Dragon Mining

APPENDIX 4D

For the 6 months ended 30 June 2018

1.0 REPORTING PERIOD

The reporting period is for the half year ended 30 June 2018 with the corresponding reporting period being for the half year ended 30 June 2017.

2.0 RESULTS FOR ANNOUNCEMENT TO THE MARKET

				A$'000
Revenues from gold sales	up	1.65%	to	19,742
Net loss before tax for the period	up	89.46%	to	(5,301)
Net loss after tax for the period attributable to members	up	89.46%	to	(5,301)

3.0 NET TANGIBLE ASSET BACKING

	30 June 2018	30 June 2017
Net tangible asset backing per ordinary security (dollars)	0.31	0.33

4.0 CONTROL GAINED OR LOST OVER ENTITIES HAVING MATERIAL EFFECT

Not applicable.

5.0 DIVIDENDS

It is not proposed to pay a dividend.

6.0 DIVIDEND REINVESTMENT PLANS

Not applicable.

7.0 ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable

8.0 ACCOUNTING STANDARDS USED FOR FOREIGN ENTITIES

The accounts have been prepared in compliance with International Financial Reporting Standards.

9.0 AUDIT DISPUTE OR QUALIFICATION

Not applicable.

This half year report should be read in conjunction with the most recent annual financial report.

DRAGON MINING LIMITED

ABN 19 009 450 051

CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2018

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CORPORATE INFORMATION

Directors
Non-Executive Chairman – Mr Arthur G Dew
Executive Director – Mr Brett R Smith
Non-Executive Director – Mr Carlisle C Procter
Alternate Director to Mr Arthur G Dew – Mr Mark Wong

Company Secretary
Ms Shannon Coates

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Within Australia: 1300 557 010
From Overseas: 61 9 9323 2000
Facsimile: 61 8 9323 2033
web.queries@computershare.com.au
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ASX Limited
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152-158 St Georges Terrace
Perth, Western Australia 6000
Quoted on the official list of the
Australian Securities Exchange
ASX Ordinary Share Code: DRA

Auditors
Ernst & Young
11 Mounts Bay Road
Perth, Western Australia 6000

Legal Advisors
DLA Piper
31/152-158 St Georges Terrace
Perth, Western Australia 6000

Bankers
Nordea Bank Finland Plc
Aleksis Kiven katu 3-5
Helsinki, Finland

National Australia Bank Ltd
Level 13, 100 St Georges Terrace
Perth, Western Australia 6000

DIRECTOR'S REPORT

Your Directors submit the report of Dragon Mining Limited ("Dragon Mining" or "the Company") for the half year ended 30 June 2018.

1. Directors

The names of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Arthur G Dew	–	Non-Executive Chairman (Appointed 7 February 2014)
Mr Brett R Smith	–	Executive Director (Appointed 7 February 2014)
Mr Carlisle C Procter	–	Non-Executive Director (Appointed 19 May 2015)
Mr Mark Wong	–	Alternate Director to Mr Arthur G Dew (Appointed 19 May 2015)

2. Financial Results and Overview

Stronger USD gold spot prices were realised during the first half of 2018, ranging from a high of US$1,344/oz to a low of US$1,250/oz, and averaging US$1,301/oz.

The consolidated net loss after tax for the consolidated entity for the period was $5.3 million (30 June 2017: Loss of $2.8 million).

Net operating cash flows for the period ended 30 June 2018 included costs associated with:

- Obtaining the Test Mining Permit for the Fäboliden Gold Project ("Fäboliden") in Sweden;
- Challenging the appeal of the Company's Test Mining Permit by a local NGO; and
- The strategic decision to keep the Svartliden plant operating at below breakeven in anticipation of the commencement of test mining at Fäboliden. On 14 May 2018, the Company announced the Test Mining Permit had gained legal force.

Other notable items for the half year included:

- Revenue from operating activities of $19.7 million (HY2017: $19.4 million);
- Gold production of 11,838 ounces (HY2017: 14,000 ounces);
- Gross loss from gold sales net of cost of sales $2.2 million (HY2017: Gross profit $1.2 million);
- Total development costs (includes capitalised exploration) $3.6 million (HY2017 $3.0 million)
- Net operating cash outflow of $3.2 million (HY2017: $3.0 million);
- Cash depletion for the 6-month period of $3.9 million (HY2017: $8.3 million); and
- Uncapitalised Hong Kong listing costs amounting to $0.4 million.

3. Principal Activities

The principal activities of the Company during the period were:

- Gold mining, and processing ore in Finland;
- Processing gold concentrate in Sweden; and
- Exploration, evaluation and development of gold projects in the Nordic region.

There have been no significant changes in the nature of these activities during the period.

4. Corporate Overview

Proposed Delisting from ASX and Listing on the Stock Exchange of Hong Kong

The Company previously announced that the ASX had approved its application to delist from the ASX and that at the meeting of shareholders held on 2 May 2017, shareholder approval was given for the Company to:

- Be removed from the Official List of the ASX;
- Amend its constitution to facilitate a listing of the Company on the Stock Exchange of Hong Kong ("Listing"); and
- Issue up to 50,000,000 shares at an issue price of no less than $0.35 per share, by means of a public offer ("Public Offer").

On 29 May 2018, at the request of ASX, Shareholders again approved the issue of up to 50,000,000 shares at an issue price of no less than $0.35 per share, by means of a Public Offer. A draft Prospectus was re-submitted to the HKEx in July for the Public Offer being made in conjunction with the Company's proposed listing on the HKEx.

Fäboliden Gold Project Update

On 1 December 2017, the Company announced that the County Administration Board ("CAB") had granted the Fäboliden Test Mining Permit ("Permit") subject to a number of conditions. On 29 December 2017, an appeal against the Permit was received by the CAB from Naturskyddsföreningen, a local nature conservation NGO in Lycksele. The Company and the CAB lodged responses to the appeal with the Swedish Land and Environmental Court, disputing the legal and technical basis for the appeal.

On 18 April 2018, the Company announced the Land and Environmental Court had found in favour of the Company and rejected the appeal. The Permit for test mining activities at Fäboliden gained legal force on 11 May 2018 after no further appeals were received by the Court, enabling the Company to progress test mining activities at Fäboliden.

On 10 July 2018, the Company submitted its application to the Land and Environmental Court to secure an Environmental Permit for full scale mining operations at Fäboliden.

Unsecured Loan Facility with AP Finance Update

On 28 March, the Company extended the repayment date of its Hong Kong Dollar denominated A$6.0 million unsecured Loan Facility with AP Finance Limited ("Loan Facility") from 15 February 2019 to 31 October 2019, all other terms and conditions remained unchanged.

During the half year, the Company made the following drawdowns and voluntary prepayments:

- On 9 March 2018, the Company drew down $2.0 million;
- On 12 April 2018, the Company drew down $1.0 million;
- On 10 and 15 May 2018, the Company drew down a further $2.0 million in total, $1.0 million of which was voluntarily prepaid on 23 May 2018; and
- On 4 June 2018, the Company drew down a further $1.0 million.

The drawdowns were used to fund existing development projects and provide additional working capital.

On 5 June 2018, the Company increased its Loan Facility by A$2.0 million to A$8.0 million, leaving A$3.0 million in undrawn funds remaining at 30 June 2018.

Refer to note 6, Significant Events after Period End for further changes to the Loan Facility.

5. Review of Activities

Operations

Overview

The Company's operations recorded no Lost Time Injuries (LTI) during the period.

Operation	Days LTI Free
Svartliden Plant	819
Vammala Production Centre	114
Jokisivu Gold Mine	921
Kaapelinkulma Gold Project	547
Orivesi Gold Mine	1,305

The Company continues to focus on driving an improved safety culture across all its operations.

Gold production for the half year was 11,838 ounces (HY2017: 14,000 ounces). During the period, the Company has focussed on development activities in the upper parts of Orivesi, with high grade stoping ore tonnes scheduled for production in Q3, 2018.

Total ore mined for the HY2018 from the Jokisivu mine was 131,799 tonnes and the Orivesi mine 14,683 tonnes (HY2017: 132,937 tonnes and 35,592 tonnes respectively). Development drifts at Jokisivu, including the Kujankallio decline, advanced 1,599m during the quarter between the 340m and 420m levels. At Orivesi development advanced 877m during the period and was focussed on the Sarvisuo lode system. Development reached the ore pipes between the 340m and 400m levels and the 130m and 150m levels. Positive exploration and grade control results from drilling in the Sarvisuo and Sarvisuo West areas were received from several locations and identified a small stoping target at Sarvisuo 670-690. The cessation of mining in the deep parts of Kutema has also seen a decrease in the level of recorded seismic activity.

Environmental work at Vammala included the update and delivery of the Company's Environmental Permit application to the Regional State Administrative Agency of Western and Inland Finland ("AVI Vaasa"). Other activities included the continuation of dust prevention measures around the B pond, the raising of the tailings storage facility, and completion of the annual water monitoring report submitted to the Centre for Economic, Development, Transport and the Environment of Pirkanmaa ("PIR ELY").

During the half year, the Vaasa Administrative Court rejected the appeal by the Company and PIR ELY against the earlier rejection by the Court of the Company's new Environmental Permit for the Orivesi Gold Mine. Subsequently, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland. The Company has received legal advice that the grounds for submitting the Leave to Appeal and the Appeal are strong. Refer to note 6 Significant Events After Period End for further information.

The Svartliden Production Centre ("Svartliden") in northern Sweden continued to process only internal concentrates from Finland. The Board continues to support the operation of the Svartliden plant at below breakeven to ensure retention of staff for the expected start-up of the processing of ore from Fäboliden. All the Jokisivu flotation concentrate and almost all of the Orivesi flotation concentrate was processed at Svartliden. A small portion of the Orivesi flotation concentrate was delivered to the Boliden Harjavalta smelter in southern Finland, in addition to a shipment of gravity gold concentrate to the Argor-Heraeus refinery in Switzerland.

The updated Svartliden Rehabilitation Plan was finalised and submitted to the Land and Environmental Court on 7 April 2018.

Advanced Projects and Exploration

The Company advanced activities at its projects in Finland and Sweden during the half year ending 30 June 2018.

Drilling continued at both the Jokisivu Gold Mine and Orivesi Gold Mine in southern Finland with 107 holes completed for an advance of 16,225.85 metres during the half year. Programs were carried out with the objective of better defining the extent and geometry of known mineralised zones and providing information to support future mine planning and development. The Company also continued to advance the Kaapelinkulma Gold Project towards mine start-up and worked towards the development of the Fäboliden Gold Project.

Updates of the Company's Mineral Resources and Ore Reserves were released in early 2018. These updates included results from drilling carried out during 2017, but not results from drilling completed during first half 2018.

Full details of the drilling programs were released to the ASX on:

- 17 April 2018 – Update of Activities Completed in Southern Finland;
- 15 June 2018 – Orivesi Drilling returns Significant Gold Intercepts; and
- 17 July 2018 – Update of Activities Completed at the Jokisivu Gold Mine.

Updates of the Mineral Resources and Ore Reserves were released to the ASX on:

- 11 January 2018 – Mineral Resources Updated for Dragon Mining's Nordic Projects;
- 23 February 2018 – Dragon Mining Updates Ore Reserves for Nordic Projects.

These releases can be found at www.asx.com.au (Code: DRA).

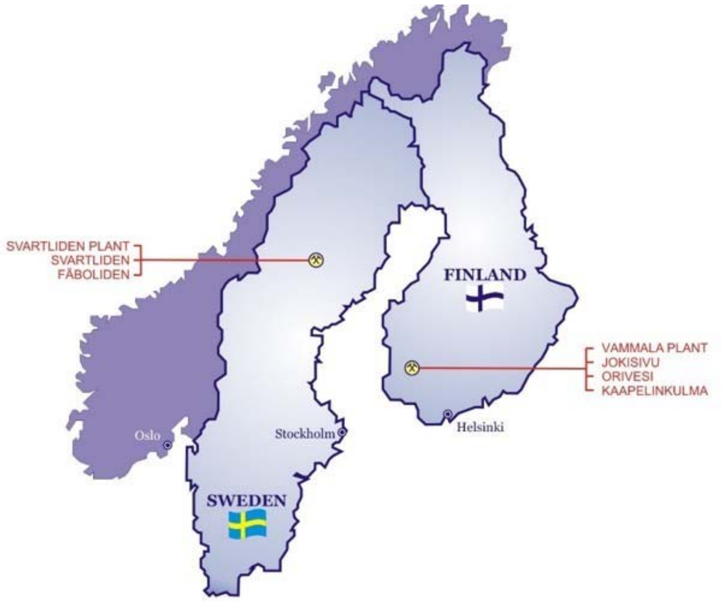
Jokisivu Exploration

At the Jokisivu Gold Mine drilling was completed over three campaigns during the half year, targeting the Kujankallio Main Zone between the 340m and 420m levels, the Arpola deposit at the 350m level and the Kujankallio Hinge Zone between the 410m and 475m levels. Results have been received for all holes in the Kujankallio Main Zone campaign, yielding a series of significant intercepts that support the current resource model, further delineating the two principal zones in the targeted area at grades and widths commensurate with earlier work. The intercept pattern however tends to be more scattered to the east raising a level of uncertainty in the modelled shapes in this area. Results remain pending for the Arpola and Kujankallio Hinge Zone campaigns.

Orivesi Exploration

Drilling at the Orivesi Gold Mine continued to target the Sarvisuo and Sarvisuo West areas. A campaign directed towards the extensions of known gold bearing zones in the inner area at Sarvisuo West between the 340m and 420m levels returned a number of robust intercepts. This campaign defined an 80 metre extension to the primary target at grades commensurate with results from earlier exploration drilling. This near vertical gold bearing zone remains open below the 420m level and is located in close proximity to existing underground development. A series of significant intercepts were also obtained from a campaign that targeted select zones in the outer Sarvisuo West area. The identified zones may provide incremental material when the higher-grade inner zones are mined.

Advanced Projects and Exploration (continued)



Location of Projects and Production Centres

Kaapelinkulma Gold Project

The Kaapelinkulma Gold Project continued to progress towards mine start-up during the half year with the establishment of critical onsite infrastructure, the removal of overburden from the open-pit area and the construction of a noise barrier around the southern perimeter of the planned open-pit. Mining of ore from the Kaapelinkulma Gold Project is scheduled to commence later this year, following the construction of on-site settling ponds, preparation of the contractor's laydown area, minor infrastructure works, and the selection of a mining contractor.

Fäboliden Gold Project

Development work continued at the Fäboliden Gold Project. A permit to undertake a phase of test mining at the Fäboliden Gold Project gained legal force on 11 May 2018. Dragon Mining will look to commence test mining activities during the third quarter in 2018. The test mining program will provide important information to the Company in relation to the mining and processing of material from the Fäboliden deposit in anticipation of full scale mining operations.

Subsequent to the end of the half year, the Company submitted an application to the Land and Environment Court to secure an Environmental Permit for full scale mining operations at Fäboliden.

Mineral Resources and Ore Reserves

The updating of the Company's Mineral Resources recorded a 2.28% decrease in total tonnes and a 0.35% decrease in total ounces of gold as at 30 September 2017, when compared to the previously reported update of the Company's Mineral Resources as at the 31 December 2016. The updating of the Ore Reserves for the Company's Nordic Projects has also been completed. The updated total Ore Reserve represents an overall increase of 29% in tonnes and 22% in ounces of gold, after depletion for mining to 30 September 2017, when compared to the Company's Proved and Probable Ore Reserves as at 31 December 2016.

The updates have increased the mine life for Jokisivu to four years, whilst successful drilling campaigns carried out at Orivesi during 2017 have resulted in an additional year of Ore Reserves being defined. Including the Ore Reserves for Fäboliden, where the Company is working towards obtaining environmental approval for full scale mining operations, the Company now has sufficient Ore Reserves for production through to at least 2024. The updates have also delivered the Company its highest total Ore Reserve tonnage since commencing activities in the Nordic region in 2000.

Competent Persons Statement

The information in this report that relates to Ore Reserves was previously released to the ASX on the 21 March 2017 (Fäboliden Gold Project) and 23 February 2018 (Orivesi Gold Mine, Jokisivu Gold Mine and Kaapelinkulma Gold Project). These releases can be found at www.asx.com.au (Code:DRA). It fairly represents information and supporting documentation compiled or supervised by Mr Joe McDiarmid, who is a Chartered Professional

Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Written consent was previously provided by Mr Joe McDiarmid for the 21 March 2017 and 23 February 2018 releases.

The information in this report that relates to Mineral Resources were previously released to the ASX on the 28 February 2017 (Fäboliden Gold Project and Svartliden Gold Mine) and 11 January 2018 (Orivesi gold Mine, Jokisivu Gold Mine and Kaapelinkulma Gold Project). These releases can be found at www.asx.com.au (Code:DRA). It fairly represents information and supporting documentation that was compiled or supervised by Mr. Jeremy Clark who is a full-time employee of RPMGlobal Asia Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr. Jeremy Clark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr. Jeremy Clark for the 28 February 2017 and 11 January 2018 releases.

The information in this report that relates to Exploration Results were previously released to the ASX on 17 April 2018, 15 June 2018 and 17 July 2018. These releases can be found at www.asx.com.au (Code: DRA). They fairly represent information and supporting documentation that was compiled by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Written consent was previously provided by Mr Neale Edwards for the releases dated the 17 April 2018, 15 June 2018 and 17 July 2018.

The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves as reported on the 21 March 2017 and 23 February 2018, the Mineral Resources reported on the 28 February 2017 and 11 January 2018 and the Exploration Results reported on the 17 April 2018, 15 June 2018 and 17 July 2018. The assumptions and technical parameters underpinning the Ore Reserve estimates, the Mineral Resource estimates and the Exploration Results in the releases continue to apply and have not materially changed.

Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves, confirms that the form and context in which information related to the Ore Reserves, Mineral Resources and Exploration Results are presented in this report have not been materially modified from the releases dated the 28 February 2017, 31 March 2017, 11 January 2018, 23 February 2018, 17 April 2018, 15 June 2018 and 17 July 2018. Mr Neale Edwards has provided written consent approving the information related to the Ore Reserves, Mineral Resources and Exploration Results for the Orivesi Gold Mine, Jokisivu Gold Mine, Kaapelinkulma Gold Project, Fäboliden Gold Project and Svartliden Gold Mine in this report in the form and context in which they appear.

6. Significant Events after Period End

During the half year, the Vaasa Administrative Court rejected the appeal by the Company and PIR ELY against the earlier rejection by the Court of the Company's new Environmental Permit for the Orivesi Gold Mine. On 11 July 2018, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland. The Company can continue to operate under its existing Environmental Permit conditions while it awaits the Courts decision.

On 27 July 2018, the Company announced that test mining activities had commenced at Fäboliden.

On 20 July and 17 August 2018, the Company drew down an additional $2.0 million in total from its unsecured Loan Facility with AP Finance Limited. The drawdown was used to fund existing development projects and to provide additional working capital.

On 27 August 2018, the Company increased its Loan Facility by A$4.0 million, bringing the total Loan Facility to the AUD equivalent of $12.0 million. In addition, the repayment date was revised from 31 October 2019 to 31 December 2019. At the date of this report A$5.0 million remained undrawn.

7. Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Directors have received confirmation from the auditor of Dragon Mining Limited that they are independent of the Company.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 9 and forms part of the Directors' report for the half year ended 30 June 2018.

8. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) and where noted ($'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

Signed in accordance with a resolution of the Directors:

Brett R Smith
Executive Director
28 August 2018

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Auditor's Independence Declaration to the Directors of Dragon Mining Limited

As lead auditor for the review of Dragon Mining Limited for the half-year ended 30 June 2018, I declare to the best of my knowledge and belief there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional code of professional conduct in relation to the review.

This declaration is in respect of Dragon Mining Limited and the entities it controlled during the half-year.

Ernst & Young

Ernst and Young

J K Newton

J K Newton
Partner
28 August 2018

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000
Revenue from customers		19,742	19,422
Cost of sales	3(b)	(21,917)	(18,200)
Gross (loss) / profit		**(2,175)**	**1,222**
Other revenue	3(a)	4	144
Other income	3(a)	19	39
Exploration expenditure		(30)	(137)
Management and administration expenses	3(c)	(1,846)	(1,640)
Other expenses	3(c)	(34)	(232)
Finance costs	3(d)	(51)	(8)
Foreign exchange loss		(782)	(56)
Hong Kong listing costs		(406)	(2,130)
Loss before tax		**(5,301)**	**(2,798)**
Income tax expense		-	-
Loss after income tax		**(5,301)**	**(2,798)**
Earnings per share attributable to ordinary equity holders of the company (cents per share)			
Basic loss per share		(5.97)	(3.15)
Diluted loss per share		(5.97)	(3.15)

The above Consolidated Interim Statement of Profit or Loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000
Loss for the period after income tax (brought forward)		**(5,301)**	**(2,798)**
Other comprehensive income – *Other comprehensive income to be reclassified to profit or loss in subsequent periods*			
Gain on foreign currency translation		456	394
Net other comprehensive loss for the period after tax		**(4,845)**	**(2,404)**
Loss attributable to:			
Owners of the company		(5,301)	(2,798)
		(5,301)	**(2,798)**
Total comprehensive loss attributable to:			
Owners of the Company		(4,845)	(2,404)
		(4,845)	**(2,404)**

The above Consolidated Interim Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	30 June 2018 $'000	31 Dec 2017 $'000
Current Assets			
Cash and cash equivalents		2,926	6,609
Trade and other receivables	4	3,106	2,581
Inventories	5	8,140	9,110
Other assets	6	1,946	1,728
Total Current Assets		**16,118**	**20,028**
Non-Current Assets			
Property, plant and equipment	7	23,586	19,344
Mineral evaluation costs	8	6,699	5,562
Other assets		5,250	5,415
Total Non-Current Assets		**35,535**	**30,321**
Total Assets		**51,653**	**50,349**
Current Liabilities			
Trade and other payables		5,919	5,840
Provisions	9	1,993	2,215
Other liabilities		129	101
Total Current Liabilities		**8,041**	**8,156**
Non-Current Liabilities			
Provisions	9	11,998	10,834
Interest bearing liabilities	10	5,100	-
Total Non-Current Liabilities		**17,098**	**10,834**
Total Liabilities		**25,139**	**18,990**
Net Assets		**26,514**	**31,359**
Equity			
Contributed equity	13	119,992	119,992
Reserves		(1,187)	(1,643)
Accumulated losses		(92,291)	(86,990)
Total Equity		**26,514**	**31,359**

The above Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Contributed Equity $'000	Accumulated Losses $'000	Foreign Currency Translation $'000	Other Reserve $'000	Equity Reserve – Purchase of Non-controlling interests $'000	Total $'000
At 31 December 2017	119,992	(86,990)	(4,780)	2,068	1,069	31,359
Loss for the period	-	(5,301)	-	-	-	(5,301)
Other comprehensive profit	-	-	456	-	-	456
Total comprehensive profit / (loss) for the period	**-**	**(5,301)**	**456**	**-**	**-**	**(4,845)**
At 30 June 2018	**119,992**	**(92,291)**	**(4,324)**	**2,068**	**1,069**	**26,514**
At 31 December 2016	119,992	(86,407)	(5,907)	2,068	1,069	30,815
Loss for the period	-	(2,798)	-	-	-	(2,798)
Other comprehensive Profit	-	-	394	-	-	394
Total comprehensive profit / (loss) for the period	**-**	**(2,798)**	**394**	**-**	**-**	**(2,404)**
At 30 June 2017	**119,992**	**(89,205)**	**(5,513)**	**2,068**	**1,069**	**28,411**

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000
Cash flows from operating activities			
Receipts from customers		19,447	21,628
Payments to suppliers and employees		(22,563)	(24,318)
Payments for mineral exploration		(45)	(335)
Interest received		4	30
Interest paid		(19)	(1)
Net cash used in operating activities		**(3,176)**	**(2,996)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,789)	(1,650)
Proceeds from bonds held on deposit		8	17
Payments for development of mine properties		(3,556)	(3,013)
Net cash used by investing activities		**(5,337)**	**(4,646)**
Cash flows from financing activities			
Prepaid share issue costs		(355)	(622)
Proceeds from borrowings	10	5,000	-
Net cash proceeds from financing activities		**4,645**	**(622)**
Net decrease in cash and cash equivalents		**(3,868)**	**(8,264)**
Cash and cash equivalents at the beginning of the period		6,609	15,407
Effects of exchange rate changes on cash and cash equivalents		185	(405)
Cash and cash equivalents at the end of the period		**2,926**	**6,738**

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The consolidated interim financial report of Dragon Mining Limited and its controlled entities ("consolidated entity" or the "Group") for the half year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 28 August 2018.

Dragon Mining Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on Australian Securities Exchange.

2. Basis of Preparation and changes to the Group's Accounting Policies

(2.1) Basis of Preparation

The consolidated interim financial statements for the half year ended 30 June 2018 are condensed general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The consolidated interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The consolidated interim financial report should be read in conjunction with the annual report for the year ended 31 December 2017 and considered together with any public announcements made by Dragon Mining Limited during the half year ended 30 June 2018 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

(2.2) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group has applied for the first time, AASB 15 *Revenue from Contracts with Customers* ("AASB 15") and AASB 9 *Financial Instruments* ("AASB 9"). The revised accounting policies arising from the adoption of AASB 15 and AASB 9 are summarised in Note 2.3. Several other amendments and interpretations apply for the first time in 2018, but did not have an impact on the interim consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 15

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach. In this regard, the Group has applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

All customer contracts in force throughout the period have been reviewed and assessed and it was determined that the adoption of AASB 15 had no significant impact on the recognition and measurement of revenue. The accounting policy presented in Note 2.3(a) has been updated to reflect the application of AASB 15.

AASB 9

The Group has adopted AASB 9 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. Accordingly, consistent accounting policies have not been applied throughout the Relevant Periods. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139"), and brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policy presented in Note 2.3(b) has been updated to reflect the application of AASB 9 for the period from 1 January 2018.

Measurement and classification

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group have been assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	**Original measurement category under AASB 139 (i.e. prior to 31 December 2017)**	**New measurement category under AASB 9 (i.e. from 1 January 2018)**
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade receivables — concentrate sales	Host contract — loans and receivables Embedded derivative — at fair value through profit and loss	Financial assets at fair value through profit and loss
Trade receivables- other	Loans and receivables	Financial assets at amortised cost
Other Receivables	Loans and receivables	Financial assets at amortised cost
Bonds and deposits	Loans and receivables	Financial assets at amortised cost
Intercompany loans	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities	Financial liability at amortised cost	Financial liability at amortised cost

The reclassification of financial instruments did not have a significant measurement impact on the financial statements.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. Where the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

The Group's existing financial assets carried at amortised cost were reviewed and assessed for impairment at 1 January 2018 using reasonable and supportable information. With respect to bonds and cash balances these items were assessed to have a low credit risk as they are held by reputable institutions with high credit ratings. The ECL on other receivables is not considered to be material.

Hedging

The Group does not apply hedge accounting.

(2.3) Summary of revised significant accounting policies

(a) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue from the sale of gold bullion and concentrate when control of the product has transferred to the customer.

Concentrate sales

Concentrate is sold to a third-party through a delivery-at-place agreement. Once the concentrate has been delivered the Group has met its performance obligations and control passes. Revenue is recognised based on the estimated final settlement price, and is determined with reference to the forward gold price. Adjustments are made for variations in assay and weight between delivery and final settlement. The final settlement price received is based on the monthly average London Metal Exchange (LME) gold price for the month following delivery. Adjustments relating to quotational period pricing are measured in accordance with the policy at note 2.2.

Bullion sales

Bullion is sold on the market through the Group's metal account. Revenue is recognised in accordance with the price and quantity specified in the sales contract when the delivery obligations have been met.

(b) Trade and Other Receivables – policy applicable from 1 January 2018

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. This category includes trade receivables relating to concentrate sales that are subject to quotation period pricing.

The terms of the concentrate sales contract contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is based on the monthly average LME gold price for the month following delivery (the "quotational period"). Movements in the fair value of the concentrate debtors are recognised in other revenue.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(2.4) Other significant accounting policies

The following accounting policy has been adopted by the Group since the annual report for the year ended 31 December 2017:

(a) Interest bearing liabilities

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Consolidated Statements of Profit or Loss when the liabilities are derecognised, as well as through the amortisation process.

(2.5) Significant Accounting Judgement

(a) Share Issue Costs

Listing costs totalling $5.881 million have been incurred up to 30 June 2018, with $1.832 million relating to the proposed issue of new shares being recognised as a prepayment at 30 June 2018 and $0.406 million being expensed to the profit and loss for the six months ended 30 June 2018.

The incurred costs capitalised as a prepayment have been assessed by management as being directly attributable to the proposed issue of new shares and will be transferred to contributed equity on the date when the shares are issued. Where costs have been jointly incurred for the listing of existing shares and the issue of new shares, the costs have been allocated based on the proportion of the projected number of new shares issued to the number of total shares. Costs that are related to the Hong Kong listing have been expensed as incurred.

Listing costs recognised as a prepayment will be written off to the profit and loss if the likelihood of the share issue is no longer probable.

(b) Concentrate sales

With respect to concentrate sales, a receivable is recognised when the concentrate is delivered as this is the point in time that the Group's performance obligations have been met.
Adjustments are made for variations in assay and weight between the time of dispatch of the concentrate and time of final settlement. The Group estimates the amount of consideration receivable using the expected value approach based on internal assays. Management consider that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur due to a variation in assay and weight.

3. Other Revenue, Income, and Expenses

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000
(a) Other Revenue		
Finance revenue and interest	4	30
Other revenue	19	153
	23	**183**
(b) Cost of Sales		
Cost of production net of inventory movements[1]	20,535	16,608
Depreciation of mine properties, plant and equipment	1,382	1,592
	21,917	**18,200**
[1]Cost of production net of inventory movements		
Mining	12,038	12,227
Processing	7,860	3,731
Other production activities	637	650
Cost of production net of inventory movements	**20,535**	**16,608**
(c) Other expenses		
Management and administration expenses	1,846	1,640
Depreciation of non-mine site assets	34	33
Exploration write off	-	199
	1,880	**1,872**
(d) Finance costs		
Interest	43	1
Other	8	7
	51	**8**

4. Trade and Other Receivables

	30 June 2018 $'000	31 Dec 2017 $'000
Current		
- Trade receivables	-	1,556
- Trade receivables – Fair value through profit and loss	322	-
- Trade receivables – amortised cost (i)	1,300	-
- Other receivables	1,484	1,025
	3,106	**2,581**

(i) The trade receivables relate to gold sold on market where the cash was received on the following business day. On this basis, the probability of default was considered to be insignificant.

5. Inventories

	30 June 2018 $'000	31 Dec 2017 $'000
Work in progress		
- Ore and concentrate stockpiles - at cost	3,634	4,337
- Gold in circuit - at NRV	3,455	3,889
- Raw materials and stores – at cost	1,051	884
	8,140	**9,110**

In accordance with its accounting policy, the Company has stated inventories at the lower of cost or net realisable value ("NRV").

6. Other assets

	30 June 2018 $'000	31 Dec 2017 $'000
Current		
Prepayments	1,946	1,728
	1,946	**1,728**

To 30 June 2018, the Company has incurred $1.832 million of costs in relation to the issue of new shares as part of the Company's proposed listing on the Stock Exchange. These costs have been recognised as a prepayment and will be transferred to contributed equity when the shares are issued. The Company received shareholders' approval on 2 May 2017 to issue up to 50 million shares at an issue price of no less than AUD0.35 per Share, by means of a public offer.

7. Property, Plant and Equipment

	30 June 2018 $'000	31 Dec 2017 $'000
(a) Land		
Gross carrying amount at cost	**1,343**	**1,334**
(b) Buildings		
Gross carrying amount at cost	2,475	2,422
Less accumulated depreciation and impairment	(1,860)	(1,809)
Net carrying amount	**615**	**613**
(c) Property, Plant and Equipment		
Gross carrying amount at cost	31,972	31,609
Less accumulated depreciation and impairment	(29,756)	(29,152)
Net carrying amount	**2,216**	**2,457**
(d) Mine properties		
Gross carrying amount at cost	105,941	99,978
Less accumulated depreciation and impairment	(86,529)	(85,038)
Net carrying amount	**19,412**	**14,940**
Total Property, Plant and Equipment	**23,586**	**19,344**

8. Mineral Evaluation

	30 June 2018 $'000	31 Dec 2017 $'000
Mineral evaluation		
At cost	6,699	5,562
	6,699	**5,562**

9. Provisions

	30 June 2018 $'000	31 Dec 2017 $'000
Current		
Employee entitlements	1,899	2,138
Rehabilitation	-	-
Other	94	77
	1,993	**2,215**
Non-current		
Employee entitlements	35	34
Rehabilitation	11,963	10,800
	11,998	**10,834**

10. Interest Bearing Liabilities

Non-Current Loan Facility	**30 June 2018 $'000**	**31 Dec 2017 $'000**
Opening balance	-	-
Cash		
Drawdowns	6,000	-
Repayments	(1,000)	
Non-cash		
Revaluation	100	-
Closing balance	**5,100**	**-**

In February 2017, the Group entered into a Hong Kong Dollar denominated unsecured loan facility with AP Finance Limited ("Loan Facility") for the AUD equivalent of $6.0 million. The loan facility was amended in March 2018 to extend the repayment date to 31 October 2019. In June 2018, the loan facility was amended to increase the loan facility to $8.0 million.

The Company has agreed with AP Finance Limited that the April draw down of $2.0 million will be repayable in Australian Dollars. The rest of the facility remains repayable in Hong Kong Dollars. As at 30 June 2018, $3.0 million remains undrawn.

As at 30 June 2018:

	Interest rate	Maturity	HKD'000	AUD'000
AP Finance Limited…………………………………………				
Australian Dollar denominated draw downs	4%	31 October 2019	-	2,000
Hong Kong Dollar denominated draw downs	4%	31 October 2019	17,961	3,100
				5,100

Refer to note 14 for significant changes in interest bearing liabilities subsequent to 30 June 2018.

11. Dividends Paid or Provided For

There were no dividends paid or provided for during the period.

12. Segment Reporting

The Group has identified its operating segments to be Sweden and Finland, on the basis of geographical location, different national regulatory environments and different end products. Dragon Mining (Sweden) AB, the primary entity operating in Sweden, produced gold bullion from the processing of internally purchased concentrate. Dragon Mining Oy in Finland produced gold concentrate from the Orivesi and Jokisivu Gold Mines. During the period, 100% of the Jokisivu concentrate was purchased by Dragon Mining (Sweden) AB.

The accounting policies used by the Group in reporting segments are the same as in the prior reporting period ending 31 December 2017.

Disaggregation of revenue

External sales in Finland relate to concentrate from the Vammala Production Centre in Finland. These sales are all made under an ongoing arrangement to one customer and the quantity of concentrate sales is agreed by the parties in advance of delivery.

Inter-segment sales in Finland relate to concentrate on-sold to the Svartliden Processing Centre for further processing.

External sales in Sweden relate to gold bullion sold on-market through third party financial institutions.

The Group's segments reflect the disaggregation of revenue by geography and product types as described above.

	Sweden 30 June 2018 $'000	Finland 30 June 2018 $'000	Unallocated 30 June 2018 $'000	Total 30 June 2018 $'000
Segment revenue				
Revenue from customers	17,980	1,762	-	19,742
Inter-segment	-	16,201	-	16,201
Elimination of inter-segment revenue	-	-	(16,201)	(16,201)
Total revenue	**17,980**	**17,963**	**(16,201)**	**19,742**
Interest revenue	-	1	-	1
Other revenue	-	-	-	-
Unallocated interest revenue	-	-	3	3
Total other revenue	-	1	3	4
Depreciation and amortisation	40	1,341	-	1,382
Segment result				
Pre-tax segment result	(4,681)	(405)	-	(5,086)
Income tax expense	-	-	-	-
Post tax segment result	**(4,681)**	**(405)**	-	**(5,086)**
Unallocated items:				
Corporate interest revenue				3
Corporate costs				(1,664)
Finance costs				(47)
Elimination of inter-company interest expense, debt forgiveness and management fees in segment results				1,493
Loss after tax as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income				**(5,301)**

12. Segment Reporting (continued)

	Sweden 30 June 2017 $'000	Finland 30 June 2017 $'000	Unallocated 30 June 2017 $'000	Total 30 June 2017 $'000
Segment revenue				
Revenue from customers	18,157	1,265	-	19,422
Inter-segment	-	17,586	-	17,586
Elimination of inter-segment revenue	-	-	(17,586)	(17,586)
Total revenue	**18,157**	**18,851**	**(17,586)**	**19,422**
Interest revenue	1	2	-	3
Other revenue	-	153	-	153
Unallocated interest revenue	-	-	27	27
Total other revenue	**1**	**155**	**27**	**183**
Depreciation and amortisation	20	1,603	-	1,623
Segment result				
Pre-tax segment result	(2,788)	2,086	-	(702)
Income tax expense	-	-	-	-
Post tax segment result	**(2,788)**	**2,086**	**-**	**(702)**
Unallocated items:				
Corporate interest revenue				28
Corporate costs				(3,187)
Finance costs				(3)
Elimination of inter-company interest expense, debt forgiveness and management fees in segment results				1,066
Profit after tax as per the Consolidated Statement of Profit or Loss and Other Comprehensive Income				**(2,798)**

The following table presents segment assets of the Group's operating segments as at 30 June 2018 and 31 December 2017:

	Sweden $'000	Finland $'000	Australia $'000	Total $'000
Segment Non-Current assets				
At 30 June 2018	**16,820**	**18,661**	**54**	**35,535**
At 31 December 2017	**15,073**	**15,196**	**52**	**30,321**

13. Contributed Equity

	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Share Capital	Number of Shares		$'000	
Ordinary shares, fully paid	88,840,613	88,840,613	119,992	119,992

There has been no movement in ordinary share capital during the half year period.

14. Expenditure Commitments

An update to the commitments disclosed in the financial report for the year ended 31 December 2018 is detailed below.

Exploration commitments

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the consolidated entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The approximate minimum level of exploration requirements to retain current tenements is detailed below.

	30 June 2018 $'000	31 Dec 2017 $'000
Within one year	29	43
One year or later and no later than five years	149	206
	178	**249**

Operating Lease Expense Commitments

Commitments relating to future operating leases in existence at the reporting date but not recognised as liabilities are as follows:

	30 June 2018 $'000	31 Dec 2017 $'000
Within one year	30	71
One year or later and no later than five years	-	-
	30	**71**

Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are as follows:

	30 June 2018 $'000	31 Dec 2017$'000
Within one year	300	300
	300	**300**

15. Significant Events After Balance Date

During the half year, the Vaasa Administrative Court rejected the appeal by the Company and PIR ELY against the earlier rejection by the Court of the Company's new Environmental Permit for the Orivesi Gold Mine. On 11 July 2018, the Company and PIR ELY each submitted a Leave to Appeal, and an Appeal, to the Supreme Administrative Court in Finland. The Company can continue to operate under its existing Environmental Permit conditions while it awaits the Courts decision.

On 27 July 2018, the Company announced that test mining activities had commenced at Fäboliden.

On 20 July and 17 August 2018, the Company drew down an additional $2.0 million in total from its unsecured Loan Facility with AP Finance Limited. The drawdown was used to fund existing development projects and to provide additional working capital.

On 27 August 2018, the Company increased its Loan Facility by A$4.0 million, bringing the total Loan Facility to the AUD equivalent of $12.0 million. In addition, the repayment date was revised from 31 October 2019 to 31 December 2019. At the date of this report A$5.0 million remained undrawn.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of financial position of the consolidated entity as at 30 June 2018 and the performance for the half year ended on that date; and

- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Brett R Smith
Executive Director

28 August 2018

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Independent auditor's review report to the members of Dragon Mining Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Dragon Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 30 June 2018, the consolidated interim statement of profit or loss, consolidated interim statement of other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
Perth
28 August 2018