

IPO FACT SHEET**Dragon Mining Limited (1712 HK)****ISSUE STATISTICS**

Offer Size:	HK\$101.5m
Placement Tranche:	50m
Price:	HK\$2.03
Board lot:	1,000
Entry fee:	HK\$2,050.45
Historical PE	N.A.
Net tangible asset per share:	HK\$1.33
Market Cap (post-IPO):	HK\$281.84m
Open:	18 Oct 2018
Close:	12.00 noon on 23 Oct 2018
Trading:	5 Nov 2018
Sponsor:	Altus Capital Limited

Year ended 31 Dec	(AUD'000)	yoY % chg
Revenue from customers		
2016	55,039	-28.4%
2017	41,270	-25.0%
Profit/(loss) for the year/period attributable to Owners of the Company		
2016	5,363	109.2%
2017	-583	-110.9%

BACKGROUND

- The Group is principally engaged in gold exploration, mining and processing in the Nordic region. It commenced business operations in the Nordic region in 1999.
- The Group's major assets and operations are concentrated in Finland and Sweden, which can be sub-divided into three core categories: (i) Operating Mines; (ii) Production Plants; and (iii) Pre-Production Assets.
- Operating Mines include Orivesi Mine and Jokisivu Mine in southern Finland. The estimated remaining mine lives of Orivesi Mine and Jokisivu Mine as at 30 April 2018 are approximately 10 months and 42 months respectively.
- The Group is currently developing two Pre-Production Assets, Kaapelin Kulma Project and Fäboliden Project, in Finland and Sweden, respectively. For Kaapelin Kulma Project, as at 30 April 2018, it had an estimated mine life of approximately 24 months following the commencement of production, and may be extended due to "revolving" nature of mine life. For Fäboliden Project, it had an estimated mine life of 54 months following the commencement of production.
- The Group currently has two Production Plants, namely Vammala Plant and Svartliden Plant. Vammala Plant is a flotation facility that has a processing capacity of approximately 300,000 tonnes of ore per annum with an average gold recovery rate of approximately 87.4% during the Track Record Period. Svartliden Plant has a processing capacity of approximately 300,000 tonnes of ore per annum.

BUSINESS STRATEGY AND FUTURE PLANS

- To develop Kaapelin Kulma Project and Fäboliden Project
- To continue mine and near mine exploration activities
- To continue to seek and identify opportunities to extend the Group's project pipeline and continue future operations
- To continue optimising the Group's production and processing technology
- To continue its focus on safety and environmental compliance

COMPETITIVE STRENGTHS

- The geographical location of its Gold Projects
- Future potential of Fäboliden Project
- Its ownership of the Gold Projects

- A long history and experience in gold processing operations and well-established gold production plants in the Nordic region
- A management team with in-depth experience
- A commitment to safety, social responsibility and environmental management

KEY RISKS

- Fluctuations in the market price of gold could materially and adversely affect the Group's profitability and cash flow.
- Fluctuations in certain exchange rates could materially and adversely affect its financial position and results.
- Its Pre-Production Assets have not commenced commercial production and any delay or failure to commence production in accordance with the current timetable may adversely affect its results.
- Failure to identify or acquire new Reserves and subsequently obtain the mining tenements to mine at the area identified could negatively affect its business and results of operations in the long term.
- The Group may face difficulty in obtaining all permits necessary for its exploration, excavation and production activities at the site of its Gold Projects or in respect of any other mines or projects the Group acquires or becomes interested in in the future, and the Group will be subject to ongoing obligations to comply with the permit requirements, which will incur additional time and costs.
- The Group's operations and financial position may be materially and adversely affected in the short to medium term if the Group faces significant delay or failure in obtaining the Environmental Permit regarding the full scale mining at Fäboliden Project, and consequently the full mining operations at Fäboliden Project are not able to commence in accordance with the current timetable.
- The recovery rate and production costs of its gold are dependent on a number of technical assumptions and factors and any change in these assumptions and factors may have an adverse effect on its production volume and profit margin. Its Resources and Reserves may not ultimately be capable of being extracted at a profit.

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Funding the mine development, capital expenditure and operating expenditure activities associated with Fäboliden Project, including mining, environmental activities, geological work and drilling and sampling	48.5	90.0%
Working capital and general corporate purposes	5.4	10.0%
Total:	53.9	100.0%

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