



龍資源有限公司
DRAGON MINING
LIMITED

DRAGON MINING LIMITED

龍資源有限公司*

(Incorporated in Western Australia with limited liability ACN 009 450 051)

(Stock Code: 1712)

Executive DML Director:

Mr. Brett Robert Smith (*Chief Executive Officer*)

Non-executive DML Directors:

Mr. Arthur George Dew (*Chairman*)

Ms. Lam Lai

Alternate DML Director:

Mr. Wong Tai Chun Mark

(*acting as the alternate Director to Mr. Arthur George Dew*)

Independent non-executive DML Directors:

Mr. Carlisle Caldow Procter

Mr. Pak Wai Keung Martin

Mr. Poon Yan Wai

Registered office:

Unit 202, Level 2,
39 Mends Street,
South Perth,
Western Australia 6151 Australia

**Principal place of business
in Hong Kong:**

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

23 June 2025

To the DML Independent Shareholders:

Dear Sir or Madam,

**RESPONSE DOCUMENT/TARGET'S STATEMENT RELATING TO
CONDITIONAL VOLUNTARY CASH OFFER BY
MORTON SECURITIES LIMITED ON BEHALF OF
WAH CHEONG DEVELOPMENT (B.V.I.) LIMITED
TO ACQUIRE ALL ISSUED SHARES OF
DRAGON MINING LIMITED**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Offer, which is subject to the satisfaction or (if capable of being waived) waiver of the Conditions.

On 2 June 2025, the Offeror despatched the Offer Document accompanied with the Forms of Acceptance.

The purpose of this Response Document is to provide you with, among other things: (i) information relating to the DML Group and the Offer; (ii) a letter from the DML Independent Board Committee containing its recommendation to the DML Independent Shareholders in relation to the Offer; (iii) a letter from the DML Independent Financial Adviser containing its advice and recommendation to the DML Independent Board Committee in relation to the Offer; and (iv) a DML Independent Expert Report containing its opinion as to whether the Offer is fair and reasonable for the DML Independent Shareholders as required by the Corporations Act.

You are advised to read this Response Document, the letter from the DML Independent Board Committee, the letter from the DML Independent Financial Adviser and the DML Independent Expert Report in conjunction with the Offer Document carefully before taking any action in respect of the Offer.

2. DML INDEPENDENT BOARD COMMITTEE

The DML Independent Board Committee, comprising Ms. Lam Lai, a non-executive DML Director; and Mr. Carlisle Caldwell 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. As it relates to Australian law, analogous requirements exist concerning the establishment of the DML Independent Board Committee. Mr. Dew is ineligible to sit on the DML Independent Board Committee due to his common directorship of DML and AGL. Further, Mr. Brett Robert Smith as an executive director of DML is not eligible to sit on the DML Independent Board Committee pursuant to the Takeovers Code.

Altus Capital Limited has been appointed by the DML Independent Board Committee as the DML Independent Financial Adviser to advise the DML Independent Board Committee in respect of the Offer, 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. The appointment of Altus Capital Limited has been approved by the DML Independent Board Committee.

3. DML INDEPENDENT EXPERT

The DML Independent Expert has also been appointed by the DML Independent Board Committee as the DML Independent Expert to prepare the DML Independent Expert Report (including the Independent Technical Expert Report), which contains its opinion as to whether the Offer is fair and reasonable for the DML Independent Shareholders as required by section 640 of the Corporations Act.

4. THE OFFER

The terms of the Offer as set out in the Offer Document are extracted below. You are recommended to refer to the Offer Document and the Form of Acceptance for further details. The Offer is made on the following basis:

For every Offer Share HK\$2.60 in cash

As disclosed in the Offer Document, as at the Offer Document LPD, the Offeror and parties acting in concert with it 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, save for 158,096,613 DML Shares, DML has no other relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) in issue. DML has confirmed to the Offeror that it will not issue any relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) during the offer period of the Offer. As required under the Corporations Act, the Offer extends to Allied Properties, Mr. Nagahara, Mr. Dew and Mr. Yang. However, 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, the maximum number of DML Shares the Offeror can acquire under the Offer is 111,218,886 Offer Shares.

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.

Conditions to the Offer

The completion of Offer is subject to the satisfaction or waiver (if capable of being waived) of the following conditions:

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 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 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 (or such later time or date as the Offeror may, subject to the Takeovers Code and the Corporations Act, 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 Period, will result in the Offeror and parties acting in concert with it together holding more 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 to 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 noon 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 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 as and when appropriate in respect of the satisfaction or (if capable of being waived) waiver of the Conditions.

Once you have accepted 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 with the Executive's consent and in accordance with the Corporations Act, and all contracts resulting from the acceptance of the Offer will automatically terminate and your DML Shares will be returned to you.

In accordance with section 650F of the Corporations Act, the Offeror may waive Conditions 1, 2 or 3 by giving a notice to DML (meaning this Offer and any contract resulting from its acceptance will no longer be subject to the relevant Condition). This notice may be given:

- (i) in the case of Condition 2, not later than the end of the Bid Period; and
- (ii) in the case of Conditions 1 and 3, not less than seven days before the end of the Bid Period.

Although section 650F of the Corporations Act permits Condition 2 to be waived up to 3 Business Days after the end of the Bid Period, under the terms of this Offer, Condition 2 can only be satisfied or waived (as applicable) on or before the Closing Date in compliance with the Takeovers Code.

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 has no intention to invoke any Conditions so as to cause the Offer to lapse.

The Offeror will give DML and ASIC the Condition Status Update as required by the Corporations Act on 1 August 2025 (subject to extension if the Bid Period is extended). Further announcements will be made by the Offeror in this regard in compliance with the Takeovers Code.

In the event that the Offer becomes or is declared unconditional in all respects before the First Closing Date (i.e. 8 August 2025), the Offer will close on the First Closing Date (i.e. 8 August 2025) or 14 days after the Offer becomes or is declared unconditional in all respects, whichever is later.

WARNING: Completion of the Offer is subject to the Conditions above being fulfilled or waived (where applicable). The issue of this Response Document does not in any way imply that the Offer will be completed. The Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, DML Shareholders and potential investors of DML are advised to exercise caution when dealing in the securities of DML. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

Notice of Status of Conditions

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 is extended). Further announcements will be made by the Offeror in this regard in compliance with the Takeovers Code and the Corporations Act.

The Corporations Act requires that such notice state

- whether the Offer is free from all Conditions;
- whether any of the Conditions have been fulfilled as at the date of the notice;
and
- the voting power of the Offeror in DML.

If the Offer Period is extended before the date the notice is required to be given, the date that the Offeror must give its notice is taken to be postponed for the same period. In this case, the Offeror is required, as soon as reasonably practicable after the extension, to notify DML and the Stock Exchange of the new date for giving the notice. For the avoidance of doubt, given the First Closing Date (i.e. 8 August 2025) is already the latest date (being 60 days from the date of the Offer Document) permitted under the Takeovers Code for the fulfilment of the acceptance condition of the Offer (being Condition 4 of the Conditions), unless the Offer has become or is declared unconditional, the First Closing Date cannot be extended without the Executive's consent. For the avoidance of doubt, the latest date to fulfill the acceptance condition of the Offer will be 8 August 2025 and the Offeror will have 21 more days to fulfill or waive (where applicable) other Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date on which the notice of status of conditions is required to be given, the Offeror must, as soon as reasonably practicable, give DML and the Stock Exchange a notice that states that the particular Condition has been fulfilled. The Offeror will also make further announcement(s) to keep DML Shareholders and potential investors informed of any progress as and when appropriate.

Consequences if Conditions are not satisfied

Your acceptance of the Offer, and any contract resulting from your acceptance of the Offer, will be automatically void if at the end of the Offer Period the Conditions have not been fulfilled or waived. In that situation, you will be free to deal with the relevant DML Shares as you see fit.

Closing of the Offer

In accordance with Rule 15.1 of the Takeovers Code and the Corporations Act, the Closing Date of the Offer must be at least 28 days and 1 month after the date of the Offer Document, respectively. Accordingly, the Offer will close at 4:00 p.m. on 8 August 2025 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Under the Takeovers Code, where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than fourteen (14) days thereafter. DML Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond the minimum 14-day period prescribed under the Takeovers Code.

Under Rule 15.5 of the Takeovers Code, the latest time on which the Offer may become or may be declared unconditional as to acceptance is 7:00 p.m. on the 60th day which falls on 8 August 2025 after the posting of the Offer Document (or such later date to which the Executive may consent) and the Offer timetable will also be required to comply with the Corporations Act.

Effect of acceptance

The effect of acceptance of the Offer is set out in under the heading “Effect of accepting the Offer” in the Letter from Morton Securities contained within the Offer Document. You should read those sections in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your DML Shares and the representations and warranties which you give by accepting the Offer.

Payment of consideration

Subject to the Offer becoming or being declared unconditional and provided that an accepting DML Shareholder follows the acceptance instructions in the Offer Document and the accompanying Form of Acceptance, together with the DML Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Receiving Agent no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Executive consents and the Corporations Act permits), a cheque in Hong Kong dollars for the amount due to each of the accepting DML Shareholders in respect of the Offer Shares tendered under the Offer (less seller's ad valorem stamp duty payable by the DML Shareholder, as the case maybe) will be despatched to the accepting DML Shareholders by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of all relevant documents which render such acceptance complete and valid by the Receiving Agent in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

No fraction of a cent will be payable and the amount of consideration payable to a DML Shareholder who accepts the Offer will be rounded up to the nearest cent.

Changes to the Offer

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.

Effect of accepting the Offer and rights of withdrawal

Acceptance of the Offer by any DML Independent Shareholders will be deemed to constitute a warranty by such person that all the DML Shares sold by such person under the Offer are 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 2 June 2025, the date 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 the Offer Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under Rule 17 of the Takeovers Code and the Corporations Act.

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.

Overseas DML Shareholders

The Offeror has made the Offer available to all the DML Shareholders, including the Overseas DML Shareholders. However, the Offer is in respect of securities of a company incorporated in Western Australia and is subject to the procedural and disclosure requirements of Hong Kong and Australia which may be different from other jurisdictions.

Overseas DML Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong and Australia are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas DML Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong or Australia should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Overseas DML Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas DML Shareholder in respect of such jurisdictions).

In the event that the receipt of the Offer Document by Overseas DML Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that would be unduly burdensome, the Offer Document, may not (subject to the Executive's consent) be despatched to such Overseas DML Shareholders.

As at the Latest Practicable Date, there are 7 Overseas DML Shareholders holding an aggregate of 33,394 DML Shares (representing approximately 0.02% of the total issued shares of DML), whose address is in the U.S. which is outside Hong Kong. The Offer Document will be despatched to such Overseas DML Shareholder pursuant to applicable U.S. laws and regulations or an available exemption therefrom and otherwise in accordance with the requirements of the SFO.

Any acceptance by any DML Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such DML Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas DML Shareholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each Offer Shareholder at the rate of 0.1% of (i) the consideration payable by the Offeror to such DML Shareholders in respect of the relevant Offer Shares or, (ii) if higher, the market value of the Offer Shares subject to such acceptance, and will be deducted from the cash amount due to such accepting Offer Shareholder. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of such accepting Offer Shareholder and pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of which valid acceptances are received under the Offer.

Taxation advice

DML Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror and the parties acting in concert with it accept no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Under Australian law, the tax consequences under Australia's tax laws of an Offer Shareholder residing in Australia accepting the Offer are required to be summarized in the Offer Document. Please refer to the section headed "Australian Tax Considerations" in Schedule I of the Offer Document for information.

YOUR CHOICES AS A SHAREHOLDER

As a Shareholder you can respond to the Offer in three ways.

Accept the Offer

To accept the Offer, follow the instructions set out in section headed "Acceptances of the Offer" in the Letter from Morton Securities of the Offer Document.

Shareholders should specifically refer to the risks set out in the section headed "Additional Disclosures Under the Corporations Act – Risk factors" in Schedule 1 of this Response Document.

Reject the Offer

If you wish to reject the Offer you need not take any action. DML Shareholders should specifically refer to the risks set out in the section headed "Additional Disclosures Under the Corporations Act – Risk factors" in Schedule 1 of this Response Document.

Sell your shares on the Stock Exchange

During the Offer Period, you can still sell some or all of your DML Shares on market for cash if you have not already accepted the Offer in respect of those DML Shares.

The latest price for DML Shares may be obtained from the Stock Exchange website at www.hkexnews.hk (Stock code: 1712).

If you sell your DML Shares on market you:

- (a) will lose the ability to accept the Offer and any higher offer in respect of those DML Shares (which may or may not eventuate);
- (b) will lose the opportunity to receive future returns from DML;
- (c) may be liable for taxes on the sale; and
- (d) may incur a brokerage charge.

Enquiries

If you have any queries in relation to the Offer, you should contact your financial, legal or other professional adviser.

Further details of the Offer

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).

5. INFORMATION OF THE DML GROUP

The principal activity of DML is gold exploration, mining, and processing in the Nordic region.

Further information of the DML Group has been set out in “Financial information of the DML Group” in Appendix I and “General information of the DML Group” in Appendix II to this Response Document.

6. SHAREHOLDING STRUCTURE OF DML

As at the Latest Practicable Date, DML has 158,096,613 DML Shares in issue. Save for the DML Shares, there are no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of DML in issue.

The following tables set out the shareholding structure of DML as at the Latest Practicable Date.

	As at the Latest Practicable Date	
	<i>No. of DML</i>	
	<i>Shares</i>	<i>%</i>
The Offeror	–	0%
Allied Properties	46,877,727	29.65%
Mr. Nagahara	4,334,000	2.74%
Mr. Dew	220,000	0.14%
Mr. Yang	<u>10,000</u>	<u>0.01%</u>
<i>Offeror and parties acting in concert with it</i>	51,441,727	32.54%
Sincere View International Limited (<i>Note 1</i>)	26,519,899	16.77%
Mr. Carlisle Caldwell Procter (<i>Note 2</i>)	102,602	0.06%
Public DML Shareholders	<u>80,032,385</u>	<u>50.62%</u>
Total	<u><u>158,096,613</u></u>	<u><u>100%</u></u>

Notes:

1. Sincere View International Limited is a company controlled by Mr. Hon Kwok Lung, who is not related to the Offeror, Mr. Lee, Mr. Dew or any member of AGL.
2. Mr. Carlisle Caldwell Procter is an independent non-executive director of DML.

7. INFORMATION OF THE OFFEROR AND AGL GROUP

The Offeror, a company incorporated in the British Virgin Islands with limited liability, is principally engaged in investment holding and is an indirect wholly-owned subsidiary of AGL. Mr. Edwin Lo King Yau and Mr. Yang are the directors of the Offeror.

As at the Latest Practicable Date, according to the register kept by AGL under section 336 of the SFO, AGL 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 AGL shareholders.

AGL is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board (Stock code: 373).

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.

Please refer to the Offer Document for further information on the Offeror.

8. INTENTION OF THE OFFEROR IN RELATION TO THE DML GROUP

The Offer Document states that the Offeror is supportive of the DML Board policy, the management team of DML and their current strategy. The information set out below is reproduced from the Offer Document:

“It is the intention of the Offeror to continue the existing business of the DML Group and has no intention to put forward any major changes to the businesses of the DML Group after the Closing Date (including in relation to its funding arrangements). The Offeror will be supportive of DML using its existing financial resources to expand its operations in gold mining and hiring sufficient properly qualified staff in support of such expansion.

The Offeror has no intention to discontinue any employment of the employees of the DML Group or 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 has no intention, understanding, obligation, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose existing business of the DML Group. The Offeror has no intention to make any change to DML’s current dividend policy.”

The DML Board acknowledged the intention of the Offeror in respect of the DML Group and its employees as stated above.

9. PROPOSED CHANGE TO THE DML BOARD COMPOSITION

The Offeror intends to nominate new DML Directors to the DML Board after the close of the Offer. 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.

10. EXERCISE OF COMPULSORY ACQUISITION RIGHTS

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the Closing Date.

However, under the Corporations Act, if at the end of the Bid Period the Offeror and its Corporations Act associates have in aggregate a Relevant Interest in at least 90% of the DML Shares, the Offeror must offer to the remaining DML Shareholders the right to sell their DML Shares to the Offeror (on the same terms of the Offer immediately prior to the Bid Period) and the holders securities that are convertible into DML Shares (either on terms agreed between the Offeror and holder or determined by a court) to the Offeror (the “Buy Out Offer”). The Offeror is not obligated to offer to acquire any DML Shares or securities convertible into DML Shares issued after the date of the Condition Status Update. As at the Latest Practicable Date and Register Date, DML has no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into DML Shares. For the avoidance of doubt, the Buy Out Offer does not constitute a compulsory acquisition.

If the Offeror must make the Buy Out Offer, the Offeror must prepare a notice stating that it and its Corporations Act associates have Relevant Interests in at least 90% (by number) of the DML Shares at the end of the Bid Period. The notice must also inform the relevant DML Shareholders of their right to require the Offeror to acquire their DML Shares, and set out the terms on which those shares will be acquired. The notice must be lodged with ASIC and sent to each DML Shareholder that holds DML Shares on the lodgment date. The notice must be sent prior to the date 1 month after the end of the Bid Period and on the day, or the next business day after it is lodged with ASIC.

Any DML Shareholder who receives such notice may, within one month of receiving it, give the Offeror a written notice requiring the Offeror to acquire their DML Shares. Upon receipt of that request, a binding contract arises between the Offeror and the relevant DML Shareholder on the same terms as those that applied under the Offer immediately before the end of the Bid Period or on the terms which are agreed by the Offeror and that DML Shareholder.

11. MAINTAINING THE LISTING STATUS OF DML

The information set out below is reproduced from the Offer Document:

“Pursuant to Rule 14.81 of the Listing Rules, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to DML, being 25% of the DML Shares (excluding treasury shares if any), 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.

The directors of the Offeror and the new directors to be appointed to the DML Board (if any) have jointly and severally undertaken 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 Buy Out Offer process, if applicable) shall include placing down of sufficient number of accepted DML Shares where appropriate. DML and the Offeror will issue a further announcement as and when necessary in this regard.”

12. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the letter from the DML Independent Board Committee set out on pages 26 to 27 of this Response Document, the letter from the DML Independent Financial Adviser set out on pages 28 to 73 of this Response Document, which contain, among other things, their advices in relation to the Offer and the principal factors considered by them in arriving at their recommendations and the DML Independent Expert Report set out on pages 104 to 441 of this Response Document (including the Independent Technical Expert Report set out on pages 230 to 441 of this Response Document), which contain, among other things, their opinion as to whether the Offer is fair and reasonable to the DML Independent Shareholders.

The DML Independent Shareholders are urged to read those letters and reports carefully before taking any action in respect of the Offer.

Your attention is also drawn to the additional information set out in the schedules and appendices to this Response Document. You are also recommended to read carefully the Offer as set out in the Offer Document and the Form of Acceptance which contain details of the Offer before deciding whether or not to accept the Offer.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Brett Robert Smith', written over a horizontal line.

Name of signatory: Brett Robert Smith
Position of signatory: Executive Director
Duly authorised for and on behalf of
Dragon Mining Limited