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23 June 2025

To the DML Independent Board Committee

Dragon Mining Limited
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Dear Sir or Madam,

CONDITIONAL VOLUNTARY CASH OFFER BY MORTON SECURITIES LIMITED ON BEHALF OF WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ALLIED GROUP LIMITED) TO ACQUIRE ALL ISSUED SHARES OF DRAGON MINING LIMITED

INTRODUCTION

We refer to our appointment as the DML Independent Financial Adviser to advise the DML Independent Board Committee in respect of the Offer, details of which are set out in the letter from the DML Board ("**Letter from DML Board**") contained in the response document of DML in respect of the Offer dated 23 June 2025 (the "**Response Document**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Response Document unless otherwise defined herein or required by the context.

Reference is made to (i) the joint announcement issued by APAC, Allied Properties and DML in relation to the Allied Properties Offer dated 1 April 2025; and (ii) the joint announcement issued by AGL, the Offeror, APAC, Allied Properties and DML in relation to, amongst other things, the Offer and the possible withdrawal of the Allied Properties Offer dated 19 May 2025 ("**May Joint Announcement**").

On 1 April 2025, Allied Properties, DML and APAC announced that a pre-conditional voluntary cash offer would be made by Morton Securities for and on behalf of Allied Properties to acquire all of the DML Shares (other than those already owned by Allied Properties) at the offer price of HK$2.20 per DML Share in accordance with the Takeovers Code and Corporations Act (i.e. the Allied Properties Offer).

In the May Joint Announcement, the Offeror announced that on 19 May 2025, Morton Securities, for and on behalf of the Offeror, will make the conditional voluntary cash offer to acquire all of the DML Shares at the Offer Price in accordance with the Takeovers Code and the Corporations Act (i.e. the Offer). Meanwhile, Allied Properties announced that it intends to withdraw the Allied Properties Offer pursuant to Note 2 to Rule 5 of the Takeovers Code, subject to the Executive's consent ("**Allied Properties Offer Withdrawal**"), and it has provided the Offeror with the Irrevocable Undertaking of not to accept the Offer and not to dispose of its DML Shares from the date of the Irrevocable Undertaking until the end of the offer period of the Offer.

On 2 June 2025, the Offeror despatched the Offer Document accompanied with the Forms of Acceptance. On the same date, Allied Properties and APAC announced that Allied Properties has withdrawn the Allied Properties Offer with the consent of the Executive pursuant to Note 2 to Rule 5 of the Takeovers Code and the offer period in respect of the Allied Properties Offer has come to an end.

The Offer

As at the Latest Practicable Date, there are 158,096,613 DML Shares in issue. Since 31 December 2024 (being the date on which DML's latest published audited accounts were prepared) and up to and including the Latest Practicable Date, no DML Shares have been issued by DML. As at the Latest Practicable Date, DML had no outstanding options, warrants, derivatives or convertible securities in respect of the DML Shares which were issued by DML.

Morton Securities Limited is making the Offer with the Offer Price of HK$2.60 per Offer Share in cash for and on behalf of the Offeror.

The Offer is extended to parties acting in concert with the Offeror (i.e. Allied Properties, Mr. Nagahara, Mr. Dew and Mr. Yang respectively). Allied Properties has provided the Offeror with the Irrevocable Undertaking not to accept the Offer and not to dispose of its DML Shares from the date of the Irrevocable Undertaking until the end of the offer period of the Offer. Therefore, 111,218,886 DML Shares will be subject to the Offer. The Offer Shares to be acquired under the Offer shall be fully paid-up and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Offer Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, the record date of which falls on or after the date of despatch of the Offer Document. As at the Latest Practicable Date, (i) DML has no dividend or other distributions declared but not paid; and (ii) DML has advised the Offeror that it will not declare and pay any dividend or other distributions before the Closing Date.

For the principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group, please refer to the "Letter from Morton Securities" in the Offer Document ("**Letter from Morton Securities**"). Further details of the Offer including, among other things, the expected timetable, the conditions, terms and procedures of acceptance of the Offer, are set out in the Offer Document and the Form of Acceptance and further announcements made/to be made by the Offeror (if applicable).

THE DML INDEPENDENT BOARD COMMITTEE

The DML Independent Board Committee, comprising Ms. Lam Lai, a non-executive DML Director; and Mr. Carlisle Caldow Procter, Mr. Pak Wai Keung Martin and Mr. Poon Yan Wai being all the independent non-executive DML Directors, has been established to advise the DML Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the DML Independent Board Committee should comprise all non-executive and independent non-executive directors of DML. Since Mr. Dew, the chairman and a non-executive director of DML, is also the chairman and a non-executive director of AGL, Mr. Dew is not independent for the purpose of giving advice or recommendations to the DML Independent Shareholders and will not be part of the DML Independent Board Committee.

THE DML INDEPENDENT FINANCIAL ADVISER

The DML Independent Board Committee has approved our appointment as the independent financial adviser to the DML Independent Board Committee. Our role is to give an independent opinion to the Independent Board Committee in respect of the Offer pursuant to the Takeovers Code and the Listing Rules, in particular as to whether the terms of the Offer are fair and reasonable so far as the DML Independent Shareholders are concerned and as to the acceptance of the Offer.

We (i) are not associated or connected, financially or otherwise, with DML or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; (ii) are not contemplating any business dealing with DML or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (iii) do not holds, directly or indirectly, any shares, options warrants or other equity related interests in DML or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them. As disclosed in the announcement of DML of 11 April 2025, we were previously appointed as the independent financial adviser to advise the independent board committee of DML in relation to the Allied Properties Offer. In light of the Allied Properties Offer Withdrawal, DML and we mutually agreed to terminate the aforesaid engagement on 3 June 2025. We had previously acted as the independent financial adviser to the independent board committee and independent shareholders of Da Yu Financial Holdings Limited (Stock Code: 1073, "**Da Yu**"), the ultimate holding company of Yu Ming (being the financial adviser to the Offeror in respect of the Offer), relating to its proposed rights issue, details of which are set out in the extraordinary general meeting circular of Da Yu dated 11 December 2023. Save for the above, we have not acted as the financial adviser or independent financial adviser in relation to any transaction of DML or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the two years immediately prior to the date of the Response Document. In addition, having considered that (i) remuneration for our engagement to opine on the Offer is fixed and at market level, and is not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from DML (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the DML Independent Board Committee, we are independent of DML and the Offeror, their respective controlling shareholders and any parties acting in concert with any of them, and we can act as the DML Independent Financial Adviser to the DML Independent Board Committee in respect of the Offer pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the annual reports of DML for the year ended 31 December 2023 (the "**2023 Annual Report**") and for the year ended 31 December 2024 (the "**2024 Annual Report**"); (ii) the Offer Document; (iii) the May Joint Announcement; (iv) management accounts of DML for the four months ended 30 April 2025; and (v) other information contained or referred to in the Response Document.

We have relied on the statements, information, opinions and representations contained or referred to in the Offer Document, the Response Document and/or provided to us by DML, the DML Directors and the management of DML (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Offer Document, the Response Document and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The DML Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the DML Group. Our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. DML will notify the DML Shareholders of any material changes to information contained or referred to in the Response Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The DML Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to herein as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible.

Your attention is drawn to the responsibility statements as set out in the section headed "1. Responsibility Statement" in Appendix II to the Response Document. We, as the DML Independent Financial Adviser, take no responsibility for the contents of any part of the Response Document, save and except for this letter of advice. We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the DML Group contained or referred to in the Response Document and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the DML Group.

We have not considered the taxation implications on the DML Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the DML Shareholders as a result of the Offer. In particular, DML Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

This letter is issued for the information of the DML Independent Board Committee solely in connection with their consideration of the Offer, and except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice for the Offer, we have taken into consideration the following principal factors:

1. Information of the DML Group

1.1 Principal business of the Group

The principal activity of DML is gold exploration, mining, and processing in the Nordic region. The DML Group operates gold mines and processing facilities in Finland and Sweden. According to the 2024 Annual Report, a significant part of the DML Group's assets as at 31 December 2024 were related to mine properties ("**Mine Properties**"), which primarily comprise rehabilitation assets, development and permitting costs and capitalised expenditures relating to mining infrastructure and environmental compliance.

In respect of the DML Group's existing mining operations, the Vammala Production Centre ("**VPC**") in Finland comprise (i) Vammala Plant, a conventional 300,000 tonnes per annum crushing, milling and flotation plant, (ii) the Jokisivu Gold Mine ("**Jokisivu**"), (iii) the Orivesi Gold Mine ("**Orivesi**"), which ceased production in June 2019, (iv) the Kaapelinkulma Gold Mine ("**Kaapelinkulma**"), which ceased production in April 2021 and rehabilitation closure works are planned to commence during 2025; and (v) Uunimäki Gold Project ("**Uunimäki**"), at which DML holds a granted Exploration Licence and plans to commence drilling in 2025. Meanwhile, the Svartliden Production Centre ("**SPC**") in Sweden comprise (i) the Svartliden Plant, a 300,000 tonnes per annum carbon-in-leach processing plant, (ii) Svartliden Gold Mine, which was closed upon completion of mining in 2013; and (iii) the Fäboliden Gold Mine ("**Fäboliden**"), where a campaign of test-mining was completed in September 2020 and full-scale mining has not commenced pending the application for relevant environmental permits (details of which are discussed in the paragraph headed "1.5 Outlook and prospect of the DML Group" below). Annual production of the DML Group is in the range of 20,000 to 30,000 ounces of gold in concentrate depending on the grade of ore and gold concentrate feed.

1.2 Financial information of the DML Group

Set out below is the key consolidated financial information of the DML Group for the years ended 31 December 2022 ("**FY2022**"), 31 December 2023 ("**FY2023**"), and 31 December 2024 ("**FY2024**") as extracted from DML's 2023 Annual Report and 2024 Annual Report.

Extract of consolidated statement of profit or loss

	For the year ended 31 December		
	2024	**2023**	**2022**
	AU$'000	*AU$'000*	*AUS'000*
	(Audited)	*(Audited)*	*(Audited)*
Revenue from customers	72,804	60,495	52,514
Revenue from gold sales	*70,658*	*60,495*	*52,514*
Revenue from toll milling	*2,146*	–	–
Cost of sales	(51,608)	(54,550)	(45,173)
Gross profit	21,196	5,945	7,341
Other revenue	736	602	104
Other income	2,589	9,089	752
Mineral exploration expenditure	(206)	(274)	(262)
Management and administration expenses	(5,799)	(5,087)	(4,648)
Exploration and evaluation costs written off	–	(300)	(34)
Other operating (expense)/benefit	(1,548)	658	879
Finance costs	(1,187)	(992)	(21)
Fair value gain/(loss) on financial assets	338	(411)	–
Foreign exchange gain/(loss)	924	(1,703)	628
Profit before tax	17,043	7,527	4,739
Income tax expense	(4,167)	(2,338)	(2,250)
Profit after income tax	12,876	5,189	2,489
Basic and diluted earnings per DML Share *(AU cents)*	8.14	3.28	1.57
Total gold sold *(oz)*	19,138	20,839	20,296
Total gold produced *(oz)*	20,517	20,159	21,030

FY2023 vs FY2022

DML Group's revenue increased by 15.2% from AU$52.5 million for FY2022 to AU$60.5 million for FY2023, which was driven by higher average gold price of US$1,943/oz in FY2023 (FY2022: US$1,802/oz). Meanwhile, cost of sales increased by 20.8% from AU$45.2 million for FY2022 to AU$54.6 million for FY2023 mainly due to increase in processing costs and depreciation of Mine Properties (which was incurred on a unit of production basis and was aligned to mined or milled tonnes over ore reserves) resulting from reduction of the DML Group's ore reserve. As a result of the higher rate of increase in cost of sales over that of its revenue, gross profit decreased by 19.0% from AU$7.3 million for FY2022 to AU$5.9 million for FY2023, with gross profit margins also reduced to 9.8% in FY2023 (FY2022: 14.0%).

DML Group's other revenue, which mainly included finance revenue and interest in relation to its cash balance and gold concentrate debtors, increased to AU$0.7 million for FY2023 (FY2022: AU$0.6 million). Other income significantly increased to AU$9.1 million in FY2023 mainly due to the gain from sale of net smelter royalty of AU$8.3 million during the year whilst service income increased moderately from AU$0.6 million for FY2022 to AU$0.8 million for FY2023.

Management and administrative expenses increased from AU$4.6 million for FY2022 to AU$5.1 million due to the increase in employee benefits. DML recognised other operating benefit of AU$0.9 million in FY2022 and AU$0.7 million in FY2023 mainly due to the reduction of rehabilitation recognised during the respective years. It also recognised a foreign exchange loss of AU$1.7 million in FY2023 (FY2022: gain of AU$0.6 million) due to the fluctuations in USD/SEK, USD/EUR, AUD/SEK, AUD/EUR and AUD/HKD exchange rates during the year.

Despite the decrease in gross profit, the profit before tax increased by 58.8% from AU$4.7 million for FY2022 to AU$7.5 million for FY2023 due to the recognition of other income as mentioned above. Income tax expense increased only by 3.9% to AU$2.3 million in FY2023 (FY2022: AU$2.2 million) as the effective tax rate of DML was exceptionally high at 47.5% for FY2022 as compared to that for FY2023 (at 31.1%) and the standard corporate income tax rate of 30% in Australia, which was mainly attributable to higher tax losses and other temporary differences not recognised in FY2022.

As a result of the aforementioned increase in profit before tax and lower rate of increase in income tax expenses, profit after tax of the DML Group increased by 108.5% from AU$2.5 million for FY2022 to AU$5.2 million for FY2023, and the net profit margin improved from 4.7% to 8.6% correspondingly.

FY2024 vs FY2023

DML Group's revenue increased by 20.3% from AU$60.5 million for FY2023 to AU$72.8 million for FY2024, which was mainly attributable to (i) increased revenue from gold sales from AU$60.5 for FY2023 million to AU$70.5 million for FY2024 driven by higher average gold price of US$2,430/oz in FY2024 (FY2023: US$1,943/oz), and (ii) commencement of toll milling service to third party in FY2024 generating revenue of AU$2.1 million. Meanwhile, the cost of sales decreased by 5.4% from AU$54.6 million for FY2023 to AU$51.6 million for FY2024 mainly due to decrease in depreciation of Mine Properties resulting from the reduction of permitted throughput and breakdown of a ball mill in its Vammala plant during the year, partly offset by (i) the increased mining costs associated with mining at depth; and (ii) the increased processing costs associated with toll treatment for external customers. As a result of the increase in revenue and decrease in cost of sales, the gross profit improved significantly from AU$5.9 million for FY2023 to AU$21.2 million for FY2024, with gross profit margins also improved to 29.1% in FY2024 (FY2023: 9.8%).

DML Group's other revenue remained stable at AU$0.7 million and AU$0.6 million for FY2024 and FY2023 respectively. Other income for FY2024 was lower as compared to that of FY2023 and mainly comprised the net gain from cancellation of the crusher agreement in Finland following successful completion of arbitration proceedings amounting to approximately AU$1.6 million and service income of AU$0.9 million.

The management and administrative expenses, other operating expenses and finance costs of the DML Group increased in FY2024 as compared to those of the prior year, which was attributable to (i) higher rehabilitation costs and rehabilitation unwinding of discount incurred; and (ii) increase in employee benefits. Compared to revenue and gross profit growth, the profit before tax increased by a higher percentage of 126.4% from AU$7.5 million for FY2023 to AU$17.0 million for FY2024. Income tax expense meanwhile increased by 78.2% to AU$4.2 million for FY2024 although the effective tax rate of the DML Group was lower at 24.4% for FY2024 (FY2023: 31.1%), which was mainly due to the effect of different tax rates on overseas income and other temporary differences on taxable income recognised during the year.

In line with higher revenue and gross profit margin but partly offset by lower other income and higher operating costs and income tax, profit after tax of the DML Group increased significantly by 148.1% from AU$5.2 million for FY2023 to AU$12.9 million for FY2024, and the net profit margin improved from 8.6% to 17.7% during the same period.

In summary, we observed that DML Group's revenue had increased between FY2022 and FY2024 underpinned by the growth in gold price, whilst the total gold sold was relatively stable over these years. Gross profit margins had improved significantly in FY 2024 as compared to prior years amidst higher average gold price. Meanwhile, operating costs (excluding one-off items) increased only moderately between FY2022 and FY2024. These contributed to improved profitability and net profit margin of the DML Group.

Extract of consolidated statement of financial position

	As at		
	31 December 2024	**31 December 2023**	**31 December 2022**
	AU$'000	*AU$'000*	*AU$'000*
	(Audited)	*(Audited)*	*(Audited)*
Current assets			
Cash and cash equivalents	40,313	22,168	17,671
Trade and other receivables	2,570	3,416	3,462
Inventories	19,257	19,631	19,991
Financial assets	1,826	1,406	–
Other assets	866	1,071	627
Total current assets	64,832	47,692	41,751
Non-current assets			
Property, plant and equipment	53,306	47,730	54,427
Mineral exploration and evaluation costs	1,436	1,848	2,242
Right-of-use assets	411	1,241	1,531
Other assets	12,587	9,804	4,927
Total non-current assets	67,740	60,623	63,127

	As at		
	31 December 2024	**31 December 2023**	**31 December 2022**
	AU$'000	*AU$'000*	*AU$'000*
	(Audited)	*(Audited)*	*(Audited)*
Current liabilities			
Trade and other payables	8,318	7,967	8,101
Provisions	3,624	2,222	3,114
Interest bearing liabilities	180	603	572
Other liabilities	80	85	82
Current tax liability	3,122	1,337	2,291
Total current liabilities	15,324	12,214	14,160
Non-current liabilities			
Provisions	34,257	26,646	29,245
Interest bearing liabilities	227	697	877
Total non-current liabilities	34,484	27,343	30,122
Net Assets/Total Equity	82,764	68,758	60,596

31 December 2023 vs 31 December 2022

The current assets of the DML Group increased from AU$41.8 million as at 31 December 2022 to AU$47.7 million as at 31 December 2023 mainly attributable to the increase in cash and cash equivalent in FY2023 brought by net cash generated from operating activities of approximately AU$8.7 million (FY2022: net cash generated of AU$8.4 million), partly offset by its net cash used in investing activities, which decreased from AU$5.3 million for FY2022 to AU$3.2 million FY2023 as it had received proceeds from the sale of net smelter royalty during the year. Trade and other receivables mainly comprised (i) trade receivables for gold sold on market and were usually settled within two days, and (ii) guarantee held with bank for the lease of corporate premises. Inventories and trade and other receivables balances remained stable as at 31 December 2023 as compared to those of prior year. The DML Group recognised financial assets of AU$1.4 million as at 31 December 2023 in connection with its investment in Aurion Resources Limited listed in TSX Venture Exchange (stock code: TSXV: AU).

Non-current assets of the DML Group mainly comprised property, plant and equipment (including its Mine Properties), capitalised mineral exploration and evaluation costs, and environmental and other bonds required for its mining operations (recorded as other assets in the balance sheet). Total non-current assets decreased slightly from AU$63.6 million as at 31 December 2022 to AU$60.6 million as at 31 December 2023 mainly due to (i) the decrease in carrying value of Mine Properties in line with higher depreciation recognised during the year, partly offset by (ii) increase in environmental bonds balance in relation to its Jokisivu Gold Mine in Finland.

The liabilities of the DML Group mainly comprised trade and other payables, rehabilitation provision in relation to the gold mining operations, provisions for employee entitlements, and current tax liability. The balance of total current liabilities decreased from AU$14.2 million as at 31 December 2022 to AU$12.2 million as at 31 December 2023 mainly due to (i) decrease in rehabilitation provisions resulting from a higher discount rate applied in its assessment, and (ii) decreased in current tax liability balance. Non-current liabilities decreased from AU$29.2 million as at 31 December 2022 to AU$26.6 million as at 31 December 2023 due to the decrease in non-current portion of the aforementioned rehabilitation provisions.

Net assets of the DML Group increased to AU$68.8 million as at 31 December 2023, in line with its profit and comprehensive income for FY2023.

31 December 2024 vs 31 December 2023

Current assets of the DML Group increased from AU$47.7 million as at 31 December 2023 to AU$64.8 million as at 31 December 2024 mainly attributable to the increase in cash and cash equivalent in FY2024 brought by net cash generated from operating activities of approximately AU$24.6 million (FY2023: net cash generated of AU$8.7 million), partly offset by the increase in net cash used in investing activities from AU$3.2 million for FY2023 to AU$7.0 million FY2024 as it had received proceeds from sale of net smelter royalty during FY2023. The inventories balance remained stable as at 31 December 2023 and 2024. The trade and other receivable balance as at 31 December 2024 was lower than that of prior year, and it also included other receivables of AU$1.5 million related to the cancellation of a Crusher agreement in Finland following successful completion of arbitration proceedings (As at 31 December 2023: nil).

Total non-current assets increased from AU$60.6 million as at 31 December 2023 to AU$67.7 million as at 31 December 2024 mainly due to (i) the increase in carrying value of Mine Properties; and (ii) further increase in environmental bonds balance during FY2024.

The balance of total current liabilities increased from AU$12.2 million as at 31 December 2023 to AU$15.3 million as at 31 December 2024 mainly due to (i) increase in rehabilitation provisions in connections with Svartliden closure plan and Vammala environmental permits; and (ii) increase in current tax liability balance. Non-current liabilities increased from AU$27.3 million as at 31 December 2023 to AU$34.5 million as at 31 December 2024 due to the increase in non-current portion of the aforementioned rehabilitation provisions.

Overall, the net assets of the DML Group increased in FY2024, which was reflected by the increased cash balance resulting from improved profitability for the year.

1.3 Valuation of the DML Group

Based on the audited net assets of DML of AU$82.8 million (equivalent to HK$411.3 million) as at 31 December 2024 and 158,096,613 DML Shares in issue as at the Last Trading Day, the Offer Price of HK$2.60 per DML Share is at the same level as the net asset value ("**NAV**") per DML Share. A significant part of the DML Group's assets as at 31 December 2024 were Mine Properties in connection with its existing mining operation, which in aggregate had a net carrying value amounting to approximately AU$47.3 million and represented approximately 35.7% of the total assets as at 31 December 2024.

As required under the Corporations Act, DML has engaged the DML Independent Expert, Grant Thornton Corporate Finance Pty Ltd ("**Grant Thornton**"), to prepare the DML Independent Expert Report opining on whether the Offer is fair and reasonable to the DML Independent Shareholders. Pursuant to Regulatory Guide 111 published by ASIC ("**RG111**"), the DML Independent Expert is required to (amongst other things) ascribe a market value to the DML Shares ("**DML Valuation**") in determining whether the Offer is fair and reasonable to the Independent Shareholders. In this connection, Grant Thornton has, together with DML, engaged RPM Advisory Services Pty Ltd ("**RPM**") as the Independent Technical Expert to prepare the independent technical expert report ("**ITER**"), which is included in Appendix F to the DML Independent Expert Report and provides the technical information necessary for Grant Thorton to prepare a valuation of the Mine Properties. Specifically, in preparing the ITER, RPM has (i) undertaken a technical review and provided an opinion on a reasonable life of mine (LOM) production, operating and capital cost schedules for the Producing Assets and those mine assets with an ore reserve necessary to support a cash flow estimate (referring to the Vammala Plant, Jokisivu (the part with confirmed ore reserves and LOM plan), the Svartliden Plant and Fäboliden (the open pit project with LOM plan), collectively the "**Producing Assets**"); and (ii) assessed the value of (a) the mineral resources outside of those used to generate the LOM cash flows (referring to Orisevi Kutema (part of Orivesi), Kaapelinkulma, Svartliden Gold Mine and Fäboliden (the residual resources outside the LOM plan), "**Post-LOM Mineral Resources**") and (b) the exploration assets, including those for which there is no mineral resource estimate or exploration target estimate (referring to Uunimäki, part of Jokisivu which is still pending exploration, and Orisevi Sarvisuo (part of Orisevi), "**Exploration Assets**") (collectively the "**Non-producing Assets**"). Meanwhile, Grant Thornton has carried out a valuation on a discounted cash flow ("**DCF**") basis as to the Producing Assets ("**DCF Valuation**") using data and assumptions reported on in the ITER for the purpose of performing the DML Valuation.

We have reviewed the DML Valuation contained in the section headed "9. Valuation assessment of DML before the Offer" of the DML Independent Expert Report as set out in Schedule 2 of the Response Document. Further, we have also interviewed the DML Independent Expert and the Independent Technical Expert to understand (i) their respective expertise and independence; (ii) the methodologies adopted; (iii) the bases and assumptions considered; and (iv) their work performed when preparing the DML Independent Expert Report(in particular, the DML Valuation) and the ITER. In respect of the DML Valuation and the ITER, we have considered the fairness, reasonableness and completeness of the assumptions made by the DML Independent Expert and the Independent Technical Expert in the relevant reports. We have also reviewed the terms of engagement and scope of work of the both the DML Independent Expert and the Independent Technical Expert.

We understand from the Independent Technical Expert that the technical valuation of the Non-Producing Assets ("**Technical Valuation**") contained in the ITER has been prepared in accordance with The 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("**VALMIN Code**"), a recognised standard acceptable to the Stock Exchange with regard to mineral asset valuations. Further, the ITER has been prepared using mineral resources and ore reserve estimates of the DML Group that are reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**") published by the Australasian Joint Ore Reserves Committee ("**JORC**"), being a recognised mineral reporting standard acceptable to the Stock Exchange.

We have been advised by the Independent Technical Expert that RPM is an advisory services firm specialised in the mining and finance sectors, with core expertise in providing independent technical reviews, resource evaluation, mining engineering and mine valuation services to the resources and financial services industries, including those listed on Australian Securities Exchange ("**ASX**") and the Stock Exchange. Meanwhile, according to the disclosure in the ITER, the project manager of RPM responsible for overseeing the completion of the ITER has over 39 years of mining industry experience, and is a fellow member of the Australasian Institute of Mining and Metallurgy and is qualified as a competent person under JORC, and the person responsible for the Technical Valuation is a fellow member of the Australasian Institute of Mining and Metallurgy with more than 20 years of mining industry experience, and has the appropriate relevant qualifications, experience, competence and independence to be considered an "expert" or "specialist" under the definitions provided in the VALMIN Code. Hence, we consider both persons are qualified in the preparation of the ITER and conducting the valuation on the Non-producing Assets contained therein, and we are not aware of any limitations that might undermine Grant Thornton's reliance on the ITER in performing the DML Valuation.

In respect of the preparation of the DML Independent Expert Report, we have been advised by the DML Independent Expert that Grant Thornton holds the Australian Financial Services Licence authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients. The director responsible for the DML Independent Expert Report have over 20 years of experience in the mining industry and is supported by team members with extensive experience and in-depth knowledge in the preparation of independent expert reports, valuation, and advisory services specifically for gold exploration, development and production companies listed on ASX. Hence, we consider Grant Thornton has the experience and is qualified in the preparation of the DML Independent Expert Report, including the DML Valuation contained therein.

According to the DML Independent Expert Report and the ITER, the DML Independent Expert and Independent Technical Expert have declared their independence to DML pursuant to Regulatory Guide 112 "Independence of Experts" published by ASIC.

1.3.1 Methodology of the DML Valuation

In arriving at the DML Valuation, Grant Thornton has adopted the sum-of-parts approach which involves separately valuing each asset and liability of the DML Group using different methodologies. Specifically, the DCF Valuation was used for estimating the fair market value of the Producing Assets, where the net present value ("**NPV**") is computed by discounting the future ungeared LOM cash flows expressed in real terms with the relevant real WACC to take into account the time value of money and risks associated with the LOM cash flows. Meanwhile, in respect of the Non-producing Assets, the Technical Valuation performed by RPM based on market approach was adopted to estimate their fair market values. For other assets and liabilities, which are mainly related to DML's head office and centralised functions, the market value is based on the audited balance sheet as at 31 December 2024, the unaudited management accounts of DML for the four months ended 30 April 2025 and the expected cash flows for new environmental bonds payable and other operating activities up to June 2025. The estimated market values of the component parts are then aggregated to arrive at the assessed equity value ("**AEV**") of the DML Group. Grant Thornton has also cross-checked the valuation assessment based on reserve multiples and resource multiples of listed peers in the DML Independent Expert Report.

We understand from Grant Thornton that the above valuation methodology complies with the requirement under RG111, and note that it is a common practice for Grant Thornton's preparation of independent expert reports for other companies listed on ASX. Hence, we consider the above valuation methodology is acceptable for the DML Valuation.

1.3.2 DCF Valuation of the Producing Assets

In respect of the valuation of the Producing Assets, we have further discussed with Grant Thornton on the methodology it adopted to perform the DCF Valuation and noted that Grant Thornton has conducted the valuation based on (i) the mineral resources of the relevant Producing Assets as reported in the ITER, (ii) the operating and capital cost schedules in relation to the generation of the revenue stream, and other market and operating data projections provided by the Management and reviewed by the Independent Technical Expert, and (iii) technical inputs and capital and operating costs to the cash flow model provided by the Independent Technical Expert.

Gold price assumption

As set out in the section headed "8. Economic Assumptions" in the DML Independent Expert Report, Grant Thornton has adopted the real gold price estimates of US$3,200 to US$3,400 per oz for 2025, and gradually decreased the estimates from a range of US$3,000 to US$3,200 per oz to a range of US$2,400 to US$2,500 per oz for the years 2026 through 2029, and adopted a long-term estimate in a range of US$2,300 to US$2,400 per oz. In forecasting the revenue of the Producing Assets, Grant Thornton have made independent assessment on the nominal gold price trend for the LOM, and expressed the prices in real terms by applying the U.S. CPI rates sourced from IMF World Bank as an inflation deflator.

We were advised by Grant Thornton that in arriving at such nominal gold price estimates, it has considered both historical and forecast prices prepared by various investment analysts and other publicly available information. Specifically, it has relied on the spot gold price, short-term gold future prices, and the nominal gold price forecasts compiled by Consensus Economics, which include consensus estimates from various brokers and financial institutions. Further, as stated in the DML Independent Expert Report, Grant Thornton has also benchmarked the nominal gold price forecasts with those adopted in other independent expert reports and broker reports.

We note that Consensus Economics is one of the world's leading international economic survey organisations established in 1989 and headquartered in London, United Kingdom. Consensus Economics' surveys and forecasts are recognised as the macroeconomic forecast benchmark by investment and planning managers, as well as government and public sector institutions. It provides surveys and forecast reports for over 2000 macroeconomic indicators, covering various industries and countries by polling amongst various economists and panelists from consultancy firms, banks, investment firms, universities, and manufacturers. We consider it is a reliable source for economic forecasts and data in relation to the mining sector.

In addition, we have compared the short-term gold price estimates adopted by Grant Thornton with the gold price forecast shown in the research articles we found in the public domain as discussed in the paragraph headed "1.5 Outlook and prospect of the DML Group" below, and note that they are consistent. Having considered the above, we consider the basis of estimating the gold price assumption by the DML Independent Expert is reasonable.

Basis of arriving at the LOM cash flows

In assessing the market value of the Jokisivu and Vammala Plant, Grant Thornton has utilised a LOM of six years from 2025 till 2030 in the Jokisivu cash flow model with the respective ore reserves totalling to approximately 1.6 million tonnes based on the Management's view and supported by RPM's review. Based on RPM's review of Jokisivu's mineral resources, it has recommended an additional one-year of production to the original LOM of five years as assessed by the Management, based on conversion of its inferred resources into ore reserve by the end of 2025. Hence, LOM cash flows for Jokisivu are projected from 2025 to 2030, based on the LOM production plan, plus one year extension as recommended by RPM.

Revenue derived from Jokisivu and Vammala Plant is estimated based on the gold sales at the estimated gold prices for the year, assuming that Jokisivu's mining activity follows the production plan as set out in paragraph 6.5 of the ITER, and Vammala Plant utilises its capacity (300,000 tonnes per annum) in full, and the excess of gold concentrate from Jokisivu would be transferred to Sweden for treatment at the Svartliden Plant. The operating costs estimates are based on the forecast reviewed by RPM and set out in the ITER, which are comparable to the historical costs incurred and are assumed to remain stable given no change in the operating conditions throughout Jokisivu's LOM. Meanwhile, capital expenditure (capex) estimates of Jokisivu and Vammala Plant comprise (i) growth capex, which decreases year-on-year. and (ii) maintenance capex, which are projected to be in line with the production plan and is reviewed by RPM.

In assessing the market value of Fäboliden, Grant Thornton has considered the impact of the rejection of DML's application for the environmental permit to commence full-scale mining at Fäboliden by the Swedish Land and Environment Court ("**Environment Court**") in June 2022 and the subsequent appeal filed by DML as disclosed in the 2024 Annual Report. Following the delivery of the ruling by the Supreme Court of Sweden ("**Supreme Court**") that it would not grant leave to appeal the decision by the Land and Environmental Court of Appeal delivered in March 2023, the DML Group would have to submit a new application for an environmental permit to commence full-scale mining activities to the Environment Court which will include additional measures to mitigate the concerns of the Environment Court issued in its ruling in June 2022. In this connection, Grant Thornton has assumed the production of Fäboliden will only commence in 2029 with a LOM of 10 years from 2029 to 2039, which is in line with RPM's recommendation, and the respective ore reserves totalling to 3.3 million tonnes.

Grant Thornton has also considered the probability of the environmental permit renewal being approved or rejected in assessing the market value of Fäboliden. In the DCF Valuation, Grant Thornton has applied scenario weightings of 50%-50% (low end valuation) to 70%-30% (high end valuation) that the mining permit is granted to estimate the low end and high end of the estimated market value of Fäboliden and the Svartliden Plant. In the case of environmental permit renewal being approved, the projection of the LOM cash flow of Fäboliden and the Svartliden Plant was made with reference to long-term gold price, as well as RPM's technical review of the mineral resource, production plan, operating costs and capex as set out in the ITER, which is of the similar approach as compared to the LOM cash flow forecast of Jokisivu and Vammala Plant. In the alternative case where the environmental permit renewal is being rejected, for the market value of Fäboliden, Grant Thornton has adopted the resource multiple of US$15/oz assessed by RPM for its ore reserves, and applied a discount of 25% to 50% to the resource multiple (i.e. at low end of US$7.5/oz and high end of US$11.25/oz) to reflect the risk of significant delay in the ability to exploit the mineral resources and the limited marketability.

In respect of the Svartliden Plant, currently it only processes excess gold concentrations sourced from Jokisivu as mentioned above, and also provides ore processing and recovery services to external third party (Botnia Exploration AB, "**Botnia**") under the toll treatment agreement. As explained in the DML Independent Expert Report, the Svartliden Plant would be operating below the break-even point if the service to Botnia is suspended or terminated. If Fäboliden's mining permit is not obtained, it is assumed that DML would place the Svartliden Plant into care and maintenance instead of operating it at a loss. Due to the lack of contractual obligation and small ore reserves of Botnia to maintain operational profitability, Grant Thornton has only considered the near-term revenue and costs from the Svartliden Plant covering the period from July 2025 to the end of 2026.

Having considered that the production plan, operating costs and capital expenditures of the Producing Assets are projected based on Management's assessment of prevailing operations cost structure and business risks, and are supported by RPM's technical review, and the revenue is forecasted based on the utilised production capacity of VPC and SPC and the estimated gold price is reasonably assessed by Grant Thornton, we consider the basis of projecting the LOM cash flows of the Producing Assets is reasonable.

WACC assumption

For discounting the cash flow of Jokisivu and the Vammala Plant, Grant Thornton has applied the discount rate of 6.4%, being the mid-point of the estimated real WACC, between 5.90% and 6.80%. For Fäboliden and the Svartliden Plant, Grant Thornton has estimated the discount rate to be the real WACC between 11.30% and 12.70%. As illustrated in Appendix B to the DML Independent Expert Report, Grant Thornton has assessed the discount rates separately for Jokisivu and Fäboliden, taking into account the following differences:

(i) different risk-free rate adopted – risk-free rate of 4.00% is applied for Jokisivu, where the 5-year U.S. Treasury bond yield is used as the benchmark having considered its LOM from 2025 through 2030; risk-free rate of 4.25% is applied for Fäboliden, where the 10-year U.S. Treasury bond yield is used as the benchmark having considered the LOM of 10 years from 2029 through 2039;

(ii) in assessing the equity betas for Jokisivu and Fäboliden, different sets of asset beta were first obtained given the different development stage of Jokisivu and Fäboliden, which are then converted into the respective equity beta benchmarks. Further, specific risk premiums of 0.0% and 3.0% for Jokisivu and Fäboliden were assumed respectively, mainly representing additional required rate of return attributable to the operational risks of Fäboliden not associated with its LOM cash flows. For Jokisivu, Grant Thornton has assessed the equity beta to be 0.762 to 0.900 with reference to observed asset betas of relatively mature Nordic producers and mine operators listed on ASX with comparable size of Jokisivu; whilst for Fäboliden, the equity beta is assessed to be 1.301 to 1.400, with reference to observed asset betas of development stage mining companies.

(iii) tax rate of 20.0% for Jokisivu and 24.0% for Fäboliden, in line with the effective tax rates faced by the DML Group in Finland and Sweden respectively.

As a result of the foregoing, the cost of equity for Jokisivu is assessed to be 8.2% to 9.0%, and that for Fäboliden is assessed to be 14.4% to 15.0%. For the purpose of discount rate assessment, Grant Thornton has adopted a pre-tax cost of debt ranging between 8% and 10% having considered the interest rate facilities available to other comparable companies listed on ASX, and a capital structure of between 10% to 0% of debt and between 90% to 100% of equity for both Jokisivu and Fäboliden. We note from the 2024 Annual Report that DML's gearing ratio was 0.5% as at 31 December 2024 (31 December 2023: 1.6%). Hence, we consider the capital structure assumption with relatively low debt level is reasonable.

Having considered the methods of assessing the WACC and the historical gearing of the DML Group, we are of the view that the basis of arriving at the discount rates adopted in the DCF Valuation is reasonable.

1.3.3 Technical Valuation of the Non-producing Assets

We have referred to the ITER and discussed with the Independent Technical Expert in respect of the methodology it adopted to perform the valuation on the Non-producing Assets. According to the Technical Valuation set out in Appendix D to the ITER, RPM has assessed the values of the Non-producing Assets using the following market multiples valuation methods:

1) precedent transactions multiples (expressed in US$/oz) to estimate the value of Post-LOM Mineral Resources (i.e. residual of mineral resources left in mine after the end of its LOM);

2) area multiples (expressed in US$/hectare) for the Exploration Assets; and

3) precedent transactions multiples (expressed in US$/oz) to estimate the value of the silver content estimated within the Fäboliden pit.

We understand from RPM that the market multiples valuation method is the appropriate method for these asset types under the VALMIN Code, and is the commonly adopted for mineral assets that do not have proved ore reserve. As stated in the Technical Valuation, to estimate the value of the Non-producing Assets with mineral resources estimate but out of the LOM cash flow models, RPM has selected 19 precedent transactions of gold mine assets ("**Gold Mine Precedents**") based on the criteria including: (i) the deals were closed over the last three years and were publicly reported with available data for use in the valuation; (ii) the deals included exploration and mineral resource assets that were considered to be at advanced stages of development; and (iii) the deals included mineral assets that were satellite to existing ore processing plants with reduced capital cost required for potential ore processing. For these Gold Mine Precedents, RPM reviewed the total consideration per ounces of gold contained in the target assets' mineral resources estimate. The transaction values have been adjusted to reflect present-day prices, taking into account the current gold price and the average price for the month in which the relevant Gold Mine Precedent was announced. The resulting precedent transaction multiples has a low end (25th percentile) of US$15/oz, median of US$34/oz and the high end (75th percentile of US$90/oz.

To estimate the value for the Exploration Assets, RPM adopted the results from the previous study it had prepared for DML in 2021, which was included in previous DML's circular dated 9 July 2021, where the area multiple (price per hectare) was categorised depending on the size of the areas. RPM has adjusted the area multiple up to reflect present-day prices, considering the gold price variation over the years. RPM has adopted the mean values of US$1,684/hectare for the purposes of assessing the value of the Exploration Assets.

To estimate the silver content value in the Faboliden pit, which is projected at 250,000 oz in the ITER, RPM has utilised the mean average from three recent precedent transactions involving silver targets ("**Silver Precedents**"). The resulting precedent transaction multiples has a low end of US$0.13/oz, median of US$0.37/oz and the high end of US$0.61/oz.

We have obtained the list of Gold Mine Precedents and the Silver Precedents transactions, and note that the precedent transactions contained in the list was undertaken by companies listed in Australia, Canada, the United Kingdom and the United States, and the mining assets transacted are located in North America, South America, Australia, Africa and West Asia, and are at advanced development stage with reported mineral resource or ore reserves. Given the Gold Mine Precedents and the Silver Precedents cover a wide range of locations and were transacted amongst various buyers and sellers, we consider these precedent transactions adequately reflect how market participants would price the respective mining assets in the prevailing market environment.

Based on the above valuation methods, the Post-LOM Mineral Resources has an assessed value of US$13.30 million to US$20.50 million, the Exploration Assets has an assessed value of US$1.22 million. and the silver content in the Faboliden pit has an assessed value of US$0.09 million. The aggregate assessed value of the Non-producing Assets is within the range of US$14 million and US$21 million, with the median value of approximately US$17 million, representing approximately 18% of the AEV of DML.

In summary, we are not aware of any matters that would cause us to doubt the DML Independent Expert's and the Independent Technical Expert's independence and expertise in relation to their respective engagements as well as the valuation approaches they have respectively adopted in performing their work on the DML Valuation. Overall, we consider the DML Valuation has been prepared by the DML Independent Expert with reasonable basis and assumptions, and the underlying financial estimations and forecasts are compiled with due care and consideration.

1.3.4 Summary of the DML Valuation

According to the valuations set out in the DML Independent Expert Report and the 2024 Annual Report, we set out below a summary of the fair market value of the Mine Properties and the assessed equity value of DML ("**AEV**") before the Offer as set out in the DML Valuation in comparison with the NAV of DML as at 31 December 2024.

	Fair market value (low end)	**Fair market value (high end)**
	US$ million	*US$ million*
Producing Assets		
VPC – Jokisivu and Vammala Plant	50.0	62.0
SPC – Fäboliden (including its Post-LOM Mineral Resources and silver content) *(Note 1)*	31.2	43.9
SPC – Svartliden Plant	–	4.0
Residual resources (i.e. the Non-producing Assets)	3.6	10.8
Less:		
Other rehabilitation costs *(Note 2)*	(5.2)	(5.2)
Corporate costs *(Note 3)*	(15.7)	(14.0)
Enterprise value	63.8	101.5

	Fair market value (low end) *US$ million*	Fair market value (high end) *US$ million*
Add:		
Net cash	11.4	11.4
Gold in circuit *(Note 4)*	1.3	1.3
Investment in Aurion Resources Limited *(Note 5)*	1.1	1.1
Legal proceedings *(Note 6)*	0.3	0.3
Less:		
Transaction costs in relation to the Offer	(0.6)	(0.6)
Assessed equity value (AEV)	77.3	114.9
	AU$ million	*AU$ million*
AEV expressed in AU$ *(Note 7)*	121.4	180.4
NAV of DML as at 31 December 2024	82.8	82.8
Surplus of AEV over NAV	38.6	97.6

Notes:

1. the low end (25[tth] percentage) of value range was adopted for the valuation of Post-LOM Mineral Resource at Fäboliden in RPM's technical valuation, having considered additional risks involved in the Fäboliden project given the environmental permit is still pending approval.

2. Other rehabilitation costs refer to rehabilitation obligations relating to previous mining activities, which are not captured within any LOM cash flows or for which DML does not have an environmental bond.

3. Corporate costs represent the NPV of expenses relating to head office costs, the Stock Exchange listing fees, costs of DML Directors, the Management and centralised functions of the DML Group.

4. Gold in circuit is valued at US$2,350/oz and assumed to be realised at the end of the LOM.

5. It refers to the DML Group's holding of 2,452,910 common shares in Aurion Resources Limited, a company listed on the TSX Venture Exchange (stock code: TSX-V:AU). The share is valued at its trading price as at 2 June 2025.

6. Legal proceedings refer to the expected recoverable amount related to DML's debt recovery actions to enforce compensation from its crusher Supplier. The relevant amount was impaired by DML in its financial statements.

7. For the purpose of converting the market value of the DML Group to AU$, the following exchange rates of were adopted: US$1: AU$1.57.

8. Figures extracted from the DML Valuation may not add up due to rounding.

As shown in the above table, there was a total revaluation surplus in the range of approximately AU$38.6 million to AU$97.6 million in the AEV as compared to DML's NAV of approximately as at 31 December 2024. We also note that a majority portion of the AEV was attributable to the Producing Assets and the net cash position of the DML Group as at the valuation date.

We have also compared the AEV per DML Share based on the DML Valuation and the NAV per DML Share as at 31 December 2024, which is summarised as follows:

		(low end)	**(high end)**
NAV per DML Share as at 31 December 2024 *(note)*		AU$0.52	AU$0.52
	(equivalent to)	*HK$2.60*	*HK$2.60*
AEV per DML Share *(note)*		US$0.49	US$0.73
	(equivalent to)	*HK$3.80*	*HK$5.66*
Premium over NAV per DML Share		**46.2%**	**117.7%**

Note: Based on 158,096,613 DML Shares in issue as at the Latest Practicable Date, and the exchange rates of AU$1.00 to HK$4.97 and US$1.00 to HK$7.78.

The AEV per DML Share in the range of HK$3.80 to HK$5.66 per DML Share represents a premium of 46.2% to 117.7% over the NAV per DML Shares as at 31 December 2024.

1.4 Dividend

As stated in the paragraph headed "1. Financial Summary of DML" in Appendix I to the Response Document, no dividend was declared or paid by DML for each of the years ended 31 December 2022, 2023 and 2024. Further, we understand from the Management that as at the Latest Practicable Date, (i) DML has no dividend or other distributions declared but not paid; and (ii) DML will not declare and pay any dividend or other distributions before the close or lapse of the Offer. In addition, we understand from the Management that there is no predetermined dividend distribution ratio set by DML. DML Independent Shareholders should however note that DML's historical dividend record may not be indicative of its future dividend trend.

1.5 Outlook and prospect of the DML Group

Market consensus on the outlook for gold mining companies in 2025 remains positive, driven by favourable market conditions and increased exploration activities. According to a research published in February 2025 by World Gold Council, a gold industry organisation formed by 32 gold mining companies with mining operations in over 45 countries, the global demand for gold is expected to be strong amidst strengthening central banks' appetite for gold[1], and sustained interest from investors as a safe-haven asset in the face of economic uncertainties and inflationary pressures. Meanwhile, on the supply side, global gold production is expected to peak in 2025 before entering a decline due to depleting reserves and fewer new discoveries. According to a research analysis article[2] published in August 2024 by S&P Global Market Intelligence ("**S&P Global**", a leading provider of financial and industry data, research, news, and analytics to investment professionals, government agencies, corporations, and universities worldwide), it found that the number and size of significant new gold discoveries has declined considerably over the past decade. The lack of major new discoveries raises concerns about the future trajectory of global gold supply. S&P Global expects gold production to peak in 2026 but will then decline through 2028. According to the quotation of the LBMA Gold Price published on the London Bullion Market Association ("**LBMA**") website[3], the gold price has increased by approximately 22% from US$2,646.30/oz on 2 January 2025 to US$3,230.15/oz on 19 May 2025 (i.e. the date of the May Joint Announcement). We also note from

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1 "Gold Demand Trends: Full Year 2024", World Gold Council (https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2024)

2 "Gold from major discoveries grows 3%, although recent discoveries remain scarce", (https://www.spglobal.com/market-intelligence/en/news-insights/research/gold-from-major-discoveries-grows-3-although-recent-discoveries-remain-scarce)

3 The LBMA Gold Price is a global benchmark price for unallocated gold delivered in London, and are administered by ICE Benchmark Administration Limited (https://www.lbma.org.uk/prices-and-data/precious-metal-prices#/table)

research articles published by several multinational financial institutions in the first half of 2025[4] that the gold price is forecasted to maintain at a level exceeding US$3,000/oz for the rest of the year 2025 due to inflationary pressures and adjustments of monetary policies by governments of major economies in the face of trade tension. Overall, we believe that the demand, supply and price trends of gold is expected to provide a positive impact for gold mining industry in near future as more existing producers are able to improve their operating margins at the prevailing gold price level.

The DML Group's ability to improve its financial performance amidst the buoyant forecasted gold price trend depends on its future production and financial capability. As discussed in the 2024 Annual Report, the DML Group has environmental bond funding requirements for both of its production centres, namely SPC and VPC, over the coming year. Additional bonds totalling approximately AU$25.0 million are expected to be funded from existing cash reserves and the remaining restricted cash from the share placement of DML which was conducted in January 2021 (details of which is set out in the announcement of DML dated 1 January 2021). In respect of its existing mining operation, rehabilitation closure works are planned to commence during 2025 at Kaapelinkulma Gold Mine in the VPC. The DML Group also obtained a new environmental permit for Jokisivu in the SPC allowing the crushing of up to 350,000 tonnes of aggregates annually including earlier start times for loading and transport activities.

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4 The financial institutions referred herein have global operations in the commodity markets and the research articles were prepared by their respective commodity research or strategist teams, and are based upon information, including market prices, data and other information, from sources believed to be reliable to them at the time of the article. Hence, we consider these articles were published by entities with relevant market exposure and experience, prepared objectively and reflected the market view on the gold price trend. These articles published by multinational financial institutions in first half of 2025 include:

(i) "Gold prices are forecast to rise another 8% this year", by Goldman Sachs Research on 27 February 2025 (https://www.goldmansachs.com/insights/articles/gold-prices-are-forecast-to-rise-another-8-percent-this-year)

(ii) "Will gold prices hit another all-time high in 2025?" by J.P. Morgan Research on 19 February 2025 (https://www.jpmorgan.com/insights/global-research/commodities/gold-prices)

(iii) "Taking the gloves off – raising our forecast" by UBS Chief Investment Office on 11 April 2025. (https://secure.ubs.com/public/api/v2/investment-content/documents/20hmroBmgNbuNO_vZNopvw?apikey=1AS8wxGGWLjxy6J92ees52Uz5ZrWmy6m)

(iv) "Gold rush not slowing down" by ANZ Research on 28 April 2025 (https://www.anz.com/institutional/insights/articles/2025-04/gold-rush-not-slowing-down/)

It is worth noting from the discussion in the paragraph headed "1.3.2 DCF Valuation of the Producing Assets" in this letter that, in respect of its operation at Fäboliden in the SPC, the Supreme Court of Appeal rejected the DML Group's application for leave to appeal the rejection of its application for an environmental permit to commence full scale mining activities at Fäboliden in June 2024. Notwithstanding that the Environmental Impact Assessment ("**EIA**") had been approved on 28 June 2022 and that the mining concession remains valid and in place, the DML Group would have to submit a new application for an environmental permit to commence full-scale mining activities to the Environment Court which will include additional measures to mitigate the concerns of the Environment Court issued in its ruling in June 2022.

We understand from the Management that all of the DML Group's ore productions came from Jokisivu in FY2024. Meanwhile, according to mineral resources estimate set out in the ITER, Fäboliden possesses the highest level of mineral resources (inclusive of ore reserves) amongst the Mine Properties. The aforesaid revised application process for the environmental permit of Fäboliden is estimated to take two years and any significant further delay or failure of the application could materially and adversely affect DML Group's profitability. Any delay in obtaining the environmental permits and limitation on annual production from Jokisivu may impact on the DML Group's potential gold production capacity growth in the near future. Meanwhile, following the closure of Svartliden Gold Mine, no gold was produced through mining activities in the SPC.

Based on the above, we are of the view that the outlook of the gold industry is generally positive and the DML Group should be able to benefit from it. There are meanwhile areas of risks and uncertainties which are specific to the DML Group in the short to medium term which may bring uncertainties on the business prospects of the DML Group.

2. Information of the Offeror

2.1 Principal business of the Offeror

As set out in the Letter from Morton Securities, the Offeror is principally engaged in investment holding and is an indirect wholly-owned subsidiary of AGL, the shares of which are listed on the Main Board (Stock Code: 373). Mr. Edwin Lo King Yau and Mr. Yang are the directors of the Offeror.

As at the Offer Document LPD, the Offeror did not own any DML Shares, and DML is a 29.65%-owned associate of Allied Properties. Allied Properties is an indirectly wholly owned subsidiary of APAC, the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 1104 and Warrant Code: 2478). APAC is a 47.32%-owned associate of AGL, which in turn is beneficially owned as to approximately (i) 74.99% by Lee and Lee Trust (inclusive of Mr. Lee's personal interests), being a discretionary trust; (ii) 9.02% by Ms. Chong Sok Un; and (iii) 15.99% by other public shareholder of AGL. According to the Letter from Morton Securities, the Offeror and the parties acting in concert with the Offeror own 51,441,727 DML Shares (comprising 46,877,727 DML Shares, 4,334,000 DML Shares, 220,000 DML Shares and 10,000 DML Shares held by Allied Properties, Mr. Nagahara, Mr. Dew and Mr. Yang respectively), representing approximately 32.54% of the entire issued shares of DML as at the Offer Document LPD.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are development and investment of residential, office and commercial properties, hospitality related activities, investment and operation of hospital, eldercare and health related businesses, provision of property management, cleaning and security guarding services, and the provision of finance, investments in listed and unlisted securities and funds management.

2.2 *The Offeror's intention in relation to the DML Group*

As stated in the Letter from Morton Securities, the Offeror is supportive of the DML Board and management team of DML and their current strategy. It is the intention of the Offeror to continue the existing business of the DML Group. The Offeror has no intention to put forward any major changes to the businesses of the DML Group after the close of the Offer (including in relation to its funding arrangements), to discontinue any employment of the employees of the DML Group, to dispose of or re-allocate the DML Group's assets which are not in the ordinary and usual course of business of the DML Group. The Offeror will be supportive of DML using its existing financial resources to expand its operations in gold mining and in hiring qualified staff for such expansion. The Offeror has no intention, understanding, obligation, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of existing businesses of the DML Group. The Offeror has no intention to make any change to DML's current dividend policy. Notwithstanding, DML Independent Shareholders should note the Offeror also stated that its intention may vary as new information becomes available or circumstances change. In such case, the Offeror will notify the DML Shareholders of any material changes as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

2.3 *Proposed change of the DML's board composition*

As stated in the Letter from Morton Securities, the Offeror intends to nominate new DML Directors to the DML Board after the close of the Offer. It is expected that not more than three of the DML Directors as at the Latest Practicable Date will resign. Any changes to the composition of the DML Board and biographies of any new DML Directors to be appointed will be made as and when appropriate in compliance with the Takeovers Code and the Listing Rules and subject to all required approvals. As at the Offer Document LPD, the Offeror has not identified any candidates for nomination as new DML Directors and has not determined the existing DML Directors who will resign. The potential change in the DML Board's composition may lead to adjustments in business management and decision making processes, the effects of which is currently unknown.

2.4 *Maintaining the listing Status of DML*

According to the Letter from Morton Securities, if, at the close of the Offer, less than the minimum prescribed percentage applicable to DML, being 25% of the DML Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the DML Shares; or (ii) there are insufficient DML Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the DML Shares until the prescribed level of public float is restored.

The Offeror intends to retain the listing of the DML Shares on the Stock Exchange following the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any DML Shares outstanding after the close of the Offer.

Under the Corporations Act, if at the end of the offer period the Offeror and its associates (as defined in the Corporations Act) have a relevant interest (as defined in the Corporations Act) in at least 90% of the DML Shares, the Offeror must offer to buy out (the "**Buy Out Offer**") the remaining holders of DML Shares and the holders of securities that are convertible into DML Shares (of which there are none on issue as at the Latest Practicable Date). The Buy Out Offer provides a right to the remaining holders of DML Shares to dispose of their interest in DML to the Offeror. The remaining holders of DML Shares may accept or reject the Buy Out Offer. For the avoidance of doubt, the Buy Out Offer does not constitute a compulsory acquisition. Subject to this obligation, the directors of the Offeror and the new directors to be appointed to the DML Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the DML Shares. The Offeror considers that the appropriate actions to be taken after the close of the Offer (which could be after the close of the Buy Out Offer process, if applicable) shall include placing down of sufficient number of accepted DML Shares by the Offeror where appropriate. DML and the Offeror will issue a further announcement as and when necessary in this regard. DML Independent Shareholders are advised to monitor the actions of the Offeror and consider the impact to the DML Share price in relation thereof.

3. Principal terms of the Offer

As set out in the Offer Document, the Offer is made on the following basis:

For every Offer Share . . . . HK$2.60 in cash

DML Independent Shareholder should also note that the Offeror can vary the Offer by:

(a) waiving the Conditions (subject to the Takeovers Code and the Corporations Act);

(b) extending the Offer Period (subject to the Takeovers Code and the Corporations Act); or

(c) increasing the consideration offered under the Offer.

If you accept the Offer and the Offeror subsequently increases the consideration offered in respect of that Offer, you are entitled to receive the improved consideration.

3.1 Conditions of the Offer

We would like to draw the DML Shareholders' attention to the fact that the Offer is subject to the Conditions being fulfilled or waived (where applicable). The DML Independent Shareholders should read the conditions of the Offer set out in the paragraph headed "4. The Offer – Conditions to the Offer" in the Letter from the DML Board, which is excerpted as follows:

1. the Offeror obtaining any necessary waivers, approvals, modifications or consents from the SFC or ASIC that have been applied for by the Offeror before the First Closing Date or the date the Offer becomes or is declared unconditional as to acceptances (whichever is later), and are required to facilitate or complete the Offer in circumstances where the Offeror faces a conflict between the regulations and laws of Hong Kong and Australia;;

2. no Prescribed Occurrence happening between the date of the May Joint Announcement and the First Closing Date or the date the Offer becomes or is declared unconditional as to acceptances (whichever is later);

3. between the date of the May Joint Announcement and the First Closing Date or the date the Offer becomes or is declared unconditional as to acceptances (whichever is later), the DML Group maintaining and complying with its mining tenement and processing licenses and all related Authorisations, and no regulatory authority taking any action in respect of the DML Group that is adverse to such tenements, processing licenses or Authorisations; and

4. valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the closing date of the Offer (or such later time or date as the Offeror may, subject to the Takeovers Code and the laws of Australia, decide) in respect of such number of the DML Shares which, together with the DML Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it together holding more than 50% of the voting rights of DML. valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date of the Offer (or such later time or date as the Offeror may, subject to the Takeovers Code and the laws of Australia, decide) in respect of such number of the DML Shares which, together with the DML Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it together holding not less than 50% of the voting rights of DML;

Subject to the Corporations Act, the Offeror alone is entitled to the benefit of the Conditions, or to rely on any non-fulfilment of any of them. Each Condition is a separate, severable and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.

In respect of Condition 1, Practice Note 27 issued by the SFC permits the Closing Date be automatically extended to the next Business Day where certain extreme weather declarations or warnings are in force in Hong Kong on the Closing Date at 12:00 or after (see paragraph 8(b) in the section headed "Change in Expected Timetable of The Offer" in the Delay Announcement for more information), while the Corporations Act does not have such provision and does not permit an extension of the Closing Date in those circumstances. To rectify this conflict, the Offeror has applied to ASIC for, and ASIC has granted, the 624 Declaration. As at the Latest Practicable Date, save for the 624 Declaration, the Offeror is not aware of any waivers, approvals, modifications or consents it needs to obtain from the SFC or ASIC to facilitate and complete the Offer.

Conditions 1, 2 or 3 can be waived while Condition 4 cannot be waived. As at the Latest Practicable Date, none of the Conditions have been satisfied or (if capable of being waived) waived. Further announcement(s) will be made by the Offeror as and when appropriate in respect of the satisfaction or (if capable of being waived) waiver of the Conditions. The DML Independent Shareholders are reminded that once you accept the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you, and you will consequently be unable to withdraw your DML Shares from the Offer (except as permitted under Rule 17 of the Takeovers Code and the Corporations Act) or otherwise dispose of your DML Shares, unless the Offer lapses. If the Conditions are not satisfied or waived (as applicable) on or before the Closing Date, the Offer will lapse unless the offer period is extended by the Offeror in accordance with the Takeovers Code and the Corporations Act.

In accordance with Rule 15.7 of the Takeovers Code, except with the consent of the Executive, all Conditions must be fulfilled or waived, or the Offer will lapse within 21 days after the First Closing Date or after the date the Offer becomes or is declared unconditional as to acceptances, whichever is later.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Conditions, other than the acceptance condition, so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke the Conditions are of material significance to the Offeror in the context of the Offer. Unless the circumstances of Conditions 1, 2 or 3 to be involved are of material significance to the Offeror in the context of the Offer, the Offeror will not invoke any Conditions so as to cause the Offer to lapse.

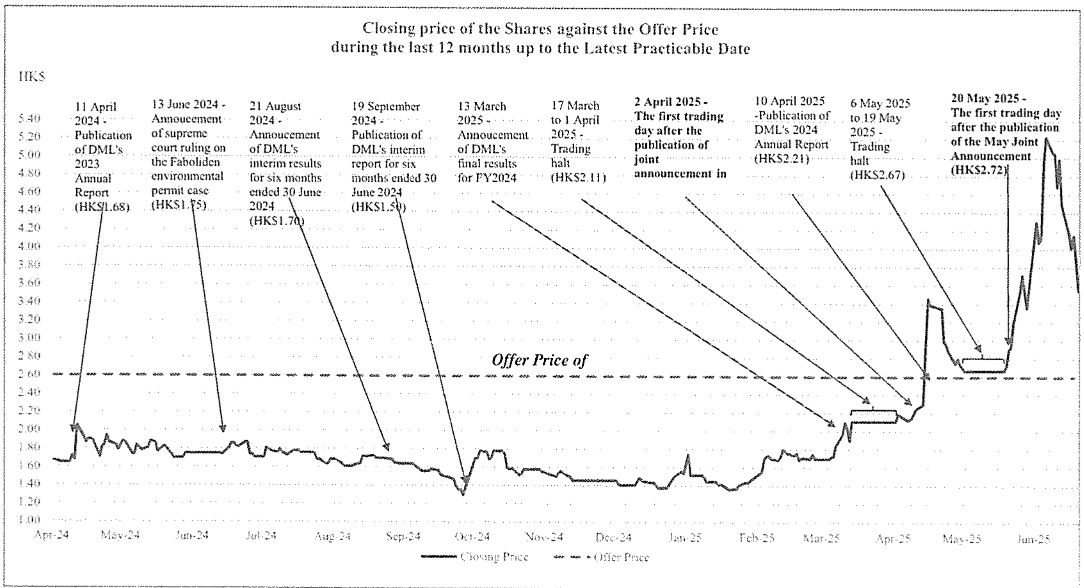
DML Independent Shareholders should note that the Offeror will give notice to DML and ASIC on the Condition Status Update as required by the Corporations Act on 1 August 2025 (subject to extension if the Bid Period (as defined in the Offer Document) is extended), and further announcement will be made by the Offeror in this regard. In the event that the Offer becomes or is declared unconditional in all respects before the First Closing Date, the Offer will close on the First Closing Date or 14 days after the Offer becomes or is declared unconditional in all respects, whichever is later.

3.2 Evaluation of the Offer Price

To assess the fairness and reasonableness of the Offer Price of HK$2.60 per Offer Share, our analysis makes reference to (i) the historical price performance of the DML Shares; (ii) the historical trading liquidity of the DML Shares; (iii) the Offer Price against NAV per DML Share and the DML Valuation per DML Share; and (iv) market comparables.

3.2.1 Historical price performance of the DML Shares

The chart below depicts the closing price level of the DML Shares as quoted on the Stock Exchange from 2 April 2024 (being the first trading day of the month falling 12 months preceding the last trading day of the DML Shares on the Stock Exchange before the commencement of the Offer Period until 1 April 2025 (being the date of the publication of the joint announcement in respect of the Allied Properties Offer issued by Allied Properties, DML and APAC) ("**Pre-Offer Period**"), (ii) from 2 April 2025 to the last trading day of the DML Shares on the Stock Exchange before the date of the publication of the May Joint Announcement ("**Last Trading Day**") (being the commencement of the Offer Period up until the announcement of potential Allied Properties Offer Withdrawal, "**Allied Properties Offer Period**"); and (iii) from 20 May 2025 (being the first trading day after the publication of the May Joint Announcement in relation to the Offer and the possible Allied Properties Offer Withdrawal) up to and including the Latest Practicable Date ("**Post-May Joint Announcement Period**") (collectively, the "**Review Period**").



Source: The website of the Stock Exchange (www.hkex.com.hk)

From the commencement of the Review Period, being 2 May 2024 to the mid-June 2024, the closing price of the DML Shares fluctuated between the range of HK$1.70 and HK$1.88, with no major public announcement being made by the DML Group. Afterwards, the closing price of the DML Shares showed a downward trend from mid-June 2024 till the end of September 2024, with a period low of HK$1.3 recorded on 27 September 2024. During this period, DML announced (i) on 13 June 2024, that the Supreme Court of Sweden delivered its ruling not to grant leave to appeal regarding its Fäboliden project as mentioned in the paragraph headed "1.5 Outlook and prospect of the DML Group" above; and (ii) on 21 August 2024, DML's financial results for the six months ended 30 June 2024, which recorded a period-on-period decrease in gold production for both its Finland and Sweden operations. The closing price of the DML Share fluctuated between the range of HK$1.36 and HK$1.76 from October 2024 to January 2025 when the gold market price maintained at a level around US$2,700/oz. The closing price of the DML Share increased from HK$1.56 on 3 February 2025 to HK$2.11 on 14 March 2025, during a period when gold market price had increased from around US$2,800/oz level to over US$3,000/oz level.

The trading of the DML Shares was suspended from 17 March 2025 to 1 April 2025 (being the date of the joint announcement in respect of the Allied Properties Offer). Subsequently, the closing price of the DML Shares increased from a period low of HK$2.11 on 2 April 2024 to a period high of HK$3.46 recorded on 16 April 2025, and then decreased back to HK$2.67 on the Last Trading Day. The increase of closing price during the Allied Properties Offer Period was possibly attributable to the (i) continuous effect from the publication of DML's annual results for FY2024 on 13 March 2025, which indicated a significant growth of its net profit as compared to FY2023; (ii) the announcement of the Allied Properties Offer, which had an offer price of HK$2.20 per DML Share, and (iii) upward trend of gold price during this period which reached a level of over US$3,400/oz amidst the weakening of US$ as a result of investors' concerns over the economic implications of trade tensions and newly announced tariffs by major economies, and sustained central bank demand for gold with a view to increasing their gold reserves.

In summary, throughout the Pre-Offer Period, the DML Share closing price fell within a range of HK$1.30 and HK$2.11, which was below the Offer Price, whilst it went above the Offer Price for most of the Allied Properties Offer Period. The Offer Price of HK$2.60 per Offer Share represents:

(i) a discount of approximately 2.62% to the closing price of HK$2.67 per DML Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 6.14% to the average closing price of approximately HK$2.77 per DML Share as quoted on the Stock Exchange over the five (5) consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 13.33% to the average closing price of approximately HK$3.00 per DML Share as quoted on the Stock Exchange over the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 10.17% over the average closing price of approximately HK$2.36 per DML Share as quoted on the Stock Exchange over the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 31.31% over the average closing price of approximately HK$1.98 per DML Share as quoted on the Stock Exchange over the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day;

Meanwhile, the DML Share closing price increased and stayed above the Offer Price subsequent to the date of publication of the May Joint Announcement up until the Latest Practicable Date in the range of HK$2.72 and HK$5.23. In particular, the Offer Price represents a substantial discount of 26.8% to the closing price of the DML Shares of HK$3.55 per DML Share on the Latest Practicable Date.

From the perspective of historical closing price of the DML Shares prior to the Pre-Offer Period, the Offer Price proposed by the Offeror appears to be justifiable given it was at a premium to the then closing prices. From the perspective of recent prices of the DML Shares throughout most of the Allied Properties Offer Period and following the publication of the May Joint Announcement means DML Independent Shareholders may be better off selling their DML Shares in the market if they wish to liquidate their investments in DML (where liquidity of DML Shares allow).

3.2.2 Historical trading liquidity of the DML Shares

The table below sets forth the total number and the average daily number of Shares traded per month on the Stock Exchange, and the respective percentage of such monthly average daily trading volume as compared to the total number of issued DML Shares and the total number of DML Shares held by the DML Independent Shareholders during the Review Period.

Month/Period	**Trading days**	**Average daily trading volume for the month** *(Shares)*	**% of average daily trading volume to total number of DML Shares in issue** *(Note 1)*	**% of average daily trading volume to total number of Shares held by the DML Independent Shareholders** *(Note 2)*
Pre-Offer Period				
April 2024	20	106,420	0.07%	0.10%
May 2024	21	64,667	0.04%	0.06%
June 2024	19	127,877	0.08%	0.12%
July 2024	22	43,455	0.03%	0.04%
August 2024	22	7,455	<0.01%	0.01%
September 2024	19	14,895	0.01%	0.01%
October 2024	21	59,041	0.04%	0.06%
November 2024	21	38,052	0.02%	0.04%
December 2024	20	23,842	0.02%	0.02%
January 2025	19	72,105	0.05%	0.07%
February 2025	20	254,105	0.16%	0.24%
March 2025 *(Note 3)*	10	421,918	0.27%	0.40%
Allied Properties Offer Period and Post-May Joint Announcement Period				
April 2025 *(Note 3)*	18	2,923,989	1.85%	2.74%
May 2025 *(Note 4)*	10	2,334,094	1.48%	2.19%
June 2025 (up to the Latest Practicable Date)	15	3,780,779	2.39%	3.54%

Source: The Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on the total number of issued DML Shares as at each month end.

2. Based on the total number of issued DML Shares held by the DML Independent Shareholders of as at each month end.

3. The trading of the DML Shares was suspended from 17 March 2025 to 1 April 2025 pending the publication of the joint announcement in relation to the Allied Properties Offer.

4. The trading of the DML Shares was suspended from 6 May 2025 to 19 May 2025 pending the publication of the May Joint Announcement in relation to the Offer and the possible Allied Properties Offer Withdrawal.

From the table above, the monthly average daily trading volume of the DML Shares had been relatively thin throughout the Pre-Offer Period as compared to that after the commencement of the Offer Period (i.e. April 2025 onwards). The monthly average daily trading volume of the DML Shares ranged from less than 0.01% to 0.27% of the total number of the DML Shares in issue and approximately from 0.01% to 0.40% of the DML Shares held by the DML Independent Shareholders as at the respective month end date during the Pre-Offer Period. The average daily trading volume for April 2025 increased to 1.85% of the total number of the DML Shares in issue and 2.74% of the Shares held by the DML Independent Shareholders. Subsequent to the publication of the May Joint Announcement, the trading volume remained relatively high, where the average daily trading volume for May 2025 and June 2025 were 1.48% and 2.39% of the total number of the DML Shares in issue respectively, and 2.19% and 3.54% of the DML Shares held by the DML Independent Shareholders respectively. Out of the 234 active trading days (a trading day which the trading of Shares was not suspended) on the Stock Exchange during the Pre-Offer Period ("**Total Active Trading Days**"), there were (i) 65 trading days where no Shares were traded, representing approximately 28% of the Total Active Trading Days, and (ii) 98 trading days where less than 10,000 DML Shares were traded, representing approximately 42% of Total Active Trading Days. It can be concluded from the above statistics that the trading of the DML Shares during the Pre- Offer Period was generally not active. Trading activities increased during the Allied Properties Offer Period and Post-May Joint Announcement Period, and we believe this was likely underpinned by the existence of the Allied Properties Offer and the Offer.

It is uncertain whether there would be sufficient liquidity in the DML Shares for the DML Independent Shareholders to dispose of a considerable number of their DML Shares in the open markets without compromising the price level of the DML Shares in the absence of the Offer. The Offer provides an opportunity for the DML Independent Shareholders, in particular those holding a considerable number of DML Shares, to dispose of their Shares at the Offer Price, which is fixed, if they wish to.

3.2.3 Offer Price vs DML's NAV and the DML Valuation

We note that the Offer Price of HK$2.60 is at the same level as the audited consolidated NAV attributable to the DML (based on the audited consolidated NAV of DML of approximately AU$82.8 million (equivalent to approximately HK$409.7 million) as at 31 December 2024, 158,096,613 DML Shares in issue as at the Latest Practicable Date and the exchange rate of AU$1.00 to HK$4.97.

We have also compared the Offer Price to the AEV per DML Share based on the DML Valuation as discussed in the paragraph headed "1.3 Valuation of the DML Group" in this letter, which is summarised as follows:

		(low end)	**(high end)**
AEV of DML in the DML Valuation		US$77.3 million	US$114.9 million
AEV per DML Share *(note)*		US$0.49	US$0.73
	(equivalent to)	*HK$3.80*	*HK$5.66*
Discount of the Offer Price to AEV per DML Share		**31.6%**	**54.0%**

Note: Based on 158,096,613 DML Shares in issue as at the Latest Practicable Date, and the exchange rate of US$1 to HK$7.78.

The Offer Price of HK$2.60 per DML Share represents a substantial discount of 31.6% to 54.0% to the above low and high ends of AEV per DML Share.

3.2.4 Comparables analysis

To assess the fairness and reasonableness of the Offer Price from the perspective of relative valuation against its Hong Kong-listed industry peers, we have conducted a search, on a best effort basis, for listed companies engaging in similar business to the DML Group (the "**Comparable Companies**") and analysed their price-to-earnings ("**P/E**") ratios and price-to-book ("**P/B**") ratios, which is a commonly adopted basis in conducting market comparable analysis.

In selecting the Comparable Companies, our selection criteria focused on companies that (i) are listed on the Stock Exchange; (ii) are principally engaged in gold mining and processing business with at least 60% of their revenue derived therefrom; and (iii) generated profits (after deducting extraordinary gain or loss) in the most recent financial year. DML Independent Shareholders should note that despite of the aforesaid criteria, the principal places of business (i.e. geographical locations of the gold mining projects), the quality of the mines (i.e. level of mineral resources), and the mine production process (e.g. open-pit or underground mining), and scale of operations of the DML Group are not exactly the same as those of the Comparable Companies, and we have not conducted any in-depth investigation into the business and operations of the Comparable Companies.

We have identified eight Comparable Companies, which have been selected through our research using public information and based on the above criteria. Notwithstanding the fact that the market capitalisations of the Comparable Companies as at the Latest Practicable Date varied from approximately HK$3.7 billion to approximately HK$526.9 billion and were significantly higher than that of DML, given the fact that gold is a commodity with relatively transparent and uniform market price in global markets and the demand for gold does not differ significantly by the source of supply, we consider the Comparable Companies to be fair and representative samples for the purpose of P/E ratio and P/B ratio analysis, and the research on the Comparable Companies provides a meaningful analysis. We believe the following is an exhaustive list based on these criteria.

Company name	**Stock code**	**Geographical location of gold mining projects**	**Market capitalisation as of the Latest Practicable Date** *(Note 1)* *HK$ million*	**Revenue contribution from gold mining and processing business** *(Note 2)*	**Historical P/E ratio** *(Note 3)* *times*	**Historical P/B ratio** *(Note 4)* *times*
Tongguan Gold Group Limited (潼關黃金集團有限公司)	0340.HK	PRC	10,554.5	81.2%	50.0	4.39 *(Note 5)*
Shandong Gold Mining Co., Ltd. (山東黃金礦業股份有限公司)	1787.HK (600547.SH)	PRC, Argentina	148,869.4	65.2%	44.5	4.5
Zhaojin Mining Industry Co. Ltd. (招金礦業股份有限公司)	1818.HK	PRC, Sierra Leone, Côte d'Ivoire	71,733.5	92.8%	45.5	3.1
Persistence Resources Group Ltd (集海資源集團有限公司)	2489.HK	PRC	3,720.0	100.0%	32.7	3.9

Company name	Stock code	Geographical location of gold mining projects	Market capitalisation as of the Latest Practicable Date *(Note 1)* *HK$ million*	Revenue contribution from gold mining and processing business *(Note 2)*	Historical P/E ratio *(Note 3)* *times*	Historical P/B ratio *(Note 4)* *times*
Zijin Mining Group Co., Ltd. (紫金礦業集團股份有限公司)	2899.HK (601899.SH)	PRC, Tajikistan, Suriname, Guyana, Kyrgyzstan, Serbia	526,862.4	97.7%	14.6	3.4
Lingbao Gold Group Company Ltd. (靈寶黃金集團股份有限公司)	3330.HK	PRC, Kyrgyz Republic	12,534.2	98.3%	16.5	3.4
Chifeng Jilong Gold Mining Co., Ltd. (赤峰吉隆黃金礦業股份有限公司)	6693.HK (600988.SH)	PRC, Laos, Ghana	55,879.9	96.6%	29.5	5.0
GT Gold Holdings Limited (大唐黃金控股有限公司)	8299.HK	PRC	2,265.6	100.0%	41.0	5.3
Maximum					**50.0**	**5.3**
Minimum					**14.6**	**3.1**
Average					**34.3**	**4.1**
Median					**36.8**	**3.9**
			Based on the Offer Price *(Note 4)*			
DML	**1712.HK**	**Finland, Sweden**	**411.1**	**100%**	**6.4**	**1.0**

Source: The Stock Exchange, 2024 annual reports of each Comparable Companies

Notes:

1. Market capitalisation figures of the Comparable Companies are presented in HK$ and are based on the total number of shares in issue of each of these companies (including H-shares, A-shares and domestic shares), and their respective share price (as the case may be).

2. Revenue contribution from gold mining and processing business of the Comparable Companies over total revenue for their latest financial years is based on the information disclosed in their latest published annual reports.

3. Historical P/E ratio is calculated based on the respective share price, multiplied by the number of issued shares of the companies as at the Latest Practicable Date as extracted from their respective latest monthly return on movements in securities, divided by their respective net profit attributable to shareholders after deduction of non-recurring gain or loss for FY2024.

4. Historical P/B ratio is calculated based on the respective share price, multiplied by the number of issued shares of the companies as at the Latest Practicable Date as extracted from their respective latest monthly return on movements in securities, divided by the net assets attributable to shareholders as of the end of FY2024.

5. Tongguan Gold Group Limited completed a subscription of shares under its general mandate in April 2025. The historical P/B is calculated based on the adjusted net asset value taking into account the net proceeds of approximately HK$225.5 million from the share subscription.

6. The implied market capitalisation, P/E Ratio and P/B Ratio of DML are calculated based on the Offer Price.

As shown in the table above, the implied P/E ratio and the implied P/B ratio of DML of 6.5 times and 1.0 times respectively, calculated based on the Offer Price, were lower than (i) the historical P/E ratios of the Comparable Companies which ranged from 14.6 times to 50.0 times, with average and median of approximately 34.3 times and 36.8 times respectively; and (ii) the historical P/B ratios of the Comparable Companies which ranged from 3.1 times to 5.3 times, with average and median of approximately 4.1 times and 3.9 times respectively. We note that the implied P/E ratio and implied P/B ratio are significantly lower than the range of historical P/E ratios and the historical P/B ratios of the Comparable Companies. On this basis, from the perspective of relative valuation between DML and the Comparable Companies, we are of the view that the Offer Price is not fair and not reasonable to DML Independent Shareholders.

RECOMMENDATION

Having considered the aforesaid principal factors as summarised below (which should be read in conjunction with and interpreted in the full context of this letter):

i. the Offer Price is not fair and not reasonable from the perspective of relative valuations as the implied P/E Ratio and P/B Ratio of the Offer Price are below the ranges of the Comparable Companies;

ii. the Offer Price is at the same level as the NAV per DML Share as at 31 December 2024, and at substantial discounts of 31.6% and 54.0% to the low end and high end of the AEV per DML Share of HK$3.80 and HK$5.66 respectively, after taking into account the DML Valuation performed by the DML Independent Expert;

iii. the Offer Price represents a discount of 2.62%, 6.14%, 13.33%, on the closing price of the DML Shares on the Last Trading Day, and the average closing price of the Shares for the five (5) and ten (10) consecutive trading days prior to and including the Last Trading Day respectively. Also, it represents discounts to the DML Share closing prices in the Post-May Joint Announcement Period as well as on the Latest Practicable Date; and

iv. the improved financial performance of DML underpinned by buoyant gold price trend in FY2024; and that the DML Group should be able to benefit from the generally positive outlook of the gold industry, where the demand, supply and price trends of gold are expected to provide a positive impact for gold mining industry in near future,

we are of the view that the Offer Price is not fair and not reasonable from a business valuation standpoint and the Offer Price does not reflect the recent positive development of the gold mining industry and the gold price trend. While we noted the areas of risks and uncertainties which are specific to the DML Group in the short to medium term which may bring uncertainties on the business prospects of the DML Group, having weighed the factors above, we would advise the DML Independent Board Committee to recommend the DML Independent Shareholders not to accept the Offer.

We are cognizant of the fact that the DML Independent Shareholders had not received any monetary return in the form of dividend in the past few financial years, and the Offer provides an opportunity for the DML Independent Shareholders to realise their investment with certainty at the fixed Offer Price.

Given that prevailing market price of the DML Shares had been higher than the Offer Price during the Post-May Joint Announcement Period up until the Latest Practicable Date, in cases where the DML Independent Shareholders wish to realise all or part of their investment in the DML Shares, they should firstly consider selling their DML Shares in the open market if the market price of the DML Shares exceeds the Offer Price and the net proceeds from the sale of the DML Shares in the open market after deducting all related costs exceed the amount receivable from the Offer. However, if the price of DML Shares decreased to below the Offer Price before the end of the offer period of the Offer, DML Independent Shareholders should accept the Offer (if they can receive higher net proceeds from the Offer than selling their DML Shares in the open market). We therefore advise such DML Independent Shareholders to closely monitor the market trading of DML Shares during the Offer Period.

DML Independent Shareholders who wish to accept the Offer should read carefully the procedures for accepting the Offer as detailed in the Offer Document. As different DML Independent Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any DML Independent Shareholders who may require advice in relation to any aspect of the Offer, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Chang Sean Pey	**Chan Ying Wai Freddy**
Responsible Officer	*Responsible Officer*

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Chan Ying Wai Freddy ("**Mr. Chan**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chan has worked in investment banking and corporate finance advisory for over 15 years. He has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

* *for the purpose of this letter and for illustration only, amounts in this letter denominated in AU$, US$ and RMB have been translated into HK$ at the following exchange rates:*

– AU$1.00 to HK$4.97

– US$1.00 to HK$7.78

– RMB0.92 to HK$1.00