

DRAGON MINING LIMITED ABN 19 009 450 051

Notice of Annual General Meeting and Explanatory Statement

Date: 2 May 2017

Time: 11.00 a.m. (AWST)

Place: Unit B1, 431 Roberts Road, Subiaco, Western Australia 6008

In this document you will find:

Part 1. Notice of Meeting.

Part 2. An Explanatory Statement containing an explanation of, and information about, the proposed Resolutions to be considered at the Annual General Meeting.

A personalised **Proxy Form** is also enclosed with this document.

Your Annual Report is available online, simply visit:

<http://www.dragonmining.com/reports2016>

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders (**Annual General Meeting**) of Dragon Mining Limited (**Company**) will be held at 11.00 a.m. (AWST) on 2 May 2017 at Unit B1, 431 Roberts Road, Subiaco, Western Australia 6008.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined on page 8.

AGENDA

1. Annual Financial Report

To receive the Annual Report of the Company and its controlled entities for the year ended 31 December 2016, including the Financial Report, Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

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

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions outlined in the Explanatory Memorandum."

The Corporations Act provides that a resolution that the Remuneration Report be adopted must be put to vote at a listed company's annual general meeting.

Note

Please note that although under section 250R(3) of the Corporations Act 2001 (Cth) (**Corporations Act**), this Resolution 1 is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote on this Resolution 1 into consideration when reviewing the remuneration practices and policies of the Company. See the Explanatory Memorandum accompanying this Notice of Meeting for further information.

Voting Exclusion Statement

In accordance with sections 250R(2) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity) on this Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors) (**KMP**), whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, whether as a Shareholder or as a proxy. However, a vote may be cast on this Resolution 1 by a member of the KMP, or a Closely Related Party of such member, if:

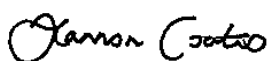
- (a) the vote is cast as a proxy, on behalf of a person entitled to vote on Resolution 1, and that vote has been cast as specified on the applicable Proxy Form; or
- (b) where there is no specified voting direction, the vote is cast by the Chairman of the Meeting as a proxy, on behalf of a person entitled to vote on Resolution 1 and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected with the remuneration of the members of the KMP.

3. Resolution 2 – Re-election of Mr Brett Smith as a Director

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

"That Mr Brett Smith, who retires in accordance with Rule 14.3(b) of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

31 March 2017
By Order of the Board



Shannon Coates
Company Secretary

PROXY AND VOTING INSTRUCTIONS

Entitlement to vote

In accordance with Reg 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of Shares as at 5:00 p.m. (AWST) on 30 April 2017 will be entitled to attend and vote at the Meeting.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Proxy instructions

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's Share Registry as set out below by **11.00 a.m. (AWST) on 30 April 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting. To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice as soon as possible and either:

- send the Proxy Form by facsimile to the Share Registry on facsimile number 1800 783 477 (within Australia) or (61 3) 9473 2555; or
- deliver or post the Proxy Form to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001,

so that it is received by no later than **11.00 a.m. AWST on 30 April, 2017**, being at least 48 hours before the Meeting.

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box as indicated on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

If the Chairman of the Meeting is appointed as your proxy, or is appointed by default, you acknowledge that the Chairman may exercise your proxy even though he has an interest in the outcome of the Resolutions and that votes cast by him for those Resolutions, other than as proxyholder, would be disregarded because of that interest. The Chairman intends to vote all undirected proxies in favour of Resolutions 1 and 2.

If the Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy, the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified, each proxy may exercise half of the Shareholder's votes.

Corporate representatives

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint a person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission to the Meeting. A form of the certificate may be obtained from the Company's Share Registry.

Proxies and conduct of Meeting

Sections 250BB and 250BC apply to voting by proxy and will apply to the conduct of the Meeting. Broadly, this means that:

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

Pursuant to section 250BB, an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the Chairman of the Meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Under section 250BC, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of a company's members;
- (b) the appointed proxy is not the Chairman of the Meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the Chairman of the Meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

SHAREHOLDER QUESTIONS

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company or the Remuneration Report.

A representative of Ernst & Young, as the auditor responsible for preparing the auditor's report for the year ended 31 December 2016, will attend the Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

To assist the management of the Company and the auditor of the Company in responding to questions please submit any questions you may have in writing to the Company Secretary no later than **5:00 pm (AWST) on 30 April 2017**:

In person or by post:

Unit B1 431 Roberts Road
Subiaco WA 6008.

By facsimile: (08) 6311 8004 (within Australia)
+61 8 6311 8004 (outside Australia)

As required under section 250PA of the Corporations Act, at the Meeting, the Company will distribute a list setting out the questions directed to the auditor received in writing, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 31 December 2016. The Chairman will also be given a reasonable opportunity to respond to the questions set out on this list.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 11.00 a.m. (AWST) on 2 May 2017 at Unit B1, 431 Roberts Road, Subiaco, Western Australia 6008 (**Meeting**).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to assist Shareholders in deciding how to vote on the Resolutions.

Annual Financial Report

The Corporations Act requires that the Annual Report, which includes the financial statements and directors' declaration, the Directors' Report and Auditor's Report, be laid before the Company's Annual General Meeting. There is no requirement in either the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

Shareholders will be given the opportunity at the Meeting to ask questions and make comments on these reports.

Resolution 1 – Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Financial Report for the year ended 31 December 2016 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, non-executive Directors and specified executives of the Company.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive AGM's, the Company will be required to put a resolution to the second AGM, to approve calling an extraordinary general meeting (**Spill Resolution**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the AGM. All of the Directors who were in office when the previous Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

At the 2015 Annual General Meeting, shareholders voted unanimously in favour of the adoption of the 2015 Remuneration Report. Therefore, a vote against the adoption of the 2016 Remuneration Report of 25% or more of the votes cast at this Meeting will not require the Company to put a Spill Resolution to this Meeting. However, if a vote of 25% or more of the votes cast occurs at this Meeting and then again at the 2017 Annual General Meeting, the Company will be required to put a Spill Resolution to the 2017 Annual General Meeting. If more than 50% of Shareholders vote in favour of the Spill Resolution the Company will, within 90 days of the 2017 Annual General Meeting, be required to hold a further general meeting to vote on whether to retain or replace the existing directors. A Managing Director will not be subject to the Spill Resolution. Shareholders will be able to put forward their own nominees for consideration at that Spill Meeting.

Shareholders will be given the opportunity at this Meeting to ask questions and make comments on the Remuneration Report.

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either a member of the KMP, whose remuneration details are included in the Remuneration Report or their Closely Related Parties.

If you appoint the Chairman of the Meeting as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Resolution 2 – Re-election of Mr Brett Smith as a Director

Rule 14.3(b) of the Constitution requires that at each Annual General Meeting, one-third of Directors (not including directors appointed by the Board to fill a casual vacancy since the previous Annual General Meeting, the Managing Director or selected under the three year rotation rule under Rule 14.3(c)) must retire at the next Annual General Meeting.

A Director who retires under Rule 14.3(b) is eligible for re-election. Pursuant to these rules, Mr Smith will retire and seek re-election at this Meeting.

Mr Smith was appointed to the Board as a Director on 7 February 2014. Mr Smith has participated in the development of a number of mining and mineral processing projects including coal, iron ore, base and precious metals. He has also managed engineering and construction companies in Australia and internationally.

Mr Smith has served on boards of both private and public mining and exploration companies. With over 30 years international experience in the engineering and construction business he has significant experience in managing organisational change, project development and execution.

Mr Smith has an interest in Resolution 2 and therefore does not make a recommendation.

The other Directors unanimously support the election of Mr Smith as a Director and recommend that Shareholders vote in favour of Resolution 2.

Definitions

In this Explanatory Memorandum and Notice:

"AGM" means an annual general meeting of the Company.

"Annual General Meeting" or **"Meeting"** means the Annual General Meeting of Shareholders of the Company to be held at 11.00 a.m. on 2 May 2017 at Unit B1, 431 Roberts Road, Subiaco, Western Australia 6008, or any adjournment thereof.

"Annual Report" means the Directors' Report, the Financial Report and Auditor's Report for the Company for the year ended 31 December 2016.

"ASX" means Australian Securities Exchange Limited or, as the context permits, the financial market conducted by it.

"AWST" means Western Standard Time, being the time in Perth, Western Australia.

"Board" means the Board of Directors of the Company.

"Chairman" means the Chairman of the Meeting.

"Closely Related Party" means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Act 2001* (Cth).

"Company" means Dragon Mining Limited ABN 19 009 450 051.

"Constitution" means the constitution of the Company.

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

"Director" means a director of the Company.

"Directors' Report" means annual directors' report for the Company and its controlled entities, prepared under Chapter 2M of the Corporations Act.

"Explanatory Memorandum" means the Explanatory Memorandum attached to this Notice.

"Financial Report" means the annual financial report for the Company and its controlled entities, prepared under Chapter 2M of the Corporations Act.

"Key Management Personnel" or **"KMP"** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

"Listing Rules" means the official listing rules of ASX, as amended from time to time.

"Notice" means this Notice of Meeting.

"Proxy Form" means the proxy form attached to this Notice.

"Remuneration Report" means the remuneration report of the Company for the year ended 31 December 2016 contained in the Financial Report.

"Resolution" means a resolution contained in this Notice.

"Share Registry" means Computershare Investor Services Pty Limited.

"Spill Meeting" means a general meeting to be held to consider resolutions in relation to the election or re-election of Directors, which the Company is required to and will only hold if the Spill Resolution is passed.

"Spill Resolution" means a resolution which the Company is required to and will only put to the Meeting if at least 25% of the votes cast on Resolution 1 are against the Remuneration Report at two consecutive Annual General Meetings.

"Shares" means ordinary fully paid shares in the capital of the Company.

"Shareholder" means a holder of Shares.

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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For your vote to be effective it must be received by 11:00am (AWST) Sunday, 30 April 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to the meeting to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View the Annual Report, 24 hours a day, 7 days a week:

www.dragonmining.com

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Dragon Mining Limited hereby appoint

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the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Dragon Mining Limited to be held at **Unit B1, 431 Roberts Road, Subiaco, Western Australia** on **Tuesday, 2 May 2017 at 11:00am (AWST)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Brett Smith as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /
