ASX: DMG

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

31 October 2024

QUARTERLY REPORT 30 SEPTEMBER 2024

Dragon Mountain Gold Limited ("DMG" or "the Company") is pleased to provide this Quarterly Activity Report for the quarter ending 30 September 2024.

Exploration Activities

Dragon Mountain Gold Limited ("DMG" or "the Company") is pleased to provide an update on its exploration progress for the quarter ending 30 September 2024. During this period, the Company focused on advancing its drilling program at the Avalon Project and preparing for future work at the Cawse Project.

Avalon Project:
During the quarter, the Company advanced its drill program at the Avalon Project, completing a total of four Reverse Circulation (RC) drill holes. These holes targeted critical structural zones interpreted to be favourable for hosting gold mineralisation, specifically along the contact between ultramafic rocks and volcaniclastic units. This sheared contact zone is considered a prime target based on past data and geological modelling, as it aligns with mineralised structures typically associated with gold-bearing systems.

The drill holes were strategically placed to intersect the gold-bearing geological structures beneath transported cover and laterite layers. These areas have been largely underexplored due to the masking effect of overlying cover, making this a valuable phase of exploration for DMG in uncovering Avalon's resource potential.

All drill samples from the completed holes have been sent for assay, with results expected in the next quarter. These assay results will provide essential data on mineralisation grade and continuity, informing the geological models and guiding subsequent drill planning for resource expansion at Avalon.

Cawse Project:
In preparation for the next stages of exploration, DMG has made significant progress toward the drill program at the Cawse Project. Building on previous work, including surface sampling and field assessments, the Company has completed ground truthing and finalised the design of a targeted drill program at Cawse. This program will focus on extensions of known mineralisation trends adjacent to the historic Cawse Find open pit and is intended to verify and expand upon existing mineralisation models for the project area.

The Cawse program is slated to begin following the receipt of assay results from the Avalon Project. Pending these results and any subsequent adjustments to the drilling strategy, DMG will engage with its drilling contractor to mobilise equipment and personnel to the

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site promptly. A Program of Work (PoW) has already been submitted to the Department of Mines, Industry Regulation and Safety (DEMIRS), and the Company is in active communication with regulatory authorities to ensure smooth project progression.

New Projects

The Company continues to identify and review new complementary projects which can potentially add value for shareholders via acquisition

Corporate Developments:

Following the close of the September quarter, DMG successfully completed a capital raise, securing $550,000 through Convertible Loan Agreements with an additional $120,000 Investor Relations (IR) service agreement also paid via convertible loan structure. The total funding secured through this initiative amounts to $670,000, reinforcing DMG's exploration budget and enabling a structured pathway toward achieving its project milestones at both Avalon and Cawse.

The capital raise was structured through agreements with clients of PAC Partners, under the following key terms:

- Convertible Loan Agreements totalling $670,000, subject to shareholder approval for conversion.
- Interest Rate: 9% annually, payable monthly in cash.
- Convertible Option Structure: Subscribers are granted 500 unlisted options for each $1 loaned, with options exercisable at a rate equivalent to future equity raises.
- PAC Partners Role: Acting as lead manager, PAC Partners facilitated the raise and will receive a 6% management fee on total funds raised. Additionally, PAC Partners retains the right to replace one director to the DMG Board.

Allocation and Impact of Funds Raised: The capital injection from the convertible loan facility directly supports:

1. **Exploration Activities**: Allocating a substantial portion toward Avalon and Cawse drilling programs, including costs associated with mobilisation, sample assays, and further exploratory mapping as necessary to guide future phases.
2. **Working Capital**: Providing DMG with greater operational flexibility and the ability to sustain its exploration momentum without liquidity constraints.
3. **Potential New Opportunities**: The strengthened cash position also enables DMG to evaluate and potentially secure additional high-value exploration tenements, aligning with DMG's strategy to expand its project portfolio through accretive acquisitions.

The funding raised ensures DMG is well-positioned to carry forward its ambitious exploration and project development objectives, and it significantly reduces any near-term financial pressures, enabling focused attention on resource expansion at Avalon and the upcoming Cawse program.

At the end of the quarter, the Company's cash position was $125,000.

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ASX Additional Information

Pursuant to ASX Listing Rules 5.3.1 and 5.3.2, the Company advises it has spent $28,000 on exploration during the quarter. No expenditure was incurred on development or production activities during the quarter.

Pursuant to ASX Listing Rule 5.3.3 the Company advises that it holds the tenements detailed in Annexure A at the end of the quarter.

Pursuant to ASX Listing Rule 5.3.5, the Company advises it has made payments of $14,000 to directors by way of salary, fees, or superannuation during the quarter.

In accordance with Listing Rule 5.3.4, provides the actual as at 30 June 2024 vs proposed use of Funds as outlined in Section 5.6 of the Prospectus dated 16 June 2022.

Proposed Use of Funds	Proposed $	Actual $	Variance $
Exploration on Cawse and Avalon Projects	1,100,000	555,550	544,450
Acquisition of new tenements/working capital	399,004	300,000	99,004
Expenses of the offer	217,824	207,425	10,399
Administration Costs	500,000	623,994	(123,994)
Total	**2,216,828**	**1,658,969**	**557,859**

Major variances to the Prospectus include:

1. Exploration on Cawse and Avalon projects

   a. the Company has been planning a drill program which has not yet occurred. The Company is working with its exploration consultant Galt Mining Services to develop an optimal set of targets. A PoW application has now been submitted to the Mines Department.

   b. As announced on 2 September 2023, the Company reduced the executive chairman's remuneration to $50,000 from $350,000 per annum. A portion of the remuneration is for exploration and as a result the total exploration over a two year period will be lower.

2. Working capital – pursuant to the Prospectus Section 5.6 Note 3, the Company completed the acquisition of the Sleeklines package of tenements at a total investment of $300,000.

3. Administration Costs variances are due to timing.

4. As outlined in the Statement of Confirmations released on 2 August 2022, the Company had reduced its total available funds from $2,216,828 to $1,952,000 due to lower cash reserves available at 30 June 2022.

In the Company announcement dated 11 June 2024, the Company outlined its planned expenditure over the next 12 months. Below is the current actual expenditure against the planned expenditure.

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Exploration Activity	Avalon Forecast	Avalon Actual	Cawse Forecast	Cawse Actual	Total Forecast	Total Actual
Data Review and Planning	$125,000	50,000	$150,000	24,000	$275,000	74,000
Fieldwork and Overhead	$150,000	28,000	$250,000	24,000	$400,000	52,000
Drilling - RAB, RC and DD	$1,756,000	-	$250,000	-	$2,006,000	-
Assaying	$30,000	-	$30,000	-	$60,000	-
Heritage	-	-	$18,564	-	$18,564	-
Tenement Management	$75,000	-	$82,500	-	$157,500	-
Total	**$2,136,000**	**78,000**	**$781,064**	**48,000**	**$2,917,064**	**126,000**

This release has been approved by the Board.

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ANNEXURE A

The Company has a right to earn an interest in the Cawse and Avalon Projects. As at 30 September 2024, the Company has earned a 25% interest in the Cawse and Avalon Projects.

THE CAWSE PROJECT		THE AVALON PROJECT	HELD BY DMG	SLEEKLINES TENEMENTS
1.	M24/0547	L 27/0055	P16/3355	P24/5187
2.	M24/0548	L 27/0056	P16/3350	P24/5188
3.	M24/0549	M 25/0075	P16/3351	P24/5189
4.	M24/0550	M 25/0076	P16/3352	P24/5190
5.	L24/0030	M 25/0077	P16/3353	P24/5191
6.	L24/0076	M 25/0078	P16/3354	P24/5203
7.	L24/0113	M 27/0189	P16/3347	P24/5204
8.	L24/0140		E16/586	P24/5205
9.	L24/0141		P16/3349	P24/5206
10	L24/0142			P24/5207
11	L24/0152			P24/5451
12	L24/0153			P24/5452
13	L24/0159			P24/5453
14	L24/0167			P24/5454
15	L24/0168			P24/5455
16	L24/0185			P24/5456
17	L24/0193			P24/5468
18	L24/0194			P24/5469
19	M24/0224			P24/5470
20	M24/0389			P24/5471
21	M24/0517			P24/5472
22	M24/0518			P24/5473
23	M24/0519			P24/5474
24	M24/0520			
25	M24/0543			
26	M24/0544			

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity
Dragon Mountain Gold Limited (ASX: DMG)

ABN	Quarter ended ("current quarter")
82 111 005 282	**30 September 2024**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(29)	(29)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(14)	(14)
	(e) administration and corporate costs	(58)	(58)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(100)**	**(100)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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**	**0**	**0**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	225	225
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(100)	(100)
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)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**125**	**125**

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	125	368
5.2	Call deposits	-	-
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)**	**125**	**368**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	14[1]
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

[1]Amounts shown at 6.1 relate to director salary/fees, superannuation and rent paid during the quarter.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Nil

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(100)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(100)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	125
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	125
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	1.25

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company anticipates an increase in its operational activities now that funding has been secured, which may lead to a change in the current level of net operating cash flows as it invests in growth and expansion.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: As announced on 18 October, the Company has secured Convertible Loans totalling $670,000, with $550,000 provided as cash and $120,000 allocated for investor relations services over two years. The Company is confident these measures will provide sufficient funding to meet near-term operational needs.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to continue its operations and achieve its business objectives, based on the recent funding support, including the Convertible Loans, which provides a solid foundation for ongoing activities.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.