



28 June, 2005

Companies Announcement Office  
Australian Stock Exchange  
20 Bridge Street  
SYDNEY NSW 2000

### **DRAGON TO PROCEED WITH SECOND NORDIC GOLD PRODUCTION CENTRE AT VAMMALA IN FINLAND**

Dragon Mining NL is to proceed with a staged development of the Vammala Production Centre in southern Finland that would see mining begin later this year and gold production from Dragon's Vammala Plant commencing before the end of the year. Vammala will be Dragon's second gold production centre, the Svartliden Gold Mine in northern Sweden commencing production in March of this year.

Stage 1 development at Vammala will include production from the Sarvisuo Lodes at the underground Orivesi Mine and from two small open cuts at the new Jokisivu Mine. Stage 2, commencing 18 months after the initial stage, will encompass the development of an underground mine at Jokisivu. Prior to going underground at Jokisivu, a six month drilling program will be undertaken to allow a detailed underground mine design and financial study to be completed. Stage 3 will involve the development of the deeper ore zones at Jokisivu down to and beyond the 400 metre level.

The average head grade through the plant will be between 8 and 11g/t gold, with cash costs projected to average between US\$250 and US\$270/oz. The project life of the 3 stages is expected to be around 6.5 years, but with the potential for further expansion if the drilled mineralization between the 400 and 600 metre levels at Jokisivu is converted into resources/reserves. The deepest drilling to date at Jokisivu, at the 500 metre level has intersected high grade mineralization, the mineralized system remaining untested below this level.

Capital costs for the project are expected to be about 10 million euros and this will be spent mainly on underground mine development work, initially at the Orivesi Mine and then Jokisivu over an 18 month period. Dragon will be seeking to secure initial financing for the project prior to commencement of the development. Principal regulatory approvals for the project are in place with the exception of final conditions on the Jokisivu development, which are expected to be determined soon.

The Vammala Plant, the Orivesi Mine, and the Jokisivu Project are part of the major suite of precious metal assets acquired in Finland by Dragon from Outokumpu Oy in October 2003. In the last 20 months Dragon has succeeded in defining over 0.5 million ounces of resources in the Vammala area. Dragon's gold resources in Finland are now about 1 million ounces. Other advanced projects in Finland with drilled gold resources including the Pampalo and Kuusamo have the potential to also become production centres in their own right, further building Dragon's European focused gold business.

**Dr JAMES SEARLE**  
CEO and Executive Director

***Note 1:** 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.*

***Note2:** 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.*