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## ASX RELEASE

Dragon Mountain Gold Limited,  
ACN: 111 005 282  
182 Claisebrook Road, Perth WA 6000



31 October 2014

### **Mining Exploration Entity** **QUARTERLY REPORT SEPTEMBER 2014**

During the last Quarter ending 30 September 2014, the Board have continued to conduct due diligence on a number of major projects in Australia and overseas with a view to securing a new project for Dragon Mountain Gold Limited ("DMG" or "the Company").

The 30 June 2014 Annual Report was released on 30 September 2014.

The Company had \$4.5 million in cash reserves at the end of the quarter. Directors are continuing to manage the Company's cashflow in this challenging capital raising environment for junior exploration companies.

The Board continues to review its strategy in order to find the right project that will benefit the Company and shareholders going forward. The assessment and due diligence of projects needs to be done with these factors taken into consideration. The Board believes that it may be possible to take advantage of the current cash position to obtain a financially economic project.

Robert Gardner  
**CHAIRMAN**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

**DRAGON MOUNTAIN GOLD LIMITED (DMG)**

ABN

**82 111 005 282**

Quarter ended ("current quarter")

**30 September 2014**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(78)	(78)
(b) development	-	-
(c) production	-	-
(d) administration	(19)	(19)
(e) project development costs	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	77	77
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	(3)	(3)
<b>Net Operating Cash Flows</b>	<b>(23)</b>	<b>(23)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(20)	(20)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net Investing Cash Flows</b>	<b>(20)</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(43)</b>	<b>(43)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(43)	(43)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc. net of costs	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: Receipts from held to maturity investments	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(43)	(43)
1.20	Cash at beginning of quarter/year to date	4,553	4,553
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	4,510	4,510

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	111
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors Salary, Fees, and Superannuation; Corporate Management Fees paid to associated Company	

**Non-cash financing and investing activities**

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
	Nil	
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
	Nil	

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	109
4.2 Development	-
4.3 Production	-
4.4 Administration	106
<b>Total</b>	<b>215</b>


### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	110	130
5.2 Deposits at call	4,400	4,443
5.3 Bank overdraft	-	-
5.4 Other: Refundable Guarantees	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,510</b>	<b>4,573</b>

### Interests in Mining Tenements

Disclosure in accordance with ASX Listing Rule 5.3.3

Project/Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
 XPPM License	China	100%	0%	0%
Farm-in Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				
Farm-out Agreements / Tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Nil				

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference *securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	263,530,515	263,530,515		
7.4 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Nil		<u>Exercise price \$</u>	<u>Expiry date</u>
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Signed:

Dated: Friday, 31 October 2014

Company Secretary

Print name: JAY STEPHENSON

## **Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities. The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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