
DRAGON MOUNTAIN GOLD LIMITED

ACN 111 005 282

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am
DATE: 24 September 2021
PLACE: 283 Rokeby Road
SUBIACO WA 6008

The business of the Meeting affects your shareholding, and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 22 August 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO ISSUE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 40,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 24 August 2021

By order of the Board

Jay Stephenson
Non-Executive Director and Company Secretary

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 1 – Approval to issue Shares

A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the participants in the Public Offer) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with Section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with Section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (0)8 9426 0666.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 General

The Company's Shares have been suspended from trading on ASX since 13 June 2019 at the request of the Company in accordance with Listing Rule 17.2 pending an announcement by the Company in relation to a proposed acquisition.

The Company has formed a strategy to ASX for the purposes of meeting all of the requirements for the securities of the Company to be reinstated to official quotation (**Reinstatement Strategy**). Details of the conditions to the Company's reinstatement to official quotation are set out in Section 1.4 below (**Reinstatement Conditions**). ASX has confirmed that, if the Reinstatement Strategy is implemented and subject to satisfaction of the Reinstatement Conditions, it can see no reason why the Company's securities should not be reinstated to official quotation.

In order to satisfy one of the Reinstatement Conditions, the Company proposes to raise up to a total of \$2,000,000 (**Maximum Subscription**) through a proposed public offering of 40,000,000 Shares at an issue price of \$0.05 (**Public Offer**).

The Public Offer will have a minimum subscription condition of \$1,500,000 (being 30,000,000 Shares at an issue price of \$0.05 per Share) (**Minimum Subscription**).

The pro-forma balance sheet of the Company (assuming the Reinstatement Strategy is completed) as at 31 December 2020 including proforma adjustments is set out in Schedule 1.

1.2 Use of Funds

Funds raised from the Public Offer will be used towards exploration and evaluation of the Cawse Project, the Avalon Project payment of liabilities, assessing new projects, expenses of the Public Offer, working capital and corporate administration costs as set out below.

	Minimum Subscription (\$1.5M)		Maximum Subscription (\$2M)	
	\$	%	\$	%
Exploration of the Cawse Project	\$450,000	30%	\$550,000	27.5%
Exploration of the Avalon Project	\$650,000	44%	\$850,000	42.5%
Expenses of the Reinstatement Strategy (including the Public Offer)	\$200,000	13%	\$200,000	10.0%
Working capital	\$200,000	13%	\$400,000	20.0%
Total	\$1,500,000	100%	\$2,000,000	100%

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events including exploration success or failure

and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

1.3 Pro-forma Capital Structure

Upon completion of the Public Offer (assuming Maximum Subscription under the Public Offer) the capital structure of the Company will be as follows:

	Shares
Current issued capital	263,530,515
Securities to be issued pursuant to the Public Offer	40,000,000 ¹
TOTAL	303,530,515

Notes:

1. This assumes the Company raises the Maximum Subscription under the Public Offer.

1.4 Reinstatement Conditions

ASX has confirmed that the securities of the Company will be reinstated to official quotation, subject to compliance with the following conditions precedent (**Reinstatement Conditions**):

- (a) the Company appointing a third director to the Company's Board in compliance with the Corporations Act and the lodgement of an Appendix 3X in relation to the appointment of that director (the Company notes that it has satisfied this condition – refer to the ASX announcement titled "Appointment of Director" and the Appendix 3X that the Company released on 2 July 2021);
- (b) the Company demonstrating compliance with Listing Rule 12.1 by completing stages 1 to 9 of the Work Programme at Cawse Project;
- (c) the Company announcing the completion of the drilling programs referred to in the Work Programme, the exploration results arising from the drilling programs and confirmation that the Company is proceeding with the remainder of the scheduled activities set out in the Work Programme;
- (d) the Company satisfying the financial condition requirements of Listing Rule 12.2 by completion of the Public Offer such that, after payment of the costs of the placement the Company can demonstrate to ASX that it has a working capital of \$1,500,000;
- (e) the Company lodging all necessary Appendices 3B with ASX for issues of new securities;
- (f) the Company lodging any outstanding reports for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5, that are not subject to a disclaimer of opinion or qualified opinion;
- (g) the Company's Shareholders approving all the Resolutions the subject of this Notice;

- (h) the Company releasing a full form prospectus pursuant to Section 710 of the Corporations Act 2001 (Cth) in relation to the proposed Public Offer (**Prospectus**);
- (i) completion of the Public Offer, including closure of the Prospectus and confirmation that the Company has reached Minimum Subscription under the Public Offer;
- (j) confirmation the securities to be issued pursuant to the Public Offer have been issued, and despatch of each of the following has occurred:
 - (i) in relation to all holdings on the CHESS sub-register, a notice from the Company under ASX Settlement Operating Rule 8.9.1;
 - (ii) in relation to all other holdings, issuer sponsored holding statements; and
 - (iii) any refund monies;
- (k) from the completion of the Public Offer the Company must provide to ASX the following documents, in a form suitable for market release:
 - (i) the names and securities held of the 20 largest holders of each class of securities to be quoted;
 - (ii) a distribution schedule of the number of holders in each class of security to be quoted;
 - (iii) a statement outlining the Company's post issue capital structure;
 - (iv) an updated statement of commitments based on actual funds raised;
 - (v) a consolidated activities report setting out the proposed business strategy for the Company;
 - (vi) the full terms and conditions of any options on issue;
 - (vii) a statement confirming that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus;
 - (viii) confirmation that the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1; and
 - (ix) any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise from ASX's review of the Prospectus and the Company's financial reports; and
- (l) Payment of any ASX fees, including listing fees, applicable and outstanding.

The deadline for the satisfaction of the Reinstatement Conditions is 30 September 2021.

2. RESOLUTION 1 – APPROVAL TO ISSUE SHARES

2.1 General

The Company is proposing to issue of 40,000,000 Shares at an issue price of \$0.05 per Share (**Public Offer Shares**) to raise up to \$2,000,000 (**Public Offer**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Public Offer does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Public Offer Shares. In addition, the issue of the Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Public Offer Shares. The issue of the Public Offer Shares is part of the Reinstatement Strategy that has been approved by the Board. If Resolution 1 is not passed, the Company will not be able to fulfill this limb of its Reinstatement Strategy, meaning that the Company's financial condition will not be adequate for the purposes of ASX Listing Rule 12.2, and the Company risks being unable to fulfill the Reinstatement Conditions.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Public Offer Shares.

2.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) The Public Offer Shares will be issued to professional and sophisticated investors who will be identified by the Directors. The recipients will be identified through a bookbuild process, which will involve the Directors seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that:
 - (i) none of the recipients will be related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) it is intended that none of the recipients will be issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Shares to be issued is 40,000,000;

- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Public Offer Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Public Offer Shares will occur on the same date;
- (f) the issue price will be \$0.05 per Share. The Company will not receive any other consideration for the issue of the Shares;
- (g) the purpose of the issue of the Public Offer Shares is to raise up to \$2,000,000. The Company intends to apply the funds raised from the issue in the manner set out in Section 1.2;
- (h) the Public Offer Shares are not being issued under an agreement; and
- (i) the Public Offer Shares are not being issued under, or to fund, a reverse takeover.

2.4 Dilution

Assuming the maximum number of Public Offer Shares are issued, the number of Shares on issue would increase from 263,530,515 (being the number of Shares on issue as at the date of this Notice) to 303,530,515 and the shareholding of existing Shareholders would be diluted by 13.18%.

GLOSSARY

ASX means ASX Limited (ACN 008 624 691), or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company means Dragon Mountain Gold Limited (ACN 111 005 282).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Maximum Subscription means the maximum amount to be raised under the Public Offer, being \$2,000,000.

Minimum Subscription means the minimum amount to be raised under the Public Offer, being \$1,500,000.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Public Offer has the meaning given in Section 1.1.

Public Offer Shares has the meaning given in Section 1.1.

Reinstatement Conditions has the meaning given in Section 1.4.

Reinstatement Strategy has the meaning given in Section 1.1.

Resolutions means the Resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Work Programme means a work programme formulated for the purpose of carrying out the Reinstatement Strategy.

SCHEDULE 1 - PRO-FORMA BALANCE SHEET AS AT 31 DECEMBER 2020

The audit reviewed pro-forma statement of financial position as at 31 December 2020 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared to provide an indication on the effect of the Public Offer on the financial position of the Company assuming Public Offer is fully subscribed and no other Shares are issued prior to the Public Offer. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audit Reviewed 31 December 2020	Capital Raisings	Audit Reviewed Pro-Forma 31 December 2020
Current assets			
Cash	883,062	1,910,941	2,794,003
Trade and other receivables	29,829	-	29,829
Other current assets	24,980	-	24,980
Total current assets	937,871	1,910,941	2,848,812
Non-current assets			
Plant and equipment	3,893	-	3,893
Rights of use assets	182,618	-	182,618
Total non-current assets	1,124,382	1,910,941	3,035,323
TOTAL ASSETS	1,124,382	1,910,941	3,035,323
Current liabilities			
Trade and other creditors	512,145	-	512,145
Short term lease liabilities	101,570	-	101,570
Insurance premium funding	21,879	-	21,879
Total current liabilities	635,594	-	635,594
Non-current liabilities			
Long-term lease liabilities	165,352	-	165,352

	Audit Reviewed 31 December 2020	Capital Raisings	Audit Reviewed Pro-Forma 31 December 2020
Total non-current liabilities	165,352	-	165,352
TOTAL LIABILITIES	800,946	-	800,946
NET ASSETS	323,436	1,910,941	2,234,377
Equity			
Issued Capital	33,081,803	1,910,941	34,992,744
Reserves	1,040	-	1,040
Accumulated losses	-32,759,407	-	-32,759,407
TOTAL EQUITY	323,436	1,910,941	2,234,377

The pro-forma statement of financial position includes the following adjustments:

(a) Total funds raised \$2,000,000 less expenses of \$89,059

PROXY FORM

DRAGON MOUNTAIN GOLD LIMITED
ACN 111 005 282

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11:00am, on 24 September 2021 at 283 Rokeby Road, Subiaco WA 6008, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below).

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of the Resolution. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

Resolution 1 Approval to Issue Shares

FOR

☐

AGAINST

☐

ABSTAIN

☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Dragon Mountain Gold Limited, 283 Rokeby Road, Subiaco WA 6008; or
 - (e) email to the Company at jay.stephenson@foresthouse.com.auso that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.