



ABN 82 111 005 282

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2019

The information contained in this condensed report is to be read in conjunction with Dragon Mountain Gold Limited's 2015 annual report and announcements to the market by Dragon Mountain Gold Limited during the half-year period ending 31 December 2019

DRAGON MOUNTAIN GOLD LIMITED

AND CONTROLLED ENTITIES

ABN 82 111 005 282

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Corporate Directory

Current Directors

Robert Gardner	<i>Executive Chairman</i>
Paul Piercy	<i>Non-executive Director</i>
Jay Stephenson	<i>Non-executive Director</i>

Company Secretary

Jay Stephenson

Registered Office

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

Securities Exchange

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

Corporate Adviser

Wolfstar Group Pty Ltd
Street: Barringtons House
283 Rokeby
West Perth WA 6005
Telephone: +61 (0)8 6141 3500

Share Registry

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

Auditor










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

Solicitors to the Company

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

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Directors' Report

Your Directors present their report together with the summary of the financial information of Dragon Mountain Gold Limited (**the Company**) and its controlled entity (**the Consolidated Entity** or **the Group**) for the half-year ended 31 December 2019.

1. Directors

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

	Mr Robert Gardner	<i>Executive Chairman</i>
	Mr Paul Piercy	<i>Non-executive Director</i>
	Mr Jay Stephenson	<i>Non-executive Director</i>

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

2. Review of Operations

During the year, the Company analyzed the results of the drill program at the Cawse and Avalon projects which it holds an option for the gold rights. The option has not yet been exercised and the Company is considering its further involvement.

The Company also performed Due Diligence on a number of other opportunities. One of the opportunities has progressed and the Company is now working with the target to complete a submission to ASX.

The Group had \$1,383,593 in cash reserves at the end of the year. Directors are continuing to manage the Group's cash flow in this difficult capital raising environment for junior exploration companies.

2.1. Operating results

The loss of the Company for the half-year amounted to \$360,152 (31 December 2018: \$326,764). The consolidated loss of the Group for the half-year excluding minority equity interests amounted to \$360,152 (31 December 2018: \$326,764). The increase is wholly attributable to the reduction in interest received during the current financial year.

2.2. Financial position

The net assets of the Company have decreased by \$360,152 from 30 June 2019 to \$1,051,111 at 31 December 2019.

As at 31 December 2019, the Company's cash and cash equivalents decreased from 30 June 2019 by \$180,859 to \$1,383,593 and had working capital of \$1,046,463 (30 June 2019: \$1,406,235 working capital).

3. Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2019 has been received and can be found on page 2 on the half-year report.



ROBERT GARDNER

Chairman

Dated this Friday, 13 March 2020

Crowe Perth

ABN 96 844 819 235

Level 5 45 St Georges Terrace

Perth WA 6000

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Perth WA 6844

Australia

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Fax +61 (8) 9481 0152

www.crowe.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dragon Mountain Gold Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

**CROWE PERTH****CYRUS PATELL**

Partner

Signed at Perth, 13th March 2020

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

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INTERIM FINANCIAL REPORT 31 DECEMBER 2019

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Continuing operations			
Revenue	1.1	10,322	22,108
		10,322	22,108
Accounting and audit fees		(37,160)	(42,032)
Computers and communications		(2,291)	(4,436)
Depreciation		(380)	(525)
Employee benefits expenses	2.1	(212,126)	(212,126)
Insurance		(8,715)	(6,861)
Occupancy expenses		(55,360)	(55,300)
Professional fees		(33,445)	(11,953)
Regulatory expenses		(20,445)	(15,149)
Other expenses		(552)	(490)
Loss before tax		(360,152)	(326,764)
Income tax benefit / (expense)		-	-
Loss from continuing operations		(360,152)	(326,764)
Net loss for the half-year		(360,152)	(326,764)
Other comprehensive income, net of income tax			
☞ Items that will not be reclassified subsequently to profit or loss		-	-
☞ Items that may be reclassified subsequently to profit or loss:			
Foreign currency movement		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(360,152)	(326,764)
Profit/(loss) for the period attributable to:			
☞ Non-controlling interest		-	-
☞ Owners of the parent		(360,152)	(326,764)
Total comprehensive income/(loss) attributable to:			
☞ Non-controlling interest		-	-
☞ Owners of the parent		(360,152)	(326,764)
Earnings per share:			
Basic loss per share (cents per share)	9.3	¢ (0.14)	¢ (0.12)

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

Condensed consolidated statement of financial position

as at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	3.1	1,383,593	1,564,452
Trade and other receivables	3.2	43,990	37,372
Other current assets	3.3	25,755	-
Total current assets		1,453,338	1,601,824
Non-current assets			
Plant and equipment	4.1	4,648	5,028
Total non-current assets		4,648	5,028
Total assets		1,457,986	1,606,852
Current liabilities			
Trade and other payables	3.4	406,875	195,589
Total current liabilities		406,875	195,589
Total liabilities		406,875	195,589
Net assets		1,051,111	1,411,263
Equity			
Issued capital	5.1	33,081,803	33,081,803
Reserves	5.3	1,040	1,040
Accumulated losses		(32,031,732)	(31,671,580)
Total equity		1,051,111	1,411,263

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

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Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2019

Note					
	Issued Capital	Accumulated Losses	Foreign Exchange Translation Reserve	Non- controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	33,081,803	(30,959,947)	1,040	-	2,122,896
Loss for the half-year attributable to the owners of the parent	-	(326,764)	-	-	(326,764)
Other comprehensive income for the half-year attributable to the owners of the parent	-	-	-	-	-
Total comprehensive income for the half-year attributable to the owners of the parent	-	(326,764)	-	-	(326,764)
Transaction with owners, directly in equity					
Shares issued during the year	-	-	-	-	-
Balance at 31 December 2018	33,081,803	(31,286,711)	1,040	-	1,796,132
Balance at 1 July 2019	33,081,803	(31,671,580)	1,040	-	1,411,263
Loss for the half-year attributable to the owners of the parent	-	(360,152)	-	-	(360,152)
Other comprehensive income for the half-year attributable to the owners of the parent	-	-	-	-	-
Total comprehensive income for the half-year attributable to the owners of the parent	-	(360,152)	-	-	(360,152)
Balance at 31 December 2019	33,081,803	(32,031,732)	1,040	-	1,051,111

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

Condensed consolidated statement of cash flows

for the year ended 30 June 2019

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	Note	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(186,304)	(650,826)
Interest received		5,445	22,108
Net cash used in operating activities		(180,859)	(628,718)
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Payment of borrowings		-	(4,024)
Net cash provided by financing activities		-	(4,024)
Net increase/(decrease) in cash held		(180,859)	(632,742)
Cash and cash equivalents at the beginning of the year		1,564,452	2,584,935
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the year	3.1	1,383,593	1,952,193

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

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2019

In preparing the 2019 interim financial statements, Dragon Mountain Limited has grouped notes into sections under the same key categories as used in the 30 June 2019 Annual Report:

 Section A: How the numbers are calculated.....	8
 Section B: Unrecognised Items	12
 Section C: Other Information.....	13

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

The presentation of the notes to the financial statements has changed from the prior year and is supported by the IASB’s Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 Presentation of Financial Statements which have provide preparers with more flexibility in presenting the information in their financial reports.

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



Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

SECTION A. HOW THE NUMBERS ARE CALCULATED

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

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

NOTE 1 Revenue and other income

Note

1.1 Revenue

 Interest revenue

Total revenue

31 December 2019 \$	31 December 2018 \$
10,322	22,108
10,322	22,108

NOTE 2 Loss before income tax

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

2.1 Employee benefits:

 Wages and salaries

 Superannuation expenses

Total personnel expenses

31 December 2019 \$	31 December 2018 \$
209,089	209,089
3,037	3,037
212,126	212,126

NOTE 3 Financial assets and financial liabilities

3.1 Cash and cash equivalents

Cash at bank

Short-term term deposits

31 December 2019 \$	30 June 2019 \$
19,455	200,314
1,364,138	1,364,138
1,383,593	1,564,452

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for the half-year ended 31 December 2019

3.2 Trade and other receivables

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

3.3 Other assets

31 December 2019 \$	30 June 2019 \$
25,755	-
25,755	-

3.4 Trade and other payables

31 December 2019 \$	30 June 2019 \$
227,557	38,420
169,000	47,169
10,318	110,000
406,875	195,589

3.4.1 Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

NOTE 4 Non-financial assets and non-financial liabilities

4.1 Plant and equipment

Non-current

Furniture and fittings

Accumulated depreciation

Office equipment

Accumulated depreciation

Leasehold improvements

Accumulated amortisation

Total plant and equipment

31 December 2019 \$	30 June 2019 \$
16,740	16,740
(12,631)	(12,315)
4,109	4,425
54,213	54,213
(53,674)	(53,610)
539	603
211,499	211,499
(211,499)	(211,499)
-	-
4,648	5,028

NOTE 5 Equity

5.1 Issued capital

Note

Fully paid ordinary shares at no par value 5.1.1

31 December 2019 No.	30 June 2019 No.	31 December 2019 \$	30 June 2019 \$
263,530,515	263,530,515	33,081,803	33,081,803
6 months to 31 December 2018 No.	12 months to 30 June 2018 No.	6 months to 31 December 2018 \$	12 months to 30 June 2018 \$
263,530,515	263,530,515	33,081,803	33,081,803
-	-	-	-
263,530,515	263,530,515	33,081,803	33,081,803

5.1.1 Ordinary shares

At the beginning of the period

Shares issued during the period:

At reporting date

5.2 Options

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

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

NOTE 5 Equity (cont.)

5.3 Reserves

	Note	31 December 2019 \$	30 June 2019 \$
Foreign exchange reserve	5.3.1	1,040	1,040
		1,040	1,040

5.3.1 Foreign exchange translation reserve

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

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2019

SECTION B. UNRECOGNISED ITEMS

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

NOTE 6 Events subsequent to reporting date

There were no events which occurred subsequent to the reporting date.

NOTE 7 Contingent liabilities

There are no contingent liabilities as at 31 December 2019.

NOTE 8 Commitments

There are no commitments as at 31 December 2019 (30 June 2019: nil).

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

SECTION C. OTHER INFORMATION

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

NOTE 9 Earnings per share (EPS)

Note	31 December 2019 \$	31 December 2018 \$
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9.1 Reconciliation of earnings to profit or loss

Loss for the year attributable to owners of the Company	(360,152)	(326,764)
Loss attributable to non-controlling equity interest (NCI)	-	-
Loss used in the calculation of basic EPS	(360,152)	(326,764)

31 December 2019 \$	31 December 2018 \$
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9.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS

263,530,515	263,530,515
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31 December 2019 ¢	31 December 2018 ¢
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9.3 Earnings per share

Basic EPS (cents per share)	9.3.1	(0.14)	(0.12)
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9.3.1 The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group, and the company has no dilutionary equity instruments on issue as at 31 December 2019 (2018: nil).

NOTE 10 Operating segments

10.1 Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal location based on geographical areas and therefore different regulatory environments – Australia (2018: Australia). The Group operates predominantly in the minerals exploration and evaluation industry.

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

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

NOTE 11 Statement of significant accounting policies

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

11.1 Basis of preparation

11.1.1 Statement of compliance

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

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

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

The financial statements were authorised for issue on 13 March 2020 by the directors of the Company.

11.1.2 Comparative figures

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

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

11.1.3 New and amended Standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 12.1 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

11.2 Use of estimates and judgments

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

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

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

11.2.1 Critical accounting estimates and judgements

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2019 annual report.

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

NOTE 12 Effects of changes in accounting policy

12.1 Leases

A number of new or amended standards become applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 Leases.

The Group has adopted AASB16 *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- For a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- Leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate
- Applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.

Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117

As the Group did not have any leases greater than 12 months, no right-of-use asset or lease liability was recognised in the statement of financial position.

NOTE 13 COMPANY DETAILS

The registered office of the Company is:

Address:

Street: 182 Claisebrook Road
Perth WA 6000

Postal: PO Box 52
West Perth WA 6872

Website: www.dragonmountain.com.au

E-mail: info@dragonmountain.com.au

The principal place of business is:

Finance and Administration Office:

Street: Barringtons House
283 Rokeby Road

Postal: PO Box 1288
Subiaco WA 6904

Telephone: +61 (0)8 6141 3500

Facsimile: +61 (0)8 6141 3599

Directors' Declaration

The directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 3 to 15, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and;
 - (c) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the Consolidated Group.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



ROBERT GARDNER

Chairman

Dated this Friday, 13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DRAGON MOUNTAIN GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dragon Mountain Gold Ltd and the entities it controlled during the half-year (the Consolidated Entity) which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors declaration for the consolidated entity.

Directors' Responsibility for the Financial Report

The Directors of Dragon Mountain Gold Limited (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 (including the Australian Accounting Interpretations) 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and its 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 Dragon Mountain Gold Limited, 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 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*.



Conclusion

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

- (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read "Crowe Perth", with a light blue circular stamp behind it.

CROWE PERTH

A handwritten signature in blue ink, appearing to read "Cyrus Patel", written in a cursive style.

CYRUS PATELL

Partner

Signed at Perth, 13 March 2020

