

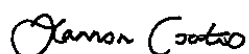
ASX ANNOUNCEMENT

10 AUGUST 2017

**FINANCIAL STATEMENTS IN SUPPORT OF APPLICATION TO LIST ON THE STOCK
EXCHANGE OF HONG KONG LIMITED (HKEX)**

Dragon Mining Limited (ASX: DRA) (**Company**) advises that the attached audited financial statements for the period from 1 January 2017 to 30 April 2017 were prepared to comply with the revised timetable for the Company's proposed listing on the Hong Kong Stock Exchange, as announced to ASX on 2 June 2017. These accounts will be utilised in the Prospectus for the proposed listing on Hong Kong Stock Exchange should same be approved by Hong Kong Stock Exchange.

Yours faithfully



Shannon Coates,
Company Secretary
For and on behalf of
Dragon Mining Limited

The following interim Consolidated Financial Statements for the four months ended 30 April 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. The information should be read in conjunction with the Group's accounting policies as disclosed in the 31 December 2016 Annual Financial Report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Four months ended 30 April	
	2016 AUD'000	2017 AUD'000
Notes		
Revenue from gold and silver sales	15,423	12,919
Cost of sales	(14,057)	(10,863)
Gross profit	1,366	2,056
Other revenue	158	121
Other income	18	33
Exploration expenditure	(289)	(104)
Management and administration expenses	(1,075)	(1,015)
Other expenses	4,474	(218)
Finance costs	(1)	(4)
Foreign exchange gains	(230)	(179)
Net Hong Kong listing costs	-	(2,032)
Profit/ (loss) before tax	4,421	(1,342)
Income tax expense	-	-
Profit/ (loss) for the period after income tax	4,421	(1,342)
Earnings per share attributable to ordinary equity holders of the parent (cents per share)		
Basic earnings/(loss) per share	4.98	(1.51)
Diluted earnings/(loss) per share	4.98	(1.51)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Four months ended 30 April	
	2016	2017
Note	AUD'000 (Unaudited)	AUD'000
Profit/(loss) for the period after income tax (brought forward)	4,421	(1,342)
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Gain/(loss) on foreign currency translation	(274)	95
Other comprehensive income reclassified to the profit or loss in the current period	(3)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(277)	95
Profit/ (loss) for the period after income tax (brought forward)	4,144	(1,247)
Profit/(loss) attributable to:		
Owners of the parent	4,421	(1,342)
	4,421	(1,342)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	4,144	(1,247)
	4,144	(1,247)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2016 AUD'000	As at 30 April 2017 AUD'000
CURRENT ASSETS			
Cash and cash equivalents		15,407	9,281
Trade and other receivables		3,696	2,074
Inventories		6,752	9,972
Other assets		180	725
TOTAL CURRENT ASSETS		26,035	22,052
NON-CURRENT ASSETS			
Property, plant and equipment		16,860	16,546
Mineral exploration costs		2,231	2,782
Available-for-sale financial assets		-	-
Other assets		5,306	5,270
TOTAL NON-CURRENT ASSETS		24,397	24,598
TOTAL ASSETS		50,432	46,650
CURRENT LIABILITIES			
Trade and other payables		6,806	4,770
Provisions		2,132	2,262
Other liabilities		96	56
TOTAL CURRENT LIABILITIES		9,034	7,088
NON-CURRENT LIABILITIES			
Provisions		10,583	9,994
Deferred tax liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		10,583	9,994
TOTAL LIABILITIES		19,617	17,082
NET ASSETS		30,815	29,568
EQUITY			
Contributed equity		119,992	119,992
Reserves		(2,770)	(2,675)
Accumulated losses		(86,407)	(87,749)
TOTAL EQUITY		30,815	29,568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Accumulated Losses	Foreign Currency Translation	Other Reserve	Available for sale financial asset reserve	Equity Reserve from purchase of Non-controlling Interest	Total Equity
	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000	AUD'000
At 1 January 2016	119,992	(91,770)	(4,505)	2,068	(11)	1,069	26,843
Profit for the period (Unaudited)	-	4,421	-	-	-	-	4,421
Other comprehensive income (Unaudited)	-	-	(277)	-	(3)	-	(280)
Total comprehensive income for the period	-	4,421	(277)	-	(3)	-	4,141
At 30 April 2016 (Unaudited)	119,992	(87,349)	(4,782)	2,068	(14)	1,069	30,984
At 1 January 2017	119,992	(86,407)	(5,907)	2,068	-	1,069	30,815
Loss for the period	-	(1,342)	-	-	-	-	(1,342)
Other comprehensive income	-	-	95	-	-	-	95
Total comprehensive income for the period	-	(1,342)	95	-	-	-	(1,247)
At 30 April 2017	119,992	(87,749)	(5,812)	2,068	-	1,069	29,568

CONSOLIDATED STATEMENT OF CASH FLOWS

	Four months ended 30 April	
Note	2016 AUD'000	2017 AUD'000
Cash flows from operating activities		
Receipts from customers	22,329	15,113
Payments to suppliers and employees	(20,870)	(17,680)
Payments for mineral exploration	(543)	(243)
Interest received	51	22
Interest expense	-	-
Payments for rehabilitation	-	-
Income taxes paid	-	-
Payment of environmental bonds	-	-
Net cash from operating activities	967	(2,788)
Cash flows from investing activities		
Payments for property, plant and equipment	(1,532)	(1,084)
Proceeds from disposal of property, plant and equipment	-	-
Payments for exploration	(1,219)	(631)
Payments for development of mine properties	(1,504)	(1,027)
Payments for bonds held on deposit	65	1
Proceeds from disposal of investments	-	-
Net cash used in investing activities	(4,190)	(2,741)
Cash flows from financing activities		
Prepaid share issue costs	-	(342)
Repayment of short-term factoring facility	-	-
Net cash used in financing activities	-	(342)
Net increase/(decrease) in cash and cash equivalents	(3,223)	(5,871)
Cash and cash equivalents at the beginning of the year	13,896	15,407
Effects of exchange rate changes on cash and cash equivalents	(16)	(255)
Cash and cash equivalents at the end of the period	10,657	9,281