



ABN 82 111 005 282

## **INTERIM FINANCIAL REPORT**

**for the half-year ended 31 December 2021**

*The information contained in this condensed report is to be read in conjunction with Dragon Mountain Gold Limited's 2021 annual report and announcements to the market by Dragon Mountain Gold Limited during the half-year period ending 31 December 2021*

# DRAGON MOUNTAIN GOLD LIMITED

AND CONTROLLED ENTITIES

ABN 82 111 005 282

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## Corporate Directory

### Current Directors

Robert Gardner	<i>Executive Chairman</i>
Jay Stephenson	<i>Non-executive Director</i>
Dimitri Bacopanos	<i>Non-executive Director (Appointed on 2 July 2021)</i>

### Company Secretary

Jay Stephenson

### Registered Office

Street: 182 Claisebrook Road  
Perth WA 6000  
Postal: PO Box 52  
West Perth WA 6872  
Telephone: +61 (0)8 6141 3500  
Facsimile: +61 (0)8 9481 1947  
Email: [info@dragonmountain.com.au](mailto:info@dragonmountain.com.au)  
Website: [www.dragonmountain.com.au](http://www.dragonmountain.com.au)

### Securities Exchange

Australian Securities Exchange  
Street: Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000  
ASX Code: DMG

### Corporate Adviser

Wolfstar Group Pty Ltd  
Street: Barringtons House  
283 Rokeby Road  
Subiaco WA 6008  
Telephone: +61 (0)8 9246 0666

### Share Registry

Computershare Registry Services  
Street: Level 11, 172 St Georges Terrace  
Perth WA 6000  
Postal: GPO Box D182  
Perth WA 6840  
Telephone: 1300 850 505 (investors within Australia)  
+61 (0)3 9415 4000

### Auditor










Crowe Perth  
Street: Level 5, 45 St Georges Terrace  
Perth WA 6000  
Postal: PO Box P1213  
Perth WA 6844  
Telephone: +61 0(8) 9481 1448

### Solicitors to the Company

Steinepreis Paganin  
Postal: GPO Box 2799  
Perth WA 6001  
Telephone: +61 0(8) 9321 4000

## **INTERIM FINANCIAL REPORT 31 DECEMBER 2021**

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# DRAGON MOUNTAIN GOLD LIMITED

AND CONTROLLED ENTITIES

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## Directors' Report

Your Directors present their report together with the summary of the financial information of Dragon Mountain Gold Limited (**the Company**) and its controlled entity (**the Consolidated Entity** or **the Group**) for the half-year ended 31 December 2021.

### 1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

-  Mr Robert Gardner *Executive Chairman*
-  Mr Jay Stephenson *Non-executive Director*
-  Mr Dimitri Bacopanos *Non-executive Director (appointed on 2 July 2021)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### 2. Review of Operations

During the period the Company performed Due Diligence on a number of exploration projects with a view to refocus its activities on exploration and become re-instated on the official list of ASX.

During the period the company submitted three Program of Work (POW) application with the WA Department of Mines in relation to the Avalon project. The Group has also commenced the drill program at the Avalon Project and is intending to raise a minimum of \$1,500,000 and a maximum of \$2,000,000 via an issue of Shares at an issue price of \$0.05 per share. The purpose of the raise is to implement the Company's business strategies.

The Company had \$716,828 in cash reserves at the end of the year. The Directors are continuing to manage the Group's cash flow in this difficult capital raising environment for junior exploration companies.

#### 2.1. Operating results

The loss of the Company for the half-year amounted to \$438,238 (31 December 2020: \$324,653).

#### 2.2. Financial position

The net liability position of the Company has decreased by \$438,238 to \$(472,340) at 31 December 2021 (30 June 2021: \$(34,102)).

As at 31 December 2021, the Company's cash and cash equivalents decreased from 30 June 2021 by \$101,771 to \$716,828 and had a working capital deficit of \$847,534 (30 June 2021: \$(120,192) working capital deficit).

### 3. Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2021 has been received and can be found on page 4 on the half-year report.



**ROBERT GARDNER**

Chairman

Dated this Tuesday, 15 March 2022



**AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dragon Mountain Gold Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect to Dragon Mountain Gold Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Crowe Perth**

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Cyrus Patell**  
Partner

Signed at Perth, 15 March 2022

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# DRAGON MOUNTAIN GOLD LIMITED

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## Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
<b>Continuing operations</b>			
Revenue	1.1	1,553	7,248
		1,553	7,248
Accounting and audit fees		(35,059)	(37,319)
Computers and communications		(2,553)	(2,553)
Depreciation	2.2	(46,034)	(46,034)
Employee benefits expenses	2.1	(212,031)	(206,068)
Financing costs	2.3	(3,039)	(5,310)
Insurance		(12,992)	(11,580)
Occupancy expenses		(180)	(993)
Professional fees		(92,917)	(3,737)
Regulatory expenses		(22,900)	(16,712)
Other expenses		(12,086)	(1,595)
Loss before tax		(438,238)	(324,653)
Income tax benefit / (expense)		-	-
<b>Loss from continuing operations</b>		(438,238)	(324,653)
<b>Net loss for the half-year</b>		(438,238)	(324,653)
<b>Other comprehensive income, net of income tax</b>			
☞ Items that will not be reclassified subsequently to profit or loss		-	-
☞ Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive loss attributable to members of the parent entity</b>		(438,238)	(324,653)
<b>loss for the period attributable to:</b>			
☞ Non-controlling interest		-	-
☞ Owners of the parent		(438,238)	(324,653)
<b>Total comprehensive loss attributable to:</b>			
☞ Non-controlling interest		-	-
☞ Owners of the parent		(438,238)	(324,653)
<b>Earnings per share:</b>		¢	¢
Basic loss per share (cents per share)	9.3	(0.17)	(0.12)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

## Condensed consolidated statement of financial position

as at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
<b>Current assets</b>			
Cash and cash equivalents	3.1	716,828	818,599
Trade and other receivables	3.2	51,980	59,323
Other current assets	3.3	13,855	9,323
<b>Total current assets</b>		<b>782,663</b>	<b>887,245</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation expenditure	4.1	280,745	-
Plant and equipment	4.2	3,139	3,518
Right of use assets	4.3.1	91,310	136,964
<b>Total non-current assets</b>		<b>375,194</b>	<b>140,482</b>
<b>Total assets</b>		<b>1,157,857</b>	<b>1,027,727</b>
<b>Current liabilities</b>			
Trade and other payables	3.4	1,522,440	898,590
Short-term lease liabilities	4.3.2	107,757	105,722
Short-term financial liabilities	3.5	-	3,125
<b>Total current liabilities</b>		<b>1,630,197</b>	<b>1,007,437</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	4.3.2	-	54,392
<b>Total non-current liabilities</b>		<b>-</b>	<b>54,392</b>
<b>Total liabilities</b>		<b>1,630,197</b>	<b>1,061,829</b>
<b>Net assets</b>		<b>(472,340)</b>	<b>(34,102)</b>
<b>Equity</b>			
Issued capital	5.1	33,081,803	33,081,803
Reserves	5.3	1,040	1,040
Accumulated losses		(33,555,183)	(33,116,945)
<b>Total equity</b>		<b>(472,340)</b>	<b>(34,102)</b>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

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**INTERIM FINANCIAL REPORT 31 DECEMBER 2021****Condensed consolidated statement of changes in equity**

for the half-year ended 31 December 2021

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Exchange Translation Reserve \$	Non- controlling Interest \$	Total \$
Balance at 1 July 2020		33,081,803	(32,434,754)	1,040	-	648,089
Loss for the half-year attributable to the owners of the parent		-	(324,653)	-	-	(324,653)
Other comprehensive income for the half-year attributable to the owners of the parent		-	-	-	-	-
<b>Total comprehensive loss for the half-year attributable to the owners of the parent</b>		-	(324,653)	-	-	(324,653)
Transaction with owners, directly in equity						
Shares issued during the year		-	-	-	-	-
<b>Balance at 31 December 2020</b>		<b>33,081,803</b>	<b>(32,759,407)</b>	<b>1,040</b>	<b>-</b>	<b>323,436</b>
Balance at 1 July 2021		33,081,803	(33,116,945)	1,040	-	(34,102)
Loss for the half-year attributable to the owners of the parent		-	(438,238)	-	-	(438,238)
Other comprehensive income for the half-year attributable to the owners of the parent		-	-	-	-	-
<b>Total comprehensive loss for the half-year attributable to the owners of the parent</b>		-	(438,238)	-	-	(438,238)
<b>Balance at 31 December 2021</b>		<b>33,081,803</b>	<b>(33,555,183)</b>	<b>1,040</b>	<b>-</b>	<b>(472,340)</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

## Condensed consolidated statement of cash flows

for the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
<b>Cash flows from operating activities</b>			
Receipts from government grants		-	5,000
Payments to suppliers and employees		(55,579)	(384,050)
Interest received		1,553	2,248
<b>Net cash used in operating activities</b>		(54,026)	(376,802)
<b>Cash flows from investing activities</b>			
Payments for exploration expenditure		(280,745)	-
<b>Net cash used in investing activities</b>		(280,745)	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	21,878
Cash held in trust		233,000	-
<b>Net cash provided by financing activities</b>		233,000	21,878
<b>Net decrease in cash held</b>		(101,771)	(354,924)
Cash and cash equivalents at the beginning of the year		818,599	1,237,986
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
<b>Cash and cash equivalents at the end of the period</b>	3.1	716,828	883,062

*The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.*

## DRAGON MOUNTAIN GOLD LIMITED

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### Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

In preparing the 2021 interim financial statements, Dragon Mountain Limited has grouped notes into sections under the same key categories as used in the 30 June 2021 Annual Report:

 Section A: How the numbers are calculated.....	10
 Section B: Unrecognised Items .....	14
 Section C: Other Information.....	15

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

### SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
- (b) analysis and sub-totals, including segment information
- (c) information about estimates and judgements made in relation to particular items.

#### NOTE 1 Revenue and other income

Note

##### 1.1 Revenue

	31 December 2021 \$	31 December 2020 \$
Interest revenue	1,553	2,248
Other income	-	5,000
Total revenue	1,553	7,248

#### NOTE 2 Loss before income tax

The following significant revenue and (expense) items are relevant in explaining the financial performance:

##### 2.1 Employee benefits:

Wages and salaries	208,858	201,434
Superannuation expenses	3,173	4,634
Total personnel expenses	212,031	206,068

##### 2.2 Depreciation

Depreciation	46,034	46,034
Total depreciation expenses	46,034	46,034

##### 2.3 Financing costs

Financing costs	3,039	5,310
Total financing costs	3,039	5,310

#### NOTE 3 Financial assets and financial liabilities

##### 3.1 Cash and cash equivalents

	31 December 2021 \$	30 June 2021 \$
Cash at bank	483,828	818,599
Cash at bank (held on trust)	233,000	-
	716,828	818,599

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## for the half-year ended 31 December 2021

### 3.2 Trade and other receivables

**3.2.1** Value-added tax (VAT) is a generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (GST) and in China (VAT).

### 3.4 Trade and other payables

**3.4.1** Trade payables and accruals includes amounts totalling \$552,046 and \$177,124 respectively, owed to a related party of Mr Robert Gardner (Fastwitch Enterprises Pty Ltd) at 31 December 2021 for unpaid Director and CEO Fees.



**Notes to the condensed consolidated financial statements**  
for the half-year ended 31 December 2021

**NOTE 4 Non-financial assets and non-financial liabilities**

**4.1 Capitalised exploration and evaluation expenditure**

**Non-current**

Exploration expenditure capitalised:

- Exploration and evaluation phase at cost

Net carrying value

**Movements in Carrying Amounts**

Balance at the beginning of year

Expenditure during the period

Exploration written off

Carrying amount at the end of year

31 December 2021 \$	30 June 2021 \$
280,745	-
280,745	-
-	-
280,745	88,249
-	(88,249)
280,745	-

**4.2 Plant and equipment**

**Non-current**

Furniture and fittings

Accumulated depreciation

Office equipment

Accumulated depreciation

Leasehold improvements

Accumulated amortisation

Total plant and equipment

31 December 2021 \$	30 June 2021 \$
16,740	16,740
(13,888)	(13,572)
2,852	3,168
54,150	54,213
(53,863)	(53,863)
287	350
211,499	211,499
(211,499)	(211,499)
-	-
3,139	3,518

**4.3 Leases**

**4.3.1 Right of use asset**

Leased building

Accumulative depreciation

31 December 2021 \$	30 June 2021 \$
913,089	913,089
(821,779)	(776,125)
91,310	136,964

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## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

### NOTE 4 Non-financial assets and non-financial liabilities (cont.)

#### 4.3 Leases (cont.)

##### 4.3.1.1 Movements in carrying amounts

Carrying amount at the beginning of period
Additions
Depreciation expense
Carrying amount at the end of period

31 December 2021 \$	30 June 2021 \$
136,964	228,272
-	-
(45,654)	(91,308)
91,310	136,964
107,757	105,722
107,757	105,722
-	54,392
-	54,392
107,757	160,114

##### 4.3.2 Lease liabilities

###### Current

Short-term lease liabilities

###### Non-Current

Long-term lease liabilities

Total Lease liabilities

### NOTE 5 Equity

#### 5.1 Issued capital

Note

Fully paid ordinary shares at no par value 5.1.1

31 December 2021 No.	30 June 2021 No.	31 December 2021 \$	30 June 2021 \$
263,530,515	263,530,515	33,081,803	33,081,803
6 months to 31 December 2021 No.	12 months to 30 June 2021 No.	6 months to 31 December 2021 \$	12 months to 30 June 2021 \$
263,530,515	263,530,515	33,081,803	33,081,803
-	-	-	-
263,530,515	263,530,515	33,081,803	33,081,803

##### 5.1.1 Ordinary shares

At the beginning of the period

Shares issued during the period:

At reporting date

#### 5.2 Options

There are no options issued, issued and lapsed during the financial year.

## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

### NOTE 5 Equity (cont.)

#### 5.3 Reserves

	Note	31 December 2021 \$	30 June 2021 \$
Foreign exchange reserve	5.3.1	1,040	1,040
		1,040	1,040

#### 5.3.1 Foreign exchange translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign controlled subsidiary.

### SECTION B. UNRECOGNISED ITEMS

*This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.*

### NOTE 6 Events subsequent to reporting date

On 27 January 2022, the Company refers to the farm-in agreements with Wingstar Investments Pty Ltd (Wingstar) and Mesmeric Enterprises Pty Ltd (Mesmeric), the wholly owned subsidiary of Wingstar, that grants Dragon Mountain the right to explore for minerals other than nickel or cobalt on the Avalon and Cawse Projects (together, the Farm-in Agreements). Under the Farm-In Agreements, the Company, subject to staged earn-in requirements, may earn up to an 80% interest in the Cawse and Avalon Projects. The Company confirms that it has earned-in a 25% interest in the Cawse and Avalon Projects.

There have been no other subsequent events that have arisen since 31 December 2021 and up to the date of this report that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations. Or the state of affairs of the Company in future financial years.

### NOTE 7 Contingent liabilities

There are no contingent liabilities as at 31 December 2021 (30 June 2021: nil).

### NOTE 8 Commitments

As at 31 December 2021, the group has commitments of \$1,150,000 relating to the work programme for the Avalon and Cawse Projects (30 June 2021: 476,000).

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## Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2021

### SECTION C. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

#### NOTE 9 Earnings per share (EPS)

Note	31 December 2021 \$	31 December 2020 \$
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##### 9.1 Reconciliation of earnings to profit or loss

Loss for the year attributable to owners of the Company	(438,238)	(324,653)
Loss attributable to non-controlling equity interest (NCI)	-	-
Loss used in the calculation of basic EPS	(438,238)	(324,653)

31 December 2021 \$	31 December 2020 \$
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##### 9.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

263,530,515	263,530,515
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31 December 2021 ¢	31 December 2020 ¢
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##### 9.3 Earnings per share

Basic EPS (cents per share)	9.3.1	(0.17)	(0.12)
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**9.3.1** The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group, and the company has no dilutionary equity instruments on issue as at 31 December 2021 (2020: nil).

#### NOTE 10 Operating segments

##### 10.1 Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal location based on geographical areas and therefore different regulatory environments – Australia (2020: Australia). The Group operates predominantly in the minerals exploration and evaluation industry.

Due to its reduced activity, the Group currently operates materially in one business segment and one geographical segment as described above. Accordingly, the financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

## **Notes to the condensed consolidated financial statements**

for the half-year ended 31 December 2021

### **NOTE 11 Statement of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **11.1 Basis of preparation**

##### **11.1.1 Statement of compliance**

The half-year financial report is a general purpose financial report that have been prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include notes of the type normally included in the annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue on 15 March 2022 by the directors of the Company.

##### **11.1.2 Going concern**

The financial statements have been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

The Group incurred a net loss of \$438,238 during the half year ending 31 December 2021 and, as of that date, the Group had net liabilities of \$472,340 with a working capital deficit of \$847,534.

The ability of the Group to continue its planned activities and maintain its going concern status is dependent on being able to raise additional funds as required as well as continued support from related party creditors, including the conversion of related party debt to equity. This is subject to shareholder approval at a general meeting to be scheduled at a later date.

Should the Group be unable to raise the amount of funding required and should the continued support from related party creditors not be forthcoming, there is material uncertainty that the Group will be able to continue as a going concern, and therefore whether it will be able to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

##### **11.1.3 Comparative figures**

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is prepared.

##### **11.1.4 New and amended Standards adopted by the Group**

A number of new standards, amendments to standards and interpretations issued by AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

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

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## INTERIM FINANCIAL REPORT 31 DECEMBER 2021

### NOTE 11 Statement of significant accounting policies

#### 11.2 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgement made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

##### 11.2.1 Critical accounting estimates and judgements

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2021 annual report.

### NOTE 12 COMPANY DETAILS

#### The registered office of the Company is:

Address:

*Street:* 182 Claisebrook Road  
Perth WA 6000

*Postal:* PO Box 52  
West Perth WA 6872

*Website:* [www.dragonmountain.com.au](http://www.dragonmountain.com.au)

*E-mail:* [info@dragonmountain.com.au](mailto:info@dragonmountain.com.au)

#### The principal place of business is:

*Finance and Administration Office:*

*Street:* Barringtons House  
283 Rokeby Road  
Subiaco WA 6008

*Postal:* PO Box 1288  
Subiaco WA 6904

*Telephone:* +61 (0)8 6141 3500

*Facsimile:* +61 (0)8 6141 3599

## **Directors' Declaration**

The directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 5 to 17, are in accordance with the *Corporations Act 2001* (Cth) and:
  - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and;
  - (c) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended on that date of the Consolidated Group.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:



**ROBERT GARDNER**

Chairman

Dated this Tuesday, 15 March 2022



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF DRAGON MOUNTAIN GOLD LIMITED AND ITS CONTROLLED ENTITIES**

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the half-year financial report of Dragon Mountain Gold Limited and its controlled entities (the Group), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Dragon Mountain Gold Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 11 in the financial report, which indicates that the Group incurred a net loss of \$438,238 during the half year ended 31 December 2021 and, as of that date, the Group had net liabilities of \$472,340 with current liabilities exceeding current assets by \$847,534. As stated in Note 11, these conditions, along with other matters as set forth in Note 11, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

*Responsibility of the Directors for the Financial Report*

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink, appearing to read "Crowe Perth".

**Crowe Perth**

A handwritten signature in blue ink, appearing to read "Cyrus Patell".

**Cyrus Patell**  
Partner

Signed at Perth, 15 March 2022

