



Quarterly Activities Report For the Quarter Ended 31 March 2006

HIGHLIGHTS

- Total gold production for the quarter of 12160 ounces at an average cash cost of US\$ 329 per ounce.
- Mill throughput averaged 38.2 tonnes per hour at 94.1% utilisation and 93.5% recovery.
- RSG Global completed an updated resource estimate for the Svartilden deposit.
- The Board announced the appointment of Andrew Daley as Chairman and Peter Cordin as Managing Director and Chief Executive Officer with a clear mandate to pursue the Nordic development strategy.
- Micon International have been engaged to undertake a review of the Svartilden operations and development proposals for the Vammala Process Facility and associated mine assets.
- Exploration drilling at Svartilden to test strike and depth extensions of the central part of the deposit is due to commence in early May with a further program to test east and west strike extensions following.
- Underground diamond drilling to commence in early May at Orivesi to test three targets near the Kutema ore pipes and further test the Sarviso Lodes.
- The sale of the Pampola gold project announced and a non refundable deposit of euros 600,000 received.

OPERATIONS

REVIEW

Micon International Co Limited, who have extensive experience in conducting high level reviews and detailed due diligence and a wide range of experience in hard rock mining in Scandinavia, have been commissioned by the Board to undertake an operations review of the Svartliden operations the development proposals for the Vammala Process Facility and associated mine assets.

Site visits will be undertaken in early May with reporting expected in June.

It is then proposed to thoroughly review the development strategy for the Nordic assets with a view to optimising returns in the strong gold market environment.

SWEDEN

Svartliden Mine

Gold production of 12,160 ounces was achieved for the quarter with good mill availability and more consistent grades.

Mining production rates were increased with the introduction of a roster system enabling the pre-stripping for the final pit dimensions to be commenced.

A total of 267,448 bcm of material was mined.

This comprised 559,633 tonnes of waste, 123,880 tonnes of ore and 135,963 bcm of peat and till prestrip from the western extension.

The Pauträsk road deviation of 2.3 kilometres was essentially completed during the quarter and the expected June opening of the diversion will provide uninterrupted access to the mining operations in the future.

Removal of peat and till totalling 225,000 bcm from the western extension, ahead of grade control drilling, is due for completion in June 2006. It was essential to remove (and stockpile for use in the future rehabilitation) a significant component of this material ahead of the spring thaw, which would have rendered the area inaccessible.

The grade control reverse circulation drilling rig experienced continued problems with mechanical breakdowns, principally due to engine failures. Swedish contractors were mobilised to site and the resultant drilling enabled mine planning and rescheduling to progress.

Mill throughput was constrained in February and March due to the mobilisation and set up difficulties experienced by a new contract crushing contractor and a gearbox failure and shaft replacement to leach tank 1.

Table 1 - Svartliden Production Statistics

PRODUCTION DETAIL	UNIT	JANUARY	FEBUARY	MARCH	TOTAL
Total Material Mined	bcm	127,299	91,983	48,166	267,448
	t	320,153	224,610	138,750	683,513
Total Waste Mined	t	296,971	180,577	82,085	559,633
Pre-Strip	t	124,772	135,723	75,555	336,050
Ore Mined	t	23,182	44,033	56,665	123,880
Ore Processed	t	28,647	21,761	24,585	74,993
Average Grade	g/t Au	6.35	4.15	5.38	5.39
Average Mill Throughput	t/h	41.6	33.5	35.5	38.2
Average Mill Utilisation	%	92.6	96.8	93.1	94.1
Average Recovery	%	93	94.9	93.3	93.5
Gold Produced	ounces	5,437	2,753	3,970	12,160

During the March Quarter independent geological consultants, RSG Global updated the resource estimate for the Svartliden deposit. The updated resource estimate incorporates data gathered since the start-up of mining and implements changes to better reflect mining practices currently in place at Svartliden.

The resource is now reported at a 1.3g/t gold lower cut-off to be consistent with current mining practices. Previously, resources were reported using a 1.5g/t gold lower cut-off. Accounting for depletion through mining, the combined Measured, Indicated and Inferred in-situ Mineral Resource at Svartliden as at 31 January 2006 is summarised in Table 2.

Table 2 – Depleted In-situ Mineral Resource for the Svartliden Deposit. Gold Tonnage Distributions subdivided by JORC Resource Categories. MIK derived Selective Mining Unit (12.5m x 5m x 2.5m) Model Estimates for Gold.

	Tonnes	Grade	Ounces
Measured	370,000	5.0	59,000
Indicated	2,098,000	3.9	265,000
Inferred	545,000	3.2	56,000
Total	3,013,000	3.9	380,000

FINLAND

Vammala

Orivesi Mine

The mine remains on care and maintenance and rehabilitation of the Orivesi mine workings continued during the quarter.

In anticipation of board approval to recommence operations, tenders for contractors were prepared and recruitment of development teams started.

The Environmental Permit Authority of Western Finland granted a new Environmental Permit to the Orivesi mine, which the Company has appealed. The new permit is valid only until the 31 December 2010, in comparison with the present permit which was not limited in duration. The

conditions set in the new permit are also more stringent for working and blasting times and for the quality of the drainage water disposed.

All geological data, except geological mapping of the drifts, has been transferred into Surpac format, along with information pertaining to mine drifts, stopes and infra-structure, excluding raises. Geological modelling of the potentially mineable pillar and stope areas of the old mine was also completed.

Clean mucking of the production drift in Pipe 5 on the +470 metre level continued in preparation for production drilling. Mechanized scaling and rock bolting of the upper parts of the decline was completed. Some cable bolting and shotcreting is still required in the decline in the near future.

Mine drainage water met permit conditions.

Jokisivu Mine

The Environmental Permit Authority of Western Finland granted an Environmental Permit and a Start-up Permit for the Jokisivu Mine. The conditions of the permit are tighter and more detailed compared to those in the initial permit, which was granted in 2004 but annulled in 2005. Conditions set are achievable, however noise protection will require special attention. Appeals to these Permits may be lodged during April.

The Land Court ruling on the Jokisivu Mining Lease compensation issues has not been appealed to the Supreme Court, nor have any appeals been received regarding the road construction for the private Uudenniitty Road.

Vammala Process Facility

The mill remains on care maintenance and the Environmental Permit Authority of Western Finland started to prepare the renewal of the Vammala Process Facility permit.

Installation of the new core logging facility at Vammala was completed.

Pampalo Project

Polar Mining Oy and Kalvinit Oy signed a conditional sale agreement for the Pampalo Gold Deposit and associated mining claims in the Ilomantsi region in Eastern Finland. A non refundable deposit of euro 600,000 was received. The sale is subject to the listing of Kalvinit or its affiliate on the Swedish Stock Exchange (NGM) or Kalvinit arranging alternate financing by 31 May 2006.

Dragon has been advised by Kalvinit of the probability that the listing of Endomines AB will be now delayed until September 2006, hence the completion of the sale of Pampalo would also be delayed. Discussions are being pursued to preserve the terms and ensure compensation for any delay in payment.

EXPLORATION

SWEDEN

Svartliden

No field activities were completed during the March Quarter. The drilling program due to commence in March was delayed due to difficulties in securing the services of a suitable drilling contractor.

Diamond drilling contractors Suomen Malmi Oy have now been awarded the contract and are due to commence in early May. The initial program will focus on the central part of the Svartliden deposit, examining the strike and depth extensions of a series of high grade intercepts, which previously have not been followed-up.

A second program of drilling looking at testing both the east and west strike extensions of the Svartliden deposit will follow the completion of this initial program, subject to drill rig availability.

Orgsjön Joint Venture (Earning 80% Interest)

No field activities were completed.

FINLAND

Orivesi

Suomen Malmi Oy was awarded the underground drilling contract at the Orivesi mine. Drilling is due to commence in early May. The drilling program is designed to test three targets near the Kutema ore pipes and further test the Sarvisuo Lodes to provide greater confidence in current resource estimates. It is proposed to complete a total of 6,000 metres of diamond core drilling in these areas during the June and September Quarters.

Jokisivu

No field activities were completed during the March Quarter.

Kuusamo

No field activities were completed
Discussions were held with parties regarding possible sale of this project area.

Hanhimaa

Discussions continued with interested parties regarding possible Joint Venture of the Hanhimaa Project.

Inco Nickel Alliance

The Management Committee meeting of the Inco Nickel Alliance, held during mid-February agreed to establish two separate Joint Venture Projects, Ruossakero in eastern Finland and Sarvisoaivi in northern Finland. Budgets, funded by Inco, for the 2006 calendar year were set at US\$290,000 and US\$200,000 respectively. These budgets will be re-assessed during September, if drilling is warranted.

Crone Geophysics of Canada conducted an EM survey of the Sarvisoaivi project area during the March Quarter. Data from this survey is currently undergoing processing.

The Geological Survey of Finland (GTK) have compiled historical exploration data for both the Sarvisoivi and Ruossakero project areas and provided this to Polar Mining Oy. Newer exploration data from the Ruossakero area has been ordered from the GTK.

RUSSIA

OAD Kivijarvi

Discussions continued with interested parties regarding possible Joint Venture of the OAD Kivijarvi Projects in western Russia.

No field activities were completed during the March Quarter.

SPAIN

Valiña Joint Venture (Diluting to 50% Interest)

AIM listed Ormonde Mining plc is currently earning a 50% interest in the Valiña Permit in the Lugo Province of the Galicia Region of northwest Spain. Under the terms of the agreement, Ormonde can earn a 50% interest in the permit by spending €200,000 over an 18 month period from September 2005.

Ormonde has advised they undertook no field activities during the March Quarter.

ERITREA

Zara Joint Venture (Diluting to 20% Interest)

During the March Quarter, joint venture partner ASX listed Sub-Sahara Resources NL advised the results from drilling completed during the previous quarter (refer Table 3).

Diamond drill hole ZARD004, situated 150 metres south of the previously announced ZARD003 at the Koka prospect, returned a best result of 1 metre @ 18.56 g/t gold, confirming gold mineralisation over a strike length of 500 metres. Whilst this hole did not repeat the results from ZARD001, 002 and 003, it has provided important information for the planned drilling program scheduled to commence during the June Quarter.

Holes ZARD005, 006 and 007 were drilled at the Konate prospect, situated approximately 4 kilometres south of the Koka discovery. These diamond drill holes covered 300 metres of artisanal workings (150 metres apart) and returned a best result of 10 metres @ 0.63g/t gold.

The Konate prospect has artisanal workings evident at surface for over 300 metres. Holes ZARD005, 006 and 007 were designed to test to depth the gold mineralisation, which has been the focus of artisanal mining. The geochemistry and nature of the gold mineralisation intercepts in holes ZARD005-007 is similar to the gold mineralisation in the alteration haloes adjacent to the 'core' mineralisation at Koka, but with lower base metal values. Gold is thought to accompany sulphidic quartz veining hosted by a fractured, ferruginous, felsic tuff.

Table 3 - Significant gold intersection in drill holes ZARD004, 005, 006 and 007.

Hole	North (UTM)	East (UTM)	Azimuth (°)	Dip (°)	From (m)	To (m)	Length (m)	Au (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
Koka Prospect											
ZARD004	1,824,100	390,273	275	-55	50	51.9	1.9	2.19	1,170	923	2,483
					57	58	1	18.56	282	0	115
Konate Prospect											
ZARD005	1,820,142	390,485	275	-60	60	61	1	1.43	49	8	140
ZARD006	1,820,254	390,572	275	-65	59	60	1	0.45	16	2	39
					66.5	68	1.5	0.35	38	9	153
					72	82	10	0.63	45	13	9
ZARD007	1,820,437	390,592	275	-65	54	55	1	1.18	103	3	47
					63	64	1	3.19	37	4	8
					113	114	1	1.33	16	4	20

Preparations began for an expanded exploration program at Zara to include a regional geological study, ground based geophysics, soil and rock chip sampling and drilling.

Contracts for 19,000 metres of drilling and earth moving at Koka are finalised, with drilling scheduled to commence in June 2006. Camp expansion and development of water sources have commenced. In addition, management will streamline the current sample-assay process to improve sample result turnaround.

Sub Sahara has earned 51% of Dragon's 66.6% interest in the Zara Project and has the right to earn a further 19% of Dragon's interest by producing a Bankable Feasibility Study (BFS) or by having spent US\$3.3 million on exploration. If Sub Sahara has not completed a BFS after spending US\$3.3 million, Sub Sahara will free carry Dragon to completion of a BFS.

AUSTRALIA

Weld Range Joint Ventures

Dragon was advised by their Joint Venture partner ASX listed Minara Resources Limited that consultants, Resource Potentials, completed a review of the geophysical data in conjunction with the drill data on the Weld Range project during the March Quarter. This has resulted in definition of high priority exploration targets for nickel sulphides within the ultramafic complex and will be followed up with a ground TEM program with the aim of providing drillable targets later in the year.

CORPORATE

Board and Management Changes

Following the resignation of Mr Campbell Ansell (Chairman) and Dr James Searle on 20 March 2006 Mr Andrew Daley (appointed non executive director on 23 March 2005) was appointed non executive Chairman.

At the same meeting Mr Peter Cordin (appointed Chief Executive Officer on 22 November 2005) was appointed as Managing Director and Chief Executive Officer.

The Board has requested the new Managing Director to review the current development strategy for the Company in the Nordic Region with a view to optimising current plans in light of the strong market for gold and resources.

Convertible Note

Shareholder approval for the balance of the Convertible Note issued was achieved at the meeting of 2 February 2006.

The total number of Convertible Notes issued was 23,645,289 raising a total of \$24,827,553. Costs of approximately \$1.64 million including a 5% broker fee were incurred.

Options Exercise

Macquarie Bank Limited exercised 11,111,111 options at an exercise price of 9c per share (option expiry date was 20 May 2006). The proceeds were applied to the corporate loan owing to Macquarie Bank.

Hedging

All production in the quarter was delivered into hedge positions at US\$402.20 per ounce.

The commitment for delivery into the hedge program for the June quarter is 8000 ounces. However, until the company has produced a new Life of Mine plan for the Svartliden deposit, Macquarie Bank has indicated a requirement to deliver all gold produced into the hedge book. Discussions are ongoing with Macquarie to allow the Company to deliver all gold produced in excess of the formal delivery commitments into the spot market

The completion of the RSG Global resource report, together with the review to be conducted by Micon, will enable the Company to proceed with the determination of the new Life of Mine plan, for the Svartliden deposit over the next three months.

As of 31 March 2006 the total outstanding gold hedge obligation was 110 350 ounces.

Working Capital

At the end of the March Quarter, Dragon had cash of \$18.321 million.

Listed Securities

The Company holds 7.5 million Vulcan Resources Limited fully paid shares and 7.5 million Vulcan Resources Limited options exercisable at 20 cents on or before 30 June 2009.

Note 1: *The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neale Edwards BSc(Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of the company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Note 2: *All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Dragon Mining NL, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

DRAGON MINING NL

ACN or ARBN

19 009 450 051

Quarter ended ("current quarter")

31 MARCH 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	9,200	20,598
1.2 Payments for (a) exploration and evaluation	(109)	(211)
(b) development	(3,212)	(6,135)
(c) production	(6,817)	(12,976)
(d) administration	(885)	(6,697)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	100	140
1.5 Interest and other costs of finance paid	(397)	(800)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,120)	(6,081)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(2,120)	(6,081)

1.13	Total operating and investing cash flows (brought forward)	(2,120)	(6,081)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,000	5,887
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	13,586	24,822
1.17	Repayment of borrowings	(4,529)	(7,145)
1.18	Dividends paid		
1.19	Other – Capital raising costs	(1,631)	(1,631)
	Net financing cash flows	8,426	21,933
	Net increase (decrease) in cash held	6,306	15,852
1.20	Cash at beginning of quarter/year to date	12,033	2,497
1.21	Exchange rate adjustments to item 1.20	(18)	(28)
1.22	Cash at end of quarter	18,321	18,321

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	121
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payment to director's of salaries, fees and consulting fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	37,477	37,477
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,020
4.2 Development	400
Total	1,420

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,304	11,698
5.2 Deposits at call	7,017	-
5.3 Bank overdraft		
5.4 Other: Cash in transit	-	335
Total: cash at end of quarter (item 1.22)	18,321	12,033

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished	7146/1 Lehmilampi 1		100%	0%
	7146/2 Lehmilampi 2		100%	0%
	7146/3 Lehmilampi 3		100%	0%
	6841/1 Kuikkapuro 2		100%	0%
6.2 Interests in mining tenements acquired	200668 Karhukallio		0%	100%
	200663 Liakka 1-10		0%	100%
	8102/1 Poiko 1		0%	100%
	8102/2 Poiko 2		0%	100%
	8102/3 Poiko 3		0%	100%
	8102/4 Poiko 4		0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	440,393,549 3,325,000	440,393,549 -		0.01 c
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	11,111,111 Options exercised 2 March 2006 -	11,111,111 -	9 c	9 c
7.5 +Convertible debt securities (description)	23,645,289 Upon conversion 6 shares to be issued for each convertible note issued	23,645,289	\$1.05	\$1.05
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	12,945,277	12,945,277	\$1.05	\$1.05
7.7 Options (description and conversion factor)	21,250,000 2,600,000	- -	Exercise price 20 c 40 c	Expiry date 4 Nov 2007 22 Oct 2009
7.8 Issued during quarter	-			
7.9 Exercised during quarter	11,111,111	-	9 c	20 May 2006
7.10 Expired during quarter	-			
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does* give a true and fair view of the matters disclosed.


28 April 2006

Sign here: Date:
(Company secretary)

Print name: DENNIS W WILKINS

Notes

1 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.