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ASX RELEASE

Dragon Mountain Gold Limited,
ACN: 111 005 282
182 Claisebrook Road, Perth WA 6000



31 July 2018

Mining Exploration Entity QUARTERLY REPORT 30 JUNE 2018

Dragon Mountain Gold Limited (“DMG” or “the Company”) is pleased to provide this Quarterly Activity Report for the quarter ending 30 June 2018.

Cawes and Avalon Projects

In the previous quarter, the Company completed a drill program consisting of 3 RC holes for a total of 318 metres. The drill holes targeted the contact between the Cawse Monzogranite and the thick ultramafic sequence of the Walter Williams Formation which hosts the Cawse lateritic nickel orebodies. In the historical records there are multiple gold occurrences for around 20km along the contact between the granite and the ultramafics that host the nickel laterite within the Cawse Project.

Further exploration work is being considered by DMG.

Other Opportunities

During the quarter, the Company continued its investigation of other opportunities. One of the opportunities is well advanced and the Company will update the market if this opportunity progresses to the next stage.

Cash Position

The Company had \$2.56 million in cash reserves at the end of the quarter.

Robert Gardner
CHAIRMAN

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

DRAGON MOUNTAIN GOLD LIMITED (DMG)

ABN

82 111 005 282

Quarter ended (Current quarter)

30 June 2018

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (12 Months) \$A'000 |
|---|-------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for: | - | - |
| (a) exploration and evaluation | (95) | (326) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (43) | (173) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 13 | 64 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (125) | (435) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | - | - |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | - | - |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 Months) \$A'000 |
|--|---|---|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | - |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | - |
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of quarter/year to date | 2,710 | 3,020 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (125) | (435) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of quarter | 2,585 | 2,585 |
| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
| 5.1 Bank balances | 511 | (2) |
| 5.2 Call deposits | 2,074 | 2,712 |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,585 | 2,710 |
| 6. Payments to directors of the entity and their associates | | Current quarter \$A'000 |
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | | 100 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | Directors salary, fees, superannuation, and exploration consultancy | |
| 7. Payments to related entities of the entity and their associates | | Current quarter \$A'000 |
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | Nil | |

8. Financing facilities available

Add notes as necessary for an understanding of the position

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|--|
| - | - |
| - | - |
| - | - |

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

9.7 **Total estimated cash outflows**

\$A'000

71

-

-

-

43

-

114

10. Changes in tenements
(items 2.1(b) and 2.2(b) above)

| Tenement reference and location | Nature of interest | Interest at beginning of quarter % | Interest at end of quarter % |
|--|--------------------|------------------------------------|------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | |

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.



Signed:

Dated: Tuesday, 31 July 2018

Company Secretary

Print name: Jay Stephenson

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

Mining exploration entity and oil and gas exploration entity quarterly report

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.