

## DRAGON MINING LIMITED

**Dragon enjoys comfortable margins on +75,000 ozs of gold production per year. Output may be increased to 100,000 ounces per year in 2010 through several new development opportunities. Clear of net debt, Dragon is seeking new growth through exploration and acquisition.**

*Comment: Dragon emerged in 2007 from a period of severe financial constraints and has since been catching up on mine planning for the period from mid 2010 on. In 2009 activity directed towards Svartliden underground, the Sarvisuo extension, Kutema Deeps and Jokisivu should place both production centres on a sound footing.*

*Gold exploration in both Finland and Sweden is a relatively new pursuit, with the application of modern geochemical techniques in the till covered terrain still in its infancy. The few discoveries made so far suggest there are more to come. The 2009 field season will be Dragon's most active to date, particularly at Svartliden, Orivesi and Jokisivu.*

### INVESTMENT DATA

Share price (last trade Jun 2009): \$A0.066  
ASX Code: DRA

### ISSUED CAPITAL

FPO shares (issued): 737M  
Unlisted options (exerc 14-21c): 13.3M  
Market capitalisation (fully diluted): \$A50M

### SUBSTANTIAL SHAREHOLDERS

Nicolas Mathys: 17.6%

### DIRECTORS

Andrew Daley:	Non Exec.Chairman
Peter Cordin:	Managing Director
Michael Naylor:	Finance Director
Tapani Jarvinen:	Non Exec.Director
Markku Makela:	Non Exec.Director
Peter Munachen:	Non Exec.Director

**John Macdonald**  
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5th June 2009

### KEY POINTS

- Dragon is an established producer of +75,000 ounces of gold per annum from projects in Sweden and Finland. The Svartliden and Vammala projects exploit high grade deposits in well serviced mining districts.
- Dragon's average cost of production is forecast to remain below \$US600/oz in 2009.
- Dragon has negligible hedging and no net debt.
- Plans to develop ore sources outside of current reserves are well advanced at Svartliden, Sarvisuo, Kutema and Jokisivu. With the exception of Jokisivu, each is an extension of an exposed, fully developed deposit, requiring no capital for surface facilities or ground disturbance.
- The Svartliden underground resource is ostensibly a fraction of the deposit's depth potential. Current resources are open beneath 200 metres vertical depth, while exploration along strike and for parallel lodes is at an early stage.
- Dragon is running the first systematic gold exploration program over its extensive tenement holding at Svartliden. An effective approach to exploration, which was validated in 2008 by some near mine discoveries, will be applied regionally in the 2009 field season.
- The Sarvisuo, Kutema and Jokisivu deposits contributing to the Vammala Production Centre are all high grade and open ended. The recent gold price improvement is likely to secure short and medium term mine plans. A fourth potential ore source is maturing at Kaapelinkulma. The Vammala treatment plant has substantial spare capacity.
- The separate Hanhima exploration project in northern Finland is in close proximity to Agnico Eagle's 6 Moz Kittila project. Dragon intersected ore grades in first pass drilling at a new prospect at Hanhima in early 2009.
- Dragon acquired an extensive portfolio of 'work in progress' Finnish projects in 2003 from Outokumpu, including 9 within trucking distance of the Vammala plant. An increase in field work is planned in 2009.
- Dragon is valued here at 18 cents per share. Resources not yet committed for development are included in forecasts upon which the valuation is based. The value of exploration prospects outside these resources is estimated at \$20 million.

## 1. COMPANY BACKGROUND

Dragon was established as a Perth based public company in 1987, and spent ten years exploring for minerals, mainly in Western Australia. In 1999 Dragon merged with Canadian listed Viking Gold Corporation, in the process acquiring an 80% stake in the Svartliden Gold Project in Sweden.

In September 2003 Dragon agreed to purchase the precious metals assets of Outokumpu Mining Oy, comprising a range of processing facilities, developed mines, undeveloped resources and exploration prospects in Finland. The acquisition was completed in November 2003 for consideration of €11 million, split equally between cash and issued shares.

Dragon has since focused on developing its Swedish and Finnish gold assets. Gold production commenced at Svartliden in November 2004, from an open pit mine with an initial five year reserve, and a 300,000 tonnes per year CIL treatment plant. In Finland gold production from the Orivesi underground gold mine and Vammala concentrator began in July 2007.

An \$A25 million convertible note issue refinanced Dragon's debt in February 2006. In September 2007 the proceeds of an \$A27 million rights issue were used to close out most of the company's gold hedge book. In June 2009 Dragon is essentially unhedged with zero net debt.



*Project Locations.*

## 2. DIRECTORS & MANAGEMENT

Most of the current Dragon board members and managers were installed through a series of changes and appointments in 2005 and 2006.

Chairman Andrew Daley worked as a mining engineer with Anglo American, Rio Tinto and Conoco in Africa, and since 1981 as a corporate adviser in Australia and London. Dragon's Managing Director Peter Cordin was Managing Director and Director of Operations respectively for gold mining companies Grants Patch Mining and Forsayth NL between 1987 and 1992.

## 3. SVARTLIDEN

### BACKGROUND

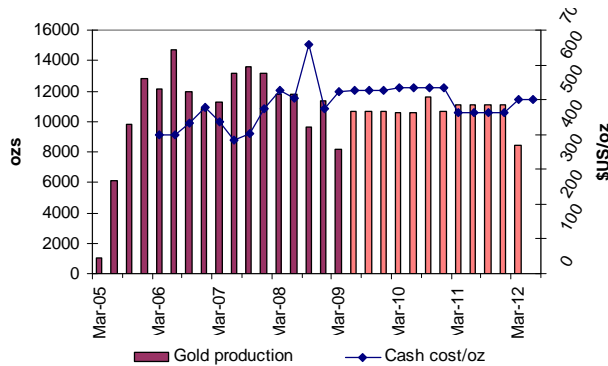
Gold, silver, copper, and zinc have been mined from volcanogenic massive sulphide (VMS) deposits in the Skellefte District in Sweden for much of the 20th Century. Exploration for Svartliden style shear hosted gold deposits was generally neglected, as exploration was conducted almost exclusively through geophysical methods focussed on the search for base metals. The extensive cover of glacial till precluded the use of conventional geochemical methods and so the perception of Skellefte's Proterozoic geology as solely a VMS domain held sway well into the 1990s.

In 1995 three Swedish prospectors, after several years of tracking boulders carried by ice sheets, found the source of mineralised boulders at Svartliden.

The prospectors drilled four holes and introduced Viking Gold to the project. Viking drilled 1,650 metres of Svartliden's strike length and estimated a resource of 2.5 million tonnes at 5.4 g/t. Dragon assumed control of the project in 1999, and immediately concentrated on the top 80 metres of the deposit, in an effort to get Svartliden into production with minimal external funds.

From commissioning in late 2004 to the end of March 2009 1.22 million tonnes of Svartliden pit ore had been treated at an average head grade of 5.10 g/t, producing 182,000 ounces of gold at average cash cost of \$US525/oz.

### SVARTLIDEN QUARTERLY GOLD PRODUCTION & UNIT COSTS



Svartliden returns to Dragon remained tight through to September 2007 while gold was delivered predominantly at the hedged price of \$US410/oz. The hedging buy back allowed almost full delivery into spot gold prices exceeding \$US700/oz, freeing cash flows for the first substantive exploration programs aimed at extending the Svartliden project life outside the known pit limits.

#### PIT RESERVES

At the end of December 2008 Svartliden pit and stockpile reserves were 638,000 tonnes at 3.7 g/t, containing 76,000 ounces. The current pit schedule extends to July 2010. The remaining gold grade is expected to be lower than the pit average, while the waste:ore ratio will also decline from 7:1 in 2008, keeping projected costs in the \$US450-550/oz range.

#### UNDERGROUND MINE PLANS

Scout drilling of the depth extensions to Svartliden's sub-vertical lodes was conducted in 2006 and 2007. The best results (including 8 metres at 15.6 g/t) were obtained from the Northern lode position, principally west of the fault that traverses the middle of the pit. Since March 2008 Dragon has concentrated on drilling sufficient material to support an underground mine plan on the Northern lode.

By June 2009 the Northern lode had been drilled on a 25 by 25 metre spacing over 250 metres of strike, and to 130 metres vertically beneath the pit. The results will be used to estimate a resource in July/August 2009 and

prepare for underground mining in the second half of 2009.

The first phase of underground mining is likely to apply long hole open stoping, extracting ore at a peak rate of about 200,000 tonnes per annum. Assuming a start to development in the second half of 2009 underground ore production could meet more than half of the Svartliden mill capacity by the time of scheduled open pit depletion in mid 2010.

The Northern lode is open down dip and along strike to the west and east. An initial 12-18 month mine plan is likely to be extended with continued drilling.

Barring major faults which are not yet evident, Svartliden, as a shear hosted deposit should have a depth dimension at least as great as its 1,000 metre horizontal extent. Late granite intrusions interrupt the large scale continuity, but no trend of increasing intrusions is apparent.

The top 80-100 metres of the Svartliden shear contained 280,000 ounces, or 3,000 ounces per vertical metre. From drilling to date the Northern lode, at 400-500 ozs/vm, is a fraction of Svartliden's depth potential. Experience in the pit shows individual lodes lens in and out, and that mineralisation occurs in certain stratigraphic positions up to 20 metres apart. Potential remains for new lode discoveries along strike, down dip and parallel to the Northern lode.

#### EXPLORATION

Dragon holds 214 square kilometres under Exploration Permits around Svartliden. Dragon's first challenge was to develop an effective approach to gold exploration in the till covered terrain. In 2007 and 2008 Dragon flew a geophysical survey over the entire tenure and tested specific geochemical sampling practices on near mine prospects.

At Svartliden West, 400 metres from the pit's edge, a trench was dug to expose bedrock beneath an anomalous surface value. Chip assays from the bedrock returned 5 metres at 1.4 g/t, validating the effectiveness of the geochemistry and presenting a new drilling target. Dragon will follow up Svartliden West in the 2009 field season, as well as similar targets east of the pit. Sampling will be extended in regional prospect areas identified from the geophysics.

### OPERATING IN SWEDEN

Corporate tax in Sweden is levied at 26.7%. On current projections Dragon's Swedish operating company is unlikely to incur tax through to at least 2013.

Gold exports attract a zero sales tax rating and input tax credits. There are no state royalties on mined product. There are no restrictions on the import and export of capital. Labour costs are high relative to Australia because the Swedish welfare system requires a 33% impost on employee entitlements. Most costs are denominated in Swedish krona, which weakened to 9:1 against the US dollar in February 2009 before strengthening to 7.6:1 in June 2009. Swedish mining laws are well developed and stable.

The 80/20 Svartliden joint venture applies to tenements held within five kilometres of the boundaries of the original joint venture permits, encompassing 76 square kilometres. Dragon owns 100% of the remaining tenements covering 138 square kilometres of granite-greenstone terrain to the south and west. Dragon financed the local partners' share of project costs and is recouping the loans and interest from project cash flow.

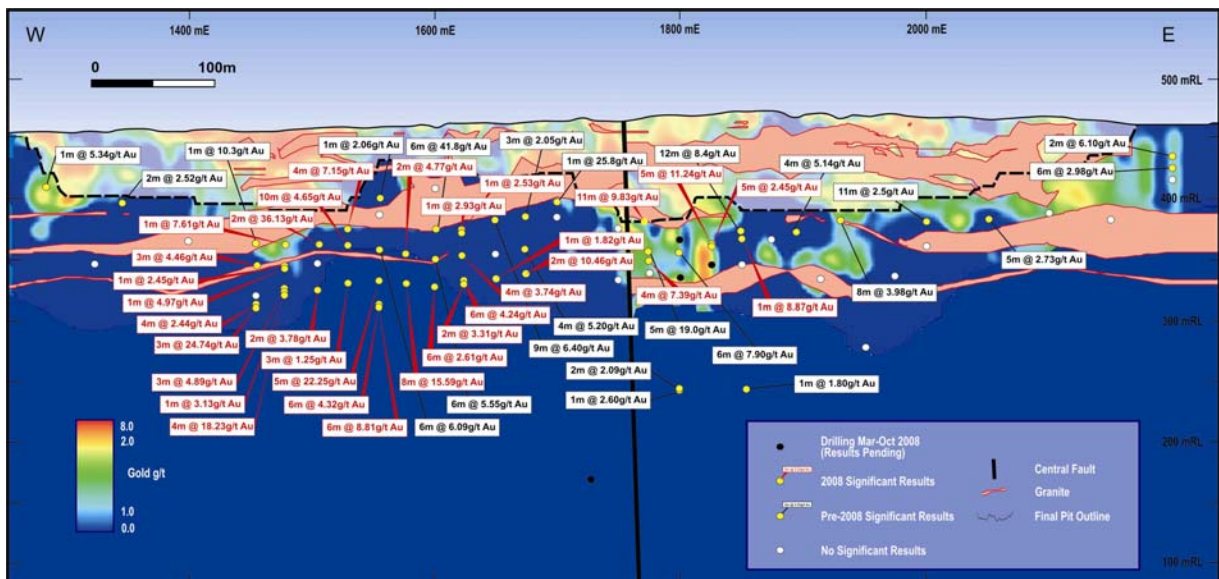
Dragon has submitted to an exhaustive court process under the Swedish Environmental Code. The Svartliden project has been subjected to annual production limits of 300,000 tonnes for

the first four years of operation. The limit was increased to 500,000 tonnes per annum as from 1 March 2009. At operating costs of less than \$US550/oz, Svartliden is generating cash at the rate of about \$US20 million per year, before underground development and exploration costs of about \$US5 million per year. Dragon plans to at least maintain present levels of gold output and cash costs for several years beyond the pit completion in mid 2010.

### 4. FINLAND-VAMMALA

Finland and Sweden share the Fennoscandian Precambrian Shield. In both countries gold mining has developed as a relatively recent outgrowth from extensive base metal mining activity. Outokumpu Oy was responsible for most of the work developing gold since 1980 in Finland and passed on a portfolio of gold projects to Dragon when exiting from mining in 2003.

The Vammala Production Centre in southern Finland comprises the 600,000 tpa Vammala concentrator, and the surrounding mines and prospects within ore trucking distance (generally less than 80km by road). Concentrate produced at Vammala is toll treated by a third party in Finland at an average cost of \$US100 per ounce. Metallurgical gold recovery typically exceeds 80%.



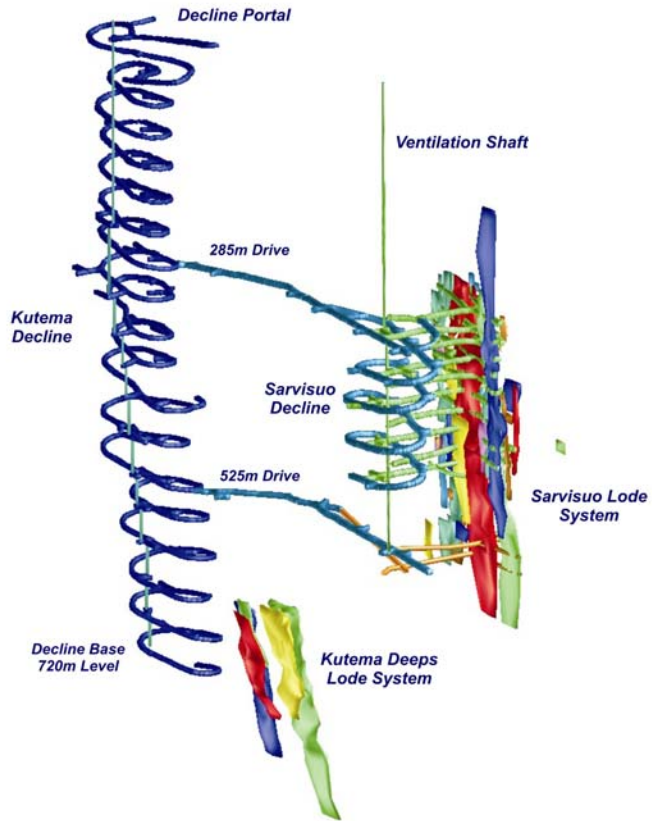
*Svartliden schematic long section*

**ORIVESI**

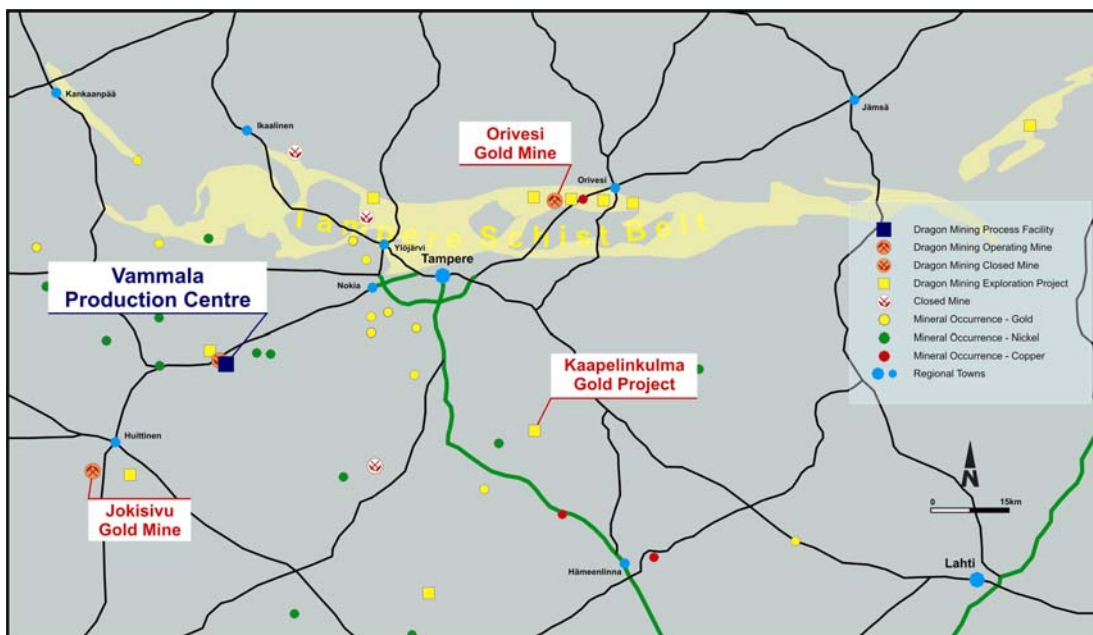
Historically the main gold ore source for Vammala has been the Orivesi mine, where a single decline portal accesses the Kutema and Sarvisuo lode systems.

Kutema was discovered in the 1980s and brought into production in 1994. Kutema comprises five clustered vertical pipes which are mined individually. To 2003 400,000 ounces were recovered from 1.4 million tonnes of Kutema ore at an average grade of 9.1 g/t. Mining stopped in the lodes 720 metres below surface due to deteriorating economics. Dragon took control of the mine during the closure process, preserving access to the base of the decline for a possible future resumption of mining.

When Dragon acquired Orivesi in 2003 drilling from an exploration decline had begun to define a parallel set of vertical pipes at Sarvisuo, 400 metres from Kutema, starting from 300 metres below surface. Dragon established the continuity of the Sarvisuo system to 420 metres vertical depth and began extending an external decline to Sarvisuo in May 2006. The first development ore was delivered to Vammala for treatment in July 2007.



*Orivesi Mine schematic layout*



*Vammala Production Centre*

From recommissioning in July 2007 to the end of March 2009 Vammala had produced 48,700 ounces of gold from the treatment of 290,000 tonnes of ore grading 6.2 g/t. Sarvisuo ore was complemented by minor amounts taken from Kutema pillars.

In September 2008 Dragon extended the Sarvisuo mine plan a further 20 metres vertically to 440 vertical metres below surface. At the end of December 2008 Sarvisuo reserves were 180,000 tonnes at 7.0 g/t, which at current extraction rates will be mined by March 2010.

Complex grade distribution within the Sarvisuo lodes initially pushed Vammala's unit costs of production higher than planned. In the second half of 2008 head grades were maintained above 7g/t, keeping cash costs to an average of \$US575/oz. March 2009 quarter cash costs slipped to \$US760/oz on lower Sarvisuo grades. Forecast costs of \$US550/oz anticipate head grades returning to reserve grade of 7g/t.

Dragon drilled 44 holes in 2008 and 22 holes in the first quarter of 2009 testing the Sarvisuo lodes between 460 and 560 metres vertical depth. Intercepts including 7.5 metres at 15.6 g/t and 5m at 18.0 g/t indicate the lode system continues. Dragon will decide whether to extend the mine plan to 540 metres vertical depth in mid 2009 while continuing to drill the Sarvisuo depth extensions to 600 metres depth.

Sarvisuo produces less than a third of Vammala's treatment capacity. Dragon plans to more fully utilise Vammala through development of Kutema Deeps, Jokisvu and Kaapelinkulma.

Kutema Deeps has remained in Dragon's sights since first acquiring the project in 2003. In December 2008 estimated resources between 720 and 860 metres below surface were 825,000 tonnes at 5.7 g/t. Dragon's drilling of Kutema Deeps continued into the March 2009 quarter, returning a best intercept of 18 metres at 6.1 g/t.

Dragon could commit to development of Kutema Deeps in mid 2009. Capital development and equipment costs of about \$US10 million in 2009/2010 would be required to bring Kutema in to production by mid 2010 at a similar output rate to Sarvisuo.

### **JOKISIVU**

Jokisivu is a previously unmined project 40 km south west of Vammala by road. Discovered in the 1980s Jokisivu was still under exploration drilling when acquired by Dragon in 2003. Dragon

completed the drilling to a maximum of 350 metres vertical depth and estimated resources of 1.5 Mt at 6.5 g/t in two sets of shallow dipping lodes in diorite. An appeal against the initial approval to mine granted in 2004 was dismissed in 2008, clearing the way for development of an open pit (100,000 tonnes at 4.6 g/t) to be followed by underground mining. Site works commenced in May 2009. Dragon expects the first open pit to produce 13,000 ounces over 12 months (to September 2010) at a cost of \$US575/oz. Approval is also in place for a second, smaller open pit at Jokisivu.

In June 2009 underground mine design for Jokisivu is pending collation of drill results from a 16 hole program completed in May 2009. The initial target output rate is 150,000 tpa at 6-8 g/t from decline access to both Jokisivu lode systems, both of which remain open at depth.

### **KAAPELINKULMA**

Kaapelinkulma, 60 kilometres south east of Vammala, was first drilled by Outokumpu in the 1990s. Dragon continued near surface exploration of the 900 metre long shear system. In 2008 drill intersections including 10 metres of true width at 46 g/t highlighted the prospect's potential. Dragon subsequently estimated a resource of 161,000 tonnes at 6.2 g/t and initiated the Mining License application process. Monitoring and public consultation for an environmental permit is expected to be completed in late 2010.

The Kaapelinkulma resource is drilled to a maximum depth of 50 metres below surface, beneath which it is open on key sections. The potential strike extent of the shear zone outside the defined resources remains sparsely drilled.

### **VAMMALA REGION EXPLORATION**

Dragon has Exploration Permits covering nine separate projects within 100 kilometres of the Vammala concentrator. A variety of gold mineralisation styles have been discovered in the region in a relatively short period, with evolving exploration methods. Dragon accelerated its regional programs in 2008 and has an active follow up program planned for the 2009 field season. The region also has a long history of base metal production.

Dragon's plans to recommence nickel production at the Vammala Nickel-Copper Project from the historic Stormi nickel mine were foiled by the late 2008 fall in nickel prices. Dragon is in position to rapidly recommence activities should the nickel price outlook improve.

## 5. HANHIMAA

Within the Outokumpu portfolio Dragon acquired a series of claims and applications in Finnish Lapland, north of the Arctic Circle. Gold had been found at Hanhima in a setting analogous to that at the Kittila project, which was developing into a major gold mine 10 kilometres to the east.

Dragon has since followed up two prospect areas at the northern end of the Hanhima block and discovered a third near the centre in 2008. Drilling of a broad shear zone at one of the northern prospects intersected mineralisation along 300 metres of strike, including 7 metres at 5.9 g/t, 5 metres at 6.0 g/t and 11 metres at 4.9 g/t.

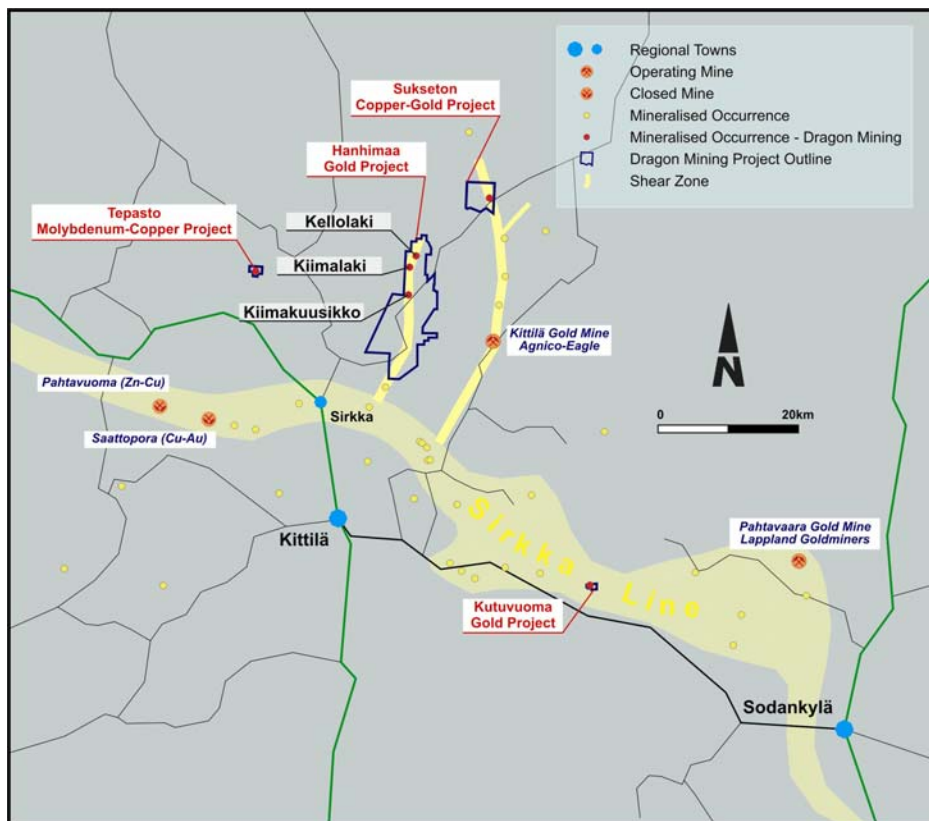
In January 2009 Dragon announced the results from eight wide spaced drill holes at the central prospect at Hanhima. Several intercepts, including 3.5 metres at 3.9 g/t gold plus several narrow base metal hits in hydrothermally altered rocks, confirmed the potential of the prospect. Dragon has plans for further early stage prospect generation at Hanhima in 2009.

The Kittila project, operated by Agnico Eagle, provides both geological and development precedents for Hanhima. Agnico Eagle commenced gold production from Kittila in early 2009, planning to produce 150,000 ozpa from open cut and underground mines.

## 6. OTHER PROJECTS

Dragon owns the Kuusamo gold-cobalt project in eastern Finland, which includes 180,000 ounces in five separate inferred resources. Dragon began to re-evaluate selected targets at Kuusamo in late 2008.

Dragon holds a 20% free carried interest in the Zara Gold Joint Venture in Eritrea. Zara has an indicated and inferred resource as of May 2009 of 5 Mt at 5.8 g/t (0.94 million ounces). The operator of the JV, Sub Sahara Resources is in the process of a reorganisation in which a minority partner has been offered \$A1.6 million for an 11% JV interest. The implied value of Dragon's share of the JV is \$A3 million.



Hanhima, Northern Finland

## 7. FINANCE

Dragon closed an \$A25 million convertible note issue in February 2006. There were 23.6 million notes issued. The notes have a coupon rate of 10%. Each note is either convertible into six ordinary shares or is redeemable in February 2011. Dragon began buying back the notes in 2008, paying \$A2.8 million for 4.1 million notes in the calendar year. To June 2009 a further 3.6 million notes were repurchased at a discount to face value, leaving 15.9 million notes outstanding with a face value of \$A16.8 million.

At the end of March 2009 Dragon had \$A6.1 million in cash and \$A6.2 million in gold bullion and net receivables from gold in concentrate. Bonds held by Swedish and Finnish authorities for project rehabilitation were \$A4.6 million.

In September 2007 Dragon used \$27 million from a rights issue to close out hedging covering 69,000 ounces of gold, leaving 11,000 ounces outstanding at an average hedged price of \$US411/oz. By March 2009 3,250 ounces, sold at \$US406/oz, remained outstanding, representing a marked to market liability of about \$US1.8 million at \$US950/oz.

## 8. RESOURCES

### RESOURCES, DECEMBER 2008.

#### SVARTLIDEN

Resources	Mt	g/t	Au ozs
Measured	0.4	3.4	44,000
Indicated	1.1	3.0	107,000
Inferred	0.3	3.3	29,000
<b>Total Svartliden</b>	<b>1.8</b>	<b>3.1</b>	<b>180,000</b>

Reserves	Mt	g/t	Au ozs
Proved	0.31	3.5	35,000
Probable	0.33	3.9	41,000
<b>Total Svartliden</b>	<b>0.64</b>	<b>3.7</b>	<b>76,300</b>

#### VAMMALA

Resources	Mt	g/t	Au ozs
Measured	0.05	7.3	12,800
Indicated	1.44	5.9	276,200
Inferred	1.44	6.5	299,700
<b>Total Vammala</b>	<b>2.95</b>	<b>6.2</b>	<b>588,700</b>

Reserves	Mt	g/t	Au ozs
Probable	0.18	7.0	41,000

#### OTHER PROJECTS – DRAGON SHARE

Resources	Mt	g/t	Au ozs
Indicated	0.84	6.3	170,000
Inferred	1.5	5.0	215,000

#### TOTAL DRAGON

Resources	Mt	g/t	Au ozs
<b>TOTAL</b>	<b>7.1</b>	<b>5.1</b>	<b>1,155,600</b>

## PRODUCTION FORECASTS

All production and financial forecasts are compiled by Green Leader Equities Research from publicly available information. Forecast mine plans include material outside of Dragon Mining reserve estimates.

YEAR ENDING 31 DECEMBER	2008A	2009F	2010F	2011F	2012F	2013F
<b>SVARTLIDEN 100%</b>						
Ore mined open pit	334	388	227			
Grade open pit	5.37	3.68	3.61			
Ore mined underground			100	200	200	200
Grade underground			6.00	6.00	6.00	6.00
Ore treated (000t)	280	372	352	320	200	200
Head grade (g/t)	5.37	3.68	4.21	4.70	6.00	6.00
Attrib gold prodn (000oz)	44	40	44	44	35	36
Capital expenditure (\$USM)	1.8	1.2	4.0	4.1	2.9	0.4
Cash prodn cost (\$US/oz)	530	528	565	536	553	541
<b>VAMMALA 100%</b>						
Sarvisuo ore mined (000t)	179	166	166	152		
Sarvisuo grade (g/t)	6.3	6.5	7.1	7.1		
Kutema ore mined (000t)			125	160	160	155
Kutema grade (g/t)			7.0	7.0	7.0	7.0
Jokisivu pit ore mined (000t)		50	51			
Jokisivu pit grade (g/t)		4.7	4.7			
Jokisivu ug ore mined (000t)					148	148
Jokisivu ug grade (g/t)					6.0	6.0
Ore treated (000t)	171	211	342	312	308	303
Head grade (g/t)	6.3	6.1	6.7	7.1	6.5	6.5
Attrib gold prodn (000oz)	30	35	63	61	55	54
Capital expenditure (\$USM)	4.2	6.5	15.4	10.9	5.2	4.2
Cash prodn cost (\$US/oz)	696	661	627	670	670	677
<b>TOTAL</b>						
Ore treated (000t)	451	583	694	632	508	503
Head grade (g/t)	5.72	4.56	5.45	5.86	6.31	6.31
Attrib gold prodn (000oz)	74	75	107	105	90	90
Capital expenditure (\$USM)	6.0	7.7	19.5	15.1	8.2	4.6
Cash prodn cost (\$US/oz)	596	590	602	613	624	623

**PROFIT AND CASH FLOW FORECASTS – DRAGON MINING LIMITED**

<b>Profit &amp; Loss</b>	<b>12-08A</b>	<b>12-09F</b>	<b>12-10F</b>	<b>12-11F</b>	<b>12-12F</b>	<b>12-13F</b>
<b>Net Revenue</b>	<b>71.8</b>	<b>94.6</b>	<b>133.1</b>	<b>130.6</b>	<b>120.6</b>	<b>119.8</b>
<b>Total Costs</b>	<b>(54.2)</b>	<b>(61.5)</b>	<b>(84.5)</b>	<b>(82.9)</b>	<b>(80.0)</b>	<b>(78.8)</b>
EBITDA	17.6	33.1	48.5	47.8	40.7	40.9
Depreciation/Amort	(6.6)	(4.2)	(11.4)	(15.6)	(18.4)	(23.9)
<b>EBIT</b>	<b>11.1</b>	<b>28.8</b>	<b>37.2</b>	<b>32.2</b>	<b>22.3</b>	<b>17.0</b>
Net Interest	(2.2)	(2.0)	(2.0)	0.0	0.0	0.0
Exp. written off	(13.1)					
Finance costs	(3.2)					
Gain on Note buyback	1.3	0.5				
FX gain/loss	13.0	(7.0)				
Derivatives gain/loss	1.6	(0.5)				
<b>Pre-Tax Profit</b>	<b>8.5</b>	<b>19.8</b>	<b>35.2</b>	<b>32.2</b>	<b>22.3</b>	<b>17.0</b>
Tax Expense	(0.6)	0.0	0.0	0.0	(7.3)	(4.8)
<b>NPAT</b>	<b>7.9</b>	<b>19.8</b>	<b>35.2</b>	<b>32.2</b>	<b>14.9</b>	<b>12.2</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Reported Profit</b>	<b>7.9</b>	<b>19.8</b>	<b>35.2</b>	<b>32.2</b>	<b>14.9</b>	<b>12.2</b>
<b>Balance Sheet</b>	<b>12-08A</b>	<b>12-09F</b>	<b>12-10F</b>	<b>12-11F</b>	<b>12-12F</b>	<b>12-13F</b>
<b>Cash</b>	<b>9.8</b>	<b>15.6</b>	<b>36.9</b>	<b>46.3</b>	<b>75.6</b>	<b>110.1</b>
Receivables	10.0					
Hedging asset						
Inventories	6.2	6.2	6.2	6.2	6.2	6.2
<b>Total Current Assets</b>	<b>26.0</b>	<b>21.8</b>	<b>43.1</b>	<b>52.5</b>	<b>81.8</b>	<b>116.3</b>
Property, Plant & Equip.	18.2	26.4	39.7	43.6	39.6	22.1
Exploration	29.0	41.0	41.0	41.0	41.0	41.0
Investments/other	9.0	9.0	9.0	9.0	9.0	9.0
<b>Tot Non-Curr. Assets</b>	<b>56.2</b>	<b>76.4</b>	<b>89.7</b>	<b>93.6</b>	<b>89.6</b>	<b>72.1</b>
<b>Total Assets</b>	<b>82.3</b>	<b>98.2</b>	<b>132.7</b>	<b>146.1</b>	<b>171.4</b>	<b>188.4</b>
<b>Current liabilities</b>						
Short term borrowings	1.1	1.1	1.1	1.1	1.1	1.1
Hedging liability	3.2	1.7				
Tax payable						
Trade payables	9.8	9.8	9.8	9.8	9.8	9.8
<b>Total Curr. Liabilities</b>	<b>14.1</b>	<b>12.6</b>	<b>10.9</b>	<b>10.9</b>	<b>10.9</b>	<b>10.9</b>
Long term borrowings	19.9	16.9	16.9			
Other	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total Non-Curr. Liabil.</b>	<b>24.9</b>	<b>21.9</b>	<b>21.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
<b>Total Liabilities</b>	<b>39.0</b>	<b>34.5</b>	<b>32.8</b>	<b>15.9</b>	<b>15.9</b>	<b>15.9</b>
<b>Net Assets</b>	<b>43.3</b>	<b>63.7</b>	<b>99.9</b>	<b>130.2</b>	<b>155.5</b>	<b>172.5</b>
<b>Cashflow</b>	<b>12-08A</b>	<b>12-09F</b>	<b>12-10F</b>	<b>12-11F</b>	<b>12-12F</b>	<b>12-13F</b>
Operating Cashflow	17.6	33.1	48.5	47.8	40.7	40.9
Income Tax Paid	0.0	0.0	0.0	0.0	0.0	0.0
Interest & Other	(2.2)	(2.0)	(2.0)	0.0	0.0	0.0
<b>Operating Activities</b>	<b>15.5</b>	<b>31.1</b>	<b>46.5</b>	<b>47.8</b>	<b>40.7</b>	<b>40.9</b>
Property, Plant & Equip.	(7.0)	(10.3)	(25.3)	(19.6)	(11.3)	(6.4)
Exploration	(7.0)	(12.0)	0.0	0.0	0.0	0.0
Investments						
<b>Investment Activities</b>	<b>(14.0)</b>	<b>(22.3)</b>	<b>(25.3)</b>	<b>(19.6)</b>	<b>(11.3)</b>	<b>(6.4)</b>
Borrowings	(1.7)	(3.0)	0.0	(18.8)	0.0	0.0
Dividends						
Equity						
<b>Financing Activities</b>	<b>(1.7)</b>	<b>(3.0)</b>	<b>0.0</b>	<b>(18.8)</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash change</b>	<b>(0.2)</b>	<b>5.8</b>	<b>21.3</b>	<b>9.4</b>	<b>29.3</b>	<b>34.5</b>
<b>Ratio Analysis</b>	<b>12-08A</b>	<b>12-09F</b>	<b>12-10F</b>	<b>12-11F</b>	<b>12-12F</b>	<b>12-13F</b>
GCFPS	2.4	4.4	6.5	6.4	5.4	5.5
CFR	2.8	1.5	1.0	1.0	1.2	1.2
EPS	1.0	2.6	4.7	4.3	2.0	1.6
PER	6.3	2.5	1.4	1.5	3.3	4.0
ROCE	20%	38%	41%	34%	25%	24%
ROE	20%	31%	35%	25%	14%	10%



Assumptions	12-08A	12-09F	12-10F	12-11F	12-12F	12-13F
Gold \$US/oz avg	825	920	960	960	960	960
USDSEK	6.50	7.70	7.70	7.70	7.70	7.70
USDEUR	0.78	0.75	0.75	0.75	0.75	0.75
AUDUSD avg	0.85	0.75	0.77	0.77	0.72	0.72

## VALUATION

Assets	\$AM	Cps
Svartliden	75	10.1
Vammala	43	5.9
Exploration	20	2.7
Cash & deposits	17	2.3
Debt	(17)	-2.3
Zara 20%	3	0.4
Forward sales	(2)	-0.2
<b>Share valuation</b>	<b>136</b>	<b>18.5</b>

*Svartliden and Vammala cash flows are valued under the base case assumptions, at a 7% real, after tax discount rate. Valuation reference point is June 2009.*

## DISCLOSURE

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*JOHN MACDONALD BSC (GEOLOGY) HAS 15 YEARS EXPERIENCE AS A MINING ANALYST WORKING FOR SHARE BROKING FIRMS, EYRES REED LIMITED AND CIBC WORLD MARKETS, FOR WHOM HE WAS HEAD OF RESEARCH IN AUSTRALIA FROM 2000-2001. GREEN LEADER EQUITIES RESEARCH IS A PRIVATE CONSULTANCY WHICH IS A DIVISION OF CRAIGMILE RESEARCH PTY LTD, HOLDER OF AUSTRALIAN FINANCIAL SERVICES LICENCE NUMBER 313238. GREEN LEADER EQUITIES RESEARCH MAKES NO REPRESENTATION AND GIVES NO WARRANTIES AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION CONTAINED IN THIS DOCUMENT AND DOES NOT ACCEPT ANY LIABILITY (EXCEPT INsofar AS STATUTORY LIABILITY CANNOT BE EXCLUDED) FOR ANY LOSS CAUSED BY REPRESENTATIONS, ERRORS OR OMISSIONS IN THIS DOCUMENT.*

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