
SECURITIES DEALING POLICY

INTRODUCTION

This statement summarises the law relating to insider trading and sets out the policy of the Dragon Mining Group on Directors, senior executives, officers, employees, contractors, consultants and advisors dealing in Company Securities.

This statement is only a summary of complex legal provisions, and should therefore only be used as a general guide, not as legal advice.

SCOPE

This policy applies to all Directors, senior executives, officers, employees, contractors, consultants and advisors (together "Designated Persons") the Company and its subsidiaries.

"Company Securities" includes:

- Any shares in the Company,
- Any other securities issued by the Company such as convertible notes and options; and
- Derivatives and other financial products issued by third parties in relation to Company's shares, debentures and options.

To "deal" in the Company Securities includes:

- Subscribing for, purchasing or selling the Company Securities or entering into an agreement to do any of those things;
- Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in the Company Securities; and
- Enter into agreements or transactions which operate to limit the economic risk of a person's holdings in the Company Securities.

PURPOSE

This policy sets out the circumstances in which the Designated Persons may deal in the Company Securities with the objective that no Designated Person will contravene the requirements of the Corporations Act 2001 (Cth) ("Corporations Act").

The purpose of this policy is to:

- Ensure that the Designated Persons adhere to high ethical and legal standards in relation to their personal investment in Company Securities;
- Ensure that the personal investments of the Designated Persons do not conflict with the interests of the of Company and other holders of Company Securities;
- Preserve market confidence in the integrity of dealings in Company Securities; and
- Ensure the reputation of the Company is maintained.

This policy is not designed to prohibit the Designated Persons from investing in Company Securities but does recognise that there may be times when Designated Persons cannot or should not invest in Company Securities. This policy provides guidance to Designated Persons as to the times that Designated Persons may deal the Company Securities.

OUTLINE OF CORPORATIONS ACT REQUIREMENTS

A person is in possession of "inside information" in relation to the Company in circumstances where:

- The person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company Securities; and
- The person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company Securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of the Company Securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in the Company Securities in any way. It does not matter how the Designated Person come to have the inside information.

If a Designated Person possesses "inside information" in relation to the Company, the person must not:

- Deal the Company Securities in any way; or
- Directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the Company Securities in any way or procure a third person to deal in the Company Securities in any way.

The Designated Persons may obtain inside information in relation to another company. For example in the course of negotiating a transaction with the Company, another company might provide confidential information about itself. The prohibition on insider trading is not restricted to information affecting Company Securities. The Designated Persons in possession of the inside information must not deal in securities of those companies.

A Designated Person who deals in the Company Securities while in possession of "inside information" will be liable to both civil and criminal penalties. The penalties are:

- In the case of a natural person, a fine of up to \$220,000 or imprisonment for 5 years or both;
- In the case of a body corporate, a fine of up to \$1.1 million; and
- Unlimited civil liability equivalent to the damages caused.

EXAMPLES OF “INSIDER INFORMATION”

Examples of information which may be considered to be "inside information" include the details relating to the items listed below (this is not an exhaustive list):

- Drilling results, mining exploration results, production figures and the like;
- Prospective financial information;
- Proposed transactions;
- Unpublished announcements;
- Proposed changes in capital structure, including share issues, rights issues and the redemption of securities;
- Impending mergers, acquisitions, reconstructions, takeovers, etc;
- Significant litigation and disputes;
- Significant changes in operations or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- Cashflow information;
- Major or material purchases or sales of assets; and
- Proposed or new significant contracts.

COMPANY’S POLICY ON DEALING OF COMPANY SECURITIES

Short term trading: Notwithstanding the following, Designated Persons should not engage in short term trading of any of the Company Securities. In general, the purchase of Company Securities with a view to resale within a 12 month period and the sale of Company Securities with a view to repurchase within a 12 month period would be considered to be transactions of a "short term" nature. However, the sale of shares immediately after they have been acquired through the conversion of a security (eg. exercise of an option) will not be regarded as short term trading.

Trading Embargo: In addition, a “Prohibited Period” operates in respect of which Designated Persons must refrain from dealing in the Company Securities during a Closed Period and periods which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A. A “Closed Period” operates in respect of which Designated Persons must refrain from dealing in the Company Securities during the 2 week period prior to release of the quarterly, interim and full year results announcements. All holders of executive options are automatically regarded as being subject to this "Prohibited Period" restriction.

Key Management Personnel: Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, including any Director (whether executive or otherwise) of the Parent Company. Key Management Personnel may not deal in the Company Securities without the prior notification of the Managing Director and Chairman before commencing the transaction. The Key Management Personnel must also provide the Managing Director with subsequent confirmation of the trading that has occurred.

Prudence will dictate that dealings should generally be limited to the recommended times referred to above under the heading “trading embargo” and that the Managing Director will generally refuse consent to deal in the Company Securities outside these recommended times unless special circumstances exist (such as financial hardship). In any event, the Key Management Personnel should

not deal in the Company Securities at any time if the Key Management Personnel is in possession of any inside information relating to those securities.

Employees (other than Key Management Personnel), consultants, advisors and contractors (together "Employees"): Employees may deal in the Company Securities at any time if the Employee notifies the Company Secretary before commencing the transaction and after the transaction has occurred, providing confirmation of the trading. Employees are strongly advised to limit dealing in the Company Securities to the recommended timing referred to above under the heading "trading embargo". In any event, the Employees must not deal in the Company Securities at any time if the Employee is in possession of any inside information relating to those securities.

Exercise of options, participation in employee share option plans: Subject to the insider trading provisions of the Corporations Act, Directors and employees of the Company may at any time:

- Acquire the Company ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
- Acquire the Company Securities under a bonus issue made to all holders of securities of the same class;
- Acquire the Company Securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
- Acquire, or agree to acquire, options under a Company share option plan; and
- Exercise options acquired under a Company share option plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with these procedures).

ASX Notification by Directors

In accordance with section 205G Corporations Act, a Director must notify the ASX within 14 days after any change in the Director's relevant interest in securities of the Company or a related body corporate of the Company.

A Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the Corporations Act and the ASX Listing Rules.

Consequences of Breach

Strict compliance with this policy is mandatory for all persons covered under this policy. Breaches of this policy may damage the Company's reputation in the investment community and undermine confidence in the market for Company Securities. Accordingly, breaches will be taken very seriously by the Company and will be subject to disciplinary action, including possible termination of a person's employment or appointment.