
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 (WST)

DATE: 14 July 2022

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 12 July 2022.

IMPORTANT NOTES

INDEPENDENT EXPERT'S REPORTS

Shareholders should carefully consider the Independent Expert's Reports prepared for the purposes of the Shareholder approval required under section 611 item 7 of the Corporations Act and ASX Listing Rule 10.1 (as applicable) (refer to Resolution 2 and 3). The Independent Expert's Reports comment on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders.

The Independent Expert has determined the transactions the subject of Resolution 2 and 3 are **FAIR AND REASONABLE** to the non-associated Shareholders.

BOARD RECOMMENDATION

The Directors (other than Mr Robert Gardner who has a material personal interest Resolutions 2 and 3) believe the transactions contemplated in Resolutions 2 and 3 are in the best interests of Shareholders and accordingly, recommend that Shareholders vote in favour of these Resolutions.

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 up to 200,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

2. RESOLUTION 2 – APPROVAL OF THE COMPANY'S ENTRY INTO THE LEASE AGREEMENT WITH COMARND PTY LTD AND FUTURE RENT PAYMENTS TO SUNPLUS HOLDINGS PTY LTD

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

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.1 and for all other purposes, shareholder approve:

- (a) the Company's entry into the lease agreement dated 1 January 2013 with Comarnd Pty Ltd (**Lease Agreement**); and
- (b) the ongoing rent payments to Sunplus Holdings Pty Ltd under the Lease Agreement,

on the terms and conditions set out in the Explanatory Statement."

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

Material Personal Interest: Comarnd Pty Ltd and Sunplus Holdings Pty Ltd are entities that are controlled by Mr Robert Gardner, the Company's Executive Chair. As such, Mr Gardner has a material personal interest in this Resolution. Mr Gardner, his entities and his associates will not vote in favour of this Resolution.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Stantons for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (**Lease Independent Expert's Report**). The Lease Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the transaction the subject of this Resolution is **FAIR AND REASONABLE** to the non-associated Shareholders.

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO FASTWITCH ENTERPRISES PTY LTD ATF NC A/C

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

"Subject to Resolution 1, that, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 50,341,150 Shares to Fastwitch Enterprises Pty Ltd ATF NC A/C on the terms and conditions set out in the Explanatory Statement, which will result in Robert Gardner's voting power increasing from 20.61% to up to 26.91% in the capital of the Company."

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

Material Personal Interest: Fastwitch Enterprises Pty Ltd ATF NC A/C is an entity that is controlled by Mr Robert Gardner, the Company's Executive Chair. As such, Mr Gardner has a material personal interest in this Resolution. Mr Gardner, his entities and his associates will not vote in favour of this Resolution.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Stantons for the purpose of the Shareholder approval required under Listing Rule 10.1 and section 611 (Item 7) of the Corporations Act (**Conversion Independent Expert's Report**). The Conversion Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the transaction the subject of this Resolution is **FAIR AND REASONABLE** to the non-associated Shareholders.

Dated: 10 June 2022

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).
Resolution 2 – Approval of the Company's entry into the Lease Agreement with Comarnd Pty Ltd and the ongoing rent payments to Sunplus Holdings Pty Ltd	Comarnd Pty Ltd, Sunplus Holdings Pty Ltd Mr Robert Gardner and any other person who will obtain a material benefit as a result of the transaction the subject of this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company) 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 Prohibition Statements

Resolution 2– Approval of the Company's entry into the Lease Agreement with Comarnd Pty Ltd and the ongoing rent payments to Sunplus Holdings Pty Ltd	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 3 – Approval of Issue of Securities to Fastwitch Enterprises Pty Ltd ATF NC A/C	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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 TO THE CAPITAL RAISING

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.

As previously announced, the ASX has presented the Company with conditions that would need to be satisfied in order to be reinstated to official quotation (**Reinstatement Conditions**). This conditional approval to relist was granted after the Company presented a strategy to ASX for the purposes of meeting all of the requirements under the Reinstatement Conditions (**Reinstatement Strategy**). Details of the Reinstatement Conditions are set out in Section 1.3 below.

The pro-forma balance sheet of the Company (assuming the Reinstatement Strategy is completed) as at 31 December 2021 including proforma adjustments is set out in Schedule 1.

In order to satisfy one of the Reinstatement Conditions, the Company proposes to raise up to a total of \$4,000,000 (**Maximum Subscription**) through a proposed public offering of up to 200,000,000 Shares (**Public Offer**). The Public Offer Shares (defined below) will be issued at an issue price of \$0.02.

The Company seeks to re-obtain shareholder approval to issue the amount of Shares necessary to satisfy the Maximum Subscription under the Public Offer. This is necessary as the approval obtained on 24 September 2021 pursuant to Listing Rule 7.1 lapsed on 24 December 2021.

The Company made submissions to the ASX on 22 December 2021 requesting an extension of the deadline by which the Reinstatement Conditions needed to be satisfied. As of the date of this Notice, the ASX has granted an extension to the removal deadline to 18 July 2022.

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.

Funds available	Minimum Subscription	%	Maximum Subscription	%
Existing cash reserves ¹	\$716,828	32.3%	\$716,828	15.2%
Funds raised from the Public Offer ²	\$1,500,000	67.7%	\$4,000,000	84.8%
Total	\$2,216,828	100%	\$4,716,828	100%

Funds available	Minimum Subscription	%	Maximum Subscription	%
Allocation of funds				
Exploration at Cawse Project ³	\$450,000	20.3%	\$1,000,000	21.2%
Exploration at Avalon Project ³	\$650,000	29.3%	\$1,500,000	31.8%
Expenses of the Reinstatement Strategy (including the Public Offer)	\$217,824	9.8%	\$375,209	8.0%
Administration costs ⁴	\$500,000	22.6%	\$500,000	10.6%
Working capital ³	\$399,004	18.0%	\$1,341,619	28.4%
Total	\$2,216,828	100%	\$4,716,828	100%

Notes:

- As at 31 December 2021.
- This includes amounts raised under loan agreements (**Loan Agreements**) that the Company has entered into with certain unrelated professional and sophisticated investors (**Lenders**), pursuant to which the Lenders have agreed for the Company to apply the loaned amounts towards the Lender's subscription for Shares as part of the Public Offer. No interest is payable on these loans.
- To the extent that:
 - the Company's exploration activities warrant further exploration activities; or
 - the Company is presented with additional acquisition opportunities,
 the Company's working capital will fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward administration costs for the period following the initial 2-year period following Reinstatement.
- Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.

The above table assumes that the Maximum Subscription is raised and 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 Reinstatement Conditions

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

- the Company remedying the Listing Rule 10.1 breach referred to in Section 3.1;
- the Company's level of operations remains satisfactory to ASX and in compliance with Listing Rule 12.1 at the time of reinstatement;

- (c) 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;
- (d) the Company lodging all necessary Appendices 3B with ASX for issues of new securities;
- (e) 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;
- (f) the Company's Shareholders approving all the Resolutions the subject of this Notice;
- (g) 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**);
- (h) completion of the Public Offer, including closure of the Prospectus and confirmation that the Company has reached the minimum subscription under the Public Offer;
- (i) 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;
- (j) 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 confirmation completion of the Public Offer, closure of the Prospectus and that the Company has reached its minimum subscription under the Public Offer;
 - (iv) a statement outlining the Company's post issue capital structure;
 - (v) the Company's pro forma balance sheet based on actual funds raised under the Public Offer;
 - (vi) an updated statement of commitments based on actual funds raised;
 - (vii) a consolidated activities report setting out the proposed business strategy for the Company;

- (viii) the full terms and conditions of any options on issue;
 - (ix) 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;
 - (x) confirmation that the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1; and
 - (xi) 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
- (k) payment of any ASX fees, including listing fees, applicable and outstanding.

1.4 Reinstatement Timetable

The Reinstatement Strategy is intended to be undertaken pursuant to the following indicative timetable:

NOM dispatched to shareholders	14 June 2022
Lodgement of Prospectus with ASIC and announcement on ASX	17 June 2022
Opening Date of the Public Offer	17 June 2022
Date of the General Meeting	14 July 2022
Closing Date of the Public Offer	14 July 2022
Issue of Shares under the Public Offer and despatch of holding statements	15 July 2022
Satisfaction of Reinstatement Conditions	15 July 2022
Anticipated date for Reinstatement	18 July 2022

This timetable is indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Public Offer early without prior notice. The Company also reserves the right not to proceed with the Public Offer at any time before the issue of Shares to applicants.

2. RESOLUTION 1 – APPROVAL TO ISSUE SHARES

2.1 General

The Company is proposing to issue up to 200,000,000 Shares (**Public Offer Shares**) to raise up to \$4,000,000 (**Public Offer**).

The Public Offer Shares will be issued at an issue price of \$0.02 per Share.

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 the public as well as 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 none of the recipients will be:
 - (i) 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) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Public Offer Shares to be issued is 200,000,000;
- (d) 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;
- (e) the issue price will be \$0.02 per Share. The Company will not receive any other consideration for the issue of the Shares;

- (f) the purpose of the issue of the Public Offer Shares is to raise up to \$4,000,000. The Company intends to apply the funds raised from the issue in the manner set out in Section 1.2;
- (g) the Public Offer Shares are not being issued under an agreement; and
- (h) the Public Offer Shares are not being issued under, or to fund, a reverse takeover.

3. RESOLUTION 2 – APPROVAL OF THE LEASE AGREEMENT WITH COMARND PTY LTD AND THE FUTURE RENT PAYMENTS TO SUNPLUS HOLDINGS PTY LTD

3.1 General

On 1 January 2013, the Company entered into a standard commercial lease agreement with Comarnd Pty Ltd (**Comarnd**), an entity controlled by Company Director Robert Gardner, for the lease of commercial office space at 182 Claisebrook Road, Perth 6000, WA (**Lease**).

The material terms and conditions of this agreement (**Lease Agreement**) are summarised below:

Term/ Option to Renew	The Lease had an initial term commencing on 1 January 2013 (Commencement Date) until 31 December 2013. The Lease provided an option for a further four (4) year term which commenced on and from 1 January 2014 and expired on 31 December 2018 (Option), which was exercised.
Rent	\$110,000 (plus GST) per annum, payable by equal monthly instalments of \$9,166.666 (plus GST) (Rent).
Security Bond	There is no Security Bond held over the Lease for the property

The Lease Agreement otherwise contains provisions considered standard for an agreement of its nature.

The aggregate value of the consideration payable under the Lease for the term above contemplated was \$550,000 plus GST.

In 2013, the Lease was assigned to Sunplus Holdings Pty Ltd (**Sunplus**), an entity controlled by Mr Gardner. On 11 January 2019, Sunplus consented to the continuation of the Lease on a month-by-month basis.

The entry by the Company into the Lease Agreement constitutes the acquisition of a substantial asset under Listing Rule 10.2. Comarnd is an entity controlled by Mr Gardner. Accordingly, the entry by the Company into the Lease Agreement required Shareholder approval under Listing Rule 10.1. This approval was not obtained prior to the execution of the Lease Agreement, so the Company now asks Shareholder to ratify the Company's entry into this agreement for the purposes of Listing Rule 10.1.

Under this Resolution, Shareholders are also being asked to approve the Company's ongoing Rent payments under the Lease Agreement to Sunplus for the purposes of Chapter 2E of the Corporations Act.

3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The ongoing Rent payments to Sunplus constitute giving a financial benefit. Sunplus is controlled by Mr Gardner, who is a related party of the Company by virtue of being a Director.

In respect of Resolution 2, the Directors (other than Mr Robert Gardner who has a material personal interest in this Resolution) have resolved to seek Shareholder approval pursuant to Chapter 2E of the Corporations Act in respect of the future Rent payments to Sunplus.

3.3 Specific information required by section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the Lease Agreement and the Rent payments:

- (a) the related parties are Sunplus and Mr Gardner. Mr Gardner, who is a related party of the Company by virtue of being a Director, controls Sunplus;
- (b) the nature of the financial benefit proposed to be given is the Rent payments by the Company to Sunplus, which will be paid on a month-by-month basis;
- (c) the value of the Rent is \$110,000 (plus GST) per annum, which is to be paid in arrears on a month-to-month basis. This was determined by Agnello Valuation Specialists to be within the assessed range of fair market value of the rent payable for an equivalent property as at 1 January 2013 (refer to section 1.18 of the Lease Independent Expert's Report);
- (d) the remuneration paid by the Company to Mr Gardner for the previous financial year and Mr Gardner's proposed remuneration for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Robert Gardner	\$354,256	\$354,250

The Company notes that these amounts do not include any Rent payments to entities controlled by Mr Gardner.

- (e) Mr Gardner declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the

outcome of Resolution 2 on the basis that Sunplus, an entity that he controls, will be paid monthly Rent payments if this Resolution is passed;

- (f) Messrs Jay Stephenson and Dimitri Bacopanos recommend that Shareholders vote in favour of Resolution 2 for the following reasons:
 - (i) it will assist the Company satisfy the Reinstatement Conditions;
 - (ii) the value of the Rent was determined by Agnello Valuation Specialists to be within the assessed range of fair market value of the rent payable for an equivalent property as at 1 January 2013 (refer to section 1.18 of the Lease Independent Expert's Report); and
 - (iii) it is not considered that there are any significant opportunity costs or taxation consequences to the Company or benefits foregone by the paying the Rent under the terms of the Lease Agreement;
- (g) Messrs Stephenson and Bacopanos recommend that Shareholders vote in favour of Resolution 2 for the reasons set out in (f) above; and
- (h) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

3.4 ASX Listing Rule 10.1

Listing Rule 10.1 provides that a listed entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company;
- 10.1.4 an associate of a person referred to in Listing Rule 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the Company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders,

unless it obtains the approval of its shareholders.

Listing Rule 10.2 provides that an asset is substantial if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the Listing Rules.

The entry by the Company into the Lease Agreement constitutes the acquisition of a substantial asset under Listing Rule 10.2. Comarnd is an entity that is controlled by Mr Gardner, who is a related party of the Company by virtue of being a Director.

Accordingly, the entry by the Company into the Lease Agreement (being the subject of Resolution 2) required Shareholder approval under Listing Rule 10.1. This approval was not obtained prior to the execution of the Lease Agreement, so the Company now asks Shareholder to ratify the Company's entry into this agreement for the purposes of Listing Rule 10.1.

3.5 Lease Independent Expert's Report – Resolution 2

The Lease Independent Expert's Report prepared by Stantons (a copy of which is attached as Schedule 2 of this Notice) assesses whether the transaction contemplated by Resolution 2 (**Transaction**) is fair and reasonable to the non-associated Shareholders of the Company.

The Lease Independent Expert's Report concludes that the transaction contemplated by Resolution 2 is fair and reasonable to the non-associated Shareholders of the Company.

The Lease Independent Expert notes that the key advantages of the proposal raised in Resolution 2 to the Company and existing Shareholders are that the Transaction:

- (a) is considered fair; and
- (b) may allow the Company to facilitate reinstatement to trading on ASX. This would increase the liquidity of the ordinary shares held by existing Shareholders.

The key disadvantage noted by the Lease Independent Expert is that if Shareholders do not approve Resolution 2 and the Company remains in breach of ASX Listing Rules, Mr Gardner may be willing to retrospectively amend the Lease Agreement terms in order to achieve shareholder approval to be able to re-list the Company on ASX.

Shareholders are urged to carefully read the Lease Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

3.6 Technical information required by Listing Rule 14.1A

If Resolution 2 is not passed, the Company will continue to be in breach of Listing Rule 10.1.

If Resolution 2 is passed, the Company's breach of Listing Rule 10.1 will be remedied.

3.7 Technical Information required by Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5, the following information is provided in relation to the Company's entry into the Lease Agreement:

- (a) the Company entered into the Lease Agreement with Comarnd, an entity controlled by Mr Robert Gardner, a Director;
- (b) Comarnd falls within the category set out in ASX Listing Rule 10.1.1 by virtue of being an entity controlled by Mr Gardner, a related party of the Company by virtue of being a Director;
- (c) the asset being acquired by the Company was the Lease;

- (d) the consideration payable under the Lease Agreement was \$550,000 (plus GST);
- (e) the Rent was paid as part of the Company's standard administrative expenses;
- (f) the term of the Lease under the Lease Agreement ran from 1 January 2013 to 31 December 2018. The Lease continues, with Sunplus as lessor, on a month-by-month basis;
- (g) the Lease Agreement is summarised in Section 3.1;
- (h) a voting exclusion statement is included in Resolution 2 of the Notice; and
- (i) the Lease Independent Expert's Report is annexed to this Notice at Schedule 2.

4. RESOLUTION 3 – APPROVAL OF ISSUE OF SECURITIES TO FASTWITCH ENTERPRISES PTY LTD ATF NC A/C

4.1 General

As at the date of this Notice, the Company has existing debts owing to entities controlled by Robert Gardner, a Director of the Company, totalling \$1,006,823 (**Existing Debt**). Subject to the conditions of the Conversion Agreement (see below), the Company is proposing to satisfy repayment of the Existing Debt by converting it into Shares at a deemed issue price of \$0.02 per Share (**Debt Conversion**).

In summary, the Existing Debt is owed to Robert Gardner's controlled entities as follows:

Party	Details	Amount Owed	Debt Conversion Shares to be issued
Fastwitch Enterprises Pty Ltd	Outstanding director fees	\$714,406	35,720,300
Sunplus Holdings Pty Ltd	Outstanding rent in relation to the Lease	\$292,417	14,620,850
Total		\$1,006,823	50,341,150

The Company has entered into an agreement with Robert Gardner's entities, pursuant to which these entities have agreed that the Existing Debt owed will be satisfied by the Company issuing that number of Shares which is equal to the amount owing divided by \$0.02 (**Debt Conversion Shares**) to Fastwitch Enterprises Pty Ltd ATF NC A/C (**Fastwitch**), an entity controlled by Mr Gardner (**Conversion Agreement**). The Conversion Agreement is subject to:

- (a) the Company obtaining Shareholder approval to undertake the Public Offer (see Resolution 1);
- (b) \$1,500,000 being raised under the Public Offer (**Minimum Subscription**); and

- (c) the Company obtaining the required Shareholder approvals to allow the Company to issue the Debt Conversion Shares and allow the increase in voting power to Robert Gardner, which will result from the issue of the Debt Conversion Shares, to Fastwitch, an entity controlled by Robert Gardner (see Resolution 2).

Upon the issue of the Debt Conversion Shares, the Company will be released from any further payment obligations owing in respect of the portion of the Existing Debt which has been converted and shall be released from any claims in relation to the converted portion of the Existing Debt owed to Robert Gardner's entities.

It has been agreed that the Debt Conversion Shares will be issued following the issue of the Public Offer Shares.

Once issued, the Debt Conversion Shares will rank equally with the Company's existing fully paid ordinary shares on issue.

Resolution 3 seeks Shareholder approval for the purposes of Item 7 of section 611 of the Corporations Act to allow the Company to issue 50,341,150 Debt Conversion Shares to Fastwitch (**Issue**).

The Issue, when aggregated with the existing Shares held by Fastwitch, will result in Robert Gardner's voting power in the Company increasing as follows:

	Shares held by Fastwitch	Voting Power
At the date of this Notice	54,316,817	20.61%
On completion of the Public Offer and the Debt Conversion ^{1,2}	104,657,967	26.91%

Notes:

1. Assuming no other Shares are issued.
2. This assumes that the Minimum Subscription is raised under the Public Offer. If more than \$1,500,000 is raised under the Public Offer, Mr Gardner's voting power in the Company will reduce proportionately.

4.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2.

The issue of the Debt Conversion Shares to Fastwitch, an entity controlled by Mr Gardner constitutes giving a financial benefit. Mr Gardner is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Gardner, who has a material personal interest in the Resolution 3) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Debt Conversion Shares because the agreement to issue these Shares was negotiated on an arm's length basis.

4.3 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation

to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Robert Gardner's existing holdings in the Company

Robert Gardner, through his controlled entity Fastwitch, currently holds the following Shares in the Company:

Shares	Options	Voting Power
54,316,817	Nil	20.61%

(d) Relevant Interests

- (i) Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:
 - (A) are the holder of the securities;
 - (B) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
 - (C) have power to dispose of or control the exercise of a power to dispose of the securities.
- (ii) It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

(e) Control

The Corporations Act defines "control", and "relevant agreement" very broadly as follows:

- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.
- (ii) Under section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

4.4 Reason Section 611 Approval is Required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the Debt Conversion Shares and the Public Offer Shares, Robert Gardner would have a relevant interest in 104,657,967 Shares in the Company representing 26.91% voting power in the Company.

This assumes that:

- (a) no other Shares are issued or are exercised apart from the issue of the Public Offer Shares the subject of Resolution 1; and
- (b) the Minimum Subscription is raised under the Public Offer.

It has been agreed that the Debt Conversion Shares will be issued following the issue of the Public Offer Shares.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Debt Conversion Shares to Fastwitch.

4.5 Specific Information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Conversion Independent Expert's Report prepared by Stantons Corporate Finance Pty Ltd (**Stantons**) annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that Fastwitch, an entity controlled by Robert Gardner, will be issued the Debt Conversion Shares in accordance with the terms of the Conversion Agreement as set out in section 4.1 of this Explanatory Memorandum.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of Robert Gardner in voting shares in the capital of the Company (both current, and following the issue of the Debt Conversion Shares to Fastwitch, an entity controlled by Robert Gardner, as contemplated by this Notice) are set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest after the issue of the Debt Conversion Shares
Robert Gardner ¹	54,316,817	104,657,967

Notes:

1. Relevant Interest held by Fastwitch Enterprises Pty Ltd ATF NC A/C an entity controlled by Mr Gardner.

(ii)

Voting Power

The voting power of Robert Gardner (both current, and following the issue of the Debt Conversion Shares to Fastwitch, an entity controlled by Robert Gardner, as contemplated by this Notice) is set out in the table below:

Party	Relevant Interest as at the date of this Notice	Relevant Interest assuming the Minimum Subscription is raised
Robert Gardner ¹	20.61%	26.91% ²

Notes:

1. Assuming that no other Shares are issued.
2. Relevant Interest held by Fastwitch Enterprises Pty Ltd ATF NC A/C an entity controlled by Mr Gardner.
3. This assumes that the Minimum Subscription is raised under the Public Offer. If more than \$1,500,000 is raised under the Public Offer, Mr Gardner's voting power in the Company will reduce proportionately. If the Maximum Subscription is raised, Mr Gardner's voting power will decrease to 20.37%

Further details on the voting power of Robert Gardner are set out in the Conversion Independent Expert's Report prepared by Stantons.

(iii)

Summary of increases

From the above chart it can be seen that the maximum relevant interest that Robert Gardner will hold after completion of the Issue and the Public Offer is 104,657,967 Shares, and the maximum voting power that Robert Gardner will hold is 26.91%. This represents a maximum increase in voting power of 6.3% (being the difference between 20.61% and 26.91%).

(iv)

Assumptions

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 263,530,515 Shares on issue as at the date of this Notice of Meeting;

- (B) the Minimum Subscription is raised under the Public Offer;
- (C) the Company does not issue any additional Shares; and
- (D) Robert Gardner or Fastwitch do not acquire any additional Shares.

(c) **Reasons for the proposed issue of securities**

As set out in Section 3 of this Explanatory Statement, the reason for the issue of securities to Fastwitch is to satisfy the debt owed to Robert Gardner by the Company.

(d) **Date of proposed issue of securities**

The Debt Conversion Shares the subject of Resolution 3 will be issued on a date after the Meeting to be determined by the Company and Robert Gardner, which is no later than three months from the date of the Meeting.

(e) **Material terms of proposed issue of securities**

As set out in Section 3 of this Explanatory Statement the Company is proposing to issue 50,341,150 Debt Conversion Shares at a price of \$0.02 per Share.

(f) **Robert Gardner's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Robert Gardner:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property of the Company; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Robert Gardner at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

- (i) None of the current Board members, other than Robert Gardner, have a material personal interest in the outcome of Resolution 3.
- (ii) All of the Directors are of the opinion that the Conversion Agreement is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Director's recommendations are based on the reasons outlined in Section 4.6 below.
- (iii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

(h) **Capital Structure**

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Issue.

	Shares
Balance at the date of this Notice	263,530,515
Balance after the Issue and the Public Offer ¹	388,871,665

Notes:

- 1. This assumes that the Minimum Subscription is raised under the Public Offer. If more than \$1,500,000 is raised under the Public Offer, Mr Gardner's voting power in the Company will reduce proportionately.

4.6 Advantages of the Issue – Resolution 3

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3:

- (a) the issue of the Debt Conversion Shares to Fastwitch, would allow the Company to satisfy its outstanding debts to Robert Gardner without using any of its available cash reserve;
- (b) the funds saved will be allocated by the Company towards furthering its exploration programs at its Cawse and Avalon Projects, as well as for working capital in the same proportions as outlined in Section 1.2;
- (c) Robert Gardner, in his role as a director, will continue to assist the Company by providing experience and highly proven management services to increase Shareholder value;
- (d) the issue of Debt Conversion Shares to Fastwitch will complete the Company's obligations under the Conversion Agreement and will not require renegotiation of its terms; and
- (e) Stantons has concluded that the issue of the Debt Conversion Shares is fair and reasonable to the non-associated shareholders.

These advantages are considered equally applicable if the Minimum Subscription or the Maximum Subscription are raised.

4.7 Disadvantages of the Issue – Resolution 3

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3:

- (a) the issue of the Debt Conversion Shares to Fastwitch will increase the voting power of Robert Gardner from 20.61% to 26.91% if the Minimum Subscription is raised, reducing the voting power of non-associated Shareholders in aggregate from 79.39% to 73.09%. However, if the Maximum Subscription is raised, this disadvantage will not apply because Mr Gardner's relevant interest will reduce from 20.61% to 20.37%, increasing the voting power of non-associated Shareholders in aggregate to from 79.39% to 79.63%; and
- (b) there is no guarantee that the Company's Shares will not fall in value as a result of the Issue.

4.8 Conversion Independent Expert's Report – Resolution 3

The Conversion Independent Expert's Report prepared by Stantons (a copy of which is attached as Schedule 2 of this Notice) assesses whether the transaction contemplated by Resolution 3 (**Transaction**) is fair and reasonable to the non-associated Shareholders of the Company.

The Conversion Independent Expert's Report concludes that the transactions contemplated by Resolution 3 is fair and reasonable to the non-associated Shareholders of the Company.

The Conversion Independent Expert notes that the key advantages of the proposal raised in Resolution 3 to the Company and existing Shareholders are that the Transaction:

- (a) is fair;
- (b) allows for the conversion of the related party debt rather than repayment, thereby preserving cash; and
- (c) may facilitate Company's reinstatement of trading on ASX.

The key disadvantages noted by the Conversion Independent Expert are as follows:

- (a) the dilution of non-associated Shareholders; and
- (b) completion of the Transaction will remove the possibility of the Company receiving an alternative superior offer. However, it is noted that the Company has not presently received any superior offers.

Shareholders are urged to carefully read the Conversion Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

4.9 Control

Following completion of the Public Offer (see Section 2) and the Debt Conversion, Mr Robert Gardner's voting power in the Company could be as high as 26.91%. Mr Gardner is the Company's Executive Chairman.

Mr Gardner's significant interest in the capital of the Company could mean that he will be in a position to potentially influence the election of Directors and the financial decisions of the Company, and his interests may not align with those of all other Shareholders.

The Company advises Shareholders that if Mr Gardner holds a relevant interest in more than 25% of the Company on completion of the Public Offer and the Debt Conversion, Mr Gardner has the potential to prevent a special resolution from being passed by the Company (such resolution requiring at least 75% of the votes cast by members entitled to vote on the resolution). Special resolutions are required in relation to approve certain Company matters including potentially seeking the delisting of the Company, amending the Constitution, approving the voluntary winding up of the Company and, if at any time the share capital of the Company is divided into different classes of Shares, approving the variation of the rights attached to any such class.

4.10 ASX Listing Rule 10.11

Approval under ASX Listing Rule 10.11 is not required for the issue of Debt Conversion Shares as approval is being obtained for the purposes of Item 7 of section 611 of the Corporations Act, which is an exception to ASX Listing Rule 10.11. Accordingly, the issue of the Debt Conversion Shares to Fastwitch will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4.11 Pro forma balance sheet

A pro forma balance sheet of the Company post the completion of the Issue and the Public Offer is set out in Schedule 1 of this Notice.

GLOSSARY

\$ means Australian dollars.

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.

Comarnd means Comarnd Pty Ltd (ACN 510 323 822).

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

Conversion Independent Expert's Report means the Independent Expert's Report with respect to Resolution 3 that was prepared by Stantons and is attached to this Notice as Schedule 3.

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

Debt Conversion is defined in Section 3 of the Explanatory Statement.

Debt Conversion Share is defined in Section 4 of the Explanatory Statement.

Directors means the current directors of the Company.

Existing Debt is defined in Section 3 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fastwitch means Fastwitch Enterprises Pty Ltd ATF NC A/C.

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

Independent Expert's Reports means the Lease Independent Expert's Report and the Conversion Independent Expert's Report.

Issue means the proposed issue of Debt Conversion Shares to Fastwitch as outlined in Section 4.1 of the Explanatory Statement.

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.

Lease Independent Expert's Report means the Independent Expert's Report with respect to Resolution 2 that was prepared by Stantons and is attached to this Notice as Schedule 2.

Listing Rules means the Listing Rules of ASX.

Maximum Subscription means the maximum amount to be raised under the Public Offer, being \$4,000,000.

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.

Prohibition is defined in Section 4.3(a) of the Explanatory Statement.

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 2.1.

Reinstatement Conditions has the meaning given in Section 1.3.

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.

Stantons means Stantons Corporate Finance Pty Ltd (ACN 128 908 289).

Sunplus means Sunplus Holdings Pty Ltd (ACN 164 205 369).

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 2021

The audited statement of financial position as at 31 December 2021, the audit reviewed pro-forma statement of financial position as at 31 December 2021 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.

	Audited 31 December 2021	Capital Raisings	Debt Conversion	Pro-Forma 31 December 2021
Current assets				
Cash	716,828	3,624,791		4,341,619
Trade and other receivables	51,980	-		51,980
Other current assets	13,855	-		13,855
Total current assets	782,663	3,624,791		4,407,454
Non-current assets				
Plant and equipment	3,139	-		3,139
Rights of use assets	91,310	-		91,310
Total non-current assets	375,193	-		375,193
TOTAL ASSETS	1,157,852	3,624,791		4,782,643
Current liabilities				
Trade and other creditors	1,522,440	-		515,617
Short term financial liabilities	-	-		-
Short term lease liabilities	107,757	-		107,757
Total current liabilities	1,630,197	-		623,483
Non-current liabilities				
Long-term lease liabilities	-	-		-
Total non-current liabilities	-	-		-

	Audited 31 December 2021	Capital Raisings	Debt Conversion	Pro-Forma 31 December 2021
TOTAL LIABILITIES	1,630,197	-		623,483
NET ASSETS	-472,340	3,624,791	-	3,152,451
Equity				
Issued Capital	33,081,803	3,624,791	1,006,823	36,706,594
Reserves	1,040	-		1,040
Accumulated losses	-33,555,183	-		-33,555,183
TOTAL EQUITY	-472,340	3,624,791	1,006,823	4,159,274

The pro-forma statement of financial position includes the following adjustment: total funds raised \$4,000,000 under the Public Offer, less expenses of \$375,209.

SCHEDULE 2 – LEASE INDEPENDENT EXPERT'S REPORT

10 May 2022

The Independent Directors
Dragon Mountain Gold Limited
PO Box 52
West Perth WA 6872

Dear Independent Directors,

Independent Expert's Report Relating to Lease Agreement

1 Executive Summary

Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 2 of the Notice of Meeting ("**NoM**") relating to the retrospective approval of Dragon Mountain Gold Limited ("**Dragon Mountain**" or the "**Company**") entering into a lease agreement with an entity controlled by the Company's Executive Chairman, Mr Robert Gardner ("**Mr Gardner**"), is considered **FAIR** and **REASONABLE** to the shareholders of Dragon Mountain who are not restricted from voting on the resolution (the "**Non-Associated Shareholders**") as at the date of this report.

Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") were engaged by the independent directors of Dragon Mountain to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of the retrospective approval of the Company entering into a lease agreement in 2013.
- 1.3 Dragon Mountain is an Australian public company that historically operated as a gold explorer in north-west China, though these operations recently ceased. Dragon Mountain's current interests include joint venture interests in 8 granted mining leases covering 46.79 km² (the "**Cawse Project**"), 4 granted mining leases covering 34.21 km² (the "**Cawse Extended Project**") and 5 granted mining leases covering 34.47 km² (the "**Avalon Project**"), all located near Kalgoorlie in Western Australia. The Company also recently applied for one exploration licence and 8 prospecting licences, covering 25 square kilometres to the west of the Cawse Project.
- 1.4 Dragon Mountain is listed on the Australian Securities Exchange ("**ASX**"), though has been suspended from trading since 13 June 2019 pursuant to ASX Listing Rule 17.2. The Company is seeking to be reinstated on ASX.
- 1.5 The Company entered a lease agreement with Comarnd on 1 January 2013 (the "**Lease Agreement**") for commercial office space located at Level 1, 182 Claisebrook Road, Perth (the "**Premises**"). Comarnd is an entity controlled by a director of the Company, Mr Gardner. For the purpose of this report, we refer to entry into the Lease Agreement by the Company as the "**Transaction**".
- 1.6 In accordance with a subsequent Letter of Acknowledgment dated 16 March 2022 (the "**Letter of Acknowledgment**"), Sunplus Holdings Pty Ltd ("**Sunplus**"), an entity also controlled by Mr Gardner,

and the Company acknowledged that the original lease document included drafting errors and that in fact Sunplus was the owner of the Premises on the date of the Lease Agreement. Furthermore, in 2013 the Lease Agreement was assigned by Comarnd to Sunplus following the recognition of the error in the Lease Agreement.

- 1.7 The Letter of Acknowledgment also notes the Premises was incorrectly defined in the Lease Agreement and should be "The whole of the 1st floor level of the building situated at 182 Claisebrook Road Perth, having a net lettable area of 450 square metres together with 3 car bays, being part of the land contained in Certificate of Title Volume 1531 Folio 400".
- 1.8 We have been advised the Lease Agreement had an initial expiry date of 31 December 2013 and a 4 year lessee option to extend. The rent payable was \$110,000 per annum, plus GST, payable by equal monthly instalments of \$9,166.66 (plus GST). Accordingly, the total consideration payable under the Lease Agreement was \$550,000 plus GST.
- 1.9 On 11 January 2019, Sunplus consented to the continuation of the Lease Agreement on a month-by-month basis.

Purpose

- 1.10 Under ASX Listing Rule 10.1, a listed company may not acquire or sell a substantial asset to a related party without shareholder approval. Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it, is 5% or more of the equity interests of the entity as set out in the latest accounts provided to the ASX.
- 1.11 Furthermore, ASX Listing Rule 10.5 requires that the NoM to approve a transaction must include an IER stating the expert's opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.
- 1.12 For the purpose of ASX Listing Rules 10.1 and 10.2, execution of the Lease Agreement constitutes the acquisition of a substantial asset from Mr Gardner, a related party.
- 1.13 The Company did not seek shareholder approval at the time the Lease Agreement was executed. Accordingly, Dragon Mountain intends to seek shareholder approval to ratify the Company's entry into the Lease Agreement for the purpose of ASX Listing Rule 10.1.

Basis of Evaluation

- 1.14 With regard to the Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111: Content of Expert Reports ("**RG111**"), the Transaction is not considered a control transaction, and we have assessed it as:
 - fair if the value of the rent payable under the Lease Agreement is less than or equal to the assessed fair market rent for an equivalent property; and
 - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Fairness Assessment

- 1.15 Stantons engaged Mr Joseph Agnello ("**Mr Agnello**") of Agnello Valuation Specialists to act as a technical specialist. We have relied on the assessment of the fair market rent for the property provided in the Market Rent Valuation Report authored by Mr Agnello and dated 13 April 2022 (the "**Agnello Report**").
- 1.16 The Agnello Report assessed that, based on a review of other properties leased in the area around 1 January 2013, offices in new or modern buildings were generally achieving rents of \$325 to \$375 per square metre. Older buildings and converted house premises were achieving much lower rates per square metre of approximately \$200 to \$275 per square metre.
- 1.17 The rent payable under the Lease Agreement of \$110,000 p.a. (net of outgoings and GST) equates to \$244 per square metre, based on the assumed net lettable area of 450m².

- 1.18 As the rent payable under the Lease Agreement is within the assessed range of fair market value for an equivalent property (as at 1 January 2013) by the Agnello Report, we consider Resolution 2 of the NoM to be **FAIR** to the Non-Associated Shareholders for the purpose of ASX Listing Rule 10.1.

Reasonableness Assessment

- 1.19 We considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.

Table 1. Reasonableness Assessment of the Transaction

Advantages	Disadvantages
<ul style="list-style-type: none"> The Transaction is considered Fair May facilitate reinstatement to trading of the Company's shares on ASX 	<ul style="list-style-type: none"> Possible amendment to terms if not approved

Source: Stantons analysis

Conclusion

- 1.20 In our opinion, the Transaction proposal subject to Resolution 2 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Dragon Mountain.
- 1.21 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Other Considerations

- 1.22 We note our assessment does not consider or provide an opinion on whether the Premises leased were suitable for the purposes of the company and is based solely on the rental terms agreed for the subject Premises.
- 1.23 Furthermore, due to the retrospective nature of the assessment, we note the Agnello Report is reliant on key management representations, including:
- the Premises consisted of a net lettable area of 450 square metres as at 1 January 2013 and for the life of the lease;
 - the Premises were in a lessor level of fit out as at 1 January 2013, as compared to the date of the site visit by Mr Agnello, and were substantially renovated at a later date;
 - the layout of the floor plan was not substantially different from present; and
 - the tenancy included exclusive use of the entry foyer and amenities on the first floor.

Financial Services Guide

Dated 10 May 2022

Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients decide as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$5,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons Corporate Finance Pty Ltd
Level 2
40 Kings Park Road
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (“**AFCA**”). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Transaction

Background

- 2.1 Dragon Mountain is an Australian public company that historically operated as a gold explorer in north-west China, though these operations recently ceased.
- 2.2 The Company's shares are currently suspended from trading on ASX, though the Company is seeking reinstatement.
- 2.3 The Company entered the Lease Agreement with Comarnd on 1 January 2013 for commercial office space located at Level 1, 182 Claisebrook Road, Perth. Comarnd is an entity controlled by Mr Gardner.
- 2.4 In accordance with the subsequent Letter of Acknowledgment dated 16 March 2022, Sunplus Holdings Pty Ltd, an entity also controlled by Mr Gardner, the parties agreed that the original lease document included drafting errors and that in fact Sunplus was the owner of the Premises on the date of the Lease Agreement. Furthermore, in 2013 the Lease Agreement was assigned by Comarnd to Sunplus following the recognition of the error in the Lease Agreement.
- 2.5 The Letter of Acknowledgment also notes the Premises was incorrectly defined in the Lease Agreement and should be "The whole of the 1st floor level of the building situated at 182 Claisebrook Road Perth, having a net lettable area of 450 sqm together with 3 car bays, being part of the land contained in Certificate of Title Volume 1531 Folio 400".
- 2.6 We have been advised the Lease Agreement had an initial expiry date of 31 December 2013 and a 4 year lessee option to extend. The rent was \$110,000 per annum, plus GST, payable by equal monthly instalments of \$9,166.66 (plus GST). Accordingly, the total consideration payable under the Lease Agreement was \$550,000 plus GST.
- 2.7 On 11 January 2019, Sunplus consented to the continuation of the Lease Agreement on a month-by-month basis.
- 2.8 Other key terms of the Lease Agreement include:
 - Payments are by monthly instalments in advance
 - The lessee is to pay all utility and other charges which are separately assessed. The rent is inclusive of all outgoings levied in respect of the Premises and the lessee is not separately liable for payment of any tax, charge or outgoing levied against the land building or Premises.
 - The lessee shall maintain the Premises and effect repairs necessary to maintain the Premises (excepting fair wear and tear and structural damage not caused by the Company)
 - No contractual rent increases or market reviews

3 Scope

Purpose of the Report

- 3.1 Under ASX Listing Rule 10.1, a listed company may not acquire or sell a substantial asset to a related party without shareholder approval. Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it, is 5% or more of the equity interests of the entity as set out in the latest accounts provided to the ASX.
- 3.2 Furthermore, ASX Listing Rule 10.5 requires that the NoM to approve a transaction must include an IER stating the expert's opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.
- 3.3 For the purpose of ASX Listing Rule 10.1, entering into the Lease Agreement constituted an acquisition of a substantial asset by the Company from a related party, being Mr Gardner.
- 3.4 As the Company did not seek shareholder approval in 2013 when the Lease Agreement was entered into, Dragon Mountain intends to retrospectively seek approval from the Non-Associated Shareholders for the Lease Agreement pursuant to ASX Listing Rule 10.1.

Basis of Evaluation

- 3.5 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.6 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.7 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

- 3.8 We do not consider the Transaction to be a control Transaction pursuant to RG111.
- 3.9 Accordingly, to assess whether the proposed Transaction is fair in accordance with RG111, we compared:
- the value of the rent payable under the Lease Agreement; with
 - the assessed fair market rent for an equivalent property.
- 3.10 The market value of the rent was determined by the Agnello Report (refer from paragraph 4.2 below).

Reasonableness

- 3.11 In accordance with RG111.12, we have defined the proposed Transaction as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.
- 3.12 We therefore considered whether the advantages to Non-Associated Shareholders of approving the proposed Transaction outweigh the disadvantages.

Individual Circumstances

- 3.13 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

4 Fairness Evaluation - Lease Agreement

Methodology

- 4.1 We have assessed whether the Transaction is fair to the Non-Associated Shareholders of Dragon Mountain if the rent payable under the Lease Agreement is considered to be less than or equal to the fair market rent for the property as at 1 January 2013. In assessing the fair market rent, we have relied on the Agnello Report.

Agnello Report

Engagement of Agnello

- 4.2 Stantons engaged Agnello as a technical specialist to undertake a market rent valuation for the subject commercial property. We have used and relied on the Agnello Report and note Agnello has declared that:
- Agnello is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuations for commercial property leases. The principal author of the Agnello Report, Mr Joseph Agnello, is also suitably qualified and experienced.
 - Agnello is independent of all parties involved in the Transaction.
 - The valuation was prepared with regard to standards prepared by the International Valuations Standards Council ("IVSC") and adopted by the Australian Property Institute ("API").

Agnello Report Key Points

- 4.3 The Agnello Report provides a market valuation as at 1 January 2013 of the rent for the property at Level 1, 182 Claisebrook Road, Perth, WA, 6000.
- 4.4 The valuation was made based on the following definition of market rent, as defined by the IVSC and adopted by the API.

"Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

- 4.5 The valuation is made based on the highest and best use, being "the most probable use of a property which is physically possible, appropriately justified legally permissible, financially feasible."
- 4.6 Mr Agnello conducted a site inspection of the Premises on 24 March 2022.
- 4.7 The accommodation comprises a ground floor tiled foyer and stairs leading to the reception area, boardroom, open plan office area, three partitioned offices, kitchen/lunchroom, and server room. In addition, the Company has use of 3 metal deck covered bitumen sealed car bays.
- 4.8 Mr Agnello was advised by the Company that the net lettable area of the Premises was 450m². Mr Agnello notes that his initial measurement of the net lettable area of the first floor was 340m², with the entry foyer and amenities on the ground floor have an area of approximately 80m², for a total area of approximately 420m². We note that a key assumption of the Agnello Report is that the net lettable area as at 1 January 2013 and for the life of the lease was 450 m², as represented by management of the Company and per the Letter of Acknowledgement.
- 4.9 An additional key assumption is that the level of fit out and condition of the property as at the time of entering the Lease Agreement was in a lesser level and substantial renovations had since occurred, though the layout was similar, as represented by Dragon Mountain management.
- 4.10 We sought assurances and have relied upon management representations that the assumptions contained in the Agnello Report are correct.

Lease terms assessment

- 4.11 The valuation methodology used in the Agnello Report was the direct comparison approach based on comparable rental evidence. A range of commercial properties were analysed.
- 4.12 Properties selected for the analysis were from the area of Perth in which the property is located as well as similar properties in adjoining suburbs.
- 4.13 Market rent review terms in the Lease Agreement include that between 1 and 3 months prior to the rent review date (being 1 January 2014) the lessor may give notice to propose a new rent to apply from that date, assuming the lessee extends the term of the lease. Mr Agnello understands there was no market rent review undertaken at the time when the Lease Agreement was extended for a further 4 years.
- 4.14 There were no further rent review clauses in the Lease Agreement. The Agnello Report suggests this is unusual and a commercial lease would typically include an annual rent review based on either a fixed percentage/CPI increase or a market rent review.
- 4.15 Outgoings were mentioned as being "N/A" in the lease documents, and accordingly, the Agnello Report assumed that no outgoings were paid by the Company. It is noted that lessees are typically required to pay certain taxes, rates and fees.
- 4.16 Incentives have not been considered in the assessment, though it is noted that Mr Agnello does not believe that incentives were a significant factor in the Perth commercial property market at that time.
- 4.17 The Agnello Report assessed that, based on a review of other properties leased in the area around 1 January 2013, offices in new or modern buildings were generally achieving rents of \$325 to \$375 per square metre. Older buildings and converted house premises were achieving much lower rates per square metre of approximately \$200 to \$275 per square metre.

Table 2. Comparison of Lease Agreement Terms to Agnello Report Market Terms

Lease Agreement Terms	Agnello Report Market Terms
▪ Starting rent of \$110,000 + GST	▪ Starting rent of \$90,000 - \$112,500 +GST
▪ No rent increase or reviews beyond the initial extension date (refer paragraph 4.13)	▪ Annual rent reviews at either CPI, fixed percentage amounts or a mix of market rent and CPI/fixed percentage increases
▪ No incentives applicable	▪ No incentives reflective of 2013 market environment
▪ Lessee not responsible for outgoings	▪ Lessee pays outgoings including rates and taxes water rates, council rates, cleaning and maintenance of common areas, management fees, maintenance of common outdoor areas, security and insurances

Source: Agnello Report/Lease Agreement

Conclusion

- 4.18 In determining the fairness and reasonableness of the Transaction including Resolution 2, we have had regard to the guidelines set out by ASIC's RG111.
- 4.19 We have assessed the Transaction as being fair if the rent payable under the Lease Agreement falls within the range of the fair market rent assessment.
- 4.20 The rent payable under the Lease Agreement of \$110,000 p.a. (net of outgoings and GST) equates to \$244 per square metre, based on the assumed net lettable area of 450m².

- 4.21 The fair market rent as assessed by the Agnello Report was in the range of \$220 to \$250 per square metre, as at 1 January 2013.
- 4.22 Accordingly, as the rent payable under the Lease Agreement falls within the fair range, we consider the Transaction to be fair to the Non-Associated Shareholders of Dragon Mountain.

Other Considerations

- 4.23 We note our assessment does not consider or provide an opinion on whether the Premises leased were suitable for the purposes of the company and is based solely on the rental terms agreed for the subject Premises.

5 Reasonableness Evaluation

- 5.1 Under RG111, a transaction is considered “reasonable” if it is “fair”. As the Transaction outlined in Resolution 2 of the NoM is considered **FAIR**, it is also considered **REASONABLE**.
- 5.2 For information purposes only for Non-Associated Shareholders, we note below some of the advantages and disadvantages of the Transaction.

Advantages

The Transaction is considered fair

- 5.3 As per our assessment in Section 4, the Transaction is fair to Non-Associated Shareholders.

The Company may facilitate reinstatement to trading on ASX

- 5.4 Subject to compliance with Chapters 1 and 2 of the ASX Listing Rules, trading in the Company's shares may be reinstated on ASX. This would increase the liquidity of the ordinary shares held by existing shareholders. ASX may require shareholder approval to be obtained for the Lease Agreement before approving the reinstatement of trading in Dragon Mountain shares.
- 5.5 In the event the Lease Agreement terms are not retrospectively approved, the Company will likely remain in breach of ASX Listing Rules which may remain an impediment to re-listing on ASX.
- 5.6 If shareholders do not approve the lease terms pursuant to ASX Listing Rules, this may not rescind the lease agreement and associated debts owed by the Company to entities associated with Robert Gardner. The purpose of shareholder approval relates to ASX Listing Rules only.

Disadvantages

Possible amendment to terms if not approved

- 5.7 If shareholders do not approve the lease Transaction and the Company remains in breach of ASX Listing Rules, Mr Gardner may be willing to retrospectively amend the Lease Agreement terms in order to achieve shareholder approval to be able to re-list the Company on ASX.

6 Conclusion

Opinions

- 6.1 The proposed Transaction, including the proposal outlined in Resolution 2 of the NoM that allows for the Company to enter the Lease Agreement with Mr Gardner, an entity controlled by Mr Gardner, is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Dragon Mountain as at the date of this report.

Shareholders Decision

- 6.2 Stantons was engaged to prepare an IER setting out whether in its opinion the proposal to allow the Transaction is fair and reasonable and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 6.3 The decision whether to approve Resolution 2 pertaining to the issue of ordinary shares and conversion of debts is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 2, shareholders should consult their professional advisor.
- 6.4 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Dragon Mountain. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 2. Shareholders should consult their own professional advisor in this regard.

Source Information

- 6.5 In making our assessment as to whether the proposed Transaction, including Resolution 2, is fair and reasonable to Non-Associated Shareholders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we held discussions with the management of Dragon Mountain about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report we have relied in part on information provided by the directors and management of Dragon Mountain.
- 6.6 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of Dragon Mountain
 - Dragon Mountain Annual Reports for the financial years ended 30 June 2020 and 30 June 2021
 - The Agnello Report, dated 13 April 2022
 - The Lease Agreement between Dragon Mountain and Comarnd, dated 1 January 2013
 - The Letter of Acknowledgement relating to the Lease Agreement, dated 16 March 2022
 - Dragon Mountain ASX announcements to 10 May 2022
- 6.7 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull
Authorised Representative

APPENDIX A

GLOSSARY

	Definition
AFCA	Australian Financial Complaints Authority
Agnello Report	Market Rent Valuation Report prepared by Agnello Valuation Specialists dated 13 April 2022
API	Australian Property Institute
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Avalon Project	5 granted mining leases covering 34.47 km ²
Cawse Project	8 mining leases covering 46.79 km ²
Cawse Extended Project	4 mining leases covering 34.21 km ²
Company	Dragon Mountain Gold Limited
Dragon Mountain	Dragon Mountain Gold Limited
FSG	Financial Services Guide
IER	Independent Expert's Report
IVSC	International Valuations Standards Council
Lease Agreement	The lease agreement dated 1 January 2013 between the Company and Comarnd for the Premises
Letter of Acknowledgement	The letter dated 11 March 2022 that acknowledges several errors in the original Lease Agreement
Mr Agnello	Mr Joseph Agnello
Mr Gardner	Mr Robert Gardner
NoM	Notice of Meeting
Non-Associated Shareholders	Shareholders not restricted from voting on Resolution 2
Premises	The commercial office space located at Level 1, 182 Claisebrook Road, Perth
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
Stantons	Stantons Corporate Finance Pty Ltd
Sunplus	Sunplus Holdings Pty Ltd
Transaction	Entry into the Lease Agreement by the Company

APPENDIX B

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 10 May 2022, relating to the proposed Transaction.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. Stantons Corporate Finance prepared an independent expert report for Dragon Mountain on a separate transaction simultaneous to this report. There are no other relationships with Dragon Mountain other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out of pocket expenses. Our fee for preparing this report is expected to be up to A\$5,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Dragon Mountain. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Dragon Mountain to assist Non-Associated Shareholders of Dragon Mountain to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of Dragon Mountain shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of Dragon Mountain, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Dragon Mountain or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the

parent company of Stantons Corporate Finance, its directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons Corporate Finance may rely on information provided by Dragon Mountain and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Dragon Mountain has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which Dragon Mountain may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Dragon Mountain; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Dragon Mountain, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Dragon Mountain or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Dragon Mountain for a review of factual information contained in the report. Comments received relating to factual matters were considered, however the valuation methodologies and conclusions did not change as a result of any feedback from Dragon Mountain.

APPENDIX C

MARKET RENT VALUATION REPORT PREPARED BY AGNELLO VALUATION SPECIALISTS



Agnello Valuation Specialists

Market Rent Valuation Report



Level 1, 182 Claisebrook Road,
Perth WA 6000

Prepared for: Stantons Corporate Finance ("Stantons")
Valuation Date: 1 January 2013
Report Date: 13 April 2022
Our Ref: 2200027

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EXECUTIVE SUMMARY:

PROPERTY:	Level 1, 182 Claisebrook Road, Perth WA 6000
CERTIFICATE OF TITLE:	Lot 120 on Diagram 56011 Volume 1531 Folio 400.
REGISTERED OWNERS:	Sunplus Holdings Pty Ltd. (T M789011) Registered 7/10/2014.
ENCUMBRANCES:	T4759/1905 Easement Benefit as to portion only see sketch on Vol 1531 FoL 400. Registered 1/1/1905.
LAST SALE:	\$3,025,000 11 January 2012
ZONING:	City of Vincent - R80
DESCRIPTION OF THE PROPERTY:	Comprises first floor commercial offices located in an office factory/warehouse building on the eastern side of Claisebrook Road, two lots south from Summers Street. The building is located behind a cyclone mesh security fence and gates with the first level accessed from a tiled foyer and staircase. The offices comprised what I believed to be the entire first floor area with use of the foyer, amenities and lunch room on the ground floor.
COMMENTS:	The improvements were subject to a lease which commenced on 1 January 2013, initially for a one-year term. I have been asked to assess the market rent as at this date. I have been advised that an area of 450m ² together with three car bays was leased for \$110,000 net of GST and outgoings, please refer to letter dated 16 March 2022 from Dragon Mountain Gold Limited in the annexure to this report.
INTEREST VALUED:	Market Rent
VALUATION DATE:	1 January 2013
MARKET RENT VALUE:	\$110,000 (One Hundred and Ten Thousand Dollars Only)
PECUNIARY INTEREST:	To the best of our knowledge, I do not believe that <i>Agnello Valuation Specialists</i> and/or the individual Valuers involved in the preparation of this valuation have any pecuniary interest in the subject property that would conflict with the proper valuation of the property.

PROPRIETOR | SENIOR VALUER:

Joseph Agnello FAPI
Fellow of Australian Property Institute Certified
Practising Valuer
Licensed Valuer 648 in Western Australia



Signature

Important: All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

Liability limited by a scheme approved under the Professional standards Legislation

SCOPE:

Instruction

Client(s):	Stantons Corporate Finance ("Stantons")
Date Received:	Written instructions dated 1 March 2022
Property Address:	Level 1, 182 Claisebrook Road, Perth WA 6000
Interest Valued:	Market Rent
Value Assessed:	Market Rent Value
Purpose:	The Valuation and Report is to provide the Market Rent Value as at 1 January 2013 for the purposes of an Independent Expert Report, of Level 1, 182 Claisebrook Road, Perth WA 6000.

Date of Valuation:

Date of Inspection:	24 March 2022
Valuation Date:	1 January 2013

Market Value Definitions:

MARKET VALUE DEFINITION (BASIS OF VALUATION)

The following valuation is made based on 'Market Value' as stipulated by the International Valuations Standards Council (IVSC) and endorsed by the Australian Property Institute and New Zealand Property Institute. The market value, by definition is:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

(IVSC Effective 31 January 2020 as adopted by the Australian Property Institute)

VALUATION UNCERTAINTY

The possibility that the Valuer's professional opinion as to the Market Value of the asset may differ from the price that could be achieved in a transfer of the asset as at the valuation date, assuming all other market conditions and variables remain constant.

(Australian Property Institute (API) - Valuation Protocol - Significant Valuation Uncertainty Effective 24 March 2020)

MARKET RENTAL DEFINITION (BASIS OF VALUATION)

The following valuation is made based on 'Market Rent' as adopted by the Australian Property Institute from the International Valuation Standards (IVSC). That is:

Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

(IVSC Effective 31 January 2020 as adopted by the Australian Property Institute)

Highest and Best Use Basis Definition:

HIGHEST AND BEST USE BASIS DEFINITION

The following valuation is made based on "Highest and Best Use." 'Highest and Best Use' is inherent in the definition of Market Value and therefore the assessed market value must reflect the highest and best use for the subject property. Highest and Best Use is defined as follows

"The most probable use of a property which is physically possible, appropriately justified legally permissible, financially feasible."

(IVSC Effective 31 January 2020 as adopted by the Australian Property Institute)

Assumptions, Conditions and Limitations:

1. Agnello Valuation Specialists - Limited Liability

Liability limited by a scheme approved under the Professional Standards Legislation

2. Unless otherwise stated the valuation has been assessed on a fee simple vacant possession basis.
3. Information gathered and provided to the valuer in researching this valuation, by any third party including and not limited to, selling and/or managing agents with respect to sale price, tenancy details, outgoings, building areas and any other offer to sell and/or lease information is assumed to be true and correct. Whilst this information is assumed correct, at times due to privacy laws, confidentiality agreements and other circumstances and matters all information may not be made available for full confirmation. Should any of this information become available at any date in the future and has been relied upon by the valuer, we reserve the right to review and reassess the valuation accordingly.
4. The assessed value is based on the facts and evidence as they existed at the date of valuation and no warranty can be given to the maintenance of the value in the future.
5. The valuation is on the assumption that the property is free of actual or potential contamination. I have not undertaken any detailed investigations of the site as I am not qualified to do so.
6. Our valuation is on the assumption that if there is a requirement to resume or acquire the land by a relevant authority, the owners will be fully compensated.
7. It was noted that the property known as 174A (Lot 1 on Strata plan 11099) Claisebrook Road Perth, a strata title property located on the corner of Cheriton Street, the third lot immediately south of the subject property has been classified Contaminated – remediation required. I have attached a Basic Summary of Records in the annexure to this report outlining the details of the contamination. For the purposes of this valuation I have assumed that the contamination from this site has not affected the subject property.

It is noted that the original lease documentation is incorrect in part and I have been provided with a letter dated 16 March 2022 from Dragon Mountain Gold Limited and a letter of representation dated 2 May 2022 confirming, which correct and then confirms, the errors contained in the lease. For the purposes of the assessment of Market Rent Value as at 1 January 2013, I have relied upon the information stated in the letters including, as stated, "the net lettable area of 450m² together with three car bays, being part of the land contained in certificate of title Volume 1531 Folio 400". My measurement of Level 1 net lettable area was 340m². The foyer and amenity areas on level 1 were approximately 80m², therefore totalling 420m².

I was verbally advised by Mr Robert Gardner on the date of inspection of 24 March 2022 that the improvements were in a lesser level of fit out at the retrospective date of market rent valuation. Additionally it was communicated that leased premises were substantially renovated at a later date and included exclusive use of the entry foyer and amenities on the ground floor. I was also advised that the layout was more or less similar. I have therefore assumed the information supplied by Mr Robert Gardner as being correct and for the assessment of the market rent.

As the onus falls upon the lessor and lessee to provide the correct information given the passing in time from 1 January 2013, I have assumed all information provided in writing or verbally communicated to be true and correct, including documentation from Stantons. Should the information supplied by any other of the parties in regard to the leased premises be proven to be incorrect at any date in the future I reserve the right to review and re-assess the market rent valuation accordingly.

TITLE PARTICULARS:

Legal Description

Date Searched:	I have undertaken a search of the Certificate of Title on 5 April 2022. I have relied upon this title as being accurate. Should a more recent search of the title reveal any variance to the title provided, I reserve the right to amend the valuation accordingly.
Description:	The subject property is legally described as an Estate in fee simple in portion and being Lot 120 on Diagram 56011 contained in Certificate of Title Volume 1531 Folio 400.
Registered Proprietor(s):	Sunplus Holdings Pty Ltd (T M789011) Registered 7/10/2014
Encumbrances:	T4759/1905 Easement Benefit as to portion only see sketch on Vol 1531 FoL 400. Registered 1/1/1905.

LAND DETAILS:

Site Details



Sources: Landgate 2022

Dimensions:	Frontage:	west	36.95m
	Boundary:	north	48.62m
	Boundary:	south	50.19m
	Rear:	east	40.60m
	Area:		1,931 m ²

Topography: A slightly irregular shaped lot with cross slope and a south eastern deviation north then east in the rear corner of the site, with what appears to be sandy and well-drained soil.

Services: Connected or available to the site are electricity, telephone, gas, scheme water and deep sewerage.

Note: A detailed site survey has not been undertaken or supplied from a registered surveyor and the valuation is made upon the basis that there are no encroachments by or upon the site and all structures on the property are within the title boundaries. If any encroachment is found to be on the site by a formal survey report, the valuer should be consulted to reassess any effect on the value stated in this report.

Identification

The property has been identified by reference to the Certificate of Title and Landgate cadastral Diagram which have been confirmed from our on-site inspection.

Encroachments

The valuation has been made on the basis that there are no encroachments by or upon the property. As I am not an expert in the matter of encroachments, the existence or non-existence of any encroachment should be confirmed by a current survey report and/or advice from a Licensed Surveyor. If any encroachments are noted by a formal survey of the property I recommend that the matter, be referred back to the valuer to reassess any effect this may have on the value stated in this report.

Native Title Issues

For the purpose of this valuation, I have assumed the property is not subject to any Native Title claims. I advise a search of the claims lodged under the Native Title Legislation has not been undertaken. Should this be later proven incorrect I reserve the right to reassess our valuation accordingly.

ZONING AND TOWN PLANNING:

Local Authority

Local Government:

City of Vincent

Zoning:

Enquiries undertaken show that the subject property was zoned R80 under the City of Vincent Town Planning Scheme No. 1, as at 1 January 2013.

Zoning Effect:

In accordance with the *Residential Design Codes of Western Australia (R-Codes)* the R80 zoning is believed to have allowed for a Single House on a minimum site area of 160m² or a Group Dwelling on an average site area of 180m². Rear battleaxe lots require a minimum site area of 400m², at the date of valuation,

Note: Enquiries undertaken with the relevant local or planning authorities with regard to zonings use of the property and any other relevant information, if taken verbally is assumed to be correct for valuation purposes. If such information has been taken from online enquiries we do not accept any responsibility or liability whatsoever for the accuracy of this information obtained by a search of the mapping system. In the possible event this information contained within the zoning information obtained online we reserve the right to review our valuation accordingly.

Heritage

The Heritage Council maintains the State Register under the *Heritage of Western Australia Act 1990*. A basic search of the [inHerit - State Heritage Office](#) Database on 24 March 2022 has revealed that the property **was not listed on the State Register or Local Heritage Lists**.

Note: For the purpose of this valuation, I have assumed the property is not subject to any significant Heritage Issues. We do not accept any responsibility or liability whatsoever for the accuracy of information indicated by the search of the mapping system. In the possible event the information contained within the inHerit places database is incorrect, we reserve the right to review our valuation accordingly.

ENVIRONMENTAL ISSUES:

Contamination

The [Contaminated Sites database](#) maintains a public database in Western Australia of land that has been classified as contaminated.

A basic search of this database was undertaken on 24 March 2022 and has revealed that the property **is not classified as contaminated**.

It was noted that the property known as 174A (Lot 1 on Strata plan 11099) Claisebrook Road Perth, a strata title property located on the corner of Cheriton Street, the third lot immediately south of the subject property has been classified *Contaminated – remediation required*. I have attached a Basic Summary of Records Search Response in the annexure to this report outlining the details of the contamination. For the purposes of this valuation I have assumed that the contamination from this site has not affected the subject property.

NOTE: The valuation is on the assumption that the property is free of actual or potential contamination. We do not accept any responsibility or liability whatsoever for the accuracy of information indicated by the search of the mapping system. In the possible event the information contained within the Contaminated Sites database is incorrect, this report should be referred to our office and we reserve the right to review our valuation accordingly. The above comments are not given in the capacity as an expert and we recommend an independent Environmental Survey be undertaken by the appropriate experts as this is the best way to ascertain whether a property is contaminated or otherwise.

Disclaimer

At the date of inspection, I was not made aware of nor provided with an environmental audit of the property. There did not appear to be any obvious evidence of soil or site contamination, but as I was not instructed to request an environmental audit, I am unable to report the property is free from any contamination. For valuation purposes I have assumed the site to be free from contamination. Should at any date the property be found to be affected by contamination, I reserve the right to review the valuation.

I do not accept any responsibility or liability for any loss or damage or for consequential loss or damage of any kind arising from our negligence or otherwise to you or any person in relation to the valuation of the land. This includes any loss or damage arising from our failure or omission to consider any factors which would affect the value of the land including but not limited to any possible environmental site contamination or any failure to comply with environmental legislation.

Asbestos Products/Building Contamination:

At the date of inspection, the building constructed on the site did not appear to have any visible signs of building contamination such as asbestos products. As I am not an expert in the analysis or detection of building or asbestos fibre contamination and are not qualified to undertake an expert site survey, I cannot therefore make any guarantees that any form of building contamination or asbestos contamination, is current at the date of inspection or will occur at any future date from the current use of the property or any previous site uses. I therefore conclude that this valuation is on the basis that no asbestos or building contamination exists.

Potentially Contaminating Activity:

In accordance with the Australian Property Institute data, there are no potentially contaminating activities currently observed or known to have been carried out on the subject site.

Native Title Issues:

For the purpose of this valuation, I have assumed the property is not subject to any Native Title claims. I advise a search of the claims lodged under the Native Title Legislation has not been undertaken. Should this be later proven incorrect I reserve the right to reassess our valuation accordingly.

Flooding

The Department of Biodiversity, Conservation and Attractions coordinates mapping of Western Australia's wetlands. mapping identifies the presence of wetlands, but it can also identify the wetland boundary, [classification](#), and values, and assign the wetland to a management category on the basis of its values. The department produces and maintains the following digital datasets that contain spatial data and associated attribution.

Wetland mapping can be viewed via Landgate's public map viewer [Locate](#). Wetland mapping datasets can be downloaded free via the [WA government data portal](#).

A search of [Locate](#) mapping system on the 24 March 2022 **has not identified the subject land to be subject to flooding**.

NOTE: We do not accept any responsibility or liability whatsoever for the accuracy of information indicated by the search of the mapping system. In the possible event the information contained within the mapping system is incorrect, we reserve the right to review our assessment accordingly.

Bushfire Risk

Bushfire prone areas (BPA) are areas designated by the Fire and Emergency Services Commissioner (*under S. 18P of the Fire and Emergency Services Act 1998 (as amended)*). Designated areas that are subject, or likely to be subject, to bushfires are identified on the [Map of Bush Fire Prone Areas \(slip.wa.gov.au\)](http://slip.wa.gov.au) on the DFES website.

A search of the DFES mapping system on the 24 March 2022 **has not identified the subject land as a Bushfire Prone Area.**

Areas that are Designated Bush Fire Prone Areas (coloured pink on the map) have been identified by the DFES as being subject, or likely to be subject, to bushfire attack may require additional planning and building requirement, in regard to future development. A further assessment of the bushfire risk may also be required under the Planning and Development (Local Planning Scheme) Regulations 2015 and the Building Code of Australia.

NOTE: We do not accept any responsibility or liability whatsoever for the accuracy of information indicated by the search of the mapping system. In the possible event the information contained within the mapping system is incorrect, we reserve the right to review our assessment accordingly.

LOCATION:



Sources: Landgate 2013 (Map Viewer)

Suburb: The suburb of Perth is an inner city position and is described as being north of the rail line adjoining the suburbs of Northbridge and Highgate. The area comprises a mix of residential, retail, entertainment and commercial development and in over the years, there has been a significant amount of inner city residential and apartment development.

Neighbourhood: Specifically, the subject property is located on the eastern side of Claisebrook Road, two lots south from Summers Street. Originally this section of the Perth comprised mostly industrial properties but over the years has become more of a commercial precinct outside the main Perth CBD. The area is bounded by Lord Street Edward Street to the south, East Parade to the east and lies south of Summers Street. The property is located amongst a variety of commercial use properties.

IMPROVEMENTS:

General Description

Constructed on the site is an industrial warehouse building, with first floor office, approximately 30-40 years old.

NOTE: I have assumed for the purpose of this report any building(s) or proposed building(s), comply with all relevant statutory requirements and have the necessary development approvals.

Construction

A brief description of the main building construction follows:

Foundation:	Concrete Slab	Internal walls:	Plastered Brick/Gyprock
Floors:	Concrete	Ceilings:	Suspended Ceilings
External walls:	Brick/Metal	Roof:	Iron

Accommodation

I was verbally advised as at 1 January 2013 what was inspected on 24 March 2022 reflected the basic accommodation of what was leased in 2013, without the high level of finish now existing. Further I was advised the ceilings were lower than that of the now open ceilings throughout the open plan area.

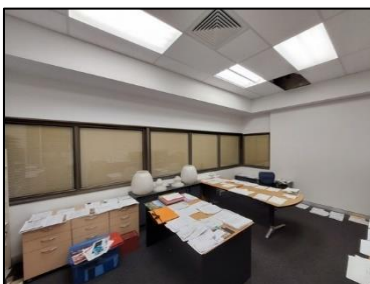
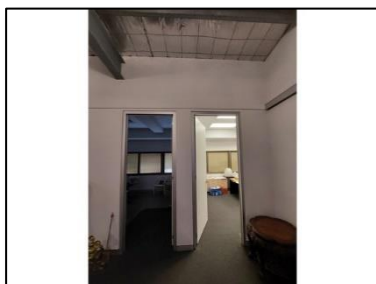
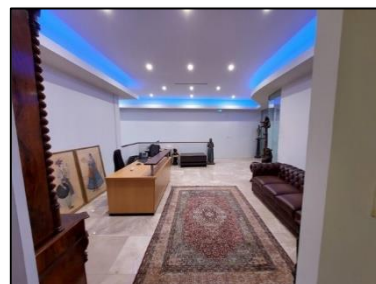
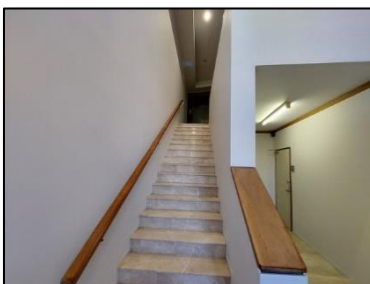
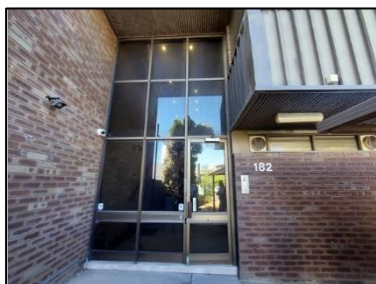
The accommodation comprises a ground floor tiled foyer and stairs leading to a reception area, boardroom, open plan office area, three partitioned offices, kitchen/lunchroom and server room.

For the purposes of this retrospective market rent valuation I have assumed that information supplied was true and correct and the premises presented in good and maintained condition and reflected commercial office premises. Should this be proven incorrect at any date in the future I reserve the right to review and reassess the valuation accordingly.

Car Parking

3 metal deck covered bitumen sealed car bays.

Photos of tenancy as at 24 March 2022



Building Areas (as per Lease net lettable area)

First Floor Office: 450m²

Condition of Improvements:

The improvements appear to be in adequate condition but as I was not instructed to undertake a structural survey, I am unable to report the property is free of rot, infestation or any other defects.

TENANCY DETAILS:

As at the date of retrospective valuation, the premises were subject to the commencement of a new tenancy.

It is noted that the original lease documentation is incorrect in part and I have been provided with a letter from Dragon Mountain Gold Limited dated 16 March 2022 which corrects the errors contained in the lease. For the purposes of the assessment of Market Rent Value as at 1 January 2013, I have relied upon the information stated in this letter including, as stated, "the net lettable area of 450m² together with 3 car bays, being part of the land contained in certificate of title volume 1531 Folio 400" to be true and correct..

It is noted that my initial measurement of the net lettable area of the first floor area was approximately 340m². I was verbally advised by Mr Robert Gardner that the office fit out was substantially renovated at a later date after the date of valuation although the floor plan remains basically similar and the tenancy included exclusive use of the entry foyer and amenities on the ground floor. My measurement of these areas came to approximately 80m². This totals approximately 420m².

As the date of market rent assessment is retrospective and given the errors corrected in the letter referred to above, the onus is on the Dragon Mountain Gold Limited and Mr Robert Gardner to provide the correct facts, given the passing in time. I have therefore assumed all the information supplied by both parties, including the corrections to the original lease. Following is a brief summary of the lease details.

Lessor:	Sunplus Holdings Pty Ltd
Lessee:	Dragon Mountain Gold Limited
Land:	Lot 120 on Diagram 56011 as contained in Certificate of Title Volume 1531 Folio 400
Premises:	The whole of the 1 st Floor level of the building situated at 182 Claisebrook Road Perth, having a net lettable area of 450m ² together with 3 car bays, being part of the land contained in Certificate of Title Volume 1531 Folio 400
Permitted Use:	Office
Tenancy Area:	450m ² (net lettable area together with 3 car bays)
Commenced:	1 January 2013
Term:	1 year
Further Term:	4 years from 1 st January 2014 and expiring on 31 st December 2018
Expires:	31 December 2013
Commencement Rent:	\$110,000 per annum
CPI reviews:	N/A
Market Review Date:	If the option to renew is exercised, the first anniversary of the commencement of the Term.
Outgoings:	N/A
Comments:	No annual rent reviews were mentioned in the lease.

The Lessor, Land, Premises, Car Parking and net lettable area have been amended by the letter dated 16 March 2022 contained in the annexure to this report.

The Original Lease, prior to corrections supplied by Dragon Mountain Gold Limited, was poorly written and appears to have been possibly a combination or a copy and paste taken from another lease document, possibly a strata titled leased property.

APPROACH TO VALUATION:

In assessing the Market Rent of the subject property, the method of valuation undertaken was the direct comparison approach.

The direct comparison approach requires the analysis of comparable rental evidence. A broad range of Commercial properties were analysed in assessing the Market Rent of the property.

The lease document does not appear to include any definition of Market Rent and therefore I have been guided by the Australian Property Institute definition of market rent, mentioned earlier within this report. For information purposes I have provided the method for market rent review which has been taken as a extract from the lease as follows.

12. MARKET RENT REVIEW

- 12.1** *Not earlier than 3 months before and no later than 1 month before each Market Review Date the Lessor may give to the Lessee a notice proposing the new Rent that is to apply from and including the relevant Market Review Date.*
- 12.2** *If the Lessee does not agree to the proposed Rent, the Lessee must, within 10 days after the date of service of the Lessor's notice, give to the Lessor written notice disputing the proposed Rent. If the Lessor does not receive a dispute notice from the Lessee within 10 days then the Lessee shall be deemed to agree to the Lessor's proposed Rent and, subject to clause 12.6, that Rent shall apply from and including the relevant Market Review Date.*
- 12.3** *If the Lessee gives to the Lessor a written notice disputing the proposed Rent, the Rent shall be determined by a Valuer appointed by the President of the Law Society of Western Australia at the request of either the Lessor or the Lessee who shall determine the Rent:*
- (a) having regard to:*
 - (i) the terms of this Lease; and*
 - (ii) the current rental value of premises similar to the Premises; and*
 - (iii) all other relevant valuation principles; and*
 - (b) assuming that:*
 - (i) the Lessee and the Lessor have complied with the terms of this Lease; and*
 - (ii) the Lessor is a willing but not anxious landlord and the Lessee is a willing but not anxious tenant and that the Lessee is being offered the Premises with vacant possession; and*
 - (c) taking no account of:*
 - (i) the value of any personal goodwill attributable to the Lessee's business and the value of the Lessee's property;*
 - (ii) any temporary disturbance resulting from maintenance of any part of the Premises or the Lessor's plant and equipment at any time carried out by the Lessor;*
 - (iii) any value attaching to any licence or permit in respect of the Lessee's business; or*
 - (iv) the value of permanent structural improvements erected or installed at the Lessee's expense and which the Lessee may not remove at the expiry or earlier termination of the Lease.*

GENERAL COMMENTS:

The subject property comprises an older style office factory/warehouse premises with the offices located on level one. The Level 1 offices have dedicated entry at the northern end of the building through glass doors into a small foyer area with stairs leading to the leased offices and a door in the right-hand corner of the foyer which leads to the amenities.

The floor plan of the office is described as functional and spacious and with a good mix of partitioned offices and open plan area. It is noted that several years have passed since the start of the tenancy and the required retrospective date of Market Rent Value assessment. I have relied upon information supplied by Mr Robert Gardner with regards to the level of fit out at this date, as no formal plans have been provided to confirm the net lettable area. I have also relied upon the area supplied in a letter dated 16 March 2022 from Dragon Mountain Gold Limited contained in the annexure of this report, of 450m².

Comments – Lease Terms and Conditions

As at the date of retrospective valuation, incentives were not a significant factor in the market, to the best of my knowledge. The evidence listed and analysed further in the report under the heading of Rental Evidence were not subject to any incentives, again to the best of my knowledge. Further commercial leases are generally stated as a net rent in the lease document and then, if both parties are registered for GST and other financial taxation requirements as imposed by the Australian Taxation Office, GST is added in addition to the proportion of annual outgoings. Please refer to the Schedule Item 4 – Rent.

There was no mention to what the outgoings amount were in the lease documents supplied. I have therefore assumed that no outgoings were paid by the lessee. Commercial leases usually require lessees or tenants to pay outgoings, for example, as rates and taxes, water rates, council rates, cleaning and maintenance of common areas, management fees, maintenance of common outdoor areas such as gardens and parking areas, security and insurances. It is noted that outgoings should not include capital improvements to a property. Annual estimates are usually given prior to the tenant based on the previous accounting year outgoings and usually adjusted after the next annual rent review. Please note the above outgoings are not limited to those mentioned but are given and provided as an example.

With regard to the lease document, initially it was a one year lease with a market review at the commencement of the option period. From my understanding no market review was undertaken on the lease which was extended for the five year option at the rent of \$110,000 per annum net of GST and outgoings. Typically most commercial leases, during the term have annual rent reviews at either CPI, fixed percentage amounts or a mix of market rent and CPI/fixed percentage increases. As the lease market softened over the term of the lease new leases were generally negotiated with a minimum of 2% - 3% increases per annum with the market review at the commencement of an option period. It is my opinion there should have been some rent review terms in the initial lease in comparison to most lease terms and conditions analysed.

In summary the original lease, prior to corrections supplied by Dragon Mountain Gold Pty Ltd may have been a combination or a copy and paste taken from another lease document, possibly a strata titled lease property, given the corrections that were needed to be made by letter. Anecdotally, I was advised that no rent reviews were undertaken during the further term to initially cover for a refit out of the office, by Mr Robert Gardner. As a lease is a negotiation document rent review terms can be varied at each stage but are usually covered by a Variation of Lease document being completed and stating changes to any terms and condition of the lease. I have not sited or am aware of any Variation of Lease document.

In assessing the market value of the property, a broad range of comparable evidence was analysed from this precinct of Perth and comparable surrounding commercial precincts in adjoining suburbs. This was required due to the relatively small area of commercial development immediately surrounding the subject property, east of Lord Street, in addition to the relatively low historical levels of properties being let in this precinct. Lease evidence is analysed on a net of GST basis and stated so in the evidence further within this report.

From my analysis of rental evidence in the market in 2012 and leading up to the retrospective date of valuation of 1 January 2013, the office rental market in Perth and adjoining suburbs north of the rail line, surrounding the subject property, varied dependent on age and quality of improvements and fit out, a fact not particularly unusual in any market. It appears that office premises in new or modern built buildings were generally achieving rents between approximately \$325 - \$375 per square metre. Older buildings and converted house premises were achieving much lower rates per square metre of approximately \$200 - \$275 approximately per square metre.

I have listed further within this report rental evidence which assisted in determining the market rent value for the subject premises from the analysis of evidence collected and analysed, it is my opinion the Market Rent Value is likely to fall in the range of \$220 - \$250 per square metre, with a preferred Market Rent Value of approximately \$245 per square metre or \$110,250.

It is noted that at the date of valuation or commencement date of the lease of the subject tenancy, the annual commencement rent was \$110,000 per annum which equated to \$244 per square metre of net lettable area of 450m².

Therefore based on the information provided as mentioned throughout this report, the commencement rent of \$110,000 per annum as at 1 January 2013, appears fair and reasonable.

I have therefore adopted a market rent of \$110,000 per annum for the purpose of this valuation.

MARKET COMMENTARY:

As a general overview, following is my opinion of what was occurring in the market leading up to the date of commencement of the lease on 1 January 2013.

In general the Commercial (including Offices), Retail and Industrial real estate market in Western Australia began slowly in 2012 with stabilising values and a low volume of sales and leasing transactions throughout the year. The market became a buyer or tenant market due to the lack of demand. The main purchasers in the market were owner occupiers, with leased properties proving more difficult to sell.

The industrial property market was characterised by a lack of supply of industrial land and values stabilised and levelled whilst the Retail market was slow due to several factors including a down turn in turnover figures and profitability. Rental values throughout all markets were stable with limited growth.

During 2012 it was not unusual for properties with strong leases in place, particularly industrial properties, for the leases to have an adverse effect on values with owner occupants or vacant premises achieving stronger values than that of income producing properties in many instances. Generally speaking leased investments, if selling, throughout all markets were widely expected to achieve yields on sale of 7.5% to 8.5%. Yields that were lower were mainly due to either redevelopment potential of the site or below market rents. This was also caused by the high owner occupier demand.

Continuing into 2013 the sales and leasing market have remained being a buyer or tenant market with extended marketing periods required at times. Prime retail tenancies with the traditionally higher rental values are now taking in some instances extended marketing periods (to lease) with the sustainability of high rentals an issue for most retail and commercial premises. Evidence of a down turn in trade figures are now widely being talked about in most commercial and retail businesses and there is a mood of increasing rents becoming unsustainable. It is not unusual for tenants to vacate premises to achieve lower rentals, although landlords are still providing strong pressure to increase rents which are generally not being achieved.

VALUATION CALCULATIONS:

Direct Comparison Approach

From market evidence analysed I have applied the following rates based on net lettable area as described in the lease document:

450m ²	@	\$200/m ²	=	\$90,000 per annum
450m ²	@	\$225/m ²	=	\$101,250 per annum
450m ²	@	\$250/m ²	=	\$112,500 per annum

ADOPT \$110,000 per annum

BASIS OF GST:

This valuation excludes any GST which may be payable by the vendor on the sale of the property. The sale of commercial property (that is not part of the sale of a business) is taxable if the elements of a taxable supply are present. Where a taxable supply of real estate is made, the GST payable on that supply is generally one-eleventh of the consideration (sale price). Where a property is either wholly or partly leased, I understand the property may qualify for treatment as a "Going Concern" in which case the supply (transaction) will be GST free. An alternative known as the Margin Scheme may be permitted to calculate the GST, providing certain conditions are met.

VALUATION STATEMENT:

It is our opinion that, as at 1 January 2013, the Market Rent Value, Exclusive of GST and outgoings, of the tenancy situated at **Level 1, 182 Claisebrook Road, Perth WA 6000** is

\$110,000 per annum
(One Hundred and Ten Thousand Dollars Only).

Assignment of Valuation:

Should this valuation be subject to assignment, confirmation, reissue or any other act I state that the signing valuer (s) have not reinspected the property nor undertaken further investigation or analysis as to any changes since the initial valuation and accept no responsibility for reliance upon the initial valuation other than as a valuation of the property as at the date of the initial valuation.

Market Movement Clause:

This valuation is current as at the date of retrospective valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

No Material Change Clause:

It is assumed that no significant event occurs between the date of inspection and the date of valuation that would impact on the value of the subject property.

DISCLAIMER:

Finally, this Valuation has been prepared upon specific instructions from **Stantons Corporate Finance ("Stantons")** and for the stated purpose of the report only. The report is not to be relied upon by any other person or for any other purpose and I accept no liability to any third parties nor do I contemplate that this report will be relied upon by third parties. I invite other parties who may come into possession of this report to seek our written consent to them relying on this report. *Agnello Valuation Specialists* reserves the right to withhold consent or to review the contents of this report in the event that our consent is sought.

Date of Signing: 6 May 2022

Proprietor | Senior Valuer: **Joseph Agnello FAPI**
Fellow of Australian Property Institute
Licensed Valuer 648 in Western Australia
Certified Practising Valuer


Signature

Liability limited by a scheme approved under the Professional Standards Legislation

RENTAL EVIDENCE:

Address:	183 Claisebrook Road, Perth
Tenancy Area:	330m ²
Commenced:	7 January 2013
Term/Options:	3 year Term plus two 1 year Option
Expires:	6 January 2013
Annual Rent:	\$31,000 net of GST and outgoings per annum (\$94/m ²)
Reviews:	Annually to CPI and to market at commencement of an option
Comments:	A brick and iron office warehouse located close to the subject property on the western side of Claisebrook Road. The improvements comprise predominantly warehouse with small office component and on-site parking at the front.
Comparison:	Provides an example of inferior warehouse accommodation within the subject property immediate vicinity. Considered significantly inferior

Address:	Ground Floor, 288 Stirling Street, Perth
Lessor:	Unknown
Lessee:	Norwest Energy NL
Tenancy Area:	421m ²
Commenced:	March 2012
Term/Options:	3 year Term
Expires:	1 January 2022
Annual Rent:	\$150,955 net of GST and outgoings per annum (\$ 359/m ²)
Reviews:	Rent reviews are to market in year 1 and a fixed at 5% in year 2
Car Bays:	11 Car bay(s)
Car Bay Rent:	\$23,760 (\$180 per calendar month)
Comments:	A modern two level concrete and iron building located on the corner of Bulwer Street with the letting comprising a ground floor area of approximately 421m ² . The improvements comprise modern office accommodation and there was also believed to be 11 open car bays located in a secure concrete paved open parking area adjacent to the building with access from both Bulwer and Stirling Street.
Comparison:	Superior and more modern premises. An expected higher rate per square metre was achieved.

Address:	Lot 4, 180 Newcastle Street, Perth WA 6000
Lessor:	Projex Management & Construction Pty Ltd
Lessee:	Nicheliving Real Estate
Tenancy Area:	289m ²
Commenced:	21 September 2011
Term/Options:	60 month (5 year) Term plus 60 month (5 year) Option
Expires:	20 September 2016
Annual Rent:	\$117,600 net of GST and outgoings per annum (\$407/m ²)
Reviews:	Annual CPI reviews in 2013 and 2015 and a market review in September 2016
Comments:	A second level strata office suite located in a three level building of brick and iron construction built in approximately 2011 comprising an reception area, 8 glass partitioned offices, kitchen, archives room and male and female toilets. There is also one secure basement car bay with a strata area of 28m ² .
Comparison:	I was verbally advised at the time that this commencement rent included one car bay however the car bay rent was not specified in the lease. A superior office premises of more modern quality.

Address:	314 William Street, Perth
Tenancy Area:	333m ²
Commenced:	1 March 2011
Term/Options:	5 year Term plus 5 year Option
Expires:	29 February 2016
Annual Rent:	\$92,000 net of GST and outgoings per annum (\$ 276/m ²)
Reviews:	Annually alternating between CPI and Market
Comments:	Comprises a 277m ² lot improved with a part two storey older character style building with a floor area of 333m ² . The premises appeared to contain both retail shop and warehouse or storage behind. Located amongst more retail style of development in William Street.
Comparison:	Provides rental evidence of an older style building with similar large floor area, albeit predominantly retail in nature.

Address:	Lots13, 14, 15/40 Lord Street, Perth
Lessee:	Health Consumers Council WA Inc.
Tenancy Area:	139m ²
Commenced:	1 July 2010
Term/Options:	2 year Term
Expires:	30 June 2012
Annual Rent:	\$38,225 net of GST and outgoings per annum (\$275/m ²)
Reviews:	Annual 5% increases
Comments:	Comprises a part two storey brick and iron office development known as Wellington Fair located on the corner of Wellington Street. It is believed that the offices were well appointed and the tenant had been in occupancy for approximately 10 years.
Comparison:	Although an older commencement date, market conditions had deteriorated since the start of this lease. Used as a guide only to secondary office accommodation in relatively close proximity to the subject property. I would expect a lower rate per square metre in comparison to this office for the subject property.

16 March 2022

The Independent Directors
Dragon Mountain Gold Limited
PO Box 52
West Perth WA 6872

Dear Independent Directors,

RE: APPOINTMENT TO PREPARE AN INDEPENDENT EXPERT'S REPORT**1 Introduction**

- 1.1 Further to our recent discussions we confirm our understanding that the independent directors of Dragon Mountain Gold Limited ("**Dragon Mountain**" or the "**Company**") wish to engage Stantons Corporate Finance Pty Ltd ("**Stantons**") to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of the Company's entry into a lease agreement with an entity controlled by Dragon Mountain's Chairman, Rob Gardner.
- 1.2 Dragon Mountain is an Australian public company that has historically operated as a gold explorer in north-west China, though these operations recently ceased. Dragon Mountain's current interests include the Cawse and Avalon gold projects, located in Western Australia. Dragon Mountain has a farmin agreement with Wingstar Investments Pty Ltd that allows the Company to gain up to an 80% interest in the Avalon project and an 80% in certain tenements that partly comprise the Cawse project.
- 1.3 The Company is listed on the Australian Securities Exchange ("**ASX**"), though has been suspended from trading since 13 June 2019 pursuant to ASX Listing Rule 17.2. The Company is seeking to be reinstated to ASX.
- 1.4 The Company entered a lease agreement with Comarnd Pty Ltd ("**Comarnd**") on 1 January 2013 for commercial office space located at Level 1, 182 Claisebrook Road, Perth (the "**Lease Agreement**"). Comarnd is an entity controlled by a director of the Company, Robert Gardner ("**Mr Gardner**").
- 1.5 In accordance with a subsequent Letter of Acknowledgment dated 16 March 2022 (the "**Letter of Acknowledgment**"), Sunplus Holdings Pty Ltd, an entity also controlled by Mr Gardner, the parties agreed that the original lease document included drafting errors and that in fact Sunplus was the owner of the premises on the date of the Lease Agreement. Furthermore, in 2013 the Lease Agreement was assigned by Comarnd to Sunplus following the recognition of the error in the Lease Agreement.
- 1.6 The Letter of Acknowledgment also notes the premises was incorrectly defined in the Lease Agreement and should be "The whole of the 1st floor level of the building situated at 182 Claisebrook Road Perth, having a net lettable area of 450 sqm together with 3 car bays, being part of the land contained in Certificate of Title Volume 1531 Folio 400".
- 1.7 We have been advised that the Lease Agreement initially expired on 31 December 2013 and had an option to be extended for the period from 1 January 2014 to 31 December 2018. The rent on the Lease Agreement was \$110,000 per annum, plus GST, payable by equal monthly instalments of \$9,166.66 (plus GST). We have been advised the total consideration payable under the Lease Agreement was \$550,000 plus GST.

- 1.8 On 11 January 2019, Sunplus consented to the continuation of the Lease Agreement on a month-by-month basis.

Purpose of Report

- 1.9 Under ASX Listing Rule 10.1, a listed company may not acquire or sell a substantial asset to a related party without shareholder approval. Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it, is 5% or more of the equity interests of the entity as set out in the latest accounts provided to the ASX.
- 1.10 Furthermore, ASX Listing Rule 10.5 requires that the notice of meeting ("**NoM**") to approve a transaction must include an IER stating the expert's opinion as to whether the transaction is fair and reasonable to the Non-Associated Shareholders.
- 1.11 For the purpose of ASX Listing Rules 10.1 and 10.2, execution of the Lease Agreement constitutes the acquisition of a substantial asset from Mr Gardner, a related party.
- 1.12 The Company did not seek shareholder approval at the time the Lease Agreement was executed. Accordingly, Dragon Mountain intends to seek approval for the ratification of the Company's entry into the Lease Agreement from the Non-Associated Shareholders for ASX Listing Rule 10.1.

2 Our Role as Independent Expert

- 2.1 Stantons will prepare an IER which will address the issue of whether the execution of the Lease Agreement was fair and reasonable to the Non-Associated Shareholders of Dragon Mountain.
- 2.2 Our report will comply with the requirements of ASIC Regulatory Guides 111 and 112.
- 2.3 In general terms we expect our report will include:
- Executive summary
 - Financial Services Guide
 - Summary of Transaction
 - Scope and purpose
 - Comparison of Lease Agreement Terms to Market
 - Fairness of the proposal
 - Reasonableness of the proposal
 - Conclusion as to fairness and reasonableness
 - Shareholder's decision considerations
 - Sources of information
 - Authors Independence and Indemnity Appendix
- 2.4 We will provide the Dragon Mountain independent directors with an advanced near final draft of our report in order that they may review it for factual correctness. We will be unable to enter into any discussions with the directors or their advisers on any aspect of our report or make any changes in respect of any comments made by them or their advisers other than in instances where they advise us of a factual error in the draft, or material omission of fact.
- ## **3 Access to Information**
- 3.1 As a condition of our appointment we request that Dragon Mountain directors undertake to ensure we are provided with complete unfettered access to Dragon Mountain's records and prior to us signing our final report Dragon Mountain provides us with a letter confirming material representations made to us during the course of the assignment.

- 3.2 As is our normal practice, we will endeavour to minimise any inconvenience to you during the course of the engagement.
- 3.3 Please be aware that we have the right to refuse to give an opinion or provide a report if we are not given the information and explanations we require to prepare our report.

4 Confidentiality

- 4.1 In accordance with our strict internal requirements, Stantons will keep confidential all non-public information that comes into our possession during the course of the engagement other than that which we consider must necessarily be disclosed in our report.

5 Our Fees

- 5.1 Our fees are based on the degree of skill involved, the calibre of the staff engaged and the time necessarily occupied on the work performed. Given the nature of this assignment, our fees will be rendered on an hourly basis. For your information, our charge out rates for this type of work for the proposed members of our engagement team, are as follows:

Name	Role	Hourly rate (ex GST) (\$A)
James Turnbull	Project lead	550
Elliot Chester	Analyst	200

- 5.2 We estimate our fees for the report will be approximately \$5,000 exclusive of GST.
- 5.3 In addition to the above our out of pocket expenses will also be charged to you however we will not incur any individual expenses above A\$500 (exclusive of GST) without your express prior approval. At this stage we do not expect any out of pocket expenses will apply.
- 5.4 In the event that Dragon Mountain terminates the requirement for the IER, any fees paid will not be refundable, and time-based fees will be applicable to the date of termination.
- 5.5 Our fees are exclusive of the cost of a technical specialist's report which will be instructed by us, but the costs will be the responsibility of Dragon Mountain.
- 5.6 Dragon Mountain acknowledges and agrees that Stantons will charge interest on any invoice that remains unpaid for 30 days after the due date for payment at the rate equal to current Westpac bank overdraft rates plus 8%. All legal costs, dishonoured cheque fees or collection costs necessarily incurred in recovery of unpaid accounting services fees shall be added to the overdue balance together with interest calculated monthly.

6 Limit of Stantons Liability

- 6.1 We shall use all reasonable skill and care in the provision of the service set out in this letter. However, except as stated below, no responsibility arising in any way for errors or omissions (including responsibility to any person for negligence) will be assumed by Stantons (and its parent entity, Stantons International Audit and Consulting Pty Ltd) and their directors, employees or consultants in relation to the preparation of the report.
- 6.2 Where responsibilities cannot by law be excluded, any liability of Stantons (and Stantons International Audits and Consulting Pty Ltd), their directors, employees or consultants shall in no circumstances exceed two (2) times fees paid in respect of the service.

7 Indemnity

- 7.1 Dragon Mountain recognises that Stantons may rely upon information provided by Dragon Mountain and its directors to Stantons, in connection with Stantons' preparation of an independent expert's report for compliance with ASX Listing Rule 10.1 (the "**Engagement**").
- 7.2 In consequence, except where it would not be reasonable for Stantons to rely on any such information having regard to Stantons' experience and qualifications, Dragon Mountain agrees:
- to make no claim by it or its officers, employees or consultants against Stantons to recover

any loss or damage which it may suffer as a result of the reasonable reliance by Stantons on any information supplied by Dragon Mountain and its directors or their professional advisers for the purposes of the Engagement; and

- to indemnify Stantons against any claim arising (wholly or in part) from Dragon Mountain or any of its officers, employees, consultants or directors having provided to Stantons any false or misleading information for the purposes of the Engagement, or from the failure by Dragon Mountain or its officers, employees and consultants to provide material information for the purposes of the Engagement, except where any claim has arisen as a result of the wilful misconduct or negligence of Stantons.

8 Reliance on Third Parties

- 8.1 We will be relying on an independent specialist's valuation report on the Lease Agreement of Dragon Mountain, and we intend to instruct Joseph Agnello of Agnello Valuation Specialists to prepare the specialist valuation report.

9 Confirmation

- 9.1 We trust the above terms are acceptable and would be pleased if you would confirm your acceptance by signing the attached copy of this letter where indicated and returning it to us.

Yours faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

Accepted for and on behalf of Dragon Mountain Limited

Name: Jay Stephenson

Signature: 

Position: Director

Date: 17 March 2022

ANNEXURE

COPY OF LETTER OF INSTRUCTION

COPY OF CERTIFICATE OF TITLE

COPY OF LETTER OF ACKNOWLEDGEMENT AND LETTER OF REPRESENTATION – LEASE AGREEMENT

COPY OF BASIC SUMMARY OF RECORDS SEARCH RESPONSE

COPY OF LETTER OF INSTRUCTION

Please
Complete



Agnello Valuation Specialists

Agnello Valuation Specialists
valuations@agnello.com.au

Name: Dragon Mountain Gold Limited
Address: 182 Claisebrook Street
Suburb: Perth WA 6000

11 March 2022

Re: COVID-19 Pre-Inspection Questions

To whom it may concern (including Tenants and people staying at the property subject to valuation).

Due to the evolving COVID-19 health, economic and employment crisis in Australia, Effective 8am AEST Monday 30 March 2020, the Australian Property Institute (API) Board requires their members to follow new Valuation Protocols and in particular suggested Pre-Inspection Questions Impacting the Physical Inspections of Real Property.

These protocols and inspection questions basically relate to the restrictions on social distancing currently in place in Australia and in particular Western Australia.

Therefore, if you could please answer the following questions as well as completing the following Letter of Instructions, by circling the chosen Yes/No response to the questions. Please understand if any question is answered "Yes" the valuation can still be undertaken safely and will just require a verbal conversation and explanation prior to inspection.

If you have any queries, please feel free to call me on any of the numbers below as us I am happy to fully explain. The Covid-19 questions that are asked are being so in a respectful manner and not meant to offend or prevent the valuation, they are asked to protect all parties involved in the valuation process, given this unusual nature of being in a pandemic.

As the inspecting valuer, I Joseph Agnello answer No to all of the following questions in reassurance of your health and safety.

- "Is any occupant of the property, recent visitor, or anyone that the valuer will be meeting at the inspection subject to a quarantine order by health authorities?" **Yes/No**
- "Is any occupant of the property, recent visitor, or anyone that the valuer will be meeting at the inspection subject to self-quarantine or self-isolation protocols?" **Yes/No**
- "Is any occupant of the property or recent visitor suspected to have COVID-19?" **Yes/No**
- "Has any occupant of the property or recent visitor returned from travel outside of Australia within the last 14 days?" **Yes/No**
- "Is any occupant of the property, recent visitor, or anyone that the valuer will be meeting awaiting results or tested positive for COVID-19?" **Yes/No**
- "Is any occupant of the property advised to avoid contact with others?" **Yes/No**

Yours Sincerely

Joseph Agnello FAPI
Licensed Valuer 648 | Certified Practising Valuer
0414 085 158 | 08 6468 5250
joseph@agnello.com.au | www.agnello.com.au

Liability limited by a scheme approved under the Professional Standards Legislation

PLEASE COMPLETE

Client Name: Dragon Mountain Gold Signature: _____

Date: 17 March 2022

Please
Complete



Agnello Valuation Specialists

Name: Dragon Mountain Gold

Address: 182 Claisebrook Road

Suburb: Perth WA 6000

Email: jay.stephenson@foresthous.com.au

11 March 2022

Dear Sir/Madam,

Retainer Letter and Letter of Instruction

Re: appointment of Agnello Valuation Specialists to provide Market Rent Valuation services

Thank you for your instructions to provide you with a valuation report.

This letter sets out the terms and conditions on which we are prepared to act in this matter. **We would appreciate it if you could sign a copy of this letter and where indicated in the Letter of Instruction, then return it to us.** If you do not return a signed copy of this letter but continue to provide us with information and instructions on your matter, we will assume that you have accepted these terms and conditions.

Agnello Valuation Specialists understand that Stantons will further provide a written letter instructing us with the scope of the Market Rent Valuation, which will form part of these instructions.

The terms of our appointment are as follows:

Please
Complete

1. We have been engaged to prepare a Market Rent Valuation of:
 - 1.1 **182 Claisebrook Road, Perth WA 6000**
 - 1.2 **The Purpose of the Valuation** – to provide the **Market Rent** Value
 - 1.3 **Date of Valuation:** TBA
(Only complete if a specific date required e.g., past date. Usual date is the inspection date by valuer).
 - 1.4 **For the use of:** Required for Independent Expert Report
2. You will enable us to inspect the property and will honestly provide us with all information required in order to formulate an opinion. In providing us with information you warrant that any such information contains fair and frank disclosure of all information relevant to providing the Services. **Specifically, we require copies of the following:**
 - **a copy of the lease and associated documentation as at the date of Market Rent Valuation – 2013**
 - **confirmation of the net passing rent paid at the commencement of the lease in – 2013**
 - **confirmation of the lettable area if not mentioned within the lease.**
3. Our report will set out the reasons behind our opinion as to value, as well as identify all the materials that have been provided to us that we have considered in expressing our opinion.
4. To the extent that there is any inconsistency between your instructions, and this letter of retainer, the terms of this retainer will prevail.
5. Any reference in this letter to "us" or "we" is a reference to Valuer Firm, including its (past and present) directors, officers, agents, employees and subcontractors. will
6. No variation of this agreement will be of any effect unless it is in writing and signed by the parties to this agreement.

Acknowledgements

7. You acknowledge in relation to the services that:
 - 7.1 Valuation reports are an expression of opinion only and are current as at the date of the report. You accept the risks associated with market movement after the date of the valuation, including without limitation, any fall in Market Rent Value of the subject property.
 - 7.2 Where a report is prepared for mortgage purposes, we reserve the right, at our absolute discretion, to determine whether or not to address the valuation report to any financier.

- 7.3 In preparation of the valuation report, we will have regard to the apparent state of repair of the property and any relevant material provided by you. We are not qualified to provide any type of building survey and you should not rely on the report to do so.
- 7.4 All land areas, building areas and lettable areas referred to in the valuation report are approximate and even professional surveyors acting reasonably, can differ in relation to measurement of areas. Should you subsequently ascertain that areas referred to in the valuation report differ from other information provided to you, you agree to refer the valuation back to us for comments and, where appropriate, amendment.
8. We will:
- 8.1 provide an accurate fee estimate and estimated timeline as soon as possible on receipt of instructions;
 - 8.2 provide a Market Rent Valuation report which accurately sets out the entity that is entitled to rely on the report and the purpose for which you may so rely;
 - 8.3 use our best endeavours to complete the Market Rent Valuation report in accordance with the fee estimate and estimated timeline;
 - 8.4 promptly advise you of any unexpected delay in completion of the Market Rent Valuation report; and
 - 8.5 perform the Market Rent Valuation report with due care and skill and in a professional, punctual and diligent manner.

Fees and Limitation of Liability

9. My fee to provide the services will be **\$5,500.00 inclusive of GST and disbursements.**

A Market Rent valuation is being provided on your agreement that any liability we may have to you, is strictly limited, in our sole discretion, to either the fee or the services or the cost of providing the services. You agree that this limitation of liability clause applies, even if you consider that the services we provided have been negligently performed or constitute misleading and deceptive conduct under the Australian Consumer Law; or amount to a breach of contract. Agnello Valuation Specialists are **"Liability limited by a scheme approved under the Professional Standards Legislation"**.

Please forward **\$5,500.00** by bank deposit prior to the report being released (**payment required prior to inspection, unless other arrangements agreed to**) **as per the bank details at the end of this document**. Please note that work will not commence until such time as this document has been returned and signed. The final report will not be released until full payment of the fee has been received.

Finally, it is important that you complete and sign just below. The following Letter of Instruction also requires to be completed and signed. I look forward to this signed confirmation of my appointment and working with you.

Yours sincerely



Joseph Agnello FAPI
Licensed Valuer 648 | Certified Practising Valuer
0414 085 158 | 08 6468 5250
joseph@agnello.com.au | www.agnello.com.au

Liability limited by a scheme approved under the Professional Standards Legislation

Please
Sign

PLEASE COMPLETE

Client Name: Dragon Mountain Gold

Signature: 

Date: 17 March 2022



Letter of Instruction

Date of Quotation: 11 March 2022

Please
Complete

I/We Dragon Mountain Gold Limited

(Names of all parties involved in the Instruction of the Market Rent Valuation must be listed) formally instruct **Agnello Valuation Specialists** to undertake a valuation for **Market Rent Purposes** of the property situated at:

Property to be Valued:

Property Address: 182 Claisebrook Road,

Suburb: Perth WA 6000

Client Details:

(Full details of all parties involved in the Instruction of the Market Rent Valuation must be listed. Additional parties can be supplied at the end of this document)

Name: Dragon Mountain Gold Limited -

Postal Address: PO Box 180 Glen Forrest WA 6071

Telephone: H _____ Mobile: 0412474180 W: _____

Fax: _____ E-Mail: jay.stephenson@foresthous.com.au

Addressee:

The report to be addressed to: Dragon Mountain Gold Limited

The invoice to be addressed to: 182 Claisebrook Road, Perth WA 6000

Access:

The property can be accessed by contacting:

Name: Robert Gardner

Telephone: H _____ Mobile: 0419043406 W: _____

Please
Complete

I/We Dragon Mountain Gold Limited

the instructing party(s) confirm that I/We agree to pay the quoted fee of **\$5,500.00** as per the bank details at the end of this document.

Terms and Conditions:

- ☐ 100% payment required prior to inspection unless other payment arrangements have been agreed too.
- ☐ PDF copy supplied only. If hard copy required a minimum \$165 (inclusive of GST) fee is charged for each report. Please tick if required.


Note: full payment is required before release of the report

Payment Method is located below at the end of the document.

Should other documents be required to be purchased, an additional \$27 will be charged for each ordered.

- We will provide you with a detailed Market Rent Valuation report that is fully compliant with Australian Property Institute Guidelines.
- Our fee is based on the information initially provided at the time of quoting, should this information vary significantly we reserve the right to revise our fees, however your approval will be sought for any increase, but shall not be unreasonably withheld. Our quotation is valid for 30 days.
- **The Client is aware that due to Professional Indemnity Insurance constraints, Agnello Valuation Specialists cannot extend liability, reissue or confirm the initial Market Rent Valuation three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis. An additional fee will be charged for any re-assignment.**
- **Until full payment has been received by cash, cheque, or direct credit (preferred) to our account the completed valuation report cannot be released.**
- If the valuer is required to appear before the court to provide evidence, support the valuation or to act as an expert witness etc, the quote provided does not include the cost to do so. Further costs will be incurred at an hourly rate of \$550 (inclusive of GST) per hour or part thereof. Alternatively, if an affidavit is required to be signed and witnessed by the valuer a fee of \$330 (inclusive of GST) will be charged, plus any additional costs for printing, copying, binding, postage and preparation of additional reports for the Family Law Court.

Please
Sign

Signed:  Dated: 17 March 2022

Liability limited by a scheme approved under the Professional Standards Legislation

Methods of Payment:

Direct Credit

Name: Agnello Valuation Specialists

Bank: BankWest

BSB: 306 054

Account No: 0604859

16 March 2022

The Independent Directors
Dragon Mountain Gold Limited
PO Box 52
West Perth WA 6872

Dear Independent Directors,

RE: APPOINTMENT TO PREPARE AN INDEPENDENT EXPERT'S REPORT**1 Introduction**

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- 2.2 Our report will comply with the requirements of ASIC Regulatory Guides 111 and 112.
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5 Our Fees

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- 5.6 Dragon Mountain acknowledges and agrees that Stantons will charge interest on any invoice that remains unpaid for 30 days after the due date for payment at the rate equal to current Westpac bank overdraft rates plus 8%. All legal costs, dishonoured cheque fees or collection costs necessarily incurred in recovery of unpaid accounting services fees shall be added to the overdue balance together with interest calculated monthly.

6 Limit of Stantons Liability

- 6.1 We shall use all reasonable skill and care in the provision of the service set out in this letter. However, except as stated below, no responsibility arising in any way for errors or omissions (including responsibility to any person for negligence) will be assumed by Stantons (and its parent entity, Stantons International Audit and Consulting Pty Ltd) and their directors, employees or consultants in relation to the preparation of the report.
- 6.2 Where responsibilities cannot by law be excluded, any liability of Stantons (and Stantons International Audits and Consulting Pty Ltd), their directors, employees or consultants shall in no circumstances exceed two (2) times fees paid in respect of the service.

7 Indemnity

- 7.1 Dragon Mountain recognises that Stantons may rely upon information provided by Dragon Mountain and its directors to Stantons, in connection with Stantons' preparation of an independent expert's report for compliance with ASX Listing Rule 10.1 (the "**Engagement**").
- 7.2 In consequence, except where it would not be reasonable for Stantons to rely on any such information having regard to Stantons' experience and qualifications, Dragon Mountain agrees:
- to make no claim by it or its officers, employees or consultants against Stantons to recover

any loss or damage which it may suffer as a result of the reasonable reliance by Stantons on any information supplied by Dragon Mountain and its directors or their professional advisers for the purposes of the Engagement; and

- to indemnify Stantons against any claim arising (wholly or in part) from Dragon Mountain or any of its officers, employees, consultants or directors having provided to Stantons any false or misleading information for the purposes of the Engagement, or from the failure by Dragon Mountain or its officers, employees and consultants to provide material information for the purposes of the Engagement, except where any claim has arisen as a result of the wilful misconduct or negligence of Stantons.

8 Reliance on Third Parties

- 8.1 We will be relying on an independent specialist's valuation report on the Lease Agreement of Dragon Mountain, and we intend to instruct Joseph Agnello of Agnello Valuation Specialists to prepare the specialist valuation report.

9 Confirmation

- 9.1 We trust the above terms are acceptable and would be pleased if you would confirm your acceptance by signing the attached copy of this letter where indicated and returning it to us.

Yours faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

Accepted for and on behalf of Dragon Mountain Limited

Name: Jay Stephenson

Signature: 

Position: Director

Date: 17 March 2022

COPY OF CERTIFICATE OF TITLE

WESTERN



AUSTRALIA

REGISTER NUMBER

120/D56011DUPLICATE
EDITION**1**

DATE DUPLICATE ISSUED

3/5/2007

RECORD OF CERTIFICATE OF TITLE

UNDER THE TRANSFER OF LAND ACT 1893

VOLUME
1531FOLIO
400

The person described in the first schedule is the registered proprietor of an estate in fee simple in the land described below subject to the reservations, conditions and depth limit contained in the original grant (if a grant issued) and to the limitations, interests, encumbrances and notifications shown in the second schedule.

BGRoberts
REGISTRAR OF TITLES

**LAND DESCRIPTION:**

LOT 120 ON DIAGRAM 56011

REGISTERED PROPRIETOR:
 (FIRST SCHEDULE)

SUNPLUS HOLDINGS PTY LTD OF 283 ROKEBY ROAD, SUBIACO

(T M789011) REGISTERED 7/10/2014

LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
 (SECOND SCHEDULE)

1. T4759/1905 EASEMENT BENEFIT AS TO PORTION ONLY SEE SKETCH ON VOL 1531 FOL 400.
REGISTERED 1/1/1905.

Warning: A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
* Any entries preceded by an asterisk may not appear on the current edition of the duplicate certificate of title.
Lot as described in the land description may be a lot or location.

-----END OF CERTIFICATE OF TITLE-----

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: 1531-400 (120/D56011)
 PREVIOUS TITLE: 1169-827, 1512-56
 PROPERTY STREET ADDRESS: 182 CLAISEBROOK RD, PERTH.
 LOCAL GOVERNMENT AUTHORITY: CITY OF VINCENT

NOTE 1: DUPLICATE CERTIFICATE OF TITLE NOT ISSUED AS REQUESTED BY DEALING
L306704

WARNING

THIS DOCUMENT IS SUBJECT TO
AN AREA DEFINED BY COLOUR
ON A SKETCH.

4760

1905

TO VERIFY AREA DEFINED BY
COLOUR A SEARCH OF THE
ORIGINAL DOCUMENT HELD IN
SECONDARY STORAGE IS
REQUIRED.

"THE TRANSFER OF LAND ACT 1893."

4759
1905



I JOSEPH DAVID DAVIS of Perth in the State of Western Australia being registered as the Proprietor of an Estate in fee simple in the land hereinafter described subject to the encumbrances notified hereunder In Consideration of the sum of Two hundred pounds paid to me by ELIZABETH AMELIA BOLE of Perth Spinster DO HEREBY transfer to the said Elizabeth Amelia Bole All my estate and interest in All that piece of land being portion of Perth Suburban Lot 162 and being the portion of Lots 29 and 30 colored green in the plan on the next sheet hereof Together with a Right of Carriage way over the piece of land colored brown in the said plan and being portion of the land comprised and described in Certificates of Title Volume 317 Folio 76 and Volume 302 Folio 135 To 343-2

DATED the 29th day of July One thousand nine hundred and five.

SIGNED by the said Joseph
David Davis in the presence
of

Amy Jale
Shunta
Perth

Signed by the said Elizabeth
Amelia Bole in the
presence of

Amy Jale
Perth

Joseph David Davis

14 7/10 per
Perth Sub Lot 162
plots 29 + 30 plan 28
Row of Col'd brown
marked on

Elizabeth Amelia Bole

Enc old deeds (sketch)

The National Bank of Australia hereby
Consents to this transfer as mortgage
Dated this 4 August 1904

THE NATIONAL BANK OF AUSTRALASIA, LIMITED
By its Attorney.

RA Eyland

NORTHMORE, LUKIN & HALE,
Barristers & Solicitors.

J. A. NORTHMORE.
CRESLEY W. H. LUKIN.
HARRY HALE.

"CABLE ADDRESS" WANDERAH.

Samson's Buildings.

Barrack Street.

Perth, W.A. 29 July 1905

The Registrar of Titles
Perth

Transfer 4356/05

We hereby apply to withdraw
Transfer No. 4356/05 from Joseph David
Davis to Elizabeth Amelia Dole of
Fallow of Lot 29 & 30 of Perth Suburban
Lot 162 and to substitute the amended
transfer in lieu thereof

Yours truly
Joseph Davis

Witness

Harry Hale

Elizabeth Amelia Dole

[illegible]

4759
1905
Fee \$1-14-6 paid
on Tr. 4356 in lieu
of which this is lodged
DATED 9 AUG 1905

J. D. DAVIS

-to-

Miss E. A. BOLE

Lodged in lieu of Tr. 4356
1905

2 655
614

TRANSFER

Registered at 30c this 9th day of
August 1905 in Vol 302 Fol 135 and
" 317 " 76

Alfred W. Munn
Registrar of Titles

Northmore Lukin & Hale,
Solicitors,
Perth.

Lodged	9 August
Notarised	
Endorsed	10 (2)
Draftsman	17 (12)
Checker	18
Advising Clerk	19 - 11.30
Register	

**COPY OF LETTER OF ACKNOWLEDGEMENT AND LETTER OF REPRESENTATION
– LEASE AGREEMENT**

16 March 2022

Sunplus Holdings Pty Ltd
Level 1, 182 Claisebrook Road
PERTH WA 6000

Attention: Robert Gardner

Dear Mr Gardner

LETTER OF ACKNOWLEDGEMENT – LEASE AGREEMENT

We refer to:

- (a) the lease agreement which Comarnd Pty Ltd (ACN 510 323 822) (**Comarnd**) executed with Dragon Mountain Gold Limited (ACN 111 005 282) (**DMG**) on or about 1 January 2013 (**Lease Agreement**);
- (b) the deed of appointment of new trustee between yourself, Comarnd and Sunplus Holdings Pty Ltd (ACN 164 205 369); and
- (c) the letter of consent to extend the lease dated 11 January 2019 sent by Sunplus to DMG.

Capitalised terms used in this letter have the same meanings as under the Lease Agreement unless the context requires otherwise.

By signing below, DMG and Sunplus acknowledge and agree that:

- (a) Sunplus was the owner of the Premises on the date of the Lease Agreement;
- (b) the Land is erroneously defined as "All that land the subject of Strata Plan 8047 and upon which the Building is located at 182 Claisebrook Road Perth". The correct definition of the Land at the date of the Lease Agreement and this letter is "Lot 120 on Diagram 56011 as contained in Certificate of Title Volume 1531 Folio 400";
- (c) the Premises is erroneously defined as "Lots 3 and 4 on Strata Plan 8047 being the whole of the land in Certificates of Title Volume 1565 Folios 92 and 93 and known as Level 1, 182 Claisebrook Road Perth". The correct definition of the Premises at the date of the Lease Agreement and this letter is "The whole of the 1st Floor level of the buildings situated at 182 Claisebrook Road Perth, having a net lettable area of 450 sqm together with 3 car bays, being part of the Land contained in Certificate of Title Volume 1531 Folio 400";
- (d) Comarnd was erroneously stated to be the Lessor in the Lease Agreement;
- (e) the inclusion of Comarnd instead of Sunplus in the Lease Agreement as the Lessor was recognised by the parties shortly following the date of the Lease Agreement; and
- (f) DMG has recognised that Sunplus is the Lessor since 2013.

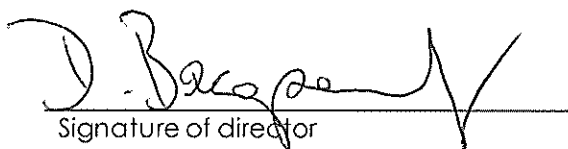
This letter may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument. Electronic or facsimile signatures are taken to be valid and binding to the same extent as original signatures.

Yours sincerely

Jay Stephenson
Non Executive Director Company Secretary
Dragon Mountain Gold Limited

EXECUTED by the Parties as a Deed

EXECUTED by **DRAGON MOUNTAIN**)
GOLD LIMITED ACN 111 005 282)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)


Signature of director



Signature of director/company
secretary*


Name of director

Jay Stephenson
Name of director/company secretary*

*please delete as applicable

EXECUTED by **SUNPLUS HOLDINGS PTY**)
LTD ACN 164 205 369)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)


Signature of director

Signature of director/company
secretary*

Robert Gardner
Name of director

Name of director/company secretary*

*please delete as applicable

Stantons Corporate Finance Pty Ltd
Level 2, 40 Kings Park Road,
West Perth WA 6005



2 May 2022

Dear Sirs,

This representation letter is provided in connection with your Independent Expert Report for Dragon Mountain Gold Limited (the "Company" or "entity") for the purpose of you expressing an opinion as to whether the retrospective approval sought for the lease agreement entered into between the Company and entities associated with Mr Robert Gardner is fair and reasonable to non-associated shareholders.

We confirm to the best of our knowledge and belief, the following representations made to you during the preparation of the Independent Expert Report and to Mr Joseph Agnello during the preparation of his Market Rent Valuation Report dated 13 April 2022 are correct.

Initial Lease Term

- (1) The initial term of the lease was from 1 January 2013 to 31 December 2013, with the lessee holding an option to extend for a further 4 years.
- (2) The agreed rent payable was \$110,000 p.a. (plus GST) and accordingly, the maximum amount payable (for the contemplated term) under the lease agreement was \$550,000 plus GST.

Market Rent Review

- (3) No market rent review was undertaken during the term of the lease agreement.

Net Lettable Area

- (4) The net lettable area of the premises was 450 square metres as at 1 January 2013 and for the life of the lease.

Condition of Premises

As at 1 January 2013:

- (5) The premises were in a lesser level of fit out and were substantially renovated at a later date.
- (6) The tenancy included exclusive use of the entry foyer and amenities on the first floor.
- (7) Ceilings were lower than the current open plan area.
- (8) The layout of the floor plan of the premises was not substantially different from present.

Mr Robert Gardner

COPY OF BASIC SUMMARY OF RECORDS SEARCH RESPONSE



Contaminated Sites Act 2003 Basic Summary of Records Search Response

Report generated at 12:57:10PM, 07/04/2022

Search Results

Receipt No:

ID No: 67178

This response relates to a search request received for:

174a Claisebrook Rd
Perth, WA, 6000

Lot 1 on Strata Plan 11099 as shown on certificate of title 1631/893 known as 174A Claisebrook Road, Perth WA 6000
This parcel belongs to a site that contains 1 parcel(s).

According to Department of Water and Environmental Regulation records, this land has been reported as a known or suspected contaminated site.

Address

174a Claisebrook Rd
Perth, WA, 6000

Lot 1 on Strata Plan 11099 as shown on certificate of title 1631/893 known as 174A Claisebrook

Parcel Status

Classification: 27/01/2016 - *Contaminated - remediation required*

Nature and Extent of Contamination:

Chlorinated hydrocarbons (such as from drycleaning solvents) are present in soil and as a vapour within a stormwater drain at the site and a connected drain sump in the adjacent road reserve.

Restrictions on Use:

Other than for analytical testing or remediation, no disturbance of the ground surfaces or sub-surface excavations are permitted at this site because of the nature of soil contamination identified.

Other than for analytical testing or remediation, groundwater abstraction is not permitted at this site because of the nature of potential groundwater contamination.

Reason for Classification:

This site was reported to the Department of Environment Regulation (DER) under section 11 of the 'Contaminated Sites Act 2003' (the Act), which commenced on 1 December 2006. The site has been classified under section 13 of the Act based on information submitted to DER by January 2016.

This site is used as a drycleaning establishment, which is a land use that has the potential to cause contamination, as specified in the guideline 'Assessment and Management of Contaminated Sites' (DER 2014).

In November 2015, the site was the subject of an inspection by DER officers authorised under the Environmental Protection Act 1986. DER officers observed improper storage of drycleaning wastes and spills on the ground near a stormwater drain at the site.

Laboratory analysis of soils from the drain on-site and a connected stormwater sump in the adjacent road reserve found chlorinated hydrocarbons (such as from dry cleaning solvents) were present in soils at concentrations that indicated dense non-aqueous phase liquid (DNAPL) was present (i.e. soils were saturated with chlorinated hydrocarbons). The road reserve has been classified separately

Disclaimer

This Summary of Records has been prepared by Department of Water and Environmental Regulation (DWER) as a requirement of the Contaminated Sites Act 2003. DWER makes every effort to ensure the accuracy, currency and reliability of this information at the time it was prepared, however advises that due to the ability of contamination to potentially change in nature and extent over time, circumstances may have changed since the information was originally provided. Users must exercise their own skill and care when interpreting the information contained within this Summary of Records and, where applicable, obtain independent professional advice appropriate to their circumstances. In no event will DWER, its agents or employees be held responsible for any loss or damage arising from any use of or reliance on this information. Additionally, the Summary of Records must not be reproduced or supplied to third parties except in full and unabridged form.



Contaminated Sites Act 2003

Basic Summary of Records Search Response

Report generated at 12:57:10PM, 07/04/2022

under the CS Act.

DER officers directed the removal of soils from within the drains. However, it is not known whether all of the contaminated soil was removed, and subsequent field testing by DER officers found high concentrations of volatile organic compounds remained in the soil within the drains, i.e. hydrocarbon-based vapours were present in the soil.

Chlorinated hydrocarbons (such as from drycleaning solvents) are present in soil above background and have the potential to pose a risk to human health, the environment and environmental values. Therefore, further investigations are necessary to investigate the nature and extent of chlorinated hydrocarbons in soil, soil vapour and groundwater, and a site-specific risk assessment undertaken to determine the extent of remediation required to mitigate potential unacceptable risks to human health, the environment and environmental values.

As the site has only been partially investigated, a comment cannot be made on the suitability of the site as a whole for any land use.

As the site has been shown to be contaminated, and remediation is required to reduce potential unacceptable risks to human health, the environment or any environmental value to acceptable levels, the site is classified as 'contaminated - remediation required'.

DER, in consultation with the Department of Health, has classified this site based on the information available to DER at the time of classification. It is acknowledged that the contamination status of the site may have changed since the information was collated and/or submitted to DER, and as such, the usefulness of this information may be limited.

Other Relevant Information:

Additional information included herein is relevant to the contamination status of the site and includes DER's expectations for action that should be taken to address potential or actual contamination described in the Reasons for Classification.

Based on the available information, contamination present on this site has also been identified beyond the site boundary on adjacent land, and as such, DER considers this site meets the definition of a "source site" as specified in Part 1, Section 3 of the Act. In accordance with Regulation 31(1)(b) of the 'Contaminated Sites Regulations 2006', any reports or information submitted to DER that are relevant to the investigation, assessment, monitoring or remediation of a source site are required to be accompanied by a mandatory auditor's report (MAR) prepared by an accredited contaminated sites auditor.

Action Required:

This site is considered to be high priority for immediate action to be taken to address contamination, as described below.

An accredited contaminated sites auditor is to be engaged and DER notified on the prescribed Form G by no later than Friday 19 February 2016 to ensure investigations and remedial work are carried out in accordance with DER Contaminated Sites Guidelines and the National Environment Protection (Assessment of Site Contamination) Measure 1999 and for the purpose of preparing a MAR.

A suitably qualified and experienced environmental consultant(s) is to be engaged and DER notified

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Contaminated Sites Act 2003

Basic Summary of Records Search Response

Report generated at 12:57:10PM, 07/04/2022

by no later than Friday 19 February 2016 to plan and carry out investigations and risk assessment outlined below in consultation with the auditor.

A site management plan (SMP) is to be prepared to detail initial actions to be carried out to mitigate potential risks to human health both on and offsite including a community engagement plan (CEP) to inform identified stakeholders (e.g. neighbouring properties) of the contamination identified and actions being taken to address contamination, including obtaining any approvals necessary to enter land to carry out investigations.

A sampling and analysis quality plan (SAQP) is to be prepared for investigations necessary to determine the nature and extent of contamination, and the extent of remediation required at the site and any related affected sites. The SAQP should provide for the investigation of soil, soil vapour and groundwater to determine the nature and extent of chlorinated hydrocarbon contamination.

The SMP, CEP and SAQP are to be finalised, to the satisfaction of the auditor, by no later than 11 March 2016 and implemented immediately. The SMP, CEP, SAQP and a schedule for field work are to be submitted to DER accompanied by advice from the auditor by no later than 25 March 2016.

The results of investigations are to be used to complete a human health and environmental risk assessment and to prepare a detailed remedial action plan (RAP) in consultation with the auditor and DER.

Certificate of Title Memorial

Under the Contaminated Sites Act 2003, this site has been classified as "contaminated - remediation required". An instrument affecting land which comprises all, or part of, this site will not be registered or accepted for registration, unless the CEO of the Department of Environment Regulation consents to the registration in writing. For further information on the contamination status of this site, or this restriction, please contact Contaminated Sites at the Department of Environment Regulation.

Current Regulatory Notice Issued

Type of Regulatory Notice: *Nil*

Date Issued: *Nil*

General

No other information relating to this parcel.

Disclaimer

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SCHEDULE 3 – CONVERSION INDEPENDENT EXPERT'S REPORT

13 June 2022

The Independent Directors
Dragon Mountain Gold Limited
PO Box 52
West Perth WA 6872

Dear Independent Directors,

Independent Expert's Report Relating to Debt Conversion

1 Executive Summary

Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 3 of the Notice of Meeting ("**NoM**") relating to the issue by Dragon Mountain Gold Limited ("**Dragon Mountain**" or the "**Company**") of up to 50,341,150 ordinary shares to Fastwitch Enterprises Pty Ltd ATF NC A/C ("**Fastwitch**"), an entity controlled by the Company's Executive Chairman, Mr Robert Gardner ("**Mr Gardner**"), pursuant to a debt conversion is considered **FAIR** and **REASONABLE** to the non-associated shareholders of Dragon Mountain as at the date of this report.

Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") were engaged by the independent directors of Dragon Mountain to prepare an Independent Expert's Report ("**IER**") on the fairness and reasonableness of a proposal involving the conversion of debts owed to the Company's chairman, Mr Gardner, into Dragon Mountain ordinary shares.
- 1.3 Dragon Mountain is an Australian public company that historically operated as a gold explorer in north-west China, though these operations recently ceased. Dragon Mountain's current interests include joint venture interests in 8 granted mining leases covering 46.79 km² (the "**Cawse Project**"), 4 granted mining leases covering 34.21 km² (the "**Cawse Extended Project**") and 5 granted mining leases covering 34.47 km² (the "**Avalon Project**"), all located near Kalgoorlie in Western Australia. The Company has also recently made application for one exploration licence and 8 prospecting licences, covering 25 square kilometres to the west of the Cawse Project ("**Broad Arrow**").
- 1.4 Wingstar Investment Pty Ltd ("**Wingstar**") and wholly owned subsidiary Mesmeric Enterprises Pty Ltd ("**Mesmeric**") are the registered holder of 100% of the Cawse Project and Avalon Project and 80% of the Cawse Extended Project. Dragon Mountain has entered binding Heads of Agreements with Wingstar that give the Company the right to earn in an interest of up to 80% of the interests held by Wingstar in each of the Cawse Project, Avalon Project and Cawse Extended Project (collectively, the "**Projects**").
- 1.5 Dragon Mountain is listed on the Australian Securities Exchange ("**ASX**"), though has been suspended from trading since 13 June 2019 pursuant to ASX Listing Rule 17.2. The Company is seeking to be reinstated to ASX, and accordingly must comply with a number of conditions.

- 1.6 One condition is that the Company satisfies the requirements of ASX Listing Rule 12.2 such that it can demonstrate it has working capital of at least \$1,500,000. To satisfy this condition, the Company intends to undertake a capital raising of at least \$1,500,000 (the "**Minimum Subscription**") under a prospectus via the issue of at least 75,000,000 ordinary shares at a price of \$0.02 per share, up to a maximum of \$4,000,000 (the "**Maximum Subscription**") via the issue of 200,000,000 at \$0.02 per share (the "**Capital Raising**").
- 1.7 In conjunction with the Capital Raising, it is proposed that debts of \$1,006,823 owed to entities controlled by Mr Gardner will convert to equity at the same price as the Capital Raising. The conversion of debts by Mr Gardner is conditional on the Minimum Subscription. Accordingly, we refer to the conversion of debts of \$1,006,823 by Mr Gardner at a conversion price of \$0.02 and the Minimum Subscription collectively as the "**Transaction**". We have been informed by the Company there is an agreement that the debt conversion shares will not be issued until after the Capital Raising shares have been issued.
- 1.8 Fastwitch, an entity controlled by Mr Gardner, currently holds an interest of 20.61% in the ordinary shares of Dragon Mountain. As a result of the Transaction, Mr Gardner will receive 50,341,150 new ordinary shares in the Company.

Purpose

- 1.9 If the Transaction completes, Mr Gardner will increase his interest in Dragon Mountain from his current position of 20.61% up to a maximum of 26.91%¹.
- 1.10 Under Section 606 ("**s606**") of the Corporations Act 2001 ("**TCA**"), unless certain exemptions apply, a person must not acquire a relevant interest in issued voting shares in a company if, as a result of the transaction, that person's or someone else's voting power in the company increases:
- a) from 20% or below to more than 20%; or
 - b) from a starting point that is above 20% and below 90%.
- 1.11 Under Section 611 (Item 7) of TCA ("**s611**"), s606 does not apply in relation to any acquisition of shares approved by a resolution passed at a general meeting by shareholders who are not associated with the transaction (the "**Non-Associated Shareholders**"). For such a meeting, an independent expert is typically required to report on the fairness and reasonableness of the transaction.
- 1.12 Accordingly, Dragon Mountain intends to seek approval from the Non-Associated Shareholders for the issue of ordinary shares to Mr Gardner under the Transaction pursuant to s611 (Item 7) of TCA.

Basis of Evaluation

- 1.13 With regard to the Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111: Content of Expert Reports ("**RG111**"), the Transaction is considered a control transaction, and we have assessed it as:
- fair if the value of a Dragon Mountain share after the Transaction, on a minority interest basis, is greater than the value of a share before the Transaction on a control basis; and
 - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Valuations

Dragon Mountain Pre-Transaction Share Value

- 1.14 We engaged an independent specialist, Agricola Mining Consultants Pty Ltd ("**Agricola**") to provide a valuation of the mineral interests of Dragon Mountain. The valuation was contained in the report titled "*Independent Valuation of Mineral Interest of Dragon Mountain in Western*

¹ Assuming the Minimum Subscription and the Capital Raising shares are issued prior to the debt conversion shares

Australia" prepared by Agricola and dated 6 May 2022 (the "**Agricola Report**"). We have relied on the Agricola Report valuations.

- 1.15 We assessed the fair market value of a Dragon Mountain ordinary share before the Transaction using a net assets on a going concern based methodology as at 31 March 2022 as follows.

Table 1. Pre-Transaction Net Asset Valuation of Dragon Mountain Shares

	Ref	Low value	Preferred value	High value
Cash (\$)	Table 9	1,473,828	1,473,828	1,473,828
Mineral interests (\$)	Table 16	416,000	459,250	502,500
Other assets (\$)	Table 9	160,284	160,284	160,284
Less: related party payables (\$)	Table 9	(1,006,823)	(1,006,823)	(1,006,823)
Less: other payables (\$)	Table 9	(515,617)	(515,617)	(515,617)
Less: short term financial liabilities (\$)	Table 9	(910,000)	(910,000)	(910,000)
Less: lease liabilities (\$)	Table 9	(107,757)	(107,757)	(107,757)
Pre-Transaction net assets / (liabilities) (\$)		(490,085)	(446,835)	(403,585)
Number of ordinary shares on issue	Table 5	263,530,515	263,530,515	263,530,515
Value per ordinary share (control basis) (\$)		(0.0019)	(0.0017)	(0.0015)

Source: Stantons analysis

- 1.16 We note the assessed value of a Dragon Mountain shares is negative in each of the low, preferred and high scenarios. As Dragon Mountain shares are issued on a limited liability basis, our assessed fair value of a Dragon Mountain ordinary share before the Transaction, on a control basis, is nil.

Dragon Mountain Post-Transaction Share Value

- 1.17 Our net assets on a going concern based valuation of the combined entity following the Transaction, as at 31 March 2022, on a minority interest basis, is set out below.

Table 2. Post-Transaction Valuation of Dragon Mountain Shares

	Ref	Low value	Preferred value	High value
Pre-Transaction net assets / (liabilities) (\$)	Table 11	(490,085)	(446,835)	(403,585)
Add: extinguishment of related party payables (\$)	7.4	1,006,823	1,006,823	1,006,823
Add: proceeds of Minimum Subscription (\$)	7.5	1,500,000	1,500,000	1,500,000
Post-Transaction net assets / (liabilities) (\$)		2,016,738	2,059,988	2,103,238
Number of ordinary shares on issue	Table 5	388,871,665	388,871,665	388,871,665
Value per ordinary share (control basis) (\$)		0.0052	0.0053	0.0054
Discount for minority interest (%)	7.7	23.1%	23.1%	23.1%
Value per ordinary share (minority interest) (\$)		0.0040	0.0041	0.0042

Source: Stantons analysis

- 1.18 Accordingly, we assessed the fair value of a post-Transaction Dragon Mountain ordinary share on a minority interest basis to be between \$0.0040 and \$0.0042, with a preferred value of \$0.0041.

Fairness Assessment

- 1.19 Our fairness assessment of the Transaction is as set out below.

Table 3. Fairness Assessment

	Ref	Low value	Preferred value	High value
Pre-Transaction Dragon Mountain share value (control) (\$)	Table 11	nil	nil	nil
Post-Transaction Dragon Mountain share value (minority interest) (\$)	Table 17	0.0040	0.0041	0.0042
Fairness assessment		Fair	Fair	Fair

Source: Stantons analysis

- 1.20 As the value of an ordinary share in Dragon Mountain post-Transaction on a minority interest basis is greater than the value pre-Transaction on a control basis in all scenarios, we consider Resolution 3 of the NoM to be **FAIR** to the Non-Associated Shareholders for the purpose of s611 of the TCA.

Reasonableness Assessment

- 1.21 As the Transaction (including Resolution 3) is considered fair pursuant to RG111.12, it is also considered reasonable. For informative purposes, we considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.

Table 4. Reasonableness Assessment of the Transaction

Advantages	Disadvantages
<ul style="list-style-type: none"> The Transaction is fair Allows for the conversion of the related party debt rather than repayment, thereby preserving cash May facilitate Company's reinstatement of trading on ASX Allows for loans of \$910,000 owed by the Company to be converted into ordinary shares as opposed to being payable in cash 	<ul style="list-style-type: none"> Dilution of Non-Associated Shareholders Removes possibility of alternative potential superior offers

Source: Stantons analysis

Conclusion

- 1.22 In our opinion, the Transaction proposal subject to Resolution 3 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Dragon Mountain for the purpose of s611 of TCA.
- 1.23 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Financial Services Guide

Dated 13 June 2022

Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients decide as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$24,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

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Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons Corporate Finance Pty Ltd
Level 2
40 Kings Park Road
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the TCA 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Transaction

Background

- 2.1 Dragon Mountain is an Australian public company that historically operated as a gold explorer in north-west China, though these operations recently ceased. Dragon Mountain's current interests include the right to earn into the Projects, and the Broad Arrow licence applications. The Projects and Broad Arrow are all located in Western Australia.
- 2.2 Wingstar holds a 100% interest in the Cawse Project and Avalon Project, and an 80% interest in the Cawse Extended Project. Dragon Mountain has the right to acquire up to 80% of Wingstar's interest in each Project pursuant to binding heads of agreements (the "**HOAs**"). We have been provided written confirmation (signed by both the Company and Wingstar) that Dragon Mountain has satisfied the conditions and has earned a 25% of Wingstar's interests in the Projects. Further details on the HOA terms are presented at Table 6.
- 2.3 The Company is seeking to reinstate trading of its shares on ASX, and accordingly must comply with a number of conditions.
- 2.4 One condition is that the Company satisfies the requirements of ASX Listing Rule 12.2 such that it can demonstrate it has working capital of at least \$1,500,000. The Company propose to undertake the Capital Raising of at least the Minimum Subscription of \$1,500,000 via the issue of 75,000,000 ordinary shares at \$0.02 per share, up to the Maximum Subscription of \$4,000,000 via the issue of 200,000,000 ordinary shares, to satisfy the ASX Listing Rules working capital requirements.
- 2.5 In conjunction with the Capital Raising, the Company will convert debts of \$1,006,823 owed to entities controlled by Mr Gardner to ordinary shares at the same price as the Capital Raising is proposed. Fastwitch, an entity controlled by Mr Gardner, currently holds an interest of 20.61% in the ordinary shares of Dragon Mountain. As a result of the Transaction, Mr Gardner may increase his interest in Dragon Mountain by up to 50,341,150 new ordinary shares in the Company, assuming the Capital Raising price is \$0.02. We note the debt conversion is conditional on completing at least the Minimum Subscription under the Capital Raising and have included the Minimum Subscription as a component of the Transaction, accordingly.

Table 5. Capital Structure Impact of Transaction

Transaction	Number of ordinary shares (Minimum Subscription)	Pre-Transaction interest (%)	Post Transaction interest (%) (Minimum Subscription)	Number of ordinary shares (Maximum Subscription)	Post-Transaction interest (%) (Maximum Subscription)
Mr Gardner ordinary shareholding	54,316,817	20.61%	13.97%	54,316,817	10.57%
Non-related party ordinary shareholding	209,213,698	79.39%	53.80%	209,213,698	40.71%
Total pre-Transaction ordinary shares	263,530,515	100.00%	67.77%	263,530,515	51.28%
Shares issued to Fastwitch (Mr Gardner)	50,341,150		12.95%	50,341,150	9.80%
Capital Raising	75,000,000		19.29%	200,000,000	38.92%
Total shares issued under Transaction	125,341,150		32.23%	250,341,150	48.72%
Total post Transaction ordinary shares	388,871,665		100.00%	513,871,665	100.00%
Mr Gardner post Transaction ordinary shares	104,657,967		26.91%	104,657,967	20.37%

Source: NoM, Stantons analysis

3 Scope

Purpose of the Report

- 3.1 If the Transaction completes, Mr Gardner will increase his interest in Dragon Mountain from his current position of 20.61% up to a maximum of 26.91%².
- 3.2 Under s606 of TCA, unless certain exemptions apply, a person must not acquire a relevant interest in issued voting shares in a company if, as a result of the transaction, that person's or someone else's voting power in the company increases:
- c) from 20% or below to more than 20%; or
 - d) from a starting point that is above 20% and below 90%.
- 3.3 Under Section 611 (Item 7) of TCA, s606 does not apply in relation to any acquisition of shares approved by a resolution passed at a general meeting by Non-Associated Shareholders. For such a meeting, an independent expert is typically required to report on the fairness and reasonableness of the transaction.
- 3.4 Accordingly, Dragon Mountain intends to seek approval from the Non-Associated Shareholders for the issue of ordinary shares to Mr Gardner under the Transaction pursuant to Section 611 (Item 7) of TCA.

Basis of Evaluation

- 3.5 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.6 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.7 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

- 3.8 As per RG111, the Transaction is considered to be a control transaction.
- 3.9 Accordingly, to assess whether the proposed Transaction is fair in accordance with RG111, we compared:
- the fair market value of an ordinary share in Dragon Mountain prior to the Transaction, on a control basis; with
 - the fair market value of an ordinary share in Dragon Mountain after the Transaction, on a minority interest basis.
- 3.10 The value of a Dragon Mountain ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:
- "The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."*
- 3.11 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

² Assuming the Minimum Subscription and shares under the Capital Raising are issued prior to the debt conversion shares

Reasonableness

- 3.12 In accordance with RG111.12, we have defined the proposed Transaction as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.
- 3.13 We therefore considered whether the advantages to Non-Associated Shareholders of approving the proposed Transaction outweigh the disadvantages.

Individual Circumstances

- 3.14 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

4 Profile of Dragon Mountain

History and Principal Activities

- 4.1 Dragon Mountain is an Australian public company that historically operated as a gold explorer in north-west China, though these operations recently ceased. The Company's current interests include the right to acquire an interest in each of the Cawse Project, Cawse Extended Project, and the licence applications comprising Broad Arrow.
- 4.2 The Avalon Project comprises 5 granted mining leases covering approximately 34.4 square kilometres northeast of Kalgoorlie and the Cawse Project and Cawse Extended Project comprise 12 granted mining leases covering 81 square kilometres northwest of Kalgoorlie.
- 4.3 Wingstar and its subsidiaries are currently registered holders of a 100% interest in the Cawse Project and Avalon Project and an 80% interest in the Cawse Extended Project. Dragon Mountain has the right to earn in up to 80% of Wingstar's interest in each Project pursuant to binding HOAs with Wingstar and Mesmeric. The HOAs provide Dragon Mountain with the right to explore for minerals other than nickel and cobalt on the Projects. Pursuant to the HOAs, Dragon Mountain may acquire an interest in the Projects by meeting the following expenditure requirements on or before 31 December 2022.

Table 6. HOAs terms

	Condition	Cumulative interest earned (%)
Stage 1	Dragon Mountain must sole fund an exploration program for the Projects for minerals of its choosing (other than nickel and cobalt) of a minimum \$50,000.	0%
Stage 2	On completion of stage 1, Dragon Mountain may elect to sole fund an exploration program for a further amount of at least \$150,000.	25%
Stage 3	On completion of Stage 2, Dragon Mountain may elect to sole fund an exploration program for a further amount of at least \$250,000.	51%
Stage 4	At the completion of Stage 3, Wingstar may elect within 30 days following the presentation by Dragon Mountain of the results from Stages 1 to 3 whether it wishes to maintain its 49% participating interest by contributing pro rata to the expenditure of the joint venture or to give Dragon Mountain the right to increase its participating interest to 80% by further expenditure of \$300,000 for each Project.	80%

Source: HOAs

- 4.4 We have been provided written confirmation executed by the Company and Wingstar that Dragon Mountain has earned a 25% interest in Wingstar's interest in each of the Projects.

Board of Directors

- 4.5 The current Board of Directors of Dragon Mountain, as at 13 June 2022, are as follows.

Table 7. Dragon Mountain Board of Directors

Director	Position	Date Appointed	Details
Robert Gardner	Executive Chairman	8 October 2008	Mr Gardner is a Perth based business proprietor, with over 27 years' experience in the mining industry. Mr Gardner has developed a number of projects that are now major assets of ASX listed companies and has extensive experience in the China region. He was the original founder and funder of the Lixian Project.
Jay Stephenson	Non-Executive Director	31 December 2016	Mr Stephenson has been involved in business development for over 25 years, including approximately 21 years as Director, Chief Executive Officer, and Company Secretary of various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.
Dimitri Bacopanos	Non-Executive Director	2 July 2021	Mr Bacopanos has extensive experience in mergers and acquisitions, most recently as Executive Director in the Transaction Advisory Services team at Ernst & Young. He has more than 20 years' commercial experience in both private and ASX listed companies and has worked across a number of major transactions, including in the technology, industrial, and agriculture sectors. His expertise extends to a wide range of corporate advisory roles covering operational reviews, feasibility analyses, strategic planning and implementation.

Source: Dragon Mountain Annual Report 2021

Financial Performance

- 4.6 Dragon Mountain's audited Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2019, 30 June 2020 and 30 June 2021, and reviewed for the 6 months to 31 December 2021 are set out below.

Table 8. Dragon Mountain Statement of Profit or Loss and Other Comprehensive Income

	Audited 12 months to 30 June 2019 (\$)	Audited 12 months to 30 June 2020 (\$)	Audited 12 months to 30 June 2021 (\$)	Reviewed 6 months to 31 December 2021 (\$)
Revenue	38,399	31,696	9,011	1,553
Total income	38,399	31,696	9,011	1,553
Accounting and audit fees	(81,969)	(94,572)	(86,463)	(35,059)
Computers and communications	(7,134)	(6,808)	(5,114)	(2,553)
Depreciation	(908)	(92,064)	(92,062)	(46,034)
Employee benefits expenses	(424,250)	(427,173)	(338,665)	(212,031)
Finance Costs	-	(12,043)	(9,191)	(3,039)
Exploration expenditure written-off	-	-	(88,249)	-
Insurance	(13,438)	(26,271)	(26,571)	(12,992)
Occupancy expenses	(110,660)	(665)	(1,173)	(180)
Professional fees	(84,253)	(39,231)	(4,857)	(92,917)
Regulatory expenses	(26,705)	(54,360)	(37,059)	(22,900)
Other expenses	(715)	(1,426)	(1,798)	(12,086)
Total expenditure	(750,032)	(754,613)	(691,202)	(439,791)
Net profit/(loss)	(711,633)	(722,917)	(682,191)	(438,238)

Source: Dragon Mountain Annual Reports and Interim Report for the half year to 31 December 2021

Financial Position

4.7 Set out below is the audited Statement of Financial Position of Dragon Mountain as of 30 June 2021 and reviewed Statement of Financial Position as at 31 December 2021, prepared on a consolidated basis. Adjustments have been made for movements to 31 March 2022, including:

- a \$910,000 increase in cash due to a loan made to the Company. The loan is intended to be converted into ordinary shares on completion of the Capital Raising. We have advised if the Capital Raising does not complete, the loan must be repaid;
- exploration expenditure of approximately \$118,000;
- administrative expenditure of approximately \$36,000; and
- interest received of approximately \$1,000.

Table 9. Dragon Mountain Statement of Financial Position

	Audited as at 30 June 2021 (\$)	Reviewed as at 31 December 2021 (\$)	Adjustment to 31 March 2022 (\$)	Adjusted as at 31 March 2022 (\$)
Assets				
Current assets				
Cash and cash equivalents	818,599	716,828	757,000	1,473,828
Trade and other receivables	59,323	51,980	-	51,980
Other current assets	9,323	13,855	-	13,855
Total current assets	887,245	782,663	757,000	1,539,663
Non-current assets				
Plant and equipment	3,518	3,139	-	3,139
Capitalised exploration and evaluation expenditure	-	280,745	118,000	398,745
Right of use asset	136,964	91,310	-	91,310
Total non-current assets	140,482	375,194	118,000	493,194
Total assets	1,027,727	1,157,857	875,000	2,032,857
Liabilities				
Current liabilities				
Trade and other payables	(94,071)	(515,617)	-	(515,617)
Related party payables	(804,519)	(1,006,823)	-	(1,006,823)
Short-term financial liabilities	(3,125)	-	(910,000)	(910,000)
Short-term lease liabilities	(105,722)	(107,757)	-	(107,757)
Total current liabilities	(1,007,437)	(1,630,197)	(910,000)	(2,540,197)
Non-current liabilities				
Long-term lease liabilities	(54,392)	-	-	-
Total non-current liabilities	(54,392)	-	-	-
Total liabilities	(1,061,829)	(1,630,197)	(910,000)	(2,540,197)
Net assets/(liabilities)	(34,102)	(472,340)	(35,000)	(507,340)
Equity				
Issued capital	33,081,803	33,081,803	-	33,081,803
Reserves	1,040	1,040	-	1,040
Accumulated losses	(33,116,945)	(33,555,183)	(35,000)	(33,590,183)
Total equity	(34,102)	(472,340)	(35,000)	(507,340)

Source: Dragon Mountain 2021 Annual Report, 31 December 2021 Half Year Report and 31 March 2022 Quarterly Report

Capital Structure

- 4.8 As at 23 December 2021, Dragon Mountain had 263,530,515 ordinary shares on issue, with the top 20 holders being as follows.

Table 10. Top 20 Shareholders

Shareholder	Number held	Percentage (%)
Fastwitch Enterprises Pty Ltd	54,316,817	20.61
RJ & JG Holdings Pty Ltd <Swan Exec Super Fund A/C>	24,276,792	9.21
Dromana Holdings Pty Ltd	13,982,301	5.31
Bellray Holdings Pty Ltd	13,709,372	5.20
Coolcat Enterprises Pty Ltd	13,175,000	5.00
Delta Hotel Pty Ltd	13,175,000	5.00
Swiftlylink Pty Ltd	13,175,000	5.00
HSBC Custody Nominees (Australia) Limited	12,985,310	4.93
Kesli Chemicals Pty Ltd <Ruane S/F A/C>	11,774,549	4.47
Mr Phillip Richard Perry	11,100,000	4.21
Gotha Street Capital Pty Ltd <Blue Sky NO 2 A/C>	7,650,000	2.90
BNP Paribas Noms Pty Ltd <UOB K P/L AC UOB KH DRP>	6,890,114	2.61
Bellray Holdings Pty Ltd	5,186,929	1.97
Mr Thomas Edward Arthur + Ms Mary Jane Arthur <TE & MJ Arthur S/F A/C>	4,500,000	1.71
P R Perry Nominees Pty Ltd <Donsek Family A/C>	4,130,000	1.57
Dirdot Pty Limited <Griffith Super Fund A/C>	3,733,920	1.42
Bellray Holdings Pty Ltd	3,481,852	1.32
Mr Phillip Richard Perry + Mrs Tetyana Perry <Doneska Super Fund A/C>	2,845,500	1.08
Mr Joshua Klenbort <HSBC Shanghai A/C>	2,526,662	0.96
United Minerals Limited	2,500,000	0.95
Top 20 shareholders	225,115,118	85.43
Non-top 20 shareholders	38,415,397	14.57
Total shares on issue	263,530,515	100.00

Source: Dragon Mountain register of shareholders

5 Valuation Methodology

Available Methodologies

- 5.1 In assessing the value of Dragon Mountain, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings ("**FME**")
 - Discounted future cash flows ("**DCF**")
 - Asset-based methods ("**Net Assets**")
 - Quoted market prices or analysis of traded share prices
 - Common industry rule-based methodologies
- 5.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B.

Selected Methodology Dragon Mountain

- 5.3 Our primary valuation methodology to value Dragon Mountain's shares is a Net Assets on a going concern based approach.
- 5.4 In selecting an appropriate valuation methodology to value the shares of Dragon Mountain, we considered the following factors:
- Dragon Mountain is currently loss-making and has negligible business activities. As such FME methodology is not considered appropriate.
 - Reliable cash flow forecasts are not available and therefore DCF methodology is not appropriate.
 - Dragon Mountain has been suspended from trading on ASX since 13 June 2019 and has not undertaken any recent capital raisings. Therefore, a traded prices approach is not appropriate.
 - Dragon Mountain's assets are predominantly comprised of early-stage mineral exploration interests. Accordingly, a Net Assets based approach is the most suitable.

6 Pre-Transaction Valuation of Dragon Mountain Shares

Net Assets Valuation

- 6.1 To assess the value of a Dragon Mountain ordinary share pre-Transaction, we used a Net Assets on a going concern approach, which sums the market values of Dragon Mountain's assets and liabilities to arrive at a net value of the Company.
- 6.2 In relation to our approach, we note the following:
- The Net Assets approach assumes a 100% control interest in the company.
 - The valuation date is 31 March 2022.
 - The mineral interests of Dragon Mountain have been valued by independent specialist, Agricola. A summary of Agricola's valuation is provided below from paragraph 6.6, and the Agricola Report is appended at Appendix E.
 - The value of all other assets and liabilities are assumed to be the book values as presented in Table 9.
 - We have been advised that Dragon Mountain was not involved in any material transactions subsequent to 31 March 2022.
- 6.3 Our pre-Transaction Net Assets based valuation of a Dragon Mountain share is set out below.

Table 11. Valuation of Dragon Mountain Shares Pre-Transaction

	Ref	Low	Preferred	High
Cash (\$)	Table 9	1,473,828	1,473,828	1,473,828
Mineral interests (\$)	Table 16	416,000	459,250	502,500
Other assets (\$)	Table 9	160,284	160,284	160,284
Less: related party payables (\$)	Table 9	(1,006,823)	(1,006,823)	(1,006,823)
Less: other payables (\$)	Table 9	(515,617)	(515,617)	(515,617)
Less: short term financial liabilities (\$)	Table 9	(910,000)	(910,000)	(910,000)
Less: lease liabilities (\$)	Table 9	(107,757)	(107,757)	(107,757)
Pre-Transaction net assets / (liabilities) (\$)		(490,085)	(446,835)	(403,585)
Number of ordinary shares on issue	Table 5	263,530,515	263,530,515	263,530,515
Value per ordinary share (control basis) (\$)		(0.0019)	(0.0017)	(0.0015)

Source: Stantons analysis

- 6.4 We note the assessed value of a Dragon Mountain shares is negative in each of the low, preferred and high scenarios. As Dragon Mountain shares are issued on a limited liability basis, our assessed fair value of a Dragon Mountain ordinary share before the Transaction, on a control basis, is nil.

Agricola Report

Engagement of Agricola

- 6.5 Stantons engaged Agricola as a technical specialist to undertake a market valuation of the Company's mineral interests. We have used and relied on the Agricola Report and note Agricola has declared that:
- Agricola is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuation of mineral resource projects. The principal author of the Agricola Report, Mr Malcolm Castle, is also suitably qualified and experienced.
 - Agricola is independent of all parties involved in the Transaction.
 - The valuation was prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015 ("**VALMIN Code**") and the Australasian Code for Reporting Exploration Targets, Mineral Resources and Ore Reserves 2012 ("**JORC Code**").

Agricola Report Valuation Summary

- 6.6 The Agricola Report provides fair market values of Wingstar's interest in each of the Projects at a valuation date of 6 May 2022. The Cawse and Avalon projects are held 100% by Wingstar, while Cawse Extended is held 80% by Wingstar's subsidiary, Mesmeric and 20% by Enigma Mining Limited. Dragon Mountains current interest in the Projects was valued based on the assessed fair market values of Wingstar's interests and considering the Company has currently earned the right to acquire 25% of Wingstar's interest in each Project (refer paragraph 4.4). The valuation also includes Dragon Mountains interest in the Broad Arrow applications.

Primary Methodology – Comparable Transactions

- 6.7 The primary valuation methodology to first arrive at a technical valuation was a comparable transactions-based methodology. Comparable early-stage transactions where the sale asset did not have a JORC Code 2012 mineral resource estimate were used to determine the cost per square kilometre basis to apply to the Dragon Mountain Projects.
- 6.8 Agricola's comparable transaction valuation of Wingstar's interest in the Projects is set out below.

Table 12. Agricola Comparable Transactions Valuation of Wingstar's Project Interests

	Cawse		Cawse Extended		Avalon	
	Low	High	Low	High	Low	High
Area (km ²)	46.79	46.79	34.21	34.21	34.37	34.37
Equity (%)	100	100	80	80	100	100
Value (\$/km ²)	13,000	16,000	11,000	13,000	9,000	11,000
Value (\$m)	0.61	0.75	0.30	0.36	0.31	0.38

Source: Agricola Report

Secondary Methodology – Geo Rating – Prospectivity Index Method

- 6.9 The secondary technical methodology was a cost-based geo rating prospectivity index method ("**Geo Rating**"), which grades tenements on four key technical attributes to arrive at a prospectivity index. The prospectivity index was applied to the base holding cost, being the minimum expenditure required to explore an early-stage exploration tenement. Agricola assessed the base holding cost for the Projects to be \$450 per square kilometre.

6.10 Agricola's Geo Rating methodology valuation is set out below.

Table 13. Agricola Geo Rating Valuation of Wingstar Project Interests

	Cawse		Cawse Extended		Avalon	
	Low	High	Low	High	Low	High
Area (km ²)	46.79	46.79	34.21	34.21	34.37	34.37
Equity (%)	100	100	80	80	100	100
Base Holding Cost (\$/km)	450	450	450	450	450	450
Off property (x)	2.00	2.10	1.80	1.90	1.50	1.60
On property (x)	2.20	2.30	2.10	2.20	2.00	2.10
Anomaly (x)	2.70	2.80	2.70	2.80	2.70	2.80
Geology (x)	2.50	2.60	2.50	2.60	2.50	2.60
Value (\$m)	0.63	0.74	0.31	0.37	0.31	0.38

Source: Agricola Report

Value of Wingstar's Interests in the Projects

6.11 The technical value of Wingstar's interest in each of the Projects was determined using an average of the primary and secondary methodology values for the low and high scenarios. The preferred values were calculated as the mid-point between the derived low and high values. Fair market values were determined by applying a 25% market premium to the technical values in recognition that all tenements are granted mining leases, which Agricola believes may command a market premium in the current market. The assessed market values of Wingstar's interests in the Projects are set out below.

Table 14. Market Value of Wingstar interests in the Projects

	Low value (\$m)	Preferred value (\$m)	High value (\$m)
Technical values			
Cawse	0.62	0.68	0.74
Cawse Extended	0.31	0.34	0.37
Avalon	0.31	0.34	0.38
Market Premium	25%	25%	25%
Fair market values			
Cawse	0.77	0.85	0.93
Cawse Extended	0.38	0.42	0.46
Avalon	0.39	0.43	0.47

Source: Agricola Report

Broad Arrow Valuation

- 6.12 Broad Arrow was valued using a comparable transaction methodology, with a discount applied to reflect the licences are yet to be granted. The preferred value was calculated as the mid-point between the low and high values. Agricola's valuation is set out below.

Table 15. Agricola Market Valuation of Broad Arrow

	Low value	High value
Area (km ²)	25.00	25.00
Equity (%)	100	100
Grant factor (%)	60	60
Value (\$/km ²)	2,000	2,500
Value (\$m)	30,000	37,500
Preferred value (\$m)	33,750	

Source: Agricola Report

Value of Dragon Mountain's Interests in the Projects and Broad Arrow

- 6.13 Agricola's valuation of Dragon Mountains interest in the Projects, based on the Company's current interest, and in Broad Arrow, is as set out below.

Table 16. Agricola Report Market Valuation of Dragon Mountain's Interests

Project	Dragon Mountain Interest	Low value (\$)	Preferred value (\$)	High value (\$)
Cawse	25%	193,000	213,000	233,000
Cawse Extended	25%	96,000	105,000	114,000
Avalon	25%	97,000	107,500	118,000
Broad Arrow	100%	30,000	33,750	37,500
Total		416,000	459,250	502,500

Source: Agricola Report

7 Post-Transaction Valuation of Dragon Mountain Shares

Net Assets Valuation

- 7.1 Our assessed Net Assets on a going concern based value of a Dragon Mountain ordinary share following the Transaction is set out below.

Table 17. Dragon Mountain Post-Transaction Share Value

	Ref	Low value	Preferred value	High value
Pre-Transaction net assets / (liabilities) (\$)	Table 11	(490,085)	(446,835)	(403,585)
Add: extinguishment of related party payables (\$)	7.4	1,006,823	1,006,823	1,006,823
Add: proceeds of Minimum Subscription (\$)	7.5	1,500,000	1,500,000	1,500,000
Post-Transaction net assets / (liabilities) (\$)		2,016,738	2,059,988	2,103,238
Number of ordinary shares on issue	Table 5	388,871,665	388,871,665	388,871,665
Value per ordinary share (control basis) (\$)		0.0052	0.0053	0.0054
Discount for minority interest (%)	7.7	23.1%	23.1%	23.1%
Value per ordinary share (minority interest) (\$)		0.0040	0.0041	0.0042

Source: Stantons analysis

- 7.2 Our assessed value of a Dragon Mountain ordinary share post-Transaction, on a minority interest basis, is between \$0.0040 and \$0.0042, with a preferred valuation of \$0.0041. Key assumptions of our valuation are as set out below.

Key Assumptions

Dragon Mountain Net Assets

- 7.3 The net assets of Dragon Mountain are as outlined in Section 6.

Debt Conversion

- 7.4 Debts owed to entities controlled by Mr Gardner of \$1,006,823 will be extinguished and 50,341,150 ordinary shares will be issued to Fastwitch, assuming the Capital Raising price of \$0.02.

Capital Raising

- 7.5 We have assumed the Capital Raising will complete at the Minimum Subscription of \$1,500,000 via the issue of 75,000,000 ordinary shares at \$0.02 per share.

Discount for Minority Interest

- 7.6 We note a Net Asset valuation assumes a 100% interest in the company. As the interest of the existing Dragon Mountain shareholders in the post-Transaction entity will represent a minority interest, we applied a discount to the control value.
- 7.7 Generally, historical evidence of control premiums offered on takeovers for small-cap companies are in the range of 20% to 40%³ (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have considered the factors in Appendix C and concluded that a control premium of 30% is appropriate to apply in this circumstance. Accordingly, we applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the value of a Dragon Mountain post-Transaction share.

³ "Control Premium Study 2017", RSM

8 Fairness Evaluation

- 8.1 In determining the fairness and reasonableness of the Transaction including Resolution 3, we have had regard to the guidelines set out by ASIC's RG111.
- 8.2 As per RG111, we consider the Transaction (including the proposal outlined in Resolution 3 of the NoM) is fair if:
- the value of a Dragon Mountain share prior to the Transaction, on a control basis, is less than;
 - the value of a Dragon Mountain share after the Transaction, on a minority interest basis.
- 8.3 Our assessment of the fairness of the Transaction is set out below.

Table 18. Fairness Assessment

	Ref	Low	Preferred	High
Pre-Transaction Dragon Mountain share value (control) (\$)	Table 11	nil	nil	nil
Post-Transaction Dragon Mountain share value (minority interest) (\$)	Table 17	0.0040	0.0041	0.0042
Fairness assessment		Fair	Fair	Fair

Source: Stantons analysis

- 8.4 As the value of a Dragon Mountain ordinary share post-Transaction on a minority interest basis is greater than the pre-Transaction value on a control basis in all scenarios, the Transaction, including Resolution 3 of the NoM, is considered to be **FAIR** to the shareholders of Dragon Mountain.

9 Reasonableness Evaluation

9.1 Under RG111, a transaction is considered "reasonable" if it is "fair". As the transaction outlined in Resolution 3 of the NoM is considered **FAIR**, it is also considered **REASONABLE**.

9.2 For information purposes only for Non-Associated Shareholders, we note below some of the advantages and disadvantages of the Transaction.

Advantages

The Transaction is considered fair

9.3 As per our assessment in Section 8, the Transaction is fair to Non-Associated Shareholders.

The Company may be reinstated to trading on ASX

9.4 Subject to compliance with Chapters 1 and 2 of the ASX Listing Rules, trading in the Company's shares may be reinstated on ASX. This would increase the liquidity of the ordinary shares held by existing shareholders. Completing the Transaction may assist the Company with its application to have its shares reinstated for trading on ASX.

Allows for conversion of related party debts to ordinary shares instead of repayment, which helps preserve the Company's cash position

9.5 The Transaction will convert the related party loans into ordinary shares and eliminate the possibility of cash repayment, which will help preserve working capital required to meet the ASX Listing Rules' working capital requirements.

Allows for loans owed by the Company to be converted into ordinary shares

9.6 Loans taken out by the Company of \$910,000 will convert into ordinary shares on completion of the Capital Raising (refer Paragraph 4.7). We have been advised that if the Capital Raising does not occur, the loans will become due, and the Company may be required to repay the loan with cash. Approval for the Transaction, in conjunction with the Capital Raising, will prevent the loan from becoming payable and allow the Company to preserve its cash reserves.

Disadvantages

Dilution of Non-Associated Shareholders

9.7 As a result of the Transaction, Non-Associated Shareholders of Dragon Mountain (being the existing shareholders not restricted from voting on Resolution 3) may be diluted from 79.39% as at the date of this report to 53.80%⁴, as a result of the new share issues to Mr Gardner and the new shareholders participating in the Capital Raising, assuming the Minimum Subscription is raised (refer Table 5). We note the Company may complete the Capital Raising up to the Maximum Subscription, which would further dilute Non-Associated Shareholders to potentially as low as 40.71%⁴.

Removes the possibility of a superior offer

9.8 Completion of the Transaction will remove the possibility of the Company receiving an alternative superior offer. However, we note that the Company has not presently received any superior offers.

⁴ Assuming Non-Associated Shareholders do not participate in the Capital Raising.

10 Conclusion

Opinions

- 10.1 The proposed Transaction, including the proposal outlined in Resolution 3 of the NoM that allows for the issue of up to 50,341,150 ordinary shares to Fastwitch, an entity controlled by Mr Gardner, on conversion of debts, is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Dragon Mountain as at the date of this report for the purpose of s611 of TCA.

Other Considerations

Covid-19

- 10.2 We note that the COVID-19 pandemic has significantly impacted the global economy and capital markets in recent times. Market volatility has been particularly high as a result, and this may lead to significant uncertainty around asset valuations. However, we do not have any reason to believe that these factors would alter our opinion.

Shareholders Decision

- 10.3 Stantons was engaged to prepare an IER setting out whether in its opinion the proposal to allow the Transaction is fair and reasonable and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 10.4 The decision whether to approve Resolution 3 pertaining to the issue of ordinary shares and conversion of debts is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 3, shareholders should consult their professional advisor.
- 10.5 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Dragon Mountain. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 3. Shareholders should consult their own professional advisor in this regard.

Source Information

- 10.6 In making our assessment as to whether the proposed Transaction, including Resolution 3, is fair and reasonable to Non-Associated Shareholders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we held discussions with the management of Dragon Mountain about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report we have relied in part on information provided by the directors and management of Dragon Mountain.
- 10.7 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of Dragon Mountain and the Addendum to the NoM
 - Dragon Mountain's Annual Reports for the financial years ended 30 June 2020 and 30 June 2021
 - Dragon Mountain's Interim Financial Report for the half year ended 31 December 2021
 - Heads of Agreements for the Avalon and Cawse projects
 - Expenditure history on the Cawse Project, Avalon Project and Cawse Extended Project
 - Register of Dragon Mountain shareholders and as at 23 December 2021
 - The Agricola Report, dated 6 May 2022

10.8 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

APPENDIX A

GLOSSARY

	Definition
AFCA	Australian Financial Complaints Authority
Agricola	Agricola Mining Consultants Pty Ltd
Agricola Report	The report titled Independent Valuation of Mineral Interests held by Dragon Mountain Gold Ltd in Western Australia, dated 6 May 2022
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Avalon Project	5 granted mining leases covering 34.47 km ²
Capital Raising	The raising of at least \$1,500,000 and up to \$4,000,000 via the issue of between 75,000,000 and 200,000,000 ordinary shares at \$0.02 under a prospectus
Cawse Project	8 mining leases covering 46.79 km ²
Cawse Extended Project	4 mining leases covering 34.21 km ²
Company	Dragon Mountain Gold Limited
DCF	Discounted future cash flows valuation methodology
Dragon Mountain	Dragon Mountain Gold Limited
ES	Explanatory Statement
Fastwitch	Fastwitch Enterprises Pty Ltd ATF NC A/C
FME	Capitalisation of future maintainable earnings valuation methodology
FSG	Financial Services Guide
Geo Rating	The cost-based geo rating prospectivity index valuation methodology
HOAs	Heads of Agreements
IER	Independent Expert's Report
IPO	Initial Public Offering
JORC Code	Australasian Code for Reporting Exploration Targets, Mineral Resources and Ore Reserves 2012
Maximum Subscription	\$4,000,000
Mesmeric	Mesmeric Enterprises Pty Ltd
Minimum Subscription	\$1,500,000
Mr Gardner	Mr Robert Gardner
Net Assets	Asset-based valuation methodologies
NoM	Notice of Meeting
Non-Associated Shareholders	Shareholders not restricted from voting on Resolution 3
Projects	Cawse Project, Cawse Extended Project and Avalon Project
RG74	ASIC Regulatory Guide 74: Acquisitions Approved by Members
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
s606	Section 606 of the Corporations Act
s611	Section 611 of the Corporations Act
Stantons	Stantons Corporate Finance Pty Ltd
TCA	The Corporations Act 2001
Transaction	Conversion of \$1,006,823 owed to Mr Gardner into up to 50,341,150 ordinary shares and completion of the Minimum Subscription under the Capital Raising
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets 2015
Wingstar	Wingstar Investments Pty Ltd

APPENDIX B

VALUATION METHODOLOGIES

Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of the value of a business, business ownership interest, security or intangible asset. Within each valuation approach, there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

i) **Income Approaches**

Provides an indication of value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method ("**DCF**")
- The capitalisation of future maintainable earnings method ("**FME**")

ii) **Asset/Cost Approaches**

Provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

iii) **Market Approaches**

Provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current-day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example, if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

2. Capitalisation of Future Maintainable Earnings Method

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

Revenue – mostly used for early-stage, fast-growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBITA – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

EBIT – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

NPAT – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full-year impact of any changes (such as acquisitions or disposals) made partway through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

3. Asset or Cost Approaches

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- Orderly realization
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss-making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g., small machine shops and retail establishments)

Asset based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all its assets and liabilities.

4. Analysis of Recent Trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

5. Industry Specific Rule of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

Selecting an Appropriate Valuation Approach and Method

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

APPENDIX C

CONTROL PREMIUM

Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and restructuring
- Set the financial structure of the company (debt / equity mix)
- Block any or all the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

APPENDIX D

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 13 June 2022, relating to the proposed Transaction.

At the date of this report, Stantons Corporate Finance does not have any interest in the outcome of the proposal. There are no relationships with Dragon Mountain other than Stantons Corporate Finance acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out of pocket expenses. Our fee for preparing this report is expected to be up to A\$24,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Dragon Mountain. There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Dragon Mountain to assist Non-Associated Shareholders of Dragon Mountain to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of Dragon Mountain shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance's opinion as to the longer-term value of Dragon Mountain, its subsidiaries and/or assets. Stantons Corporate Finance does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Dragon Mountain or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd ("**SIAC**"), the parent company of Stantons Corporate Finance, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons Corporate Finance may rely on information provided by Dragon Mountain and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Dragon Mountain has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and SIAC) to recover any loss or damage which Dragon Mountain may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Dragon Mountain; and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Dragon Mountain, or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Dragon Mountain or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Dragon Mountain for a review of factual information contained in the report. Comments received relating to factual matters were considered, however the valuation methodologies and conclusions did not change as a result of any feedback from Dragon Mountain.

APPENDIX E

INDEPENDENT VALUATION OF MINERAL INTERESTS HELD BY DRAGON MOUNTAIN GOLD LTD IN WESTERN AUSTRALIA BY AGRICOLA MINING CONSULTANTS PTY LTD



6 May 2022

The Directors

Stantons Corporate Finance Pty Ltd

Dear Sirs,

INDEPENDENT VALUATION OF MINERAL INTERESTS held by DRAGON MOUNTAIN GOLD LTD in WESTERN AUSTRALIA

Effective Date: 6 May 2022

Agricola Mining Consultants Pty Ltd ("Agricola") has been commissioned by Stantons Corporate Finances Pty Ltd ("Stantons") to prepare a fair market valuation of certain mineral assets based on public domain transaction metrics or other methods deemed applicable, in compliance with regulatory guidelines.

Agricola hereby provides an Independent Technical Assessment and Valuation Report ("Report") on the gold assets held by Wingstar Investments Pty Ltd, their wholly owned subsidiaries or joint venture partners ("Wingstar") to be acquired by Dragon Mountain Gold Ltd ("Dragon Mountain" or the "Company") at the Cawse Gold Project, the Cawse Extended Gold Project, and the Avalon Gold Projects ("the Projects"). Dragon Mountain does not have a registered interest in the Tenements. It has an equitable interest under farm in agreements to earn up to an 80% interest in the Tenements. It currently holds a 25% equity interest in the Projects (announced to the ASX 22 January 2022).

The Report is to be included in an Independent Expert's Report prepared by Stantons.

Agricola has completed an assessment of the Projects which included compilation and review of the Projects' technical aspects, including regional geological setting, local geology, mineralisation, previous work, and exploration potential. This Report serves to comment on the technical aspects of the Projects and presents a range of market values for the gold assets based on the information in this Report and in the public domain and Dragon Mountain's current interest in the Projects. The information in this Report that relates to Exploration Results is based on results that have been previously announced by Dragon Mountain, including information that was set out in the Independent Technical Assessment Report dated 21 September 2021 that was prepared by Agricola and included in Dragon Mountain's prospectus dated 29 September 2021.

This Report was prepared by Malcolm Castle for Agricola. The effective date of the valuation is 6 May 2022.

Agricola, its employees, and associates are not, nor intend to be, directors, officers, or employees of the Company and have no material interest in any of the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review and valuation work and this report are prepared in return for professional fees of \$15,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Consent is given for the inclusion of this Report in the form and context in which it appears.

The Mineral Assets

The Cawse and Avalon tenements have been held primarily for nickel laterite exploration since the 1970s and more recently by the Cawse and Avalon nickel laterite mining activities. Since the 1970s there has been little or no systematic exploration for gold except for a small open cut mine at the Cawse Find deposit operated by Newcrest Mining in 1991. In the historical records, there are multiple gold occurrences at the contacts of the ultramafic units that host the nickel laterite.

No Mineral Resource Estimates for gold have been compiled to JORC Code (2012) standard in either Project.

Wingstar's Projects includes five granted Mining Leases covering approximately 34.4 square kilometres in the Avalon area and twelve granted Mining Leases covering approximately 81.0 square kilometres in the Cawse area, together with miscellaneous licences, northeast and northwest of Kalgoorlie respectively in Western Australia.

Valuation Opinion

The initial mineral asset valuation has been estimated for the Projects held by the registered holders, Wingstar. Considering the tenure status, location, geological factors, and other technical parameters, which could affect the Project economics, a premium of 25% has been applied to the Technical Value for the Projects to arrive at the Market Value. Wingstar originally held 100% equity in the Cawse Gold Project and the Avalon Gold Project and 80% equity in the Cawse Extended Gold Project. Dragon Mountain now holds 25% equity interest in Wingstar's original holding

The Company entered into a farm in agreements on the projects to earn up to 80% equity. in 2016. The HOAs have expenditure requirements that must be satisfied prior to December 2022. The Company and Wingstar have agreed that Dragon Mountain has earned 25% equity in the three Projects through exploration expenditure. The Company holds a group of tenement applications at Broad Arrow though no technical information is available.

The estimated Fair Market Value for the Mineral Assets of Dragon Mountain Gold Ltd based on the declared equity held by the Company is in the range:

A\$416,000 to A\$502,000 with a preferred value of A\$459,000.

This valuation is effective on 6 May 2022.

This Mineral Asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain, and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor

and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). It applies to the direct sale of existing equity in the Projects at the date of this Report.

Yours faithfully

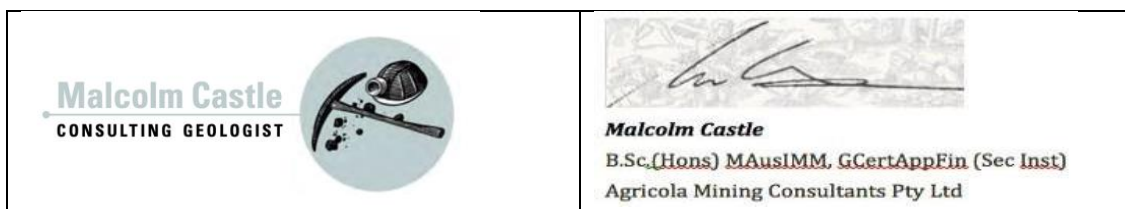


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TENEMENT SCHEDULE

Dragon Mountain does not have a registered interest in the Tenements that comprise the Cawse and Avalon Projects ("Cawse and Avalon Tenements"). It has an equitable interest under farm in agreements to earn up to an 80% interest in the Cawse and Avalon Tenements. Dragon Mountain now holds 25% equity Interest in Cawse and Avalon Tenements.

Mr Robert Gardner, a Company Director, is the sole director and shareholder of Wingstar Investments Pty Ltd, the holder of the Avalon Tenements and several of the Cawse Tenements. Mr Gardner is the sole director of Mesmeric Enterprises Pty Ltd ("Mesmeric"), which is the fully owned subsidiary of Wingstar Investments Pty Ltd.

The status of the Company's Tenements has been verified based on a recent independent inquiry of the Western Australian Tenements-on-Line database by Agricola. The tenements are believed to be in good standing based on this inquiry. Some future events such as the grant of the tenements (or otherwise), of expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.

A Report was prepared on 29 September 2021 by Steinepreis Paganin relating to the tenements – 'Solicitor's Report on Tenements'. The Report is included in the Dragon Mountain Prospectus (2021).

The Cawse Gold Project

TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	AREA SIZE (km2)
Cawse Group				
M24/224	Wingstar Investments Pty Ltd	30/5/88	29/5/30	0.39
M24/389	Wingstar Investments Pty Ltd	15/10/91	14/10/33	0.40
M24/517	Wingstar Investments Pty Ltd	3/1/97	2/1/39	8.18
M24/518	Wingstar Investments Pty Ltd	3/10/97	2/10/39	8.56
M24/519	Wingstar Investments Pty Ltd	3/1/97	2/1/39	9.36
M24/520	Wingstar Investments Pty Ltd	3/1/97	2/1/39	4.27
M24/543	Wingstar Investments Pty Ltd	3/1/97	2/1/39	8.60
M24/544	Wingstar Investments Pty Ltd	3/1/97	2/1/39	7.03
Area				46.79

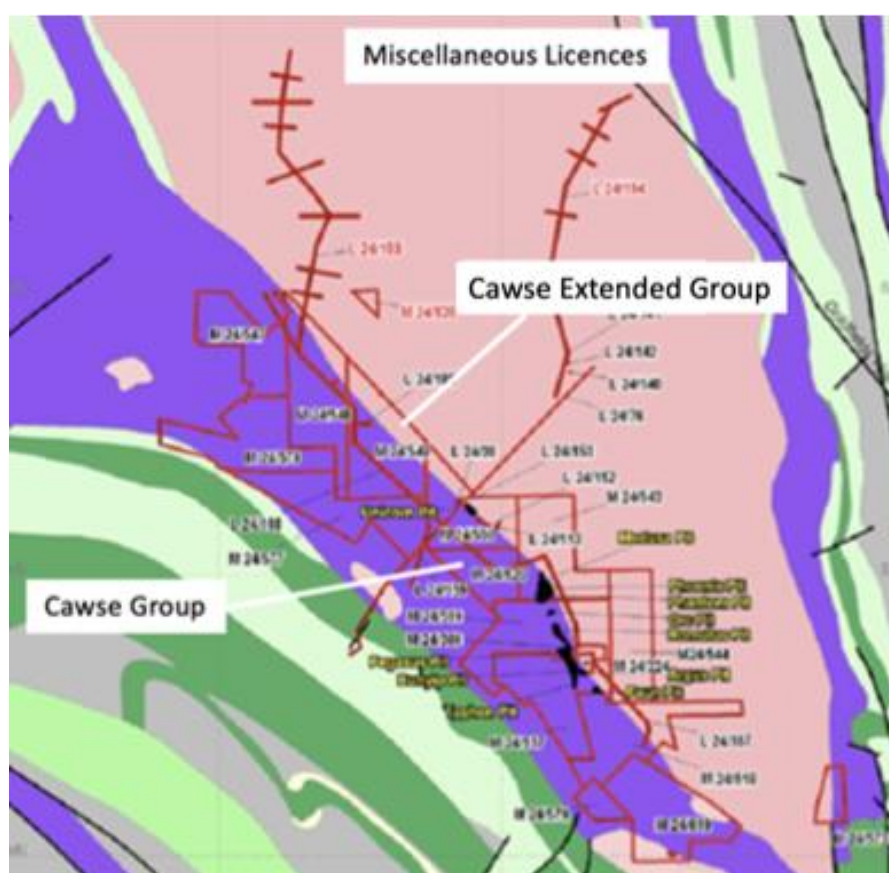
The Cawse Extended Gold Project

TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	AREA SIZE (km2)
Mesmeric Group				
M24/547	Mesmeric (80%) Enigma (20%)	3/10/97	2/10/39	6.90
M24/548	Mesmeric (80%) Enigma (20%)	3/10/97	2/10/39	9.94
M24/549	Mesmeric (80%) Enigma (20%)	14/4/03	13/4/24	9.70
M24/550	Mesmeric (80%) Enigma (20%)	14/4/03	13/4/24	7.68
Area				34.21

The Cawse Extended Gold Project is a joint venture between Mesmeric, a wholly owned subsidiary of Wingstar Investments Pty Ltd (80% equity) and Enigma Mining Ltd, an independent company (20% equity).

The Cawse and Cawse Extended Projects include fourteen Miscellaneous Licences. These tenements provide access to former or future mining operations for haul roads and infrastructure. Miscellaneous Licences attract an application fee of \$551 and annual rent of \$17.90 per hectare. There is no minimum expenditure commitment.

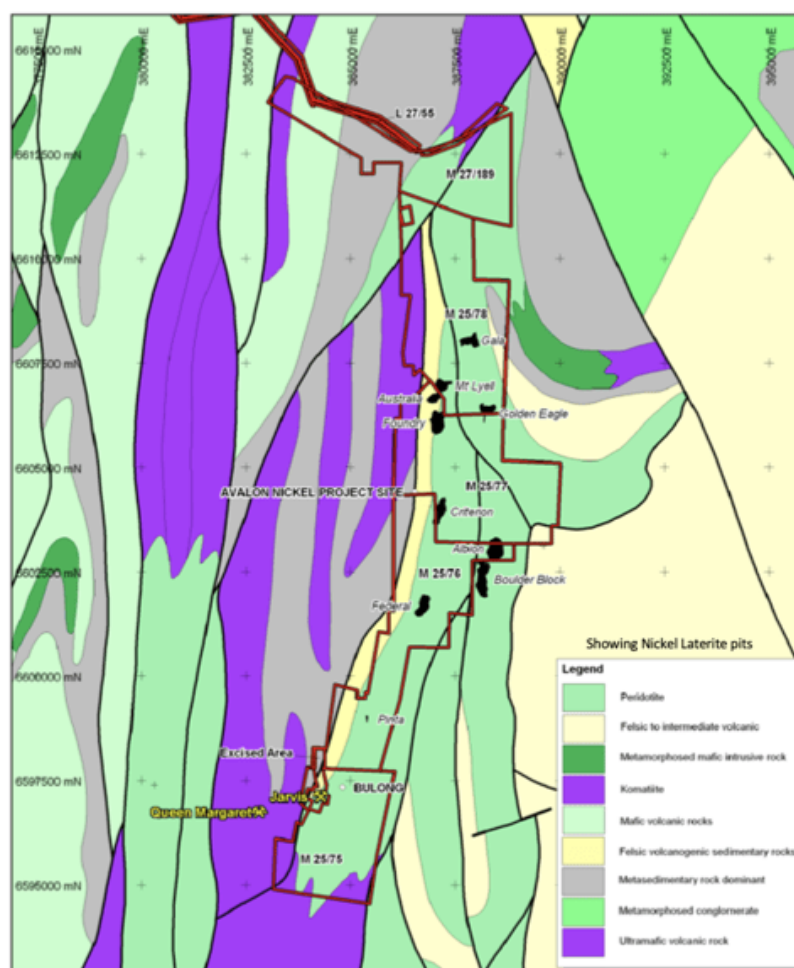
TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	AREA SIZE (km2)
Cawse Gold Project – Miscellaneous Licences				
L24/113	Wingstar Investments Pty Ltd	25/10/88	24/10/23	0.01
L24/140	Wingstar Investments Pty Ltd	28/3/91	27/3/26	0.00
L24/141	Wingstar Investments Pty Ltd	28/3/91	27/3/26	0.00
L24/142	Wingstar Investments Pty Ltd	28/3/91	27/3/26	0.00
L24/152	Wingstar Investments Pty Ltd	10/5/93	9/5/23	0.02
L24/153	Wingstar Investments Pty Ltd	10/5/93	9/5/23	0.01
L24/159	Wingstar Investments Pty Ltd	19/1/96	18/1/26	0.04
L24/167	Wingstar Investments Pty Ltd	25/11/96	24/11/21	0.19
L24/168	Wingstar Investments Pty Ltd	17/4/98	16/4/23	0.94
L24/185	Wingstar Investments Pty Ltd	28/9/01	27/9/22	0.03
L24/193	Wingstar Investments Pty Ltd	17/8/12	16/8/33	2.03
L24/194	Wingstar Investments Pty Ltd	17/8/12	16/8/33	0.76
L24/30	Wingstar Investments Pty Ltd	19/2/85	3/1/26	0.14
L24/76	Wingstar Investments Pty Ltd	15/12/87	14/12/22	0.00
			Area	4.17



Location of Cawse project groups

The Avalon Gold Project

Avalon Gold Project				
TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	AREA SIZE (km2)
Avalon Group				
M25/75	Wingstar Investments Pty Ltd	28/3/90	27/3/32	6.42
M25/76	Wingstar Investments Pty Ltd	28/3/90	27/3/32	9.79
M25/77	Wingstar Investments Pty Ltd	28/3/90	27/3/32	9.92
M25/78	Wingstar Investments Pty Ltd	28/3/90	27/3/32	0.99
M27/189	Wingstar Investments Pty Ltd	16/12/94	15/12/36	7.25
Area				34.37



Location of Avalon project groups

The Avalon Project includes two Miscellaneous Licences. These tenements provide access to former or future mining operations for haul roads and infrastructure and do not include Mineral Assets.

TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	AREA SIZE (km2)
Avalon Gold Project – Miscellaneous Licences				
L27/55	Wingstar Investments Pty Ltd	31/10/96	30/10/21	0.61
L27/56	Wingstar Investments Pty Ltd	25/11/96	24/11/21	0.69
Area				1.30

The Company has also recently made nine applications (comprising one exploration licence application and eight prospecting licence applications) for tenements located in the Broad Arrow area of Western Australia ("Broad Arrow Applications"). It is uncertain if the Broad Arrow Applications will be granted, and an appropriate discount is applied (discussed on page 22).

E16/0586
P16/3347
P16/3349
P16/3350
P16/3351
P16/3352
P16/3353
P16/3354
P16/3355

Broad Arrow Applications

The Broad Arrow tenement applications were applied for in September 2021 in the name of Dragon Mountain Gold Ltd. They do not form part of the Heads of Agreements entered into for the Cawse, Cawse Extended and Avalon Gold Projects. They cover an area of approximately 25 km² and are located several kilometres to the west of the Cawse group. No technical information is available at this stage.

The Broad Arrow tenement applications are included as part of the Mineral Assets held by Dragon Mountain on the basis that they will be granted at some future date. An appropriate discount is included to allow for risk of grant.

THE CAWSE GOLD PROJECT

Known Gold Mineralisation

Gold has been produced on the Cawse tenements from a small trial pit at the **Cawse Find Prospect** on M24/224. Newcrest reported a total of 23,000 tonnes of ore produced and milled at its then Ora Banda processing plant. Of this ore 10,500 tonnes were reported mined at a grade of 4.55 g/t gold with no records of the grade of the remaining ore treated. The trial pit was mined to a depth of 35 metres over a length of 100 metres.

Gold was sourced from quartz veining, striking 060 to 090 degrees, and dipping north at 30 to 60 degrees, with associated pyrite alteration in a late stage monzogranite in contact with the footwall contact of the Walter Williams Formation, a thick ultramafic rock unit.

Drilling prior to Newcrest by King Mining and Majestic Resources tested the Cawse Find structure to approximately 70 metres below ground level in drill hole BCRC 118 with 4 metres at 1.82 g/t gold from 79 metres down hole.

Centaur Mining, as operators of the Cawse Nickel plant, drilled the ultramafic - monzogranite contact to the north and south of the Cawse Find pit. Anomalous gold was intersected in both locations. Results included 10 metres at 3.9 g/t gold from 46 metres in CWC 1830, 6 metres

at 5.7 g/t gold from 96 metres in CWC 1922 and 14 metres at 2.02 g/t gold from 82 metres in CWC1940. These holes are located 400 metres north of the Cawse Find pit and test the granite - ultramafic contact rather than the east west quartz veins as mined at Cawse Find.

Gold Exploration

Newcrest Mining (WA) Limited explored the Cawse tenements from 1991 to 1995. The Cawse Find mining lease M24/224 lies 54 km northwest of Kalgoorlie and 8km east of Ora Banda. The mining lease contains several old workings (Cawse Find) and open pit mining completed during early 1991. Remaining low-grade stockpile were carted and milled at Ora Banda, together with rehabilitation of the mine area prior to this reporting period.

Cawse Tenements (Blue), Cawse Extended (Mesmeric) (Black) and historical gold locations (Stars) over GSWA solid geology interpretation

trend and is the loci for shear zone-controlled quartz vein mineralisation in the more competent granitic rocks.

The Cawse Find tenement was the last remaining lease in a much larger group of leases that were purchased from Majestic Resources by BHP Gold Ltd in March 1989. Newcrest Mining (WA) Ltd took over management of the leases because of a merger with BHP Gold Ltd in December 1990. Work undertaken by BHP and Newcrest on the leases consisted primarily of 400 x 100m grid and infill soil sampling and follow up RAB drilling which was confined in and around the Cawse Find area. Soil samples were mostly assayed for gold, but some 120 samples were also analysed for nickel and copper.

Exploration activity conducted on Cawse Find M24/224 was specific to geological studies only. Inspection of mine dumps, open pit walls and historical workings indicate that the predominant host rock is a monzogranite of the Goongarrie-Mt Pleasant dome with minor production associated with ultramafic flows of the Walter Williams Formation.

Mineralisation is confined to a moderately brittle 55° N. Quartz veins are prominent but adjacent monzogranite is weakly to moderately sheared. Quartz veins trend parallel to the main structure. Mineralised quartz veins exhibit extensive wall rock alteration including sericitic alteration of biotite and feldspar, with minor pyrite development.

The predominantly E-W trending structure is interpreted to continue westwards to other prospects of the Ora Banda operations namely Lady Evelyn, Stewart and more recently Kontiki and spatially coincident with an E-W Proterozoic dolerite dyke depicting reactivated structural deformation.

Wingstar–2016 - 2021

Wingstar's program included three RC holes for 318 metres. The drill holes targeted the contact between the Cawse Monzogranite and the thick ultramafic sequence of the Walter Williams Formation which hosts the Cawse lateritic nickel orebodies. In the historical records there are multiple gold occurrences for around 20km along the contact between the granite and the ultramafic units that host the nickel laterite within the Cawse Project.

The best results were detected 20-30 metres into the Monzogranite. All holes were collared in or on top of the lateritised komatiite of the Walter Williams Formation, intersected the contact and continued into the Cawse Monzogranite. Significant gold values were intersected in the two southernmost holes, not at the contact but 10-20m into the Monzogranite.

One drill hole DMGC002, had elevated gold (0.5 g/t) at the base of lateritisation. This may be the margin of an inferred "paleochannel" identified from an earlier TEM survey

DMGC003 intersected 3m @ 1.72 g/t Au just below an anomalous manganese layer, another potential indicator of a paleochannel regime.

Exploration Potential

The areas of interest at Cawse Find Project is a repetition of the Cawse Find deposit where mineralisation remains open. Historical drilling has identified shallow high-grade mineralisation with potential for open pit mining.

The area of interest is a repetition of the Cawse Find deposit. Mineralisation tends to run east west and remains open. Historical drilling has identified shallow high-grade mineralisation with intersections such as:

- Hole CWC1830 30m @ 1.9 g/t Au from 40m
- Hole CWC1922 10m @ 3.8 g/t Au from 96m
- Hole CWC1956 8m @ 4.6 g/t Au from 24m

The proposed drill campaign will consist of four drill holes. Three of the holes will be oriented south, drilling at right angles to the monzogranite contact and parallel to the strike of the mineralised veins at Cawse Find. At this point there is insufficient work to accurately predict/confirm the paleochannel sufficiently to drill test that area and further examination of logs and assays is required.

THE AVALON GOLD PROJECT

Gold Mineralisation

The principal mineralisation style associated with the Project area is Archaean Lode gold, also referred to as orogenic gold. This type of mineralisation occurs worldwide in Archaean Greenstone belts of similar age to the Eastern Goldfields Province of WA. It is typified by fault and shear related, structurally controlled complex mineralisation that can occur in a spectrum of styles ranging from narrow, high-grade vein associated (e.g., Kundana and Daisy Milano near Kalgoorlie), to shear hosted disseminated (e.g., Thunderbox near Leonora), to sheeted vein or stockwork mineralisation (e.g., Mount Charlotte in Kalgoorlie). The exploration model for this area is based on standard Archaean Lode orogenic gold models.

The Bulong area has produced over 70,000 ounces of gold from both alluvial and bedrock mineralisation. Mineralisation is thought to have formed during late-tectonic east–west compression within quartz veins along brittle–ductile sheared contacts between metamorphosed felsic volcanoclastic rocks and intensely carbonated ultramafic rocks. These contact parallel shears are interpreted as splays off the Kanowna Shear – Mount Monger Fault system. Most gold production was from Queen Margaret mine where mining is almost continuous for about 1,500 m on a north-trending shear zone, but there are further workings, including Storm King, on the same structure some 4 kilometres to the north. Historical workings such as Green Harp and Great Oversight appear to be controlled by en-echelon shear zones and the contact between ultramafic and felsic rocks.

Exploration History

Little drilling has effectively tested for gold mineralisation within fresh rock at the various prospects. The Project area is deeply weathered, up to 90–100 m deep in places, with variable thicknesses of transported material from 0 to 30 m. Historically, complete sampling and assaying of drillholes was not routine. Significant alluvial gold has been recovered from the Project area. In many instances, the transported cover was not sampled. The average depth of drilling at the Queen Margaret, Boundary, Trump, Strathfield, and Woodline prospects on adjacent ground to the west is less than 50 m in depth. Many holes at these prospects historically targeted potential shallow gold mineralisation, with deeper mineralised intersections not followed up. Difficulties in the drilling were noted in deeper diamond drilling, with poor core recovery an issue.

Gold Exploration, 2013, 2022

Geological reviews of the entire Avalon project were undertaken during 2013 by Norilsk with the emphasis on gold potential. This included reconnaissance field trips as a prelude to Niton and BLEG soil geochemical surveying.

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.

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.

Source: Dragon Mountain, 2022, Avalon Project Exploration Update, ASX Release 1 February 2022.

Exploration Potential

- *The Anomaly 38 mineralisation is held by Black Cat Syndicate Ltd (Black Cat) and is not included in the Avalon Gold Project area. The mineralisation represents the style of mineralisation that may be encountered on the Company's project.*
- *Woodline (E25/520) is 100% Owned by Black Cat. It lies adjacent to M25/78 held by the Wingstar. Recent interpretations suggest the mineralisation here may extend into the Wingstars tenure.*
- *Wingstar holds a granted mining Lease (M25/78) adjacent to the Anomaly 38 and Woodline mineralised zones.*
- *While there is a reasonable level of geological confidence associated with the style of mineralisation and the prospectivity of the Project there is no certainty that further exploration work will result in the determination of similar styles of mineralisation.*

Anomaly 38 is part of the historic Greater Woodline alluvial gold field, where nuggets more than 100 ounces were prospected. There are two gold mineralisation styles observed at Anomaly 38.

- Alluvial Gold: being sub-horizontal lenses with alluvial gold hosted within Quaternary sediments ("paleochannel"); and
- Primary Gold: N-S subvertical primary gold mineralisation hosted within ultramafic rocks.

The alluvial gold is open to the north and south, with intersections from historical aircore drilling delineating a large prospective paleochannel. The primary mineralisation is open to the south and remains poorly tested to the north.

Anomaly 38 is hosted in sheared, highly altered (haematite and sericite) ultramafic rock. The Woodline Fault is interpreted to lie along the east of the mineralisation, with cross-cutting NW structures located in the vicinity of the higher-grade mineralisation.

Recent exploration RC drilling consisted of 5 holes for 810m. The drilling was designed to test the current interpretation of multiple north-south mineralised lenses identified in historic results. Drilling intersected mineralisation in all holes including:

- 4m @ 4.18 g/t Au from 36m (19AARC001);
- 3m @ 1.79 g/t Au from 26m and 1m @ 10.1 g/t Au from 194m (19AARC002); and
- 1m @ 3.27 g/t Au from 86m (19AARC005).

Mineralised intersections correlate to historic results and provide numerous additional targets for follow up drilling. A mineralisation model is currently being created and will define follow up drill targets. Anomaly 38 is an early-stage target and remains -prospective for high grade mineralisation.

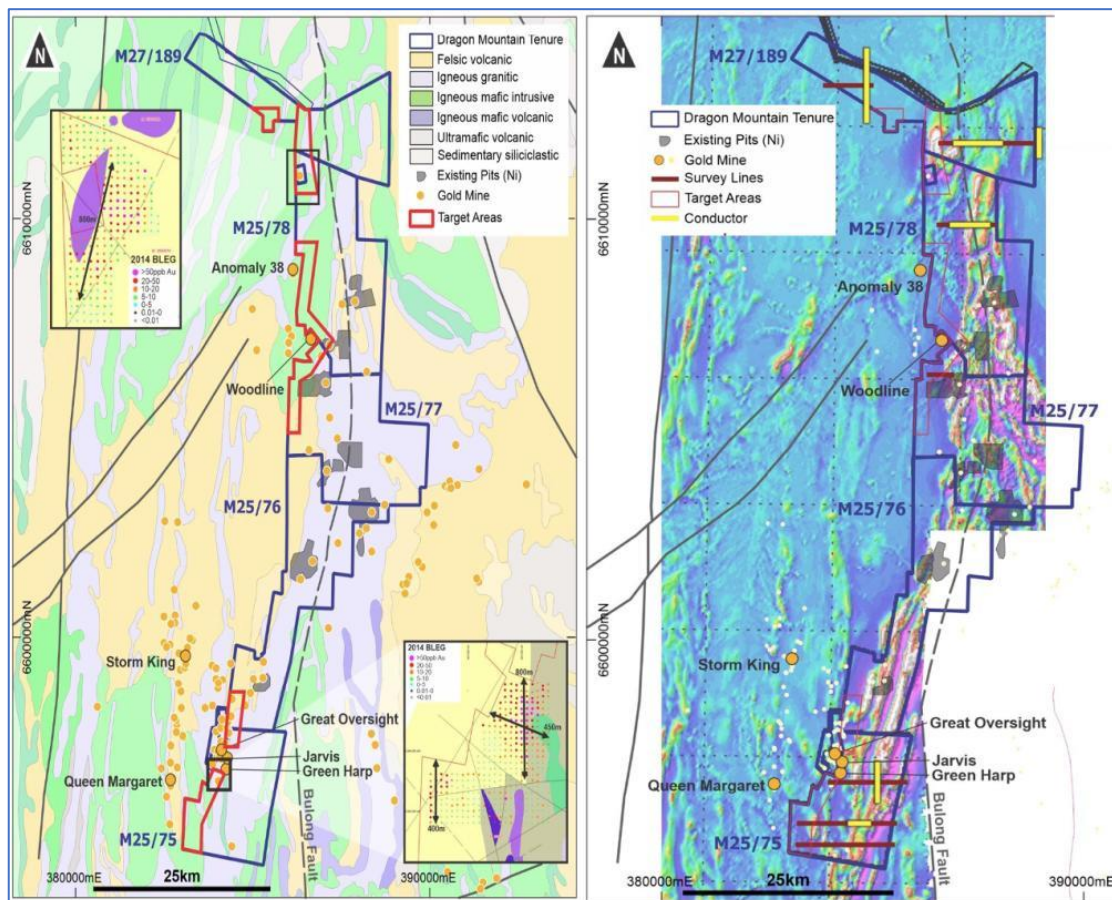
Woodline is located approximately 2km directly south of Anomaly 38 and is defined by a 1,300m long (>50 ppb Au) soil anomaly. gold grades are localised along the Woodline Fault, parallel to the major, regional Bulong Fault. The Bulong Fault separates deeply weathered ultramafic sequences to the east from mafic/ultramafic rocks on the west. First pass RC drilling completed in the 1990's, intersected both gold and nickel mineralisation. Better results included:

- 12m @ 8.86 g/t Au from 66m (BUR149; and 14m @ 1.67% Ni from 70m (BURC017).

Recent drilling was designed to test the continuation of the mineralised structure along strike to the north. Mineralisation was intersected in two of the five holes drilled and confirmed the continuation of the mineralised structure along strike. Results include:

- 1m @ 4.4 g/t Au from 73m (19WLRC004).

The remaining strike of the Woodline Fault toward Anomaly 38 is ineffectively tested with only historic vertical RAB and AC drilling.



Left: Exploration areas of interest within the Avalon Gold Project, levelled airborne magnetic data (TMI-1VD) over the Avalon tenements and MLTEM responses that remain untested.

(Source: Dragon, 2021)

The Company's short-term exploration strategy is to undertake extensional RC drilling at the more advanced prospects (extensions to Anomaly 38 and Woodline) to develop Mineral Resources with the view to develop near-term production.

The initial drilling completed at Anomaly 38 and Woodline projects has provided information for follow up drilling. This area contains one of the largest alluvial goldfields in WA (source of 100oz nuggets) and has the potential to host multiple high-grade deposits. A review of the areas historical exploration results, the geology and geophysics identified several gold areas of interest. DMG proposes to test these areas with a series of RC drill programs. The Company will investigate both shallow targets (<50 m) and deeper targets (>50 m) and plans to drill below historical workings to test for continuation of and repetitions of mineralisation at depth.

VALUATION APPROACHES

Discounted Cash Flow (DCF) analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions. Once a Mineral Resource has been assessed for mining by considering revenues, and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital costs and tax regime are considered, the net present value (NPV) of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting classical NPV has several recognised deficiencies linked to the fact that the analysis assumes a static approach to investment decision making, however the NPV represents a fundamental way to valuing a proposed or on-going mining operation and is widely used within the mining industry.

Comparable Transactions (Market Based) methods allow the value estimated for a mining project to be benchmarked against transaction values established in the market. Comparable transaction methods are a key tool for ensuring value estimates that are consistent with what the market would pay. Comparable transactions are indispensable for valuing exploration properties (with or without mineral resources), where there is not enough information to compile a reasonable fundamental discounted cash flow analysis. Market values are expressed (or normalized) as ratios of the form \$/ounce, \$/tonne or \$/km².

Geo Rating – Prospectivity Index (Cost Approach) methods provide an appropriate approach in the technical valuation of the exploration potential of mineral properties. It may be applied to exploration ground and to areas with mineral resources and exploration targets by applying an estimated future budget per unit area and the prospectivity index (based on Geo Rating Factors) to the tenement area.

It is anticipated that the last two methods will suggest similar technical values and are compared in each case to ensure the assumptions are consistent, reasonable, and transparent.

Exploration Ground Valuation

Exploration Ground Classification	
Group	Characteristics
Greenfields	<i>Explorations Projects with prospective geology; may include extensive exploration history and some areas of interest. Some targets yet to be explored. Some surface exploration encouragement</i>
Advanced	<i>Mineralized regional area Adjacent to known small scale resources or old workings. May include prospective zones defines by remote sensing with surface encouragement and limited drilling leading to target definition.</i>
Pre-Resource	<i>Mineralized areas of interest within tenements with significant exploration encouragement and drilling defining possible resource areas.</i>
Brownfields	<i>Exploration areas adjacent to known resources. May include Historic Resources, Exploration Targets and Inferred Resources or extensions to known deposits</i>

Agricola's preferred methods of Exploration Ground valuation are:

- *Comparable Transactions method* – Comparing other mineral asset transactions and with the current mineral asset, usually based on value per unit area (A\$/km²). This is the *Primary* valuation method.
- *Geo Factor Rating methods* – Applied to exploration ground. Emphasis on the conceptual budget (based on the holding cost and area) should reflect the exploration status of the tenement. Incorporates an assessment of prospectivity based on past exploration results and geological setting. This is a *Secondary* sanity check method.
- *A Valuation Report should make use of at least two appropriate Valuation Approaches, with comment on how the results compare and on the reasons for selecting the Value adopted. (VALMIN Code 2015 edition, clause 8.3)*

Exploration Ground Characteristics	
Conceptual	<i>Exploration ground acquired to test a broad geological theory based on remote sensing and prospectivity analysis</i>
Grass Roots	<i>Grass roots exploration, with limited work or well explored with limited exploration potential and significant surficial deposits. Blind search using geophysics and regional synthesis.</i>
Early Stage	<i>Greenfields Projects with prospective geology; may include extensive exploration history and some areas of interest. Some targets yet to be explored. Advanced stage exploration with good potential, defined targets ready for resource drilling</i>
Surface Results	<i>Mineralized regional area along strike (in prospective lithologies and structures) to established mineral deposits. Adjacent to or includes known small-scale resources or old workings</i>
Mineralized Zones	<i>Mineralized areas of interest within tenements with significant exploration encouragement and drilling results. Advanced stage exploration with good potential, defined targets ready for resource drilling</i>
Drill Areas Identified	<i>Scout drilling has identified several areas that show encouraging results. Further drilling is warranted</i>
Drilling Results	<i>Drilling on adjacent sections indicated possible continuity of mineralized zones. Encouraging earlier drilling with good grade profile</i>
Targets Defined	<i>'Brownfields' areas adjacent to significant well-regarded deposits and may include Historic Resources. Advanced stage exploration with good potential and/or strategic to the purchaser.</i>
Pre-Resource	<i>Significant drilling has shown continuity of mineralization at economic grades that could provide the basis for detailed infill drilling</i>
Resource Definition	<i>Detailed drilling sufficiently encouraging to allow a formal Mineral Resource Estimate (JORC Code 2012) but not yet compiled and released. Possibly too small or low grade.</i>

Primary Method - Comparable market value method for Exploration Ground

This is a variation of the comparable transaction method for mineral resources where sales of mineral asset without mineral resource estimates to JORC Code 2012 standard are reviewed in terms of the past results and exploration potential. The value metric is expressed as 'A\$ per unit area', A\$/km².

Transactions comparable to CAWSE and AVALON - Early Stage					
Project	Purchaser	Vendor	Value A\$M	Area km2	Cost per km2
Yalgoo, WA	Ausorex	Prosperity	2.83	457	6,200
Joint Venture, SA	Braemer Iron Pty Ltd	Diatreme Resources	0.89	140	6,400
Acquisition, SA	Lodestone Equities Ltd	Helix Resources Limited	8.84	1,336	6,600
Hogans, WA	Newmont	Gladiator	2.26	325	6,900
3 WA Projects	Magmatic Resources	Private Company	1.73	247	7,000
Kuaby Well	Silver Swan	Mawson West	0.61	84	7,200
Revere, WA	Revere	Enterprize	11.22	1,403	8,000
Mount Monger	Accellerate	Poz Minerals	0.63	73	8,700
Acquisition, SA	WPG Resources Ltd	Maosen Australia	0.53	57	9,300
Sunday, WA	Aust. Min. Fields	Hannans Reward	0.46	49	9,400
Joint Venture, SA	Monax Mining Limited	Ero Mining Limited	4.18	439	9,500
Duketon Gold	Regis Resources	Duketon Mining	20.00	1,960	10,200
Yarrawindah	Cassini	Souwest	0.44	42	10,400
Joint Venture, SA	Monax Mining Limited	Antofagasta PLC	3.03	283	10,700
Joint Venture, SA	Apollo Minerals Limited	Marmota Energy Ltd	0.57	48	11,900
Corona Minerals	Spargos Reward Gold	Mithril Resources	0.38	31	12,400
Joint Venture, SA	Sandfire Resources NL	Argonaut Resources NL	7.08	477	14,800

- Comparable Transactions are mainly based on Exploration Licences or equivalent and may include Market Value premiums or discounts in some cases.
- Cost per km2 is taken as a proxy for Technical Value.
- The Yarawindah Transaction is reviewed later in the report.
- Advanced tenure such as Mining Leases are addressed in the market value assessment.

Secondary Method - Geo Rating Method for Exploration Ground

The Geo Rating method systematically assesses and grades four key technical attributes (factors) of a tenement to arrive at a "prospectivity index" and is usually expressed as a range of values to reflect the uncertainty of the assessment. The four key factors are:

- *Off-Site - Physical indications of favourable evidence for mineralization, such as workings and mining on the nearby properties. Such indications are mineralized outcrops, old workings through to world-class mines*
- *On-Site - Local mineralization within the tenements and the application of conceptual models within the tenements. Location and nature of any mineralization, geochemical, geological, or geophysical anomaly within the property*
- *Anomalies - Identified anomalies warranting follow up within the tenements. Geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued*

- *Geology - The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors*
- *Prospectivity Index = [Off-Site]*[On-site]*Anomaly]*[Geology]*

GEO-FACTOR RATING CRITERIA - GUIDELINES				
Rating	Address - Off-Property	Mineralisation - On-Property	Anomalies	Geology
0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement
1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)
1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered favourable geology (50-60%)
2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well-defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well-defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)

The Geo Rating method involves assessing the tenement area based on Geo Rating principles (assessing prospectivity at the current stage of the asset) and complies with principles of reasonableness and transparency. The assessed conceptual budget, which is based on Base Holding Cost and project area, must reflect the stage of development of the project. This method may be used for both mineral resources and exploration ground and supports the comparative transaction method.

The rationale behind the Geo Rating method is that the average cost incurred to explore a base unit area (km²) of a mineral tenement for a period of 12 months at the current stage of development, the base holding cost (BHC), represents the minimum value of the unit area of a tenement, else it would be relinquished. The BHC multiplied by the area of the project provides guidance to the *conceptual budget*.

Compounding multipliers are applied to the conceptual budget to replicate the acquiring party's evaluation process by considering location, maturity, success, prospectivity and the market. The theory is that if the correct factors are applied, the resultant figure should amount to the fair market value and be close to the comparable transaction method. The strength of the Geo Rating method is that it is transparent and uses a consistent starting point for the valuation process (the BHC). Adjustments are made for the status of the tenure (live or pending) and for equity held in the projects.

Base Holding Cost

The concept of the Base Holding Cost (BHC) is the minimum expenditure per square kilometre required to explore a tenement at an early stage of exploration. Direct costs include geological activities, geochemical activities, geophysical activities (surface and subsurface), airborne geophysical activities, remote sensing activities, line clearing, grid tie-in, tenement boundaries, diamond drilling, reverse circulation drilling and Costeaning.

The use of a “basic” BHC is considered appropriate as a starting benchmark and is increased by the geofactors to represent current exploration budget that also allows for long term increases in exploration commitments required by the Mines Department.

The Base holding Cost required to maintain and explore the Projects are assessed at **A\$450 per km²** by Agricola and is consistent with the classification and the limited earlier surface exploration.

Note that the Base Holding cost is independent of the type of tenement (Mining Lease, Exploration, Prospecting Licence) and represents the notional expenditure for exploration ground. Tenement type is considered in the Market Premium or discount section of the valuation assessment.

Base Holding Cost (BHC), A\$/km2	
Exploration Ground	
Application Fee	20.00
Annual Rent	50.00
Exploration	
Data Review	50.00
Field Office	80.00
Surface Exploration	200.00
Administration	50.00
Total	450.00

Note that the Base Holding cost is considered by Agricola to be independent of the type of tenement (Mining Lease, Exploration, Prospecting Licence) and represents the notional expenditure for exploration ground at an early stage. Tenement type is considered in the Market Premium or discount section of the valuation assessment.

Miscellaneous Licences

Miscellaneous Licences provide access to former or future mining operations for haul roads and infrastructure and *do not include Mineral Assets*. Miscellaneous Licences attract an application fee of \$551 and annual rent of \$17.90 per hectare. There is no minimum expenditure commitment. No value for Miscellaneous Licences is included in the valuation of mineral assets.

References:

Agricola In-House database

CSA Global, Introduction to valuation for mineral projects. Part I: Methods for valuating early-stage projects, Published on February 17th, 2019

Edison Research, 2019, Gold stars and black holes, Analysing the discount: From resource to sanction, Mining sector report, January 2019

Snowden. 2010, Independent Valuation Update for The Mineral Assets of Jupiter Mines Limited, Transaction Advisory Services Ernst & Young, 20 May 2010

SRK,2019, Valuation of Mineral and Coal Assets – Challenges and Opportunities, SMEDGE, 24 January 2019.

VALUATION ASSESSMENT

No Mineral Resource Estimates for gold have been compiled to JORC Code (2012) standard in either Project. The valuation estimate relies on an assessment of the exploration ground. No value has been ascribed to the Miscellaneous Licences.

PART A – Wingstar Investments Pty Ltd

Tenure Summary

Project Group	Tenement	Registered Holder	Area, km2	Status	Equity
Cawse Gold Project					
CAWSE	8 Granted MLs	Wingstar Investments Pty Ltd	46.79	Live	100%
CAWSE EXT.	4 Granted MLs	Mesmeric 80%, Enigma 20%	34.21	Live	80%
Avalon Gold Project					
AVALON	5 Granted MLs	Wingstar Investments Pty Ltd	34.37	Live	100%
Total Area			115.37		

Initial valuation is estimated at 100% Equity

The Mesmeric JV (Cawse Extended) is held 80% by Mesmeric and 20% by Enigma Mining Ltd.

Project Quality Assessment		Exploration Ground		
Project Group		CAWSE	CAWSE EXT.	AVALON
Commodity		Gold	Gold	Gold
Area, Km2		46.79	34.21	34.37
Status		Live	Live	Live
Grant Factor		100%	100.0%	100%
<i>Grant Factor includes a discount for tenements in Application stage</i>				
Equity		100%	80%	100%
<i>The tenement groups are initially assessed at 100% equity and adjusted later</i>				
Assessment				
Adjacent mineralisation		Ni deposits	Ni deposits	Black Cat
Local/nearby OPFs		Nil	Nil	Nil
Mineralised Areas		M24/224	Not known	Not known
Geological Setting		Ultramafic	Ultramafic	Ultramafic
Adequacy of area		Extensive	Moderate	Extensive
Previous Gold Exploration		Extensive	Limited	Limited
Prospectivity		Significant	Significant	Significant
Group		Advanced	Advanced	Advanced

Wingstar is the registered holder of 100% equity in Cawse and Avalon Projects and 80% equity in Cawse Extended Project.

Grant of Tenure

A 'grant factor' of 100% is applied to tenements that are granted (live) and with reasonable exploration life. When tenements are in the application stage (pending) a discount of 40% is applied with a grant factor of 60% (e.g. the Broad Arrow Applications).

Equity

Project valuation is initially assessed at 100% equity to allow comparison with the exploration project database at Part A. The Company's proposed equity in the tenure is included in the valuation estimate at Part B. Cawse Extended is held 80% by Wingstar and 20% by Enigma Mining Ltd. Dragon Mountain has the right to earn 80% in Wingstar' holding.

Primary Valuation Method – Comparative Transactions, \$/km²

The method allows the value to be benchmarked against transaction values established in the market. Comparable transactions are indispensable for valuing exploration properties (with or without mineral resources), where there is not enough information to compile a reasonable fundamental discounted cash flow analysis. The main assumption is the range of '\$ per square kilometre' rates consistent with the characteristics of the project.

$$\text{Estimated value} = [\text{Area}] * [\text{Grant-Factor}] * [\text{Equity}] * [\text{A\$ per km}^2]$$

Secondary Valuation Method – Geo Rating of Prospectivity

The method is applied to exploration ground by applying an estimated future budget per unit area and the prospectivity index (based on Geo Rating Factors) to the tenement area. A secondary estimate of technical value is compiled for the tenements based on Geo Rating factors. The Base Holding Cost and Prospectivity Index based on Geo Rating factors are discussed in the Assumptions section.

$$\text{Estimated value} = [\text{Area}] * [\text{Grant-Factor}] * [\text{Equity}] * [\text{BHC}] * [\text{Prospectivity Index}]$$

Ranges of values

The various assumptions discussed are quoted as ranges of values to emphasise the risk in choosing a specific single value. The range might be considered as "mean +/- a small quantity" and the final valuation is presented as a range to demonstrate variability in the price a purchaser might consider in negotiations (the Spenser Test). There is no reason to skew the findings away from the mid-point. The range of values could be represented by a bell curve for normal distribution, and this could be achieved by Monte Carlo Simulation. In the end, the mid-point is the most likely starting point for negotiation.

Comparison of Methods

Agricola considers that the average of the two methods is appropriate to value the exploration ground as the two methods are equally valid. One considers the comparison with other projects with similar results to date. The other considers the exploration potential of the project. A purchaser would probably be just as interested in what the project had to offer in the future and the results of past work. The average of the two methods covers both these aspects.

The Preferred value estimate is the average of the Low and High values

TECHNICAL VALUATION ESTIMATE					Based on 100% Equity	
Project	CAWSE		CAWSE EXT.		AVALON	
Commodity	Gold		Gold		Gold	
Tenement	8 Granted MLs		4 Granted MLs		5 Granted MLs	
Area, Km2	46.79		34.21		34.37	
Status	Live		Live		Live	
Grant Factor	100%		100%		100%	
Equity	100%		80%		100%	
Assessment	Targets Defined		Drilling Results		Drill Areas Identified	
PRIMARY METHOD - Comparable Transactions						
	Low	High	Low	High	Low	High
\$ per square km	13,000	16,000	11,000	13,000	9,000	11,000
Technical Value, A\$M	0.61	0.75	0.30	0.36	0.31	0.38
SECONDARY METHOD - Geo Factor Rating						
Holding Cost (BHC)	450.00		450.00		450.00	
	Low	High	Low	High	Low	High
Off property	2.00	2.10	1.80	1.90	1.50	1.60
On Property	2.20	2.30	2.10	2.20	2.00	2.10
Anomaly	2.70	2.80	2.70	2.80	2.70	2.80
Geology	2.50	2.60	2.50	2.60	2.50	2.60
Prospectivity Index	29.70	35.16	25.52	30.43	20.25	24.46
Technical Value, A\$M	0.63	0.74	0.31	0.37	0.31	0.38
COMPARISON OF RESULTS						
Primary	0.61	0.75	0.30	0.36	0.31	0.38
Secondary	0.63	0.74	0.31	0.37	0.31	0.38
Average	0.62	0.74	0.31	0.37	0.31	0.38
Preferred Value	0.68		0.34		0.34	

Technical Value Summary – Exploration Ground

TECHNICAL VALUE, A\$M (100% Equity)				
Technical Value– A\$M - Equity Holding				
Group	Equity	Low	High	Preferred
Cawse Gold Project				
CAWSE	100%	0.62	0.74	0.68
8 Granted MLs				
CAWSE EXT.	80%	0.31	0.37	0.34
4 Granted MLs				
Avalon Gold Project				
AVALON	100%	0.31	0.38	0.34
5 Granted MLs				
Total		1.24	1.49	1.36
<i>No mineral Asset value is ascribed to the Miscellaneous Licences</i>				
<i>Preferred value is the average of Low and High values</i>				

Technical Value		UNIT RATES - A\$/km²		
Project Group	Area. Km2	Low	High	Preferred
CAWSE	46.79	13,200	15,900	14,500
CAWSE EXTENDED	34.21	9,000	10,700	9,800
AVALON	34.37	9,100	11,000	10,000

Unit rates are included for 100% equity for comparison with the Comparable Transactions Database.

Considering the location, geological factors, and other technical parameters, which could affect the Project economics, in Agricola's opinion, the implied technical value for **100% equity** to be acquired in the exploration ground in the Project should be in the range:

A\$1.24 million to A\$1.49 million with a preferred value of A\$1.36 million.

Market Premium or Discount

In boom times the market in Australia may pay a premium over the technical value for high quality assets and tenements with granted Mining Leases where much of the work required for grant has been completed. On the other hand, in times of bust conditions exploration tenements that have no defined attributes apart from interesting geology or a good address may well trade at a discount to technical value.

Gold projects may command a premium in the current market, and all the active tenements that cover the exploration ground are granted Mining Leases with significant remaining life.

A premium of 25% has been applied to the technical value in consideration of the tenement status. All tenements are granted Mining Leases.

Market Value Assessment			
	CAWSE	CAWSE EXT.	AVALON
Commodity	Gold	Gold	Gold
<i>Legal issues</i>	No Issues	No Issues	No Issues
<i>Commercial issues</i>	No Issues	No Issues	No Issues
<i>Market conditions</i>	No Issues	No Issues	No Issues
<i>Price Outlook</i>	Stable	Stable	Stable
<i>Climate Change</i>	No Issues	No Issues	No Issues
<i>Country Risk</i>	Stable	Stable	Stable
<i>Community Support</i>	Satisfactory	Satisfactory	Satisfactory
<i>Competing Projects</i>	No Issues	No Issues	No Issues
<i>Tenure Security</i>	8 Granted MLs	4 Granted MLs	5 Granted MLs
Market Factor			
<i>Premium</i>	25%	25%	25%
<i>Factor</i>	1.25	1.25	1.25
<i>Estimate of Premium or Discount to Technical Value</i>			

MARKET VALUE, A\$M – 100% EQUITY				
	Market Value, A\$M			
	Factor	Low	High	Preferred
Cawse Gold Project				
CAWSE	1.25	0.77	0.93	0.85
8 Granted MLs				
CAWSE EXT.	1.25	0.38	0.46	0.42
4 Granted MLs				
Avalon Gold Project				
AVALON	1.25	0.39	0.47	0.43
5 Granted MLs				
Total		1.54	1.86	1.70
<i>No mineral Asset value is ascribed to the Miscellaneous Licences</i>				
<i>Market Factor represents Premium or Discount to the Technical Value</i>				

PART B – Dragon Mountain Gold Ltd

Equity Holding

Dragon Mountain has a farm in agreement with Wingstar Investments Pty Ltd that allows the Company to gain up to an 80% interest in the Avalon project and an 80% interest in certain tenements that comprise the Cawse Extended Project. Participating interest will be acquired in several stage as set out below.

Date of Heads of Agreements – 10 July 2016

On or before 31 December 2022, the Company can earn up to an 80% interest in the Cawse and 80% interest in the Avalon Projects in four stages in accordance with the following earn in schedule:

Stage 1

DMG must sole fund an exploration programme for the Projects for minerals other than nickel and cobalt (Minerals) of its choosing, a minimum amount of \$50,000. Total Equity - 0%

Stage 2

On completion of Stage 1 and DMG electing to proceed with Stage 2, DMG must sole fund for the Projects an exploration programme for the Minerals of its choosing for a further amount of at least \$150,000. Total Equity - 25%

Stage 3

On completion of Stage 2 and DMG electing to proceed with Stage 3, DMG must sole fund for the Project an exploration programme, for the Minerals, of its choosing for a further amount of at least \$250,000. Total Equity – 51%

Stage 4

Wingstar Investments Pty Ltd, at the completion of Stage 3, may elect within 30 days following the presentation by DMG to Wingstar Investments Pty Ltd of the results from Stages 1 to 3 programmes whether it wishes to maintain its 49% participating interest by contributing pro rata to the expenditure of the JV or to give DMG the right to increase its participating interest to 80% by further expenditure of \$300,000 for each project.

Source: Dragon Mountain Gold Ltd Prospectus, 29 September 2021

Under the Mesmeric Agreement (Cawse Extended), Dragon Mountain has the right to earn up to an 80% interest into the Mesmeric Cawse Tenements on or before 31 December 2022 on substantially the same terms as the Wingstar Agreements described above

The Broad Arrow Applications were applied for in September 2021 in the name of Dragon Mountain. They do not form part of the Heads of Agreements entered into for the Cawse, Cawse Extended and Avalon Gold Projects. They cover an area of approximately 25 km² and are located several kilometres to the west of the Cawse group. No technical information is available at this stage and an appropriate discount is applied to the valuation.

The Market Value considered in this report applies to the interest held by Dragon Mountain in the Cawse and Avalon Gold Projects held by Wingstar and its associates and the Broad Arrow Applications held by the Company.

TECHNICAL VALUATION ESTIMATE		
Project	Broad Arrow	
Commodity	Gold	
Tenement	Applications	
Area, Km2	25.00	
Status	Pending	
Grant Factor	60%	
Equity	100%	
Assessment	Early Stage	
PRIMARY METHOD - Comparable Transactions		
	Low	High
\$ per square km	2,000	2,500
Technical Value, A\$M	30,000	37,500
Preferred Value	33,750	

Preliminary Valuation of the Broad Arrow Applications

Market Value Summary

The Company has provided written confirmation signed by Wingstar that Dragon Mountain has earned 25% equity in the Cawse and Avalon Projects through exploration expenditure.

The Company is the registered applicant of the Broad Arrow Applications.

CURRENT EQUITY HOLDING, \$AM - DRAGON MOUNTAIN GOLD LTD				
	Equity	Low	High	Preferred
Cawse Gold Projects				
CAWSE	25%	193,000	233,000	213,000.00
CAWSE EXT.	25%	96,000	114,000	105,000.00
Avalon Gold Project				
AVALON	25%	97,000	118,000	107,500.00
Broad Arrow	100%	30,000.00	37,500.00	33,750.00
Total		416,000.00	502,500.00	459,250.00

The Broad Arrow tenement applications are included as part of the Mineral Assets held by Dragon Mountain on the basis that they will be granted at some future date. An appropriate discount is included to allow for risk of grant.

The estimated Fair Market Value for the Mineral Assets of Dragon Mountain Gold Ltd based on the declared equity held by the Company is in the range:

A\$416,000 to A\$502,000 with a preferred value of A\$459,000.

This valuation is effective on 6 May 2022.

This Mineral Asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain, and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). It applies to the direct sale of existing equity in the Projects at the date of this Report.

DECLARATIONS, COMPETENCE, and INDEPENDENCE

Relevant codes and guidelines

This Report has been prepared as an Independent Technical Assessment and Valuation Report in accordance with the Australasian Code for Public Reporting of Technical Assessment of Mineral Assets (the “VALMIN Code”, 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), as well as the rules and guidelines issued by the ASIC which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112, March 2011). Agricola regards guidelines of RG112.31 to comply whereby there are no business or professional relationships or interests, which would affect the expert’s ability to present an unbiased opinion within this report.

Where exploration results and mineral resources have been referred to in this report, the information was prepared in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral resources, and Ore Reserves* (“JORC Code” 2012), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia.¹

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Exploration results are based on, and fairly represent, information and supporting documentation prepared by Malcolm Castle. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions in the technical information prior to lodgement.

In compiling this report, Agricola did not carry out a site visit to the Project areas. Based on its professional knowledge, lack of surface expression of geological attributes, previous exploration work in the area, experience and the availability of extensive databases and technical reports made available by various Government Agencies and the stage of exploration, Agricola considers that sufficient current information is available to allow an informed appraisal to be made without such a visit. Main references include:

Agricola Mining Consultants Pty Ltd, 2021, Independent Technical Assessment Report on the AVALON Gold Project and the Cawse Gold Project in Western Australia, 21 September 2021

DRAGON MOUNTAIN GOLD LIMITED ACN 111 005 282. Prospectus, 29 September 2021

Steinepreis Paganin, 2021, “Solicitor’s Report on Tenements”, 29 September 2021

Previously Reported Information

Information in this Report is extracted from publicly available source such as ASX Releases and GSWA WAMEX Reports. The information in this report that references previously reported exploration results is extracted from ASX market announcements and are available to view on the ASX website (www.asx.com.au). Agricola confirms that it is not aware of any new information or data that

¹ ASIC, 2011, Content of Expert Reports, Regulatory Guideline 111, March 2011.

ASIC, 2011, Independence of Experts, Regulatory Guideline 112, March 2011.

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves (The JORC Code) [online].

VALMIN, 2015, Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) [online].

materially affects the information included in the original market announcements. Agricola confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The figures included in this report are sourced from published documents and ASX Releases or provided by the Company. All figures have been reviewed, modified if necessary and updated to the date of this Report and are the responsibility of the Competent Person.

This Report may contain statements that are made in or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. These statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72 (clauses 6 and 7).²

The Independent Technical Assessment and Valuation Report has been compiled based on information available up to and including the date of this Report. The information has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion. However, Agricola does not warrant that its enquiries have identified or verified all the matters that an audit, extensive examination or "due diligence" investigation might disclose.

Agricola or Malcolm Castle is not aware of any new information or data, other than that disclosed in this Report, that materially affects the assessments included in this Report and that all material assumptions and parameters underpinning Exploration Results and Mineral resource Estimates continue to apply and have not materially changed.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc. (Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 50 years' experience in exploration geology and property evaluation, working as an independent consultant, and for major and minor companies for throughout his career as an exploration geologist including Kennecott, Amoco, Esso, Plutonic, Laverton Gold, Transcontinental Resource Group, Fortescue Metals Group and BMG Ltd.

He established a consulting company over 30 years ago and specializes in exploration management, technical audit, due diligence, and property valuation at all stages of development. He has wide experience in several commodities including precious metals, base metals, nickel, cobalt, iron ore, coal, mineral sands, uranium, sulphate of phosphate, specialty metals including rare earths, scandium, lithium, and vanadium over his professional career.

He has been responsible for project discovery and exploration through to feasibility study in Papua New Guinea, Australia, Fiji, South Africa, Indonesia and Brazil and technical audits in many overseas locations including Juneau, Alaska, Francistown, Botswana, Lynn Lake, Manitoba, Canada, Lubumbashi, Democratic Republic of the Congo, Asmara, Eritrea, Rawas, Sumatra, Indonesia, Letseng, Lesotho, Antananarivo, Madagascar, Windhoek, Namibia, Tolukuma, Papua New Guinea, Luzon and Manila, Philippines, Rotifunk and Boamahun, Sierra Leone, Pilgrim's Rest, Mpumalanga, South Africa, Karamoja, Uganda, Copper Belt, Kitwe, Zambia and Matobo, Zimbabwe.

² ASIC Corporations (Consents to Statements) Instrument 2016/72, 11 March 2016. Available online from: <https://www.legislation.gov.au/Details/F2016L00326>

He has completed numerous Independent Technical Assessment Reports and Mineral Asset Valuation Reports on properties in several countries over the last decade as part of his consulting business, a selection of which is listed at the end of this Report.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and was awarded a B.Sc. (Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and was awarded a Graduate Certificate in Applied Finance and Investment in 2004. He has been a Member of the Australasian Institute for Mining and Metallurgy (AusIMM) for over 50 years.

Competence

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd, an independent geological consultancy.

- Mr Castle is appropriately qualified geologist and is a member of a relevant recognized professional association: (Member of AusIMM since 1965)
- He has the necessary technical and securities qualifications, expertise, competence, and experience appropriate to the subject matter of the report: (B.Sc. (Hons), GCertAppFin (Sec Inst),
- He has at least ten years of suitable and recent experience in the technical or commercial field in which he is to report including over 50 years in mineral exploration

Declaration – VALMIN Code: The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a permanent employee of the Company. Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity, which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – JORC Code: The information in this report that relates to Exploration Results and Mineral Resources of the Company and /or its joint venture partners is based on, and fairly represents, information and supporting documentation reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information and supporting documentation in the form and context in which they appear.

Independence

- Agricola completed an Independent Technical Assessment Report on the Cawse and Avalon Gold Projects in September 2021 for professional fees of \$12,500 plus GST that was included in the Dragon Mountain Gold Ltd Prospectus.
 - Agricola Mining Consultants Pty Ltd, 2021, Independent Technical Assessment Report on the AVALON Gold Project and the Cawse Gold Project in Western Australia, 21 September 2021
 - DRAGON MOUNTAIN GOLD LIMITED ACN 111 005 282. Prospectus, 29 September 2021

- Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and/o its joint venture partners and have no material interest in the projects. The relationship with the Company is solely one of professional association between client and independent consultant.
- Agricola has had no material association during the previous two years with the owners or promoters of the mineral assets, the company acquiring the assets or any of the assets to be acquired and has no material interest in the projects.
- There are no business relationships between Agricola and the Company. Agricola or its employees and associates are not, nor intend to be a director, officer, or other direct employee of the Company. The relationship with the Company is solely one of professional association between client and independent consultant.
- Agricola does not hold and has no interest in the securities of the Company under review; Agricola has no relevant pecuniary interest, association or employment relationship with the Company and its subsidiaries; Agricola has no interest in the material tenements, the subject of the Report; Agricola is not a substantial creditor of an interested party or has a financial interest in the outcome of the proposal.
- The Independent Valuation Report is prepared in return for professional fees of \$15,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Reasonableness Statement

The data used for the Valuation comprises mainly public company announcements, annual reports, and statutory technical reports. It complies with the VALMIN Code (2015 Edition) in its entirety. The author has taken due note of Regulatory Guide (RG) 111 "Content of Expert Reports" (March 2011) and RG 112 "Independence of Experts" (March 2011 update) promulgated by the Australian Securities and Investments Commission (ASIC) and this report meets the guidelines set out in RG 111 and RG 112.

In undertaking this Valuation Agricola has reviewed the technical inputs pertaining to the projects in an impartial, rational, realistic, and logical manner. Agricola believes that the inputs, assumptions, and overall Technical Assessment and Valuation is in line with industry standards and meet the *Reasonable Grounds* Requirement of the VALMIN Code 2015.

The Projects are classified as an *Exploration Projects* where significant historical exploration has been carried out though no Mineral Resources have been estimated in accordance with the JORC Code (2012). The mineral properties are considered prospective, although subject to varying degrees of risk, and warrant further exploration and development of their economic potential.

Consent

For the purposes of the Corporations Act 2001, Agricola Mining Consultants Pty Ltd consents to the inclusion of this Independent Valuation Report in the form and context as set out in the formal agreement with the Company and Stantons.

Agricola provides its consent on the understanding that the valuation expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this Report. Agricola consents to the use and reliance upon this specialist Valuation report on the Mineral Assets in preparation of an Independent Expert's Report if appropriate. Agricola has no reason to doubt the authenticity or substance of the information provided.

Agricola Mining Consultants Pty Ltd has not withdrawn this consent prior to the lodgement of the Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm Castle', is written over a background of faint, repeating geometric patterns.

Malcolm Castle

B.Sc.(Hons) MAusIMM, GCertAppFin (Sec Inst)

Agricola Mining Consultants Pty Ltd

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 14 July 2022 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 Resolutions 2 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 2 and 3 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

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		FOR	AGAINST	ABSTAIN
Resolution 1	Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of the Company's Entry into the Lease Agreement with Comarnd Pty Ltd and the ongoing rent payments to Sunplus Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Securities to Fastwitch Enterprises Pty Ltd ATF NC A/C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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:

post to Dragon Mountain Gold Limited, 283 Rokeby Road Subiaco WA 6008; or

email to the Company at jay.stephenson@foresthous.com.au

so 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.