

DRAGON MINING NL

ABN 19 009 450 051

AND CONTROLLED ENTITIES

**HALF YEAR FINANCIAL REPORT
31 DECEMBER 2003**

SUMMARY OF CONTENTS

Company Directory	1
Directors' Report	2
Condensed Consolidated Statement of Financial Performance	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	17
Independent Review Report	18

CORPORATE DIRECTORY

Directors:

Campbell Theodore Ansell FCA, GAICD
(Chairman)

Donald James Searle B.Sc., PhD, MAusIMM
(Chief Executive Officer & Executive Director)

Henry David Kennedy BA, MA, SME, CIMMP, SEG, AIG
(Non-Executive Director)

Kenneth Macdonald Phillips MAusIMM
(Non-Executive Director)

Toivo Tapani Järvinen
(Non-Executive Director)

Peter Lawson Munachen, FCA
(Alternate Director for H.D. Kennedy)

Company Secretary:

Ernest Anthony Myers, CPA

Chief Financial Officer:

Michael John Allen, CA

Share Registry:

Advanced Share Registry
Level 7, 200 Adelaide Terrace, Perth WA 6000
(PO Box 6283, East Perth WA 6892)
Tel: (61 8) 9221 7288
Fax: (61 8) 9221 7869
Email: advshare@vianet.net.au

Registered Office:

133-135 Edward Street, Perth WA 6000
(PO Box 8048, Perth Business Centre WA 6849)
Tel: (61 8) 9328 6300
Fax: (61 8) 9328 6311
Email: admin@dragon-mining.com.au
Web site: www.dragon-mining.com.au

Auditors:

Stanton Partners
1st Floor, 1 Havelock Street, West Perth WA 6005
(PO Box 1908, West Perth WA 6872)
Tel: (61 8) 9481 3188
Fax: (61 8) 9321 1204

Stock Exchange:

Australian Stock Exchange Limited
Company Code: DRA

ABN 19 009 450 051

DIRECTORS' REPORT

The Directors of Dragon Mining NL present the financial report of the economic entity for the half-year ended 31 December 2003.

Directors

The names and particulars of the directors of the Company in office at the date of this report are:

Campbell Theodore Ansell

FCA, MAICD
Age 61
Chairman

Campbell Ansell is a Fellow of the Institute of Chartered Accountants in Australia. He has wide ranging international experience of audit and accounting, corporate finance, taxation and public company administration. He is also a director of Croesus Mining NL, De Grey Mining Limited, Nickel Australia Limited and Universal Resources Limited.
Resides in Western Australia.

Donald James Searle

B.Sc., PhD, MAusIMM
Age 51
Chief Executive Officer & Executive Director

James Searle joined Dragon in March 1998 as Chief Executive Officer and became a Director in August 1998. He has been involved in the exploration and mining industry for over 25 years, during which time he has contributed to several major gold discoveries and has been involved in the management of exploration and mining development projects in Australia and overseas. He holds bachelor and doctoral degrees in geology and is a member of the AusIMM. He has been involved in the formation and development of public companies as an executive director.
Resides in Western Australia.

Henry David Kennedy

BA, MA, Member of SME, CIMMP, SEG, AIG
Age 68
Non-Executive Director

David Kennedy has a long association with Australian and New Zealand resource companies and as Technical Director has been instrumental in the formation and development of a number of successful listed companies, including Associated Goldfields NL, Kiwi International Resources NL, Otter Exploration NL, Mineral Resources (NZ) Ltd and Allstate Exploration NL. He has guided the acquisition and/or development of a number of gold projects including Griffins Find (WA), Martha Hill (NZ), Tanami (NT), Beaconsfield (TAS) and more recently the acquisition and development of the 1.4M ounce Obotan Gold Project in Ghana, West Africa. He is a Director of Sub Sahara Resources NL, Norwest Energy NL, Pancontinental Oil & Gas NL, Alkane Exploration NL and two listed overseas companies.
Resides in Cyprus.

Kenneth Macdonald Phillips

MAusIMM
Age 73
Non-Executive Director

Kenneth Phillips studied geology at Victoria University, Wellington, New Zealand. He has enjoyed a 45 year career in mining and exploration worldwide and has been a Sydney, Australia, based mining company executive and consultant since 1984. Prior to this, he held executive and corporate positions with several major mining corporations. He was responsible for the discovery and exploration of the Bouganville copper-gold deposit (1964 – 1967) and managed the exploration of the Ok Tedi gold-copper mine (1969 – 1970) in Papua new Guinea. He is a director and the principal of VOP Mining Services Pty Limited, and a director of Bolnisi Gold NL.
Resides in New South Wales.

DIRECTORS' REPORT

Tapani Järvinen

Lic. Tech
Age 57
Non-Executive Director

Mr Järvinen has been employed by the Outokumpu Group since 1985. He is the Executive Vice President of the Metallurgy business area and a member of the Group Executive Committee 2000 with responsibilities for Metallurgy, precious metals mines, Outokumpu Rossija and energy affairs. Mr Järvinen is a Board member of the International Copper Association and Eurometaux.
Resides in Finland.

Peter Lawson Munachen

FCA
Age 57
Alternate Director for Mr Kennedy

Mr Munachen is a chartered accountant and former partner in an international accounting practice. He has had considerable experience in the resource industry and is a director of Pancontinental Oil and Gas NL, Newland Resources Limited, SubSahara Resources NL and Norwest Energy Limited.
Resides in Perth.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Svartliden Gold Project

(Dragon 80%)

Site activities for the construction of the Svartliden Gold Project commenced on the 28th of November, following a ceremony involving government representatives and local communities. Finance for 100% of the project's initial capital costs is being provided by Macquarie Bank Ltd with a US\$12.25 million line of credit. A lump sum turn key (LSTK) US\$ denominated contract for the CIP process plant has been signed with Metallurgical Design and Management Ltd (MDM).

The project is on schedule for commencement of production at an initial annual rate of 60,000 to 70,000 ounces per annum during the third quarter of 2004.

Resource extension drilling at the western end of the ore body began in January and will be completed by March so that a final optimisation of the open pit can be completed before commencement of mining.

Svartliden Area Exploration

(Dragon 100%)

Dragon holds tenements in the area surrounding the Svartliden Project in northern Sweden. The Company is exploring for Svartliden type recurrences of epigenetic gold mineralisation and has identified 15 prospective areas so far.

Polar Mining Oy

(Dragon 100%)

On 31 October 2003 Dragon acquired Outokumpu Oyj's precious metals assets, located mainly in Finland. The projects acquired include three near production gold assets, several advanced exploration plays with identified gold mineralisation and resources, and an extensive tenement holding in some of the most metal endowed portions of the Fennoscandian shield.

Weld Range Nickel and Platinum group metals Project

(Dragon 35% diluting to 16.8%)

The Weld Range Project is being explored by Anaconda Nickel Limited for nickel and cobalt under a joint venture arrangement with Dragon and Sons of Gwalia Limited. The project area contains extensive sequences of nickel laterite mineralisation, chrome rich laterites, and the 15 kilometre strike of the Parks Reef that hosts platinum group metal (PGM) mineralisation. No significant exploration has been carried out on the property in the last six months.

Zara Gold Project

(Dragon 66.66% diluting to 19.98%)

The Zara Gold Project in the east African nation of Eritrea contains several areas of artisanal gold workings. Work by Dragon has identified zones of pronounced host rock alteration containing areas of high-grade gold mineralisation. Joint venture partner Sub-Sahara Resources NL is the project manager and intends to undertake an initial drilling program on the property as soon as a suitable drilling rig becomes available.

Ashburton Gold Project

(Dragon diluting to 20%)

The Ashburton Gold Project, located 17 kilometres from the Mt Olympus Gold Mine in Western Australia's Ashburton Region, is being explored by joint venture partner Pelican Resources Ltd.

DIRECTORS' REPORT

Interest in the Shares and Options of the Company

As at the date of this Report the interests of the Directors in the share capital of the Company were:

	Ordinary Shares		Partly Paid Shares	
	Direct	Indirect	Direct	Indirect
D.J. Searle	-	1,130,391	2,000,000	-
C.T. Ansell	534,898	744,586	500,000	-
H.D. Kennedy	-	27,090,885	415,000	-
T.T. Järvinen	-	-	-	-
K.M. Phillips	-	6,733,260	830,000	-
P.L. Munachen	-	-	-	-

Directors Meetings

The number of Directors' and Board Committee meetings held and the number of meetings attended by each of the Directors of the Company during the financial half-year were:

	Board		Audit	
	Held	Attended	Held	Attended
C.T. Ansell	3	3	1	1
H.D. Kennedy or alternate	3	3	1	1
D.J. Searle	3	3		
K.M. Phillips	3	2		
T.T. Järvinen	-	-		

DIRECTORS' REPORT

Principal Activities

The principal activity of the Economic Entity during the half-year was the evaluation and development of the Svartliden Gold Project in Sweden and the acquisition of Outokumpu's European gold and precious metals assets. There has been no significant change in the nature of these activities during the half-year.

Economic Entity's Financial Results

The net loss attributable to members of the Economic Entity for the financial half-year was \$551,450 (2002: loss: \$241,222).

Dividends

No dividend has been paid or declared since the commencement of the last financial year and no dividends have been recommended by the Directors.

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Economic Entity that occurred during the financial half-year under review not otherwise disclosed in this Report, or in the Consolidated Financial Statements.

Likely Developments

It is anticipated that the Economic Entity will continue its principal activities with the aim of establishing a cash flow from the successful development and exploitation of the Svartliden Gold Project and a further project in Finland.

Insurance of Directors

During the half-year, the Company has paid premiums, which due to confidentiality cannot be quantified, in respect of a contract insuring all the directors of Dragon Mining NL against a liability incurred in their role as directors of the Company, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Sections 232(5) or (6) of the Corporations Act 2001.

Significant Events after Reporting Date

Apart from the placement of 39 million shares in February 2004 to raise \$11.4 million and the repayment of a \$5 million bank loan, there has not arisen in the interval between 31 December 2003 and the date of this Report any matter, item, transaction or event of a material or unusual nature likely that, in the opinion of the Directors of the Company, would significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

DIRECTORS' REPORT

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulations under statutory legislation in relation to its exploration and mining activities.

The consolidated entity management monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

Signed in Perth this 11th day of March 2004 in accordance with a resolution of the Directors.



D.J. Searle
Director

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the Half Year Ended 31 December 2003

		Economic Entity	
	Note	31 December 2003 \$	31 December 2002 \$
Loss from ordinary activities before income tax expense/benefit	2	549,392	241,222
Profit attributable to outside equity interests		2,058	-
Income tax expense/benefit relating to ordinary activities		-	-
OPERATING LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE/BENEFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		551,450	241,222
Basic earnings/(loss) per share (cents per share)		(0.2)	(0.13)

Diluted earnings per share does not represent an inferior view of the economic entity's performance and is not disclosed for this reason.

The accompanying notes form part of this financial report

CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 December 2003

	Economic Entity	
	31 Dec 2003	30 June 2003
	\$	\$
CURRENT ASSETS		
Cash assets	3,094,982	514,313
Receivables	9,863,416	5,218
Inventories	233,283	-
Deferred foreign exchange receivable	473,666	-
Other assets	619,862	33,677
TOTAL CURRENT ASSETS	14,285,209	553,208
NON-CURRENT ASSETS		
Deferred foreign exchange receivable	2,670,178	-
Property, plant & equipment	3,819,028	43,619
Investments	61,998	-
Other – Capitalised exploration and development expenditure	22,917,262	8,246,780
TOTAL NON-CURRENT ASSETS	29,468,466	8,290,399
TOTAL ASSETS	43,753,675	8,843,607
CURRENT LIABILITIES		
Payables	4,856,604	172,856
Interest bearing liabilities	7,150,000	-
Deferred foreign exchange gain	473,666	-
Provisions	465,907	28,007
Other (refer Note 6)	2,300,000	-
TOTAL CURRENT LIABILITIES	15,246,177	200,863
NON-CURRENT LIABILITIES		
Interest bearing liabilities	5,438,141	1,000,000
Deferred foreign exchange gain	2,670,178	-
Provisions	1,019,869	17,591
TOTAL NON-CURRENT LIABILITIES	9,128,188	1,017,591
TOTAL LIABILITIES	24,374,365	1,218,454
NET ASSETS	19,379,310	7,625,153
EQUITY		
Contributed equity	31,549,997	19,246,448
Accumulated losses	(12,167,642)	(11,616,192)
Parent equity interest	19,382,355	7,630,256
Minority interest	(3,045)	(5,103)
TOTAL EQUITY	19,379,310	7,625,153

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2003

	Economic Entity	
	2003 \$	2002 \$
Cash Flows from Operating Activities		
Receipts from customers	203,793	-
Payments to suppliers and employees	(828,741)	(284,680)
Interest expense	(273,151)	(33,130)
Interest received	25,584	10,715
Other	-	91
Net cash used in Operating Activities	(872,515)	(307,004)
Cash Flows from Investing Activities		
Payments of exploration expenditure and development capitalised	(2,694,230)	(494,855)
Payments for the purchase of subsidiary, net of cash	(10,304,354)	-
Payments for plant and equipment	(13,338)	(9,825)
Net Cash used in Investing Activities	(13,011,922)	(504,680)
Cash Flows from Financing Activities		
Proceeds from issue of shares	4,848,549	873,573
Proceeds from bank loans	11,588,141	-
Proceeds from grant	-	158,808
Net cash received from Financing Activities	16,436,690	1,032,381
Net increase in cash held	2,552,253	220,697
Cash at the beginning of the reporting period	514,313	344,111
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	28,416	-
Cash at the end of the reporting period	3,094,982	564,808

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

1. BASIS OF PREPARATION

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029, Interim Financial Reporting and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Dragon Mining NL and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discreet reporting period.

The financial statements form a general purpose financial report prepared in accordance with the requirements of Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The concept of accrual accounting has been adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

2. LOSS FROM ORDINARY ACTIVITIES

	Economic Entity	
	31 December 2003	31 December 2002
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenue from sales of gold	(4,840,668)	-
Interest revenue	(25,584)	(10,715)
Net exchange gain	(153,834)	(2,120)
Depreciation and amortisation expenses	570,578	6,118
Interest paid	273,151	33,130
Cost of gold sales	3,013,770	-
Directors' remuneration	147,387	34,068
Other borrowing costs	555,000	-
Exploration expenditure written off	113,157	-

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

3. EVENTS SUBSEQUENT TO REPORTING DATE

Apart from the placement of 39 million shares at a price of \$0.305 in February 2004 to raise approximately \$11.4 million, no event has arisen that would be likely to materially affect the operations of the economic entity, or the state of affairs of the economic entity not otherwise disclosed in the economic entity's financial report.

4. CONTINGENT LIABILITIES

The economic entity had contingent liabilities at 31 December 2003 as follows:-

A further EUR 1,000,000 may be made payable in cash if certain pre-determined production volumes of gold are achieved (refer to Note 6).

Other than the above, in the opinion of the Directors, there has been no other contingent liabilities as at 31 December 2003 and in the interval between 31 December 2003 and the date of this report.

5. HEDGING INSTRUMENTS

The following tables summarise the US dollar value of forward foreign exchange and gold agreements. Foreign currency and gold amounts are translated at rates current at the reporting date. In relation to forward foreign exchange agreements the "sell" amount represents the Swedish Krona equivalent of commitments to sell US dollars.

(a) Foreign exchange

	31 December 2003		
	Forward Exchange Rate	Sell US \$'000	Buy SEK '000
3 months or less	-	-	-
Over 3 months to 12 months	7.9002	4,400	34,761
Over 12 months to 24 months	7.9002	11,600	91,642
Over 24 months to 36 months	7.9002	7,000	55,301
Over 36 months to 48 months	7.9002	7,400	58,461
Over 48 months to 60 months	7.9002	8,200	64,782
	7.9002	38,600	304,947

	30 June 2003		
	Forward Exchange Rate	Sell US \$'000	Buy SEK '000
3 months or less	-	-	-
Over 3 months to 12 months	-	-	-
Over 12 months to 24 months	-	-	-
Over 24 months to 36 months	-	-	-
Over 36 months to 48 months	-	-	-
Over 48 months to 60 months	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

The following table summarises the deferred unrealised gains and losses on forward foreign exchange contracts entered as hedges of future operating costs in Swedish Krona against US dollar income for the Svartliden project, showing the periods in which they are expected to be recognised as income or expense:

	31 December 2003	
	Gains/(Losses)	Gains/(Losses)
	US \$	AUD \$
3 months or less	-	-
Over 3 months to 12 months	356,197	473,666
Over 12 months to 24 months	810,810	1,078,208
Over 24 months to 36 months	420,720	559,469
Over 36 months to 48 months	391,055	520,022
Over 48 months to 60 months	385,383	512,479
	2,364,165	3,143,844

	30 June 2003	
	Gains/(Losses)	Gains/(Losses)
	US \$	AUD \$
3 months or less	-	-
Over 3 months to 12 months	-	-
Over 12 months to 24 months	-	-
Over 24 months to 36 months	-	-
Over 36 months to 48 months	-	-
Over 48 months to 60 months	-	-
	-	-

(b) Gold forwards

	31 December 2003		30 June 2003	
	Volume ounces	Forward Price US \$	Volume ounces	Forward Price US \$
3 months or less	-	-	-	-
Over 3 months to 12 months	17,112	400.00	-	-
Over 12 months to 24 months	45,016	400.00	-	-
Over 24 months to 36 months	26,899	400.00	-	-
Over 36 months to 48 months	28,840	400.00	-	-
Over 48 months to 60 months	32,133	400.00	-	-
	150,000	400.00	-	-

The following table summarises the unrealised gains and losses on forward gold sales entered as hedges of future sales, showing the periods in which they are expected to be recognised as income or expense:

	31 December 2003	
	Gains/(Losses)	Gains / (Losses)
	US \$	AUD \$
3 months or less	-	-
Over 3 months to 12 months	(284,931)	(378,899)
Over 12 months to 24 months	(1,158,520)	(1,540,589)
Over 24 months to 36 months	(1,097,419)	(1,459,337)
Over 36 months to 48 months	(1,387,027)	(1,844,455)
Over 48 months to 60 months	(1,763,164)	(2,344,639)
	(5,691,061)	(7,567,919)

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

	30 June 2003	
	Gains/(Losses) US \$	Gains / (Losses) AUD \$
3 months or less	-	-
Over 3 months to 12 months	-	-
Over 12 months to 24 months	-	-
Over 24 months to 36 months	-	-
Over 36 months to 48 months	-	-
Over 48 months to 60 months	-	-
	-	-

The unrealised gains or losses on forward gold sales are not recognised as at 31 December 2003 in the Statement of Financial Position.

At 27 February 2004 the unrealised loss on currency and gold forward sales amounted to US \$0.76 million compared to the amounts shown above of US\$3.32 million loss.

6. ACQUISITION OF CONTROLLED ENTITY

On 31 October 2003, the parent entity acquired 100% of the issued share capital of Polar Mining Oy, a company incorporated in Finland for cash consideration and other acquisition costs totalling to \$10,304,354 and the issue of 30 million new ordinary Dragon shares to Outokumpu (previous owner) with market value totalling \$6,900,000 on the acquisition date. A further 10 million new ordinary shares are to be issued to Outokumpu on 7 May 2004 as part consideration for the acquisition of Polar Mining Oy. The additional purchase consideration has been accrued in the statement of financial position at 31 December 2003 at an amount of \$2,300,000 (refer to "other" under current liabilities). The newly controlled entity owns a number of gold properties with drilled resources, the Vammala mill and flotation plant, the Orivesi Mine and an extensive portfolio of gold and base metal exploration properties, primarily in Finland. The operating results of this newly controlled entity, have been included in the consolidated statement of financial performance since the date of acquisition.

In the event that certain pre-determined production volumes of gold are achieved by the controlled entity, additional consideration of up to EUR 1,000,000 may be payable in cash. No such cost is recognised in the accounts until such time as it becomes probable that additional consideration will be payable. It will be brought to account as a component of the goodwill (exploration and development expenditure) arising on the acquisition when the amount can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

7. SEGMENT REPORTING

2003	Australia	Sweden	Eritrea	Finland	Total
Revenue	\$	\$	\$	\$	\$
Revenue	28,113	2,015	-	4,840,668	4,870,796
Result					
Segment result	(868,090)	10,308	-	308,390	(549,392)
Assets					
Segment assets	1,569,402	14,379,350	215,149	27,589,774	43,753,675
Liabilities					
Segment liabilities	12,480,179	6,143,954	-	5,750,232	24,374,365
Other					
Acquisition of non-current segment assets	2,935	2,837,065	-	16,147,122	18,987,122
Depreciation and amortisation of segment assets	1,862	7,966	-	560,750	570,578
Other non-cash segment expenses	555,000	113,156	-	3,995	672,151
2002	Australia	Sweden	Eritrea	Finland	Total
Revenue	\$	\$	\$	\$	\$
Revenue	10,778	2,148	-	-	12,926
Result					
Segment result	(236,678)	(4,544)	-	-	(241,222)
Assets					
Segment assets	467,389	7,899,577	207,935	-	8,574,901
Liabilities					
Segment liabilities	1,095,530	66,836	-	-	1,162,366
Other					
Acquisition of non-current segment assets	9,825	-	-	-	9,825
Depreciation and amortisation of segment assets	1,728	4,390	-	-	6,118
Other non-cash segment assets	-	-	-	-	-

8. EQUITY

	31 December 2003	30 June 2003
Total equity at beginning of year	7,625,153	6,780,184
Total changes in parent entity interest in equity recognised in Statement of Financial Performance	(551,450)	(519,307)
Contributions of equity	12,303,549	1,369,379
Total changes in minority interest and reserves	2,058	(5,103)
Total equity at the end of the period	19,379,310	7,625,153

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2003

9. ACCUMULATED LOSSES

	31 December 2003	30 June 2003
Balance at beginning of the period	11,616,192	11,096,884
Loss attributable to members	551,450	519,308
Accumulated losses at the end of the period	12,167,642	11,616,192

DIRECTORS' DECLARATION
For the Half Year Ended 31 December 2003

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 16:
 - a) comply with Accounting Standard AASB 1029, Interim Financial Reporting and the Corporations Regulations; and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December, 2003 and its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



DJ Searle
Director

PERTH
Dated this 11th day of March 2004



STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188
Facsimile: (08) 9321 1204
e-mail: australia@stanton.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF DRAGON MINING NL

Scope

We have reviewed the financial report of Dragon Mining NL for the half-year ended 31 December 2003 as set out on pages 8 to 17. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half year or from time to time during the half year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

STANTON PARTNERS

J P Van Dieren
Partner

West Perth, Western Australia
10 March 2004