Stock Exchange Codes

ASX: DMG

ASX RELEASE

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AVALON PROJECT EXPLORATION UPDATE

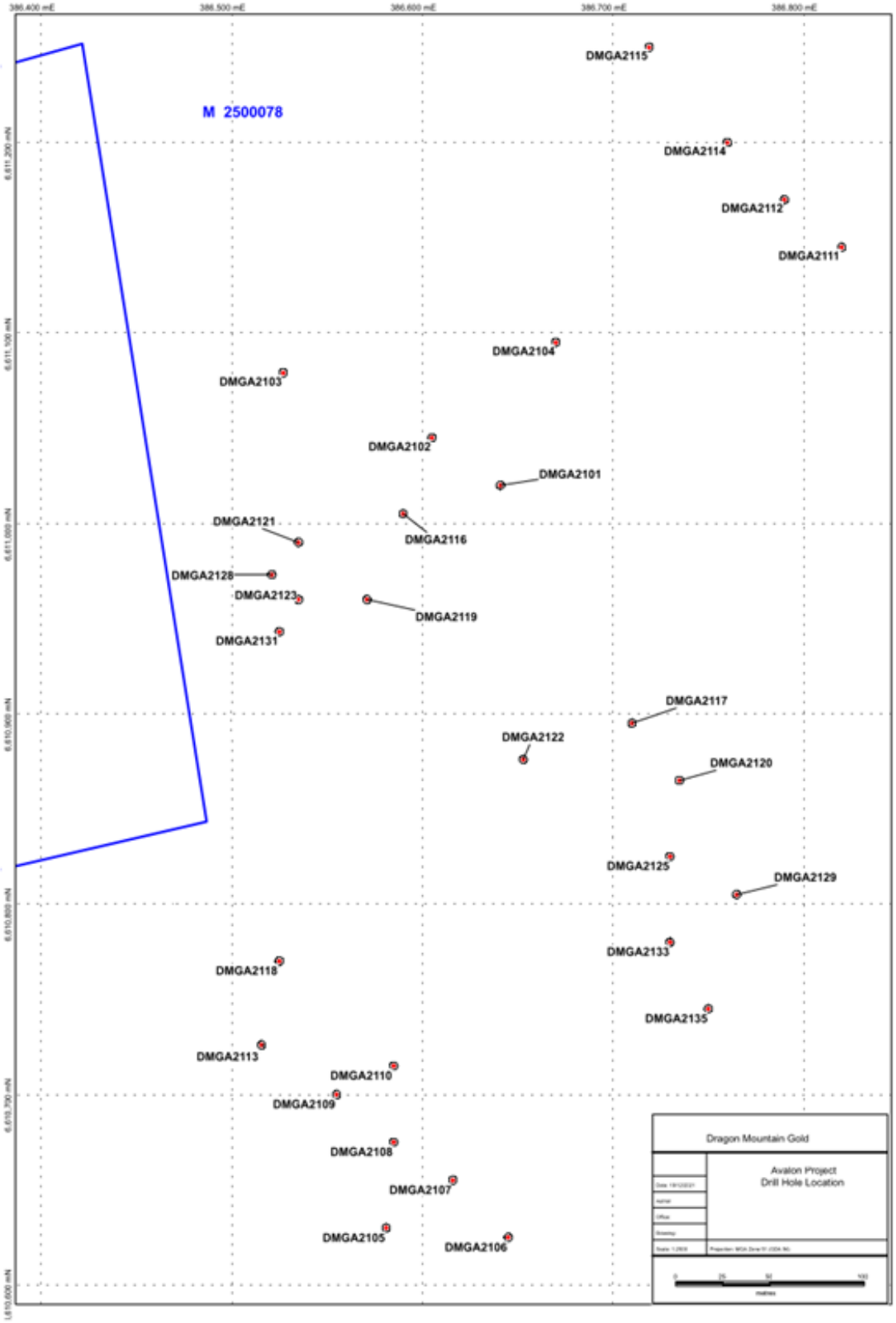
Dragon Mountain Gold Ltd (Dragon Mountain; the Company) (ASX: DMG), a gold exploration company with projects in the Eastern Goldfields of Western Australia, provides the following exploration update and drill results from its inaugural exploration program at its Avalon Project.

The Avalon Project is located in Bulong, WA, approximately 35kms east of Kalgoorlie and comprises five granted Mining Leases of approximately 43.4km2.

The tenement group is host to the Bulong Nickel laterite deposits which were previously mined. The Avalon Project is contained within the Bulong Nickel Operation area and as a result, there has been virtually no exploration at depth for gold since the 1990's. Almost all drilling in the area in the ensuing years, when the focus was on nickel, was vertical and gridded, providing limited useable information for gold.

Dragon Mountain's exploration program commenced on 26 October 2021 and the Company completed 29 Reverse Circulation (RC) holes for 3,055m testing the first Bulk Leach Extractable Gold (BLEG) anomaly.

Figure 1: ***Drill Program Design***



Mineralisation is thought to be associated with a structurally enhanced, distinct lithogeochemical package and the holes were targeted to intercept mapped or interpreted secondary and splinter faults associated with the major Bulong Fault in fresh rock (80m+). Alteration was intersected in several holes well below the laterite profile and interpreted as structures which could be secondary or splinter faults.

Figure 2: Avalon Project BLEG N Prospect Section 2

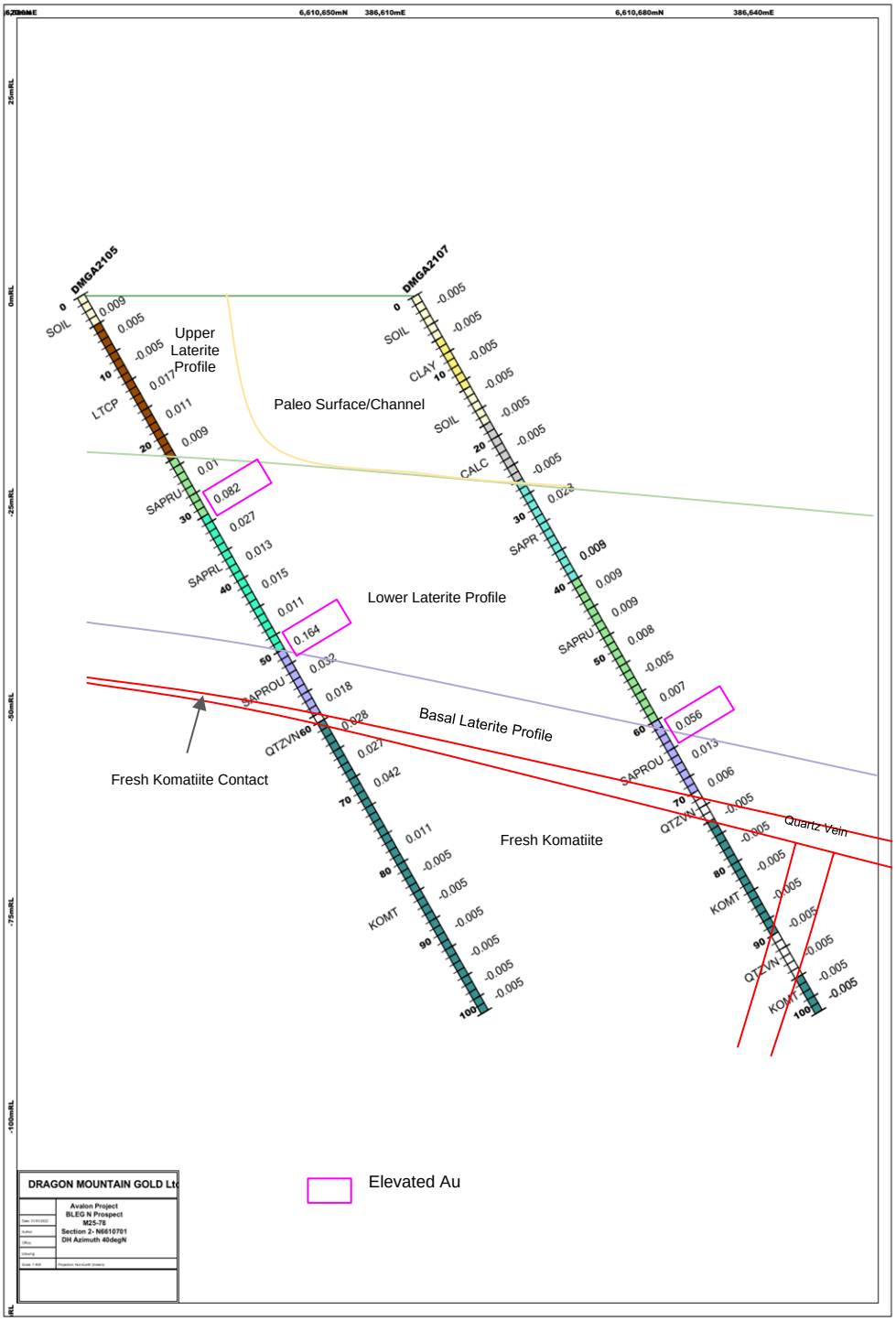
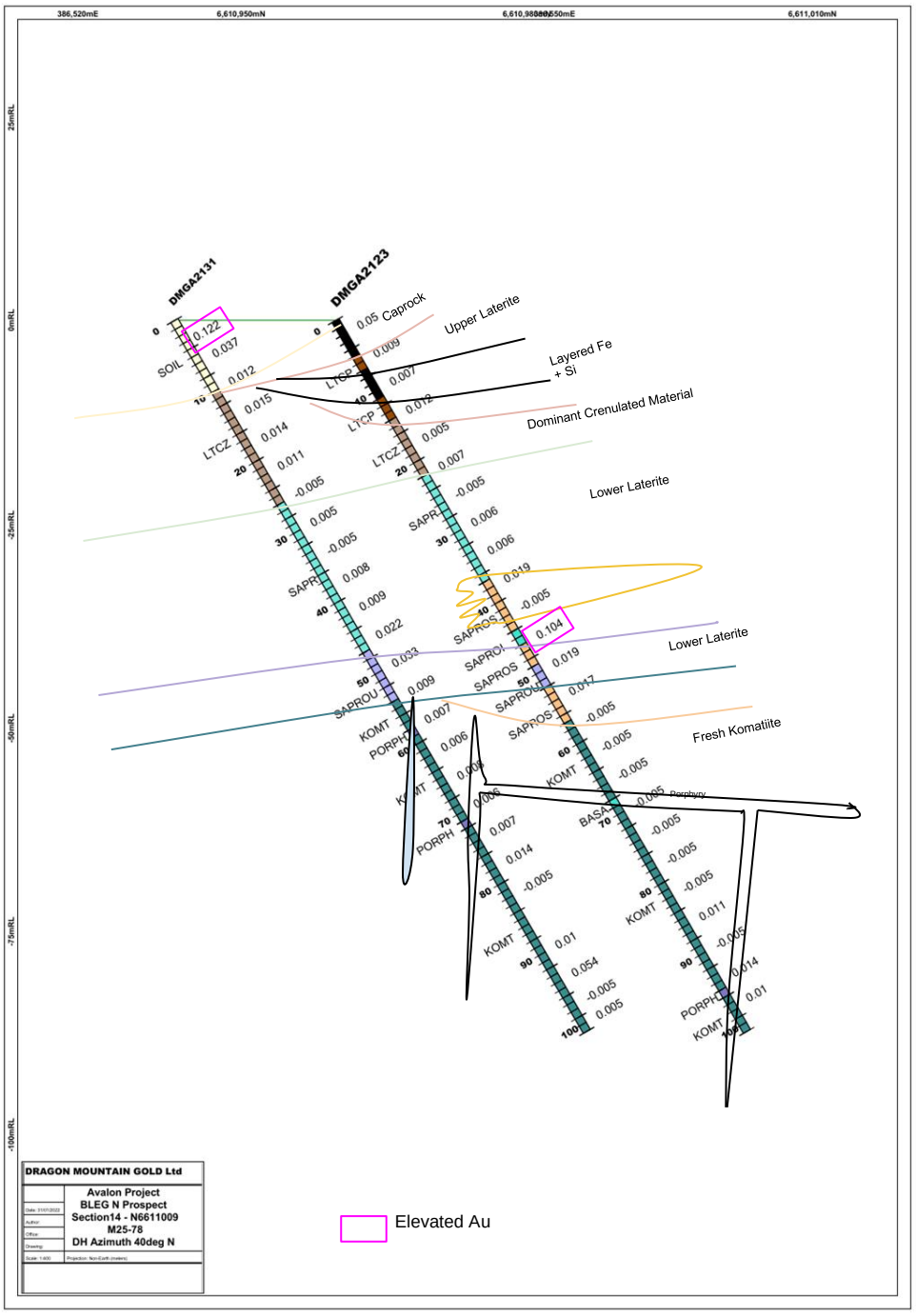


Figure 3: Avalon Project BLEG N Prospect Section 14



Geochemical results to date show the area has a gold endowment similar to the BLEG anomaly data. The Company is waiting on some 1m assays from 4m composites and will use data from this first exploration program to build a 3D picture of structure and mineralisation in this area, and combine it with lithology and geochemistry associations for further target generation.

Table 1: ***Significant Intercepts from Drill Programme (Greater than 0.08 ppm)***

Project	Tenement	Easting	Northing	Elevation	Dip	Azi	Hole ID	From	To	Downhole Width (m)	Au (ppm)
Avalon	M25/78	386645	6610625	431	-60	40	DMGA2106	20	24	4	0.365
Avalon	M25/78	386581	6610630	431	-60	40	DMGA2105	48	52	4	0.164
Avalon	M25/78	386525	6610943	431	-60	30	DMGA2131	0	4	4	0.122
Avalon	M25/78	386535	6610960	431	-60	35	DMGA2123	44	48	4	0.104
Avalon	M25/78	386585	6610675	431	-60	40	DMGA2108	16	20	4	0.099
Avalon	M25/78	386710	6610895	431	-60	35	DMGA2117	0	4	4	0.099
Avalon	M25/78	386571	6610960	431	-60	35	DMGA2119	0	4	4	0.098
Avalon	M25/78	386641	6611020	431	-60	40	DMGA2101	0	4	4	0.093
Avalon	M25/78	386653	6610876	431	-60	30	DMGA2122	0	4	4	0.089
Avalon	M25/78	386581	6610630	431	-60	40	DMGA2105	28	32	4	0.082

Commenting on results from the program, Dragon Mountain's Chairman Robert Gardner said: "Results from the Company's first drill program at Avalon are disappointing, however we still believe the BLEG results reflect an area with high potential for significant gold mineralisation and the next stage of exploration will test this area immediately west of the Bulong Fault.

"The Company will now rework the modelling and revise targets and then continue the RC program at depth," he said.

The next stage of exploration is expected to commence Q1, 2022.

ENDS

This announcement is approved for release by the Board.

Robert Gardner
Chairman

Competent Person Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation reviewed by Mr Timothy Bevis, Consultant, Galt Mining Solutions. Mr Bevis is a member of the Australian Institute of Mining and Metallurgy and he has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bevis consents to the inclusion in this release of the matters based on the information in the form and context in which they appear.

JORC TABLE 1
Section 1 Sampling Techniques and Data

Criteria	Explanation	
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• Reverse Circulation (RC) Drilling was the method of sample collection • Samples were collected in the cyclone, homogenised and cone split in 1m increments in prelabeled calico bags. • Discard was kept either in Green UV Bags or dumped in neat lines, in sequence. • 4m Composite samples were collected from their respective bags/piles with a PVC spear for unaltered zones. • The geologist selected specific zones for 2-3m Composite samples. Composites were collected from their respective bags/piles with a PVC spear. • Samples were submitted to MinAnalytical, where samples were dried and pulverised. The Lab undertook a '50g Fire Assay with AAS Finish' and a 'Multi-element by Four Acid Digest with ICP-OES Finish' for all samples.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Drilling was completed using a KDA 250 RC Rig with a face sampling 4 ¾ Inch Hammer. • Sampling was Collected via a Rig Mounted OX Engineering Cyclone and Cone Splitter • Single Shot DH Survey (Axis Mining Technology Champ)
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• A visual percentage was applied to each interval • Some zones existed with poor recovery and/or moisture and subsequently were flagged. • Some holes ended due to poor hole conditions to limit poor return/moist sample.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• Geological logging of the sieved chips was completed for all drill holes; it was qualitative in nature. • Chips were stored in RC chip trays and photographed.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• Sample was received via Rig Mounted OX Engineering Cyclone and Cone Splitter. • Samples were collected per 1m interval and 4m/3m/2m composites were taken using the PVC tube spear method. • The supervising geologist monitored the drill process to ensure that procedures for minimising sample bias and producing quality sample data were followed including field duplicates. • Samples sizes were of an acceptable size/weight. • Some samples were recovered moist and were described as such. As per best practice and QAQC procedures the cyclone was cleaned after these occurrences. Thorough cleaning was also

Criteria	Explanation	
		performed at the end of each run and thoroughly cleaning after each hole as per procedure.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• DMG used suitable Certified Reference Material Standards and Blank material for their in-house QAQC practices. These were inserted frequently at roughly 1:20 samples, alternating blanks, standards and duplicates. Particular care was shown to the expected ore zone. • MinAnalytical dried and pulverised the samples. They performed a 50g Fire Assay with AAS Finish and a Multi-element by Four Acid Digest with ICP-OES Finish for each sample. Their detection limit of 0.005ppm was sufficient. • All CRM, Duplicates and Blanks have been assessed and achieve an acceptable level of accuracy according to senior company personnel.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Significant intercepts have been inspected by senior company personnel. • No holes have been twinned. • Data was collected on paper and then uploaded digitally and validated. • No adjustments have been made to assay data during the process.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Collars were picked up using DGPS . • The grid format used is MGA Zone 51 (GDA 94). • Downhole surveys were recorded using a Single Shot (Axis Mining Technology Champ)
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Drill holes are irregularly spaced to match the complexity of the target and historical drilling. • Roughly 100-50 metre spacing. • Spacing suitable for exploration, infill drilling to commence in 2022.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The 3D picture of structure and mineralisation at this point is not well understood until further drilling is completed. • Drilling was designed perpendicular to the main fault set. • It is believed that no sample bias appears at this time. Some of the moist samples may appear to have higher grades than typical, however this may be related to the structure.
Sample security	• The measures taken to ensure sample security.	• Samples and sampling data have been secure and under supervision by company personal or lab staff.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• The program was managed by senior company personnel to assure accurate data collection.

Section 2 Reporting of Exploration Results

Criteria	Explanation	
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• The Avalon Program consists of 5 granted mining leases (M27/189, M25/78, M25/77, M25/76, M25/75). • This announcement will report on recent drilling from the M25/78 mining lease. • Dragon Mountain Gold has a farm-in agreement with Wingstar Investments Pty Ltd that grants the Company the right to explore for minerals other than nickel or cobalt on both the Cawse and Avalon Projects. The Company, subject to staged earn-in requirements, may earn up to an 80% interest in the Avalon Project and an 80% interest in the tenements that partly comprise the Cawse Project. The Company also has a head of agreement with Mesmeric Enterprises Pty Ltd, the wholly owned subsidiary of Wingstar, to acquire the mineral rights, excluding nickel and cobalt, in the tenements that party comprise the Cawse Project.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• The tenement group is host to the Bulong Nickel laterite deposits which were previously mined. The Avalon Project is contained within the Bulong Nickel Operation area and as a result, there has been virtually no exploration at depth for gold since the 1990's. Almost all drilling in the area in the ensuing years, when the focus was on nickel, was vertical and gridded, providing limited usable information for gold. • BLEG anomaly soil sampling completed in 2014, morilsk nickel australia completed this campaign.
Geology	• Deposit type, geological setting and style of mineralisation.	• Mineralisation is thought to be associated with a structurally enhanced, distinct lithogeochemical package and the holes were targeted to intercept mapped or interpreted secondary and splinter faults associated with the major Bulong Fault in fresh rock (80m+). Alteration was intersected in several holes well below the laterite profile and interpreted as structures which could be secondary or splinter faults.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All RC holes are presented on plan in *Figure 1*. Additional drill hole information is provided within the text in this document.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	• All results have been displayed as raw Au has been reported in ppm. No topcut has been assigned and all assays included in this table are 4m composites. • No metal equivalent values have been reported.

Criteria	Explanation	
	• The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• All assays are composed of either 4m, 3m or 2m Composites. The location and interval of the composites were preferentially selected by the Rig Supervising geologist. These were chosen in areas that were visibly altered and/or at the end of hole.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Diagrams of the drill program have been included on plan.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• The top 10 results *(Table 1)* have been reported in the body of text. Due to the quantity of results it was not feasible to include all results so Appendix 1 shows all drilling results above a 0.03 ppm cut off.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No additional work has been carried out. • Historic Geophys and historic geochem used in targeting
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Revision of targets underway and further RC Drilling planned to commence Q1, 2022.

Appendix 1: All drilling results greater than 0.03ppm

Hole ID	Sample ID	From	To	Type	Method	Condition	Sample ID	Au
DMGA2101	R134042	0	4	Comp	Spear	D	R134042	0.093
DMGA2101	R134043	4	8	Comp	Spear	D	R134043	0.046
DMGA2101	R134044	8	12	Comp	Spear	D	R134044	0.044
DMGA2101	R134046	16	20	Comp	Spear	D	R134046	0.041
DMGA2101	R134047	20	24	Comp	Spear	D	R134047	0.045
DMGA2101	R134048	24	28	Comp	Spear	D	R134048	0.041
DMGA2101	R134049	28	32	Comp	Spear	D	R134049	0.036
DMGA2101	R134050	32	36	Comp	Spear	D	R134050	0.036
DMGA2101	R134051	36	40	Comp	Spear	M	R134051	0.031
DMGA2101	R134052	40	44	Comp	Spear	M	R134052	0.032
DMGA2101	R134053	44	48	Comp	Spear	M	R134053	0.081
DMGA2101	R134054	48	52	Comp	Spear	D	R134054	0.031
DMGA2102	R134071	0	4	Comp	Spear	D	R134071	0.033
DMGA2102	R134076	20	24	Comp	Spear	D	R134076	0.033
DMGA2103	R134129	0	4	Comp	Spear	D	R134129	0.031
DMGA2103	R134141	48	52	Comp	Spear	D	R134141	0.033
DMGA2118	R134164	24	28	Comp	Spear	D	R134164	0.036
DMGA2118	R134186	100	104	Comp	Spear	D	R134186	0.045
DMGA2113	R134189	0	4	Comp	Spear	D	R134189	0.031
DMGA2113	R134193	16	20	Comp	Spear	D	R134193	0.03
DMGA2113	R134202	50	54	Comp	Spear	D	R134202	0.051
DMGA2113	R134203	54	58	Comp	Spear	D	R134203	0.066
DMGA2109	R134224	24	28	Comp	Spear	D	R134224	0.032
DMGA2109	R134232	56	60	Comp	Spear	W	R134232	0.036
DMGA2110	R134262	60	64	Comp	Spear	M	R134262	0.061
DMGA2108	R134281	16	20	Comp	Spear	D	R134281	0.099
DMGA2108	R134299	84	88	Comp	Spear	D	R134299	0.063
DMGA2107	R134316	32	36	Comp	Spear	M	R134316	0.05
DMGA2107	R134326	60	64	Comp	Spear	W	R134326	0.056
DMGA2105	R134347	28	32	Comp	Spear	D	R134347	0.082
DMGA2105	R134352	48	52	Comp	Spear	W	R134352	0.164
DMGA2105	R134353	52	56	Comp	Spear	D	R134353	0.032
DMGA2105	R134357	68	72	Comp	Spear	D	R134357	0.042
DMGA2106	R134374	20	24	Comp	Spear	D	R134374	0.365
DMGA2106	R134376	28	32	Comp	Spear	D	R134376	0.031
DMGA2106	R134377	32	36	Comp	Spear	D	R134377	0.039
DMGA2116	R134512	0	4	Comp	Spear	D	R134512	0.081
DMGA2116	R134513	4	8	Comp	Spear	D	R134513	0.04
DMGA2119	R134541	0	4	Comp	Spear	D	R134541	0.098

Hole ID	Sample ID	From	To	Type	Method	Condition	Sample ID	Au
DMGA2123	R134599	0	4	Comp	Spear	D	R134599	0.05
DMGA2123	R134611	44	48	Comp	Spear	W	R134611	0.104
DMGA2131	R134628	0	4	Comp	Spear	D	R134628	0.122
DMGA2131	R134629	4	8	Comp	Spear	D	R134629	0.037
DMGA2131	R134641	48	52	Comp	Spear	D	R134641	0.033
DMGA2131	R134654	92	96	Comp	Spear	D	R134654	0.054
DMGA2117	R134657	0	4	Comp	Spear	D	R134657	0.099
DMGA2117	R134659	8	12	Comp	Spear	D	R134659	0.035
DMGA2122	R134692	0	4	Comp	Spear	D	R134692	0.089
DMGA2122	R134695	12	16	Comp	Spear	D	R134695	0.032
DMGA2120	R134747	96	100	Comp	Spear	D	R134747	0.053
DMGA2120	R134748	100	104	Comp	Spear	D	R134748	0.051
DMGA2128	R134884	0	4	Comp	Spear	D	R134884	0.067
DMGA2128	R134909	92	96	Comp	Spear	M	R134909	0.079

Appendix 2: Drillhole Details

Project	Tenement	Hole ID	Easting	Northing	Elevation	Dip	Azi	EOH
Avalon	M25/78	DMGA2101	386641	6611020	431	-60	40	101
Avalon	M25/78	DMGA2102	386605	6611045	431	-60	40	101
Avalon	M25/78	DMGA2103	386527	6611079	431	-60	40	101
Avalon	M25/78	DMGA2104	386670	6611095	431	-60	40	101
Avalon	M25/78	DMGA2105	386581	6610630	431	-60	40	101
Avalon	M25/78	DMGA2106	386645	6610625	431	-60	40	101
Avalon	M25/78	DMGA2107	386616	6610655	431	-60	40	101
Avalon	M25/78	DMGA2108	386585	6610675	431	-60	40	101
Avalon	M25/78	DMGA2109	386555	6610700	431	-60	40	101
Avalon	M25/78	DMGA2110	386585	6610715	431	-60	40	101
Avalon	M25/78	DMGA2111	386820	6611145	431	-60	35	101
Avalon	M25/78	DMGA2112	386790	6611170	431	-60	35	101
Avalon	M25/78	DMGA2113	386515	6610725	431	-60	40	101
Avalon	M25/78	DMGA2114	386760	6611200	431	-60	35	101
Avalon	M25/78	DMGA2115	386719	6611250	431	-60	35	101
Avalon	M25/78	DMGA2116	386590	6611005	431	-60	35	101
Avalon	M25/78	DMGA2117	386710	6610895	431	-60	35	125
Avalon	M25/78	DMGA2118	386525	6610770	431	-60	40	110
Avalon	M25/78	DMGA2119	386571	6610960	431	-60	35	101
Avalon	M25/78	DMGA2120	386735	6610865	431	-60	35	125
Avalon	M25/78	DMGA2121	386535	6610990	431	-60	35	101
Avalon	M25/78	DMGA2122	386653	6610876	431	-60	30	101
Avalon	M25/78	DMGA2123	386535	6610960	431	-60	35	101
Avalon	M25/78	DMGA2125	386730	6610825	431	-60	35	110
Avalon	M25/78	DMGA2128	386521	6610973	431	-60	30	110
Avalon	M25/78	DMGA2129	386765	6610805	431	-60	35	131
Avalon	M25/78	DMGA2131	386525	6610943	431	-60	30	101
Avalon	M25/78	DMGA2133	386730	6610780	431	-60	35	122
Avalon	M25/78	DMGA2135	386750	6610745	431	-60	35	101