

Dragon Mining Limited (the “Company” or “DRA”)
(Incorporation in Western Australia with limited liability)

Related Party Transaction Policies and Procedures

Within these Policies and Procedures, IFRS refers to the International Financial Reporting Standards issued by the International Accounting Standards Board

Policies

The disclosure requirements of related party transactions are governed by IFRS 24. For the purpose of management control,

- proposed Related Party Transactions should be properly identified, reviewed, approved or rejected; and
- Related Party Transactions should be properly disclosed.

Definitions

(The following definitions are extracted from IFRS 24 (Revised))

A Related Party is a person or entity that is related to the entity that is preparing its financial statements (hereafter referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate* or joint venture* of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Note: associate and joint venture as defined under IFRS 28 (2011) Investments in associates and joint ventures.*

A Related Party Transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Control - An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other.

The terms 'control', 'joint control' and 'significant influence' are defined in IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 28 (2011) *Investments in Associates and Joint Ventures respectively* and are used in IFRS 24 with the meanings specified in those IFRSs.

Procedures

A. *Identification of Related Parties*

1. Related persons (persons fall within part (a) of the Definition of a Related Party)
 - (1) The Company's Accounts Department shall prepare and maintain a master related persons list with input from Company Secretarial Department, including (where available)
 - (a) Key management personnel and their close members of DRA (i.e. directors of DRA and senior management who are included in the annual report from time to time)
 - (b) Key management personnel and their close members of the immediate holding companies of DRA (which should include the key management personnel of its holding companies)
 - (c) Any shareholder that can exercise significant influence over DRA (i.e. a shareholder holding 20%-50% interest in DRA)

**Note: In case of changes to the above definition of related persons list, Accounts Department will notify Company Secretarial Department, when applicable.*

- (2) Accounts Department shall distribute the master related persons list to the following persons of the Company at least annually so that they are aware of which persons are Related Parties to the Company concerned:-
 - (a) The board of directors of the Company (“Board”)
 - (b) Department heads

2. Related entities (entities which fall within part (b) of the Definitions of a Related Party)
 - (1) Accounts Department shall prepare and maintain a master related entities list with input from Company Secretarial Department, including (where available)
 - (a) Subsidiaries of DRA
 - (b) Joint ventures (including joint ventures' subsidiaries) of DRA and DRA's subsidiaries
 - (c) Associates (including associates' subsidiaries) of DRA and DRA's subsidiaries
 - (d) Any company that can exercise significant influence over DRA (i.e. a company holding 20%-50% interest in DRA)
 - (e) Any company providing key management personnel services to DRA
 - (2) Accounts Department shall distribute that related entities list to the persons as mentioned in paragraph A.1.(2) at least annually so that they are aware of which entities are Related Parties to the Company.

B. Identification and Approval of Related Party Transactions*

1. When the persons as mentioned in A.1.(3) is going to enter into a transaction on behalf of the Company, they should check to the master related persons list and master related entities list to identify if it is a Related Party Transaction. They should send the details of any proposed Related Party Transaction to the Board or Executive Committee (“Exco”), if any, or other relevant committee for review. A copy of the details should be sent to Accounts Department for the maintenance of a Related Party Transactions register.
2. No director or officer of a company shall engage in any Board/Exco/committee discussion or approval of any Related Party Transaction in which he or she is the interested Related Party; provided however, that such director or officer shall provide the Board/Exco/committee with all material information reasonably requested concerning the proposed Related Party Transaction.
3. The Board/Exco/committee must review the material facts of any Related Party Transaction before approving such transaction. If advance approval is not feasible, then the Board/Exco/committee must ratify the Related Party Transaction as soon as possible or the transaction must be rescinded. In making its determination to approve or ratify, the Board/Exco/committee should consider such factors as (i) the extent of the Related Party's interest in the Related Party Transaction; (ii) if applicable, the availability of other sources of comparable products or services; (iii) whether the terms of the Related Party Transaction are no less favourable than terms generally available in unaffiliated transactions under like circumstances; (iv) the benefit, if any, to the Company; and (v) the aggregate value of the Related Party Transaction.

** Note : In this section, Related Party Transactions exclude:*

- a. dividend incomes from group companies, associates and joint ventures;*
- b. charges and receipts of incidental administration expenses among group companies, associates and joint ventures; and*
- c. current account balances among group companies, associates and joint ventures arising from transactions mentioned in (a) and (b) above.*

C. Disclosure in Financial Statements

1. Company Secretarial Department shall prepare and send the forms “Statement of Directors’ Disclosure on Related Parties Transactions” to the directors for completion and signature at half-year interval when reviewing the interim and final results of the Company and its subsidiaries.
2. In preparing annual report and interim report of DRA, Accounts Department shall properly disclose material Related Party Transactions, balances with Related Parties, and compensation to key management personnel in DRA’s financial statements in accordance with the requirement of IFRS 24. Accounts Department will base on the available information, including but not limited to, the following information to prepare the disclosures:
 - Records in Related Party Transaction register kept by Accounts Department
 - Compensation to key management personnel provided by Human Resource Department

D. Others

A Related Party Transaction may also fall within the requirement of connected transaction pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. If that proposed transaction falls within the definition of connected transaction, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited should also be observed properly. Assistance from Company Secretarial Department, Accounts Department or external legal opinion should be sought if necessary. It should be noted that certain categories of connected transactions require the prior approval of the shareholders of the Company and such transactions in particular should be treated with extreme care and caution.

Updated as of 18 August 2022