

---

**DRAGON MINING LIMITED**

ABN 19 009 450 051

**NOTICE OF ANNUAL GENERAL MEETING**

---

**The Annual General Meeting of the Company will be held at  
The Old Brewery, Ground Floor, 173 Mounts Bay Road, Perth,  
Western Australia on Wednesday, 30 May 2012 at 9.00am (WST).**

---

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6311 8000***

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders ("Meeting") of Dragon Mining Limited ("Company") will be held on Wednesday, 30 May 2012 at The Old Brewery, Ground Floor, 173 Mounts Bay Road, Perth at 9.00am (WST).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined on page 11.

The Company's 2011 Annual Report can be accessed on the Company's website [www.dragon-mining.com.au](http://www.dragon-mining.com.au)

### AGENDA

#### 1. Financial Report

To receive the Financial Report of the Company and its controlled entities for the year ended 31 December 2011 together with a Directors' Report and the Auditor's Report on the Financial Report.

#### 2. Resolution 1 – Approve Remuneration Report

To consider, and if thought fit, pass as an **ordinary resolution** with or without amendment the following:

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions outlined in the Explanatory Memorandum."*

The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, pursuant to recent amendments to the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second AGM on a resolution (a "spill resolution") for another meeting to be held within 90 days of the second AGM at which all of the Company's Directors, other than the Managing Director, must stand for re-election. Please see the Explanatory Memorandum for more information.

#### Voting Exclusion Statement

The Company will, in accordance with section 250R of the Corporations Act 2001 (Cth), disregard any votes cast on Resolution 1 by or on behalf of a director or a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report and a closely related party of those persons ("Specified Persons"). However, the Company need not disregard a vote if: (a) the person votes as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and (b) the vote is not cast on behalf a Specified Person.

#### 3. Resolution 2 – Re-election of Mr Peter Cordin as a Director

To consider, and if thought fit, to pass an **ordinary resolution** with or without amendment the following:

*"That Mr Peter Cordin, who retires in accordance with Article 14.3 of the Company's Constitution and being eligible offers himself for re-election, be elected as a Director of the Company".*

#### 4. Resolution 3 – Re-election of Peter Gunzburg as a Director

To consider, and if thought fit, to pass as an **ordinary resolution** with or without amendment the following:

*"That Peter Gunzburg, who retires in accordance with Article 14.3 of the Company's Constitution and being eligible, offers himself for re-election, be elected as a Director of the Company".*

#### 5. Resolution 4 – Re-election of Tapani Järvinen as a Director

To consider, and if thought fit, to pass as an **ordinary resolution** with or without amendment the following:

*“That Tapani Järvinen, who retires in accordance with Article 14.3 of the Company’s Constitution and being eligible, offers himself for re-election, be elected as a Director of the Company”.*

#### 6. Resolution 5 – Re-election of Christian Russenberger as a Director

To consider, and if thought fit, to pass as an **ordinary resolution** with or without amendment the following:

*“That Christian Russenberger, who retires in accordance with Article 14.3 of the Company’s Constitution and being eligible, offers himself for re-election, be elected as a Director of the Company”.*

#### 7. Resolution 6 – Approval of grant of options to Peter Cordin

To consider and if thought fit to pass the following resolution as an **ordinary resolution**:

*“That for the purpose of Listing Rules 7.1 and 10.14 and Chapter 2E of the Corporations Act and for all other purposes, the issue of:*

- *80,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$1.45, vesting immediately and expiring on 22 September 2014;*
- *60,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$1.45, vesting 22 September 2012 and expiring on 22 September 2014; and*
- *60,000 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of \$1.45, vesting 22 September 2013 and expiring on 22 September 2014,*

*and otherwise on the terms and conditions of the Incentive Plan, to Peter Cordin for nil consideration, and the allotment and issue of ordinary fully paid shares in the capital of the Company on the exercise of those options, be and is hereby approved.”*

#### Voting Exclusion Statement

The Company will, in accordance with section 224 of the Corporations Act 2001 (Cth) and Listing Rules 7.3, 10.15 and 14.11, disregard any votes cast on Resolution 6 by Peter Cordin and any associates of Peter Cordin. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### 8. Resolution 7 – Increase In Directors Fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That pursuant to and in accordance with Listing Rule 10.17 and for the purpose of Clause 15.1 of the Company’s Constitution and for all other purposes, the maximum aggregate amount payable to non-executive Directors by way of Directors’ fees be increased from \$300,000 per annum to \$500,000 per annum.”*

**Voting Exclusion Statement**

The Company will, in accordance with Listing Rules 10.17 and 14.11, disregard any votes cast on Resolution 7 by any Director and any associates of Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

26 April 2012  
By Order of the Board  
Craig Hasson  
Company Secretary

## PROXY AND VOTING INSTRUCTIONS

### Entitlement to vote

In accordance with Reg 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of Shares as at 5:00 pm (WST) on 28 May 2012 will be entitled to attend and vote at the Meeting.

If more than one joint holder of Shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### Proxy instructions

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company as set out below by **9:00 am (WST) on Monday 28 May 2012**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting. Proxy Forms may be lodged:

In person: Registered office - Level 1, 173 Mounts Bay Road, PERTH WA 6000

By post: Level 1, 173 Mounts Bay Road, PERTH WA 6000

By facsimile: (08) 6311 8004 (within Australia)  
+61 8 6311 8004 (outside Australia)

### Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box as indicated on the Proxy Form. If the person you wish to appoint as

your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

If the Chairman of the Meeting is appointed as your proxy, or is appointed by default, you acknowledge that the Chairman may (other than in respect of Resolution 1 - Approve Remuneration Report) exercise your proxy even though he has an interest in the outcome of the Resolutions and that votes cast by him for those Resolutions, other than as proxyholder, would be disregarded because of that interest. The Chairman intends to vote undirected proxies in favour of Resolution 6.

If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes.

### Corporate representatives

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint a person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission to the Meeting. A form of the certificate may be obtained from the Company's share registry.

### Proxies and conduct of Meeting

Recent changes to the Corporations Act in sections 250BB and 250BC apply to voting by proxy and will apply to the conduct of the Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Pursuant to section 250BB, an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Under section 250BC, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of a company's members;
- (b) the appointed proxy is not the chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## SHAREHOLDER QUESTIONS

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company or the Remuneration Report.

Russell Curtin of Ernst & Young, as the auditor responsible for preparing the auditor's report for the year ended 31 December 2011 (or his representative) will attend the Meeting. The

Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

To assist the management of the Company and the auditor of the Company in responding to questions please submit any questions you may have in writing to the Company Secretary no later than **5:00 pm (WST) on Wednesday 23 May 2012:**

In person: Registered office - Level 1, 173 Mounts Bay Road, PERTH WA 6000

By post: Level 1, 173 Mounts Bay Road, PERTH WA 6000

By facsimile: (08) 6311 8004 (within Australia)  
+61 8 6311 8004 (outside Australia)

As required under section 250PA of the Corporations Act, at the AGM the Company will distribute a list setting out the questions directed to the auditor received in writing by Wednesday 23 May 2012, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 31 December 2011. The Chairman will also be given a reasonable opportunity to respond to the questions set out on this list.



## EXPLANATORY MEMORANDUM

### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at 173 Mounts Bay Road, Perth on **30 May 2012 at 9.00am (WST)**.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to assist Shareholders in deciding how to vote on the Resolutions.

### Financial Statements and Reports

The Corporations Act requires that the Financial Report (which includes the financial statements and directors' declaration), the Directors' Report and Auditor's Report be laid before the Company's Annual General Meeting. There is no requirement in either the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

Shareholders will be given the opportunity at the Meeting to ask questions and make comments on these reports.

### Resolution 1 – Approve Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Financial Report for the year ended 31 December 2011 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2012 AGM, and then again at the 2013 AGM, the Company will be required to put a resolution to the 2013 AGM, to approve calling an extraordinary general meeting ("spill resolution"). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting

("spill meeting") within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting

Shareholders will be given the opportunity at the Meeting to ask questions and make comments on the Remuneration Report.

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or their closely related parties.

Any undirected proxies held by the Chairman at the Meeting, other Directors or other Key Management Personnel or any of their closely related parties will not be voted on Resolution 1 - Approve Remuneration Report. Accordingly, if you appoint the Chairman of the Meeting as your proxy, you should direct him to vote on Resolution 1 if you want your Shares to be voted on that item of business.

### Resolution 2 – Re-election of Mr Peter Cordin as a Director

Article 14.3(c) of the Constitution requires that a Director must retire if that Director would at the next AGM, have held that office for more than three years. A Director who retires under Article 14.3(c) is eligible for re-election. Pursuant to these articles, Mr Cordin will retire by rotation and seek re-election.

Mr Cordin was appointed to the Board as a Director on 20 March 2006. Details of Mr Cordin can be found in the Company's Annual Report.

Mr Cordin has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously support the election of Mr Cordin as a Director and recommend that shareholders vote in favour of Resolution 2.

### Resolution 3 – Re-election of Peter Gunzburg as a Director

Article 14.3(c) of the Constitution requires that a Director must retire if that Director would at the next AGM, have held that office for more than three years. A Director who retires under Article 14.3(c) is eligible for re-election. Pursuant to these articles, Mr Gunzburg will retire by rotation and seek re-election.

Mr Gunzburg was appointed as a Director on 8 February 2010. Details of Mr Gunzburg can be found in the Company's Annual Report.

Mr Gunzburg has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously support the election of

Mr Gunzburg as a Director and recommend that shareholders vote in favour of Resolution 3.

#### **Resolution 4 – Re-election of Tapani Järvinen as a Director**

Article 14.3(c) of the Constitution requires that a Director must retire if that Director would at the next AGM, have held that office for more than three years. A Director who retires under Article 14.3(c) is eligible for re-election. Pursuant to these articles, Mr Järvinen will retire by rotation and seek re-election.

Mr Järvinen was appointed as a Director on 22 December 2003. Details of Mr Järvinen can be found in the Company's Annual Report.

Mr Järvinen has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously support the election of Mr Järvinen as a Director and recommend that shareholders vote in favour of Resolution 4.

#### **Resolution 5 – Re-election of Christian Russenberger as a Director**

Article 14.3(c) of the Constitution requires that a Director must retire if that Director would at the next AGM, have held that office for more than three years. A Director who retires under Article 14.3(c) is eligible for re-election. Pursuant to these articles, Mr Russenberger will retire by rotation and seek re-election.

Mr Russenberger was appointed as a Director on 18 November 2009. Details of Mr Russenberger can be found in the Company's Annual Report.

Mr Russenberger has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously support the election of Mr Russenberger as a Director and recommend that shareholders vote in favour of Resolution 5.

#### **Resolution 6 – Approval of grant of options to Peter Cordin**

Shareholders' approval is sought to grant of options to Mr Cordin or his nominees, for nil consideration in accordance with the terms of the Dragon Mining Group Employees Option Incentive Plan ("Incentive Plan") approved by members on 30 November 2006.

The Incentive Plan permits the grant of options to acquire Shares to eligible persons associated with the Company, including employees of the Company. As Executive Chairman Mr Cordin is an employee and Director of the Company.

A summary of the terms and conditions of the Incentive Plan is set out in the Explanatory Memorandum to the Company's Notice of AGM dated 30 October 2006. The full terms and conditions of the Incentive Plan can be obtained from the Company Secretary upon request.

As Mr Cordin is a Director of the Company, approval is being sought for the grant of the options, and the issue of Shares on exercise of the options, pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.14. Approval is also sought pursuant to Listing Rule 7.1 so as to preserve the Company's ability to issue up to 15% of the Company's issued capital without Shareholder approval.

#### ***Related Party Transactions***

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Cordin (as a Director of the Company) is considered to be a related party of the Company.

Resolution 6 provides for the grant of options to related parties which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

#### ***The related party to whom the proposed resolution would permit the financial benefit to be given***

The options will be issued to Mr Peter Cordin (a related party of the Company) or his nominees within 5 days of the passing of this Resolution.



### **The nature of the financial benefit**

The nature of the proposed financial benefit to be given to Mr Cordin is the grant to him or his nominees, for no issue price, of 200,000 options, and the issue of up to 200,000 Shares upon the vesting of those options. Each option will allow the holder to subscribe for one ordinary fully paid share in the Company. The exercise price of each option is \$1.45. 80,000 options vest immediately, 60,000 on 22 September 2012, and 60,000 on 22 September 2013. All 200,000 options expire on 22 September 2014.

The options issued under Resolution 6 will be issued to Peter Cordin or his nominees in accordance with the terms and conditions of the Incentive Plan.

The options will be granted within five days of the date of the Meeting.

The Shares issued as a result of the exercise of the options will rank *pari passu* with ordinary shares in the Company.

No funds will be raised as a result of the grant of the options.

The options form part of Mr Cordin's reward for his past efforts in acting as a Director of the Company and also to provide an incentive for continuing and future efforts.

### **Directors' recommendation**

Mr Cordin has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously support the award of options to Mr Cordin and recommend that shareholders vote in favour of Resolution 6, for the following reasons:

- (a) the options are a cost effective and efficient reward for Mr Cordin's past efforts in acting as Executive Chairman of the Company;
- (b) the options provide an appropriate incentive for Mr Cordin's continuing and future efforts to assist the Company to achieve certain key performance targets; and
- (c) the options assist the Company to retain the services of Mr Cordin.

**All of the Directors were available to consider the proposed Resolution.**

### **Interests of directors**

Mr Cordin has an interest in the approval of Resolution 6 in relation to the options. The Company's remaining directors do not have an interest in the outcome of Resolution 6, except where they are Shareholders. As set out in the Proxy Form, the Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 6.

### **Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.**

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 200,000 free options to acquire Shares to Mr Cordin or his nominees.
- (b) The exercise of the options is subject to the terms and conditions of the Incentive Plan.
- (c) The Directors, have attempted to value the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined below:

Details	Input
Share price	\$1.395*
Exercise Price	\$1.45
Risk Free Rate	4.75%
Volatility (Annualised)	71%
Time (years) to expiry	3

\*As determined by the Remuneration and Nomination Committee on 22 September 2011.

- (d) The total value of the options to be issued is \$139,029. If options granted to Mr Cordin are exercised, the effect would be to dilute the shareholdings of the existing Shareholders.
- (e) As at 31 March 2012, the issued capital of the Company comprised 88,840,613 Shares. On a fully diluted basis (excluding conversion of the notes) the issue of Shares upon the exercise the options would represent approximately 0.23% of the Company's issued capital.
- (f) Mr Cordin's current interests in securities of the Company is 472,728 Shares and the following options:

Number of options	Exercise price	Expiry
100,000	\$1.40	No expiry date
100,000	\$1.75	No expiry date
200,000	\$2.10	No expiry date

- (g) The market price of the Company's Shares during the term of the options will normally determine whether or not the option holder exercises the option. At the time any options are exercised and Shares issued pursuant to the exercise of the options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the options.
- (h) The options will not be quoted on ASX and as such have no actual market value. The Shares have been traded on ASX since 1990. Over the last 12 months the Shares have traded in the range of \$0.875 to \$1.59, the most recent closing price prior to printing of this notice was \$0.89. Upon vesting, the options are capable of being converted to Shares by payment of the exercise price.
- (i) Under the Company's current circumstances, the Directors consider that the incentive to Mr Cordin represented by the options would be a cost-effective and efficient reward from the Company as opposed to alternative forms of incentives (including the payment of additional cash compensation).
- (j) Mr Cordin currently receives \$394,495 per annum exclusive of statutory superannuation (9%) for fulfilling his role.
- (k) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the options to Mr Cordin pursuant to Resolution 6.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 7.

#### **Listing Rule 7.1**

Listing Rule 7.1 provides, in summary, that, subject to certain exceptions, a listed company may not issue or agree to issue equity securities in any 12 month period which exceeds 15% of the number of ordinary shares of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

As the grant of up to 200,000 options pursuant to Resolution 6 will not exceed the 15% annual limit in Listing Rule 7.1, assuming Shareholders approve Resolution 6, the Company is not required to seek Shareholder approval of the grant of 200,000 options for the purposes of Listing Rule 7.1.

However, as the Company is seeking Shareholder approval of the grant of the options, and the issue of Shares on the vesting of the options, for the purposes of Listing Rule 10.14 in any event, Shareholder approval is also sought for the purposes of Listing Rule 7.1 so as to preserve the Company's ability to issue up to 15% of the Company's issued capital without Shareholder approval.

#### **Listing Rule 10.14**

Listing Rule 10.14 provides, in summary, that the approval of shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) a director;
- (b) an associate of a director; or
- (c) a person whose relationship with the Company or a person referred to in paragraph (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

Mr Cordin is a Director of the Company for the purposes of Listing Rule 10.14.

Accordingly, in order for Mr Cordin to acquire the options and Shares issued on the exercise of the options under the Incentive Plan, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

#### **Disclosure Requirements**

Listing Rules 7.3 and 10.15 set out a number of matters which must be included in a notice of meeting seeking shareholder approval under Listing Rules 7.1 and 10.14.

In accordance with Listing Rules 7.3 and 10.15, the following information is disclosed to Shareholders in relation to Resolution 6:

- (a) Mr Cordin is a Director of the Company.
- (b) The maximum number of options that may be granted to Mr Cordin for which approval is required is 200,000. If all 200,000 options vest, Mr Cordin will be entitled to 200,000 Shares.

- (c) The options will be granted to Mr Cordin for no cash consideration as they are being granted as a reward and incentive in relation to Mr Cordin's services to the Company as Executive Chairman. Any Shares issued on vesting of the options will be issued for the payment of the exercise price of \$1.45.
- (d) Persons referred to in Listing Rule 10.14 who received options under the Incentive Plan following the last approval on 30 October 2006 were:
- Mr Peter Cordin: 400,000 options for nil consideration
  - Mr Tapani Järvinen: 100,000 options for nil consideration
  - Mr Andrew Daley: 200,000 options for nil consideration. Mr Daley ceased to be a director on 4 March 2010.
  - Mr Peter Munachen: 100,000 options for nil consideration. Mr Munachen ceased to be a director on 1 March 2010.
- (e) As at the date of lodgement of this Notice with ASIC, the only persons other than Mr Cordin who may be a person referred to in Listing Rule 10.14 who are entitled to participate in the Incentive Plan are Mr Michael Naylor (Finance Director) and his associates, Mr Peter Gunzburg (Non-Executive Director) and his associates, Mr Christian Russenberger (Non-Executive Director) and his associates, Mr Tapani Järvinen (Non-Executive Director) and his associates, and Mr Markku Mäkelä (Non-Executive Director) and his associates. While the rules of the Incentive Plan allows Non-Executive directors to participate in the plan, the Company's Corporate Governance policy's prohibit the issue of options to Non-Executive Directors.
- (f) The options will be granted within five days of the date of the Meeting and it is anticipated that the allotment will be on one date.
- (g) The options to be granted to Mr Cordin will not be quoted on ASX. Any Shares issued to Mr Cordin on exercise of the options will rank equally in all respects with all other Shares in the Company and the Company will apply for the Shares to be quoted on ASX.
- (h) The proposed grant of the options to Mr Cordin will be made on the terms and conditions set out above under the heading "*The nature of the financial benefit*" above and the terms and conditions of the Incentive Plan.
- (i) Details of any securities issued under the Incentive Plan will be published in each annual report of the Company relating to the period in which the securities were issued.
- (j) A voting exclusion statement in respect of Resolution 6 is in this Notice.
- (k) No funds will be raised as a result of the grant of the options.

### Resolution 7 – Increase In Directors Fees

Clause 15.1 of the Constitution provides that the remuneration of Non-Executive Directors may not exceed in aggregate in any year the amount determined by shareholders. The Constitution also provides that this amount may be divided among the Non-Executive Directors in the manner and in the proportion determined by the Board.

Listing Rule 10.17 provides that a listed company must not, without shareholder approval, increase the total amount of Non-Executive Directors' fees.

The current maximum aggregate amount which shareholders have approved to be paid as Directors' fees to Non-Executive Directors is \$300,000 per annum. This amount was set in 2006.

Currently, Non-Executive Directors are each paid an annual fee of \$50,000 plus \$5,000 for every committee they are a member of. Non-Executive Directors receive the minimum statutory superannuation entitlement. Details of Non-Executive Directors remuneration is disclosed in the 2011 Annual Report.

For the purposes of Clause 15.1 of the Company's Constitution and Listing Rule 10.17, shareholder approval is sought to increase by \$200,000 the maximum aggregate amount from \$300,000 to \$500,000 per annum including superannuation.

Increasing the maximum amount of Non-Executive Directors' fees payable does not mean that the new maximum aggregate will be used in the next financial year. However, it will provide the Board with the ability over time to increase Non-Executive Directors' fees in line with market conditions and also to attract high quality directors and, if appropriate, expand its membership.

If shareholders pass Resolution 7 the Board will review fees to be paid to Non-Executive Directors effective 1 July 2012, taking into account expert advice and the above considerations.

## Definitions

In this Explanatory Memorandum and Notice:

"**AGM**" means an annual general meeting of the Company.

"**associate**" has the meaning given in the Corporations Act.

"**ASX**" means Australian Securities Exchange Limited.

"**Board**" means the board of Directors.

"**Chairman**" means the Chairman of the Meeting.

"**Company**" means Dragon Mining Limited ABN 19 009 450 051.

"**Constitution**" means the constitution of the Company.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Director**" means a director of the Company.

"**Explanatory Memorandum**" means the Explanatory Memorandum attached to this Notice.

"**Financial Report**" means the 31 December 2011 Financial Report of the Company, a copy of which was lodged with ASX on 29 February 2012.

"**Incentive Plan**" means the Dragon Mining Group Employees Option Incentive Plan approved by Shareholders on 30 November 2006.

"**Key Management Personnel**" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

"**Listing Rules**" means the official listing rules of ASX, as amended from time to time.

"**Meeting**" has the meaning given in the introductory paragraph of this Notice.

"**Notice**" means this Notice of Meeting.

"**Proxy Form**" means the proxy form attached to this Notice.

"**Remuneration Report**" means the remuneration report of the Company for the year ended 31 December 2011 contained in the Financial Report.

"**Resolution**" means a resolution contained in this Notice.

"**Shares**" means ordinary fully paid shares in the capital of the Company.

"**Shareholder**" means a holder of Shares in the Company.

"**WST**" means Western Standard Time, being the time in Perth, Western Australia.

# Dragon Mining Limited

ABN 19 009 450 051

## Lodge your vote:



### By Mail:

Level 1  
173 Mounts Bay Road  
Perth WA 6000

Alternatively you can fax your form to  
(within Australia) (08) 6311 8004  
(outside Australia) +61 8 6311 8004

000001 000 DRA  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 9:00am (WST) Monday 28 May 2012

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View the Annual Report:

[www.dragon-mining.com.au](http://www.dragon-mining.com.au)

Update your securityholding, 24 hours a day, 7 days a week:

[www.investorcentre.com](http://www.investorcentre.com)

Your secure access information is:

SRN/HIN: 1999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Dragon Mining Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Dragon Mining Limited to be held at The Old Brewery, Ground Floor, 173 Mounts Bay Road, Perth, Western Australia on Wednesday, 30 May 2012 at 9:00am (WST) and at any adjournment of that meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Resolution 1, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Resolution 6 and 7 even though the Resolutions connected directly or indirectly with the remuneration of a member of key management personnel.

**Important for Resolution 1, 6 and 7:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 1, 6 and 7 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 1, 6 and 7 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 6 and 7.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of these Resolutions and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Resolution 1 Approve Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Peter Cordin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Peter Gunzburg as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Tapani Jarvinen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Re-election of Christian Russenberger as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of grant of options to Peter Cordin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Increase in Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

<b>Individual or Securityholder 1</b>	<b>Securityholder 2</b>	<b>Securityholder 3</b>
<input style="width: 90%; height: 25px;" type="text"/>	<input style="width: 90%; height: 25px;" type="text"/>	<input style="width: 90%; height: 25px;" type="text"/>

**Sole Director and Sole Company Secretary**      **Director**      **Director/Company Secretary**

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_