



2 December 2020

Ms Belinda Giles
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Belinda

DRAGON MOUNTAIN GOLD LIMITED (“COMPANY”) – APPENDIX 5B QUERY

I refer to your letter to the Company dated 27 November 2020 in relation to related party payments during the quarter ended 30 September 2020 (“Relevant Period”).

Adopting the numbering in your letter, the Company responds as follows:

1. Please provide a breakdown of the related payment payments for the Relevant Period showing:

1.1 amounts paid to each individual director;

Director	Amount
Robert Gardner	\$239,892
Paul Piercy	\$7,464
Jay Stephenson	\$7,464
Total	\$254,820

1.2 amounts paid to the company secretary;

Nil

1.3 amounts paid for exploration consultancy; and

Amounts paid for exploration consultancy was \$69,946.



1.4 itemised details for the expenditure for the balance of the related party payments including what the payment was for and whom the payment was made to.

Entity	Description	Amount
Fastwitch Enterprises Pty Ltd ¹	Exploration consultancy	\$64,946
Fastwitch Enterprises Pty Ltd ¹	Director fees/salary	\$64,946
Sunplus Holdings Pty Ltd ATF ²	Office Rent	\$110,000
Jay Stephenson	Director fees/salary & superannuation	\$7,464
Paul Piercy	Director fees/salary & superannuation	\$7,464
Total		\$254,820

¹Fastwitch Enterprises Pty Ltd, a company controlled by Mr Gardner

²Sunplus Holdings Pty Ltd, a company controlled by Mr Gardner

2. Please provide an explanation for the increase in related party payments from an average of \$35,250 per quarter for the 12 months before the Relevant Period to \$255,000 during the Relevant Period.

For the purposes of working capital management and cashflow management, in previous quarters prior to the Relevant Period, the Company had withheld making payments to directors and their related entities. The schedule below provides a breakdown of the trade payables and accrued expenses relating to related parties as at 30 June 2020:

Entity	Amounts owed at 30 June 2020
Fastwitch Enterprises Pty Ltd ¹	\$321,784
Sunplus Holdings Pty Ltd ATF ²	\$110,000
Jay Stephenson	\$5,558
Paul Piercy	\$3,358
Total	\$440,680

¹Fastwitch Enterprises Pty Ltd, a company controlled by Mr Gardner

²Sunplus Holdings Pty Ltd, a company controlled by Mr Gardner

The increase in average of related party payments per quarter for the 12 months before the Relevant Period was due to the following:

1. Approval of payments to settle a portion of the outstanding amounts owed to Fastwitch Enterprises Pty Ltd as at 30 June 2020;
2. Approval of payment to settle the outstanding amounts owed to Sunplus Holdings Pty Ltd as at 30 June 2020;
3. Approval of payment to settle the outstanding amounts owed to Jay Stephenson as at 30 June 2020; and
4. Approval of payment to settle the outstanding amounts owed to Paul Piercy as at 30 June 2020.



In addition, there was an approval of payments for directors fees owed to Jay Stephenson and Paul Piercy for the months of July 2020 and August 2020.

- 3. Please confirm that DMG is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.**

The Company confirms that it is in compliance with Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with the rule that has not already been released to the market.

- 4. Please confirm that DMG's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DMG with delegated authority from the board to respond to ASX on disclosure matters**

The Company confirms that the responses to the questions above have been authorized and approved by its board, with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely,

Jay Stephenson
Director and Company Secretary



27 November 2020

Reference: 27423

Mr Jay Stephenson
Company Secretary
Dragon Mountain Gold Limited

By email

Dear Mr Stephenson

Dragon Mountain Gold Limited ('DMG'): Appendix 5B Query

ASX refers to the following:

- A. DMG's Appendix 5B quarterly report lodged on the ASX Market Announcements Platform ('MAP') and released at 9:58 PM AEDT on 31 July 2019 for the quarter ended on 30 June 2019 disclosing related party payments of \$68,000 for directors' salaries, fees and superannuation and exploration consultancy fees;
- B. DMG's Appendix 5B quarterly report lodged on MAP and released at 11:14 AM AEDT on 31 October 2019 for the quarter ended 30 September 2019 disclosing related party payments of \$47,000 for directors' salaries, fees and superannuation and exploration consultancy fees;
- C. DMG's Appendix 5B quarterly report lodged on MAP and released at 3:17 PM AEDT on 31 January 2020 for the quarter ended 30 December 2019 disclosing related party payments of \$13,000 for directors' salaries, fees and superannuation and exploration consultancy fees;
- D. DMG's Appendix 5B quarterly report lodged on MAP and released at 9:07 AM AEDT on 30 April 2020 for the quarter ended 31 March 2020 disclosing related party payments of \$69,000 for directors' salaries, fees and superannuation and exploration consultancy fees;
- E. DMG's Appendix 5B quarterly report lodged on MAP and released 9:21 AM AEDT on 31 July 2020 for the quarter ended 30 June 2020 disclosing related party payments of \$12,000 for directors' salaries, fees and superannuation and exploration consultancy fees; and
- F. DMG's Appendix 5B quarterly report lodged on MAP and released at 5:17 PM AEDT on 30 October 2020 for the quarter ended 30 September 2020 (the 'Relevant Period') disclosing related party payments of \$255,000 for directors' salaries, fees and superannuation and exploration consultancy fees.

Request for Information

In view of the increase in related party payments during the Relevant Period, ASX asks DMG to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Please provide a breakdown of the related payment payments for the Relevant Period showing:
 - 1.1 amounts paid to each individual director;
 - 1.2 amounts paid to the company secretary;
 - 1.3 amounts paid for exploration consultancy; and
 - 1.4 itemised details of the expenditure for the balance of the related party payments including what the payment was for and whom the payment was made to.

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2. Please provide an explanation for the increase in related party payments from an average of \$35,250 per quarter for the 12 months before the Relevant Period to \$255,000 during the Relevant Period.
 3. Please confirm that DMG is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
 4. Please confirm that DMG's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of DMG with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that DMG considers may be relevant to ASX forming an opinion on whether DMG is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Wednesday, 2 December 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DMG's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DMG to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt & suspension

DMG's securities will remain suspended.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DMG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that DMG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Belinda Giles
Adviser, Listings Compliance (Perth)