



2005 March quarterly report

Dragon Mining NL makes the transition from explorer and developer to Nordic gold producer



HIGHLIGHTS

- Commissioning of the Svartliden Gold Plant completed.
- First gold production from Svartliden achieved on the 7th of March.
- Svartliden Plant reached significant production ramp targets in April.
- Svartliden Plant crushing circuit capacity increased and will now meet foreseeable plant expansion needs.
- Gold resources in Finland increased to 1 million ounces.
- Gold resources at the Vammala Production Centre in Finland increased to over 500,000ozs.
- Drilling extends the high grade Kaapelinkulma mineralisation.
- The Company successfully raised \$7 million via a placement and \$1.3 million via a Share Purchase Plan at 22 cents per share.

29th April 2005

ASX code **DRA**

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OVERVIEW

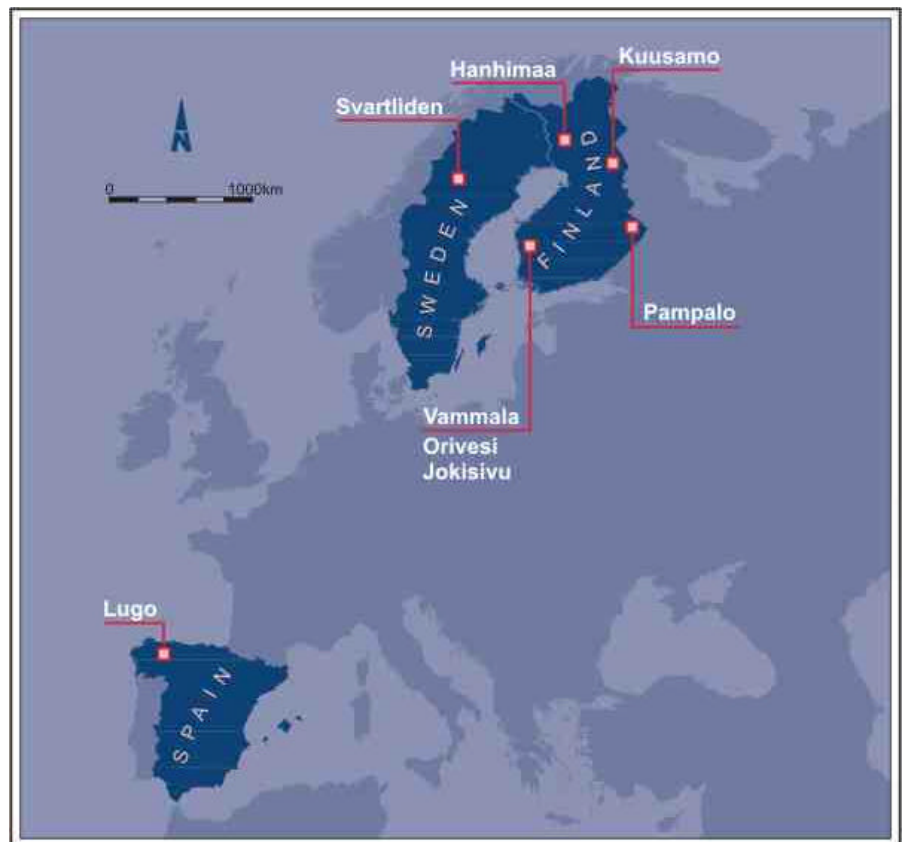


The Svartliden Gold Mine was commissioned and first gold production achieved during the March Quarter. During April the plant throughput was ramped up to the project design specifications. Mining operations at Svartliden have built an ore stockpile of over one month's feed. Development of the Svartliden Mine is the first mine to be developed by a foreign company in Sweden in over 100 years. It is also the first mine to be developed in a new gold province where there have been a number of other promising gold discoveries in recent years. Dragon anticipates that exploration on its extensive land holding surrounding the Svartliden Mine will not only lead to strike and depth extensions of the Svartliden ore body but also in the discovery of satellite ore bodies in areas that have already been identified by geochemical anomalies.

SVARTLIDEN MINE FACTS

- Resources 420,000ozs (inc. reserves)
- Reserves 287,000ozs
- Surrounding tenements 224km²
- 300,000t/yr CIP plant capacity
- Year 1 production 68,000+ozs
- Year 1 head grade 7.4g/tAu
- LOM head grade 5.5g/tAu
- Current open pit plan to 80-100m
- Contract mining.

Dragon's total resources in Finland were increased during the March Quarter to 1 million ounces. The resources in the Vammala Production Centre now stand at over 500,000ozs.



March Quarterly 2005



Operations

SWEDEN

Svartliden Gold Mine

The Svartliden Gold Mine has now been successfully developed and as planned is rapidly ramping up to its designed levels of production. Dragon took over construction of the plant from contractor MDM Pty Ltd in mid November 2004, when the plant was about 80% complete. Critical construction was completed by the end of January 2005. First production of gold from the Svartliden Plant was achieved on the 7th of March. Gold production by the end of the March and the quarter was 533ozs. Completion and commissioning of the plant over the mid winter months presented a number of climatic issues with temperatures down to -38degC, but no major obstacles.

A range of defects were identified with the plant during final construction and commissioning that required rectification. The most significant issue was the failure of the crushing circuit to meet contractual design specifications. A decision was made to replace the crushing circuit with equipment that was capable of meeting the specifications and with excess capacity to meet foreseeable increases in production.

Following the commissioning of the new crushing circuit at the start of April, it has been possible to progressively ramp up production towards project design targets. By the end April the plant has succeeded in reaching design tonnage throughput and recoveries in excess of 92%. De-bottlenecking and optimisation is now in progress and it is anticipated that a steady production state will be achieved over the coming weeks.

Mining has progressed as planned and there has been a good correlation between reserves predictions, grade control drilling and ore mining. The ore zones are proving predictable and have a good visual signature. During April, as predicted high grade zones of mineralization are providing high head grades to the plant with recent daily averages between 6.7 and 12.0g/tAu. Over 1 months ore supply is being maintained on the ROM pad. Mining continued over the mid winter months with no significant operational difficulties.



Operations

FINLAND

Vammala Production Centre

Dragon has completed a number of studies into the feasibility of feeding ore into its Vammala Plant from the nearby Orivesi Mine and the Jokisivu Project. Final optimisation and scheduling work is still underway but preliminary indications are positive and indicate that Vammala could produce around 80,000ozs per year, beginning this year and that the project would have a project life based on current resources of around 4 years but with potential for a considerably longer duration. A decision to recommence production from Vammala will depend on the outcome of the optimisation work now in progress and a suitable project financing structure.

Kaapelinkulma Project

The Kaapelinkulma Project is located about 50km east south east of the Vammala Plant. Previous drilling has identified a 'Jokisivu' style of high grade vein style mineralization, over a strike length of about 200m with intercepts of 5.55m at 25.55g/tAu from 20m down hole, 5.75m at 14.66g/tAu from 22.5m, and 7.5m at 15.6g/tAu from 45.5m. During the March Quarter an 835m diamond core drilling program of 8 holes was completed. This latest drilling program has intersected further high grade intercepts (Table 1) demonstrating that the Kaapelinkulma vein system extends at least a further 100m south than was previously known.

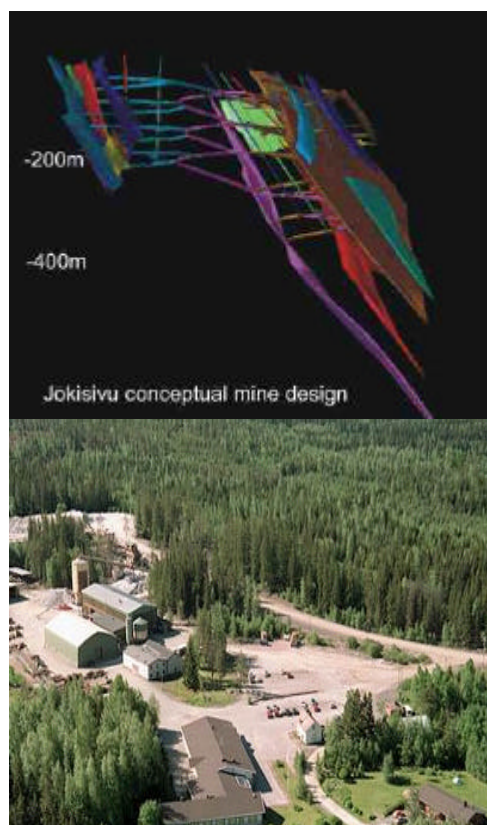


Table 1. Best intersections (Cut-off 1 g/t Au) from the Kaapelinkulma prospect in February-March 2005. Diamond drill core samples have been assayed in ACME lab, Vancouver (Method: FA+ICP).

Hole ID	Easting m	Northing m	Dip	Azimuth deg	Intercept (m)	Uncut Grade (g/t Au)	From m
VK/KKU-39	2506799.5	6791193.0	-50	300	1.65	3.02	95.15
VK/KKU-40	2506757.0	6791218.0	-50	300	4.20	5.14	72.00
				including	1.10	13.71	74.15
VK/KKU-42	2506740.5	6791277.5	-50	300	0.65	4.64	31.30
VK/KKU-45	2506777.0	6791325.5	-50	300	0.60	7.01	42.15

Hedging and cash

EXPENDITURE AND WORKING CAPITAL

At the end of March Quarter, Dragon had cash of \$7.5 million.

HEDGING

The hedging in 80% owned Dragon Mining (Sweden) AB (150,000 oz or 52% of reserve) was rolled forward to accommodate the current production schedule for the Svartliden Mine. The gold hedging now has an average price of USD401.50 while USD/Swedish Kronor continues to have an average exchange rate of 7.9.

Dr James Searle

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Chief Executive Officer

Note 1: It is advised that in accordance with the Australian Stock Exchange Limited Listing Rules (5 10, 5 12 and 5 13) the technical information unless otherwise indicated, contained in this report is based on information compiled by Dr James Searle. He fulfils the requirements of a 'qualified person' and is a member of the Australasian Institute of Mining and Metallurgy and registered by the Svenska Gruvföreningens (Swedish Mining Association-Registration Number 24) as a 'qualified person'. He is also an employee and Director of the company.

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.

