1% increase in tonnes and 1.2% decrease in ounces when compared to the total Mineral Resource of 13,630 kt grading 3.3 g/t gold for 1,438 kozs as at 30 September 2017, the date of the last formal update of Dragon Mining's Mineral Resources, which were released to the Australian Securities Exchange ("ASX") on 11 January 2018 – Mineral Resources Updated For Dragon Mining's Nordic Projects.

The Group's total Proved and Probable Ore Reserves as at 31 December 2018 are 2,615kt grading 2.8 g/t gold for 234 kozs, the highest total Ore Reserve tonnage level recorded by Dragon Mining since commencing activities in the Nordic Region in 2000.

This represents a 13.0% increase in tonnes and 0.9% increase in ounces, when compared to the previous update on the 30 September 2017 of 2,315 kt grading 3.1 g/t gold for 232 kozs that was released to ASX on 23 February 2018 – Dragon Mining Updates Ore Reserves for Nordic Projects.

The updates have resulted in the mine life of the Jokisivu Gold Mine being extended, providing the Group with the confidence that the available Ore Reserves in Finland are sustainable until, and beyond when full scale mining could potentially begin at the Fäboliden Gold Project in Sweden. When including the Ore Reserves for the Fäboliden Gold Project, where the Group is working towards obtaining an Environmental Permit for full-scale mining, the Group now has sufficient Ore Reserves for production through to at least mid-2024.

### Estimation Governance Statement

The Group has ensured that the Mineral Resources and Ore Reserves estimated are subject to good governance arrangements and internal controls. The Mineral Resources and Ore Reserves have been finalised by independent mining consultants, RPMGlobal in Western Australia, an organisation whose personnel have exposure to best practices in modelling and estimation methods. RPMGlobal has also undertaken reviews of the quality and suitability of the underlying information, which included a site visit of the Group's mining projects in 2015, 2016 and 2017. In addition, Dragon Mining's management regularly carries out reviews and audits of internal processes, and of external contractors that are utilised by the Company.

Dragon Mining reports Mineral Resources and Ore Reserves at least annually in compliance with the reporting guidelines as set out in the JORC Code. If there are any material changes to its Mineral Resources or Ore Reserves during the course of the year the Company is required to and promptly reports these changes.



## MINERAL RESOURCES

**Mineral Resource estimates for the Vammala Production Centre in southern Finland and the Svartliden Production Centre in northern Sweden as at 31 December 2018. Mineral Resources are reported inclusive of stockpiles and Ore Reserves.**

	Measured			Indicated			Inferred			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
<b>Vammala Production Centre – Southern Finland</b>												
<b>Jokisivu Gold Mine</b>												
Kujankallio	531	4.4	76	736	3.3	78	139	3.6	16	1,406	3.8	170
Arpola	84	4.3	12	449	4.9	71	162	5.2	27	695	4.9	110
Stockpiles	–	–	–	38	1.7	2	–	–	–	38	1.7	2
Total	615	4.4	87	1,223	3.8	151	300	4.5	43	2,139	4.1	282
<b>Orivesi Gold Mine</b>												
Kutema	39	5.5	7	34	6.1	7	24	4.6	3	97	5.5	17
Sarvisuo	36	7.5	9	30	7.2	7	42	5.7	8	108	6.7	23
Stockpiles	–	–	–	4	4.0	1	–	–	–	4	4.0	1
Total	75	6.5	16	68	6.5	14	66	5.3	11	209	6.1	41
<b>Kaapelinkulma Gold Mine</b>												
North	–	–	–	–	–	–	21	2.2	2	21	2.2	2
South	76	3.8	9	59	4.2	8	12	4.4	2	147	4.0	19
Total	76	3.8	9	59	4.2	8	34	3.0	3	168	3.8	21
VPC Total	766	4.6	112	1,350	4.0	173	400	4.5	58	2,516	4.2	344
<b>Svartliden Production Centre – Northern Sweden</b>												
<b>Fäboliden Gold Project</b>												
Above 350 mRL	–	–	–	3,807	2.8	340	887	2.4	69	4,694	2.7	409
Below 350 mRL	–	–	–	961	3.1	96	4,978	3.2	514	5,938	3.2	609
Total	–	–	–	4,768	2.8	436	5,864	3.1	583	10,632	3.0	1,019
<b>Svartliden Gold Mine</b>												
Open-pit	83	3.1	8	160	3.0	16	–	–	–	244	3.0	24
Underground	36	4.3	5	150	4.6	22	60	4.0	8	245	4.4	35
Total	119	3.4	13	311	3.8	38	60	4.0	8	489	3.7	59
SPC Total	119	3.4	13	5,078	2.9	473	5,924	3.1	591	11,121	3.0	1,077
Company Total	885	4.4	125	6,428	3.1	647	6,324	3.2	649	13,638	3.2	1,421

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

**MINERAL RESOURCES (CONT'D)****Reporting Cut-off Grades:***Jokisivu Gold Mine — 1.8 g/t gold*

Based on operating costs, mining and processing recoveries from Jokisivu actuals, and a gold price extrapolated for the potential economic extraction of the resource at a level approximating 120% of the spot gold price of US\$1,525 per ounce as at 31 December 2018.

*Orivesi Gold Mine — 3.1 g/t gold*

Based on operating costs, mining and processing recoveries from Orivesi actuals, and a gold price extrapolated for the potential economic extraction of the resource at a level approximating 120% of the spot gold price of US\$1,525 per ounce as at 31 December 2018.

*Kaapelinkulma Gold Project — 1.0 g/t gold*

Based on costs and recoveries from the updated Kaapelinkulma Pre-Feasibility study and a gold price extrapolated for the potential economic extraction of the resource at a level approximating 115% of the spot gold price of US\$1,500 per ounce as at 30 September 2017.

The Kaapelinkulma Mineral Resource remains unchanged since 30 September 2017. Details of this Mineral Resource were released to the ASX on 11 January 2018 – Mineral Resources Updated for Dragon Mining's Nordic Projects.

*Fäboliden Gold Project — 1.25 g/t gold for material above the 350 m RL and 2.10 g/t gold for material below the 350 mRL*

Based on costs and recoveries from the updated Fäboliden Pre-Feasibility study and a gold price extrapolated for the potential economic extraction of the resource at a level approximating 125% of the spot gold price of US\$1,500 per ounce as at 31 December 2016.

The Fäboliden Mineral Resources remain unchanged since 31 December 2016. Details of this Mineral Resource were released to the ASX on the 28 February 2017 – Mineral Resources Updated for the Nordic Production Centres.

*Svartliden Gold Mine — 1.0 g/t gold for open-pit material and 1.70 g/t gold for underground material*

Based on updated estimates for mining costs and a gold price extrapolated for the potential economic extraction of the open-pit and underground resource at a level approximating 125% of the spot gold price of US\$1,500 per ounce as at 31 December 2016.

The Svartliden Mineral Resources remain unchanged since 31 December 2016, details of which were released to the ASX on the 28 February 2017 — Mineral Resources Updated for the Nordic Production Centres.

**ORE RESERVES****Ore Reserves for the Vammala Production Centre in southern Finland and the Svartliden Production Centre in northern Sweden as at 31 December 2018.**

	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kcozs)	Tonnes (kt)	Gold (g/t)	Ounces (kcozs)	Tonnes (kt)	Gold (g/t)	Ounces (kcozs)
<b>Vammala Production Centre</b>									
Jokisivu (UG)	520	2.3	38	864	2.6	71	1,384	2.5	110
Kaapelinkulma (OP)	52	3.9	6.5	19	4.3	2.6	71	4.0	9
<b>Svartliden Production Centre</b>									
Fäboliden (OP)	-	-	-	1,160	3.1	115	1,160	3.1	115
Group Total	572	2.4	44.5	2,043	2.9	188.6	2,615	2.8	234

Ore Reserve estimates have been rounded to reflect accuracy. All the estimates are on a dry tonne basis.

Jokisivu Gold Mine: The following economic in-situ stope ore cut-off grades of Kujankallio: 2.2 g/t gold; Arpola A – 2.2 g/t gold; Arpola B – 2.2 g/t gold; Arpola C – 1.9 g/t gold; Arpola D – 2.2 g/t gold were based on a US\$1,270 per troy ounce gold price, a EUR:USD exchange rate of 1.17, process recovery of 92%, historical costs and mining factors.

Kaapelinkulma Gold Mine: The in-situ ore cut-off grade is 1.1 g/t gold is based on a gold price of US\$1,260 per troy ounce, a EUR:USD exchange rate of 1.13, process recovery of 85%, mining factors and costs.

The Kaapelinkulma Ore Reserve remains unchanged since 30 September 2017. Details of this Ore Reserve were previously released to the ASX on 23 February 2018 – Dragon Mining Updates Ore Reserves for Nordic Projects.

Fäboliden Gold Project: The in-situ ore cut-off grade is 1.47 g/t gold based on a gold price of US\$1,260 per troy ounce, a USD:SEK exchange rate of 8.55, process recovery of 82%, mining factors and costs.

The Fäboliden Ore Reserve remains unchanged since 31 December 2016. Details of this Ore Reserve were previously released to the ASX on the 21 March 2017 – Ore Reserves Updated for Dragon Mining's Nordic Projects.



## RESOURCES AND RESERVES STATEMENT

### Competent Persons Statements

*The information in this report that relates to Mineral Resources for the Jokisivu Gold Mine and Orivesi Gold Mine dated 31 December 2018 were previously released to the Stock Exchange in April 2019 — Mineral Resources and Ore Reserves Updated. This release can be found at [www.hkex.com.hk](http://www.hkex.com.hk) (Stock Code: 1712). It represents information compiled or supervised by Mr David Allmark who is a full-time employee of RPM Advisory Services Pty Ltd and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr Allmark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr Allmark for the April 2019 release.*

*The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported April 2019, and the assumptions and technical parameters underpinning the estimates in the April 2019 release continue to apply and have not materially changed.*

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Mineral Resources dated 31 December 2018 presented in this report have not been materially modified and are consistent with the April 2019 release. Mr Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.*

*The information in this report that relates to Mineral Resources dated 30 September 2017 for the Kaapelinkulma Gold Mine were previously released to the ASX on the 11 January 2018 — Mineral Resources Updated for the Nordic Production Centres. This release can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA). It fairly represents information and supporting documentation that was compiled or supervised by Mr Jeremy Clark who is a full-time employee of RPMGlobal Asia Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr Jeremy Clark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr Jeremy Clark for the 11 January 2018 release.*

*The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported on 11 January 2018, and the assumptions and technical parameters underpinning the estimates in the 11 January 2018 release continue to apply and have not materially changed.*

**RESOURCES AND RESERVES STATEMENT (CONT'D)****Competent Persons Statements (Cont'd)**

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Mineral Resources dated 30 September 2017 presented in this report have not been materially modified and are consistent with the 11 January 2018 release. Mr Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.*

*The information in this report that relates to Mineral Resources dated 31 December 2016 for the Fäboliden Gold Project and Svartliden Gold Mine were previously released to ASX on 28 February 2017 — Mineral Resources Updated for Dragon Mining's Nordic Projects. This release can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA). It fairly represents information and supporting documentation that was compiled or supervised by Mr Jeremy Clark who is a full-time employee of RPMGlobal Asia Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr Jeremy Clark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr Jeremy Clark for the 28 February 2017 release.*

*The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported on 28 February 2017, and the assumptions and technical parameters underpinning the estimates in the 28 February 2017 release continue to apply and have not materially changed.*

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Mineral Resources dated 31 December 2016 presented in this report have not been materially modified and are consistent with the 28 February 2017 release. Mr Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.*

*The information in this report that relates to Ore Reserves for the Jokisivu Gold Mine is based on information compiled by Mr Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition. Mr Joe McDiarmid has provided written consent for the inclusion in this report of the matters based on their information in the form and context in which it appears.*

**RESOURCES AND RESERVES STATEMENT (CONT'D)****Competent Persons Statements (Cont'd)**

*The information in this report that relates to Ore Reserves for the Kaapelinkulma Gold Mine was previously released to ASX on the 23 February 2018 — Dragon Mining Updates Ore Reserves for Nordic Projects, which can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA). It fairly represents information and supporting documentation that was compiled by Mr Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr McDiarmid for the 23 February 2018 release.*

*The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves for the Fäboliden Gold Project as reported on 23 February 2018, and the assumptions and technical parameters underpinning the estimates in the 23 February 2018 release continue to apply and have not materially changed.*

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Mineral Resources are presented in this report have not been materially modified and are consistent with the 23 February 2018 release. Mr Neale Edwards has provided written consent approving the statement of the Fäboliden Ore Reserves in this report in the form and context in which it appears.*

*The information in this report that relates to Ore Reserves for the Fäboliden Gold Project was previously released to ASX on the 21 March 2017 — Ore Reserves Updated for Dragon Mining's Nordic Projects, which can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA). It fairly represents information and supporting documentation that was compiled by Mr Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr McDiarmid for the 21 March 2017 release.*

*The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves for the Fäboliden Gold Project as reported on 21 March 2017, and the assumptions and technical parameters underpinning the estimates in the 21 March 2017 release continue to apply and have not materially changed.*

**RESOURCES AND RESERVES STATEMENT (CONT'D)****Competent Persons Statements (Cont'd)**

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Mineral Resources are presented in this report have not been materially modified and are consistent with the 21 March 2017 release. Mr Neale Edwards has provided written consent approving the statement of the Fäboliden Ore Reserves in this report in the form and context in which it appears.*

*The information in this report that relates to Exploration Results were previously released to the ASX on 17 April 2018 — Update of Activities Completed in Southern Finland; 15 June 2018 — Orivesi Drilling Returns Significant Gold Intercepts; and 17 July 2018 — Update of Activities Completed at the Jokisivu Gold Mine; and to the Stock Exchange on 28 December 2018 — Drilling at the Jokisivu Gold Mine Returns Significant Results. These releases can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA) and [www.hkex.com.hk](http://www.hkex.com.hk) (Stock Code: 1712). They fairly represent information and supporting documentation that was compiled by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Written consent was previously provided by Mr Neale Edwards for the releases dated the 17 April 2018, 15 June 2018, 17 July 2018 and 28 December 2018.*

*The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results as released on 17 April 2018, 15 June 2018, 17 July 2018 and 28 December 2018, and the assumptions and technical parameters underpinning the Exploration Results in the listed releases continue to apply and have not materially changed.*

*Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full-time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012 Edition confirms that the form and context in which the Exploration Results are presented in this report have not been materially modified from the releases dated 17 April 2018, 15 June 2018, 17 July 2018 and 28 December 2018. Mr Neale Edwards has provided written consent approving the Exploration Results in this report in the form and context in which they appear.*

## BUSINESS REVIEW

### Nature of Operations and Principal Activities

The Group comprises Dragon Mining Limited (“Dragon Mining” or the “Company”), the parent entity, and its subsidiaries. Of these subsidiaries, the operating entities are Dragon Mining (Sweden) AB in Sweden and Dragon Mining Oy in Finland.

The Group operates gold mines and processing facilities in Finland and Sweden. In Finland, the Vammala Production Centre (“Vammala”) consists of a conventional 300,000 tonne per annum crushing, milling and flotation plant (“Vammala Plant”), the Orivesi Gold Mine (“Orivesi”) and the Jokisivu Gold Mine (“Jokisivu”). In March 2019, the Vammala Plant will begin processing ore from the Group’s Kaapelinkulma Gold Mine (“Kaapelinkulma”) upon commencement of first mining activities. Annual production from Finland is in the range of 23,000 to 30,000 ounces of gold depending on the grade of ore and gold concentrate feed.

In Sweden, the processing operation is known as the Svartliden Production Centre (“Svartliden”), consisting of a 300,000 tonne per annum carbon-in-leach (“CIL”) processing plant (“Svartliden Plant”) and the Svartliden Gold Mine (mining completed 2013). As mining of the original Svartliden Gold Mine has finished, no locally produced ore will be processed in Sweden until the Fäboliden Gold Mine (“Fäboliden”) commences test mining in May 2019, with first production scheduled for August 2019.

The principal activities of the Group during the year were:

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

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

## OPERATIONS OVERVIEW

### Safety Performance

The Group finished the year with a 12 month rolling lost time injury (“LTI”) frequency rate, per million work hours of 4.32 (2017: 0.0). One LTI occurred at the Group’s Finnish operations during 2018. Impressively Orivesi has achieved over 1,489 days LTI free, Vammala and Jokisivu recorded 298 and 1,105 LTI free days respectively and Svartliden recorded over 1,000 days LTI free.

**OPERATIONS OVERVIEW (CONT'D)****Finland Operations***Vammala Plant*

The Vammala Plant has produced 336,219 ounces of gold in concentrate to 31 December 2018. During 2018, the Vammala Plant treated 308,070 wet metric tonnes ("WMT") of ore (2017: 315,058 WMT of ore) with an average grade of 3.8 g/t gold (2017: 3.1 g/t gold) to produce 24,883 ounces of gold (2017: 28,204 ounces of gold) at a recovery level of 87.5% (2017: 87.1%) and a C1 cash cost of US\$992 per ounce (2017: US\$723 per ounce). Vammala mill feed was sourced from Orivesi and Jokisivu, comprising:

- 34,570 DMT of ore from Orivesi at an average grade of 4.8 g/t gold; and
- 273,500 DMT of ore from Jokisivu at an average grade of 2.6 g/t gold.

	<b>Vammala Production Centre</b>	
	<b>2018</b>	2017
Ore Mined (WMT)	<b>301,430</b>	313,674
Mined Grade (g/t gold)	<b>3.8</b>	3.1
Ore Milled (WMT)	<b>308,070</b>	317,792
Head Grade (g/t)	<b>2.9</b>	3.1
Recovery (%)	<b>87.5%</b>	87.1%
Gold Production (oz)	<b>24,883</b>	28,204
C1 Cash Cost (US\$/ounce gold) <sup>1</sup>	<b>US\$992</b>	US\$723

1 The Company has adopted the C1 cash cost definitions as set out by Mackenzie Wood (formerly Brook Hunt), which are not in accordance with IFRS. Where used, the information has not been subject to audit by the Group's external auditors.

*Orivesi Gold Mine*

Total ore mined from Orivesi was 37,140 WMT at 3.9 g/t gold; 14,030 WMT of ore came from ore stopes (2017: 54,005 WMT), the remaining 23,110 WMT came from ore development (2017: 15,287 WMT).

	<b>Orivesi Gold Mine</b>	
	<b>2018</b>	2017
Ore Mined (WMT)	<b>37,140</b>	69,291
Mined Grade (g/t gold)	<b>3.9</b>	3.9

At Orivesi, mining in the deep parts of the Kutema lode system ceased during Q1 2018, with production coming mainly from the Sarvisuo lode system.



**OPERATIONS OVERVIEW (CONT'D)****Finland Operations (Cont'd)***Orivesi Gold Mine (Cont'd)*

Orivesi gold production for the year was negatively impacted by:

- a decrease in higher grade ore tonnes with the shortfall not fully compensated by the addition of lower grade ore tonnes from the Jokisivu Mine;
- a focus on development activities in the upper parts of Orivesi in preparation for the mining of high-grade ore tonnes that had the potential to be safely extracted from previously unmined portions of mineralisation in the upper parts of Orivesi;
- highly unstable conditions encountered in the upper parts of Orivesi during the last quarter of 2018 and, for safety reasons, access to the areas was delayed by the installation of intensive reinforcement or where the safety risk was too great resulted in considerable tonnes being unsafe to mine; and
- mechanical problems with the crusher in December rendered the operation unable to process the high-grade Orivesi ore during the last two weeks in December. As a result, these tonnes with a grade of 9.4 g/t of gold were substituted with low-grade ore tonnes from Jokisivu. These high-grade tonnes will be processed in 2019.

Development work at Orivesi advanced 1,291 metres during the year (2017: 1,085 metres). Successful drilling campaigns carried out at Orivesi during early 2018 yielded a series of new intercepts that resulted in additional moderate-to-high-grade mineable tonnes being defined, extending production to May 2019.

*Jokisivu Gold Mine*

Production from Jokisivu came from the main zone of the Kujankallio deposit and the Arpola deposit, with ore coming from both stope and development works. Total ore mined from Jokisivu was 264,679 WMT at 2.8 g/t gold; 113,391 WMT of ore came from ore stopes (2017: 54,005 WMT) and the remaining 151,288 WMT (2017: 152,979 WMT) came from ore development.

	<b>Jokisivu Gold Mine</b>	
	<b>2018</b>	2017
Ore Mined (DMT)	<b>264,679</b>	244,383
Mined Grade (g/t gold)	<b>2.8</b>	2.9

The increase in ore mined was a result of low-grade ore from Jokisivu being used to assist with the shortfall of high-grade ore from Orivesi.

Successful drilling campaigns undertaken at Jokisivu during 2018 returned a series of significant intercepts and effectively replaced resource tonnes mined from Jokisivu over the course of the year. Deepening of the Jokisivu decline advanced 175 metres and is now at the 420 metre level.

## OPERATIONS OVERVIEW (CONT'D)

### Finland Operations (Cont'd)

#### *Kaapelinkulma Gold Mine*

The Company continued to advance Kaapelinkulma towards mine start up with the commencement of pre-strip activities in 2018. Refer to Advanced Projects and Exploration Review on page 26 and the Environmental Review on page 29 for further updates on mine start up and permitting.

### Sweden Operations

#### *Svartliden Production Centre*

The Svartliden Plant is a CIL facility that has a processing capacity of approximately 300,000 tonne per annum, located in northern Sweden, approximately 700 kilometres north of Stockholm. The Svartliden Plant has been part of an integrated operation comprising the plant and an open pit and underground mining operation. Brought into production in March 2005, Svartliden has produced a total of 391,610 ounces of gold up to the end of 2016 which is the last time Svartliden produced gold from external concentrates. Since that time, Svartliden has been processing gold concentrate from Orivesi and Jokisivu into gold doré bars.

During 2018, the Svartliden Plant has operated at below breakeven to ensure the retention of staff in readiness for the commencement of mining and first processing of ore tonnes from Fäboliden. The mining of Fäboliden is expected to commence in May 2019 with first production scheduled in August 2019.

Almost 100% of Jokisivu and Orivesi flotation concentrate was processed at Svartliden throughout the year; a small amount of flotation concentrate was delivered to the Boliden Harjavalta smelter in addition to a small amount of gravity gold delivered to the Argor-Heraeus refinery.

In May 2018, the Fäboliden Test Mining Permit gained legal force, enabling the Company to commence the initial phase of test mining work in August 2018; refer to the Advance Project and Exploration Review on page 26 for further details. Fäboliden will recommence test mining operations in May 2019, and the Svartliden Plant is expected to commence processing Fäboliden test mining ore in August 2019.

The Company also received certified shipper status in Sweden to allow streamlined gold shipments.

### Employees

The total number of headcount of the Group as at 31 December 2018 was 82 (2017: 83). Total staff costs including Directors emoluments amounted to AU\$9.7 million (2017: AU\$9.8 million). The Group reviews remuneration packages from time to time. The remuneration packages for our employees generally include a basic salary component and a productive incentive payment. We determine employee remuneration based on factors such as qualifications and years of experience, whilst the amount of annual incentive payment will be assessed and determined by the remuneration committee and the Board against the key performance indicators achieved. We also provide our employees with welfare benefits, including pension and healthcare benefits, as well as other miscellaneous items. We provide training to our employees to improve the skills and professional knowledge they need for our operations and their personal development, including an initial training induction on work safety and environmental protection, upon entering the Company and prior to each exploration or operational activity.

## OPERATIONS OVERVIEW (CONT'D)

### Environment, and Social and Governance

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

The Company operates in three national regulatory environments and the supra-national regime of the European Union. While compliance with these regulatory environments and specific operational licence conditions are the basis of the Company's environmental management procedures, the Company is committed to the principle of developing and implementing best applicable practices in environmental design and management and will actively work to:

- protect the environment surrounding its operations;
- give environmental aspects due consideration in all phases of mining projects, from exploration and evaluation through to development, operation, production and final closure; and
- act systematically in the planning, execution, monitoring and improvement of environmental performance.

The Company is committed to operating in a way which contributes to the sustainable development of mineral resources through efficient, balanced and long-term management, while showing due consideration for the wellbeing of people, protection of the environment, and the development of the local and national economy and of society in general.

The Board has overall responsibility for the Company's strategy and reporting in respect of Environmental, Social and Governance ("ESG") issues. The Board reviews the effectiveness of the Group's risk management and internal control systems, which are put in place to identify, evaluate and manage the Company's operating risks, environmental risks, social governance and financial risks. Based upon the assessments made by the Company's appropriately qualified senior management, and the Company's external Auditor, the Board considers that such systems are effective and adequate. As part of the Hong Kong listing rules the Company expects to release its annual ESG Report within three months of it releasing the Company's Annual Report.

### Operational Risks

The Company faces operational risks on a continual basis. The Company has adopted policies and procedures designed to manage and mitigate those risks wherever possible. However, it is not possible to avoid or even manage all possible risks. Some of the operational risks are outlined below but the total risk profile both known and unknown is much more extensive.

- *Safety*

Lost time injuries, serious workplace accidents or significant equipment failures may lead to harm to the Company's employees or other persons, temporary operation stoppage or closure of an operating mine, which could delay production schedules and disrupt operations, and impose a material and adverse impact on the business.

## OPERATIONS OVERVIEW (CONT'D)

### Operational Risks (Cont'd)

- *Safety (Cont'd)*

The Company continues to work closely with all stakeholders to promote continuous safety improvements and Occupational Health and Safety (“OH&S”) taking into account evolving scientific knowledge and technology, management practices and community expectations.

The Company ensures it maintains compliance with the applicable laws, regulations and the standards of the countries it operates in by:

- improving and monitoring OH&S performance;
- training and ensuring its employees and contractors understand their obligations and are held accountable for their responsibilities;
- communicating and openly consulting with employees, contractors, government and community on OH&S issues; and
- developing risk management systems to appropriately identify, assess, monitor and control hazards in the workplace.

- *Production*

The Company has two pre-production assets, Fäboliden in Sweden and Kaapelinkulma in Finland (“Pre-Production Assets”). As at 31 December 2018, neither Pre-Production Asset had commenced commercial production and any delay or failure to commence production in accordance with the current timetable may adversely impact the Company’s results for 2019.

The recovery rate and production costs are dependent on many technical assumptions and factors, namely geological, physical and metallurgical characteristics of ores. Any change in these assumptions and factors may have an adverse effect on the Group’s production volume or profitability. Actual production may vary from expectation for a variety of reasons, including grade, tonnage, dilution and plant recovery.

Plant breakdown or availability affect the operation.

- *Permitting*

The Company may encounter difficulties in obtaining all permits necessary for its exploration, evaluation and production activities at its existing operations or for Pre-Production Assets. It may also be subject to ongoing obligations to comply with permit requirements which can incur additional time and costs.

The application for a full-scale mining Permit for Fäboliden was submitted to the Land and Environmental Court in July 2018. If the Company faces significant delay in obtaining the full-scale mining Permit, it could materially and adversely affect the Company’s profitability. Such delays would likely require the Company to re-evaluate the continued operations of the Svartliden operations. The Environmental Review on page 29 provides updates on rehabilitation and status of permitting at the Company’s Swedish and Finnish operations.

## OPERATIONS OVERVIEW (CONT'D)

### Operational Risks (Cont'd)

- *Social and Political*

The Company has faced and may continue to face activist opposition from groups or individuals opposed to mining generally or to specific projects resulting in delays or increased costs or other adverse effects affecting the political climate.

In addition to the above micro level risks, the Company is exposed to other risks which include, but are not limited to, cyber attack, environmental activism, political and economic instability, and natural disaster, all of which can have varying degrees of impact on the Company and its operating activities. Where available and appropriate to do so, the Board will seek to minimise exposure through the use of insurance and or actively monitoring the Company's ongoing exposure on a whole.

## FINANCIAL REVIEW

While the Finland operations still returned a profit and remained cash positive, the Hong Kong listing expenses and the cost of carrying the operations in Sweden resulted in the Group generating a net loss after tax for the year ended 31 December 2018 of AU\$9.5 million (2017: loss AU\$0.6 million).

Such net loss is primarily due to the factors that had a significant impact on annual production:

- a decrease in higher-grade ore tonnes with the shortfall not fully compensated by the addition of lower-grade ore tonnes from the Jokisivu Mine;
- a focus on development activities in the upper parts of Orivesi in preparation for the mining of high-grade ore tonnes that had the potential to be safely extracted from previously unmined portions of mineralisation in the upper parts of Orivesi;
- highly unstable conditions encountered in the upper parts of Orivesi during the last quarter of 2018 and, for safety reasons, access to the areas was delayed by the installation of intensive reinforcement or where the safety risk was too great resulted in considerable tonnes being unsafe to mine; and
- mechanical problems with the Crusher in December rendered the operation unable to process the high grade Orivesi ore during the last two weeks in December. As a result, these tonnes with a grade of 9.4 g/t of gold were substituted with low grade ore tonnes from Jokisivu. These high grade tonnes will be processed in 2019.

## FINANCIAL REVIEW (CONT'D)

### Listing on the Stock Exchange of Hong Kong and Initial Public Offer

On 19 October 2018, the Company delisted from the ASX, and, on 5 November 2018, shares in the Company were successfully listed on the Main Board of the Stock Exchange.

In conjunction with the listing, the Company completed an Initial Public Offering ("IPO") of 50,000,000 shares at HK\$2.03 (approximately AU\$0.35) per share. Total proceeds from the IPO were HK\$101.5 million (AU\$17.9 million). For details on the use of net proceeds, refer to page 25.

Listing costs totalling AU\$3.60 million were incurred during the current year (2017: AU\$4.12 million), with AU\$2.29 million (2017: AU\$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU\$1.30 million (2017: AU\$2.52 million) expensed to the Consolidated Statement of Profit or Loss. Refer to note 1(x) to the Consolidated Financial Statements for more information.

### Interest Bearing Liabilities – AU\$12 million unsecured loan facility with AP Finance Limited

During the year, the Company made drawdowns totalling AU\$9.0 million and voluntary prepayments totalling AU\$5.0 million on its AU\$12.0 million unsecured Loan Facility with AP Finance Limited ("Loan Facility"), a wholly owned subsidiary of Allied Properties (H.K.) Limited which is a substantial shareholder of the Company.

On 27 December 2018, the Company extended the Loan Facility availability period from 31 December 2019 to 30 June 2020; all terms and conditions remain unchanged. As at 31 December 2018, the Company has AU\$8.0 million in remaining funds available.

Refer to the section titled "Significant Events after Year End Date" on page 51 for details of drawdowns made in 2019.

### Revenue from Customers

During the year, the Company sold 22,498 ounces of gold (2017: 25,739 ounces of gold) at an average gold price of US\$1,267 per ounce (2017: US\$1,258 per ounce). Revenue from operations amounted to AU\$37.9 million (2017: AU\$41.3 million), a decrease of 8.3% against the previous year's revenue. Gold production was 11.8% lower than the previous year due to a decrease in higher-grade ore tonnes from Orivesi, partially offset by an increase in lower-grade ore tonnes from Jokisivu.



## FINANCIAL REVIEW (CONT'D)

### Cost of Sales

Because of lower production and processing lower-grade ore, the Company's 2018 C1 Cash Cost increased 37.2% to US\$992 per ounce (2017: US\$723 per ounce). Cost of sales increased to AU\$41.2 million (2017: AU\$35.7 million), representing an increase of 15.2%.

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

<b>Cost of sales</b>	<b>2018</b> <b>AU\$'000</b>	2017 AU\$'000	% change
Mining costs	<b>24,017</b>	21,408	12.2%
Processing costs	<b>12,279</b>	10,293	19.3%
Other production costs	<b>1,370</b>	1,128	21.5%
Depreciation	<b>3,488</b>	2,903	20.2%
<b>Total</b>	<b>41,154</b>	35,732	15.2%

- Mining unit costs increased by 4.3% to €49 per tonne of ore (2017: €47 per tonne); the unit cost variance is volume driven with 301,430 ore tonnes mined during the year (2017: 314,660 ore tonnes mined). In EUR terms, mining costs were relatively stable over the year; however the 6.9% depreciation of the average AUD/EUR (Dec 2018: AUD/EUR 0.6328 versus Dec 2017: AUD/EUR 0.6794) added a further AU\$1.6 million to translated mining costs.
- Fluctuations in inventory levels and value are a normal part of the business operations which result from the timing of gold pours, shipments, grade, ore source impacting leaching residence times, and inventory revaluations. Ore stockpiles for the Group ended the year with an AU\$0.5 million credit movement to cost of sales (2017: a credit movement of AU\$2.1 million to cost of sales).
- Processing unit costs at the Vammala Plant were consistent at €13 per ore tonne milled (2017: €13 per tonne). The AUD depreciation against the EUR increased processing costs by AU\$0.4 million and an overall credit to inventory stockpiles of AU\$1.0 million increased cost of sales.
- Other production activities increased 21.5% to AU\$1.4 million (2017: AU\$1.1 million) due to an increase in provisions.
- Depreciation increased 20.1% to AU\$3.5 million (2017: AU\$2.9 million) due to the limited remaining mine life at Orivesi which will see reserve-related assets fully depreciated by mid-2019.

### Gross Profit

Cost of sales exceed revenue from customers resulting in a gross loss for the year of AU\$3.3 million (2017: gross profit of AU\$5.5 million).

## FINANCIAL REVIEW (CONT'D)

### Other Revenue

Other revenue remained relatively stable at AU\$0.2 million (2017: AU\$0.2 million) and includes interest earned on the proceeds from the Company's Public Offer made in conjunction with its listing on the Stock Exchange and waste rock sold for crushing in Finland.

### Finance Costs

Finance costs increased to AU\$0.2 million (2017: AU\$0.01 million) due to the interest payments at 4% made on the drawn balance of the Company's AU\$12.0 million unsecured Loan Facility with AP Finance Limited.

### Hong Kong Listing Expenses

Listing expenses for 2018 consisted of professional fees incurred in relation to the Company's listing on the Main Board of the Stock Exchange. The balance of AU\$1.3 million in the Consolidated Statement of Profit of Loss represents those residual expenses not related to the issuing of new shares and thus were not eligible to be capitalised. A total of AU\$3.6 million listing expenses was incurred during the year, of which AU\$2.3 million was capitalised.

### Working Capital, Liquidity and Gearing Ratio

At 31 December 2018, the Company had net assets of AU\$37.4 million (2017: AU\$31.4 million), a working capital surplus of AU\$16.7 million (2017: surplus AU\$10.2 million) and a market capitalisation of approximately AU\$31.6 million (2017: AU\$16.9 million) or HK\$174.9 million.

The Company had AU\$10.9 million in cash and cash equivalents (2017: AU\$6.6 million), which includes AU\$8.2 million in remaining IPO proceeds to be used for Fäboliden (2017: nil). At 31 December 2018, the Company has an AU\$12.0 million unsecured Loan Facility with AP Finance Limited ("Loan Facility") of which it had AU\$8.0 million in unutilised funds remaining available. During the year, the Company funded its activities through cash inflows from operating activities, debt and net proceeds raised from the IPO. As at 31 December 2018, the Company's gearing ratio was 11% (2017: nil), calculated by dividing total borrowing by total equity.

### Key Movements on the Consolidated Statement of Financial Position

- Total current assets increased to AU\$25.4 million (2017: AU\$20.0 million). Cash and cash equivalents increased by AU\$4.3 million and includes the remaining net proceeds from the IPO. Other assets decreased with the capitalisation of prepaid share issue costs, upon completion of the Hong Kong listing.
- Total non-current assets increased to AU\$37.4 million (2017: AU\$30.3 million). Property Plant and Equipment includes Mine Properties which represents the accumulation of all acquired exploration, evaluation and development expenditure, particularly in relation to the development of the Fäboliden and Kaapelinkulma Gold Projects.
- Total non-current liabilities increased to AU\$16.9 million (2017: AU\$10.8 million) due to AU\$4.2 million increase in interest bearing liabilities (refer to Interest Bearing Liabilities below), being the HKD denominated Loan Facility and consisting of AU\$4.0 million in drawdowns and an AU\$0.2 million revaluation. The remaining movement relates to the adverse foreign exchange conversion on the Company's EUR and SEK rehabilitation provisions to AUD.

## FINANCIAL REVIEW (CONT'D)

### Financial Risks

Full details of the Company's Financial Risk Management policies are provided in note 23 of the Consolidated Financial Statements.

- *Foreign Exchange*

The Company sells its bullion and gold concentrate in USD, its majority of costs are denominated in SEK and EUR, an interest-bearing liability denominated in HKD, while the Company's presentation currency is AUD.

The Company may use foreign exchange forwards from time to time to reduce exposure to unpredictable fluctuations in the foreign exchange rates if considered suitable by the Directors.

- *Commodity Price*

The Company is exposed to movements in the gold price. The Company may use a variety of financial instruments (such as gold forwards and gold call options) from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams if considered suitable by the Directors. The Company does not plan to hedge commodity price risk.

- *Liquidity*

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

- *Credit*

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

Credit risk is managed on a group basis and predominantly arises from cash and cash equivalents deposited with banks and financial institutions, trade and other receivables, and environmental and other bonds. While the Company has policies in place to ensure that sales are made to customers with an appropriate credit history, the Company is exposed to a concentration of credit risk in relation to its gold concentrate sales to a nearby smelter in Finland.

- *Interest Rate*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the further cash flow from a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to manage its exposure to interest rate risk by holding cash in short-term, fixed and variable rate deposits with reputable high credit quality financial institutions. The Company constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and/or the mix of fixed and variable interest rates.

## FINANCIAL REVIEW (CONT'D)

### Financial Risks (Cont'd)

- *Costs*

Fuel, power, labour and all other costs can vary from existing rates and assumptions.

### Charges on Company Assets

There were no charges on the Company's assets as at 31 December 2018 and 31 December 2017.

### Contingent Liabilities

As at 31 December 2018, the Company did not have any material contingent liabilities.

### Company Strategy

The Company is principally engaged in gold exploration, mining and processing in the Nordic region. The Company's objective is to focus on the development of existing and new mining assets in reasonable proximity to our production plants in Vammala, Finland and Svartliden, Sweden. The Company operates with a long-term business strategy to operate responsibly taking into account the interests of all stakeholders including its staff, contractors, the public including civic groups, the environment and the general amenity of its areas of operation, and produce positive financial outcomes through (i) the economic operations of its operating mines and production plants; (ii) development of new projects consistent with the Company's objective, such as the Fäboliden and Kaapelinkulma Gold Projects; and (iii) attention to the Company's corporate and social responsibilities, including a focus on ongoing safety and environmental compliance, and ongoing positive interaction with the communities within which it operates.

### Closure of Register of Members

For determining the entitlement to attend and vote at the Annual General Meeting to be held on 23 May 2019, the registers of members of the Company in Hong Kong and Australia will be closed from Monday, 20 May 2019 to Thursday, 23 May 2019, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with (i) the Company's principal share registrar, Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, Melbourne for registration no later than 4.30 pm. on Friday, 17 May 2019 (Australian time); (ii) the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4.30 pm. on Friday, 17 May 2019 (Hong Kong time).

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

Save for those disclosed in this Annual Report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries during the year. Apart those disclosed in this Annual Report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

## FINANCIAL REVIEW (CONT'D)

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

The net proceeds from the Company's listing on the Main Board of the Stock Exchange, after deducting underwriting commission and listing expenses, amounted to HK\$53.9 million (AU\$9.5 million).

The Company has previously advised in the Prospectus that 90.0% of the net proceeds, representing approximately HK\$48.5 million, would be used to fund mine development, capital expenditure and operating expenditure activities associated with Fäboliden during 2018 and 2019. The Prospectus allocated the net proceeds as follows:

- Approximately 13.5% of the net proceeds would be used to fund mine development and capital expenditure activities at Fäboliden for the three months ending 31 December 2018; and
- 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
- The balance of approximately 10.0% of the net proceeds, representing approximately HK\$5.4 million, would be used for working capital and general corporate purposes.

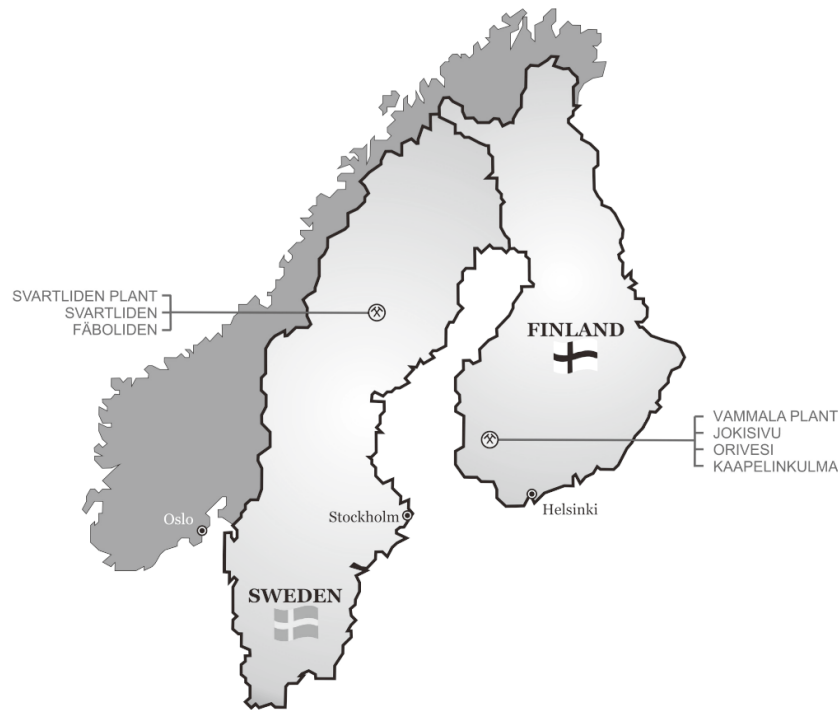
As at 31 December 2018, a total amount of AU\$0.8 million (approximately HK\$4.6 million) of the net proceeds had been used by the Company. The INEDs, having reviewed the transaction records of the account holding the IPO proceeds, confirm that the net proceeds relating to the Fäboliden development have been used only for the Fäboliden Project as follows, note the table is presented in the Company's presentation currency:

Purpose	Proposed use of proceeds AU\$'000	Purpose of proceeds expressed as % of net proceeds	Actual	%	Proposed use for 2019 AU\$'000	Proposed % use for 2019	Expected usage timeframe
			Amount utilised from 5 Nov to 31 Dec 2018 AU\$'000	utilised from Listing from 5 Nov to 31 Dec 2018 %			
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2018. Use restricted to mine development and capital expenditure activities at Fäboliden.	1,282	13.5%	382	29.8%	900	70.2%	Remainder expected to be utilised by August 2019.
Net proceeds dollar value proposed to be used (incl % of total) versus actual use (incl % of actual total) for 2019. Use restricted to mine development, capital expenditure and operating expenditure at Fäboliden including Fäboliden processing costs at Svartliden.	7,268	76.5%	-	0.0%	7,268	100.0%	Net proceeds allocated to 2019 are expected to be utilised by August 2019.
Working capital and corporate purposes.	950	10.0%	409	43.1%	541	56.9%	Remainder to be utilised by early 2019.
Totals	9,500	100.0%	791	8.3%	8,709	91.7%	

## ADVANCED PROJECTS AND EXPLORATION REVIEW

The Company continued to advance drilling activities on its projects in southern Finland and northern Sweden during 2018. Drilling was primarily undertaken to better define the extent and geometry of known mineralised zones and provide information to support mine planning and development.

In Finland, 112 diamond core holes were drilled during the year from underground positions for an advance of 17,059.55 metres (2017–164 holes for 20,641.10 metres). A total of 13,650 samples (2017–18,317 samples) were submitted for analysis in Finland. In Sweden, a total of 15 holes were drilled from surface for an advance of 707.50 metres (2017 – nil). A total of 670 samples (2017 – nil) were submitted for analysis in Sweden.



Results continued to highlight the prospective nature of the Company's project portfolio, returning a series of significant intercepts from the campaigns that targeted the Sarvisuo and the Sarvisuo West lode systems at the Orivesi Gold Mine ("Orivesi") and the Kujankallio Main Zone ("Kujankallio Main Zone") and Kujankallio Hinge Zone ("Kujankallio Hinge Zone") of the Kujankallio deposit and the Arpola deposit at the Jokisivu Gold Mine ("Jokisivu"). Results for all holes have subsequently been incorporated into updates of the Orivesi and Jokisivu Mineral Resource estimates.

Full details of the drilling programs have been previously released to the Australian Securities Exchange ("ASX") or the Stock Exchange of Hong Kong on:

- 17 April 2018 – Update of Activities Completed in Southern Finland (ASX);
- 15 June 2018 – Orivesi Drilling Returns Significant Gold Intercepts (ASX);
- 17 July 2018 – Update of Activities Completed at the Jokisivu Gold Mine (ASX); and
- 28 December 2018 – Drilling at the Jokisivu Gold Mine Returns Significant Results (Stock Exchange).



## ADVANCED PROJECTS AND EXPLORATION REVIEW (CONT'D)

These releases can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA) or [www.hkex.com.hk](http://www.hkex.com.hk) (Stock Code: 1712).

In addition to drilling, the Company also continued to advance both the Kaapelinkulma and Fäboliden towards production.

### Finland

#### *Jokisivu Gold Mine*

At Jokisivu a total of 57 underground diamond core holes were drilled over three campaigns for an advance of 12,103.45 metres. These campaigns included:

- A 27-hole, 6,947.65 metre campaign that was drilled from the 350m level and designed to further evaluate the Kujankallio Main Zone between the 340m and 420m levels;
- A 26-hole, 4,451.40 metre campaign that was drilled from the 410m level and designed to further evaluate the Kujankallio Hinge Zone between the 410m and 470m levels; and
- A 4-hole program totalling 704.40 metres, drilled from the 350m level targeting the extensions of the Arpola deposit.

Each campaign yielded a series of significant intercepts, the results supporting current geological models, further delineating the principal mineralised zones in the Kujankallio Main Zone and Kujankallio Hinge Zone area, whilst providing confidence that high-grade mineralised zones associated with the Arpola deposit continue at depth.

The Company also submitted an application for a new Mining Concession with the Finnish Safety and Chemicals Agency ("Tukes"). The application is contiguous with Dragon Mining's current Mining Concession holding and secures extensions of the known gold deposits at Jokisivu in preparation for future mine development.

In 2019, drilling programs will continue at Jokisivu from underground positions with the objective of further evaluating the extensions of the Kujankallio and Arpola deposits and associated satellite zones.

#### *Orivesi Gold Mine*

During 2018, 55 underground diamond core drill holes were completed for an advance of 4,956.10 metres during 2018. Campaigns included:

- A 25 hole, 2,451.70 metre campaign that targeted extensions of known gold bearing zones in the inner area at Sarvisuo West between the 340m and 420m levels;
- An 18 hole, 946.70 metre campaign that was directed at select targets in the outer area at Sarvisuo West from the 340m level; and
- A 12 hole, 1,557.70 metre campaign that was designed to improve the definition of known lodes in the upper Sarvisuo area between the 80m and 110m levels.

**ADVANCED PROJECTS AND EXPLORATION REVIEW (CONT'D)****Finland (Cont'd)***Orivesi Gold Mine (Cont'd)*

Each campaign returned a series of significant intercepts, the results from the campaign targeting the inner area at Sarvisuo West defining an 80 metre extension to the primary target at Sarvisuo West, at high-grades commensurate with results from previous exploration drilling in this area. This near vertical gold bearing zone is located in close proximity to existing underground development and will be mined during early 2019.

Exploration activities at Orivesi are currently on hold, pending a decision on the Leave to Appeal and an Appeal submitted by both the Company and the Centre for Economic Development, Transport and the Environment of Pirkanmaa, to the Supreme Administrative Court, in relation to the rejection of the Company's new Orivesi Environmental Permit by the Western and Inland Finland Regional State Administrative Office ("AVI").

Refer to Environmental Review on page 29 for specific permitting updates.

*Kaapelinkulma Gold Project*

During 2018, the Company continued to advance Kaapelinkulma towards mine start-up during 2018 with the establishment of critical onsite infrastructure, the removal of overburden from the open pit area and the construction of a noise barrier around the southern perimeter of the planned open pit.

Advancement of Kaapelinkulma towards mine start-up has incurred minimal capital investment to date as the Company continues to draw on its extensive experience of establishing mining operations in the Nordic Region. Mining of ore from Kaapelinkulma is scheduled to commence during Q2 2019, following the recent completion of the settling ponds, contractor's laydown area and the selection of a mining contractor.

Kaapelinkulma will be the Company's third gold mine in the southern Finland region, with ore extracted by open pit methods and transported by road to the Vammala Plant to produce a high-grade gold flotation concentrate and gravity concentrate. Refer to Environmental Review on page 29 for specific permitting updates.

After the year end, a group of activists commenced protests at the mine site which included blockading the road access and trespassing on the Company's mine site, causing both inconvenience and interruption to the Company's staff and contractors. The trespassing was reported to the police and the police have taken action against the activists. At the time of writing, no major interruption to the Company's timetable has occurred but some delay and additional costs have eventuated. Further delay and costs could possibly eventuate.

## ADVANCED PROJECTS AND EXPLORATION REVIEW (CONT'D)

### Sweden

#### *Fäboliden Gold Project*

The Company has previously announced that the County Administration Board ("CAB") in Vasterbotten had granted the Company an Environmental Permit for test mining operations at Fäboliden ("Test Mining Permit") subject to a number of conditions. The decision to grant the Test Mining Permit by the CAB was subsequently appealed on 29 December 2017 by a local nature conservation NGO ("Appeal"), and on 18 April 2018, the Swedish Land and Environmental Court ("Court") ruled in favour of the Company and rejected the Appeal. The Test Mining Permit gained legal force on the 11 May 2018 after no further appeals were received by the Court, enabling the Company to commence the initial phase of test mining work in August 2018.

Drilling at Fäboliden resumed during 2018 with the completion of a 15 hole, 707.50 metre diamond core drilling campaign from surface. The campaign targeted areas where future waste rock and overburden dumps could be established. The areas were effectively sterilised with no significant gold results received.

The Company completed all required steps to commence pre-stripping activities but due to the Test Mining Permit conditions, only six weeks of operation was possible with approximately fifty percent of the overburden in the test mine area removed in 2018. Test mining activities will recommence at the beginning of May 2019.

Prior to commencing rock mining from the test mine, the Company is required to submit a technical description of the waste rock storage facility, ore stockpile and catchment drains to the CAB for approval.

The test mining campaign at the project will incur minimal capital investment and will provide the Company with important information to optimise both mining and processing activities. The Company submitted its application to the Swedish Land and Environmental Court to secure an Environment Permit for full-scale mining operations at Fäboliden on 6 July 2018.

### ENVIRONMENTAL REVIEW

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

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

## ENVIRONMENTAL REVIEW (CONT'D)

### Finland

#### *Vammala Production Centre*

The Environmental Permit for production of 300,000 tonne per annum and processing of ore from Kaapelinkulma was returned to the permitting authority, the Regional State Administrative Agencies – AVI Western and Inland Finland (“AVI”), by the Supreme Court. The Company was previously asked to provide an update and its preferred position for its application based on the requirements set out in Vaasa Administrative Court Decision No. 16/0096/2 May 2016.

During the year, supplementary work on the Environmental Permit was completed and delivered to AVI in October 2018. AVI is expected to issue a decision on the new permit by September 2019. Until such time, the Company can continue to operate under its existing permit conditions.

#### *Orivesi Gold Mine*

The Company has previously announced that the AVI had rejected the Company’s application for a new environmental permit for Orivesi (“Permit”). The Company submitted the application to the AVI in 2010, with the extension related to the 2006 Environmental Permit. According to the AVI, the conditions for granting the Permit Extension were not met in the Company’s application. On 13 June 2018, the Company announced that the Vaasa Administrative Court had rejected both the Company’s and Pirkanmaa Centre for Economic Development, Transport and the Environment (“PIR ELY”) appeals against the rejection of the new Environmental Permit for Orivesi. 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 in relation to the rejection of the Company’s new Environmental Permit for Orivesi. The Company has received legal advice that the grounds for submitting the Leave to Appeal and Appeal are strong, given:

- Emissions at Orivesi have been progressively reduced each year;
- The Company complies with existing Environmental Permit conditions at Orivesi; and
- The Vaasa Administrative Court and AVI did not properly consider the effect of permit conditions and impacts on the environment.

The rejection by the AVI is not binding until the appeals process has been exhausted; until then Orivesi can continue to operate under its current 2006 environmental permit.

In October 2018, PIR ELY visited the mine site to discuss and request further information from the Company on the presence of waste material stored between the 66–85 level which had been deposited long before the Company purchased the mine in 2003 and recommenced mining activities in 2007. The Company submitted its explanation and was later requested to submit, for approval, its work procedure prior to the commencement of waste material removal by April 2019. On 15 October 2018, the Company announced the authorities had commenced a preliminary investigation of the matter to establish if an environmental crime had been committed. A number of interviews were held, including those who worked at the Orivesi mine in the 1990s prior to its ownership by the Company. No charges have been made against the Company or its employees. The Company is coordinating the removal of the waste in conjunction with investigations.

**ENVIRONMENTAL REVIEW (CONT'D)****Finland (Cont'd)***Jokisivu Gold Mine*

The Company was asked by the Southwest Finland Centre for Economic Development, Transport and the Environment ("VAR ELY") to provide a statement on the environmental impacts of the planned waste rock enlargement area, which the Company provided. In 2018, VAR ELY provided their reply and in it requested the updating of the Environmental Permit. The Company will provide the update by September 2019.

An agreed-upon investigation into the protected species of flying squirrel (*Pteromys volans*) was conducted in the Jokisivu district during Q2 2018. The results of the investigation indicated the flying squirrel population in the district is exceptionally dense and lively, due to the good nesting and nourishment opportunities on the mine site and surrounding areas. The Company continues to consider the flying squirrel and its habitat in its everyday activities.

The updating of the Jokisivu waste management plan is being conducted by an external consultant and is expected to be completed by the end of March 2019.

*Kaapelinkulma Gold Mine*

Pursuant to the permit, the trees that stand in the southern part of Kaapelinkulma must be conserved as a protection zone to protect the woodland brown butterfly (*lopinga achine*) which is south from the cut forest. During the autumn of 2016, a section of trees, explicitly classified as a potential habitat for the woodland brown butterfly, was accidentally logged during tree felling activities to clear the land in preparation for mining. Failure to comply with permit regulations can result in criminal proceedings.

On 21 April 2017, the ELY Centre issued a statement approving of the Company's follow-up and future mitigation plan. While the Company was not charged, an individual working for the Company was charged relating to this tree clearing. On 29 January 2019, the Court dismissed all charges, including those against the employee, on the basis that no degradation or elimination of the woodland brown butterfly occurred. No appeal was lodged by the prosecutor.

A preliminary mine inspection was successfully conducted by The Finnish Safety and Chemicals Agency ("Tukes") in November 2018.

The Company has paid the required bond to Tukes and had confirmation that, irrespective of any appeal, the Company can commence mining activities as planned (refer to Advanced Projects and Exploration Review for further information). Two nearby residents of Kaapelinkulma submitted an appeal to the Hämeenlinna Admirative Court ("Court") against the bond amount requested by Tukes. The Court requested additional information from the Company, which was provided on 28 January 2019. As mentioned, the existence of an appeal does not preclude the Company from commencing mining works at Kaapelinkulma.

The updated Waste Management Plan ("Plan") was delivered to PIR ELY in November 2018 who in January 2019 approved the Plan. Should any new information regarding the characteristics of the waste rock be received that would have influenced the Plans approval had it been known, PIR ELY will apply the new information to its earlier decision and, if necessary, review whether approval of the Plan remains appropriate.

## ENVIRONMENTAL REVIEW (CONT'D)

### Sweden

#### *Svartliden Rehabilitation Plan (U3)*

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

The Company received confirmation from the Court advising that a hearing regarding the Closure Plan, and other remaining investigation conditions relating to U1 and U2 below, is scheduled to occur in April 2019.

#### *Svartliden Conditions of Tailings Depositions (U1)*

The Company has two permits (one with conditions and one without) which allow for the deposit of tailings into the open pit, to a height of +415 meters above sea level. The permit without conditions will be addressed in April 2019 at the above hearing in the Land and Environmental Court.

#### *Svartliden Permit Conditions (U2)*

In April 2018, the Company submitted an additional investigation report into the final permit conditions on the outgoing clarification pond to the Land and Environmental Court. The CAB provided its comments back to the Company in July 2018 and advised it does not agree to the Company's proposed permit conditions. In October 2018, the Company provided additional comments outlining that its proposed permit conditions were based on thorough investigations and calculations which showed no risk for the environment. This matter will be addressed in April 2019 at the above hearing in the Land and Environmental Court.

### **Fäboliden Environmental Permit**

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

The Company is actively pursuing the full-scale mining permit which was submitted to the Land and Environmental court in July 2018.



### **Non-Executive Chairman – Mr Arthur G Dew, B.A., L.L.B. (appointed 7 February 2014)**

Mr Arthur G Dew, aged 77, was appointed Chairman and Non-Executive Director of the Company on 7 February 2014. Mr Dew graduated from the Law School of the University of Sydney, Australia, and was admitted as a Solicitor and later as a Barrister of the Supreme Court of New South Wales, Australia. Mr Dew is a non-practicing Barrister with a broad range of corporate and business experience and has served as a Director, and in some instances Chairman of the Board of Directors, of a number of publicly listed companies in Australia, Hong Kong and elsewhere. He is Chairman and Non-Executive Director of Hong Kong listed companies Allied Group Limited (Stock Code: 373), Allied Properties (H.K.) Limited (Stock Code: 56) and APAC Resources Limited (Stock Code: 1104) and is a Non-Executive Director of Hong Kong listed company SHK Hong Kong Industries Limited (Stock Code: 666). He is also Non-Executive Chairman of ASX listed company Tanami Gold NL (ASX: TAM) and Non-Executive Director of ASX listed company Tian An Australia Limited (previously known as PBD Developments Limited) (ASX: TIA).

Mr Dew is Chairman of the Nomination Committee.

### **Executive Director – Mr Brett R Smith, B.Eng., MBA and M.A (appointed 7 February 2014)**

Mr Brett R Smith, aged 58, was appointed Executive Director of the Company on 7 February 2014. Mr Smith graduated from Melbourne University, Australia with a Bachelor's Degree in Chemical Engineering with Honours. He has also obtained a Master's Degree in Business Administration from Henley Management College, the United Kingdom and a Master's Degree in Research Methodology from Macquarie University, Australia. Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally. Mr Smith has served on the board of private mining and exploration companies and has over 32 years' international experience in the engineering, construction and mineral processing businesses. Mr Smith is Executive Director and Deputy Chairman of Hong Kong listed company APAC Resources Limited (Stock Code: 1104) and a Non-Executive Director of ASX listed companies Prodigy Gold NL (formerly known as ABM Resources NL) (ASX: PRX) and Tanami Gold NL (ASX: TAM).

Mr Smith is the Chief Executive Officer of the Company.

### **Alternate Director to Mr Arthur G Dew – Mr Wong Tai Chun Mark (appointed 19 May 2015)**

Mr Wong Tai Chun Mark, aged 54, was appointed alternate Director to Mr Arthur Dew on 19 May 2015. Mr Wong has a Master's Degree in Business Administration and is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Mr Wong was the Financial Controller of other listed companies in Hong Kong. He is an Executive Director of Hong Kong listed companies Allied Properties (H.K.) Limited (Stock Code: 56) and SHK Hong Kong Industries Limited (Stock Code: 666), the Director of Investment of Allied Group Limited (Stock Code: 373) and an alternate Director to Mr Arthur Dew in Hong Kong listed company APAC Resources Limited (Stock Code: 1104) and ASX listed companies, Tanami Gold NL (ASX: TAM) and Tian An Australia Limited (previously known as PBD Developments Limited) (ASX: TIA).

**Independent Non-Executive Director – Mr Carlisle C Procter, B.Ec, M.Ec, FFin, (appointed 19 May 2015).**

Mr Carlisle C Procter, aged 78, was appointed Independent Non-Executive Director of the Company on 19 May 2015. Mr Procter graduated from the University of Sydney with a Bachelor's Degree and a Master's Degree in Economics. He is a fellow of the Financial Services Institute of Australasia (FFin.). Based in Australia, Mr Procter worked in the Reserve Bank of Australia for over 30 years, holding various senior management positions. Since leaving the Reserve Bank, he has worked as a consultant to the International Monetary Fund and the Asian Development Bank and has also undertaken private consulting work in South East Asia and the Pacific. Mr Procter has been a Non-Executive Director of a number of public companies. He is currently a Non-Executive Director of ASX listed company Tanami Gold NL (ASX: TAM).

Mr Procter is Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee.

**Independent Non-Executive Director – Mr Pak Wai Keung Martin, MCG, FCPA (appointed 5 November 2018).**

Mr Pak Wai Keung Martin, aged 55, was appointed Independent Non-Executive Director of the Company on 24 May 2018 with effect from 5 November 2018 (the listing date of the Company on the Stock Exchange of Hong Kong). Mr Pak has over 25 years of experience in accounting and financial management and has 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 of a number of listed companies in Hong Kong since 2001.

Mr Pak has been appointed as an independent non-executive director of Nan Nan Resources Enterprise Limited (Stock Code: 1229) and Convoy Global Holdings Limited (Stock Code:1019) with effect from 19 September 2017 and 8 December 2017 respectively. Mr Pak was an independent non-executive director of Ta Yang Group Holdings Limited (Stock Code: 1991) during the period from 27 April 2016 to 28 October 2018. The shares of these companies are listed on the Main Board of the Stock Exchange. From January 2017 to August 2018, Mr Pak has been an independent non-executive director of Trony Solar Holdings Company Limited, trading of its shares on the Main Board of the Stock Exchange has been suspended since 21 June 2012 and was delisted on 23 August 2018.

Mr Pak is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

**Independent Non-Executive Director – Mr Poon Yan Wai, MCF, FCPA, AAIA, (appointed 5 November 2018)**

Mr Poon Yan Wai, aged 48, was appointed Independent Non-Executive Director of the Company on 24 May 2018 with effect from 5 November 2018 (the listing date of the Company on the Stock Exchange of Hong Kong). Mr Poon is the Financial Controller, Company Secretary and an authorised representative of a Hong Kong listed company. Mr Poon is an Independent Non-Executive Director of Hong Kong listed company Emperor Capital Group Limited (Stock Code: 717). Mr Poon was previously an Independent Non-Executive Director of another Hong Kong listed company China Brilliant Global Limited (previously known as Prosten Health Holdings Limited) (Stock Code: 8026) from 8 October 2015 to 12 February 2018. Mr Poon has over 20 years of experience in the auditing and accounting field and holds a Bachelor's Degree in Accountancy and a Master's Degree in Corporate Finance from the Hong Kong Polytechnic University. He is a fellow member of The Hong Kong Institute of Certified Public Accountants.

Mr Poon is Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

### **Chief Financial Officer – Mr Daniel Broughton**

Mr Daniel Broughton, aged 43, was appointed Chief Financial Officer of the Company on 8 September 2014 and is responsible for ensuring the Company's compliance with corporate and statutory obligation and financial reporting. Mr Broughton has over 13 years' experience with financial operations of mining companies. Mr Broughton is also the Chief Financial Officer of ASX listed company Tanami Gold NL (ASX: TAM). Mr Broughton graduated with a Bachelor of Commerce from Murdoch University, Australia in September 2005 and obtained a Graduate Diploma of Chartered Accounting from The Institute of Chartered Accountants, Australia in July 2010.

### **Chief Geologist – Mr Neale Edwards**

Mr Neale Edwards, aged 54, joined the Company 19 August 1996 and has over 25 years' experience in the mineral exploration and mining industry. Mr Edwards holds a Bachelor of Science with Honours and is a Fellow of the Australian Institute of Geoscientists. Mr Edwards experience covers major exploration regions throughout Australia, the Pacific Rim, northern Africa and northern Europe, and includes the discovery of significant gold resources in the Southern Cross Province of Western Australia. Mr Edwards was previously the Senior Geologist with the Samantha Gold group of companies.

### **General Manager of Finance and Administration – Ms Päivi Mikkonen**

Ms Päivi Mikkonen, aged 52, joined the Company on 13 November 2006. Ms Mikkonen is responsible for overseeing the administrative and finance function in the Nordic region. Ms Mikkonen has a Master's degree from the University of Tampere and a degree from the University of Sydney, Australia, majoring in accounting, finance and international business. 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.

### **General Manager, Vammala Production Centre – Mr Ilpo Mäkinen**

Mr Ilpo Mäkinen, aged 62, joined the Company on 17 June 2013 and is the General Manager, Vammala Production Centre in Finland. Mr Mäkinen has over 37 years of experience within the mining industry having worked on a number of different open pit and underground projects in South Africa, Sweden, Finland, Canada, Australia and Russia. 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.

**Project Manager Faboliden – Mr Joshua Stewart**

Mr Josh Stewart, aged 38, joined the Company in 2012. He has over 17 years' experience in the mining industry and holds a Bachelor of Mining Engineering from the University of Queensland, Australia and is a member of the Australasian Institute of Mining and Metallurgy. Mr Stewart joined the Company in 2004, during the construction and commissioning of the Svartliden Gold Mine. During his time with the Company, Mr Stewart has held various technical and management roles with the Group, ranging from mine planning to Chief Operating Officer. Mr Stewart's current role is leadership of the test mining and full mining permit application processes for the Fäboliden Gold Project. Mr Stewart has a broad range of experience from operation disciplines including safety, environmental performance, mining, mineral processing, near mine exploration, human resources and administration.

**Process Plant Manager at Svartliden – Mr Heikki Miettunen**

Mr Miettunen, aged 41, joined the Company in 2015 and is the Process Plant Manager at Svartliden, Sweden. Mr Miettunen graduated with a diploma as Master of Science in Process Engineering from the University of Oulu, 60 credits mineral processing from the Aalto University, and has held positions in Mineral Process Plants for Belvedere Mining Oy (Hitura mine), Endomines Oy (Pampalo mine) and Dragon Mining Oy.

**Mill Manager at Vammala – Mr Jaakko Larkomaa**

Mr Larkomaa, aged 48, joined the Company in 2015 and is the Mill Manager at the Vammala Production Centre, Finland. Mr Larkomaa graduated with a Master of Science Diploma in Process Engineering from the University of Oulu in 1999. Later he studied at Aalto University gaining 60 credits in mineral processing. Prior to his current role, Mr Larkomaa worked in the processing plant at the Northern Resources, Pajala iron ore mine in Sweden.

**COMPANY SECRETARIES****Joint Company Secretary – Ms Shannon Coates (appointed 19 December 2013)**

Ms Coates, aged 46, has over 20 years' experience in corporate law and compliance. She is currently company secretary to a number of public listed and unlisted companies and has provided company secretarial and corporate advisory services to Boards and various committees across a variety of industries, including financial services, resources, manufacturing and technology.

**Joint Company Secretary – Mr Lo Tai On (appointed 5 November 2018)**

Mr Lo, aged 64, has over 25 years' 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 Hong Kong Stock Exchange.

The Directors submit their report together with the Consolidated Financial Statements of the Company and its subsidiaries (“Consolidated Entity”) for the year ended 31 December 2018 and the Independent Auditor’s Report thereon.

## 1. REGISTRATION, DELISTING AND LISTING

The Company was registered in Western Australia, Australia under the Corporations Act with limited liability on 23 April 1990. On 19 October 2018, the Company delisted from the Australian Securities Exchange (“ASX”). The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 5 November 2018.

## 2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries during the year were:

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

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

## 3. DIRECTORS

The Directors during the year ended 31 December 2018 and up to the date of this report are:

Mr Arthur G Dew	Non-Executive Chairman	Appointed 7 Feb 2014
Mr Brett R Smith	Executive Director	Appointed 7 Feb 2014
Mr Carlisle C Procter	Independent Non-Executive Director	Appointed 19 May 2015
Mr Pak Wai Keung Martin	Independent Non-Executive Director	Appointed 5 Nov 2018
Mr Poon Yan Wai	Independent Non-Executive Director	Appointed 5 Nov 2018
Mr Wong Tai Chun Mark	Alternate to Mr Arthur G Dew	Appointed 19 May 2015

Pursuant to code provision A.4.2 of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years and under article 14.3 and 14.4 of the Constitution of the Company, one-third of the Directors (who are the longest in the office) retire and are being eligible for re-appointment. Accordingly, it was determined by the Board that Mr Arthur Dew shall retire by rotation at the Annual General Meeting (“AGM”) and, being eligible, would offer himself for re-election at the AGM.

Pursuant to article 14.6 of the Constitution of the Company, any person appointed as a Director to fill a casual vacancy or as an addition to the Board after the last AGM shall automatically retire at the next AGM and become eligible for re-appointment. Accordingly, Mr Pak Wai Keung Martin and Mr Poon Yan Wai shall retire at the coming AGM and being eligible, offer themselves for re-election.

Director biographies are set out on pages 33 to 34 of this Annual Report.

#### 4. INDEPENDENCE OF INED

The Company has received annual confirmations of independence from Mr Carlisle Caldwell Procter, Mr Pak Wai Keung Martin and Mr Poon Yan Wai, pursuant to Rule 3.13 of the Listing Rules. As at the date of this Annual Report, the Company still considers them to be independent.

The INEDs, having reviewed the transaction records of the account holding the IPO proceeds, confirm that the net proceeds relating to Fäboliden development have been used only for the Fäboliden Project.

#### 5. DIRECTORS' MEETINGS

The details of Director attendance at Board and Committee meetings is included in the Corporate Governance Report on page 53.

#### 6. DIRECTORS AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interests and short positions of the Directors and Chief Executive of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance) (Cap. 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate % of Shareholding in Company</b>
Mr Arthur G Dew	Beneficial Owner/ Personal Interest	220,000	0.16%
Mr Brett R Smith	Beneficial Owner/ Personal Interest	118,866	0.08%
Mr Carlisle C Procter	Beneficial Owner/ Personal Interest	102,602	0.07%



**6. DIRECTORS AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)**

- a) All interests stated are long positions.
- b) The calculation is based on the total number of 138,840,613 shares on issue as at 31 December 2018.

Save as disclosed above, at 31 December 2018, none of the Directors or Chief Executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

**7. DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed herein, at no time during the year was the Company, any of its holding companies, its fellow subsidiaries, its subsidiaries or its associated corporation, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## 8. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, so far as the Directors are aware, the following persons (other than Directors or Chief Executives of the Company) or corporations have interests or short positions in the shares and the underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Position	Number of Shares	Approximate %
Lee Seng Huang	Interest of a Controlled Corporation	Long	<sup>(a)</sup> 25,487,855	18.35%
Lee Seng Hui	Interest of a Controlled Corporation	Long	<sup>(a)</sup> 25,487,855	18.35%
Lee Seng Hwei	Interest of a Controlled Corporation	Long	<sup>(a)</sup> 25,487,855	18.35%
Minty Hongkong Limited	Interest of a Controlled Corporation	Long	<sup>(a)</sup> 25,487,855	18.35%
Allied Group Limited	Interest of a Controlled Corporation	Long	<sup>(b) &amp; (c)</sup> 25,487,855	18.35%
Allied Properties (H.K.) Limited	Interest of a Controlled Corporation	Long	<sup>(b) &amp; (c)</sup> 25,487,855	18.35%
Allied Properties Overseas Limited	Interest of a Controlled Corporation	Long	<sup>(c)</sup> 25,487,855	18.35%
Allied Properties Resources Limited	Beneficial Owner	Long	<sup>(c)</sup> 25,487,855	18.35%
Nicolas Mathys	Beneficial Owner	Long	16,529,089	11.91%
China Medical & Healthcare Group Limited ("China Medical")	Interest of a Controlled Corporation	Long	<sup>(d)</sup> 10,733,560	7.73%
Classic Fortune Limited	Interest of a Controlled Corporation	Long	<sup>(d)</sup> 10,733,560	7.73%
Future Rise Investments Limited ("Future Rise")	Beneficial Owner	Long	<sup>(d)</sup> 10,733,560	7.73%

- a) 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. The Lee and Lee Trust, through a wholly-owned company (Minty Hongkong Limited), controlled approximately 74.95% of the total number of issued shares of Allied Group Limited ("AGL") (inclusive of Mr Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the shares in which AGL was interested through Allied Properties (H.K.) Limited ("APL").
- b) APL is a non wholly-owned subsidiary of AGL. AGL was therefore deemed to have an interest in the shares in which APL was interested.
- c) The interests in 25,487,855 shares of the Company was held by Allied Properties Resources Limited ("APRL"), a wholly-owned subsidiary of Allied Properties Overseas Limited ("APOL") which in turn is a wholly-owned subsidiary of APL. Each of APL and APOL was therefore deemed to have an interest in the shares in which APRL was interested for the purpose of SFO.
- d) China Medical indirectly owns the entire issued shares of Future Rise through direct wholly-owned subsidiary, Classic Fortune Limited. Therefore, each of China Medical and Classic Fortune Limited was deemed, or taken to be, interested in 10,733,560 shares of the Company held by Future Rise for the purpose of the SFO.
- e) The calculation is based on the total number of 138,840,613 shares on issue as at 31 December 2018.

## **9. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the year ended 31 December 2018, save for the listing of the Company's shares on the Main Board of the Stock Exchange on 5 November 2018, neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed shares.

## **10. RESULTS AND BUSINESS REVIEW**

The results of the Company for the year ended 31 December 2018 are set out in the Consolidated Financial Statements on page 138 to 142 of the Annual Report.

The Company's results and Business Review, including future developments, financial performance analysis, principal risks and uncertainties facing the Company and key relationships with stakeholders, in accordance with Schedule 5 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), are set out in the Chairman's Statement on page 4, the Management Discussion and Analysis on page 13 and the Environmental, Social and Governance Report to be separately released within three months from the publication of this Annual Report.

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 219 of the Annual Report.

## **11. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No Director nor an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company was a party during the year ended 31 December 2018.

## **12. MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2018.

## **13. CONTROLLING SHAREHOLDERS INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Save as otherwise disclosed in this Annual Report, none of the Controlling Shareholders or any of its connected entities (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company was a party during the year ended 31 December 2018.

## **14. ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The Company is very clear on the need to earn the respect and support of the community by operating in a socially responsible manner, and by demonstrating a tangible commitment to environmental sustainability. Details of Environmental, Social and Governance are set out in the Management Discussion and Analysis on page 13. The Company's Environmental, Social and Governance Report is to be separately released within three months from the publication of this Annual Report.

## **15. SHARE CAPITAL, SHARE OPTIONS AND PRE-EMPTIVE RIGHTS**

Details of the movements in share capital of the Company are shown in note 13 to the Consolidated Financial Statements.

## 15. SHARE CAPITAL, SHARE OPTIONS AND PRE-EMPTIVE RIGHTS (CONT'D)

During the current year, no employee share option scheme has been adopted by the Company.

There are no provisions for pre-emptive rights under the Company's Constitution or the applicable laws of Australia which impose an obligation on the Company to offer new shares on a pro-rata basis to the shareholders.

## 16. REMUNERATION REPORT

This remuneration report for the year ended 31 December 2018 outlines the remuneration arrangements of the Company and the Group.

For the purposes of this report, Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, including any Director (whether executive or otherwise) of the Company.

The KMP details of the Group is set out below:

Mr Arthur G Dew	Non-Executive Chairman	Appointed 7 Feb 2014
Mr Brett R Smith	Executive Director	Appointed 7 Feb 2014
Mr Carlisle C Procter	Independent Non-Executive Director	Appointed 19 May 2015
Mr Pak Wai Keung Martin	Independent Non-Executive Director	Appointed 5 Nov 2018
Mr Poon Yan Wai	Independent Non-Executive Director	Appointed 5 Nov 2018
Mr Wong Tai Chun Mark	Alternate to Mr Arthur G Dew	Appointed 19 May 2015
Mr Neale Edwards	Chief Geologist	Appointed 19 Aug 1996
Mr Daniel Broughton	Chief Financial Officer	Appointed 8 Sep 2014

Details of the Directors' and senior management's emoluments are set out in note 16 to the Consolidated Financial Statements.

### 16.1 Remuneration Policy

The Board recognises that the Company's performance depends upon the quality of its Directors and Executives. To achieve its financial and operating activities, the Company must attract, motivate and retain highly skilled Directors and Executives.

The Company embodies the following principles in its remuneration framework:

- Provides competitive rewards to attract high calibre Executives;
- Structures remuneration at a level that reflects the Executive's duties and accountabilities and is competitive within Australia, Sweden, Finland and Hong Kong;
- Benchmarks remuneration against appropriate industry groups; and
- Aligns Executive incentive rewards with the creation of value for shareholders.

Performance-related Executive remuneration, including cash bonuses, are based on the Company's and individual performance and are determined at the Board's discretion.

## 16. REMUNERATION REPORT (CONT'D)

### 16.2 Company Performance

The table below shows the Company's financial performance as at 31 December 2018 over the last five years, note unless expressly defined as Hong Kong dollars ("HK\$"); the below figures are in Australian dollars ("AU\$").

	2018	2017	2016	2015	2014
Net (loss)/profit after tax	<b>(AU\$9.53m)</b>	(AU\$0.58m)	AU\$5.36m	AU\$2.56m	AU\$7.76m
Basic earnings per share (cents)	<b>(9.90)</b>	(0.66)	6.04	2.88	8.73
Diluted earnings per share (cents)	<b>(9.90)</b>	(0.66)	6.04	2.88	8.73
Market capitalisation	<b>HK\$</b> <b>174.94m</b>	AU\$ 16.88m	AU\$ 18.66m	AU\$ 15.55m	AU\$ 8.09m
Closing share price	<b>HK\$1.26</b>	AU\$0.19	AU\$0.21	AU\$0.18	AU\$0.09

### 16.3 Remuneration Arrangements

The Board is responsible for determining with recommendation from the Remuneration Committee of the Company the compensation arrangements for the Chairman, Directors and Executive team.

The Board sets remuneration policies, strategies and practices for the Board, its Committees, and the Executive Director, any direct reports to the Executive Director, Senior Executives and other management as appropriate.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative information, and internal and independent external advice. No performance reviews of the Senior Executives were undertaken during the year.

To ensure the Board is fully informed when making remuneration decisions, it can seek external remuneration advice. No external consultants were utilised during the current year.

### 16.4 Remuneration of Non-Executive Directors

The Company's Constitution and the Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed.

Non-Executive Directors' fees not exceeding an aggregate of AU\$500,000 per annum was approved by shareholders at the Annual General Meeting held in May 2012. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Non-Executive Director receives a fee for being a Director of the Company. An additional fee is payable for each Board Committee on which a Director sits, due to the extra workload and responsibilities. Each Non-Executive Director may also receive an equity-based component where approval has been received from shareholders in a General Meeting.

## 16. REMUNERATION REPORT (CONT'D)

### 16.5 Service Contracts and Letter of Appointment

Compensation and other terms of employment for the Company's Executive Directors and other KMP are formalised in contracts of employment. The major provisions of each of the agreements relating to compensation are set out below.

#### *Mr Brett R Smith – Executive Director*

Mr Smith has a contract of employment with the Company dated 31 March 2014 and is employed on a fixed term as Executive Director, ending 5 November 2020. The contract specifies the duties and obligations to be fulfilled by the Executive Director. The arrangement can be terminated by either party by providing six month's written notice, which based on current remuneration rates would amount to a termination payment of AU\$160,350.

#### *Mr Neale Edwards – Chief Geologist*

Mr Edwards commenced employment on 19 August 1996 and does not have an employment contract.

#### *Mr Daniel Broughton – Chief Financial Officer*

Mr Broughton commenced employment on 8 September 2014 and does not have an employment contract.

The Non-Executive Director has entered into an appointment letter with the Company for a term of two years commencing from the date of listing on 5 November 2018, which may only be terminated in accordance with the provisions of the appointment letter or by (i) the Company giving to the Non-Executive Director not less than three months' prior notice in writing or (ii) the Non-Executive Director giving to the Company not less than three months' prior notice in writing.

Each of the Independent Non-Executive Directors has entered into an appointment letter with the Company for a term of two years commencing from the date of his appointment as an Independent Non-Executive Director which may only be terminated in accordance with the provisions of the appointment letter or by (i) the Company giving to any Independent Non-Executive Director not less than one month's prior notice in writing or (ii) any Independent Non Executive Director giving to the Company not less than one month's prior notice in writing.

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



## 16. REMUNERATION REPORT (CONT'D)

### 16.5 Service Contracts and Letter of Appointment (Cont'd)

None of the Directors had any interests in any business which competes or is likely to compete, directly or indirectly, with the business of the Company.

### 16.6 Fixed Remuneration

#### *Objective*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and determined by the Board. The process consists of a review of the business and individual performance and relevant comparable remuneration in the mining industry.

#### *Structure*

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Company.

### 16.7 Variable Remuneration – Short Term Incentive (“STI”)

#### *Objective*

The objective of the Company's STI is to reward performance that exceeds expectation and is linked to the achievement of the Company's performance measures (as set out below) by the executives charged with meeting those targets. The total potential STI available is set at a level that provides sufficient incentive to the executives to achieve the operational targets at a reasonable cost to the Company.

#### *Structure*

Actual STI payments granted to each executive depend on their performance over the preceding year and are determined during the annual performance appraisal process, held after the year end.

The performance appraisal process outcomes and payment of awards are at the discretion of the Board and take into account the following factors:

- Financial performance of Business Unit;
- Operational performance of Business Unit;
- Risk management;
- Health and safety; and
- Leadership/team contribution.

These factors were chosen to ensure the STI payments are only granted when value has been created for shareholders and results are consistent with the strategic plans of the Company. The Executive has to demonstrate outstanding performance in order to trigger payments under the STI scheme.

## 16. REMUNERATION REPORT (CONT'D)

### 16.7 Variable Remuneration – Short-Term Incentive (“STI”) (Cont'd)

On an annual basis, after consideration of performance against KPIs, the overall performance of the Company and each individual business unit is assessed by the Board. The individual performance of each Executive is also assessed, and these measures are taken into account when determining the amount, if any, to be paid to the Executive as an STI.

During the year, the Board approved a KPI-linked discretionary cash bonus for the Executive Director relating to 2018 performance. The bonus was equivalent to the maximum available under the terms of the Executive Director's contract.

### 16.8 Variable Remuneration – Long-Term Incentive

During the current year, no long-term incentive scheme has been adopted by the Company.

### 16.9 Equity-based Compensation

During the current year there is no equity-based compensation for any employees.

### 16.10 Analysis of Movements in Options and Rights

There were no options granted or shares issued during the year ended 31 December 2018 and 31 December 2017.

### 16.11 Shares Issued on Exercise of Remuneration Options

No Director or KMP exercised remuneration options in the year ended 31 December 2018 and 31 December 2017.

### 16.12 Transactions with KMP

In addition to his role as the Company's Chief Financial Officer, Mr Broughton provides Chief Financial Officer Services (“Services”) to ASX listed gold explorer, Tanami Gold NL (“Tanami”). Tanami is a company of which Messrs. Dew (with Mr Wong as his alternate), Smith and Procter, are Tanami's Non-Executive Chairman and Non-Executive Directors.

The provision of Services commenced from 8 September 2014 whereby the Company will charge Tanami for 48% of Mr Broughton's salary cost. During the year, the Company charged Tanami AU\$100,000 (2017: AU\$100,000) of which AU\$24,750 was outstanding at 31 December 2018 (2017: AU\$24,750).

### 16.13 Directors' and Executive Officers' Remuneration

Details of the Directors' remuneration and the five highest-paid employees of the Company are set out in notes 15 and 16 of the Consolidated Financial Statements in this Annual Report.

## 16. REMUNERATION REPORT (CONT'D)

### 16.14 Options of Directors and Key Management Personnel

During the year ended 31 December 2018 and 31 December 2017, there were no options over ordinary shares in the Company that were granted as compensation to KMP.

### 16.15 Shareholdings of Directors and Key Management Personnel

2018	Balance at 1 January 2018	Granted as Remuneration	Net Change Other	Balance at 31 December 2018
<b>Directors</b>				
Mr Arthur G Dew	220,000	-	-	220,000
Mr Brett R Smith	98,571	-	20,295	118,866
Mr Carlisle C Procter	102,602	-	-	102,602
Mr Poon Yan Wai	-	-	-	-
Mr Pak Wai Keung Martin	-	-	-	-
Mr Wong Tai Chun Mark	-	-	-	-
<b>Executives</b>				
Mr Neale M Edwards	-	-	-	-
Mr Daniel K Broughton	-	-	-	-
<b>Total</b>	<b>421,173</b>	<b>-</b>	<b>20,295</b>	<b>441,468</b>

## 17. RESERVES AND DISTRIBUTABLE RESERVES

Movements in the reserves of the Company during the year are set out in note 14 to the Consolidated Financial Statements.

The Company had no reserves available for cash distribution and/or distribution in specie as calculated under the Act as at 31 December 2018 (as at 31 December 2017: Nil).

## 18. SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

## 19. OTHER INFORMATION

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

### *Non-Executive Director – Mr Arthur G Dew*

- On 27 November 2018, Mr Dew was appointed as Non-Independent Chairman of the Board of Directors of ASX listed company, Tanami Gold NL.

### *Executive Director – Mr Brett R Smith*

- On 27 November 2018, Mr Smith was appointed as Non-Independent Non-Executive Director of ASX listed company, Tanami Gold NL; and
- Mr Smith's base salary was increased by 6.9% from AU\$300,000 to AU\$320,700 with effect from 1 January 2019.

### *Independent Non-Executive Director – Mr Pak Wai Keung Martin*

- On 29 October 2018, Mr Pak resigned as Independent Non-Executive Director of Ta Yang Group Holdings Limited, a company listed on the Stock Exchange of Hong Kong; and
- On 13 February 2018, Mr Pak was appointed as Independent Non-Executive Director of Viva China Holdings Limited, a company listed on the Stock Exchange of Hong Kong.

## 20. EQUITY-LINKED AGREEMENTS

Save as disclosed herein, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the year or subsisted at the end of the year.

## 21. DEED OF NON-COMPETITION

Each of Mr Smith, Mr Dew, Mr Procter and Mr Wong (collectively the "Covenantors") has executed the Deed of Non-Competition (the "Deed") with the Company (for the Company and for the benefit and on behalf of the subsidiaries) on 11 October 2018. Pursuant to the Deed, each of the Covenantors has irrevocably and unconditionally undertaken to the Company that, during the period that the Deed 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 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 the 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 by the Company.

Each of the Covenantors further undertakes to and covenants with the Company (for the Company and for the benefit and on behalf of the subsidiaries) that if they become aware of any potential gold mining business opportunities in the Nordic region, they will only refer the opportunities to the 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 the Covenantors are directors and these companies intend to pursue the opportunities, the Covenantors will abstain from the discussion as well as voting on the matters.

The Company has received declarations from the Covenantors of their compliance with the terms of the Deed. The Covenantors declared that they have fully complied with the Deed since the effective date of the Deed and up to the date of this Annual Report. The Independent Non-executive Directors also reviewed the compliance of the Deed.

## 22. MAJOR CUSTOMERS AND SUPPLIERS

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.

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

External sales in Sweden relate to the gold bullion sold on-market through third parties.

In the year under review, sales to the Group's five largest customers accounted for 100% of the total sales for the year and sales to the largest customer included therein amounted to 92.7%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the Directors, their close associates, or any shareholders, which to the knowledge of the Directors, owned more than 5% of the Company's total number of issued shares, had a beneficial interest in any of the Group's five largest customers.

## 23. PENSION SCHEME ARRANGEMENTS

Employers in Australia are obligated to make superannuation contributions for eligible employees of 9.5% on gross earnings up to a maximum quarterly superannuation payment of AU\$5,132.85 per quarter. No forfeited contribution is available to reduce the contribution payable in the future. The contribution charged to the Consolidated Statement of Profit or Loss represents the contribution payable to employees' funds during the year.

## 24. CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 53 to 65.

## 25. RELATED PARTY TRANSACTION

Details of the related party transactions are set out in note 19 to the Consolidated Financial Statements. The related party transactions did not constitute connected transactions or are exempted connected transactions under the Listing Rules.

## 26. INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company provides Directors' and Officers' liability insurance covering Directors and Officers of the Company against liability in their role with the Company, except where:

- The liability arises out of conduct involving a wilful breach of duty; or
- There has been a contravention of Sections 232(5) or (6) of the Australian Corporations Act 2001 (Cth).

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## 27. ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest AU\$1,000 (where rounding is applicable) under the option available to the Company in accordance with ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

## 28. DIVIDENDS

No dividend has been paid or declared and no dividend has been recommended by the Directors for the year ended 31 December 2018 (2017: nil).



## 29. SIGNIFICANT EVENTS AFTER YEAR END DATE

On 31 January and 14 March 2019, the Company made two further Loan Facility drawdowns of AU\$1.0 million each leaving AU\$6.0 million in undrawn funds available as at the date of this report. The drawdowns were used to fund existing development projects, pay additional listing costs and provide additional working capital.

## 30. AUDIT AND NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditor's expertise and experience with the Company and the Group are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services did not compromise the auditor for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for audit and non-audit services provided by Ernst & Young.

	<b>31 Dec 2018 AUD</b>	31 Dec 2017 AUD
Remuneration of Ernst & Young (Australia) for		
— auditing or reviewing accounts	<b>248,267</b>	521,618
— tax consulting	<b>33,000</b>	163,297
— audit services relating to the Hong Kong listing	<b>260,869</b>	172,682
	<b>542,136</b>	857,597
Remuneration of Ernst & Young (other than Australia) for other services	<b>94,934</b>	236,700
	<b>94,934</b>	236,700

### 31. RE-APPOINTMENT OF AUDITOR

The consolidated financial statements for the year ended 31 December 2018 were audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the AGM to re-appoint Ernst & Young as auditor of the Company.

By Order of the Board  
**Dragon Mining Limited**  
**Brett Smith**  
*Executive Director*

Hong Kong, 7 March 2019

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (“Board”) believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders’ value.

## CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

In the light of the Corporate Governance Code and Corporate Governance Report (“CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), the Board has reviewed the corporate governance practices of the Company with the adoption of the various enhanced procedures which are detailed in this report. Since listing on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 5 November 2018 (“Listing Date”), the Company has applied the principles of, and complied with, the applicable code provisions of the CG Code during the period from the Listing Date up to 31 December 2018. The Board will review the current practices at least annually, and make appropriate changes if considered necessary.

## THE BOARD

The Board currently comprises five Directors (“Directors”) in total, with one Executive Director, one Non-Executive Director (“NED”) and three Independent Non-Executive Directors (“INEDs”), and one alternate Director (“Alternate Director”). The composition of the Board during the year (unless otherwise noted) and up to the date of this report is set out as follows:

<b>Executive Director:</b>	Brett Robert Smith ( <i>Chief Executive Officer</i> )
<b>Non-Executive Director:</b>	Arthur George Dew ( <i>Chairman</i> )
<b>Independent Non-Executive Directors:</b>	Carlisle Caldwell Procter Pak Wai Keung Martin (appointed 5 November 2018) Poon Yan Wai (appointed 5 November 2018)
<b>Alternate Director:</b>	Wong Tai Chun Mark (alternate to Arthur George Dew)

The brief biographical details of the Directors are set out in the Biographies of Directors and Senior Management on pages 33 to 36. There are no family or other material relationships among members of the Board.

## THE BOARD (CONT'D)

### Board Process

From the Listing Date and up to the date of this report, the Company has had at least three INEDs representing not less than one-third of the Board. At least one of the INEDs has the appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group's annual and interim results and other ad hoc matters which need to be dealt with. During the year, seven Board meetings were held and the individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit and Risk Management Committee, and general meeting during the year ended 31 December 2018 are set out below:

Name of Directors	Number of meetings attended/held					General Meeting
	Board	Audit and Risk Management Committee <sup>2</sup>	Remuneration Committee <sup>3</sup>	Nomination Committee <sup>3</sup>	Audit and Risk Management Committee <sup>3</sup>	
<b>Executive Director:</b>						
Brett Robert Smith	7/7	2/2	N/A	N/A	N/A	1/1
<b>Non-Executive Director:</b>						
Arthur George Dew ( <i>Chairman</i> )	7/7	2/2	N/A	0/0	N/A	1/1
<b>Alternate Director:</b>						
Wong Tai Chun Mark ( <i>alternate to Arthur George Dew</i> )	1/7	0/0	N/A	0/0	N/A	0/0
<b>Independent Non-Executive Directors:</b>						
Carlisle Caldwell Procter	7/7	2/2	0/0	0/0	0/0	1/1
Pak Wai Keung Martin <sup>1</sup>	1/1	N/A	0/0	0/0	0/0	0/0
Poon Yan Wai <sup>1</sup>	1/1	N/A	0/0	N/A	0/0	0/0

1. Appointed 5 November 2018
2. Established under the requirement of ASX and superseded on 5 November 2018 by the Audit and Risk Management Committee established under the requirement of the Stock Exchange
3. Established under the requirement of Stock Exchange effective on 5 November 2018

## THE BOARD (CONT'D)

### Board Process (Cont'd)

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, approval of Directors' appointment or re-appointment (based on the recommendations made by the Nomination Committee), material contracts and transactions, corporate governance as well as other significant policy and financial matters. The Board has delegated the day-to-day responsibility to the executive management. The respective functions of the Board and management of the Company have been formalised and set out in writing and will be reviewed and updated by the Board from time to time to ensure that they are consistent with the existing rules and regulations.

Regular Board meetings are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The joint company secretaries of the Company ("Company Secretaries") assists the Chairman of the Board in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before being tabled at the following Board meeting for approval. All minutes are kept by the joint Company Secretary in Australia and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The constitution of the Company ("Constitution") also stipulates that save for the exceptions as provided therein, a Director shall abstain from voting on any Board resolution and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the joint Company Secretaries. The Board and each Director also have separate and independent access to the Company's management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, a written procedure has been established to enable the Directors, in discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

## THE BOARD (CONT'D)

### Directors' Continuous Professional Development

For continuous professional development, in addition to Directors' attendance at meetings and review of papers and circulars sent by the management of the Company, Directors participated in the activities including the following:

Name of Directors	Participation in Continuous Professional Development Activities	
	Reading Regulatory Updates	Attending trainings/ briefings/seminars/ conference relevant to the Directors' duties
<b>Executive Director:</b> Brett Robert Smith	✓	✓
<b>Non-Executive Director:</b> Arthur George Dew ( <i>Chairman</i> )	✓	✓
<b>Independent Non-Executive Directors:</b> Carlisle Caldow Procter	✓	✓
Pak Wai Keung Martin	✓	✓
Poon Yan Wai	✓	✓
<b>Alternate Director:</b> Wong Tai Chun Mark	✓	✓

### Board Diversity

The Company has adopted the Board Diversity Policy which sets out the objectives and principles regarding board diversity for the purpose of achieving the Company's strategic objectives of balanced diversity at the Board as far as practicable. Board appointments will be based on merit and candidates will be considered against measurable objectives, taking into account the Company's business and needs.

Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, knowledge, professional experience and skills. The ultimate decision will be based on merit and the contribution that the selected candidates may bring to the Board.

### Workplace Diversity

The Company and all its related bodies are committed to workplace diversity and recognise the benefits arising from employee and Board diversity, including a broader pool of quality employees, improving employee retention, accessing different perspectives, and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

Details are available on the Company's website at [www.dragonmining.com](http://www.dragonmining.com).



## ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Mr Arthur George Dew, being the Chairman of the Board, is primarily responsible for the leadership of the Board, ensuring that (i) all significant policy issues are discussed by the Board in a timely and constructive manner; (ii) all Directors are properly briefed on issues arising at Board meetings; and (iii) the Directors receive accurate, timely and clear information. The functions of the Chief Executive are performed by Mr Brett Robert Smith, the Executive Director and chief executive officer of the Company, who is responsible for the day-to-day management of the Group's business. Their responsibilities are clearly segregated and have been set out in writing and approved by the Board in November 2018.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The terms of reference of the Nomination Committee include the nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company.

Every newly appointed Director will receive an induction package from the joint Company Secretary in Australia on the first occasion of his/her appointment. This induction package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a Director pursuant to the Australian Corporation Act 2001, Hong Kong Companies Ordinance, Listing Rules and Securities and Futures Ordinance. In addition, this induction package includes materials briefly describing the operations and business of the Company, the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. Directors will be continuously updated on any major developments of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

All NEDs (including INEDs) of the Company were appointed for a specific term, but subject to the relevant provisions of the Constitution or any other applicable laws whereby the Directors shall vacate or retire from their office but be eligible for re-election. The term of appointment of the NEDs (including INEDs) has been fixed for two years commencing from 5th November 2018.

According to the Constitution, at each annual general meeting of the Company ("AGM"), one-third of the Directors for the time being (or, if that number is not a whole number, the next lowest whole number nearest to one-third) shall retire from office by rotation, other than newly appointed Director, managing Director or alternate Director. Further, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall automatically retire at the next AGM and those Directors shall then be eligible for re-election at the relevant meeting. Every Director shall be subject to retirement by rotation at least once every three years.

## CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing corporate governance duties and has adopted the written terms of reference on its corporate governance functions on 24 May 2018, which became effective on the Listing Date.

The duties of the Board in respect of the corporate governance functions include:

- (i) developing and reviewing the Company's policies and practices on corporate governance;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

From the Listing Date and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

## BOARD COMMITTEES

Since the Listing Date, the Board has established various committees, including a Nomination Committee, a Remuneration Committee and an Audit and Risk Management Committee in accordance with the Listing Rules, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the joint Company Secretary in Australia, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned in the section headed "The Board" of this report, have been adopted for the committee meetings so far as practicable.

### Nomination Committee

The Nomination Committee has been established effective on 5 November 2018 and is chaired by the Chairman of the Board and comprises a majority of INEDs. Currently, the Nomination Committee consists of three members, including Mr Arthur George Dew (Chairman of the Nomination Committee), being a NED, and Mr Carlisle Caldow Procter and Mr Pak Wai Keung Martin, both being INEDs. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary. The major roles and functions of the Nomination Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company.

## BOARD COMMITTEES (CONT'D)

### Nomination Committee (Cont'd)

The Nomination Committee has formulated and set out the nomination policy ("Nomination Policy") in its terms of reference. The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities. Further details of the selection criteria and the procedure are set out in the terms of reference of the Nomination Committee which are available on the websites of the Stock Exchange and the Company.

The Nomination Committee will meet as and when necessary in accordance with its terms of reference and may also deal with matters by way of circulation. In 2018 and up to the date of this report, no Nomination Committee meeting was held as the Nomination Committee was only established effective on 5th November 2018.

### Remuneration Committee

The Remuneration Committee has been established effective on 5 November 2018 and currently consists of three members, including Mr Carlisle Caldwell Procter (Chairman of the Remuneration Committee), Mr Pak Wai Keung Martin and Mr Poon Yan Wai, all being INEDs. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary. The major roles and functions of the Remuneration Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company.

The Company has adopted model (ii) as set out in code provision B.1.2(c) of CG Code, under which the Remuneration Committee makes recommendation to the Board on the remuneration package of individual executive Director and senior management.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. In 2018 and to the date of this report, no Remuneration Committee meetings were held as the Remuneration Committee was only established effective on 5 November 2018.

**BOARD COMMITTEES (CONT'D)****Remuneration Committee (Cont'd)**

The remuneration payable to Directors will depend on their respective contractual terms under their employment contracts or service contracts as approved by the Board on the recommendation of the Remuneration Committee. Details of the Directors' remuneration are set out in note 16 to the Consolidated Financial Statements. Details of the remuneration policy of the Group as well as Directors and Senior Executives Remuneration and company performance, etc. are also set out in paragraph 16 of the Directors' Report on pages 42 to 47.

The remuneration of the members of the senior management (including the Executive Director) by band for the year ended 31 December 2018 is set out below:

Remuneration Bands (AU\$)	Number of Persons
100,001 to 150,000	1
200,001 to 250,000	1
250,001 to 300,000	2
300,001 to 350,000	2
350,001 to 400,000	1
550,001 to 600,000	1

**Audit and Risk Management Committee**

The Audit and Risk Management Committee was established effective 5 November 2018 and currently consists of three INEDs. To retain independence and objectivity, the Audit and Risk Management Committee is chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The current members of the Audit and Risk Management Committee are Mr Poon Yan Wai (Chairman of the Audit and Risk Management Committee), Mr Carlisle Caldwell Procter and Mr Pak Wai Keung Martin. The Audit and Risk Management Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary. The major roles and functions of the Audit and Risk Management Committee are included in its terms of reference, which are available on the websites of the Stock Exchange and the Company.

The Audit and Risk Management Committee shall meet at least twice a year in accordance with its terms of reference. Up to 31 December 2018, no meetings of the Audit and Risk Management Committee formed under the Listing Rules were held since the Listing Date. The attendance of each member of the former Audit and Risk Management Committee established under the requirement of ASX is set out in the section headed "The Board" of this report.

In addition to the former Audit and Risk Management Committee meetings, the former Audit and Risk Management Committee also dealt with matters by way of circulation during 2018. In 2018, the former Audit and Risk Management Committee performed the works as summarised below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditor;
- (ii) reviewed the reports of findings/independent review report from the external auditor and the management's response in relation to the final audit for the year ended 31 December 2017 and the interim results review for the six months ended 30 June 2018 of the Group; and
- (iii) reviewed and recommended for the Board's approval the financial report for the year ended 31 December 2017 and the interim financial report for the six months ended 30 June 2018 of the Group together with the relevant management representation letters and announcements.

## BOARD COMMITTEES (CONT'D)

### Audit and Risk Management Committee (Cont'd)

As at the date of this report, the Audit and Risk Management Committee that was established effective on the Listing Date under the requirement of the Stock Exchange performed the works as summarised below:

- (i) reviewed the reports of findings/independent review report from the external auditor and the management's response in relation to the final audit for the year ended 31 December 2018 of the Group;
- (ii) reviewed and recommended for Board's approval the financial report for the year ended 31 December 2018 of the Group together with the relevant management representation letters and announcement; and
- (iii) reviewed and recommended for the Board's annual review the Group's risk management and internal control systems.

## COMPANY SECRETARY

Ms Shannon Coates and Mr Lo Tai On are Joint Company Secretaries of the Company. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with the shareholders and management.

Ms Shannon Coates is a Chartered Secretary in Australia.

Mr Lo Tai On is a member of the Hong Kong Institute of Certified Public Accountants.

Both Ms Shannon Coates and Mr Lo are representatives from external secretarial services providers. The primary contact person of the Company with the Joint Company Secretaries is Mr Daniel Karl Broughton, the Chief Financial Officer of the Group. The Joint Company Secretaries have duly complied with the relevant training requirement under rule 3.29 of the Listing Rules.

## CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the period from the Listing Date up to 31 December 2018.

The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees to regulate dealings in securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of inside information in relation to the Company or its securities.

## GENERAL CODE OF CONDUCT

The Company has adopted a Code of Conduct. The purpose of the Code is to guide and enhance the conduct and behaviour of the Company's Directors, senior executives, officers, employees and contractors ("Personnel") in performing their everyday roles. The code encourages and fosters a culture of integrity and responsibility with the focus of augmenting our reputation as a valued employer, business partner and corporate citizen, in all our relationships. This Code of Conduct sets out the principles and standards which the Board, senior executives and Personnel of the Company are encouraged to strive towards when dealing with each other, shareholders, other stakeholders and the broader community.

The Board and senior executives are committed to conducting themselves with integrity and honesty in accordance with this Code of Conduct.

Details are available on the Company's website at [www.dragonmining.com](http://www.dragonmining.com).

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from the Accounts Department, the Consolidated Financial Statements of the Group. The Consolidated Financial Statements for the year ended 31 December, 2018 have been prepared in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The Directors believe that they have selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable and have ensured that the Consolidated Financial Statements are prepared on a going concern basis.

The reporting responsibilities of the Company's external auditor, Ernst & Young, are set out in the Independent Auditor's Report on pages 129 to 137.

### Risk Management and Internal Control

The Board has the responsibility to review annually the effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls. In 2018, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programs and budget.

The Group's risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage rather than completely eliminate the risk of system failure; and to assist in the achievement of the Group's agreed objectives and goals. They have a key role in the management of risks that are significant to the fulfilment of business objectives. In addition, they should provide a basis for the maintenance of proper accounting records and assist in the compliance with relevant laws and regulations.

Systems and procedures are put in place to identify, evaluate and manage the risks of different businesses and activities. An annual assessment is performed by the Audit and Risk Management Committee on the effectiveness of the risk management and internal control systems, which have been considered effective and adequate.



## ACCOUNTABILITY AND AUDIT (CONT'D)

### Risk Management and Internal Control (Cont'd)

The Company's principal subsidiaries are managed under independent systems of risk management and internal controls. These subsidiaries have provided appropriate assurance to the Company on their compliance with the CG Code regarding risk management and internal control systems in general to the Company.

A discussion of the policies and procedures on the management of each of the major types of risk which the Group is facing is included in note 23 in the Consolidated Financial Statements and under the "Operational Risks" and "Financial Risks" sections contained in the Management Discussion and Analysis on page 17 and 23 respectively.

### Internal Audit

The Company's Internal Audit Function ("IAF") is considered suitable for a small company such as the Company. The Company's risk management and internal control systems have been established in the light of the Company's small size and uncomplicated structure and are designed to provide reasonable assurance against material misstatement or loss, and to manage the risk of system failure. Systems and procedures are in place to identify, evaluate, and manage the risks attached to the Company's different business and financial activities.

The IAF is based on a matrix of delegated authorities that defines the level of authority individual staff have for all financial and operational activities. These procedures allow a hierarchical system of checking and review.

Budgets are prepared and approved by the Board. All capital expenditure must be approved by an established authorisation for expenditure process. Items above a defined value, together with any non-budgeted expenditure, must be authorised by Board resolution.

The matrix of authority requires sign-off by the level above the individual initiating the transaction.

The Company's corporate governance and control functions were independently reviewed in 2017. These will be reviewed in 2019 and periodically thereafter.

### Policy on Disclosure of Inside Information

The Board has adopted the Policy on the Disclosure of Inside Information ("Policy") effective on 8 November 2018 with respect to the procedures and internal controls for the handling and dissemination of inside information. The Policy sets out guidelines and procedures to the directors of the Company and relevant officers of the Group to ensure inside information of the Group is to be disseminated to the public on an equal basis and in timely manner. Directors and relevant officers in possession of potential inside information and/or inside information are required to take reasonable measures to ensure that proper safeguards are in place to preserve strict confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain the information confidential. The Policy shall be updated and revised as and when necessary in light of changes in circumstances and changes in the Listing Rules, Part XIVA of the Securities and Futures Ordinance, and relevant statutory and regulatory requirements from time to time.

## ACCOUNTABILITY AND AUDIT (CONT'D)

### External Auditors' Remuneration

The remuneration paid to the Group's external auditors during the year is set out in paragraph 30 of the Report of Directors on page 51.

## COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information and news are also made available on the website of the Company.

The Company's AGM is a valuable forum for the Board to communicate directly with shareholders. The Chairman actively participates at the AGM and personally chairs the meeting to answer any questions from shareholders. The chairmen of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee or in their absence, another member of the respective committees or failing that their respective duly appointed delegate, are also available to answer questions at the AGM. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules (or if no such chairman is appointed, at least a member of the independent board committee) will also be available to answer questions at any general meeting of shareholders to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

During the year, the 2018 AGM was held on 29 May 2018. The attendance records of the Directors at the general meeting are set out in the section headed "The Board" of this report. The representative of external auditor attended the 2018 AGM.

Separate resolutions are proposed at the general meetings for each substantial issue, including the re-election of retiring Directors.

The notification of general meeting to shareholders is to be sent in the case of the AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days before the meeting for all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to the shareholders at the commencement of the meeting. The Chairman answers questions from shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

Shareholder(s) representing at least 5% of the votes that may be cast at the general meeting can request the Directors to call and arrange a general meeting of shareholders ("General Meeting") by providing a written request to the registered office of the Company. Such requisition must state any resolution to be proposed at the General Meeting and must be signed by shareholder(s) making the request. Directors must call the meeting within 21 days after the request is given to the Company.

## COMMUNICATION WITH SHAREHOLDERS (CONT'D)

In addition, shareholders representing at least 5% of the votes that may be cast at the general meeting or at least 100 shareholders who are entitled to vote at a general meeting may give the Company notice of a resolution they propose to move at a general meeting. Such proposal must be in writing to the registered office of the Company, must set out the wording of the proposed resolution and must be signed by shareholder(s) making the request in accordance with the Corporations Act and Constitution, where applicable.

The Board established a shareholders' communication policy in November 2018. A shareholder may serve an enquiry to the Board at the Registered Office for the attention of the Board in written form and state the nature of the enquiry and the reason for making the enquiry. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, for any questions about their shareholdings.

## DIVIDEND POLICY

The Board has adopted a Dividend Policy which aims at providing reasonable and sustainable returns to its shareholders whilst maintaining a position of financial stability which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time.

The Board may declare or propose dividends on an annual basis and/or may declare interim dividends or special dividends. Proposal or declaration of dividends by the Board is subject to consideration of the Company's and the Group's operating results, accumulated and future earnings, gearing, liquidity position, capital commitment requirement and future expansion plan as well as general economic conditions and external factors that may have impact on the financial performance and position of the Company and the Group. In addition, as the Company is a holding company, the Board will also consider the dividends received or to be received from its subsidiaries and associates at the time of any proposal or declaration of a dividend of the Company.

The Board will regularly review the Dividend Policy and will amend and/or modify the Dividend Policy if necessary.

## CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. The Board will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders to promote and improve our transparency are also welcome.

On behalf of the Board  
**Dragon Mining Limited**

**Arthur George Dew**  
*Chairman*

Hong Kong, 7 March 2019



Ernst & Young  
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Perth WA 6000 Australia  
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**Independent auditor's report to the members of Dragon Mining Limited**  
**Report on the audit of the financial report**

**獨立核數師報告**

致龍資源有限公司成員

**OPINION**

**意見**

We have audited the Consolidated Financial Statements of Dragon Mining Limited (the Company) and its subsidiaries (collectively the Group) set out on pages 138 to 142, which comprise the Consolidated Statement of Financial Position as at 31 December 2018, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

我們已審計列載於第138至142頁的龍資源有限公司及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於2018年12月31日的綜合財務狀況表與截至該日止年度的綜合損益表及綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

我們認為，該等綜合財務報表已根據國際會計準則理事會頒布的《國際財務報告準則》真實而中肯地反映了貴集團於2018年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

**BASIS FOR OPINION**

**意見的基礎**

We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (collectively the "Codes") that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Codes.

我們已根據國際審計與鑒證準則理事會頒布的《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據會計專業與道德標準委員會的APES110專業會計師道德規範及國際會計師職業道德準則理事會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**關鍵審計事項**

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

## KEY AUDIT MATTERS (CONT'D)

## 關鍵審計事項(續)

## 1. Carrying value of non-current assets

## 1. 非流動資產減值

Why significant  
為何重要

How our audit addressed the key audit matters  
該事項在審計中是如何應對的

As disclosed in Note 7, the Group had property, plant and equipment, including capitalised mine properties, of \$26.56 million as at 31 December 2018.

We evaluated the Group's future cash flow forecasts included in the impairment model, the process by which they were prepared, and assessed the underlying assumptions such as the determination of the cash generating units, expected cash inflows from gold sales, cash outflows from the production process and other operating expenses.

International Financial Reporting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

We considered comparable company earnings multiples and other market evidence.

No impairment or impairment reversal was recognised during the year.

We also assessed the key assumptions and performed sensitivity analyses to determine the extent changes could lead to alternative conclusions.

The impairment testing process was complex and judgmental and was based on assumptions and estimates that are affected by expected future performance and market conditions and for this reason was considered to be a key audit matter.

We have assessed the competence, capability and objectivity of the internal experts who compiled the reserves and resources data utilised in the model. We involved our valuation specialists to evaluate the appropriateness of key assumptions including discount rate, gold price and foreign exchange assumptions.

Key assumptions, judgements and estimates used in the formulation of the Group's impairment assessment of non-current assets include discount rates, gold price and foreign exchange rates, as disclosed in Note 7.

We reviewed the Board of Director's meeting minutes and various operational reports and plans in order to understand the future plans of the Group and whether there was any potential contradictory information compared to the assumptions applied in the impairment model.

如附註7所披露，於2018年12月31日，貴集團的固定資產，包括礦山構築物及建築物，為26.56百萬澳元。

我們評估 貴集團的減值模型內的未來現金流量預測及其編製流程，並評估相關假設，例如現金產生單位的確定、黃金銷售的預期現金流入、生產過程的現金流出及其他經營開支。

按照國際財務報告準則的要求 貴集團應當於整個報告期間內持續評估是否有資產減值蹟象。若存在任何有關蹟象， 貴集團應估計資產的可收回金額。

我們考慮可資比較公司的盈利倍數及其他市場證據。

本年內並無確認減值或減值撥回。

我們亦評估主要假設並進行敏感性分析，以確定有關變動可能導致其他結論的程度。

減值測試程序較為複雜且需要作出判斷，並受日後表現及市場狀況影響的假設及估計影響，因而被認為屬與關鍵審計事項。

我們已評估編製模型中所用儲備及資源數據的內部專家的勝任力、能力及客觀性。我們也邀請內部估值專家評估折現率率、黃金價格及外匯假設等主要假設是否適當。

貴集團進行非流動資產減值評估時所用的主要假設、判斷及估計包括附註7所披露的折現率、黃金價格及外匯匯率。

我們覆核董事會的會議記錄以及各種營運報告及計劃以瞭解 貴集團的未來計劃以及與減值模型中所用假設相比是否有任何潛在矛盾資料。



## KEY AUDIT MATTERS (CONT'D)

## 關鍵審核事項(續)

## 2. Carrying value of inventories

## 2. 存貨賬面價值

Why significant  
為何重要

How our audit addressed the key audit matters  
該事項在審計中是如何應對的

As disclosed in Note 6, the Group held inventories as at 31 December 2018 of \$10.06 million, which related to ore and concentrate stockpiles, gold in circuit, raw materials and stores.

We obtained an understanding of the Group's processes in respect of inventory valuation.

Inventory is a significant asset which requires the Group's judgement in determining an appropriate costing basis and assessing if the carrying value is recorded at the lower of cost and net realisable value. Accordingly we considered the carrying value of inventories to be a key audit matter.

We assessed the accuracy of the Group's inventory valuation model including evaluating the assumptions and methodologies used in the model.

We selected a sample of inventory items to evaluate whether, based on their nature, costs were correctly determined and allocated.

We re-performed calculations to confirm that inventories were recorded at the lower of cost and net realisable value, including evaluating gold price and cost to complete assumptions.

如附註6所披露，截至2018年12月31日，集團的存貨包括原礦和精礦、生產中的黃金、原材料和庫存，金額為10.06百萬澳元。

我們瞭解了集團在存貨計價方面的流程。

我們評估了集團存貨計價模型的準確性，包括計價模型中使用的假設和方法。

存貨是一項重要資產，在確定適當的成本計算基礎和評估賬面價值是否以較低的成本和可變現淨值入賬時，需要集團作出判斷。因此，我們認為存貨的賬面價值屬於關鍵的審計事項。

我們選擇了一個存貨項目的樣本，以評估是否根據其性質正確地確定和分配了成本。

我們重新進行了計算，包括評估了採用的黃金價格和成本，確認存貨是以成本和可變現淨值兩者較低的價格入賬的。

## KEY AUDIT MATTERS (CONT'D)

## 關鍵審核事項(續)

## 3. Recognition and measurement of rehabilitation provisions 3. 復墾撥備的確認及計量

Why significant  
為何重要

How our audit addressed the key audit matters  
該事項在審計中是如何應對的

As disclosed in Note 11, the Group recorded a rehabilitation provision of \$12.57 million as at 31 December 2018 relating to the mine sites and processing facilities in Sweden and Finland.

We assessed the Group's calculation of the rehabilitation provision, and obtained explanations to support material movements in the provision during the year.

As disclosed in Note 1(s) the calculation of this provision required judgment in estimating the future costs, the timing as to when the future costs will be incurred and the determination of an appropriate rate to discount the future costs to their present value. The Group reviews rehabilitation obligations that have arisen semi-annually, or as new information becomes available, including an assessment of the underlying assumptions used, effects of any changes in local regulations, and the expected approach to rehabilitation.

We evaluated the legal and/or constructive obligations with respect to the rehabilitation for all mine sites and processing facilities, the intended method of rehabilitation and the associated cost estimates.

We assessed the competence, capability and objectivity of the external experts who compiled the data that supported the provisions and considered the appropriateness of their work in conducting our procedures.

We also assessed the accuracy of the calculations used to determine the rehabilitation provision including the discount rate applied.

如附註11所披露，截至2018年12月31日，貴集團計提的復墾準備金為12.57百萬澳元，用於瑞典和芬蘭的礦場和加工設施。

我們評估了集團對復墾準備金的計算，並獲得了管理層針對該項準備金在本年發生的重大變動的解釋。

如附註1(s)所披露，計算此項準備金需要作出判斷，包括估計未來的成本，確定未來成本何時發生的時間，並確定適當的折現率。貴集團每半年或在獲得新資料時複核所承擔的復墾義務，包括評估所使用的基本假設、地方條例的任何變化的影響和預期的復墾方法。

我們評估了所有礦場和處理設施的復原相關的法定和(或)推定義務、預期的復原方法和相關成本費用的估算。

我們評估了編製復墾準備金數據的外部專家的勝任能力、能力和客觀性，並考慮了他們在執行我們的程序方面的工作是否適當性。

我們還評估了用於確定復墾準備金的計算的準確性，包括適用的折現率。

## KEY AUDIT MATTERS (CONT'D)

## 關鍵審核事項(續)

## 4. Share issue costs

## 4. 股份發行成本

Why significant  
為何重要

How our audit addressed the key audit matter  
該事項在審計中是如何應對的

As disclosed in Note 1(x) and Note 13, the Group recorded share issue costs of \$3.89 million in equity at 31 December 2018.

We evaluated the expenses incurred during the Hong Kong listing and share issue and assessed whether the costs met the criteria to be treated a share issue costs.

This required judgement by the Group to determine the extent to which costs incurred were directly attributable to the planned share issue, we considered this a key audit matter.

We assessed the Group's cost allocation methodology and reperformed the Group's calculation of costs attributable to new shares issued.

如附註1(x)和附註13所披露，截至2018年12月31日，集團股票發行成本為3.89百萬澳元。

我們評估了在香港上市和發行股票期間發生的費用，並評估了這些費用是否符合發行成本的標準。

該事項需要集團對所產生的費用在多大程度上直接歸屬於股份發行計劃作出判斷，我們認為這屬於關鍵的審計事項。

我們評估了集團的成本分配方法，並重新計算了集團發行新股的成本。

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## 刊載於年度報告內其他信息

董事需對其他信息負責。其他信息包括刊載於年度報告內的信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

## 董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒布的《香港財務報告準則》／國際會計準則理事會頒布的《國際財務報告準則》及香港《公司條例》／香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助董事履行職責，監督 貴集團的財務報告過程。

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**核數師就審計綜合財務報表承擔的責任**

我們的目標，是對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們遵照香港《公司條例》第405條／遵照百慕達一九八一年公司法第90條／其他合適的法律法規僅對全體成員作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》／《國際審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》／《國際審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。



**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT (CONT'D)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jemma K Newton.

**Ernst & Young**  
Perth  
18 April 2019

**核數師就審計綜合財務報表承擔的責任(續)**

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審計委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是 Jemma K Newton。

**安永會計師事務所**  
珀斯  
2019年4月18日



## Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

## 綜合損益表

截至2018年12月31日止年度

		Note 附註	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Revenue from customers	客戶收益	20	<b>37,850</b>	41,270
Cost of sales	銷售成本	2(a)	<b>(41,154)</b>	(35,732)
<b>Gross (loss)/profit</b>	<b>(毛損)/毛利</b>		<b>(3,304)</b>	5,538
Other revenue	其他收益	2(b)	<b>216</b>	174
Other income	其他收入	2(c)	<b>35</b>	92
Exploration expenditure	勘探支出		<b>(51)</b>	(167)
Management and administration expenses	管理及行政開支		<b>(3,754)</b>	(3,348)
Other expenses	其他開支	2(d)	<b>(398)</b>	(270)
Finance costs	財務成本	2(e)	<b>(191)</b>	(14)
Foreign exchange loss	外匯虧損		<b>(782)</b>	(63)
Hong Kong listing costs	香港上市成本	2(g)	<b>(1,302)</b>	(2,525)
<b>Loss before tax</b>	<b>除稅前虧損</b>		<b>(9,531)</b>	(583)
Income tax expense	所得稅開支	3	<b>-</b>	-
<b>Loss after income tax</b>	<b>除所得稅後虧損</b>		<b>(9,531)</b>	(583)
<b>Earnings per share attributable to ordinary equity holders of the parent (cents per share)</b>	<b>母公司普通股持有人應佔每股盈利 (仙/股)</b>			
Basic earnings per share	每股基本盈利	18	<b>(9.90)</b>	(0.66)
Diluted earnings per share	每股攤薄盈利	18	<b>(9.90)</b>	(0.66)

	Note	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	附註		
<b>Loss after income tax (brought forward)</b>		<b>(9,531)</b>	(583)
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Gain on foreign currency translation		1,620	1,127
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>1,620</b>	1,127
<b>Total comprehensive (loss)/income for the period</b>		<b>(7,911)</b>	544
<b>Loss attributable to:</b>			
Members of Dragon Mining Limited		(9,531)	(583)
		<b>(9,531)</b>	(583)
<b>Total comprehensive (loss)/income attributable to:</b>			
Members of Dragon Mining Limited		(7,911)	544
		<b>(7,911)</b>	544

## Consolidated Statement of Financial Position

As at 31 December 2018

## 綜合財務狀況表

於2018年12月31日

		Note 附註	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Cash and cash equivalents	現金及現金等價物	4	10,905	6,609
Trade and other receivables	貿易及其他應收款項	5	3,990	2,581
Inventories	存貨	6	10,057	9,110
Other assets	其他資產	9	429	1,728
<b>TOTAL CURRENT ASSETS</b>	<b>流動資產總值</b>		<b>25,381</b>	20,028
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	固定資產	7	26,556	19,344
Mineral exploration and evaluation costs	礦產勘探及評估成本	8	5,333	5,562
Other assets	其他資產	9	5,480	5,415
<b>TOTAL NON-CURRENT ASSETS</b>	<b>非流動資產總值</b>		<b>37,369</b>	30,321
<b>TOTAL ASSETS</b>	<b>資產總值</b>		<b>62,750</b>	50,349
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付款項	10	6,409	5,840
Provisions	撥備	11	1,892	2,215
Other liabilities	其他負債		107	101
<b>TOTAL CURRENT LIABILITIES</b>	<b>流動負債總額</b>		<b>8,408</b>	8,156
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>			
Provisions	撥備	11	12,617	10,834
Interest bearing liabilities	計息負債	12	4,249	–
Other financial liabilities	其他金融負債		29	–
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>非流動負債總額</b>		<b>16,895</b>	10,834
<b>TOTAL LIABILITIES</b>	<b>負債總額</b>		<b>25,303</b>	18,990
<b>NET ASSETS</b>	<b>資產淨值</b>		<b>37,447</b>	31,359
<b>EQUITY</b>	<b>權益</b>			
Contributed equity	實繳股本	13	133,991	119,992
Reserves	儲備	14	(23)	(1,643)
Accumulated losses	累計虧損		(96,521)	(86,990)
<b>TOTAL EQUITY</b>	<b>權益總額</b>		<b>37,447</b>	31,359

Arthur G Dew  
狄亞法  
Director  
董事

Brett R Smith  
Director  
董事

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

# 綜合權益變動表

截至2018年12月31日止年度

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		Contributed Equity	Accumulated Losses	Foreign Currency Translation	Convertible Note Premium Reserve	Equity Reserve Purchase of Non- controlling Interest	Total Equity
		實繳股本 AU\$'000 千澳元	累計虧損 AU\$'000 千澳元	外幣匯兌 AU\$'000 千澳元	可轉換票據 溢價儲備 AU\$'000 千澳元	非控股權益的 權益儲備購買 AU\$'000 千澳元	權益總額 AU\$'000 千澳元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	119,992	(86,407)	(5,907)	2,068	1,069	30,815
Loss for the period	期內虧損	-	(583)	-	-	-	(583)
Other comprehensive income	其他全面收入	-	-	1,127	-	-	1,127
Total comprehensive income for the period	期內全面收入總額	-	(583)	1,127	-	-	544
Transactions with owners in their capacity as owners:	與擁有人(以其擁有人身份)的交易:	-	-	-	-	-	-
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	119,992	(86,990)	(4,780)	2,068	1,069	31,359
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	119,992	(86,990)	(4,780)	2,068	1,069	31,359
Loss for the period	期內虧損	-	(9,531)	-	-	-	(9,531)
Other comprehensive income	其他全面收入	-	-	1,620	-	-	1,620
Total comprehensive income for the period	期內全面收入總額	-	(9,531)	1,620	-	-	(7,911)
Transactions with owners in their capacity as owners:	與擁有人(以其擁有人身份)的交易:						
Issue of shares (net of cost)	發行股份(扣除成本)	13,999	-	-	-	-	13,999
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	133,991	(96,521)	(3,160)	2,068	1,069	37,447

## Consolidated Statement of Cash Flows

For the year ended 31 December 2018

## 綜合現金流量表

截至2018年12月31日止年度

		Note	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Cash flows from operating activities</b>	<b>經營活動現金流量</b>			
Receipts from customers	收到客戶款項		36,587	42,363
Payments to suppliers and employees	向供應商及僱員付款		(45,048)	(42,196)
Payments for mineral exploration	就礦產勘探付款		(68)	(278)
Interest received	已收利息		225	59
Interest expenses	利息開支		(170)	(2)
<b>Net cash used in operating activities</b>	<b>經營活動所用現金淨額</b>	4	<b>(8,474)</b>	(54)
<b>Cash flows from investing activities</b>	<b>投資活動現金流量</b>			
Payments for property, plant and equipment	購建固定資產		(3,249)	(3,046)
Payments for development activities	就開發活動付款		(5,329)	–
Proceeds from bond held on deposit	寄存債券所得款項		9	16
Payments for evaluation activities	評估活動付款		–	(631)
Payments for development of mine properties	就開發礦產物業付款		–	(3,185)
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>		<b>(8,569)</b>	(6,846)
<b>Cash flows from financing activities</b>	<b>融資活動現金流量</b>			
Proceeds from share issue	股份發行所得款項		17,890	–
Drawdown of loan	提取貸款		9,000	–
Repayment of loan	償還貸款		(5,000)	–
Share issue costs	股份發行成本		(933)	(1,430)
<b>Net cash from/(used in) financing activities</b>	<b>融資活動所得/(所用)現金淨額</b>		<b>20,957</b>	(1,430)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		3,914	(8,330)
Cash and cash equivalents at the beginning of the period	期初現金及現金等價物		6,609	15,407
Effects of exchange rate changes on cash and cash equivalents	匯率變動對現金及現金等價物的影響		382	(468)
<b>Cash and cash equivalents at the end of the period</b>	<b>期末現金及現金等價物</b>	4	<b>10,905</b>	6,609

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## a) Reporting Entity

Dragon Mining Limited (the “Company” or the “Parent Entity”) was incorporated as an Australian Public Company, limited by shares on 23 April 1990, and is subject to the requirements of the Corporations Act 2001 as governed by the Australian Securities and Investment Commission. The Company’s registered office is located at Unit B1, 431 Roberts Road, Subiaco WA 6008 Australia. The Company’s shares were successfully listed on the Main Board of the Stock Exchange of Hong Kong on 5 November 2018.

The Consolidated Financial Statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 7 March 2019.

The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”). The Group is a for-profit entity, primarily involved in gold mining operations and gold mineral exploration. The Company has direct and indirect interests in its subsidiaries, all of which have substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations 註冊成立／註冊地點及日期以及營運地點	Nominal value of issued ordinary share capital 已發行普通股本的面值	Percentage of equity attributable to the Company 本公司應佔股本百分比	Principal activities 主要業務
Dragon Mining Investments Pty Ltd	Australia 18 December 2008 澳洲 2008年12月18日	–	100%	Dormant 暫無業務
Dragon Mining (Sweden) AB	Sweden 27 April 1993 瑞典 1993年4月27日	SEK 100,000 100,000瑞典克朗	100%	Gold Production 黃金生產
Viking Gold & Prospecting AB	Sweden 3 April 1996 瑞典 1996年4月3日	SEK 100,000 100,000瑞典克朗	100%	Dormant 暫無業務
Dragon Mining Oy	Finland 24 March 1993 芬蘭 1993年3月24日	EUR 100,000 100,000歐元	100%	Gold Production 黃金生產

## 1. 主要會計政策概要

## a) 報告實體

龍資源有限公司(「本公司」或「母公司實體」)於1990年4月23日註冊成立為一間澳洲公眾公司，為股份有限公司，並須遵守2001年公司法的规定，由澳洲證券及投資監察委員會監管。本公司的註冊辦事處位於Unit B1, 431 Roberts Road, Subiaco WA 6008 Australia。本公司股份已於2018年11月5日在香港聯交所主板成功上市。

截至2018年12月31日止年度的綜合財務報表已根據董事日期為2019年3月7日的決議案獲准刊發。

本公司於2018年12月31日及截至該日止年度的綜合財務報表涵蓋本公司及其附屬公司(統稱為「綜合實體」或「本集團」)。本集團為營利性實體，主要從事黃金開採業務及金礦勘探。本公司於其附屬公司擁有直接及間接權益，全部均具備與香港註冊成立的私人公司大致相同的特點，詳情載列如下：



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### b) Basis of Preparation

#### *Statement of compliance*

The Consolidated Financial Statements for the year ended 31 December 2018 are general purpose financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance.

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 elected not to restate comparative information (see note 1(aa)). Except for the impact of adopting IFRS 9, accounting policies have been consistently applied throughout all periods presented. There was no material impact of the new and revised standards and interpretations on the Group and the Group's accounting policies have been updated to reflect the new standards where applicable. Refer to note 20 for disclosure on the implementation of IFRS 15 Revenue from contracts with customers (IFRS 15) and IFRS 9.

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

## 1. 主要會計政策概要(續)

### b) 編製基準

#### *合規聲明*

截至2018年12月31日止年度的綜合財務報表乃根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)以及香港公司條例的披露規定而編製的一般用途財務報表。

本集團已採納於2018年1月1日開始的會計期間生效的所有國際財務報告準則。根據已於2018年1月1日採納的國際財務報告準則第9號金融工具(國際財務報告準則第9號)的過渡條文,本集團已選擇不重述比較資料(見附註1(aa))。除採納國際財務報告準則第9號的影響外,會計政策已於所呈列的所有相關期間內貫徹應用。新訂及經修訂準則及詮釋對本集團並無重大影響,且本集團的會計政策已作出適當更新以反映新訂準則。有關實施國際財務報告準則第15號與客戶訂立合約的收益(國際財務報告準則第15號)及國際財務報告準則第9號的披露內容,請參閱附註20。

綜合財務報表乃使用歷史成本法編製,惟若干金融資產按公允價值計量。該等財務報表以澳元(「澳元」)呈列,且除非另有說明,否則所有數值均已約整至最接近的千位。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### c) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Consolidated Entity.

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

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

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

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

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

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

## 1. 主要會計政策概要(續)

### c) 綜合基準

綜合財務報表包括綜合實體的財務報表。

當本公司因參與投資對象業務而承擔可變回報風險或享有可變回報且能透過對投資對象的權力影響該等回報時，即取得控制權。

具體而言，當且僅當本公司擁有下列各項時方才控制投資對象：

- 對投資對象的權力(即現有權力賦予其目前掌控投資對象的有關業務的能力)；
- 來自投資對象的可變回報風險或權利；及
- 行使對投資對象的權力以影響其回報的能力。

倘本公司擁有少於投資對象大多數投票或類似權利的權利，則本公司於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- 與投資對象的其他投票權持有人的合約安排；
- 其他合約安排所產生的權利；及
- 本公司的投票權及潛在投票權。

倘有事實及情況顯示三項控制因素中有一項或多項出現變化，本公司將重新評估其是否對投資對象擁有控制權。合併一間附屬公司於本公司取得該附屬公司的控制權時開始，並於本公司失去該附屬公司的控制權時終止。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### c) Basis of Consolidation (Cont'd)

The income, expenses, assets and liabilities of a subsidiary acquired or disposed of during the year are included in the Company's Consolidated Statement of Profit or Loss or the Consolidated Statement of Financial Position from the date the Company gains control until the date the Company ceases to have control.

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

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

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of any investment retained;
- Recognises the fair value of the consideration received;
- Recognises any surplus or deficit in the Consolidated Statement of Profit or Loss; and
- Reclassifies the Company's share of items previously recognised in Other Comprehensive Income to the Consolidated Statement of Profit or Loss or retained earnings as appropriate.

Investments in subsidiaries are carried at cost less impairment in the Company's Consolidated Statement of Financial Position.

## 1. 主要會計政策概要(續)

### c) 綜合基準(續)

年內收購或出售的附屬公司的收益、開支、資產及負債，自本公司取得控制權當日起直至本公司失去控制權當日止列入本公司的綜合損益表或綜合財務狀況表內。

如有需要，將對附屬公司的財務報表作出調整，致使彼等的會計政策與本公司的會計政策一致。與本公司成員公司交易有關的所有集團內公司間資產及負債、權益、收入、開支及現金流量，將於綜合賬目時悉數撇銷。

於一間附屬公司的擁有權權益變動，惟並無失去控制權，則以權益交易入賬。

倘本公司失去附屬公司的控制權，則本公司會：

- 終止確認該附屬公司的資產(包括商譽)及負債；
- 終止確認任何非控股權益的賬面值；
- 終止確認計入權益的累計匯兌差額；
- 確認任何保留投資的公允價值；
- 確認已收取代價的公允價值；
- 於綜合損益表內確認任何盈餘或虧絀；及
- 將先前已於其他全面收入確認的本公司應佔項目重新分類至綜合損益表或保留盈利(如適用)。

於附屬公司的投資按成本減去減值於本公司的綜合財務狀況表內列賬。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### d) Revenue from Contracts with Customers

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

#### *Concentrate sales*

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

#### *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.

### e) Income Taxes

The income tax expense or benefit for the period 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 Consolidated Financial Statements and for unused tax losses.

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

## 1. 主要會計政策概要(續)

### d) 與客戶訂立合約的收益

收益按與客戶訂立合約所列明代價計量。本集團於產品控制權轉讓至客戶時從金錠及精礦銷售確認收益。

#### *精礦銷售*

精礦通過標準國際商業條款目的地交貨(「目的地交貨」)協議售予第三方。一旦交付了精礦,本集團已符合其履行責任及轉移控制權。收益根據估計最終結算價確認,並參考遠期金價釐定。就交付與最終結算間的含量及重量差異進行調整。於交付後根據當月的每月平均倫敦金屬交易所(LME)黃金價格接收最終結算價。有關報價期間定價相關調整乃根據附註1(h)的政策進行確認及計量。

#### *金銀錠銷售*

金銀錠透過本集團金屬賬戶於市場出售。收益乃於符合交付責任時根據銷售合約所訂明價格及數量確認。

### e) 所得稅

期內所得稅開支或利益乃按當期應課稅收入以各司法權區的國家所得稅率計算,並按資產及負債的稅基與各自於綜合財務報表內的賬面值之間的暫時差額引致的遞延稅項資產及負債變動以及未動用稅項虧損予以調整後的應付稅款。

遞延所得稅乃按報告日期資產及負債的稅基與就財務報告目的而言的賬面值之間的所有暫時差額作出撥備。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### e) Income Taxes (Cont'd)

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.

## 1. 主要會計政策概要(續)

### e) 所得稅(續)

遞延所得稅負債將就所有應課稅暫時差額確認，惟：

- 倘若遞延所得稅負債的起因，是由於在一宗並非業務合併的交易中首次確認資產或負債，而且在交易時，對會計或應課稅溢利或虧損均無影響；及
- 對於涉及附屬公司的投資及聯營公司的權益的應課稅暫時差額而言，倘若撥回暫時差額的時間可以控制，以及暫時差額不大可能在可見將來撥回，則屬例外。

對於所有可扣減暫時差額、結轉的未用稅項資產及未用稅項虧損，若日後有可能出現應課稅溢利，可用以抵扣該等可扣減暫時差額、結轉的未用稅項資產及未用稅項虧損，則遞延所得稅資產均確認入賬，惟：

- 倘若有關可扣減暫時差額的遞延所得稅資產的起因，是由於在一宗並非業務合併的交易中首次確認資產或負債，而且在交易時，對會計或應課稅溢利或虧損均無影響；及
- 對於涉及附屬公司的投資及聯營公司的權益的可扣減暫時差額而言，只有在暫時差額有可能在可見將來撥回，而且日後有可能出現應課稅溢利，可用以抵扣該等暫時差額時，方會確認遞延稅項資產。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### e) Income Taxes (Cont'd)

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.

## 1. 主要會計政策概要(續)

### e) 所得稅(續)

遞延所得稅資產的賬面值於各報告日期予以審閱。若不再可能有足夠應課稅溢利用以抵扣遞延所得稅資產的全部或部分，則扣減遞延所得稅資產賬面值。

未確認的遞延所得稅資產於各報告日期重新評估，並在可能有未來應課稅溢利以收回遞延稅項資產時予以確認。變現資產或清償負債的年度預期適用的稅率，會用作計量遞延所得稅資產及負債，並以報告日期已經生效或基本已經生效的稅率(及稅法)為基準。

惟倘存在法律上可強制執行的權利，可將即期稅項資產與即期稅項負債互相抵銷，而遞延稅項資產及負債乃涉及同一應課稅實體及同一稅務機關，則遞延稅項資產可與遞延稅項負債互相抵銷。

#### *稅務合併法例*

本公司於2003年7月1日實施澳洲稅務合併法例。本公司採用集團分配方式確定適當金額的即期稅項及遞延稅項，以分配予稅務合併集團的成員。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### f) 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 Consolidated Statement of Financial Position.

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

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

### g) Foreign Currency Transactions and Balances

#### *Functional and presentation currency*

The functional currency of each Company is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian Dollars which is the Company's functional and presentation currency.

#### *Transaction and balances*

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

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

## 1. 主要會計政策概要(續)

### f) 商品及服務稅

收益、支出及資產乃扣除商品及服務稅金額後確認，惟：

- 因購買商品及服務時產生的商品及服務稅不獲稅務局退回；及
- 應收款項及應付款項按已計入的商品及服務稅金額列賬。

稅務局退回或應付予稅務局的商品及服務稅淨額於綜合財務狀況表以部分應收款項或應付款項列賬。

現金流量按總額基準計入綜合現金流量表，而因投資及融資活動而產生的現金流量商品及服務稅組成部分(稅務局退回或應付予稅務局者)列為經營現金流量。

承擔及或然事項則於扣除稅務局退回或應付予稅務局的商品及服務稅金額後披露。

### g) 外幣交易及結餘

#### *功能及呈列貨幣*

各公司功能貨幣均以該實體經營所在地區的主要經濟環境通行的貨幣計量。綜合財務報表以本公司的功能及呈列貨幣澳元呈列。

#### *交易及結餘*

外幣交易均按交易當日的匯率換算為功能貨幣。於結算上述交易，及年終換算以外幣計值的貨幣資產與負債產生的匯兌盈虧，均在綜合損益表中確認。

以外幣按歷史成本計量的非貨幣項目使用初始交易之日的匯率進行換算。以外幣按公允價值計量的非貨幣項目使用釐定公允價值之日的匯率進行換算。換算按公允價值計量的非貨幣項目產生的損益按確認該項目公允價值變動損益的方式處理。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### g) Foreign Currency Transactions and Balances (Cont'd)

#### *Group Companies*

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

- Assets and liabilities are translated at the closing rate at the date of that reporting date;
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any monetary items that form part of the net investment in a foreign entity are taken to Shareholders' Equity. When a foreign operation is sold, or borrowings are repaid, the proportionate share of such exchange differences are recognised in the Consolidated Statement of Profit or Loss.

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

## 1. 主要會計政策概要(續)

### g) 外幣交易及結餘(續)

#### *集團公司*

所有功能貨幣有別於呈列貨幣的本公司附屬公司(該等公司概無惡性通貨膨脹經濟體的貨幣)的業績及財務狀況均按以下方式換算為呈列貨幣：

- 資產及負債按該報告日期當日的收市匯率換算；
- 收益及開支按平均匯率換算，除非此匯率不足以合理地概括反映於交易日期適用匯率，則在此情況下，收益及開支按交易日期的匯率換算；及
- 一切因此而產生的匯兌差額均確認為權益的一個獨立組成部分。

於綜合賬目時，因換算任何貨幣項目(構成於海外實體投資淨額的一部分)而產生的匯兌差額，均計入股東權益內。當出售海外業務或償還借貸時，按比例分佔的有關匯兌差額於綜合損益表中確認。

因收購海外實體而產生的商譽及公允價值調整，均視作該海外實體的資產及負債，並於報告日期按收市匯率換算。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) 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 sundry revenue.

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since 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.

## 1. 主要會計政策概要(續)

### h) 貿易及其他應收款項

*自2018年1月1日起適用的政策：*

貿易應收款項初步按交易價格及其他應收款項公允價值計量。應收款項為持有作收取合約現金流量，並預期產生現金流量(即僅支付分類及其後按攤銷成本計量的本金及利息)。不符合攤銷成本準則的應收款項於損益按公平值計量。有關類別包括與視乎報價期定價的精礦銷售相關的貿易應收款項。

精礦銷售合約條款載有臨時定價安排。銷售價格調整乃根據直至最終定價日期的金屬價格變動而定。最終結算乃根據交付後當月(「報價期」)的每月平均LME黃金價格而定。精礦應收款項公允價值變動乃確認為雜項收益。

集團按遠期基準評估按攤銷成本計量的債務工具相關預期信貸虧損。預期信貸虧損金額於各報告日期更新以反映自各項金融工具初始確認以來的信貸風險變動。本集團經常性確認按攤銷成本計量的貿易應收款項的全期預期信貸虧損。該等金融資產預期信貸虧損乃根據本集團歷史信貸虧損而估計，並就與應收款項及整體經濟環境特定因素以及於報告日期對現時及預測狀況的評估作調整。

對於按攤銷成本計量的所有其他應收款項，本集團於自初始確認起信貸風險大幅增加時確認全期預期信貸虧損。如於另一方面，金融工具自初始確認起信貸虧損並無大幅增加，則本集團按相等於未來12個月內預期信貸虧損的金額計量金融工具虧損撥備。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Trade and Other Receivables (Cont'd)

*Policy applicable from 1 January 2018: (Cont'd)*

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.

## 1. 主要會計政策概要(續)

### h) 貿易及其他應收款項(續)

*自2018年1月1日起適用的政策：*  
(續)

本集團認為於金融資產逾期逾90日或外界來源顯示債務人不太可能向債權人(包括本集團)付款時視為違約事件。金融資產於有證據顯示對手方處於嚴重財政困難或違反合約時(如發生違約或逾期事件)發生信貸減值。本集團於有資料顯示對手方處於嚴重財政困難及並無現實收回前景時撇銷金融資產。

*直至2017年12月31日年度報告期間的適用政策：*

貿易應收款項的期限為45天，初步以公允價值確認，之後採用實際利息法按攤銷成本減呆賬計量。

精礦銷售合約條款載有臨時定價安排。銷售價格調整乃根據直至最終定價日期的金屬價格變動而定。最終結算乃根據交付後當月(「報價期」)的每月平均LME黃金價格而定。應收款項內含的收益調整機制有商品衍生工具特徵，可大幅修改合約的現金流量。本集團將於損益按公允價值計量的內含衍生工具所確認公允價值變動確認為損益表中收益調整。

本集團會持續檢討貿易應收款項能否收回。已知無法收回的債務於確認無法收回時予以撇銷。當有客觀憑證顯示本集團將無法按交易的原有條款收回部分或所有到期款項，則確立應收呆賬的撥備。債務人面臨重大財務困難、債務人可能會破產或訂立財務重組及違約均被視為貿易應收款項出現減值的跡象。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Trade and Other Receivables (Cont'd)

*Policy applicable for annual reporting periods up to 31 December 2017: (Cont'd)*

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.

### i) Inventories

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

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

### j) Deferred Waste

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

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

Stripping costs incurred in the production phase create two benefits:

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

## 1. 主要會計政策概要(續)

### h) 貿易及其他應收款項(續)

*直至2017年12月31日年度報告期間的適用政策：(續)*

撥備金額為資產賬面值與估計未來現金流量現值之間的差額。撥備金額於綜合損益表中確認。

來自關連方的應收款項以應收名義金額確認及列值。收取利息時，將其作為損益內的收益並計入其他收益。

### i) 存貨

製成品、金精礦、流通中的黃金及庫存的未加工礦石已按成本及可變現淨值兩者中的較低者估價。成本包括直接材料、直接人工以及可變和固定間接開支的適當比例部分。

成本按加權平均成本基準計入庫存及流通中的黃金存貨。可變現淨值乃於日常業務過程中的估計售價減去估計完工成本及銷售成本。消耗品已按成本減適當的廢舊撥備估價。成本乃按先進先出基準釐定。

### j) 遞延廢料

作為露天採礦作業的一部分，本集團在開發及生產階段產生剝採(廢料移除)成本。

當產生開發剝採成本時，支出资本化為建設礦山成本的一部分，隨後使用生產單位(「生產單位」)法於其使用年內攤銷。當礦山/組成部分被委託並按管理層的意圖準備就緒時，開發剝採成本的資本化將終止。

生產階段產生的剝採成本會帶來兩大利益：

- 存貨的生產；或
- 日後能獲得更多礦石。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### j) Deferred Waste (Cont'd)

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

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

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

### k) 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.

## 1. 主要會計政策概要(續)

### j) 遞延廢料(續)

倘該等利益以期內所生產的存貨形式實現，則生產剝採成本乃列賬為該等存貨的生產成本的一部分。倘產生生產剝採成本且該等利益使日後能獲得更多礦石，則有關成本乃確認為礦場物業的剝採活動資產。

倘生產存貨的成本及剝採資產不可單獨識別，則按照廢料對礦石剝採比率(就相關礦石組成部分而言)進行分配。倘若一段期間內的廢料開採超過預期剝採比率，則超出部分被確認為剝採資產的一部分。倘若一段期間內的開採等於或低於預期年期組成部分剝採比率，則整個生產剝採成本分配予生產礦石存貨成本。

本集團使用生產單位法按已識別礦體組成部分年期進行攤銷。生產單位法導致與經濟上可收回礦產資源(包括探明及概算儲量)組成部分的消耗成正比的攤銷費用。

### k) 固定資產

#### *礦山構築物及建築物：生產區域*

生產區域指由本集團或其代表就礦山準備生產或礦產儲備的經濟開採已開始的擬開發之地所產生的所有勘探、評估及開發支出的累積。

倘在礦場物業開始生產後產生進一步開發支出(包括廢料開發)，則在確立未來經濟利益的情況下結轉有關支出，否則將有關支出分類為生產成本的一部分。使用生產單位法攤銷成本(對每個礦產資源進行單獨計算)。

生產單位法導致與經濟上可收回礦產儲量的消耗成正比的攤銷費用。

倘若預計將通過成功利用本集團的採礦租賃來收回成本，則結轉有關成本。本集團定期審查各礦場物業的賬面淨值，在賬面值超過可收回金額的情況下，於釐定超額的財政年度內全額計提超額部分。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### k) Property, Plant and Equipment (Cont'd)

#### *Plant and equipment*

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

The cost of an item of plant and equipment comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

#### *Depreciation*

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

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

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each 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 1(n)).

#### *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 Statement of Profit or Loss in the year the asset is derecognised.

## 1. 主要會計政策概要(續)

### k) 固定資產(續)

#### *廠房及設備*

各類物業、廠房及設備以成本減去(如適用)任何累計折舊及減值列賬。

廠房及設備項目的成本包括：

- 其購買價格，包括進口關稅及不可退還的購買稅，並扣除貿易折扣及回扣；
- 使資產達到能夠按照管理層擬定的方式開展經營所必要的位置及條件而直接產生的任何成本；及
- 拆除及移除項目並恢復其所在場地的成本的初步估計。

#### *折舊*

所有物業、廠房及設備(礦區廠房及設備以及土地除外)項目均按直線法折舊。各類可折舊資產的折舊率如下：

其他廠房及設備	5-50%
房屋建築物	4-33%

本集團在各財政年度末均會檢討資產的剩餘價值、可使用年期及攤銷方法，並在適當時作出調整。

#### *減值*

礦場物業、廠房及設備的賬面值會於有事件發生或情況改變顯示賬面值可能無法收回時進行減值檢討(請參閱附註1(n))。

#### *出售*

物業、廠房及設備項目於出售時或當使用或出售該資產預期不會產生任何日後經濟利益時終止確認。

於終止確認該資產時產生的任何收益或虧損(按出售所得款項淨額與該資產賬面值的差額計算)乃計入該資產終止確認年度的綜合損益表內。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### l) Mineral Exploration and Evaluation Costs

Exploration expenditure is expensed to the Consolidated Statement of Profit or Loss as and when it is incurred and included as part of cash flows from operating activities in the Consolidated Statement of Cash Flows. Exploration costs are only capitalised to the Consolidated Statement of Financial Position if they result from an acquisition.

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

The criteria for carrying forward costs are:

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

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

#### *Farm out arrangements*

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

## 1. 主要會計政策概要(續)

### l) 礦產勘探及評估成本

勘探支出於產生時在綜合損益表內支銷，並作為經營活動產生的現金流量的一部分計入綜合現金流量表。倘若勘探成本乃由於收購產生，則僅在綜合財務狀況表內予以資本化。

評估支出在綜合財務狀況表內予以資本化。評估被視為從開始最終可行性研究即進行的活動，以評估在進入開發階段之前提取礦物資源的技術及商業可行性。

結轉成本的條件如下：

- 有關成本預期可透過成功開發及開採擬開發之地，或者透過出售而收回；或
- 擬開發之地的勘探及／或評估活動尚未達至可容許對在或有關擬開發之地繼續存在或可經濟地收回儲量和活躍及重大營運作合理評估的階段。

就廢棄的擬開發之地結轉的成本於作出廢棄決定的年度內撇銷。

#### *轉讓安排*

轉讓方面，本公司並無記錄承讓人賬戶上的任何支出。倘若有資本化的勘探開支，本集團亦不會確認勘探及評估轉讓安排的任何損益，但會將先前就全部利益資本化的任何成本重新指定為就所保留的部分利益資本化的成本。自承讓人收到的現金被視為償付所產生的支出(如果支出被資本化)或出售所得收益(倘若並無資本化支出)。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### m) Cash and Cash Equivalents

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

For the purposes of the Statement of Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

### n) Impairment

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

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

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

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

## 1. 主要會計政策概要(續)

### m) 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款、其他短期及流動性高而原到期日通常為三個月或以內的投資以及銀行透支(不包括任何受限制現金)。本公司不能使用受限制現金，因此受限制現金不被視為高流動性(即復墾保證金)。

就現金流量表而言，現金及現金等價物包括上文所定義的現金及現金等價物，扣除未償還的銀行透支。銀行透支計入綜合財務狀況表流動負債項下的計息貸款及借款。

### n) 減值

本集團於各報告日期審閱其非金融資產(存貨及遞延稅項資產除外)的賬面值，以確定是否存在任何減值跡象。倘若存在有關跡象，則估計資產的可收回金額。

倘若資產或其現金產生單位的賬面值超過可收回金額，則確認減值虧損。減值虧損於綜合損益表中確認。現金產生單位是可產生大致上獨立於其他資產及組別的現金流量的最小可識別資產組別。就現金產生單位確認的減值虧損，其分配次序如下：首先用以減少該等單位獲分配的任何商譽的賬面值，然後用以按比例減少該單位(或單位組別)內其他資產的賬面值。

一項資產或現金產生單位的可收回金額按其使用價值與公允價值減處置成本的較高者釐定。在評估使用價值時，會採用反映當時市場評估的貨幣時間價值及該資產的獨有風險的稅前貼現率，將估計未來現金流量貼現為現值。

於各報告日期對過往期間確認的減值虧損進行評估，以確定是否有任何跡象顯示虧損減少或不再存在。倘用以釐定可收回金額的估計出現變動，則減值虧損會被撥回。減值虧損僅在資產賬面值不高於假設並無確認減值虧損時原應釐定的已扣除折舊或攤銷的賬面值的範圍內才予以撥回。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### o) Trade and Other Payables

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

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

### p) Provisions

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

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

## 1. 主要會計政策概要(續)

### o) 貿易及其他應付款項

由於屬短期性質及無貼現，貿易及其他應付款項按攤銷成本列賬。貿易及其他應付款項指於財政年度完結前因向本集團提供貨品及服務而出現的未繳負債，且該等負債乃於本集團有責任就購買該等貨品及服務而作出日後付款時產生。該等款項並無抵押，且通常須於確認後30天內支付。

應付關連方款項按本金列賬。利息由貸款人收取時，按累計基準確認為開支。

### p) 撥備

倘本集團因過往事件而承擔現時責任(法定或推定)，而履行該責任很可能需要含有經濟利益的資源流出，且能可靠地估計有關責任的金額，則確認撥備。

倘本集團預期部分或全部撥備可獲償付，例如有保險合約作保障，則將償付金確認為獨立資產，惟僅於償付金可實質確定時方會確認。與任何撥備有關的開支於綜合損益及其他全面收益表內呈列(扣除任何償付金)。

在貨幣時間價值的影響屬重大的情況下，以按反映貨幣時間價值及(如適用)有關負債特定風險的現時市場評估的稅前折現率折現未來預期現金流量的方式撥備。

倘使用貼現法，隨著時間過去而增加的撥備確認為財務成本。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### q) 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 considering any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Consolidated Statements of Profit or Loss when the liabilities are derecognised, as well as through the amortisation process.

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

*Superannuation*

Contributions made by the Group to employee superannuation funds, defined contribution plans, are charged to the Consolidated Statement of Profit or Loss in the period employees' services are provided.

## 1. 主要會計政策概要(續)

### q) 計息負債

所有貸款及借款初始按公允價值(扣除借款相關發行成本)確認。

於初始確認後，計息負債其後使用實際利率法按攤銷成本計量。攤銷成本經考慮任何發行成本以及結算時的任何折扣或溢價而計算。

收益及虧損於債務取消確認時於綜合損益表內以及透過攤銷流程確認。

### r) 僱員福利

*工資、薪金及其他短期福利*

有關工資、薪金及其他短期福利的付款責任按照預計未來付款的現值確認。非累計病假開支於休假之日確認，按照已付或應付的數額計量。

*長期服務假期*

長期服務假期的相關責任於僱員福利撥備內確認，並按將就僱員截至報告日期提供的服務而作出的預計未來付款的現值計量。其中將會考慮預計未來工資薪金的水平、離職僱員的年資與服務年期。預計未來付款以到期期限與幣值應盡可能與估計未來現金流出相近的優質企業債券或國家政府債券(視情況而定)於報告日期的市場收益率計算折現。

*養老金*

本集團向僱員養老金、界定供款計劃所作供款，於僱員提供服務期間自綜合損益表中扣除。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### s) Restoration and Rehabilitation Costs

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

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

The unwinding of the effect of discounting on the provision is recorded as a finance cost in the Consolidated Statement of Profit or Loss. The carrying amount capitalised is depreciated over the life of the related asset.

### t) 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.

## 1. 主要會計政策概要(續)

### s) 恢復及復墾成本

本集團於產生責任期間將恢復經營地點的法律及推定責任的估計成本現值記賬。修復活動的性質包括拆除及移除結構物、修復礦山、拆除經營設施、關閉廠房和廢物場所以及修復、開墾及恢復受影響地區。

當資產於生產地點安裝時則產生責任。當初步記錄責任時，估計成本乃藉增加相關採礦資產的賬面值時資本化。隨著時間過去，負債乃按反映現時對負債的市場評估及特定風險的折現率就現值變動增加。復墾成本的額外干擾或變動將於產生時確認為相應資產及復墾負債的添置或變動。

折現對撥備影響的解除乃於綜合損益表內確認為融資成本。已資本化賬面值乃於相關資產年內折舊。

### t) 每股盈利

每股基本盈利按母公司的成員公司應佔純利除以普通股加權平均數計算(就任何花紅部分作出調整)。

每股攤薄盈利乃按母公司的成員公司應佔純利計算，並已就以下各項作出調整：

- 償還股本(股息除外)的成本；
- 股息及利息的除稅後影響(乃與已確認為開支的具潛在攤薄影響普通股有關)；及
- 因具潛在攤薄影響的普通股而導致期內收益或開支的其他非酌情變動。

其後，該結果除以普通股及具潛在攤薄影響的普通股的加權平均數(就任何花紅部分作出調整)。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### u) Segment Reporting

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

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

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

- Geographical location;
- National regulatory environment;
- Nature of the products and services; and
- Nature of the production processes.

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

### v) 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.

## 1. 主要會計政策概要(續)

### u) 分部報告

經營分部為本集團可賺取收入及產生開支(包括與相同實體其他組成部分進行交易有關的收益及開支)的業務活動的組成部分。經營分部業績由本公司主要經營決策者定期審閱,用於對資源分配作出決定,並使用離散財務資料對業績進行評估。這包括尚未賺取收益的業務初創階段。管理層於確定經營分部時亦將考慮其他因素,如直線經理的存在以及提交給董事會的分部資料水平。

根據提供給主要經營決策者(即執行管理團隊)的資料確定經營分部。

本公司將具有類似經濟特徵且在以下各方面相似的兩個或兩個以上經營分部合併:

- 地理位置;
- 國家監管環境;
- 產品及服務的性質;及
- 生產流程的性質。

不符合國際財務報告準則第8號經營分部規定的定量標準的經營分部單獨列報。當關於分部的資料對財務報表使用者有用時,不符合定量標準的經營分部仍然單獨列報。

有關低於定量標準的其他業務活動及經營分部的資料,在「所有其他分部」的單獨類別中合併及披露。

### v) 實繳股本

已發行及繳足股本按本公司收取的代價的公允價值確認。

發行新股份或購股權直接產生的遞增成本於權益內確認為所得款項的減少(扣除稅項)。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### w) Fair Value

The Group measures financial instruments, such as derivatives, at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in note 23.

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, if market participants act in their economic best interest.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

## 1. 主要會計政策概要(續)

### w) 公允價值

本集團於各報告日期按公允價值計量金融工具(如衍生工具)。按攤銷成本計量的金融工具的公允價值於附註23披露。

公允價值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公允價值計量乃根據假設出售資產或轉讓負債的交易於以下情況下進行而作出：

- 資產或負債的主要市場；或
- 在無主要市場的情況下，資產或負債的最具優勢市場。

主要或最具優勢市場須為本集團可進入的市場。

資產或負債的公允價值乃按假設市場參與者於資產或負債定價時會以最佳經濟利益行事計量。

本集團採納適用於不同情況且具備充分數據以供計量公允價值的估值方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

所有於財務報表計量或披露的資產及負債乃基於對公允價值計量整體而言屬重大的最低層輸入數據按以下公允價值等級分類：

- 第一級 – 相同資產或負債於活躍市場的報價(未經調整)
- 第二級 – 估值技術(對公允價值計量而言屬重要的最低層級輸入數據可直接或間接觀察)
- 第三級 – 估值技術(對公允價值計量而言屬重要的最低層級輸入數據不可觀察)

就按經常性基準於財務報表以公允價值確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公允價值計量整體而言屬重大的最低層輸入數據)確定是否發生不同等級轉移。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### x) 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 to the customer's facility as this is the point in time that the risks and rewards of ownership are transferred and the Group's performance obligations have been met in accordance with the sales agreements. 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 AU\$3.60 million were incurred during the current year (2017: AU\$4.12 million), with AU\$2.29 million (2017: AU\$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU\$1.30 million (2017: AU\$2.52 million) expensed to the Consolidated Statement of Profit or Loss.

The incurred costs assessed by management as being directly attributable to the proposed issue of new shares were 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.

## 1. 主要會計政策概要(續)

### x) 重大會計判斷

於應用本集團的會計政策過程中，除涉及估計的會計政策外，管理層作出下列對財務報表內已確認金額構成最重大影響的判斷：

#### *精礦銷售*

有關精礦銷售，應收款項於精礦被交付至客戶設施時(所有權的風險及回報被轉移且根據銷售協議達成本集團履行責任的時間點)確認。就調度精礦時間與最終結算時間的含量及重量的差異作出調整。本集團根據內部含量採用預期價值法估計應收代價金額。管理層認為所確認收益累計金額重大撥回不大可能因含量及重量的差異而發生。

#### *股份發行成本*

於本年度內合計產生上市成本3.60百萬澳元(2017年：4.12百萬澳元)，其中2.29百萬澳元(2017年：1.60百萬澳元)與發行股份有關，隨後資本化至實繳股本，剩餘1.30百萬澳元(2017年：2.52百萬澳元)於綜合損益表支銷。

已由管理層評估為直接歸屬於建議發行新股份的已產生成本，已在股份發行當日轉入實繳股本。倘現有股份上市及新股份發行共同產生成本，則成本乃根據預計已發行新股份的數目佔總股份數目比例分配。與香港上市有關的成本已於產生時扣賬。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### y) 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.

#### *Mine rehabilitation provision*

The Group assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy stated in note 1(s). 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.

## 1. 主要會計政策概要(續)

### y) 主要會計估計及假設

若干資產及負債的賬面值通常根據未來事件的估計及假設釐定。於下一個報告期間，導致對若干資產及負債的賬面值進行重大調整的重大風險的主要估計及假設為：

#### *礦產資源及礦石儲量的釐定*

釐定儲量影響有關資產賬面值、折舊及攤銷率、遞延剝採成本以及關閉及復墾撥備的會計處理。礦石儲量、礦產資源或礦化度乃根據Aus.IMM「澳洲查明礦產資源及礦石儲量報告準則(Australian Code for reporting of Identified Mineral Resources and Ore Reserves)」(「準則」)報告。

該資料乃由準則所識別的合資格人士或由其監督編製。估計礦產資源及礦石儲量存在多項固有不明朗因素，而於估計時有效的假設可在獲得新資料時出現大幅變動。商品預測價格、匯率、生產成本或回收率的變動可能會影響儲量經濟狀況，並可最終導致儲量重列。

#### *礦山復墾撥備*

本集團會根據附註1(s)所列的會計政策每半年評估其礦山復墾撥備。釐定礦山復墾撥備需要重大判斷，原因是存在大量交易及其他將影響應付予礦山復墾的最終責任的因素。將影響此責任的因素包括未來發展、科技變動、商品價格變動及利率變動。當該等因素變動或於日後獲知悉，該等差異將會影響彼等變動或獲知悉期間的礦山復墾撥備，繼而將影響未來財務業績。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### y) Significant Accounting Estimates and Assumptions (Cont'd)

#### *Impairment of non-financial assets*

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

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

Impairment is recognised when the carrying amount of the cash-generating unit exceeds its recoverable amount. The recoverable amount for each cash-generating unit has been determined using the fair value less cost of disposal approach, classified as level 3 on the fair value hierarchy. 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.

Refer to note 7 for further discussion of the current year impairment assessment.

## 1. 主要會計政策概要(續)

### y) 主要會計估計及假設(續)

#### *非金融資產減值*

根據會計政策附註1(n)，於釐定其現金產生單位的可收回金額是否為公允價值減銷售成本或使用價值(將考慮資產減值)中的較高者時，綜合實體會進行未來現金流量計算，有關計算乃基於多項關鍵估計及假設進行，就礦場物業而言包括對以下各項的遠期估計：

- 礦山壽命，包括在指定科技下存在高度經濟開採置信度的礦物儲量及資源的數量；
- 生產水平及需求；
- 金屬價格；
- 通脹；
- 生產的現金成本；
- 適用於現金產生單位的折現率；及
- 未來法律變動及／或環境許可證。

當現金產生單位的賬面值超過其可收回金額時會確認減值。各現金產生單位的可收回金額已採用公允價值減出售成本法(分類為公允價值層級第三級)釐定。用於釐定公允價值減出售成本的假設的任何變動將導致評估的可收回價值發生變動。倘假設的變動對可收回價值產生負面影響，則表明非流動資產需要減值。

有關本年度減值評估的進一步討論，請參閱附註7。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### y) Significant Accounting Estimates and Assumptions (Cont'd)

#### *Income taxes*

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

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

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

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 Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

## 1. 主要會計政策概要(續)

### y) 主要會計估計及假設(續)

#### *所得稅*

本集團須繳納澳洲、瑞典及芬蘭的所得稅。附註1(e)所述本集團有關稅務的會計政策規定管理層就被視為所得稅項(相對經營成本)的安排類別作出判斷。在評估遞延稅項資產及若干遞延稅項負債是否確認於綜合財務狀況表時亦需要作出判斷。

遞延稅項資產(包括該等產生自未收回稅項虧損、資本損失及暫時性差異者)僅在視為可能收回時方予確認，而其乃取決於產生充足未來應課稅溢利。本集團確認產生自投資暫時性差異的遞延稅項負債乃主要因在海外稅務司法權區持有的保留盈利造成，除非可控制匯出的保留盈利且預期在可預見將來將不會產生。

有關產生未來應課稅溢利及匯出的保留盈利的假設乃取決於管理層有關未來現金流量的估計。該等則取決於對未來生產及銷售量、經營成本、復墾成本、資本開支、股息及其他資本管理交易的估計。就應用所得稅規例而言亦需要作出判斷。

該等判斷及假設受風險及不確定因素的規限，因此，情況變動可能會改變期望，從而可能影響綜合財務狀況表內確認的遞延稅項資產及遞延稅項負債的金額以及尚未確認的其他稅項虧損的金額及暫時差額。在該等情況下，可能須調整確認的遞延稅項資產及負債的部分或全部賬面值，從而導致全面收益表內有相應進賬或開支。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### z) Accounting Standards and Interpretations Issued but Not Yet Effective

The following accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 31 December 2018 and are outlined below:

#### *IFRS 16 Leases (effective from 1 January 2019)*

IFRS 16, issued in January 2016, replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

## 1. 主要會計政策概要(續)

### z) 已發佈但尚未生效的會計準則及詮釋

下列會計準則及詮釋已發佈或修訂但尚未生效。本集團於截至2018年12月31日止期間尚未採納該等準則，該等準則概述如下：

#### *國際財務報告準則第16號租賃(自2019年1月1日起生效)*

於2016年1月發佈的國際財務報告準則第16號取代國際會計準則第17號「租賃」、國際財務報告詮釋委員會第4號「釐定一項安排是否包括租賃」、香港會計詮釋委員會詮釋第15號「經營租賃—優惠」及香港會計詮釋委員會詮釋第27號「評估涉及租賃法律形式交易的內容」。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大部分租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免—「低價值」資產租賃及短期租賃。於租賃開始日期，承租人將確認於租期作出租賃付款的負債(即租賃負債)及表明可使用相關資產的權利的資產(即有使用權資產)。有使用權資產其後按成本減累計折舊及任何減值虧損計量，惟使用權資產符合國際會計準則第40號對投資物業的定義，或與應用重估模型的某類物業、廠房及設備有關則除外。其後租賃負債因反映租賃負債的利息而增加並因作出租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件(如租期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更)發生時重新計量租賃負債。承租人一般將重新計量租賃負債的數額確認為對有使用權資產的調整。國際財務報告準則第16號大致沿用當前國際會計準則第17號內出租人的會計處理方式。出租人將繼續使用與國際會計準則第17號相同的分類原則對所有租賃進行分類，並將其分為兩類租賃：經營租賃及融資租賃。國際財務報告準則第16號要求承租人及出租人作出較國際會計準則第17號項下更詳盡的披露。承租人在應用該準則時可選擇使用完全追溯調整法或經修訂的追溯調整法。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### z) Accounting Standards and Interpretations Issued but Not Yet Effective (Cont'd)

#### *Transition to AASB 16*

The Group plans to adopt the modified retrospective approach on transition, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 January 2019.

The lease asset is measured as if AASB 16 had been applied from the commencement of the lease with any difference between the lease asset and liability recognised as an adjustment to opening retained earnings. Under this transition method, prior period comparative financial statements are not required to be restated and the cumulative impact of applying the standard is recognised in opening retained earnings on the initial date of application, being 1 January 2019. The Group has completed changes to the contracting process and the system implementation to ensure ongoing compliance with AASB 16.

The Group has completed an impact assessment of AASB 16 and adopted the short-term leases practical expedient which enables leases that are less than 12 months from the date of transition to be expensed. On transition the existing leases were less than 12 months and as a result no right-of-use asset or liability will be recognised. It is expected that the expensed will be consistent with that disclosed in the note 22(c) AU\$67,000.

## 1. 主要會計政策概要(續)

### z) 已發佈但尚未生效的會計準則及詮釋(續)

#### *過渡至澳洲會計準則委員會第16條*

本集團計劃於過渡過程中採納經修訂的追溯法，據此，租賃負債按未來租賃付款於初始應用日期(即2019年1月1日)的現值計量。

租賃資產按猶如澳洲會計準則委員會第16條已自租賃開始時既已應用而計量，而租賃資產及負債之間的差額則確認為對期初保留盈利的調整。根據此過渡方法，無須重列過往期間的比較財務報表，而應用該準則的累計影響則於初始應用日期(即2019年1月1日)在期初保留盈利內確認。本集團已完成對訂約程序及系統實施之更改，以確保持續遵守澳洲會計準則委員會第16條。

本集團已完成澳洲會計準則委員會第16條的影響評估，並已採納短期租賃實際權宜方法，以令自過渡日期起不足12個月的租賃得以支銷。在過渡期間，現有租賃不足12個月，因此不會確認使用權資產或負債。預期支銷金額將與附註22(c) 67,000澳元所披露者一致。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### z) Accounting Standards and Interpretations Issued but Not Yet Effective (Cont'd)

*IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)*

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

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

Interpretation 23 is a clarification treatment of uncertain tax positions. The Group is not expecting a material impact on the adoption of the interpretation. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

*Annual Improvements 2015-2017 (effective 1 January 2019)*

The amendments clarify certain requirements in: IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – previously held interest in a joint operation; IAS 12 Income Taxes – income tax consequences of payments on financial instruments classified as equity; IAS 23 Borrowing Costs – borrowing costs eligible for capitalisation.

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

## 1. 主要會計政策概要(續)

### z) 已發佈但尚未生效的會計準則及詮釋(續)

*國際財務報告詮釋委員會詮釋第23號所得稅處理方式的不確定性(自2019年1月1日起生效)*

該詮釋澄清對所得稅處理方式不確定時應用國際會計準則第12號所得稅的確認及計量準則。該詮釋具體針對下列各項：

- 實體是否單獨考慮不確定稅項處理；
- 實體對稅務機關的稅項處理檢查所作的假設；
- 實體如何釐定應課稅溢利、稅基、未動用稅項虧損、未動用稅項抵免及稅率；及
- 實體如何考慮事實及情況變動。

詮釋第23號澄清不確定稅務狀況的處理方式。本集團預期採納修訂不會有重大影響。本集團已考慮對其綜合財務報表的影響，並評定新準則的影響微乎其微。

*2015年至2017年年度改進(自2019年1月1日起生效)*

該等修訂澄清以下方面的若干規定：國際財務報告準則第3號業務合併及國際財務報告準則第11號合營安排—過往持有的合營業務權益；國際會計準則第12號所得稅—就分類為權益的金融工具付款的所得稅後果；國際會計準則第23號借貸成本—合資格資本化的借貸成本。

本集團已考慮對其綜合財務報表的影響，並評定新準則的影響微乎其微。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### z) Accounting Standards and Interpretations Issued but Not Yet Effective (Cont'd)

#### *Conceptual Framework for Financial Reporting (effective 1 January 2020)*

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 has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new framework will be minimal.

#### *Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2022)*

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in associate or joint venture. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

#### *Amendments to IAS 19 — Employee benefits on plan amendment, curtailment or settlement (effective 1 January 2019)*

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the new standard will be minimal.

## 1. 主要會計政策概要(續)

### z) 已發佈但尚未生效的會計準則及詮釋(續)

#### *財務報告概念框架(自2020年1月1日起生效)*

經修訂財務報告概念框架(概念框架)並非為一項準則,且概無概念凌駕任何準則或準則的任何規定。概念框架目的為協助董事會制定準則,有助編製者制定貫徹會計政策(如並無適用準則)及協助各方理解及詮釋準則。本集團已考慮對其綜合財務報表的影響,並評定新框架的影響微乎其微。

#### *國際財務報告準則第10號及國際會計準則第28號的修訂—投資者與其聯營公司或合營公司之間的資產出售或注資(自2022年1月1日起生效)*

該等修訂澄清,若對聯營公司或合營公司的轉讓涉及國際財務報告準則第3號業務合併所界定的業務,則確認全額損益。然而,因出售或注入不構成業務的資產而產生的任何損益,則僅以無關聯投資者於聯營公司或合營公司內的權益為限確認。本集團已考慮對其綜合財務報表的影響,並評定新準則的影響微乎其微。

#### *國際會計準則第19號的修訂—職工受益計劃修改、削減或結算(自2019年1月1日起生效)*

該等修訂要求實體在計劃修改、削減或結算後使用更新後的假設來確定剩餘期間的當前服務成本和淨利息,並將盈餘的減少作為過往服務成本的一部分或者結算損益在損益內確認,即使有關盈餘過往曾因資產上限影響而未予確認。本集團已考慮對其綜合財務報表的影響,並評定新準則的影響微乎其微。



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### z) Accounting Standards and Interpretations Issued but Not Yet Effective (Cont'd)

#### *IFRS 17 — Insurance contracts (effective 1 January 2021)*

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. This standard is not applicable to the Company as it is not an insurance entity.

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

### aa) 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 Group 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.

#### *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.

## 1. 主要會計政策概要(續)

### z) 已發佈但尚未生效的會計準則及詮釋(續)

#### *國際財務報告準則第17號—保險合約(自2021年1月1日起生效)*

該準則替代國際財務報告準則第4號(當前允許就保險合約作各種會計處理)。國際財務報告準則第17號將從根本上改變簽發具有酌情參與特點的保險合約及投資合約的所有實體的會計處理。該準則並不適用於本公司，因為其並非一家保險實體。

此外概無其他尚未生效並預期將於當前或未來報告期間內對實體及可預見未來交易產生重大影響的準則。

### aa) 採納新訂及經修訂會計準則的會計政策變動

本集團已採納國際會計準則委員會頒佈與本集團相關及於2018年1月1日生效的所有新訂及經修訂會計準則。除國際財務報告準則第15號與客戶訂立合約的收益(「國際財務報告準則第15號」)及國際財務報告準則第9號金融工具(「國際財務報告準則第9號」)，採納該等新訂及經修訂會計準則及詮釋並無影響本集團會計政策。

#### *國際財務報告準則第15號*

本集團採納頒佈日期為2014年5月的國際財務報告準則第15號，而初始應用日期為2018年1月1日。根據國際財務報告準則第15號過渡性條文，使用悉數追溯法應用準則。就此而言，本集團應用實務做法且並無重列於最早呈列期間開始起完成的任何合約。

國際財務報告準則第15號取代國際會計準則第18號收益、國際會計準則第11號建築合約及相關詮釋，且其適用於客戶合約產生的所有收益，惟其他準則範圍的合約除外。新訂準則確立五步驟模型，以考慮客戶合約所產生收益。根據國際財務報告準則第15號，收益按反映實體預期有權交換向客戶轉讓貨品或服務代價的金額確認。

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### aa) Changes in Accounting Policies on Adoption of New and Amended Accounting Standards (Cont'd)

#### *IFRS 15 (Cont'd)*

The accounting policy for the Group's main types of revenue are presented in note 1(d) 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 at 1 January 2017 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 parts of 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 1(h) 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:

## 1. 主要會計政策概要(續)

### aa) 採納新訂及經修訂會計準則的會計政策變動(續)

#### *國際財務報告準則第15號(續)*

本集團收益主要類型的會計政策於附註1(d)呈列，並作出更新以反映應用國際財務報告準則第15號。有關來自客戶的收益的額外披露載於附註20。

於2017年1月1日有效的所有客戶合約已經審閱及評估，並釐定採納國際財務報告準則第15號對收益確認及計量並無任何重大影響。

#### *國際財務報告準則第9號*

本集團已採納於2014年7月頒佈的國際財務報告準則第9號，首次應用日期為2018年1月1日。根據國際財務報告準則第9號過渡條文，並無重列比較數字。因此，於整個有關期間並無應用一致的會計政策。國際財務報告準則第9號取代了部分國際會計準則第39號金融工具：確認及計量（「國際會計準則第39號」），並整合了金融工具會計處理的三個方面：分類及計量、減值及對沖會計處理。附註1(h)呈列已更新的會計政策，以反映由2018年1月1日起期間應用國際財務報告準則第9號。

#### *計量及分類*

根據國際財務報告準則第9號，債務金融工具其後按公允價值計入損益、攤銷成本或按公允價值計入其他全面收入計量。分類的兩個準則為：本集團管理該等資產的業務模式；及工具的合約現金流是否僅為未償還本金的「本金及利息付款」（「僅為本金及利息付款準則」）。即使金融資產包含嵌入式衍生工具，僅為本金及利息測試應用於整項金融資產。因此，嵌入債務工具的衍生工具不予獨立入賬。

於首次應用日期，本集團現有金融資產及負債已根據國際財務報告準則第9號的規定評估。評估對象為並無於2018年1月1日終止確認的工具。就此而言，本集團確定，採納國際財務報告準則第9號對於2018年1月1日的金融工具分類造成以下影響：



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### aa) Changes in Accounting Policies on Adoption of New and Amended Accounting Standards (Cont'd)

*Measurement and classification (Cont'd)*

Class of financial instrument presented in the statement of financial position 於財務狀況表呈列的金融工具類別	Original measurement category under IAS 39 (prior to 31 December 2017) 國際會計準則第39號下的原始計量類別 (2017年12月31日前)	New measurement category under IFRS 9 (from 1 January 2018) 國際財務報告準則第9號下的新計量類別 (自2018年1月1日起)
Cash and cash equivalents 現金及現金等價物	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本入賬的金融資產
Trade receivables – concentrate sales 貿易應收款項 – 精礦銷售	Host instruments – loans and receivables Embedded derivative – at fair value through profit and loss 主體工具 – 貸款及應收款項 嵌入式衍生工具 – 按公允價值計入損益	Hybrid instruments – Financial asset at fair value through profit or loss 混合工具 – 按公允價值計入損益的金融資產
Trade receivables — other 貿易應收款項 – 其他	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本入賬的金融資產
Other receivables 其他應收款項	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本入賬的金融資產
Bonds and deposits 債券及存款	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本入賬的金融資產
Intercompany loans 集團內公司間貸款	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本入賬的金融資產
Trade and other payables 貿易及其他應付款項	Financial liability at amortised cost 按攤銷成本列賬的金融負債	Financial liability at amortised cost 按攤銷成本列賬的金融負債
Interest bearing liabilities 計息負債	Financial liability at amortised cost 按攤銷成本列賬的金融負債	Financial liability at amortised cost 按攤銷成本列賬的金融負債
The reclassification of financial instruments did not have a significant measurement impact on the Consolidated Financial Statements.		金融工具重新分類對綜合財務報表的計量並無重大影響。

## 1. 主要會計政策概要(續)

### aa) 採納新訂及經修訂會計準則的會計政策變動(續)

*計量及分類(續)*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### aa) Changes in Accounting Policies on Adoption of New and Amended Accounting Standards (Cont'd)

#### *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. 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 does not apply hedge accounting.

## 1. 主要會計政策概要(續)

### aa) 採納新訂及經修訂會計準則的會計政策變動(續)

#### *金融資產減值*

就按攤銷成本列賬的金融資產而言，國際財務報告準則第9號規定須採用預期信貸虧損模型，而非國際會計準則第39號規定的已發生信貸虧損模型。根據預期信貸虧損模型，本集團須於每個報告日期將預期信貸虧損及其變動入賬，以反映金融資產自初步確認以來的信貸風險變化。國際財務報告準則第9號規定，倘金融工具的信貸風險自初步確認以來顯著增加，本集團須按相當於全期預期信貸虧損（「預期信貸虧損」）的金額計量虧損撥備。若金融工具的信貸風險自初步確認以來並無顯著增加，本集團須按相當於未來12個月內的預期信貸虧損的金額，計量該金融工具的虧損撥備。

於2018年1月1日，已採用合理及具支持理據的資料審核及評估本集團按攤銷成本列賬的現有金融資產的減值。債券及現金結餘由信用評級較高的信譽良好機構持有，因此評為具低信貸風險。其他應收款項的預期信貸虧損被視為不大。

由於採納國際財務報告準則第9號，母公司已於2018年1月1日重新評估其與附屬公司之間的公司間結餘。董事的結論是，釐定每項貸款於各自初步確認日期的信貸風險需耗費過多成本及努力。該等貸款被評為具有中或高風險。因此，本集團確認該等貸款的全期預期信貸虧損，直至終止確認該等貸款為止。母公司於2018年1月1日並無確認額外累計虧損撥備。

#### *對沖*

本集團並無採用對沖會計處理。

## 2. OTHER REVENUE, INCOME AND EXPENSES

## 2. 其他收益、收入及開支

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>a) Cost of sales</b>	<b>a) 銷售成本</b>		
Cost of production net of inventory movements <sup>1</sup>	生產成本(扣除存貨變動) <sup>1</sup>	37,666	32,829
Depreciation of mine properties, plant and equipment	礦場物業、廠房及設備折舊	3,488	2,903
		<b>41,154</b>	<b>35,732</b>
<i><sup>1</sup>Cost of production net of inventory movements</i>	<i><sup>1</sup>生產成本(扣除存貨變動)</i>		
Mining	採礦	24,017	21,408
Processing	選礦	12,279	10,293
Other production activities	其他生產活動	1,370	1,128
Cost of production net of inventory movements	生產成本(扣除存貨變動)	<b>37,666</b>	<b>32,829</b>
<b>b) Other revenue</b>	<b>b) 其他收益</b>		
Finance revenue and interest	融資收益及利息	209	52
Rent and sundry income	租金及雜項收入	7	122
		<b>216</b>	<b>174</b>
<b>c) Other income</b>	<b>c) 其他收入</b>		
Other	其他	35	92
		<b>35</b>	<b>92</b>
<b>d) Other expenses</b>	<b>d) 其他開支</b>		
Depreciation of non-mine site assets	非礦山場地資產折舊	72	65
Disposal of exploration assets	出售勘探資產	-	205
Evaluation assets written off	撇銷評估資產	326	-
		<b>398</b>	<b>270</b>
<b>e) Finance costs</b>	<b>e) 財務成本</b>		
Interest	利息	174	1
Other	其他	17	13
		<b>191</b>	<b>14</b>

## 2. OTHER REVENUE, INCOME AND EXPENSES (CONT'D) 2. 其他收益、收入及開支(續)

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>f) Total employee benefits including Directors' remuneration</b>	<b>f) 僱員福利總額(包括董事薪酬)</b>		
Wages and salaries	工資及薪金	7,771	7,721
Defined contribution superannuation expense	界定供款退休金開支	1,245	1,382
Other employee benefits	其他僱員福利	669	676
		<b>9,685</b>	<b>9,779</b>
<b>g) Hong Kong listing costs</b>	<b>g) 香港上市成本</b>		
Listing costs incurred	產生的上市成本	3,595	4,123
Share issue costs	股份發行成本	(2,293)	(1,598)
		<b>1,302</b>	<b>2,525</b>
Listing costs expensed	費用化的上市成本		

Listing costs totalling AU\$3.60 million were incurred during the current year (2017: AU\$4.12 million), with AU\$2.29 million (2017: AU\$1.60 million) relating to the issue of shares and subsequently capitalised to contributed equity, and the remaining AU\$1.30 million (2017: AU\$2.52 million) expensed to the Consolidated Statement of Profit or Loss. Refer to note 1(x) for more information.

於本年度內合計產生上市成本3.60百萬澳元(2017年：4.12百萬澳元)，其中2.29百萬澳元(2017年：1.60百萬澳元)與發行股份有關，隨後資本化至實繳股本，剩餘1.30百萬澳元(2017年：2.52百萬澳元)於綜合損益表支銷。更多資料請參閱附註1(x)。

## 3. INCOME TAX

## 3. 所得稅

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<p><b>(a) Income Tax Expense</b> The major components of income tax expense are:</p> <p><i>Current income tax</i> Current income tax benefit Adjustments in respect of current income tax of previous year <i>Deferred income tax</i> Income tax benefit arising from previously unrecognised tax loss Relating to origination and reversal of temporary differences</p> <p>Income tax expense reported in the statement of comprehensive income</p>	<p><b>(a) 所得稅開支</b> 所得稅開支的主要部份為：</p> <p><i>即期所得稅</i> 即期所得稅利益 就過往年度即期所得稅作出調整 <i>遞延所得稅</i> 因過往未確認稅項虧損產生的所得稅利益 有關暫時差額的產生及撥回</p> <p>於全面收益表呈報的所得稅開支</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p>
		<b>2018</b> <b>2018年</b> <b>AU\$'000</b> <b>千澳元</b>	<b>2017</b> <b>2017年</b> <b>AU\$'000</b> <b>千澳元</b>
<p><b>(b) Amounts charged or credited directly to equity</b> <i>Deferred income tax related to items charged/(credited) directly to equity</i></p>	<p><b>(b) 直接扣除自或計入權益的金額</b> <i>與直接扣除自/(計入)權益的項目有關的遞延所得稅</i></p>	<p>—</p>	<p>—</p>

## 3. INCOME TAX (CONT'D)

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

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

## 3. 所得稅(續)

## (c) 於全面收益表確認的稅項開支總額與按法定所得稅稅率計算的稅項開支的數值對賬

稅項開支與除所得稅前會計溢利及本集團適用所得稅稅率之乘積的對賬如下：

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Accounting loss before income tax	除所得稅前會計虧損	(9,531)	(583)
At the Group's statutory income tax rate of 30% in Australia (2017: 30%)	按本集團於澳洲的法定所得稅稅率30%(2017年: 30%)	(2,859)	(175)
Adjustments in respect of current income tax of previous year	就過往年度即期所得稅作出調整	-	-
Effect of different rates of tax on overseas income	海外收益不同稅率的影響	623	(317)
Other	其他	(3,353)	(2,593)
Previously unrecognised tax losses utilised/recognised	動用/確認過往未確認稅項虧損	-	-
Tax losses and other temporary differences not recognised as benefit not probable	未確認的可抵扣暫時性差異和可抵扣虧損的影響	5,589	3,085
Aggregate income tax expense	所得稅開支總額	-	-



## 3. INCOME TAX (CONT'D)

## 3. 所得稅(續)

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>(d) Deferred tax assets and liabilities</b>	<b>(d) 遞延稅項資產及負債</b>		
Consolidated deferred income tax at reporting date relates to the following:	於報告日期與下列各項有關的綜合遞延所得稅：		
<i>Deferred tax assets (excluding tax losses)</i>	<i>遞延稅項資產(稅項虧損除外)</i>		
Leave entitlements	休假權利	46	61
Rehabilitation provision	復墾撥備	393	995
Share issue and listing costs	股份發行及上市成本	2,125	-
Mine properties, property, plant and equipment	礦山構築物及建築物	3,572	9,816
Exploration costs	勘探成本	928	1,031
Accruals	應計費用	42	-
Temporary differences not recognised	未確認的暫時差額	(7,101)	(11,898)
Set off deferred tax liabilities pursuant to set off provisions	根據抵銷條款抵銷遞延稅項負債	(5)	(5)
Deferred income tax assets	遞延所得稅資產	-	-
<i>Deferred tax liabilities</i>	<i>遞延稅項負債</i>		
Accelerated deduction	加速扣減	-	-
Mine properties, property, plant and equipment	礦山構築物及建築物	(5)	(5)
Set off deferred tax liabilities pursuant to set off provisions	根據抵銷條款抵銷遞延稅項負債	5	5
Deferred income tax liabilities	遞延所得稅資產	-	-

**3. INCOME TAX (CONT'D)****(e) Tax Losses**

Future benefits of tax losses total approximately AU\$15.5 million (2017: AU\$11.0 million). The Consolidated Entity has available capital losses at a tax rate of 30% amounting to AU\$6.1 million (2017: AU\$3.7 million).

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

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

**(f) Tax consolidation**

Effective July 1 2003, for the purpose of income taxation, Dragon Mining Limited and its 100% Australian owned subsidiaries formed a Tax Consolidation Group ("Tax Group"). Members of the Tax Group have entered into a tax sharing and funding arrangement whereby each entity in the Tax Group has agreed to pay a tax equivalent amount to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the Tax Group. For the year ended 31 December 2018, there are no tax consolidation adjustments (2017: nil). The nature of the tax funding arrangement for the Tax Group is such that no tax consolidation adjustments (contributions by or distributions to equity participants) would be expected to arise. The head entity of the Tax Group is Dragon Mining Limited. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote.

**3. 所得稅(續)****(e) 稅項虧損**

稅項虧損的未來利益合共約為15.5百萬澳元(2017年: 11.0百萬澳元)。綜合實體有按30%稅率計算的可用資本虧損6.1百萬澳元(2017年: 3.7百萬澳元)。

綜合實體內的公司僅在以下情況下方可獲得稅項虧損的利益:

- 繼續遵守所得稅規例中有關扣減過往期間虧損的規定;
- 獲得足夠的應課稅收入,以實現扣減的利益;及
- 所得稅規例並無發生會對本公司實現利益的能力產生不利影響的變動。

**(f) 綜合計稅**

自2003年7月1日起,就所得稅目的而言,龍資源有限公司及其100%澳洲擁有的附屬公司組成一個綜合計稅集團(「計稅集團」)。計稅集團的成員公司已經簽訂稅收分成及資金安排,據此,計稅集團各實體同意根據實體的即期稅項負債或即期稅項資產,向主管實體支付或自主管實體收取等值稅款。該等金額反映在應收或應付計稅集團其他實體的款項中。截至2018年12月31日止年度,並無進行綜合計稅調整(2017年:無)。計稅集團的稅收資金安排的性質使然,預計不會出現綜合計稅調整(參股者出資或向參股者分派)。計稅集團的主管實體為龍資源有限公司。此外,協議規定了在主管實體不履行納稅義務的情況下各實體之間的所得稅負債分配。於結算日期,違約的可能性甚微。

## 4. CASH AND CASH EQUIVALENTS

## 4. 現金及現金等價物

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Cash at bank and on hand (i)	銀行及手頭現金(i)	10,905	6,553
Short-term deposits	短期存款	-	56
		<b>10,905</b>	<b>6,609</b>

(i) Cash at bank and on hand includes AU\$8.2 million available for use only on the development of the Fäboliden Gold Project.

(i) 銀行及手頭現金包括僅可用於Fäboliden金礦項目開發的8.2百萬澳元。

The Consolidated Entity's exposure to interest rate risk is disclosed in note 23(e). Short-term deposits represent the bank guarantee held on deposit with National Australia Bank for the lease of the corporate premises. These deposits are rolled over every three months in accordance with the lease terms.

綜合實體面臨的利率風險於附註23(e)披露。短期存款指就出租公司物業而持有並存放於National Australia Bank的銀行擔保。該等存款按租賃條款每三個月滾存一次。

## a) Reconciliation of net loss after tax to net cash flows from operations

## a) 除稅後淨虧損與經營產生的淨現金流量對賬

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Net loss after tax	除稅後淨虧損	(9,531)	(583)
Adjustments for:	就以下項目作出調整：		
Depreciation and amortisation	折舊及攤銷	3,886	3,173
Net foreign exchange gains	外匯收益淨額	(55)	(1,519)
Loss on exploration assets	勘探資產的虧損	-	205
Changes in operating assets and liabilities:	營運資產及負債的變動：		
— Decrease in receivables	— 應收款項減少	(966)	1,204
— (Increase)/decrease in other assets	— 其他資產(增加)/減少	(271)	516
— (Increase)/decrease in inventories	— 存貨(增加)/減少	(604)	(2,048)
— (Decrease) in trade creditors and accruals	— 應付貿易賬款及應計費用(減少)	(592)	(982)
— (Decrease)/increase in provisions	— 撥備(減少)/增加	(341)	(20)
Net operating cash flows	經營現金流量淨額	<b>(8,474)</b>	<b>(54)</b>

## 4. CASH AND CASH EQUIVALENTS (CONT'D)

## 4. 現金及現金等價物(續)

## b) Reconciliation of liabilities from financing activities

## b) 融資活動負債對賬

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Opening balance – 1 January	期初結餘 – 1月1日	–	–
Cash flow:	現金流量：		
Proceeds of borrowings	借款所得款項	9,000	–
Repayment of borrowings	償還借款	(5,000)	–
Non-cash changes:	非現金變動：		
Foreign exchange adjustments	外匯調整	249	–
Balance at period end	期末結餘	<b>4,249</b>	–

## 5. TRADE AND OTHER RECEIVABLES

## 5. 貿易及其他應收款項

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Trade receivables	貿易應收款項	–	1,556
Trade receivables – fair value through profit or loss	貿易應收款項 – 以公允價值計量且其變動並計入當期損益	749	–
Trade receivables – amortised cost (i)	貿易應收款項 – 攤銷成本(i)	2,094	–
Other receivables	其他應收款項	1,147	1,025
		<b>3,990</b>	2,581

- (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 Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

- (i) 與於市場出售的黃金相關的貿易應收款項，而現金於下一個營業日收取。據此，違約可能性被視為不重大。

綜合實體面臨的信貸風險於附註23(d)披露。

**5. TRADE AND OTHER RECEIVABLES (CONT'D)****Ageing Analysis**

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

Within 1 month	一個月內
1 to 2 months	一至兩個月
2 to 3 months	兩至三個月
Over 3 months	超過三個月
Trade debtors	應收貿易賬款

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

Within 1 month	一個月內
1 to 2 months	一至兩個月
2 to 3 months	兩至三個月
Over 3 months	超過三個月
Trade debtors	應收貿易賬款

**6. INVENTORIES**

Ore and concentrate stockpiles – at cost	礦石及精礦庫存 – 按成本
Gold in circuit valued – at NRV	流通中的黃金 – 按可變現淨值
Raw materials and stores – at cost	原材料及儲備 – 按成本

**5. 貿易及其他應收款項(續)****賬齡分析**

於報告期間末，按發票日期計算的應收貿易賬款的賬齡分析如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	2,843	–
	–	1,556
	–	–
	–	–
	<b>2,843</b>	<b>1,556</b>

於報告期間末，按到期日計算的應收貿易賬款的賬齡分析如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	2,843	–
	–	1,556
	–	–
	–	–
	<b>2,843</b>	<b>1,556</b>

**6. 存貨**

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	4,509	4,337
	4,499	3,889
	1,049	884
	<b>10,057</b>	<b>9,110</b>

## 7. PROPERTY PLANT AND EQUIPMENT

## 7. 固定資產

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Land</b>	<b>土地</b>		
Gross carrying amount – at cost	按成本計值的賬面總值	1,390	1,334
<b>Buildings</b>	<b>房屋建築物</b>		
Gross carrying amount – at cost	按成本計值的賬面總值	2,623	2,422
Less accumulated depreciation and impairment	減累計折舊及減值	(1,981)	(1,809)
Net carrying amount	賬面淨值	642	613
<b>Property, plant and equipment</b>	<b>物業、廠房及設備</b>		
Gross carrying amount – at cost	按成本計值的賬面總值	33,527	31,609
Less accumulated depreciation and impairment	減累計折舊及減值	(31,458)	(29,152)
Net carrying amount	賬面淨值	2,069	2,457
<b>Mine properties</b>	<b>礦山構築物及建築物</b>		
Gross carrying amount – at cost	按成本計值的賬面總值	113,429	99,978
Less accumulated amortisation and impairment	減累計攤銷及減值	(90,974)	(85,038)
Net carrying amount	賬面淨值	22,455	14,940
<b>Total property, plant and equipment</b>	<b>固定資產總額</b>		
Gross carrying amount – at cost	按成本計值的賬面總值	150,969	135,343
Less accumulated amortisation and impairment	減累計攤銷及減值	(124,413)	(115,999)
Net carrying amount	賬面淨值	26,556	19,344



## 7. PROPERTY PLANT AND EQUIPMENT (CONT'D)

## 7. 固定資產(續)

**Reconciliations**

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

**對賬**

報告期初及期末物業、廠房及設備賬面值的對賬：

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Land</b>	<b>土地</b>		
Carrying amount at beginning of period	期初的賬面值	1,334	1,290
Additions	添置	–	18
Disposals	出售	–	(25)
Net foreign exchange movement	外匯變動淨額	56	51
		<b>1,390</b>	<b>1,334</b>
<b>Buildings</b>	<b>房屋建築物</b>		
Carrying amount at beginning of period	期初的賬面值	613	566
Additions	添置	98	106
Depreciation	折舊	(102)	(87)
Net foreign exchange movement	外匯變動淨額	33	28
		<b>642</b>	<b>613</b>
<b>Property, plant and equipment</b>	<b>物業、廠房及設備</b>		
Carrying amount at beginning of period	期初的賬面值	2,457	2,462
Additions	添置	719	1,010
Depreciation	折舊	(1,227)	(1,136)
Net foreign exchange movement	外匯變動淨額	120	121
		<b>2,069</b>	<b>2,457</b>
<b>Mine properties</b>	<b>礦山構築物及建築物</b>		
Carrying amount at beginning of period	期初的賬面值	14,940	12,542
Additions	添置	3,596	1,661
Reclassification from evaluation costs	來自評估成本的重新分類	5,385	2,004
Depreciation	折舊	(2,231)	(1,745)
Net foreign exchange movement	外匯變動淨額	765	478
		<b>22,455</b>	<b>14,940</b>

## 7. PROPERTY PLANT AND EQUIPMENT (CONT'D)

**Reconciliations (Cont'd)**

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 note 1(n). No impairment was recognised during the 2017 and 2018 financial years.

For the year ended 31 December 2018, the Group performed impairment testing utilising a 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 US\$1,270/ounce (2017: US\$1,290/ounce), a USD:SEK exchange rate of 8.6 (2017: 7.8), a USD:EUR exchange rate of 0.85 (2017: 0.85) and a pre-tax real discount rate ranging between 7%-9% (2017: 10%-14%). The impairment modelling includes cash flows for Fäboliden which the Group has obtained a Test Mining Permit and is in the process of applying for a Full Mining Permit. The timing of the receipt of the Full Mining Permit may result in differences in the impairment result determined. Sensitivity analyses performed indicated that a decrease of the gold price to US\$1,250/ounce or an increase in the pre-tax real discount rate by 100 basis points did not result in impairment.

## 8. MINERAL EVALUATION AND DEVELOPMENT COSTS

**Mineral exploration and evaluation costs**

Balance at beginning of financial period	財政期間初的結餘
Additions	添置
Disposal	出售
Exploration write-off	勘探撤銷
Reclassification to mine properties	重新分類至礦場物業
Net foreign exchange movement	外匯變動淨額
Total mineral exploration and evaluation expenditure	礦產勘探及評估開支總額

The recoverability of the carrying amount of exploration and evaluation is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest.

## 7. 固定資產(續)

**對賬(續)**

本集團管理層確認兩個現金產生單位(「現金產生單位」)，即Vammala生產中心(「Vammala」)及Svartliden選礦廠(「Svartliden」)，均按附註1(n)的會計政策進行減值測試。2017及2018財政年度並未確認減值。

截至2018年12月31日止年度，本集團使用礦山年期貼現現金流量模式就各現金產生單位進行減值測試。減值模型中使用的主要假設包括金價1,270美元/盎司(2017年：1,290美元/盎司)、美元兌瑞典克朗的匯率為8.6(2017年：7.8)、美元兌歐元的匯率為0.85(2017年：0.85)及稅前實際貼現率介乎7%至9%(2017年：10%至14%)。減值模型包括Fäboliden開發項目(本集團已就其取得試採礦許可證，並正在申請全面採礦許可證)的現金流量。取得全面採礦許可證的時間可能會導致釐定的減值結果存在差異。所進行的敏感度分析顯示，黃金價格下跌至1,250美元/盎司或稅前實際貼現率增加100個基點並未導致減值。

## 8. 礦產評估及開發成本

**礦產勘探及評估成本**

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	5,562	2,231
	5,298	5,293
	-	-
	(326)	(205)
	(5,385)	(2,004)
	184	247
	5,333	5,562

勘探及評估的賬面值能否收回取決於能否成功開發及商業開採，或另通過出售權益區域收回。

## 9. OTHER ASSETS

<b>Current</b>	<b>流動</b>
Prepayments	預付款項
<b>Non-current</b>	<b>非流動</b>
Environmental and other bonds at amortised cost <sup>1</sup>	按攤銷成本計量的環保及其他債券 <sup>1</sup>

<sup>1</sup> The environmental bonds relate to cash that has been deposited with Swedish and Finnish government authorities. The bonds are held in an interest-bearing account and can only be drawn down when rehabilitation programs have been completed and authorised by the relevant government authority.

The Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

## 10. TRADE AND OTHER PAYABLES

Trade payables and accruals	貿易應付款項及應計費用
-----------------------------	-------------

The Consolidated Entity's exposure to credit risk is disclosed in note 23(d).

**Ageing Analysis**

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

Within 1 month	一個月內
1 to 2 months	一至兩個月
2 to 3 months	兩至三個月
Over 3 months	超過三個月
Trade payables and accruals	貿易應付款項及應計費用

## 9. 其他資產

2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
429	1,728
5,480	5,415

<sup>1</sup> 環保債券與已經存放於瑞典及芬蘭政府機構的現金有關。債券乃以計息賬戶持有，僅當復墾項目完成並獲得有關政府機構授權時才可提取。

綜合實體面臨的信貸風險於附註23(d)披露。

## 10. 貿易及其他應付款項

2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
6,409	5,840

綜合實體面臨的信貸風險於附註23(d)披露。

**賬齡分析**

於報告期間末，按發票日期計算的應付貿易賬款及應計費用的賬齡分析如下：

2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
5,418	5,840
974	-
10	-
7	-
6,409	5,840

## 11. PROVISIONS

## 11. 撥備

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Current</b>	<b>流動</b>		
Employee entitlements	僱員權益	1,762	2,138
Other	其他	130	77
		<b>1,892</b>	<b>2,215</b>
<b>Non-current</b>	<b>非流動</b>		
Employee entitlements	僱員權益	86	34
Rehabilitation	復墾	12,531	10,800
		<b>12,617</b>	<b>10,834</b>
<i>Rehabilitation movement</i>	<i>復墾變動</i>		
Balance at 1 January 2018	於2018年1月1日的結餘	10,800	
Additions	添置	1,050	
Rehabilitation borrowing cost unwound	未回轉復墾借款成本	-	
Net foreign exchange movement	外匯變動淨額	681	
		<b>12,531</b>	
Balance at 31 December 2018	於2018年12月31日的結餘	<b>12,531</b>	

The provisions for rehabilitation are recorded in relation to the gold mining operations for the rehabilitation of the disturbed mining area to a state acceptable to various Swedish and Finnish authorities. While rehabilitation is performed progressively where possible, final rehabilitation of the disturbed mining area is not expected until the cessation of production. Accordingly, the provisions are expected to be settled primarily at the end of the mine life, although some amounts will be settled during the mine life.

Rehabilitation provisions are estimated based on survey data, external contracted rates and the timing of the current mining schedule. Provisions are discounted based on rates that reflect current market assessments of the time value of money and the risks specific to that liability. The discount rate utilised for Finland in 2018 was 0% (2017: 0%) and in Sweden was 0% (2017: 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.

復墾撥備乃就金礦開採業務而記錄，將受擾開採區域恢復到瑞典及芬蘭多個機構可接受的狀態。儘管在可能的情況下逐步進行復墾，但預計在停產之前不會對受擾的採礦區域進行最終復墾。因此，預計有關撥備主要會在礦山壽命結束時結付，而部分金額會在礦山壽命期間中結付。

復墾撥備乃根據調查數據、外部合約費率及當前採礦計劃的時間進行估計。撥備乃基於反映當前貨幣時間價值的市場評估的費率及該項負債特定的風險進行貼現。2018年芬蘭所用的貼現率為0% (2017年：0%)，瑞典為0% (2017年：0%)。有關期間復墾撥備的增加包括並無擁有於報告日期末確認的相關採礦資產的義務。

## 12. INTEREST BEARING LIABILITIES

## 12. 計息負債

			2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Non-current</b>	<b>非流動</b>			
Loan principal	貸款本金		4,000	–
Revaluation of HKD denominated drawdowns	對港元列值提取的重估		249	–
			<b>4,249</b>	<b>–</b>
As at 31 December 2018: 於2018年12月31日:				
	<b>Interest Rate</b> 利率	<b>Maturity</b> 到期日	<b>HK\$'000</b> 千港元	<b>AU\$'000</b> 千澳元
AP Finance Limited				
AP Finance Limited				
Australian Dollar denominated drawdowns 澳元列值提取	4%	30 June 2020 2020年6月30日		1,000
Hong Kong Dollar denominated drawdowns 港元列值提取	4%	30 June 2020 2020年6月30日	17,961	3,249

In February 2017, the Group entered a Hong Kong Dollar denominated unsecured Loan Facility with AP Finance Limited (“Loan Facility”) for the Australian Dollars (“AUD”) equivalent of AU\$6.0 million. In August 2018, the Loan Facility was amended to increase the facility limit to AU\$12.0 million. The Loan Facility was amended in December 2018 to extend the repayment date to 30 June 2020; all other terms and conditions remain unchanged. The Company has agreed with AP Finance Limited that the September 2018 drawdown of AU\$1.0 million will be repayable in Australian Dollars. The rest of the Loan Facility remains repayable in Hong Kong Dollars. Refer to note 25 for drawdowns after period end.

於2017年2月，本集團與AP Finance Limited訂立澳元(「澳元」)等值6.0百萬澳元的港元列值無抵押貸款融資(「貸款融資」)。於2018年8月，貸款融資已作修訂將融資限額上調至12.0百萬澳元。於2018年12月，貸款融資已作修訂將還款日期延長至2020年6月30日，而所有其他條款及條件保持不變。本公司已與AP Finance Limited協定，2018年9月提取的1.0百萬澳元將以澳元償還。餘下貸款融資仍以港元償還。有關期後的提取情況，請參閱附註25。

## 13. CONTRIBUTED EQUITY

## 13. 實繳股本

Share capital	股本	2018	2017	2018	2017
		2018年	2017年	2018年	2017年
		Number of Shares		AU\$'000	AU\$'000
		股份數目		千澳元	千澳元
Ordinary shares fully paid	已繳足普通股	138,840,613	88,840,613	133,991	119,992
Movements in issued capital	已發行股本變動				
				AU\$'000	No. Shares
				千澳元	股份數目
At 1 January 2017	於2017年1月1日			119,992	88,840,613
Balance at 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日的結餘			119,992	88,840,613
Issue of fully paid ordinary shares <sup>1</sup>	發行已繳足普通股 <sup>1</sup>			17,890	50,000,000
Share issue expenses <sup>2</sup>	股份發行開支 <sup>2</sup>			(3,891)	—
Balance at 31 December 2018	於2018年12月31日的結餘			133,991	138,840,613

<sup>1</sup> In conjunction with listing on the Main Board of the Stock Exchange of Hong Kong on 5 November 2018, the Company issued 50,000,000 fully paid ordinary shares at HK\$2.03 (AUD equivalent \$0.35) per share pursuant to its Public Offer document announced on the Stock Exchange of Hong Kong on 18 October 2018. The Public Offer shares were available and allotted to members of the public in Hong Kong as well as to professional, institutional and other investors in Hong Kong. The shares issued represent 36.01% of the total shares in issue immediately following completion of the Public Offer.

<sup>2</sup> Refer to note 2(g) for detailed breakdown of listing costs capitalised to contributed equity and/or expensed to the Consolidated Statement of Profit or Loss.

During the year there were no disclosable transactions relating to the purchases, sales or redemption of own shares by the Company, or any of its subsidiaries, of its listed securities.

No dividend for the years ended 31 December 2018 and 2017 was declared or paid by the Company. In addition, the Board resolved not to propose any final dividend for the year ended 31 December 2018.

<sup>1</sup> 於2018年11月5日在香港聯交所主板上市時，本公司根據其於2018年10月18日在香港聯交所刊發的公開發售文件，按每股2.03港元(澳元等值0.35澳元)發行了50,000,000股已繳足普通股。公開發售股份可供香港公眾以及香港的專業、機構及其他投資者認購並已配發予前述人士。已發行股份佔緊隨公開發售完成後股份總數的36.01%。

<sup>2</sup> 有關資本化至實繳股本及/或費用化至綜合損益表的上市成本的明細詳情，請參閱附註2(g)。

於年內，概無進行有關本公司或其任何附屬公司購買、出售或贖回自身股份或上市證券的須予披露交易。

本公司並無就截至2018年及2017年12月31日止年度宣派或支付股息。此外，董事會決議不建議就截至2018年12月31日止年度宣派任何末期股息。



## 14. RESERVES

Foreign currency translation reserve	匯兌儲備
Convertible note premium reserve	可轉換票據溢價儲備
Equity reserve purchase of non-controlling interest	來自購買非控股權益的權益儲備

**Foreign currency translation reserve summary**

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

**Convertible note premium reserve summary**

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

**Equity reserve – purchase of non-controlling interest**

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

## 14. 儲備

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	(3,160)	(4,780)
	2,068	2,068
	1,069	1,069
	(23)	(1,643)

**匯兌儲備概要**

該項儲備用於記錄因換算海外附屬公司財務報表而產生的匯兌差額。

**可轉換票據溢價儲備概要**

該項儲備用於記錄發行在外的任何可轉換票據的權益部分。該項儲備為歷史儲備，目前並無發行在外的可轉換票據。

**權益儲備－購買非控股權益**

該項儲備用於記錄收購剩餘非控股權益所支付代價與歸屬於非控股權益的淨資產的賬面值之間的差額。該項儲備為歷史儲備，所有附屬公司現時均為全資擁有。

## 15. KEY MANAGEMENT PERSONNEL DISCLOSURES

## 15. 主要管理人員披露

## a) Details of Key Management Personnel

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

**Directors**  
董事

Mr Arthur G Dew 狄亞法先生	Non-Executive Chairman (appointed 7 February 2014) 非執行主席(於2014年2月7日獲委任)
Mr Brett R Smith Brett R Smith先生	Executive Director (appointed 7 February 2014) 執行董事(於2014年2月7日獲委任)
Mr Carlisle C Procter Carlisle C Procter先生	Independent Non-Executive Director (appointed 19 May 2015) 獨立非執行董事(於2015年5月19日獲委任)
Mr Wong Tai Chun Mark 王大鈞先生	Alternate Director to Mr Arthur G Dew (appointed 19 May 2015) 狄亞法先生的替任董事(於2015年5月19日獲委任)
Mr Pak Wai Keung Martin 白偉強先生	Independent Non-Executive Director (appointed 5 November 2018) 獨立非執行董事(於2018年11月5日獲委任)
Mr Poon Yan Wai 潘仁偉先生	Independent Non-Executive Director (appointed 5 November 2018) 獨立非執行董事(於2018年11月5日獲委任)

**Executives**  
行政人員

Mr Neale M Edwards Neale M Edwards先生	Chief Geologist (appointed 19 August 1996) 首席地質學家(於1996年8月19日獲委任)
Mr Daniel K Broughton Daniel K Broughton先生	Chief Financial Officer (appointed 8 September 2014) 首席財務官(於2014年9月8日獲委任)

## b) Compensation of Key Management Personnel

Key Management Personnel

## b) 主要管理人員薪酬

主要管理人員

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 AU\$ 澳元	2017 2017年 AU\$ 澳元
Short-term	短期	1,080,161	920,393
Long-term	長期	116,375	60,816
Post-employment	退休後	101,737	87,437
<b>Total</b>	<b>總計</b>	<b>1,298,273</b>	<b>1,068,646</b>

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

主要管理人員(「主要管理人員」)的薪酬乃由薪酬委員會根據個人的職位、經驗、資歷及表現以及市場趨勢釐定。

## 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

## b) Compensation of Key Management Personnel (Cont'd)

*Five Highest Paid Employees*

The five highest paid employees during the year included one Director and four specified employees, for both 2018 and 2017 years.

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

Salaries, allowances and benefits in kind	薪金、津貼及實物利益
Performance related bonuses	業績相關花紅
Pension scheme contributions	退休金計劃供款
<b>Total</b>	<b>總計</b>

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

Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,000,001-HK\$1,500,000	1,000,001港元至1,500,000港元
HK\$1,500,001-HK\$2,000,000	1,500,001港元至2,000,000港元
HK\$2,000,001-HK\$2,500,000	2,000,001港元至2,500,000港元
HK\$2,500,001-HK\$3,000,000	2,500,001港元至3,000,000港元
HK\$3,000,001-HK\$3,500,000	3,000,001港元至3,500,000港元
<b>Total</b>	<b>總計</b>

## 15. 主要管理人員披露(續)

## b) 主要管理人員薪酬(續)

*Five Highest Paid Employees*

於2018年及2017年，年內五位最高薪酬僱員包括一名董事及四名指定僱員。

既非本公司董事亦非高級行政人員的餘下四位最高薪酬僱員的年內薪酬詳情如下：

## Year ended 31 December

截至12月31日止年度

2018	2017
2018年	2017年
AU\$	AU\$
澳元	澳元
924,852	1,010,307
50,995	–
165,516	227,786
<b>1,141,363</b>	<b>1,238,093</b>

薪酬介於以下範圍(以港元呈列)的非董事及非高級行政人員最高薪酬僱員人數呈列如下：

2018	2017
2018年	2017年
–	–
1	2
2	–
1	2
–	–
–	–
<b>4</b>	<b>4</b>

## 16. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION 16. 董事及高級執行人員薪酬

			Short Term 短期		Other Long- Term Benefits 其他長期福利		Post- Employment 退休後	Total Remuneration	Proportion of Remuneration Performance Related 表現相關 薪酬的比例
			Salary & Fees	Bonuses	Annual Leave Accrued	Long Service Leave Accrued	Super- annuation Benefits		
			AU\$ 澳元	AU\$ 澳元	AU\$ 澳元	AU\$ 澳元	AU\$ 澳元	AU\$ 澳元	%
<i>In Australian dollars</i>	<i>以澳元呈列</i>								
<b>Directors</b>	<b>董事</b>								
Mr Arthur G Dew <sup>1</sup> (Non-Executive Chairman)	狄亞法先生 <sup>1</sup> (非執行主席)	2018	90,000	-	-	-	8,550	98,550	-
		2017	90,000	-	-	-	8,550	98,550	-
Mr Brett R Smith <sup>2</sup> (Executive Director)	Brett R Smith先生 <sup>2</sup> (執行董事)	2018	300,000	200,000	26,591	19,696	47,500	593,787	34%
		2017	300,000	82,393	25,045	-	36,327	443,765	-
Mr Carlisle C Procter (Independent Non-Executive Director)	Carlisle C Procter先生 (獨立非執行董事)	2018	37,930	-	-	-	3,603	41,533	-
		2017	30,000	-	-	-	2,850	32,850	-
Mr Poon Yan Wai <sup>3</sup> (Independent Non-Executive Director)	潘仁偉先生 <sup>3</sup> (獨立非執行董事)	2018	4,615	-	-	-	-	4,615	-
		2017	-	-	-	-	-	-	-
Mr Pak Wai Keung Martin <sup>3</sup> (Independent Non-Executive Director)	白偉強先生 <sup>3</sup> (獨立非執行董事)	2018	4,615	-	-	-	-	4,615	-
		2017	-	-	-	-	-	-	-
Mr Mark Wong (Alternate Director)	王大鈞先生 (替任董事)	2018	-	-	-	-	-	-	-
		2017	-	-	-	-	-	-	-
<b>Total all specified Directors</b>	<b>所有指定董事總計</b>	<b>2018</b>	<b>437,160</b>	<b>200,000</b>	<b>26,591</b>	<b>19,696</b>	<b>59,653</b>	<b>743,100</b>	<b>27%</b>
		<b>2017</b>	<b>420,000</b>	<b>82,393</b>	<b>25,045</b>	<b>-</b>	<b>47,727</b>	<b>575,165</b>	<b>-</b>
<b>Specified Executives</b>	<b>指定行政人員</b>								
Mr Neale M Edwards (Chief Geologist)	Neale M Edwards先生 (首席地質學家)	2018	208,000	-	18,437	3,958	19,760	250,155	-
		2017	208,000	-	18,437	3,987	19,760	250,184	-
Mr Daniel K Broughton (Chief Financial Officer)	Daniel K Broughton先生 (首席財務官)	2018	210,000	25,000	18,614	29,079	22,325	305,018	8%
		2017	210,000	-	13,347	-	19,950	243,297	-
<b>Total all named Executives</b>	<b>所有列明行政人員總計</b>	<b>2018</b>	<b>418,000</b>	<b>25,000</b>	<b>37,051</b>	<b>33,037</b>	<b>42,085</b>	<b>555,173</b>	<b>8%</b>
		<b>2017</b>	<b>418,000</b>	<b>-</b>	<b>31,784</b>	<b>3,987</b>	<b>39,710</b>	<b>493,481</b>	<b>-</b>
<b>Total all specified Directors and Executives</b>	<b>所有指定董事及行政人員總計</b>	<b>2018</b>	<b>855,160</b>	<b>225,000</b>	<b>63,642</b>	<b>52,733</b>	<b>101,738</b>	<b>1,298,273</b>	<b>35%</b>
		<b>2017</b>	<b>838,000</b>	<b>82,393</b>	<b>56,829</b>	<b>3,987</b>	<b>87,437</b>	<b>1,068,646</b>	<b>-</b>

## 16. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONT'D)

Notes:

- 1) Mr Arthur Dew received certain emoluments in relation to his services for the Allied Group Limited, a substantial shareholder of the Company.
- 2) Mr Brett Smith is also the Chief Executive Officer of the Company and his remuneration disclosed above include those for services rendered by him as Chief Executive Officer.
- 3) Messers Poon and Pak we appointed Independent Non-Executive Directors effective from 5 November 2018.

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

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

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

## 17. REMUNERATION OF AUDITORS

The Auditor of Dragon Mining Limited is Ernst & Young.

## 16. 董事及高級執行人員薪酬(續)

附註：

- 1) 狄亞法先生就向本公司的主要股東聯合集團有限公司提供服務而收取若干酬金。
- 2) Brett Smith先生亦為本公司的行政總裁，上文所披露的薪酬包括其作為行政總裁提供服務而收取的薪酬。
- 3) 潘先生及白先生於2018年11月5日獲委任為獨立非執行董事。

上文所示執行董事薪酬為就管理本公司及本集團的事務提供服務所收取的薪酬。

上文所示非執行董事及獨立非執行董事薪酬為作為本公司董事提供服務所收取的薪酬。

報告期內概無有關董事放棄或同意放棄任何酬金的安排。

## 17. 核數師薪酬

龍資源有限公司的核數師為安永會計師事務所。

		2018 2018年 AU\$ 澳元	2017 2017年 AU\$ 澳元
Remuneration of Ernst & Young (Australia) for:	安永會計師事務所就以下服務的薪酬(澳洲)：		
– auditing or reviewing accounts	– 審計或審閱賬目	248,267	521,618
– tax consulting	– 稅務諮詢	33,000	163,297
– audit services relating to the Hong Kong listing	– 與香港上市有關的審計服務	260,869	172,682
		<b>542,136</b>	857,597
Remuneration of Ernst & Young (other than Australia) for:	安永會計師事務所就以下服務的薪酬(澳洲以外地區)：		
– other services	– 其他服務	94,934	236,700
		<b>94,934</b>	236,700

**18. EARNINGS PER SHARE**

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

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and dilutive convertible notes). There have been no post balance sheet movements impacting the diluted earnings per share.

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

**18. 每股盈利**

每股基本盈利金額乃以母公司普通股持有人應佔期內溢利或虧損淨額除以期內已發行普通股的加權平均數計算。

每股攤薄盈利金額乃以母公司普通股股東應佔溢利或虧損淨額除以期內已發行普通股的加權平均數(就具攤薄效應的購股權及可轉換票據的影響作出調整後)。概無發生影響每股攤薄盈利的資產負債表後變動。

以下反映計算每股基本及攤薄盈利所用的收益及股份數據：

		2018 2018年	2017 2017年
<b>Basic earnings per share</b>	<b>每股基本盈利</b>		
Loss used in calculation of basic earnings per share (AU\$'000)	用於計算每股基本盈利的虧損(千澳元)	(9,531)	(583)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	用於計算每股基本盈利的期內已發行普通股的加權平均數	96,532,921	88,840,613
Basic loss per share (cents)	每股基本虧損(分)	(9.90)	(0.66)
<b>Diluted earnings per share</b>	<b>每股攤薄盈利</b>		
Loss used in calculation of basic earnings per share (AU\$'000)	用於計算每股基本盈利的虧損(千澳元)	(9,531)	(583)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	用於計算每股基本盈利的期內已發行普通股的加權平均數	96,532,921	88,840,613
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	用於計算每股攤薄盈利的期內已發行普通股的加權平均數	96,532,921	88,840,613
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS. These may be dilutive in future if exercised	不具攤薄效應及因此於計算每股攤薄盈利時並未包含的潛在普通股數目。日後如獲行使則可能具攤薄效應	-	-
Diluted loss per share (cents)	每股攤薄虧損(分)	(9.90)	(0.66)



## 19. RELATED PARTY TRANSACTIONS

## a) Subsidiaries

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

Name of Entity 實體名稱	Incorporation 註冊成立地點	Class 類別	Equity Holding 股權持有量	
			2018 2018年 %	2017 2017年 %
Dragon Mining Investments Pty Ltd	Australia	Ordinary	100	100
Dragon Mining Investments Pty Ltd	澳洲	普通股		
Dragon Mining (Sweden) AB	Sweden	Ordinary	100	100
Dragon Mining (Sweden) AB	瑞典	普通股		
Viking Gold & Prospecting AB	Sweden	Ordinary	100	100
Viking Gold & Prospecting AB	瑞典	普通股		
Dragon Mining Oy	Finland	Ordinary	100	100
Dragon Mining Oy	芬蘭	普通股		

## b) Transactions with related parties

Save as disclosed in elsewhere of the Consolidated Financial Statements, the Company has the following transactions with related parties that are also exempted from continuing connected transactions according to Rule 14A.73(6) and 14A.73(8) of the Stock Exchange of Hong Kong listing rules.

- (i) The Company has effected Directors' and Officers' Liability Insurance.
- (ii) In addition to his role as the Company's Chief Financial Officer, Mr DK Broughton provides Chief Financial Officer Services and the Company also provides administrative services including offering the use of certain space in the Company office premise located in Perth, Australia as its registered office to ASX listed gold explorer, Tanami Gold NL ("Tanami"). Tanami is a Company of which Messers Dew and Procter, the Company's Non-Executive Chairman and Independent Non-Executive Director, are also Non-Executive Directors. The provision of services commenced from 8 September 2014 whereby the Company will charge Tanami for 48% of Mr DK Broughton's salary cost. During the year, the Company charged Tanami AU\$100,000 (2017: AU\$99,000) of which AU\$24,750 was outstanding at 31 December 2018 (2017: AU\$24,750).

## 19. 關連人士交易

## a) 附屬公司

綜合財務報表包括龍資源有限公司及下表所列附屬公司的財務報表：

## b) 與關連人士的交易

除綜合財務報表其他部分所披露者外，本公司擁有以下亦獲豁免遵守香港聯交所上市規則第14A.73(6)及14A.73(8)條項下持續關連交易規定的關連方交易。

- (i) 本公司已落實董事及高級人員的責任保險。
- (ii) 除了擔任本公司首席財務官之外，DK Broughton先生亦向澳交所上市的黃金勘探公司Tanami Gold NL(「Tanami」)提供首席財務官的服務，而本公司亦向其提供行政服務，包括提供本公司位於澳洲珀斯的辦公處所作為其註冊辦事處。Tanami是本公司非執行主席狄先生及獨立非執行董事Procter先生亦擔任其非執行董事的一家公司。有關服務自2014年9月8日開始提供，據此，本公司將向Tanami收取DK Broughton先生48%的薪酬成本。年內，本公司向Tanami收取100,000澳元(2017年：99,000澳元)，其中於2018年12月31日的未支付費用為24,750澳元(2017年：24,750澳元)。

**19. RELATED PARTY TRANSACTIONS (CONT'D)****Entity with significant influence over the Group**

As at 31 December 2018, Allied Properties Resources Limited ("APRL"), a wholly owned subsidiary of Allied Properties (H.K.) Limited, owns 21,039,855 ordinary shares of the Company for an interest of 23.68%. The Company also has an unsecured AU\$12 million loan facility with AP Finance Limited ("Loan Facility"), a subsidiary of Allied Properties (H.K.) Limited. The key provisions of the Loan Facility include (i) an interest rate of 4.0% per annum payable in arrears, and (ii) a loan with the term up to 30 June 2020. Refer to note 12.

**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, based on geographical location, different national regulatory environments and different end products. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produces gold bullion from the Svartliden Production Centre. Dragon Mining Oy in Finland produces gold concentrate from the Vammala Production Centre and processes ore from the Orivesi and Jokisivu Gold Mines.

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

**Accounting policies and inter-segment transactions**

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the Consolidated Financial Statements.

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

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

**19. 關連人士交易(續)****對本集團有重大影響的實體**

於2018年12月31日，聯合地產(香港)有限公司的全資附屬公司Allied Properties Resources Limited(「APRL」)擁有本公司21,039,855股普通股(即23.68%權益)。本公司亦與聯合地產(香港)有限公司的附屬公司AP Finance Limited訂有12百萬澳元的無抵押貸款融資(「貸款融資」)。貸款融資的主要條款包括(i)應按4.0%的年利率付息；及(ii)貸款期限至2020年6月30日為止。請參閱附註12。

**20. 分部資料****可報告分部的劃分**

本集團按內部報告劃分其經營分部，而該等內部報告已經主要營運決策者應用，評核績效及決定資源分配。

本集團根據地理位置、不同國家監管環境及不同的最終產品，將經營分部劃分為瑞典及芬蘭。在瑞典開展業務的主要實體Dragon Mining (Sweden) AB由Svartliden生產中心生產金錠。芬蘭的Dragon Mining Oy則由Vammala生產中心生產金精礦，並加工來自Orivesi及Jokisivu金礦的礦石。

本集團至少每月向董事會及執行管理團隊(主要營運決策者)匯報有關每個經營分部的獨立財務資料。

**會計政策及分部間交易**

本集團在報告分部內部採用的會計政策，與綜合財務報表附註1所載相同。

分部業績包括管理費及集團內公司間貸款的利息，兩者均在本集團業績中被抵銷。分部業績亦包括以澳元計值的集團內公司間貸款的外匯變動，以及直接與分部業務相關的外部財務成本。該分部業績亦包括集團內公司間以反映市場價值的費率進行的精礦銷售。

未分配的公司費用為非分部費用，如不直接與分部業務相關的總部費用及財務成本。

## 20. SEGMENT INFORMATION (CONT'D)

**Disaggregation of revenue and major customers**

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

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

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

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

## 20. 分部資料(續)

**收益及主要客戶分類**

在芬蘭的外部銷售與芬蘭Vammala生產中心生產的精礦有關。該等銷售均根據一項持續進行安排向一名客戶作出，精礦銷售數量於付運前由訂約方協定。

在芬蘭的分部間銷售與出售予Svartliden加工中心作進一步加工的精礦有關。

在瑞典的外部銷售與透過 National Australia Bank在市場上出售的金錠有關。

如上文所述，本集團的分部反映出收益按地理位置及產品種類分類。

		Sweden 瑞典 2018 2018年 AU\$'000 千澳元	Finland 芬蘭 2018 2018年 AU\$'000 千澳元	Total 總計 2018 2018年 AU\$'000 千澳元
<b>Segment revenue</b>	<b>分部收益</b>			
Gold sales to external customers	對外部客戶銷售黃金	31,837	6,013	37,850
Inter-segment sales	分部間銷售	-	31,819	31,819
Elimination of inter-segment revenue	抵銷分部間收益	-	-	(31,819)
<b>Total revenue</b>	<b>收益總額</b>	<b>31,837</b>	<b>37,832</b>	<b>37,850</b>
<b>Other revenue</b>	<b>其他收益</b>			
Interest revenue	利息收益	3	-	3
Sundry revenue	雜項收益	-	7	7
Unallocated interest revenue	未分配利息收益	-	-	206
<b>Total other revenue</b>	<b>其他收益總額</b>	<b>3</b>	<b>7</b>	<b>216</b>
Segment interest expense	分部利息開支	-	-	-
Unallocated interest expense	未分配利息開支	-	-	173
<b>Total interest expense</b>	<b>利息開支總額</b>	<b>-</b>	<b>-</b>	<b>173</b>
Depreciation and amortisation	折舊及攤銷	109	3,451	3,560
Loss on disposal of exploration	出售勘探的虧損	-	326	326
		<b>109</b>	<b>3,777</b>	<b>3,886</b>

## 20. SEGMENT INFORMATION (CONT'D)

## Disaggregation of revenue and major customers (Cont'd)

Segment result	分部業績
Pre-tax segment result	除稅前分部業績
Income tax expense	所得稅開支
Post tax segment result	除稅後分部業績
Unallocated items:	未分配項目：
Corporate interest revenue	公司利息收益
Corporate costs	公司成本
Finance costs	財務成本
Elimination of inter-company interest expense and management fees in segment results	分部業績中抵銷集團內公司間利息開支及管理費
<b>Loss after tax as per the Consolidated Statement of Profit or Loss</b>	<b>按照綜合損益表所示除稅後虧損</b>
<b>Segment assets</b>	<b>分部資產</b>
Unallocated items:	未分配項目：
Other corporate assets <sup>1</sup>	其他公司資產 <sup>1</sup>
<b>Total assets</b>	<b>資產總值</b>
Acquisitions of non-current assets	收購非流動資產

<sup>1</sup> Other corporate assets predominantly relates to cash and short-term deposits held within the Australian Parent of AU\$9.3 million.

## 20. 分部資料(續)

## 收益及主要客戶分類(續)

Sweden 瑞典 2018 2018年 AU\$'000 千澳元	Finland 芬蘭 2018 2018年 AU\$'000 千澳元	Total 總計 2018 2018年 AU\$'000 千澳元
(7,319)	653	(6,666)
-	-	-
(7,319)	653	(6,666)
		206
		(3,817)
		(181)
		927
		(9,531)
26,723	26,583	53,306
		9,444
		62,750
187	4,244	4,431

<sup>1</sup> 其他公司資產主要與澳洲母公司所持現金及短期存款9.3百萬澳元有關。

## 20. SEGMENT INFORMATION (CONT'D)

## 20. 分部資料(續)

## Disaggregation of revenue and major customers (Cont'd)

## 收益及主要客戶分類(續)

		Australia 澳洲 2018 2018年 AU\$'000 千澳元	Sweden 瑞典 2018 2018年 AU\$'000 千澳元	Finland 芬蘭 2018 2018年 AU\$'000 千澳元	Total 總計 2018 2018年 AU\$'000 千澳元
Non-current assets by geographic location	按地理位置劃分的非流動資產	53	18,898	18,417	37,368
			Sweden 瑞典 2017 2017年 AU\$'000 千澳元	Finland 芬蘭 2017 2017年 AU\$'000 千澳元	Total 總計 2017 2017年 AU\$'000 千澳元
<b>Segment revenue</b>	<b>分部收益</b>				
Gold sales to external customers	對外部客戶銷售黃金		36,007	5,263	41,270
Inter-segment	分部間銷售		–	35,524	35,524
Elimination of inter-segment revenue	抵銷分部間收益		–	–	(35,524)
<b>Total revenue</b>	<b>收益總額</b>		36,007	40,787	41,270
<b>Other revenue</b>	<b>其他收益</b>				
Interest revenue	利息收益		5	7	12
Other revenue	其他收益		–	122	122
Unallocated interest revenue	未分配利息收益		–	–	40
<b>Total other revenue</b>	<b>其他收益總額</b>		5	129	174
Segment interest expense	分部利息開支		1	–	1
Depreciation and amortisation	折舊及攤銷		43	2,925	2,968
Disposal of exploration	出售勘探		–	205	205
			43	3,130	3,173
<b>Segment result</b>	<b>分部業績</b>				
Pre-tax segment result	除稅前分部業績		(6,417)	8,098	1,681
Income tax expense	所得稅開支		–	–	–
Post tax segment result	除稅後分部業績		(6,417)	8,098	1,681

## 20. SEGMENT INFORMATION (CONT'D)

## 20. 分部資料(續)

## Disaggregation of revenue and major customers (Cont'd)

## 收益及主要客戶分類(續)

		Sweden 瑞典 2017 2017年 AU\$'000 千澳元	Finland 芬蘭 2017 2017年 AU\$'000 千澳元	Total 總計 2017 2017年 AU\$'000 千澳元
Unallocated items:	未分配項目：			
Corporate interest revenue	公司利息收益			40
Corporate costs	公司成本			(4,475)
Finance costs	財務成本			(5)
Elimination of inter-company interest expense and management fees in segment results	分部業績中抵銷集團內公司間利息開支及管理費			2,176
<b>Loss after tax as per the Consolidated Statement of Profit or Loss</b>	<b>按照綜合損益表所示除稅後虧損</b>			<b>(583)</b>
<b>Segment assets</b>	<b>分部資產</b>	21,924	25,568	47,492
Unallocated items:	未分配項目：			
Other corporate assets	其他公司資產			2,857
<b>Total assets</b>	<b>資產總值</b>			<b>50,349</b>
Segment acquisitions of non-current assets	分部收購非流動資產	15,073	15,196	30,269
Unallocated items:	未分配項目：			
Corporate and other acquisitions	公司及其他收購	-	-	52
		15,073	15,196	30,321

<sup>1</sup> Other corporate assets predominantly relates to cash held within the Australian Parent of AU\$1.1 million and prepayments AU\$1.6 million.

<sup>1</sup> 其他公司資產主要與澳洲母公司所持現金1.1百萬澳元及預付款1.6百萬澳元有關。

		Australia 澳洲 2017 2017年 AU\$'000 千澳元	Sweden 瑞典 2017 2017年 AU\$'000 千澳元	Finland 芬蘭 2017 2017年 AU\$'000 千澳元	Total 總計 2017 2017年 AU\$'000 千澳元
<b>Non-current assets by geographic location</b>	<b>按地理位置劃分的非流動資產</b>	52	15,073	15,196	30,321



## 21. CONTINGENT ASSETS

### Hanhimaa earn-in agreement (diluting to 30% interest)

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

The Hanhimaa Gold Project remains as an early stage exploration project as at 31 December 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 Consolidated Entity’s operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Consolidated Entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The approximate minimum level of exploration requirements to retain current tenements in good standing is detailed below.

Within one year	一年內
One year or later and no later than five years	一年或之後及不遲於五年

### b) Capital commitments

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

Within one year	一年內
-----------------	-----

## 21. 或然資產

### Hanhimaa分段增持協議(稀釋至30%權益)

本集團就芬蘭北部Hanhimaa黃金項目Agnico Eagle Mines Limited(「Agnico Eagle」)未來礦物生產擁有淨冶煉回報(「淨冶煉回報」)2%的權利。Agnico Eagle將有權於任何時間以2.0百萬歐元現金購回2%淨冶煉回報中的1個百分點。

於2018年12月31日，Hanhimaa黃金項目仍屬於早期的勘探項目，鑒於公司認為撥回風險重大，因此並無確認來自該項協議的任何應收款項。

## 22. 開支承擔

### a) 勘探承擔

由於綜合實體在勘探及評估利益相關方面的業務性質使然，儘管有必要產生支出以保留現有礦產權益，但很難準確預測未來支出的性質或金額。通過有選擇性地讓渡勘探期限或重新協商開支承擔，可減少綜合實體礦產期限的開支承擔。以下詳細說明使現有物業保持良好狀況的概約最低勘探要求水平。

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Within one year	47	43
One year or later and no later than five years	201	206
	<b>248</b>	<b>249</b>

### b) 資本承擔

與收購已訂約但未確認為負債的設備有關的承擔如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Within one year	-	-
	-	-

## 22. EXPENDITURE COMMITMENTS (CONT'D)

c) **Operating lease expense commitments**

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

Within one year	一年內
One year or later and no later than five years	一年或之後及不遲於五年

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:

Within one year	一年內
-----------------	-----

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of Directors and Executives referred to in note 16 Directors and Executive Officers Remuneration that are not recognised as liabilities and are not included in the Directors' or Executives' remuneration.

## 22. 開支承擔(續)

c) **經營租賃開支承擔**

並無於財務報表內撥備的未來經營租賃承擔如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	67	71
	-	-
	<b>67</b>	<b>71</b>

d) **薪酬承擔**

根據於報告日期存續的長期僱傭合同支付薪金及其他薪酬的承擔(但未確認為負債)如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	321	300
	<b>321</b>	<b>300</b>

披露為薪酬承擔的金額包括附註16董事及高級人員薪酬提及的董事及高級執行人員服務合約產生的承擔(以上的薪酬未確認為負債且未計入董事或高級人員薪酬)。

## 23. FINANCIAL INSTRUMENTS

a) **Financial risk management policies and objectives**

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

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

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

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

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

b) **Instruments recognised at amounts other than fair value**

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

## 23. 金融工具

a) **金融風險管理政策及目標**

本集團的業務使本集團面對多種財務風險：市場風險(包括貨幣風險及商品價格風險)、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃集中於金融市場的不可預測性，並尋求(如認為適當)在不限制本集團潛在增長的基礎上盡力減輕對財務表現的潛在不利影響。

本集團採用不同方法來計量及管控其面對的各類風險，包括監察所面對的外幣及黃金價格風險水平，以及評估市場對外匯及黃金價格的預測，並通過按不同黃金價格及外匯匯率建立未來滾存現金流量預測而計量流動資金風險。

執行管理層根據董事會批准的政策在審核及風險管理委員會的指導下開展風險管理工作。董事會亦通過使用衍生金融工具定期為整體風險管理提供指導，包括對減低商品價格、外匯、利率及信貸風險等具體領域的指導。

綜合實體亦設有一項風險管理計劃以管理其金融風險，包括但不限於使用衍生產品(主要為遠期黃金銷售及外匯合約)。本公司並無為貿易或投機用途而訂立金融工具(包括衍生金融工具)。

董事會承擔找出並控制財務風險的主要責任。董事會就管控下列各類風險而審視並協定的政策如下(包括設定經濟衍生工具交易限額、外幣和黃金對沖範圍、信貸撥備、未來現金流量預測及金融工具(如有必要))。

b) **按金額(公允價值除外)確認的工具**

按攤銷成本在財務報表記錄的金融資產及金融負債的賬面值為其公允淨值。

## 23. FINANCIAL INSTRUMENTS (CONT'D)

## 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.

## 23. 金融工具(續)

c) 按公允價值確認的工具的公允價值  
金融工具的公允價值以及用於估計公允市場價值的方法概述於下表中。

		As at 31 December 2018 於2018年12月31日		
	Quoted market price (level 1) 市場報價 (第一級) AU\$'000 千澳元	Valuation technique- market observable inputs (level 2) 估值方法- 市場可觀察 輸入數據 (第二級) AU\$'000 千澳元	Valuation technique- non-market observable inputs (level 3) 估值方法- 非市場 可觀察 輸入數據 (第三級) AU\$'000 千澳元	Total 總計 AU\$'000 千澳元
Trade receivables at fair value through profit or loss	按公允價值計入損益的貿易應收款項	-	749	- 749

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 is based on quoted market prices (Level 1).

市場報價指根據於報告日期活躍市場報價釐定的公允價值(未扣減任何交易成本)。上市股權投資的公允價值乃基於市場報價得出(第一級)。

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).

就並無於活躍市場報價的金融工具而言，本集團採用估值方法，如現值方法、與存在可觀察市場價格的相似工具比較及市場參與者使用的其他相關模型。該等估值方法使用可觀察及不可觀察的市場輸入數據(第二級)。

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).

非上市債務及股本證券的公允價值以及並無活躍市場的其他投資，乃使用不可觀察的市場數據基於估值方法得出。倘若信貸風險對衍生工具公允價值的影響較大，信貸風險的輸入數據不可觀察，則衍生工具將根據不可觀察的市場輸入數據進行分類(第三級)。

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 2017 was not material.

貿易應收款項與仍可調整價格的精礦銷售有關，將收取的最終代價將根據倫敦金屬交易所於最終結算日現行的金屬價格釐定。對於結算日仍可調整價格的銷售，則使用結算日倫敦金屬交易所遠期金屬價格估計其最終結算價格的現值，按公允價值入賬。2017年的嵌入式衍生工具並不重大。

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

年內第一級與第二級之間並無任何轉撥。

**23. FINANCIAL INSTRUMENTS (CONT'D)****d) Credit risk**

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

Credit risk is managed on a Group basis. Credit risk predominantly arises from cash, cash equivalents, derivative financial instruments, deposits with banks and financial institutions and receivables.

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

However, as invoices are raised at the end of each month and shipments occur frequently throughout the month, there is credit exposure to the smelting company for the value of one month of shipments as insurance coverage commences when an invoice is raised. Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Board approval.

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.

**23. 金融工具(續)****d) 信貸風險**

信貸風險指倘若對手方未履行訂約事項則將確認的虧損。本集團於報告日期面臨的與各類金融資產相關的最大信貸風險為綜合財務狀況表所示資產的賬面值。

信貸風險乃按集團基準進行管理。信貸風險主要產生自現金、現金等價物、衍生金融工具、銀行及金融機構存款以及應收款項。

儘管本集團已制定政策確保產品銷售予具有合適信貸記錄的客戶，惟因本集團有一大部分銷售收益依賴一名買家，致令本集團就芬蘭的金精礦銷售面臨信貸集中風險。金精礦出貨至金精礦客戶付款之間一般會有六週的滯後期。本公司通過向聲譽良好且信譽及質量較高的北歐金融機構投購指定或內部發票90%名義價值的保險，來降低其與芬蘭金精礦應收款項相關的信用風險。

然而，由於發票於每個月底開具，而整個月內會多次裝運貨物，由於開具發票時保險方告生效，因此面臨冶煉公司的信貸風險(額度為一個月的出貨價值)。信貸風險進一步發生在給予若干人士的財務擔保方面。該等擔保僅在特殊情況下提供，並須經董事會批准。

在管理其他潛在信貸風險方面，本集團已制定相關政策，旨在確保衍生工具交易對手及現金交易僅限於高信貸質素金融機構，而且所面臨的任何一家金融機構的信貸風險額度均受到商業上認為合適的限制。



## 23. FINANCIAL INSTRUMENTS (CONT'D)

## d) Credit risk (Cont'd)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>Cash and cash equivalents</b>	<b>現金及現金等價物</b>		
<i>Counterparties with external credit ratings</i>	<i>有外部信貸評級的對手方</i>		
AA-	AA-	10,905	6,609
A	A	-	-
Total cash and cash equivalents	現金及現金等價物總額	<b>10,905</b>	6,609
<b>Trade and other receivables</b>	<b>貿易及其他應收款項</b>		
<i>Counterparties with external credit ratings</i>	<i>有外部信貸評級的對手方</i>		
AAA	AAA	86	122
AA-	AA-	390	248
A+	A+	-	-
A-	A-	-	-
<i>Counterparties without external credit ratings</i>	<i>無外部信貸評級的對手方</i>		
Counterparties with no defaults in the past	過往並無違約的對手方	3,514	2,211
Total trade and other receivables	貿易及其他應收款項總額	<b>3,990</b>	2,581

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

為釐定應收款項的信貸風險，已保理的應收金額按照辦理保理金額的保理銀行的信貸評級進行評估。

<b>Environmental and other bonds</b>	<b>環保及其他債券</b>		
<i>Counterparties with external credit ratings</i>	<i>有外部信貸評級的對手方</i>		
AAA	AAA	5,480	5,415
<i>Counterparties without external credit ratings</i>	<i>無外部信貸評級的對手方</i>		
Counterparties with no defaults in the past	過往並無違約的對手方	-	-
Total trade and other receivables	貿易及其他應收款項總額	<b>5,480</b>	5,415



## 23. FINANCIAL INSTRUMENTS (CONT'D)

## e) Interest Rate Risk

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

		2018 2018年			2017 2017年			
		Floating interest rate	Fixed interest rate	Total	Average int. rate	Floating interest rate	Fixed interest rate	Average int. rate
		AU\$'000	AU\$'000	AU\$'000	%	AU\$'000	AU\$'000	AU\$'000
		千澳元	千澳元	千澳元		千澳元	千澳元	千澳元
<b>Financial assets</b>	<b>金融資產</b>							
Cash and cash equivalents	現金及現金等價物	10,905	-	10,905	0.97	6,609	-	6,609
Environmental bonds	環保債券	5,480	-	5,480	-	5,415	-	5,415
		<b>16,385</b>	<b>-</b>	<b>16,385</b>	<b>-</b>	<b>12,024</b>	<b>-</b>	<b>12,024</b>
								0.61

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 exposes the Group to risks related to movements in the USD:SEK and USD:EUR exchange rates.

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

## 23. 金融工具(續)

## e) 利率風險

於結算日，本集團擁有以下面臨利率風險且未被指定為現金流量對沖的金融資產及負債：

本集團的政策是通過持有短期現金、在信譽良好的高信貸質素金融機構存放固定利率和可變利率存款來管理其面臨的利率風險。

本集團不斷分析其利率風險，當中會考慮現存持倉潛在重續、另行安排融資及／或混合定息及浮息利率。

## f) 外匯風險

由於本集團以美元出售其金銀錠及金精礦，而大部分成本以瑞典克朗及歐元計值，因此，歐元及瑞典克朗升值，或美元貶值，均會使本集團面臨與美元兌瑞典克朗及美元兌歐元匯率變動相關的風險。

外匯風險來自未來的商業交易，以及以實體功能貨幣以外的貨幣計值的已確認資產及負債。可以通過進行敏感度分析來量化不同的假設匯率對本集團預測現金流量的影響來衡量風險。

## 23. FINANCIAL INSTRUMENTS (CONT'D)

## f) Foreign exchange risk (Cont'd)

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

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

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

For the year ended 31 December 2018, the Company did not enter or hold any foreign exchange derivatives. At balance date, the Group had the following significant exposure to foreign currencies:

**USD exposure**

*Entity with Euro functional currency*

Cash and cash equivalents

Trade receivables

*Entity with AUD functional currency*

Trade receivables

Trade payables

*Entity with SEK functional currency*

Cash and cash equivalents

Trade receivables

Trade payables

Net USD Exposure

**美元風險**

*以歐元作為功能貨幣的實體*

現金及現金等價物

貿易應收款項

*以澳元作為功能貨幣的實體*

貿易應收款項

貿易應付款項

*以瑞典克朗作為功能貨幣的實體*

現金及現金等價物

貿易應收款項

貿易應付款項

美元風險淨額

## 23. 金融工具(續)

## f) 外匯風險(續)

作為本集團風險管理政策的一部分，本集團可能不時使用金融工具(外匯遠期合約)，以降低美元兌瑞典克朗及美元兌歐元匯率不可預測波動的風險。在此情況下，開展計劃的目標為最大限度地降低本集團面臨的該等波動的風險。

任何金融工具於任何時點的價值均會於市況波動期間出現短期大幅波動。本集團各對手方提供的融資不包括追加保證金。

本公司及本集團的財務表現亦受到澳元兌瑞典克朗及澳元兌歐元變動的影響。根據國際財務報告準則的規定，不構成本公司於海外業務淨投資一部分的集團內公司間貸款的匯兌損益在綜合損益表中確認。

截至2018年12月31日止年度，本公司並無訂立或持有任何外匯衍生工具。於結算日，本集團具有下列重大外幣風險：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
	20	2,511
	1,395	-
	-	9,984
	(853)	-
	19	-
	1,233	-
	(1,210)	(6,835)
	<b>604</b>	<b>5,660</b>

## 23. FINANCIAL INSTRUMENTS (CONT'D)

## 23. 金融工具(續)

## f) Foreign exchange risk (Cont'd)

## f) 外匯風險(續)

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>EUR exposure</b>	<b>歐元風險</b>		
<i>Entity with AUD functional currency</i>	<i>以澳元作為功能貨幣的實體</i>		
Intercompany loan	集團內公司間貸款	25,273	26,242
<i>Entity with SEK functional currency</i>	<i>以瑞典克朗作為功能貨幣的實體</i>		
Cash and cash equivalents	現金及現金等價物	4	28
Trade payables	貿易應付款項	-	(25)
Net EUR Exposure	歐元風險淨額	<b>25,277</b>	26,245
<b>AUD exposure</b>	<b>澳元風險</b>		
<i>Entity with SEK functional currency</i>	<i>以瑞典克朗作為功能貨幣的實體</i>		
Cash and cash equivalents	現金及現金等價物	-	909
Trade receivables	貿易應收款項	-	360
<i>Entity with EUR functional currency</i>	<i>以歐元作為功能貨幣的實體</i>		
Cash and cash equivalents	現金及現金等價物	1	-
Trade receivables	貿易應收款項	358	-
Net AUD Exposure	澳元風險淨額	<b>359</b>	1,269
<b>SEK exposure</b>	<b>瑞典克朗風險</b>		
<i>Entities with AUD functional currency</i>	<i>以澳元作為功能貨幣的實體</i>		
Trade payables	貿易應付款項	63	-
Net SEK Exposure	瑞典克朗風險淨額	<b>63</b>	-
<b>HKD exposure</b>	<b>港元風險</b>		
<i>Entities with AUD functional currency</i>	<i>以澳元作為功能貨幣的實體</i>		
Trade payables	貿易應付款項	533	-
Interest bearing liabilities	計息負債	3,249	-
Net HKD Exposure	港元風險淨額	<b>3,782</b>	-

**23. FINANCIAL INSTRUMENTS (CONT'D)****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 value of these financial instruments at any point in time will, in times of volatile market conditions, show substantial variation over the short term.

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

For the year ended 31 December 2018, the Company did not enter 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 and foreign exchange risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post-tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for 2018.

**23. 金融工具(續)****g) 商品價格風險**

本集團面臨金價變動的風險。作為本集團風險管理政策的一部分，本集團不時使用各種金融工具(如黃金遠期合約及黃金認購期權)，以降低項目壽命收入流中不可預測波動的風險。在此情況下，開展計劃的目標為最大限度提高本集團黃金銷售收入，但無論如何限制衍生品承擔不超過本集團黃金儲備的50%。該等金融工具於任何時點的價值均會於市況波動期間短期大幅波動。

本集團於出售銅及金等金屬精礦產品時面臨商品價格波動的風險，該等產品根據公開市場交易所(尤其是倫敦金屬交易所(LME))或以其為基準而定價。有關風險概述於附註5內貿易應收款項 – 於損益按公允價值計量。

截至2018年12月31日止年度，本公司並無訂立或持有任何商品衍生工具。

**h) 敏感度分析**

下列表格概述本集團金融資產及負債對利率風險、外匯風險的敏感度。如表中所示，倘有關變量變動，所有其他變量維持不變，稅後溢利及權益會受到影響(如以下所示)。於2018年按相同基準進行分析。

## 23. FINANCIAL INSTRUMENTS (CONT'D)

## h) Sensitivity analysis (Cont'd)

31 December 2018

<b>Financial assets</b>	<b>金融資產</b>
Cash and cash equivalents	現金及現金等價物
Government bonds	政府債券
Total (decrease)/increase	(減少)/增加總額

31 December 2017

<b>Financial assets</b>	<b>金融資產</b>
Cash and cash equivalents	現金及現金等價物
Government bonds	政府債券
Total (decrease)/increase	(減少)/增加總額

## 23. 金融工具(續)

## h) 敏感度分析(續)

2018年12月31日

Note 附註	Interest rate risk -1% 利率風險-1%		Interest rate risk +1% 利率風險+1%	
	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元
1	(109)	(109)	109	109
4	(55)	(55)	55	55
	<b>(164)</b>	<b>(164)</b>	<b>164</b>	<b>164</b>

2017年12月31日

Note 附註	Interest rate risk -1% 利率風險-1%		Interest rate risk +1% 利率風險+1%	
	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元
1	(66)	(66)	66	66
4	(54)	(54)	54	54
	<b>(120)</b>	<b>(120)</b>	<b>120</b>	<b>120</b>

## 23. FINANCIAL INSTRUMENTS (CONT'D)

## 23. 金融工具(續)

## h) Sensitivity analysis (Cont'd)

31 December 2018

## h) 敏感度分析(續)

2018年12月31日

	Note 附註	Foreign exchange -10% 外匯-10%		Foreign exchange +10% 外匯+10%	
		Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元
<b>Financial assets</b>	<b>金融資產</b>				
Cash and cash equivalents	現金及現金等價物	1	128	128	(128)
Trade and other receivables	貿易及其他應收款項	2	976	976	(976)
Intercompany loans	集團內公司間貸款	3	3,593	3,593	(3,593)
<b>Financial liabilities</b>	<b>金融負債</b>				
Interest bearing liabilities	計息負債		(52)	(52)	52
Total increase/(decrease)	增加/(減少)總額		4,645	4,645	(4,645)

31 December 2017

2017年12月31日

	Note 附註	Foreign exchange -10% 外匯-10%		Foreign exchange +10% 外匯+10%	
		Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元	Profit 溢利 AU\$'000 千澳元	Equity 權益 AU\$'000 千澳元
<b>Financial assets</b>	<b>金融資產</b>				
Cash and cash equivalents	現金及現金等價物	1	254	254	(254)
Trade and other receivables	貿易及其他應收款項	2	998	998	(998)
Intercompany loans	集團內公司間貸款	3	3,854	3,854	(3,854)
<b>Total increase/(decrease)</b>	<b>增加/(減少)總額</b>		5,106	5,106	(5,106)

- Cash and cash equivalents include deposits at call at floating and short-term fixed interest rates.
- Trade receivables include AU\$2.63 million of gold concentrate receivables denominated in USD.
- 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 influence the consolidated result, since exchange gains or losses on intercompany loans that do not form part of a reporting entity's net investment in a foreign operation are recognised in the Consolidated Profit or Loss.
- Interest bearing environmental cash bonds that have historically been deposited with Swedish and Finnish government authorities.

- 現金及現金等價物包括按浮動利率及短期固定利率計息的通知存款。
- 貿易應收款項包括以美元計值的金精礦應收款項2.63百萬澳元。
- 集團內公司間貸款以澳元、瑞典克朗及歐元計值。儘管該等貸款於綜合賬目時被撇銷，但由於匯率變動引致的貸款價值變動將對綜合業績產生影響，因為不構成申報實體於海外業務淨投資一部分的集團內公司間貸款的匯兌損益在綜合損益中確認。
- 過往存放於瑞典及芬蘭政府機構的計息環保現金債券。



**23. FINANCIAL INSTRUMENTS (CONT'D)****i) Liquidity risk**

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and equity raisings.

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

Within one year	一年內
Within a period of more than one year but not exceeding two years	一年以上但不超過兩年的期間

Management and the Board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the Board includes:

- Annual cash flow budgets;
- Two year cash flow forecasts; and
- Monthly rolling cash flow forecasts.

**24. SIGNIFICANT EVENTS AFTER PERIOD END**

On 31 January and 14 March 2019, the Company made a further two drawdowns of AU\$1.0 million each from its Loan Facility. The drawdowns were used to fund existing development projects, pay additional listing costs and provide additional working capital. As at the date of this Annual Report, the Company has AU\$6.0 million in undrawn funds remaining.

**23. 金融工具(續)****i) 流動資金風險**

流動資金風險來自本集團的金融負債以及本集團隨後履行義務償還其到期金融負債的能力。

綜合實體的目標為通過使用銀行貸款及股本集資使資金的連續性和靈活性保持平衡。

本集團金融負債的合約到期日如下：

	2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
Within one year	6,516	5,941
Within a period of more than one year but not exceeding two years	4,249	-
	<b>10,765</b>	<b>5,941</b>

管理層及董事會根據預期現金流量監控本集團的流動資金儲備。由高級管理層編製並由董事會審閱的資料包括：

- 年度現金流量預算；
- 兩年現金流量預測；及
- 每月滾存現金流量預測。

**24. 期末後重大事項**

於2019年1月31日及3月14日，本公司自貸款融資進一步提取兩筆分別為1.0百萬澳元的款項。所提取的款項已用於撥付現有開發項目所需資金、支付額外上市成本及提供額外營運資金。於年報日期，本公司未提取的剩餘資金為6.0百萬澳元。

## 25. PARENT ENTITY DISCLOSURE

## 25. 母公司實體披露

		2018 2018年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Cash and cash equivalents	現金及現金等價物	9,273	1,120
Trade and other receivables	貿易及其他應收款項	60	37
Other assets	其他資產	56	1,647
<b>TOTAL CURRENT ASSETS</b>	<b>流動資產總值</b>	<b>9,389</b>	2,804
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Property, plant and equipment	固定資產	2	2
Investments in subsidiaries	於附屬公司的投資	-	4,478
Intercompany loans	集團內公司間貸款	7,635	3,678
<b>TOTAL NON-CURRENT ASSETS</b>	<b>非流動資產總值</b>	<b>7,637</b>	8,158
<b>TOTAL ASSETS</b>	<b>資產總值</b>	<b>17,026</b>	10,962
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Trade and other payables	貿易及其他應付款項	4,818	669
Provisions	撥備	115	170
<b>TOTAL CURRENT LIABILITIES</b>	<b>流動負債總額</b>	<b>4,933</b>	839
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>		
Provisions	撥備	86	34
Interest bearing liabilities	計息負債	4,249	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>非流動負債總額</b>	<b>4,335</b>	34
<b>TOTAL LIABILITIES</b>	<b>負債總額</b>	<b>9,268</b>	873
<b>NET ASSETS</b>	<b>資產淨值</b>	<b>7,758</b>	10,089
<b>EQUITY</b>	<b>權益</b>		
Contributed equity	實繳股本	133,991	119,992
Reserves	儲備	2,068	2,068
Accumulated losses	累計虧損	(128,301)	(111,971)
<b>TOTAL SHARE HOLDERS EQUITY</b>	<b>股東權益總額</b>	<b>7,758</b>	10,089

## 25. PARENT ENTITY DISCLOSURE (CONT'D)

## 25. 母公司實體披露(續)

		Contributed Equity	Accumulated Losses	Convertible Note Premium Reserve 可轉換票據 溢價儲備	Total Equity
		實繳股本 AU\$'000 千澳元	累計虧損 AU\$'000 千澳元	AU\$'000 千澳元	權益總額 AU\$'000 千澳元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	119,992	(111,101)	2,068	10,959
Loss for the period	期內虧損	-	(870)	-	(870)
Other comprehensive income	其他全面收入	-	-	-	-
Total comprehensive loss for the period	期內全面虧損總額	-	(870)	-	(870)
Transactions with owners in their capacity as owners:	與擁有人(以其擁有人 身份)的交易:				
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	119,992	(111,971)	2,068	10,089

		Contributed Equity	Accumulated Losses	Convertible Note Premium Reserve 可轉換票據 溢價儲備	Total Equity
		實繳股本 AU\$'000 千澳元	累計虧損 AU\$'000 千澳元	AU\$'000 千澳元	權益總額 AU\$'000 千澳元
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	119,992	(111,971)	2,068	10,089
Loss for the period	期內虧損	-	(16,330)	-	(16,330)
Other comprehensive loss	其他全面虧損	-	-	-	-
Total comprehensive income for the period	期內全面收入總額	-	(16,330)	-	(16,330)
Transactions with owners in their capacity as owners:	與擁有人(以其擁有人 身份)的交易:				
Issue of shares net of costs	發行股份(扣除成本)	13,999	-	-	13,999
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	133,991	(128,301)	2,068	7,758

The results and the assets and liabilities of the Group for the past five financial years, as extracted from the Group's published Consolidated Financial Statements, are set out below:

本集團於最近五個財政年度的業績以及資產及負債(摘錄自本集團已刊發之綜合財務報表)如下：

		Year ended 31 December 截至12月31日止年度				
		2014 2014年 AU\$'000 千澳元	2015 2015年 AU\$'000 千澳元	2016 2016年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元	2018 2018年 AU\$'000 千澳元
<b>Results</b>	<b>業績</b>					
Revenue	收益	78,751	76,836	55,039	41,270	<b>37,850</b>
Profit for the year	年內溢利	7,756	2,563	5,363	(583)	<b>(9,531)</b>
Attributable to: Owners of the Company	以下人士應佔： 本公司擁有人	7,756	2,563	5,363	(583)	<b>(9,531)</b>
Basic earnings per share	每股基本盈利	8.73	2.89	6.04	(0.66)	<b>(9.90)</b>
		As at 31 December 於12月31日				
		2014 2014年 AU\$'000 千澳元	2015 2015年 AU\$'000 千澳元	2016 2016年 AU\$'000 千澳元	2017 2017年 AU\$'000 千澳元	2018 2018年 AU\$'000 千澳元
<b>Assets and liabilities</b>	<b>資產及負債</b>					
Total assets	資產總值	46,341	51,292	50,432	50,349	<b>62,750</b>
Total liabilities	負債總額	(23,231)	(24,449)	(19,617)	(18,990)	<b>(25,303)</b>
Total equity	權益總額					
Equity attributable to owners of the Company	本公司擁有人應佔權益	23,110	26,843	30,815	31,359	<b>37,447</b>

Project 項目	ID 編號	Tenement's Name 權證名稱	Type 類型	Held at 31 December 2018 %	Area ha 面積公頃
				於2018年 12月31日 持有比例 %	
<b>SWEDEN</b>					
<b>瑞典</b>					
<b>Svartliden</b>		Svartlidengruvan K nr 1	EC 勘探特許	<b>100</b>	87.54
	2006:111	Ekorrleden nr 2	EP 勘探許可證	<b>100</b>	455.39
<b>Fäboliden</b>		Fäboliden K nr 1	EC 勘探特許	<b>100</b>	122.00
	2016:75	Fäboliden nr 11	EP 勘探許可證	<b>100</b>	836.26
	2017:27	Fäboliden nr 83	EP 勘探許可證	<b>100</b>	1,006.72
<b>FINLAND</b>					
<b>芬蘭</b>					
<b>Orivesi</b>	2676	Orivesi	MC 採礦特許	<b>100</b>	39.82
	ML2013:0006	Sarvisuo 1-2	ELA 探礦許可申請	<b>100</b>	41.86
	ML2015:0026	Sarvisuo 3	EL 探礦許可	<b>100</b>	56.56
	9245/1	Yläinensilmäke	Claim 債權	<b>100</b>	10.26
<b>Jokisivu</b>	7244	Jokisivu	MC 採礦特許	<b>100</b>	48.32
	KL2015:0005	Jokisivu 2	MC 採礦特許	<b>100</b>	21.30
	KL2018:0010	Jokisivu 3	MCA 採礦特許申請	<b>100</b>	8.97
	ML2012:0112	Jokisivu 4-5	ELA 採礦特許申請	<b>100</b>	85.76
	ML2017:0131	Jokisivu 7-8	EL 探礦許可	<b>100</b>	18.60
<b>Vammala</b>	1895	Stormi	MC 採礦特許	<b>100</b>	157.53
<b>Kaapelinkulma</b>	K7094	Kaapelinkulma	MC 採礦特許	<b>100</b>	66.55



龍資源有限公司  
DRAGON MINING  
LIMITED

**DRAGON MINING LIMITED**  
龍 資 源 有 限 公 司\*