Dragon
Mining NL
ABN 19 009 450 051

25 October, 2004

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

ANNUAL REPORT

Please find attached a copy of the Company's Annual Report which will be mailed to Shareholders today. Two hard copies of the Company's Annual Report have been forwarded to the Australian Stock Exchange Limited Perth office today.

DRAGON MINING NL

MICHAEL J ALLEN
Company Secretary

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Chairman's Report to Shareholders

"I am delighted to report to you on progress achieved by Dragon over the last twelve months."

In that time your company has evolved from an exploration company to a company with a developing European focused gold business. The market capitalisation of the company has grown 300% and the share price by 240%. The company has a clear objective to continue growing value for shareholders by developing production from its advanced projects located in three strategic areas in Scandinavia and by continuing to identify new opportunities to feed into the project development pipeline.

The evolution of the company from a small exploration company to an organisation capable of efficiently developing and managing a rapidly evolving and growing international gold business has been challenging for your board and management. This process has been greatly assisted by the recruitment of technical and commercial professionals to the management team with extensive experience in the gold industry in Scandinavia and Australia. The company is now operating with a small corporate headquarters in Perth, Western Australia and management and operating teams in Sweden and Finland.

The increase in value of your company has been driven by a number of positive milestones achieved in the last year, which include:

- Achievement of regulatory approval to proceed with the Svartliden Development.
- Completion of financing and hedging arrangements for Svartliden.
- Acquisition of the extensive precious metal assets of Outokumpu Mining Oy in Finland, Spain and Russia.
- Completion of successful drilling campaigns that have advanced the Jokisivu and Sarvisuo Gold Projects in southern Finland into feasibility studies.
- Increasing resources and reserves at Svartliden.
- Acquisition of other strategic tenement holdings around existing project centres.

Your board and management continue to try and optimise funding of the company's rapid growth through a prudent mix of equity and loan funds. During the year A$16,189,725 was raised from share placements mainly to institutional investors.

Dragon is now well placed to continue to make progress in developing its European gold business over the next year. The board and management remain committed to delivering further value growth to shareholders by maintaining rapid but prudently managed progress in developing its European gold business.

I would like to express my appreciation of the efforts of management and staff during the year and for the support of my fellow directors.

Campbell Ansell

Operations Report

OVERVIEW

Dragon Mining's business focus is the building of shareholder value through a rapidly evolving European gold exploration and mining business. First rate mineral endowment in under explored geological settings with first world conditions make for first class mining business opportunities.

The core to Dragon's business is development in the short to medium term of increasing levels of production from the strategic centres of Svartliden (Sweden), Vammala (Finland) and Pampalo (Finland), where the company has significant resources and reserves and the potential for exploration within the surrounding areas to increase production and operation life from 5 years to 10 years and beyond. In the medium to longer term, business development will be dependant on maintaining the current gold exploration project portfolio that the company has secured and continuing the aggressive search for new project opportunities (Fig 1).

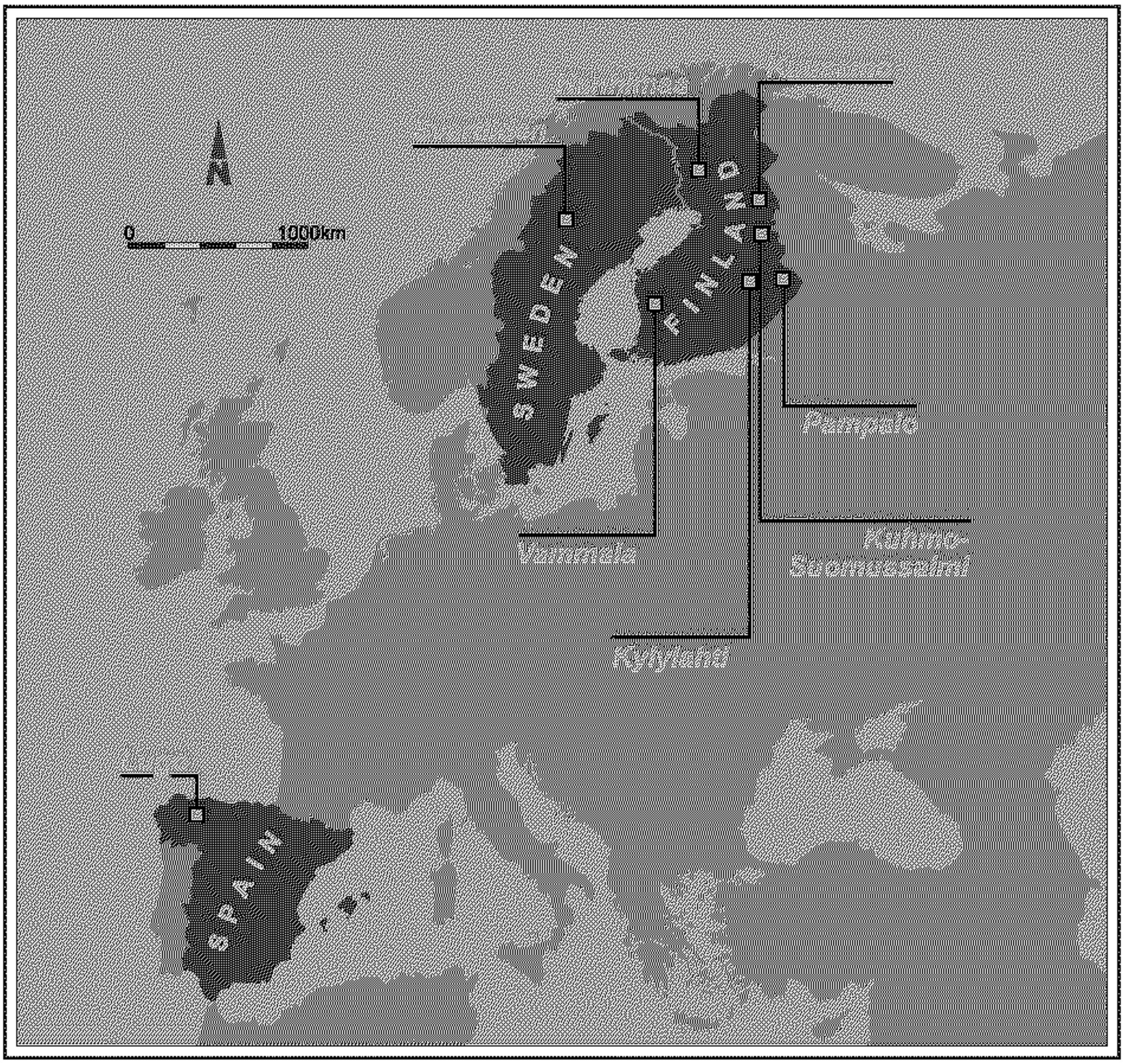


Figure 1 Location Diagram

Operations Report (cont.)

SVARTLIDEN OPERATIONS (Sweden) 80%

Svartliden will be the first mine developed by a foreign company in Sweden in over a century, it will also be the first mine developed in a newly identified gold district.

The Svartliden Operation, located in northern Sweden, consists of the Svartliden open-cut mine and adjacent treatment plant and a surrounding and nearby tenement holding of 183 square kilometres.

The Svartliden Project was granted approval to proceed by Swedish regulatory authorities in August 2003. Construction at Svartliden commenced on the 28th of November 2003 and, by the end of July 2004, the project was 80% complete. Introduction of ore to the plant, 'wet' commissioning and first gold production will occur late in the December Quarter. The 300,000 tonnes per annum carbon in pulp treatment plant is being built under a US$7.65 million Lump Sum Turn Key contract. Funding has been primarily from a line of credit provided by leading Australia bank Macquarie Bank Ltd and the remainder from Dragon shareholders funds.

Dragon has developed a Swedish management team and mine work force of 35 persons based at the Svartliden mine and in the nearby village of Pauträsk. A local mining contractor has another 16 persons working at the mine. Existing mining and processing skills of the work force are being tuned and enhanced to international best practice levels with commissioning and start up assistance from leading consultants.

Work Force	
Staff	35
Mining Contractors	16
Operation	
Life of Mine (LOM)	5-6 years
Annual Rate	300,000 tonnes
Year 1 Head Grade	7.40g/t gold
LOM Average Head Grade	5.54g/t gold
Metallurgical Recovery	95.6%
Year 1 Production	68,000 ounces
LOM Average Production	51,500 ounces
Cash Operating Cost	
Year 1 Forecast	USD 190
LOM Forecast	USD 228

The potential to expand the Svartliden reserves with further drilling is excellent. In early 2004 drilling of the immediate western extensions of the Svartliden lodes increased the mining reserves by 12% to 1.63 million tonnes at 5.54g/t gold containing 287,000 ounces, up from 256,000 ounces. The total in-pit mineral resources increased by 21% to 2.22 million tonnes at 4.54g/t gold containing 324,000 ounces, up from 267,000 ounces (Fig 2).

The Svartliden mineralisation remains open along strike to the east and at depth below the currently planned open pit. Alteration and magnetic signatures associated with the mineralisation extend further along strike to the west beyond the current extension drilling. Subsequent drilling campaigns to test extensions to the known resources and reserves will be funded out of cash flow from the mine.

VAMMALA OPERATIONS CENTRE (Finland)

Dragon's Vammala Operations Centre are strategically located in the Tampere region, an area well endowed with gold and nickel mineralisation in southern Finland. Dragon owns the Vammala Plant, the nearby Orivesi Gold Mine and Jokisivu Gold Project, as well as a significant exploration tenement holding.

The Vammala Plant is a 300,000 to 600,000 tonne per annum crushing, milling and floatation facility. Dragon utilised the plant up until the end of December 2003, to process the remaining ore from the Main Lodes at the Orivesi mine. The plant was then placed on care and maintenance pending the completion of drilling and mining studies on the new Sarvisuo Lode at the Orivesi mine and the Jokisivu Gold Project. Subject to the outcome of feasibility studies currently underway for both projects, it is anticipated that the mill could begin to receive ore during the first half of 2005.

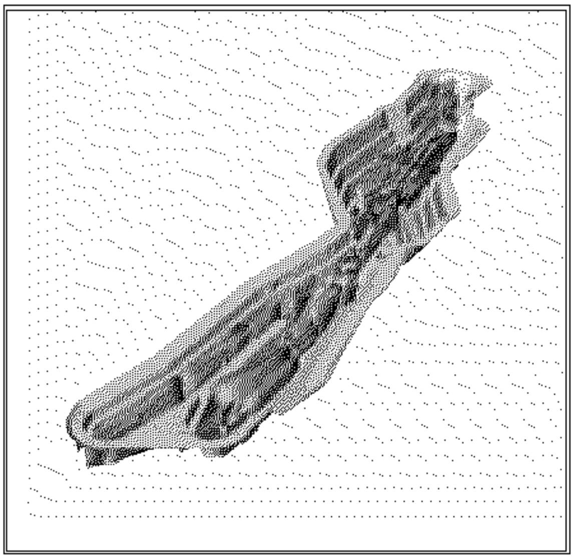


Figure 2 Svartliden Open Pit and Mineralised Shells (>1g/t gold)

Operations Report (cont.)

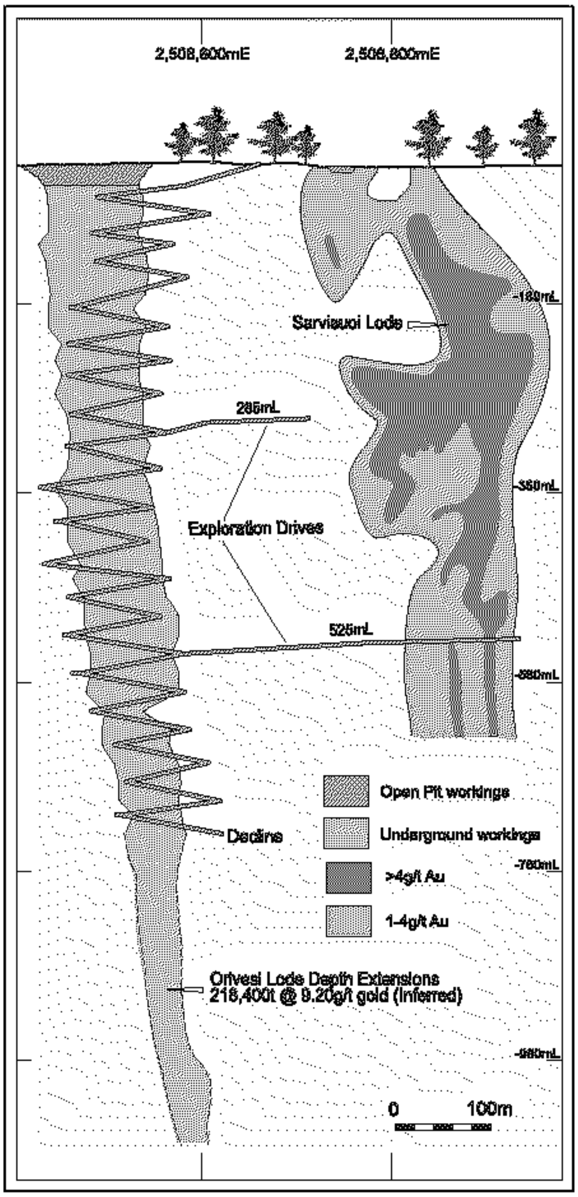


Figure 3 Orivesi Mine Workings and Sarvisuo Lode

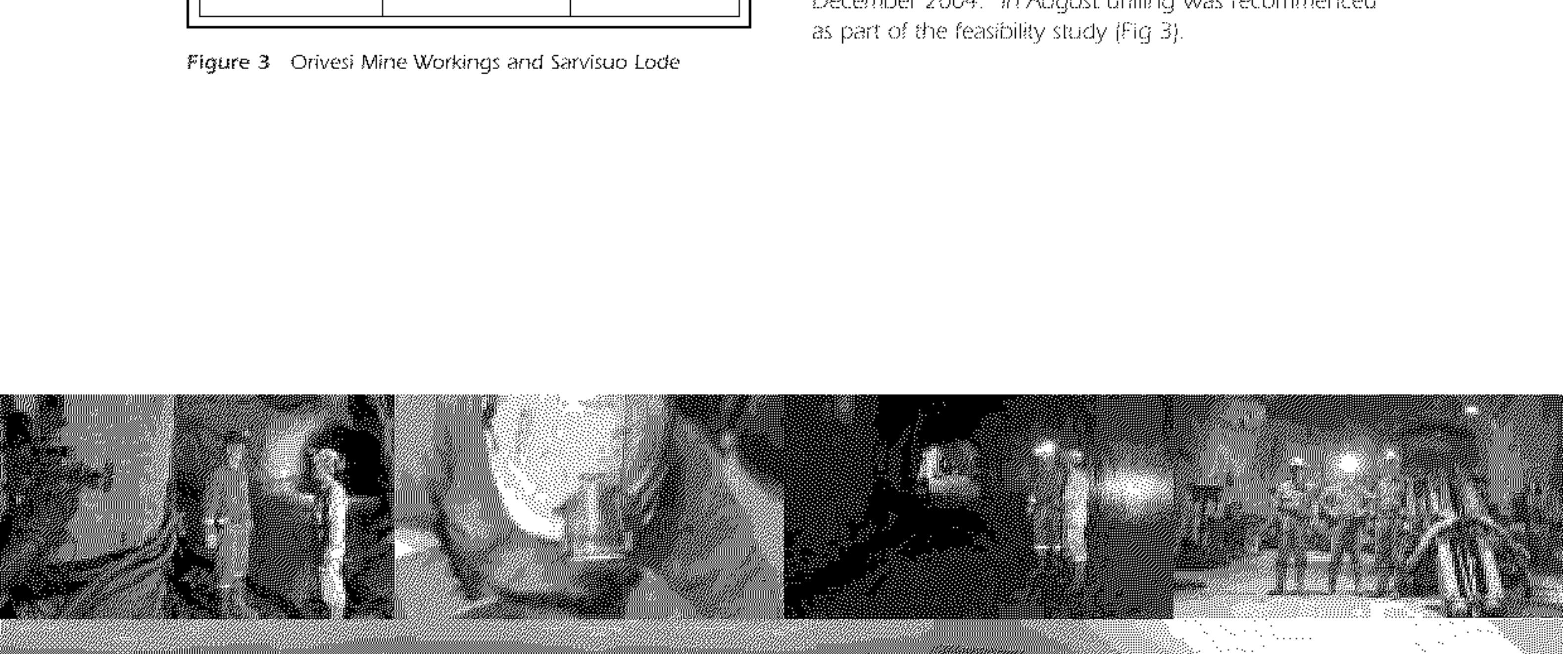
Dragon's production from the Vammala Operations to the end of December 2003 amounted to 7,086 ounces.

	Nov-Dec 2003
Ore Mined (t)	26,166
Ore Milled (t)	30,381
Head Grade (g/t)	9.1
Recovery Concentrate (%)	84.1
Production to concentrate (oz gold)	7,459
Payable (oz gold)	7,086
Cash cost (US$/payable oz)	272

Orivesi Gold Mine

The Orivesi Gold Mine commenced production in 1994, and has produced over 380,000 ounces of gold from a series of near vertical pipe like lodes. The ore was processed through the Vammala Plant, located 80 kilometres to the southwest. Mining was undertaken by mechanised methods with access provided by a decline. Two of the five principal pipe like lodes are known to continue beyond the decline base at 720 metres. The mine is currently on care and maintenance, fully equipped, with the extensive, wholly owned mining fleet on site ready for recommencement of operations.

Following completion of mining at Orivesi, efforts have focussed on drilling the new Sarvisuo Lode, 400 metres to the east of the main Orivesi workings. Drill access to the Sarvisuo Lode has been provided by two 5 x 5 metre drives off the main Orivesi decline at the 285 and 525 metre levels. By the end of June this year drilling had succeeded in defining a panel of mineralisation extending from below the 525 metre level to above the 285 metre level. Mine scoping studies were completed and a decision was made in July to proceed with a feasibility study, which is due to be completed in December 2004. In August drilling was recommenced as part of the feasibility study (Fig 3).



Operations Report (cont.)

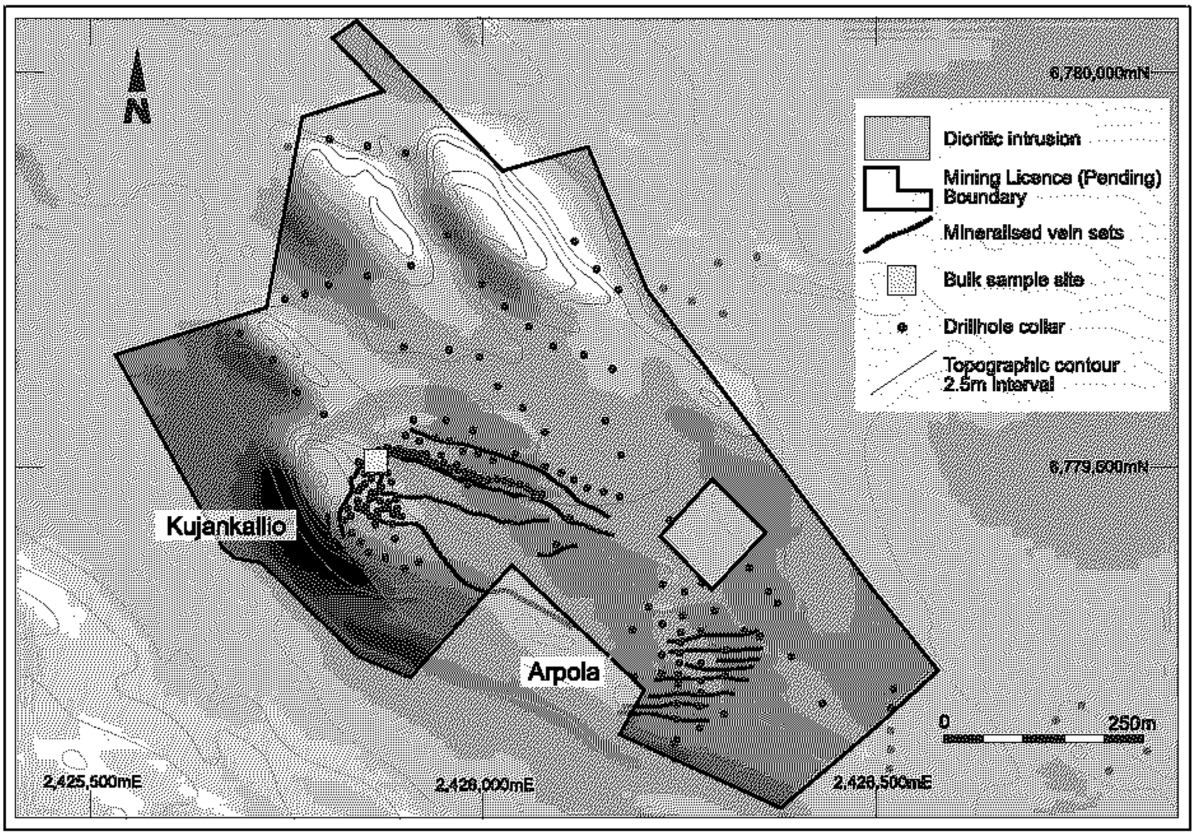


Figure 4 Surface Projection of Kujankallio and Arpola Mineralised Zones - Jokisivu

Jokisivu Gold Project

The Jokisivu Gold Project is located 40 kilometres southwest of the Vammala Plant, near the small town of Huittinen. Situated within the Vammala Migmatite Belt, mineralisation is hosted in a series of quartz-sulphide veins within a relatively unaltered and undeformed medium grained diorite.

The known Jokisivu gold mineralisation consists of two zones of high-grade veins 200 metres apart. The larger Kujankallio Zone consists of 6 separate vein systems, 4 of which are stacked in a sub-parallel array with a strike of at least 400 metres and dipping at about 50 to 60 degrees. The smaller Arpola Zone consists of 8 stacked vein systems extending over a strike of at least 200 metres and dipping at about 70 degrees. Mineralisation in both zones comes to the bed rock surface (Fig 4).

In January 2004, Dragon reported the first resource statement for the project of 1.25 million tonnes at 7.7g/t gold for 309,000 ounces, situated between the surface and a depth of 265 metres. Subsequent drilling has been aimed at in-filling and extending these resources, including a single deep hole that has intersected mineralisation in the host rock sequence at a vertical depth of 470 metres.

The ore zone has been exposed in one area and a 260 tonne bulk sample extracted. This sample returned 21.9g/t gold at a recovery level of 88.8%, 58.3% of which was obtained by gravity methods and 30.5% from the flotation concentrate. Metallurgical testwork indicates the Jokisivu ore could be satisfactorily processed through the Vammala Plant.

Following mine scoping studies, a feasibility study was commenced in July and will conclude in December 2004. Infill and resource extension drilling commenced in March 2004 and will continue for the initial period of the feasibility study. It is anticipated that development of Jokisivu will involve open cut development followed by underground mining.

Land purchase agreements are being finalised with local land owners. Regulatory approval for development of the project has been granted by environmental authorities pending resolution of issues raised in the public comment process.

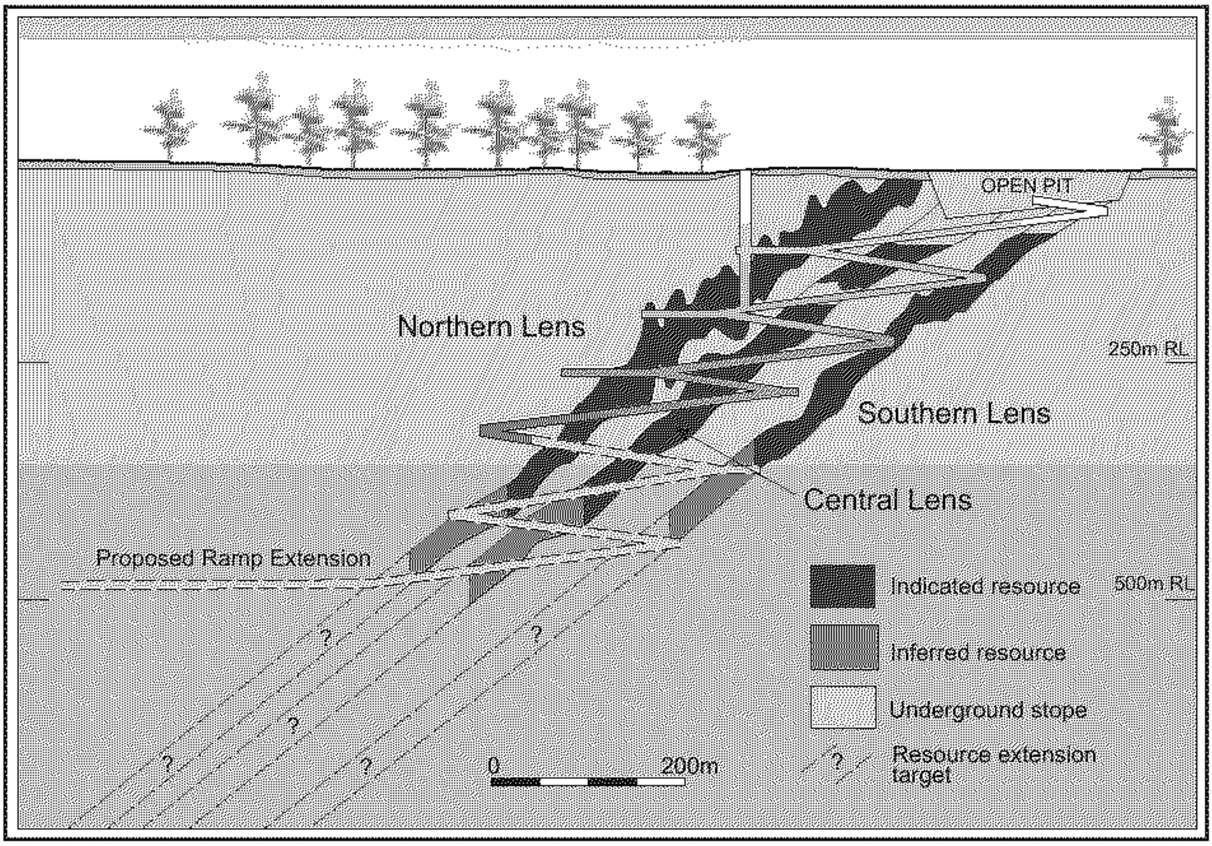


Figure 5 *Pampalo Longitudinal Section*

PAMPALO OPERATIONS (Finland)

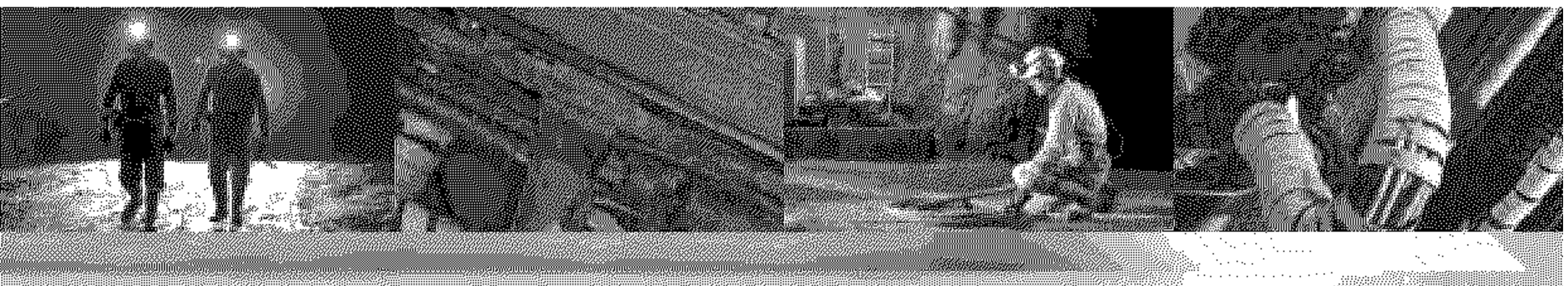
The Pampalo Operations are located in eastern Finland, 430 kilometres northeast of Helsinki. The project has been subjected to a program of extensive evaluation, including the establishment of a production sized decline down to the 320 metre level and trial open-pit and underground mining. The decline is currently maintained with power and pumping facilities. Potential exists for the development of Dragon's third operational centre based on the Pampalo gold deposit. The potential for the discovery of other gold deposits in close proximity could see the Pampalo region ultimately grow into a major gold production centre.

Pampalo is sited in the central part of the Archaean Hattu Schist Belt, close to the southwest margin of the Archaean Karelian Craton. There are numerous gold deposits and occurrences in the belt, and Dragon has an extensive tenement holding covering identified mineralisation and areas of gold anomalism in glacial till.

Mineralisation at Pampalo is contained within three plunging ore shoots, which have been drilled in detail down to the 350-400 metre level and to a lesser degree to the 450-480 metre level (Fig 5). Limited deeper drilling has shown that the known mineralised structures continue to at least the 750 metre level, while the potential for the discovery of additional shoots along the hosting structure has not been fully tested. Current resources at Pampalo total 0.9 million tonnes at 6.9g/t gold, containing 203,000 ounces. It is considered that the potential to increase the current resource base is high.

Environmental permitting for the Pampalo project, including a mine, mill and flotation plant and related infrastructure has been secured.

Beginning in early 2005 Dragon will recommence exploration at Pampalo.



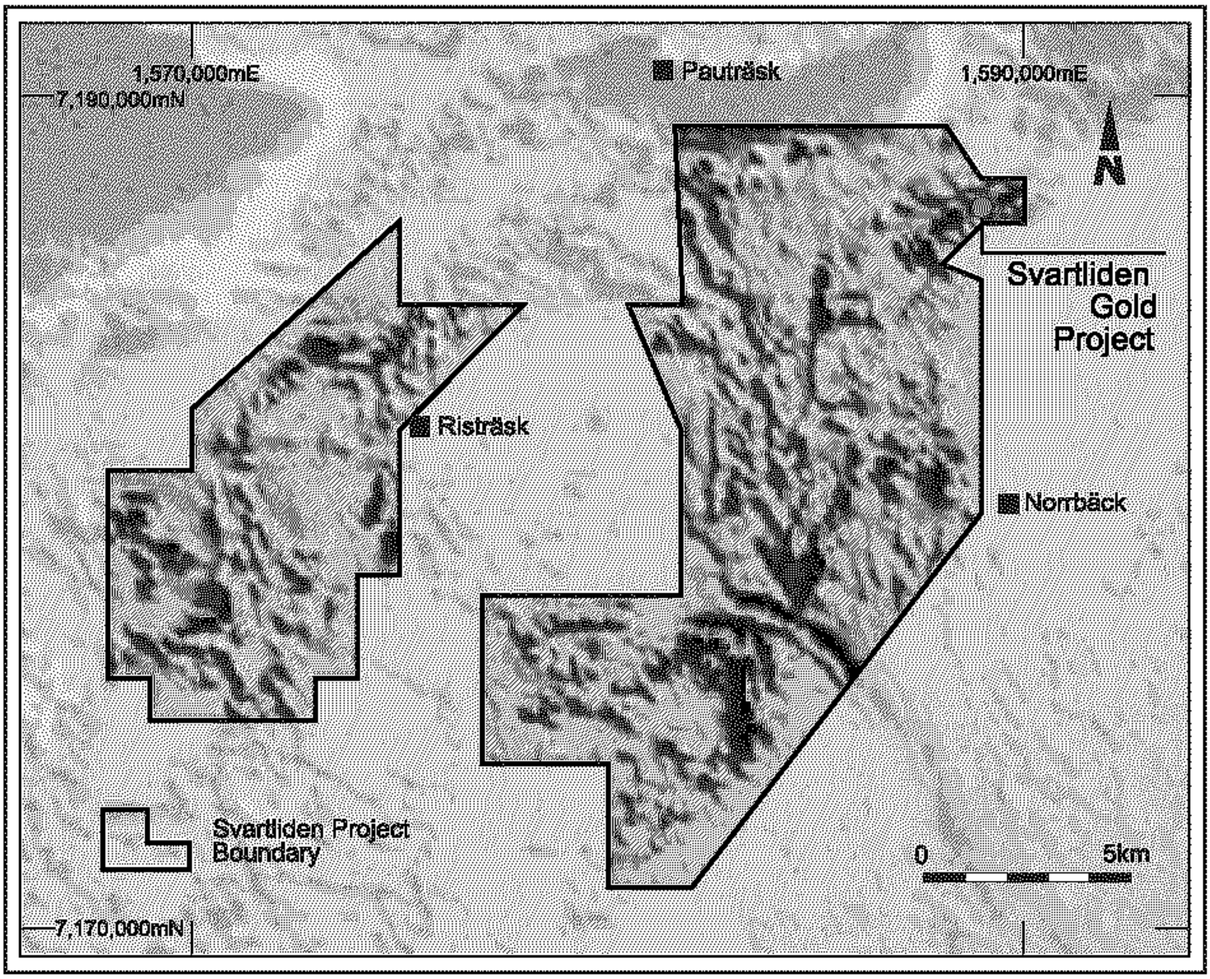


Figure 6 *Svartliden Regional Tenement Holding and Total Magnetic Image*

EXPLORATION

Dragon is expanding its exploration tenement holdings particularly in the vicinity of its three main operational centres, as these are highly prospective terrains with known gold occurrences. Dragon sees the potential to exploit its knowledge of mineralisation controls in each of these areas to cost effectively discover new economic gold deposits and offer the best return on exploration investment, because of the synergies with the existing operations.

However, longer term growth of the company's business will be enhanced by exploiting other exploration opportunities, generally in Europe. Therefore the company is continuing to acquire and maintain a project pipeline outside of its operational focus areas.

Svartliden Area (Sweden)

The Svartliden gold deposit is the product of subregional geological processes interacting with local geological features, and there is no indication of it being a unique occurrence. Dragon now holds 183 square kilometres of exploration tenements within the Svartliden region. All the tenements cover areas of geology with the potential to contain 'Svartliden Type' ore bodies (Fig 6).

Exploration recommenced during the 2004 northern summer on this tenement holding located outside the immediate mine site area. The aim is to generate a number of targets for a drilling campaign in the second half of 2005, from newly established geochemical and geophysical datasets.

Operations Report (cont.)

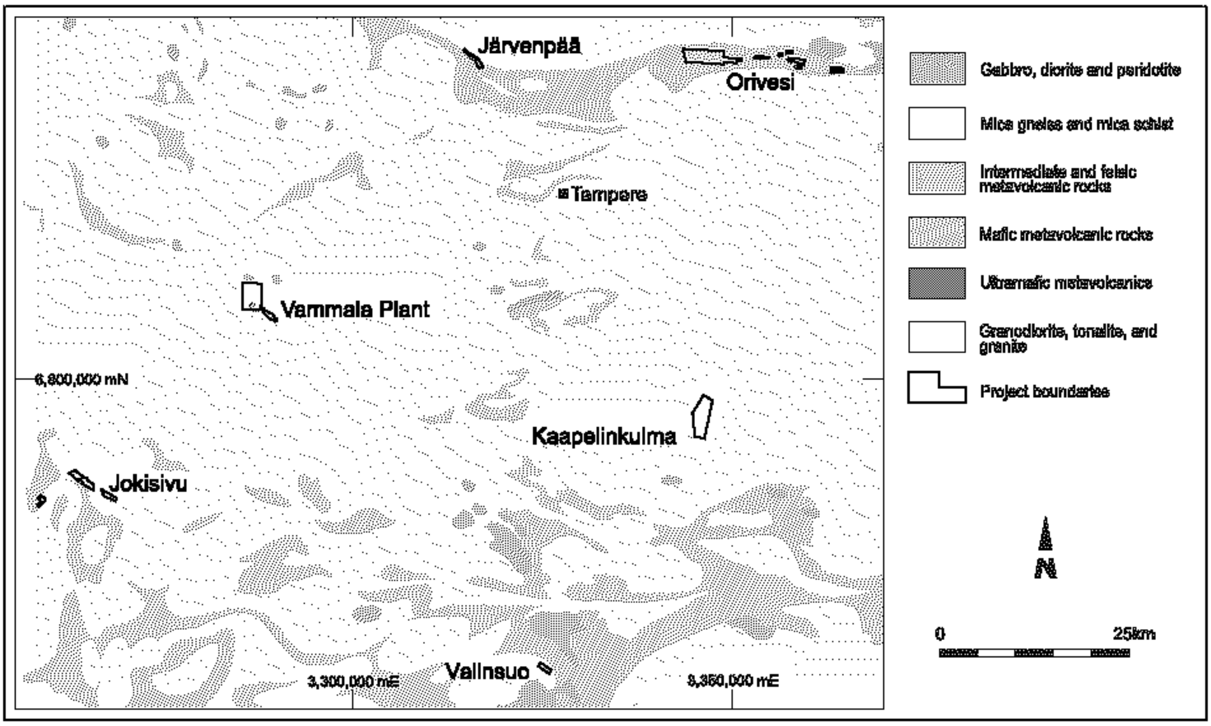


Figure 7 Tampere Regional Geology and Vammala Centre Project Holding

Vammala Area (Finland)

Dragon holds an extensive portfolio of exploration tenements in the Tampere Schist and Vammala Migmatite Belts, within 100km of the Vammala Plant (Fig 7). Geochemical sampling by the Geological Survey of Finland has demonstrated widespread gold in till anomalism throughout this region.

Mineralisation at the Järvenpää Project is associated with boudinaged quartz veins in a zone of northwest trending alteration that extends for 2 kilometres along strike at widths ranging up to 200 metres. At the Kaapelinkulma Project mineralisation is associated with a shear zone along the contact of a dioritic dyke. The Kaapelinkulma shear trends north-northwest and dips to the east-southeast. Thin quartz veins, which occur within this zone, have returned some encouraging intercepts from drilling, including 5.55 metres @ 25.55g/t gold from 20.05 metres, 5.75 metres @ 14.66g/t gold from 22.5 metres and 7.50 metres @ 15.60g/t gold from 45.4 metres.

The potential to define a number of small high grade deposits in the Tampere region is considered good.

Pampalo Area (Finland)

The Archeaen Hattu Schist Belt has not been subjected to much systematic exploration, except in the immediate vicinity of the known Pampalo deposit. It is considered that there is excellent potential to identify further mineralisation in this region. A small resource has already been identified at Rämepuro, 6 kilometres south of Pampalo, which could be processed through a plant at Pampalo.

Drilling has confirmed that gold mineralisation at Rämepuro is shear hosted, occurring in two parallel zones. A preliminary estimate of 72,900 tonnes at 4.50g/t gold for both zones over a strike length of 140 metres and down to a vertical depth of 50 metres has been computed by Outokumpu Mining Oy, using a minimum thickness of 2 metres and low and high grade cuts of 2g/t and 30g/t gold respectively. However, mineralisation at Rämepuro is known to extend over 800 metres strike, with extensions possible at both ends and down dip.

Kuusamo Area (Finland)

The Kuusamo area hosts a number of known gold occurrences, the most significant of which are the Juomasuo and the nearby Hangaslampi and Pohjasvaara deposits. (Fig 8)

Located in north-eastern Finland, the Kuusamo Project is sited in the Proterozoic Kuusamo Schist Belt. This Belt consists of a volcano-sedimentary package that has been deformed into a series of anticlinal structures. The Käylä area is the most prospective area identified to date. This area is a highly deformed anticlinal structure, with most gold mineralisation associated with quartz-sericite rocks in the central part of the anticline. Recent work has shown that ore bearing structures appear to be vertical lodes and, because of this, may have significant depth extensions.

The current Kuusamo resource is 1.4 million tonnes at 4.1g/t gold containing 179,000 ounces.

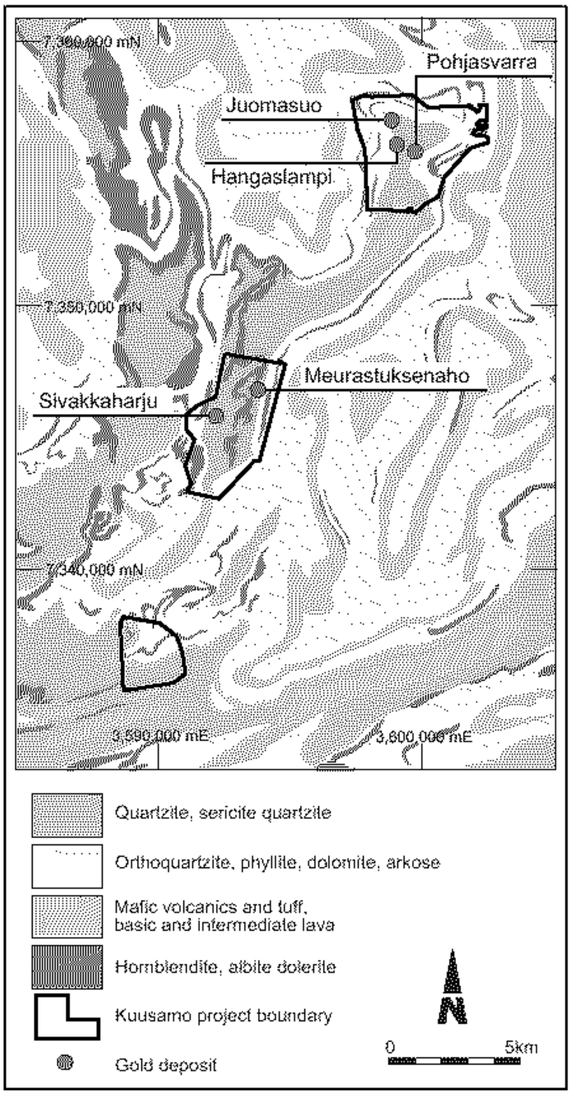


Figure 8 Kuusamo Region Geology and Project Claim Holding

Hanhimaa (Finland)

At Hanhimaa in Central Lapland, Dragon is exploring an extensive tenement holding covering 26 kilometre strike of a major gold bearing structure, located 5 kilometres west of the 2 million ounce Suurikusikko gold deposit. Following geochemical and ground geophysical surveys, an initial drilling program late last year discovered extensive alteration and ore grade intersections in the Kellolaki area. Drilling in this area during the first half of 2004 returned further encouraging results. In the June Quarter Dragon also completed an airborne geophysical survey of the Hanhimaa project area. The survey consisted of 1,925 line kilometres, covering an area of 196 square kilometres. Data processing is currently underway and will be used to identify additional targets in this area (Fig 9).

Kumho-Soumussalmi (Finland)

Dragon holds an important land position in the Kuhmo-Suomussalmi Greenstone Belt in eastern Finland. One of the least explored Archaean Greenstones Belts, it shares many analogies to major belts in Canada and Australia. It is one of the largest Archeaen Belts in the Fennoscandian Shield, being over 200 kilometres long and 2 to 12 kilometres wide.

A compilation of all available data from the belt followed by data processing has been carried out, which has resulted in the identification of numerous target areas. This has been supplemented by minimum principal stress analysis, which was carried out to define zones of extensional tectonics and potential mineralisation.

The belt is largely unexplored and the potential for the discovery of significant gold and nickel mineralisation is considered good.

Kylylahti (Finland)

The Kylylahti base metal project is located some 24 kilometres northwest of the town of Outokumpu in eastern Finland. Cu-Co-Zn-Ni-Au sulphide mineralisation is hosted by quartz rocks and skarns of the Kylylahti Formation. Inferred resources are calculated at 3.35 million tonnes composed of semi massive mineralisation of 1.95 million tonnes at 2.63% copper, 0.39% cobalt, 0.76% zinc, 0.13% nickel, and 0.90g/t gold, and disseminated sulphide mineralisation of 1.40 million tonnes at 0.61% copper, 0.18% cobalt, 0.39% zinc, 0.33% nickel and 0.90g/t gold.

The total length of the Kylylahti Formation is approximately 3 kilometres, of which just under 50% has been tested for base and precious metals. The horizon is open at depth and there are some indications that the copper-gold zone may widen.

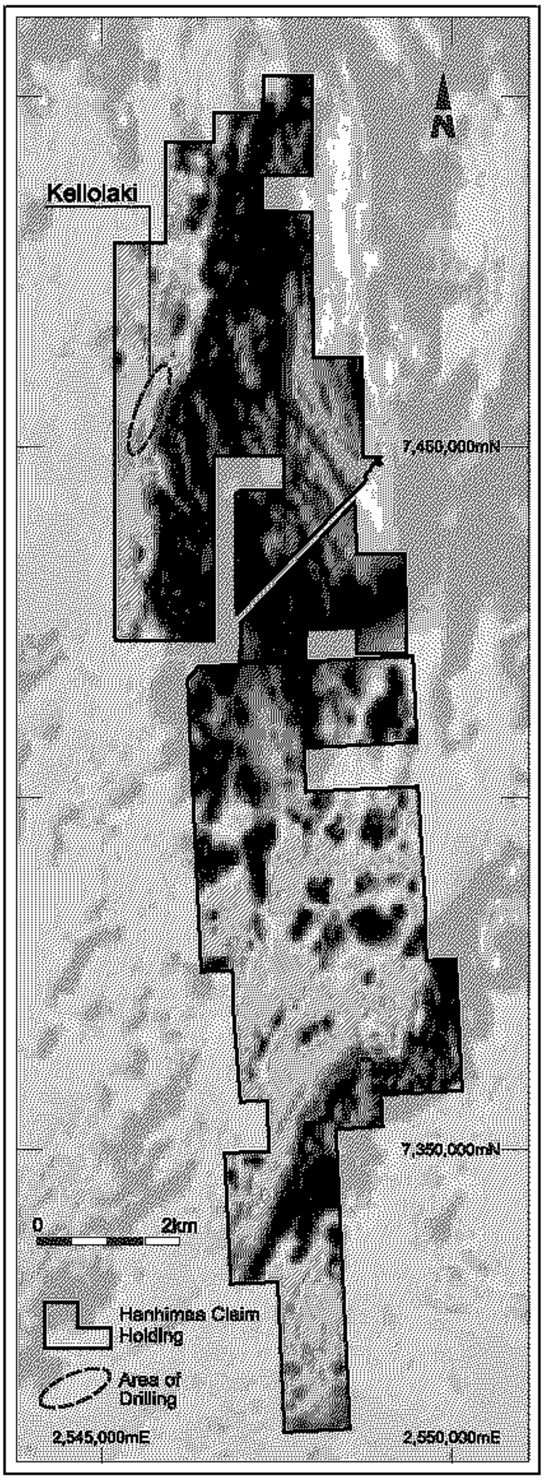


Figure 9 Hanhimaa Total Magnetic Image with Project Claim Holding

Lugo (Spain)

Lugo is situated in northwest Spain, in an area where gold mining activity has occurred from pre-Roman times to the present. Gold mineralisation in the Lugo area is hosted by Lower Cambrian rocks and is believed to be principally controlled by north-south trending structures. Within the project area several soil geochemical anomalies in excess of 100ppb gold extend continuously over more than 1 kilometre. Potentially ore grade mineralisation has been intersected in trenches and in some of the limited drilling completed to date. (Fig 10)

Dragon is currently seeking a joint venture partner for this project.

OAO Kivijarvi (Russia)

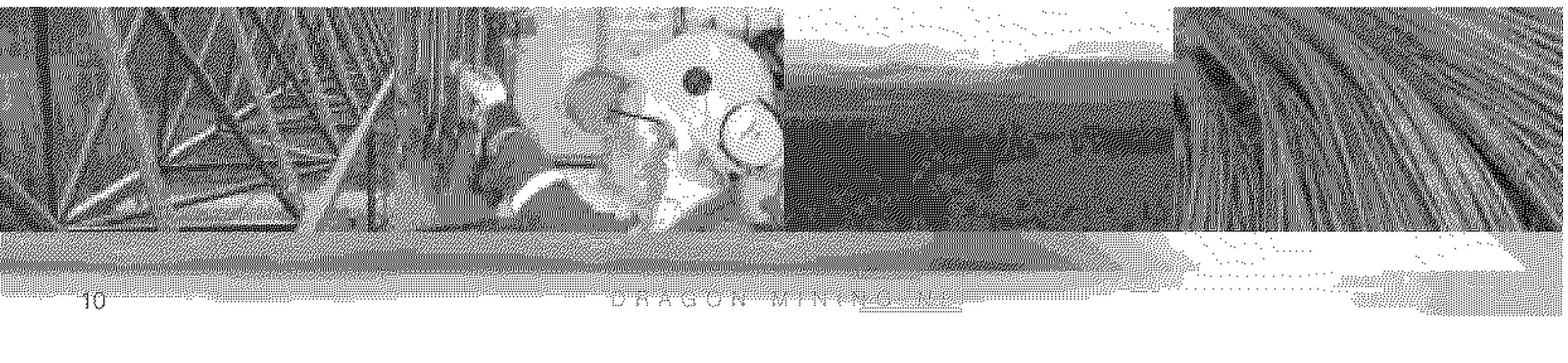
Dragon, through their 84.98% controlled entity OAO Kivijarvi, have two granted gold licences that cover the northerly and southerly extensions of the Archeaen Hattu Schist Belt in Russia, encompassing a total area of 506 square kilometres. Preliminary exploration work has continued during the first part of 2004.

Zara (Eritrea)

The Zara Gold Project consists of 196 square kilometres of exploration permits in the North East African nation of Eritrea. The project tenements are located in the Eritrean northern highlands on the Zara River and encompass several areas of artisanal gold workings. Chip and channel samples from surface materials and from within the workings have returned high grade assay results. Of the 171 samples taken, a total of 63 returned assays in excess of 1g/t gold and of these, 20 returned assays in excess of 30g/t gold, with a peak value of 1,185g/t gold.

Sub Sahara Resources NL has the right to earn up to a 70% interest in Dragon's 66.6% interest in the project. By June 2004 Sub Sahara had begun site preparation for the initial drilling program to test underneath several of the artisanal workings in the project area.

On 2 September 2004, notification was received from the Eritrean Government suspending all mineral prospecting and exploration work related activities in Eritrea. Pending further notification from the Eritrean Government, all in-country activities have been halted.



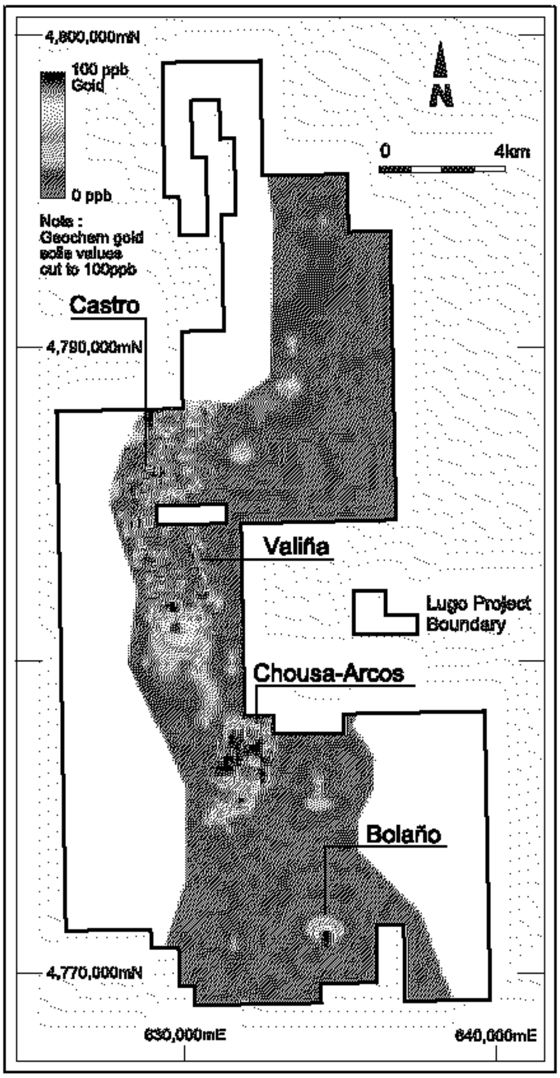


Figure 10 Lugo Geochemical Image

Weld Range Nickel and PGM Projects (Australia)

Dragon retains joint venture interests in two separate projects in the Weld Range Area of Western Australia. Dragon has a 35% interest in the platinum group metal project covering the Parks PGM Reef. Project managers are Sons of Gwalia Ltd. Dragon also retains an interest of 8.75% in the Weld Range Nickel Joint Venture with Sons of Gwalia and Minara Resources Ltd. This complex hosts the 300 million tonne 0.8% nickel laterite deposit and potential underlying nickel sulphide mineralisation in the Weld Range Layered Intrusive Complex.

Notes to the Operations Report

It is advised that in accordance with the Australian Stock Exchange Limited Listing Rules (5 10, 5 12 and 5 13) the technical information contained in this report above has been compiled by a competent person who is a corporate member of the Australasian Institute of Mining and Metallurgy and who has consented in writing to the resources statement in the form that it appears. The competent person is Dr James Searle, who is also a Director of the company.

Resource statements contained in this document have previously been reported and the persons responsible for each statement have been declared at that time. All such persons and their reports have met the requirements of the Australian Stock Exchange Listing Rules for reporting on mineral resources and reserves.

Health and Safety, Environment and Community Relations Report

Dragon Mining NL is committed to achieving the highest possible standards for the areas of health and safety, environment and community relations.

Health and Safety

Dragon actively instills a culture of safe work practices to all employees through the development of site specific policies, procedures and training. It encourages the involvement of all employees in developing health and safety initiatives, as it recognises that best health and safety practice involves not only compliance with regulatory standards and rigorous monitoring, but is dependant on all employees embracing a responsibility for a work place culture.

Environmental Management

Dragon Mining operates in three national regulatory environments and the supra-national regime of the European Union. While compliance with these regulatory environments and specific licence conditions are the basis of the company's environmental management procedures, Dragon is committed to the principle of developing and implementing best applicable practices in environmental design and management.

Design and development of the Svartliden Gold Mine has been an opportunity for the company to develop an operation that embraces these criteria. The company's commitment to best applicable practices at Svartliden is illustrated by:

- Integration of the site's natural characteristics with the design of the project. A compact footprint for the project has been designed in sympathy with the local morphology and hydrology, enabling both the natural and process water flows to be controlled and in the case of the process water, contained.
- When the process return water flows are fully established the project will recycle more than 90% of its process water.
- Integration of the tailings storage facility with the waste rock storage area, providing optimal arrangement not only during operation but in eventual decommissioning.

- Characterisation of the ore and all waste rock materials prior to and during mining, allowing for optimal handling and storage design.
- Instrumentation and monitoring of waste rock and tailings storage will provide feedback into on going optimisation of site practices.
- The eventual decommissioning of the project has been incorporated into the design of the project to ensure that following mining the site can ultimately be returned to an environmentally stable state.
- The project's environmental performance will not only be subject to reporting and review by regulators but also to independent audits.

A site specific Environmental Manual has been developed and implemented at Svartliden. The implementation and overall management of environmental issues is the responsibility of the site General Manager, with objectives and targets set to ensure compliance with relevant licence conditions and legislation, and to drive continuous improvement of environmental management at the mine.

In seeking to apply best applicable practice to its operations the company also seeks to contribute to the broader aspirations of mining companies and regulators by participating in the dissemination and exchange of data and information in both formal and informal forums.

Community Relations

Dragon recognises that its operations involve a range of community stakeholders in addition to its workforce. All facets of the company's activities are carried out in consultation with other land users and community organisations. The company has sought to inform local communities about the nature of the project development and its anticipated effects on the local environment and the local communities themselves.

Dragon is pleased to report that excellent channels of communication have been established between Svartliden operational management and a wide range of local governments and community organisations. At Svartliden, a local community liaison committee has been established to facilitate dialog between stakeholders and management. The many issues that are being successfully addressed include management of the impact on hunting ranges, fish stock management initiatives, snow mobile access around the outside of the mine site, and local road maintenance.

Dragon looks forward to continuing to develop community relations at all of its operations, in order to maximise the benefits with as wide a range of local communities, organisations and individual landowners as possible.

Reserves and Resources

RESOURCES - GOLD

Centre	Project	Classification	Tonnes	Gold (g/t)	Ounces
Svartliden	Svartliden Vol-Seds	Measured	310,000	8.0	80,000
		Indicated	2,050,000	4.3	285,000
		Inferred	390,000	3.2	40,000
		Total	2,750,000	4.6	405,000
	Svartliden Granite	Measured			
		Indicated			
		Inferred	139,000	3.3	14,800
		Total	139,000	3.3	14,800
	Svartliden Total	**Measured**	**310,000**	**8.0**	**80,000**
		Indicated	**2,050,000**	**4.3**	**285,000**
		Inferred	**529,000**	**3.2**	**54,800**
		Total	**2,889,000**	**4.5**	**419,800**
Vammala	Orivesi Main Lodes	Measured			
		Indicated			
		Inferred	218,400	9.2	64,600
		Total	218,400	9.2	64,600
	Jokisivu	Measured			
		Indicated	172,000	7.6	42,000
		Inferred	1,074,000	7.7	267,000
		Total	1,246,000	7.7	309,000
	Vammala Total	**Measured**			
		Indicated	**172,000**	**7.6**	**42,000**
		Inferred	**1,292,400**	**8.0**	**331,600**
		Total	**1,464,400**	**7.9**	**373,600**
Pampalo	Pampalo	Measured			
		Indicated	667,000	6.8	145,823
		Inferred	247,000	7.2	57,177
		Total	915,000	6.9	202,984
	Rämepuro	Measured			
		Indicated			
		Inferred	72,900	4.5	10,547
		Total	72,900	4.5	10,547
	Pampalo Total	**Measured**			
		Indicated	**667,000**	**6.8**	**145,823**
		Inferred	**319,900**	**6.6**	**67,724**
		Total	**987,900**	**6.7**	**213,531**

Reserves and Resources (cont.)

RESOURCES - GOLD

Centre	Project	Classification	Tonnes	Gold (g/t)	Ounces
Kuusamo	Juomasuo	Measured			
		Indicated			
		Inferred	779,000	4.2	105,191
		Total	779,000	4.2	105,191
	Hangaslampi	Measured			
		Indicated			
		Inferred	176,000	6.0	33,951
		Total	176,000	6.0	33,951
	Pohjasvarra	Measured			
		Indicated			
		Inferred	82,000	3.2	8,436
		Total	82,000	3.2	8,436
	Meurastuksenaho	Measured			
		Indicated			
		Inferred	284,000	2.3	21,000
		Total	284,000	2.3	21,000
	Sivakkaharju	Measured			
		Indicated			
		Inferred	28,000	11.3	10,190
		Total	28,000	11.3	10,190
	Kuusamo Total	**Measured**			
		Indicated			
		Inferred	**1,349,000**	**4.1**	**178,768**
		Total	**1,349,000**	**4.1**	**178,768**
	Total Resource Inventory	**Measured**	**310,000**	**8.0**	**80,000**
		Indicated	**2,889,000**	**5.1**	**472,823**
		Inferred	**3,490,300**	**4.0**	**632,892**
		Total	**6,690,300**	**4.7**	**1,185,699**

RESERVES - GOLD

Centre	Project	Classification	Tonnes	Gold (g/t)	Ounces
Svartliden	**Reserves**				
	Svartliden	Proven	270,000	8.64	75,000
	Vol-Seds	Probable	1,343,000	4.91	212,000
		Total	1,613,000	5.54	287,000
	In-Pit Resources				
	Svartliden	Measured	39,000	1.56	2,000
	Vol-Seds	Indicated	420,000	1.52	21,000
	& Granite	Inferred	145,000	3.09	14,000
		Total	604,000	1.90	37,000
	Total Svartliden In-Pit Reserve/ Resource Inventory		**2,217,000**	**4.54**	**324,000**

Reserves and Resources (cont.)

RESOURCES - BASE METALS

Centre	Project	Classification	Tonnes	Copper (%)	Cobalt (%)	Zinc (%)	Nickel (%)	Gold (g/t)
Kylylahti	Semi-Massive Sulphides	Measured						
		Indicated						
		Inferred	1,950,000	2.63	0.39	0.76	0.13	0.90
		Total	1,950,000	2.63	0.39	0.76	0.13	0.90
	Disseminated Sulphides	Measured						
		Indicated						
		Inferred	1,400,000	0.61	0.18	0.39	0.33	0.90
		Total	1,400,000	0.61	0.18	0.39	0.33	0.90
	Kylylahti Total	**Measured**						
		Indicated						
		Inferred	**3,350,000**	**1.79**	**0.30**	**0.61**	**0.21**	**0.90**
		Total	**3,350,000**	**1.79**	**0.30**	**0.61**	**0.21**	**0.90**

Centre	Project	Classification	Tonnes		Cobalt (%)		Nickel (%)	
Weld Range	**Weld Range Nickel Laterite**	**Measured**						
		Indicated						
		Inferred	**330,000,000**		**0.06**		**0.75**	
		Total	**330,000,000**		**0.06**		**0.75**	

Director's Report

The Directors of Dragon Mining NL present their Report on the Accounts of the Company and of the Consolidated Entity for the year ended 30 June 2004.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Campbell Theodore Ansell
FCA, MAICD
Chairman and Non-Executive Director

Mr 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 and Universal Resources Limited.
Resides in Western Australia.

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

Dr 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 and investor.
Resides in Western Australia.

Henry David Kennedy
BA, MA, Member of SME, CIMMP, SEG, AIG
Non-Executive Director

Mr Kennedy has had a long association with Australian and New Zealand resource companies and as a 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 the acquisition and development of the 1.4M ounce Obotan gold project in Ghana, West Africa. He is a Director of Sub-Sahara Resources, Norwest Energy NL, Pancontinental Oil & Gas NL, Alkane Exploration NL and two listed overseas companies.
Resides in Cyprus.

Peter Lawson Munachen
FCA
Alternate Director for Mr HD Kennedy

Mr Munachen was appointed Alternate Director for Mr HD Kennedy on 15 December 2003 and is a Fellow of the Institute of Chartered Accountants in Australia. He has had considerable experience in the resource industry and is a director of Pancontinental Oil & Gas NL, Norwest Energy NL, Sub-Sahara Resources NL and Newland Resources Ltd.
Resides in Western Australia.

Toivo Tapani Järvinen
Lic. Tech
Non-Executive Director

Mr Järvinen was appointed a Non-Executive Director on 22 December 2003. Mr Järvinen has been employed by the Outokumpu Group since 1985. He is a member of the Outokumpu Group Executive Committee since 2000 and President of the Outokumpu Technology business area. He is also responsible for corporate energy affairs. Mr Järvinen is a Board member of the Swedish mining and metals group Boliden AB (publ), International Copper Association Ltd and Eurometaux (European Association of Metals) and Chairman of the Board of the Finnish-Latin American Trade Association.
Resides in Finland.

Director's Report (cont.)

Colin Crabb
B.Bus, CA, FCIS
Alternate Director for Mr Kennedy
Deceased 21 November 2003

Mr Crabb qualified as a Chartered Accountant and Chartered Secretary and gained considerable experience in the management and administration of resource companies over a period exceeding fifteen years. He was a Director or Alternate of Sub-Sahara Resources, Norwest Energy NL and Pancontinental Oil & Gas NL as well as a number of private resource companies in Australia and overseas. He was involved with the financing of developing gold projects both in Australia and overseas.

Kenneth Macdonald Phillips
MAusIMM
Non-Executive Director
Resigned 20 May 2004

Mr Phillips studied geology at Victoria University, Wellington, New Zealand. He 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) in Papua New Guinea. He is a Director and Principal of VOP Mining Services Pty Limited, and a Director of Bolnisi Gold NL.
Resides in New South Wales.

Company Secretary

Michael John Allen
B.Comm, CA.
Mr Allen was appointed Chief Financial Officer on 11 February 2004 and Company Secretary on 25 March 2004. Mr Allen is a Chartered Accountant with over 20 years experience including 10 years with an International Accounting Firm in Australia and the United Kingdom. Mr Allen has extensive financial and commercial experience with resources companies including, most recently, the Anglo American Group.
Resides in Western Australia.

Interests in the Shares and Options of the Company

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

	Ordinary Shares		Partly Paid Shares	
	Direct	Indirect	Direct	Indirect
DJ Searle	-	1,130,391	-	2,000,000
CT Ansell	534,898	35,002	500,000	-
HD Kennedy	-	27,495,251	415,000	-
T T Järvinen	-	20,000,000	-	-
P L Munachen	-	-	-	-

Director's Report (cont.)

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 year were:

	Board		Audit	
	Held	**Attended**	**Held**	**Attended**
CT Ansell	5	5	2	2
DJ Searle	5	5	-	-
HD Kennedy or alternate	5	5	2	2
T T Järvinen	2	2	-	-
KM Phillips	4	3	-	-

Directors' and Executives' Remuneration

Remuneration of Directors and consultants is established by the Board. Remuneration is determined as part of an annual performance review having regard to directors' fees approved by shareholders, market factors and a performance evaluation process. Where directors perform consulting services to the Company over and above their normal duties as directors, they are remunerated on the normal commercial rates as approved by the Board. The non-executive directors are responsible for evaluating the performance of the Chief Executive who in turn evaluates the performance of all other senior executives and staff.

Details of remuneration paid to Directors during the year are as follows:

	Base Salary or Fees	Superannuation	Other	Shares	Total
CT Ansell	35,833	3,225	-	83,875	122,933
DJ Searle	161,333	46,320	20,000	336,374	564,027
HD Kennedy	-	-	11,000 (i)	42,084	53,084
C Crabb	-	-	14,000 (ii)	43,318	57,318
KM Phillips	20,000	-	-	84,628	104,628
PL Munachen	-	-	7,667 (iii)	-	7,667
TT Järvinen	12,581	-	-	-	12,581

Details of remuneration paid to executives during the year are as follows:

	Base Salary or Fees	Superannuation	Other	Shares	Total
J Haga	116,381	-	1,411	-	117,792
F Boman	36,906	12,890	4,798	-	54,594
M J Allen	49,096	4,419	5,164	-	58,679
B Marwood	-	-	163,322 (iv)	-	163,322
N Edwards	91,824	10,514	44,231	-	146,569

(i) Paid to a company over which Mr Kennedy exerts substantial influence.
(ii) Paid to a company in which Mr Crabb had a substantial interest.
(iii) Paid to a company in which Mr Munachen has a substantial interest.
(iv) Paid to companies in which Mr Marwood has a substantial interest.

Director's Report (cont.)

Fair values of partly paid shares:

The fair value of each partly paid share is estimated on the date of grant using the Black-Scholes pricing model with the following assumptions used for grants made:

Partly paid share price (market price at date of directors' proposal)	0.19
Share price on grant date (market price at date approved by shareholders)	0.24
Volatility	75%
Risk-free interest rate	5.82%

The expected life of the partly paid shares is based on five years from date of issue. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting fair values per partly paid share for partly paid shares vesting after 1 July 2003 are:

Number of partly paid shares	Grant date	Vesting date	Fair value per partly paid share
500,000	24 November 2004	02 December 2003	0.1678
2,000,000	24 November 2004	17 December 2003	0.1682
250,000	24 November 2004	22 December 2003	0.1683
250,000	24 November 2004	18 June 2004	0.1733
500,000	24 November 2004	28 January 2004	0.1693

Directors' and Executives' Benefits

Information on directors' and executives' benefits is set out in the following notes to the Financial Statements:

(a) Note 5 Directors and Executives Disclosures
(b) Note 25 Related Parties

Principal Activities

The principal activities of the consolidated entity during the year were the exploration, evaluation and development of gold projects in Sweden and Finland. A pivotal event in the history of the company was the announcement in October 2003 of the purchase of Outokumpu's European gold and precious metal assets. The focus is now on becoming a significant European gold producer.

Review of Operations

The consolidated entity's activities focused on the development of the Svartliden gold project and the purchase, evaluation and advancement of Outokumpu assets. A review of the consolidated entity's operations during the year is set out in the section "Operations Report" elsewhere in the Annual Report.

Corporate Information

Dragon Mining NL is a no liability company that is incorporated and domiciled in Australia. Dragon Mining NL is the ultimate parent entity. Dragon Mining NL has prepared a consolidated financial report including the entities it controlled during the financial year being Dragon Mining (Sweden) AB (formerly Svartliden Guld AB), Polar Mining Oy, Viking Gold & Prospecting AB, Dragon Resources Limited, Pyrosmelt NL, Firegold NL and Dragon Mining (Ontario) Inc.

Employees

The consolidated entity employed 53 employees as at 30 June 2004 (2003: 3 employees)

Operating Results

The net loss of the consolidated entity for the financial year was $3,636,733 (2003: loss $519,307)

Director's Report (cont.)

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 consolidated entity that occurred during the financial year under review not otherwise disclosed in this Report or in the Consolidated Financial Statements.

Likely Developments

It is anticipated that the consolidated 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 further projects in Finland.

Insurance of Directors

During the year, the Company has taken out a contract insuring all the directors of Dragon Mining NL against a liability 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

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

Share Options

On 10 November 2003, 21,250,000 options to subscribe for ordinary shares were issued to Macquarie Bank Limited as part consideration for provision of a $9.25 million finance facility for the acquisition of Polar Mining Oy. The options are exercisable at any time before 4 November 2007 at a price of $0.20 per share.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Details of movements in options outstanding are disclosed in Note 21.

Significant Events after Year End

Nothing has occurred subsequent to the end of the financial year that has had or is likely to have a material impact on the financial statements.

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.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Dragon Mining NL support the principles of good corporate governance. The Company's "Corporate Governance Statement" is contained elsewhere in the Annual Report.

Signed in Perth this 15th day of September, 2004 in accordance with a resolution of the Directors.

CT Ansell
Director

Corporate Governance Statement

Introduction

Dragon Mining NL ("Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.dragon-mining.com.au :

- Corporate governance disclosures and explanations;
- Statement of Board and Management Functions;
- Policy and procedure for selection and appointment of new directors;
- Summary of code of conduct for directors and key executives;
- Summary of policy on securities trading;
- Audit Committee Charter;
- Policy and procedure for selection of external auditor and rotation of audit engagement partners;
- Summary of policy and procedure for compliance with continuous disclosure requirements;
- Summary of arrangements regarding communication with and participation of shareholders;
- Summary of Company's risk management policy and internal compliance and control system;
- Process for performance evaluation of the Board, Board committees, individual directors and key executives;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

Explanations for Departures from Best Practice Recommendations

During the Reporting Period the Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("ASX Principles and Recommendations"), other than in relation to the matters specified below.

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	One director of the Board is independent in accordance with the test in box 2.1 ("Independence Test") of the best practice recommendations as published by the ASX Corporate Governance Council.	Given the nature and size of the company, its business interests and the stage of development, the board is of the view that it would not be possible to justify to shareholders the additional cost of enlarging the board to include a majority of independent directors. However, the board does have a majority of non executive directors and the Chairman who can exercise a casting vote is an independent director.
2	2.4	A separate nomination committee has not been formed.	Given the Board comprises four members it was decided that no efficiencies would be achieved by establishing a separate nomination committee. The whole Board carries out the duties which would otherwise be undertaken by the nomination committee and each member excludes him or herself from matters in which that individual has a material personal interest and otherwise ensures compliance with all aspects of the Corporations Act in relation to related party transactions.

Corporate Governance Statement (cont.)

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
4	4.3	The audit committee consists of only 2 members.	Given the size of the board, the Board does not consider that the Company will gain any benefit from increasing the number of members of the audit committee.
5	5.1	The Company has no written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for that compliance.	A formal written policy has not been adopted by the Board but the Board is acutely aware of the need to keep the market informed at all times. The requirement for a written policy will be addressed in the current period.
7	7.1	On 10 September 2004, the Board adopted a risk policy as incorporated in the Company's Audit Committee Charter.	The Company has developed a framework for risk management which covers financial, operational and organisational risks.
8	8.1	The process for evaluation of the Board, individual directors and key executives was not disclosed during the Reporting Period.	The process was not disclosed but did occur by way of an informal review by the Chairman.

Skills, Expertise, Experience and Term of Office of Each Director

Information on directors' skills, experience and expertise is contained on page 17 and 18 of the Directors' Report.

The term of office for each director is as outlined below:

CT Ansell	Appointed:	23 April 1990
DJ Searle	Appointed:	12 August 1998
HD Kennedy	Appointed:	11 July 1996
TT Järvinen	Appointed:	22 December 2003
PL Munachen (alternate for HD Kennedy)	Appointed:	15 December 2003

Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters:

(a) Materiality – Quantitative

Balance sheet items

Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.

Corporate Governance Statement (cont.)

(b) Materiality – Qualitative

Items are also material if:

(i) they impact on the reputation of the Company;
(ii) they involve a breach of legislation;
(iii) they are outside the ordinary course of business;
(iv) they could affect the Company's rights to its assets;
(v) if accumulated they would rigger the quantitative tests;
(vi) they involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items; or
(vii) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more that 5%.

(c) Material Contracts

Contracts will be considered material if:

(i) they are outside the ordinary course of business;
(ii) they contain exceptionally onerous provisions in the opinion of the Board;
(iii) they impact on income or distribution in excess of the quantitative tests
(iv) there is a likelihood that either party will default and the default may trigger any of the quantitative tests;
(v) they are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost of such a quantum as trigger any of the quantitative tests;
(vi) they contain or trigger change of control provisions;
(vii) they are between or for the benefit of related parties; or
(viii) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("Materiality Threshold").

Independent Directors

The board considers the following director to be independent in accordance with the principals of good corporate governance and best practice recommendations of the ASX Corporate Governance Council:

CT Ansell

Independent Professional Advice

Directors may seek independent professional advice if a director considers it necessary to properly discharge the responsibility of his/her office as a director at the Company's expense. A copy of any advice received in this manner is to be made available to all other board members.

Audit Committee Members and Meetings

Members of the audit committee and their qualifications is contained at Pages 17 and 18 of the Directors' Report.

The number of meetings of the audit committee held and attendance is disclosed at Page 19 of the Directors' Report

Performance Evaluation

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprises of a review of all directors on an annual basis by the Chairperson. Directors whose performance is unsatisfactory are counselled by the Chairman.

Corporate Governance Statement (cont.)

Company's Remuneration Policies

The Company has separate remuneration policies for executive and non-executive directors. Non-executive directors will receive a fixed fee for their services to the Company. Non-executive director's fees not exceeding an aggregate of $150,000 per annum have been approved by the Company in general meeting. Non-executive directors may also receive an equity-based component where approval has been received from shareholders in a General Meeting.

Remuneration of executives currently consists of payment of a salary or consulting fees and may include an equity -based component where approval has been received from shareholders in a General Meeting.

Meetings of Remuneration Committee

Members of the Remuneration Committee and their attendance at meetings held during the Reporting Period is outlined in the table below:

Name	Held	Attended
CT Ansell	1	1
HD Kennedy	1	1

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

The Company does not have any terms or schemes relating to retirement benefits for non-executive directors.

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 27 to 58

   a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. give a true and fair view of the financial position as at 30 June 2004 and performance for the year ended on that date as represented by the results of their operations and the cash flows of the Company and consolidated entity.

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.

3. In the opinion of the Directors, the financial statements and notes are in accordance with the Corporations Act 2001.

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

CT Ansell
Director

Dated at Perth this 15th day of September 2004

Statement of Financial Performance

For the year ended 30 June 2004

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
Revenue from ordinary activities	2	5,340,490	30,591	701,898	17,076
Raw materials and consumables used	3	(3,472,829)	-	-	-
Net foreign exchange gain (loss)	3	(423,799)	(8,215)	1,175,163	-
Accounting and secretarial		(167,545)	(63,386)	(84,521)	(63,386)
Audit Fees	6	(35,389)	(17,776)	(21,285)	(13,671)
Legal Fees		(140,387)	(3,695)	(56,086)	(3,695)
Employee salaries and benefits		(591,722)	(56,474)	(242,890)	(56,474)
Rent and outgoings		(236,011)	(44,499)	(43,573)	(44,499)
Share registry and other related costs		(76,046)	(33,499)	(76,046)	(33,499)
Directors' emoluments	5	(240,959)	(87,532)	(240,959)	(87,532)
Promotional expense		(106,621)	-	(106,621)	-
Shareholder communication		(43,299)	(13,687)	(43,299)	(13,687)
Depreciation expenses	3	(613,473)	(8,064)	(4,268)	(3,456)
Borrowing cost expenses	3	(917,443)	(64,521)	(901,536)	(64,406)
Writedown of investment		-	-	(2,403,736)	-
Exploration expenditure written off	16	(1,131,328)	(16)	(361,942)	-
Other expenses from ordinary activities		(772,619)	(153,637)	(227,870)	(124,056)
(Loss) from ordinary activities before income tax expenses		(3,628,980)	(524,410)	(2,937,571)	(491,285)
Income tax relating to ordinary activities	4	-	-	-	-
(Loss) from ordinary activities after income tax expenses		(3,628,980)	(524,410)	(2,937,571)	(491,285)
Gain (Loss) attributable to outside equity interests	23	(7,753)	5,103	-	-
(Loss) attributable to members of Dragon Mining NL		(3,636,733)	(519,307)	(2,937,571)	(491,285)
Total changes in equity other than those resulting from transactions with owners as owners	24	(3,636,733)	(519,307)	(2,937,571)	(491,285)
Earnings Per Share	7	(0.014)	(0.003)	(0.011)	(0.003)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2004

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
CURRENT ASSETS					
Cash assets	8	10,518,201	514,313	6,398,041	478,286
Receivables	10	1,009,392	5,218	52,166	277
Inventories	11	232,222	-	-	-
Other current assets	16	853,033	33,677	36,913	33,677
TOTAL CURRENT ASSETS		12,612,848	553,208	6,487,120	512,240
NON-CURRENT ASSETS					
Receivables	10	-	-	20,543,772	32,788
Other financial assets	12	28,556	-	8,036,088	5,861,826
Property, plant and equipment	14	3,867,674	43,619	54,749	40,729
Mineral exploration and development costs	15	36,800,480	8,246,780	4,542,659	6,001,394
Other non current assets	16	2,338,492	-	-	-
TOTAL NON-CURRENT ASSETS		43,035,202	8,290,399	33,177,268	11,936,737
TOTAL ASSETS		55,648,050	8,843,607	39,664,388	12,448,977
CURRENT LIABILITIES					
Payables	17	4,191,046	172,856	3,930,131	3,752,775
Interest bearing liabilities	18	14,845,578	-	4,886,185	-
Provisions	19	442,919	28,007	19,092	28,007
Other liabilities	20	734,727	-	-	-
TOTAL CURRENT LIABILITIES		20,214,270	200,863	8,835,408	3,780,782
NON CURRENT LIABILITIES					
Payables	17	178,385	-	-	-
Interest bearing liabilities	18	2,041,778	1,000,000	-	1,000,000
Provisions	19	1,260,091	17,591	30,981	17,591
Other non current liabilities	20	1,872,387	-	-	-
TOTAL NON-CURRENT LIABILITIES		5,352,641	1,017,591	30,981	1,017,591
TOTAL LIABILITIES		25,566,911	1,218,454	8,866,389	4,798,373
NET ASSETS		30,081,139	7,625,153	30,797,999	7,650,604
EQUITY					
Contributed equity	21	45,331,414	19,246,448	45,331,414	19,246,448
Accumulated losses	22	(15,252,925)	(11,616,192)	(14,533,415)	(11,595,844)
Total parent entity interest		30,078,489	7,630,256	30,797,999	7,650,604
Outside equity interest	23	2,650	(5,103)	-	-
TOTAL EQUITY		30,081,139	7,625,153	30,797,999	7,650,604

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2004

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
Cash flows from operating activities					
Receipts from customers		9,836,200	-	-	-
Payments to suppliers and employees		(4,815,591)	(463,983)	(1,107,019)	(442,572)
Interest received		200,410	16,771	228,929	16,744
Interest expenses		(355,609)	(64,521)	(346,536)	(64,406)
Reimbursement of costs		-	332	-	332
Net cash from (used in) operating activities	9(a)	4,865,410	(511,401)	(1,224,626)	(489,902)
Cash flows from investing activities					
Payments for property, plant and equipment		(594,454)	(9,635)	(18,288)	(5,435)
Proceeds from sale of property, plant and equipment		86,202	-	-	-
Payment for exploration, evaluation and development expenditure capitalised		(16,057,694)	(836,952)	(1,079)	(695,914)
Payments for controlled entities acquired	9(b)	(10,345,235)	-	(10,349,373)	-
Net cash used in investing activities		(26,911,181)	(846,587)	(10,368,740)	(701,349)
Cash flows from financing activities					
Proceeds from loan		20,378,100	-	8,886,185	-
Proceeds from issue of shares		16,329,966	1,369,379	16,329,966	1,369,379
Advances to controlled entities		-	-	(2,703,030)	-
Repayment of bank loans		(5,000,000)	-	(5,000,000)	-
Government grant		-	158,811	-	-
Net cash provided by financing activities		31,708,066	1,528,190	17,513,121	1,369,379
Net increase in cash		9,662,295	170,202	5,919,755	178,128
Cash at the beginning of the financial year		514,313	344,111	478,286	300,158
Effects of exchange rate changes on cash		341,593	-	-	-
Cash at the end of the financial year	8	10,518,201	514,313	6,398,041	478,286

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2004

1. STATEMENT OF ACCOUNTING POLICIES

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.

The consolidated accounts have been prepared on the going concern basis of accounting, which assumes that the consolidated entity will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business.

The ability of the consolidated entity to continue as a going concern is dependent upon the Svartliden Gold Project proceeding through to development. The consolidated entity is also dependent upon the availability of adequate funding for existing commitments and ongoing business activities.

(a) Principles of Consolidation

The consolidated accounts comprise the accounts of Dragon Mining NL and all its controlled entities. A controlled entity is any entity controlled by Dragon Mining NL. Control exists where Dragon Mining NL has the ability to dominate the decision making in relation to the financial and operating policies of another entity, so that the other entity operates with Dragon Mining NL to achieve the objectives of Dragon Mining NL. A list of controlled entities is contained within Note 13 to the accounts.

All inter-company balances and transactions between entities in the consolidated entity including any unrealised profits or losses have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date of control ceased.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(c) Taxes

Income Tax

The consolidated entity adopts the liability method of tax effect accounting, whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account either as a provision for deferred income tax, or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits. The amount of benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

No provision is made for additional taxes which could become payable if certain reserves of foreign controlled entities were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable for the taxation n authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(d) Foreign Currency Transactions and Balances

Transactions

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable at balance date are converted at the rates of exchange ruling at that date. The gains or losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in operating profit before income tax as they arise.

The assets and liabilities of the foreign controlled entities which are self-sustaining are translated at year-end rates, and operating results are translated at a weighted average rate for the year. Gains and losses arising on translation are taken directly to the foreign currency reserve.

All overseas subsidiaries are currently deemed not self-sustaining and financial statements of integrated foreign operations are translated at reporting date using the temporal method and exchange differences are taken to net profit or loss for the period.

(e) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken as at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the date of acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

(f) Receivables

Receivables from related parties are recognised and carried forward at the nominal amount due. Where interest is charged, it is taken up as income on an accruals basis.

(g) Inventories

Raw materials and stores, work in progress and metal are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of plant and equipment is depreciated on a straight-line basis over their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use. Buildings are depreciated on a reducing balance basis according to their estimated useful lives to the consolidated entity commencing from the time the asset is held ready for use and properties held for investment purposes are not subject to a depreciation charge.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Percentage
Plant and Equipment	5-33%
Buildings	4-20%

(i) Joint Venture Operations

The consolidated entity's share of the assets, liabilities and expenses of joint venture operations are included in the appropriate items of the consolidated Statements of Financial Position and Performance. Details of the joint venture operations are shown in Note 27.

(j) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest and if necessary an appropriate provision is raised against the carrying amount.

Deferred Mining Costs

Costs relating to removal of waste from mines are carried forward to be charged against future production based on the waste to ore ratio over the remaining life of the mine. Where the total tonnes of waste mined during the year exceeds the life of mine waste to ore ratio, the excess waste removal cost is carried forward. Costs carried forward will be expensed when the actual tonnes of waste mined is less than the life of mine waste to ore ratio. The calculated waste to ore ratio and the remaining life of the mine are reassessed annually.

(k) Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for all listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amount.

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(l) Payables

These amounts represent unpaid liabilities for goods received by and services provided to the consolidated entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days.

(m) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event can be reliably measured and it is probable that an outflow of economic benefits will be required.

Employee Benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to balance date. These benefits include wages and salaries, annual leave and long service leave. Sick leave is non-vesting and has not been provided for. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which would be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs.

The contributions made to superannuation funds by entities within the consolidated entity are charged against profits when due. Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

Restoration and Rehabilitation Costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure, plant removal and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs.

(n) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, deposits at call and money market investments, which are readily convertible into cash.

(o) Interest – Bearing Liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(p) Derivative Financial Instruments

Hedging Contracts

Hedging is undertaken to avoid or minimise the risk of possible adverse financial or cash flow effects of movements in commodity prices or foreign exchange rates.

In order to reduce the risk of adverse movements in gold prices on the Svartliden Project, the policy is to specifically hedge between 50% and 75% of gold reserves. Furthermore, in order to reduce the risk of a mismatch of income and expenses, the Group has hedged the operating costs into the currency in which income is hedged.

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of the transaction and costs, premiums and discounts relative to the hedging transaction are deferred and included in the measurement of the purchase or sale. The unrealised gain or loss is determined by marking the transaction to market and recorded on the statement of financial position. Details are shown in Note 32. Gains and losses arising on the hedge transaction after that date are included in the Statement of Financial Performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains and losses that arise on the hedge prior to its termination, continue to be deferred and are included in the measurement of the purchase or sale when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, deferred gains and losses that arose on the hedge prior to its termination are included in the Statement of Financial Performance.

Gains or losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains or losses are recognised immediately in the Statement of Financial Performance.

(q) Earnings per Share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity, divided by the weighted average number of ordinary shares.

(r) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the Financial Statements

For the year ended 30 June 2004

2. REVENUE FROM ORDINARY ACTIVITIES

	Note	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Revenue from operating activities					
Gold sales		4,954,128	-	-	-
Proceeds from disposal of property, plant and equipment		86,202	-	-	-
Interest	3(b)	200,410	16,771	701,898	16,744
Other		99,750	13,820	-	332
		5,340,490	30,591	701,898	17,076

3. LOSS FROM ORDINARY ACTIVITIES

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Loss from ordinary activities is arrived at after:				
(a) Charging as an expense				
Cost of goods sold:				
Raw materials and consumables used	(3,472,829)	-	-	-
Depreciation:				
- Buildings	(34,885)	-	-	-
- Plant and equipment	(221,998)	-	-	-
Total cost of goods sold	(3,729,712)	-	-	-
Interest - other persons	(362,443)	(64,521)	(346,536)	(64,406)
Shares issued for a financing facility	(555,000)	-	(555,000)	-
Total borrowing costs	(917,443)	(64,521)	(901,536)	(64,406)
Depreciation of non-current assets				
- Depreciation charged to cost of goods sold	(256,883)	-	-	-
- property, plant and equipment	(356,590)	(8,064)	(4,268)	(3,456)
Total depreciation	(613,473)	(8,064)	(4,268)	(3,456)
(b) Crediting as income				
Interest revenue from:				
Other related parties				
- subsidiaries	-	-	551,854	-
- other persons	200,410	16,771	150,044	16,744
Total interest	200,410	16,771	701,898	16,744
(Losses)/gains				
- Net gain on disposal of property, plant and equipment	13,676	-	-	-
- Net foreign currency gains/(losses)	(423,799)	(8,215)	1,175,163	-
Total (losses)/gains	(410,123)	(8,215)	1,175,163	-

4. INCOME TAX

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Prima facie tax payable on operating loss before income tax calculated at 30% (2003: 30%)	(1,088,694)	(157,323)	(881,271)	(147,386)
Tax effect of permanent differences:				
Add:				
- provision for non-recoverability	-	-	721,121	574
- Effect of different rates on foreign income	37,502	-	-	-
- Exchange loss resulting from translating the foreign operations	474,084	-	-	-
- other non deductible expenses	18,650	2,198	17,438	2,198
	(558,458)	(155,125)	(142,712)	(144,614)
Less:				
Tax effect of:				
- tax benefits not brought to account	558,458	155,125	142,712	144,614
Income tax attributable to ordinary activities	-	-	-	-

Future benefits of tax losses at a tax rate of 30% total approximately $2,195,000 (2003: $1,400,000) (Consolidated) and $1,637,000 (2003: $1,073,000) (Parent). These benefits have not been brought to account. The Consolidated and Parent Entity has available capital losses at a tax rate of 30% amounting to $344,269 and $138,819 respectively.

The benefits will only be obtained by the companies if:

i) they continue to comply with the provisions of the Income Tax Legislation relating to the deduction of losses of prior years;
ii) they earn sufficient assessable income to enable the benefits of the deductions to be realised; and
iii) there are no changes in Income Tax Legislation adversely affecting the Company's ability to realise the benefits.

The Company is taxed as a public company.

Tax consolidation

Effective July 1 2003, for the purpose of income taxation, Dragon Mining NL and its 100% Australian owned subsidiaries formed a tax consolidation group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. The head entity of the tax consolidation group is Dragon Mining NL.

Based on our preliminary analysis we do not expect the result of formation of the tax consolidation group to cause any material impact.

5. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified directors and Specified Executives

(i) Specified directors

CT Ansell	Chairman
DJ Searle	Chief Executive Officer
HD Kennedy	Director (non-executive)
TT Järvinen	Director (non-executive) elected 22 December 2003
PL Munachen	Director (alternate) elected 15 December 2003
C Crabb	Director (alternate) deceased 21 November 2003
KM Phillips	Director (non-executive) resigned 20 May 2004

5. DIRECTOR AND EXECUTIVE DISCLOSURES (cont.)

(ii) Specified executives

I Hagar	President – Polar Mining Oy – appointed 1 November 2003
MJ Allen	Chief Financial Officer and Company Secretary – appointed 11 February 2004
N Edwards	Chief Geologist
B Marwood	Svartliden Project Manager
F Boman	General Manager – Dragon Mining (Sweden) AB – appointed 8 March 2004

(b) Remuneration of Specified Directors and Specified Executives.

(i) Remuneration Policy

Dragon Mining NL has a Remuneration Committee whose charter is to review and make recommendations to the Board on remuneration packages and policies applicable to senior executives and directors themselves. This role also includes responsibility for setting performance criteria, measurement of performance against this criteria, share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

Non-Executive Directors are remunerated having regard to the maximum aggregate amount of $150,000 which was fixed by shareholders at the 1997 Annual General Meeting. The only member of the Board who is an executive is the CEO.

Remuneration of directors and executives currently consists of payment of fees, salary or consulting fees and may include an equity based component. In the case of directors, shareholder approval is required for shares to be issued under the Employee Incentive Scheme.

(ii) Remuneration of Specified Directors and Specified Executives

			Primary		**Post Employment**	**Equity**	**Total**
		Salary & Fees	Cash Bonus	Leave Entitlements	Superannuation	Shares	
Specified Directors							
CT Ansell	2004	35,833	-	-	3,225	83,875	122,933
	2003	27,500	-	-	2,475	-	29,975
DJ Searle	2004	161,333	20,000	18,454	46,320	336,374	582,481
	2003	133,538	-	15,631	12,018	-	161,187
HD Kennedy	2004	11,000	-	-	-	42,084	53,084
	2003	9,000	-	-	-	-	9,000
TT Järvinen	2004	12,581	-	-	-	-	12,581
PL Munachen	2004	7,667	-	-	-	-	7,667
C Crabb	2004	4,000	10,000	-	-	43,318	57,318
	2003	9,000	-	-	-	-	9,000
KM Phillips	2004	20,000	-	-	-	84,628	104,628
	2003	18,000	-	-	-	-	18,000
Total Remuneration: Specified Directors							
	2004	252,414	30,000	18,454	49,545	590,279	940,692
	2003	197,038	-	15,631	14,493	-	227,162

5. DIRECTOR AND EXECUTIVE DISCLOSURES (cont.)

		Primary			Post Employment	Equity	Total
		Salary & Fees	Cash Bonus	Leave Entitlements	Superannuation	Shares	
Specified Executives							
I Haga	2004	116,381	-	1,411	-	-	117,792
F Boman	2004	36,906	-	4,798	12,890	-	54,594
MJ Allen	2004	49,096	-	5,164	4,419	-	58,679
B Marwood	2004	163,322	-	-	-	-	163,322
N Edwards	2004	91,824	25,000	25,733	10,514	-	153,071
	2003	75,472	-	17,234	6,792	-	99,499
Total Remuneration: Specified Executives							
	2004	457,529	25,000	37,106	27,823	-	547,458
	2003	75,472	-	17,234	6,792	-	99,498

The fair value of each partly paid share is estimated on the date of grant using the Black-Scholes pricing model with the following assumptions used for grants made:

Partly paid share price (market price at date of directors' proposal)	0.19
Share price on grant date (market price at date approved by shareholders)	0.24
Volatility	75%
Risk-free interest rate	5.82%

The expected life of the partly paid shares is based on five years from date of issue. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(c) Remuneration shares: Granted and vested during the year

During the financial year, partly paid shares were granted as equity compensation to certain specified directors and executives as disclosed below. The shares were issued at $0.001 each. Each share entitles the holder to a fully paid share upon payment of the balance outstanding which must be paid prior to expiry which is 5 years after allotment.

	Vested	Grant Date	Value per share at grant date	Exercise Price	Amount Payable	Partly Paid Amount	Expiry Date
CT Ansell	500,000	24 Nov. 2003	$0.17	$0.19	$0.19	$0.001	02 Dec. 2008
DJ Searle	2,000,000	24 Nov. 2003	$0.17	$0.19	$0.19	$0.001	17 Dec. 2008
HD Kennedy	250,000	24 Nov. 2003	$0.17	$0.19	$0.19	$0.001	22 Dec. 2008
C Crabb	250,000	24 Nov. 2003	$0.17	$0.19	$0.19	$0.001	18 Jun. 2009
KM Phillips	500,000	24 Nov. 2003	$0.17	$0.19	$0.19	$0.001	28 Jan. 2009

(d) Shares issued on exercise of remuneration shares

	Shares issued Number	Paid $ per share	Unpaid $ per share 30 June 2004
Specified Directors			
KM Phillips	330,000	$0.08	-
KM Phillips	500,000	$0.19	-
CT Ansell	200,000	$0.08	-
Total	1,030,000		-

5. DIRECTOR AND EXECUTIVE DISCLOSURES (cont.)

(e) Partly paid holdings of specified directors and executives

	Balance at beginning of period 1 July 2003	Granted as Remuneration	Partly paid shares fully paid	Balance at end of period 30 June 2004	Vested 30 June 2004
Specified Directors					
CT Ansell	200,000	500,000	(200,000)	500,000	500,000
DJ Searle	-	2,000,000	-	2,000,000	2,000,000
HD Kennedy	165,000	250,000	-	415,000	415,000
C Crabb	165,000	250,000	-	415,000	415,000
KM Phillips	330,000	500,000	(830,000)	-	-
Total	860,000	3,500,000	(1,030,000)	3,330,000	3,330,000

(f) Ordinary shareholdings of specified directors and executives

Shares held in Dragon Mining NL (number)	Balance 1 July 2003 Ordinary	Granted as Remuneration Ordinary	Convert Partly paid to Ordinary	Net Change Other Ordinary	Balance 30 June 2004 Ordinary
Specified Directors					
CT Ansell	1,374,484	-	200,000	(1,004,584)	569,900
DJ Searle	1,035,391	-	-	95,000	1,130,391
HD Kennedy	29,090,885	-	-	(1,595,634)	27,495,251
TT Järvinen	-	-	-	20,000,000 (i)	20,000,000
PL Munachen	-	-	-	-	-
C Crabb	370,000	-	-	-	370,000
KM Phillips	6,733,260	-	830,000	-	7,563,260
Specified Executives					
J Haga	-	-	-	-	-
F Boman	-	-	-	-	-
MJ Allen	-	-	-	-	-
B Marwood	-	-	-	442,007	442,007
N Edwards	-	-	-	-	-
Total	38,604,020	-	1,030,000	17,936,789	57,570,809

(i) Mr Järvinen is a director of Outokumpu which holds 20,000,000 shares in Dragon Mining NL.

The equity transactions with specified directors and specified executives other than those arising from remuneration shares have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

6. REMUNERATION OF AUDITORS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing accounts	21,285	13,671	21,285	13,671
- other services	6,019	-	6,019	-
	27,304	13,671	27,304	13,671
Remuneration of the auditors of the overseas subsidiaries				
- auditing or reviewing accounts	14,104	4,105		
- other services	15,907	-		
	30,011	4,105		
Total Remuneration of Auditors	57,315	17,776	27,304	13,671

7. EARNINGS PER SHARE

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Basic Earnings per Share	(0.014)	(0.003)	(0.011)	(0.003)
Diluted Earnings per Share	(0.014)	(0.003)	(0.011)	(0.003)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	255,772,330	192,399,732	255,772,330	192,399,732

8. CASH ASSETS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Cash on hand	500	500	500	500
Cash deposits with banks	10,517,701	513,813	6,397,541	477,786
	10,518,201	514,313	6,398,041	478,286

9. RECONCILIATION OF CASH

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
(a) Reconciliation of cash flows from operating loss after income tax				
Operating (Loss) after income tax	(3,636,733)	(519,307)	(2,937,571)	(491,285)
Non-cash flows in operating loss				
- Depreciation	613,473	8,064	4,268	3,456
- Exploration expenditure written off	1,131,328	16	361,942	-
- Net foreign currency losses/(gains)	423,799	-	(1,175,165)	-
Net (profit) on disposal of property, plant and equipment	(13,676)	-	-	-
- Investment written off	3,982	-	2,403,736	-
- Borrowing costs	555,000	-	555,000	-
- Movement outside equity interest	7,754	(5,103)	-	-
Changes in assets and liabilities net of the effects of purchase of subsidiaries				
Decrease/(increase) in receivables	4,766,129	(4,843)	(51,888)	(265)
- (Increase)/decrease in interest receivable	-	-	(564,542)	-
- Decrease in accrued income	56,813	-	-	-
- Increase in other debtors	(523,044)	-	-	-
- Increase in prepayments	(24,236)	(1,553)	(3,236)	(1,553)
- Decrease in inventories	912,656	-	-	-
- Increase in provisions	136,041	3,628	4,475	3,628
- Increase in trade creditors and accruals	456,124	7,697	178,355	(3,883)
Cash inflows/(outflows) from operations	4,865,410	(511,401)	(1,224,626)	(489,902)
(b) Financing facilities available				
At reporting date, the following financing facilities had been negotiated and were available:				
Total Facilities				
- Bank loans	22,645,213	-	4,886,185	-
Facilities used at reporting date				
- Bank loans	16,939,955	-	4,886,185	-
Facilities unused at reporting date				
- Bank loans	5,705,258	-	-	-

9. RECONCILIATION OF CASH (cont.)

(c) 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. 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 components of the acquisition cost were:

Consideration	**$**
- Cash paid	10,349,373
- Shares issued	9,200,000
Initial Consideration	19,549,373

Net assets acquired	**$**
- Cash	4,138
- Trade receivables	5,448,066
- Inventories	1,144,878
- Accrued income	339,034
- Other receivables	31,233
- Exploration asset	12,262,000
- Property, plant and equipment	3,915,599
- Investments	65,993
	23,210,941
- Accounts payable	(388,532)
- Accrued expenses	(2,300,846)
- Rehabilitation reserve	(972,190)
Fair value of net assets acquired	19,549,373

Net cash effect	
Cash consideration paid	10,349,373
Cash assets acquired	(4,138)
Cash paid for purchase of controlled entity as reflected in the consolidated statement of cash flows	10,345,235

10. RECEIVABLES

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Current				
Other debtors	1,009,392	5,218	52,166	277
Total current receivables	1,009,392	5,218	52,166	277
Non-Current				
Amounts receivable from:				
- controlled entities	-	-	25,653,802	5,145,363
- provision for doubtful debts	-	-	(5,110,030)	(5,112,575)
Total non-current receivables	-	-	20,543,772	32,788

Notes to the Financial Statements

For the year ended 30 June 2004

11. INVENTORIES

	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Current				
Spare parts	232,222	-	-	-
Total Inventories	232,222	-	-	-

12. OTHER FINANCIAL ASSETS

	Notes	Consolidated Entity 2004 $	Consolidated Entity 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Non-Current					
Investments comprise:					
Shares					
- unlisted		28,556	-	-	-
Shares in subsidiaries	13				
- unlisted		-	-	15,536,851	10,958,853
- provisions for writedown		-	-	(7,500,763)	(5,097,027)
		28,556	-	8,036,088	5,861,826

13. INVESTMENTS IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2004 %	Equity Holding 2003 %	Cost of Parent Entity's Investment 2004 $	Cost of Parent Entity's Investment 2003 $
Dragon Resources Limited	Australia	Ord	100	100	5,097,027	5,097,027
Less: Provision for diminution in value					(5,097,027)	(5,097,027)
					-	-
Pyrosmelt NL	Australia	Ord	100	100	-	-
Firegold NL	Australia	Ord	100	100	301	301
Dragon Mining (Ontario) Inc	Canada	Ord	100	100	3,017,838	3,017,838
Dragon Mining (Sweden) AB (formerly Svartliden Guld AB)	Sweden	Ord	80	80	2,843,687	2,843,687
Viking Gold & Prospecting AB	Sweden	Ord	100	100	-	-
Polar Mining Oy	Finland	Ord	100	-	4,577,998	-
Less: Provision for diminution in value					(2,403,736)	-
					2,174,262	-
Kivijärvi	Russia	Ord	84.98	-	-	-
Escanor Oy	Finland	Ord	100	-	-	-
					8,036,088	5,861,826

Notes to the Financial Statements

For the year ended 30 June 2004

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Land				
At cost	915,071	33,533	33,533	33,533
Total land	915,071	33,533	33,533	33,533
Buildings				
At cost	926,818	-	-	-
Less accumulated depreciation	(34,885)	-	-	-
Total buildings	891,933	-	-	-
Plant and equipment				
At cost	2,661,841	43,105	57,319	39,031
Less accumulated depreciation	(601,171)	(33,019)	(36,103)	(31,835)
Total plant and equipment	2,060,670	10,086	21,216	7,196
Total property, plant and equipment	3,867,674	43,619	54,749	40,729
Reconciliations				
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year.				
Land				
Carrying amount at beginning	33,533	33,533	33,533	33,533
Acquisition through entity acquired	434,702	-	-	-
Additions	446,836	-	-	-
Carrying amount at end of year	915,071	33,533	33,533	33,533
Buildings				
Carrying amount at beginning	-	-	-	-
Acquisition through entity acquired	926,818	-	-	-
Depreciation included within cost of goods sold	(34,885)	-	-	-
Carrying amount at end of year	891,933	-	-	-
Plant and equipment				
Carrying amount at beginning of year	10,086	8,515	7,196	5,217
Acquisition through entity acquired	2,554,079	-	-	-
Additions	147,618	9,635	18,288	5,435
Disposals	(72,525)	-	-	-
Depreciation	(356,590)	(8,064)	(4,268)	(3,456)
Depreciation included within cost of goods sold	(221,998)	-	-	-
Carrying amount at end of year	2,060,670	10,086	21,216	7,196

15. MINERAL EXPLORATION AND DEVELOPMENT COSTS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Exploration and evaluation				
Exploration expenditure – costs carried forward in respect of areas of interest				
Balance at beginning of financial period	8,246,780	7,568,655	6,001,394	5,262,794
Current year expenditure	4,380,174	836,952	1,079	738,600
Acquisition of Polar Mining Oy	12,262,000	-	-	-
Exploration costs transferred to subsidiary	-	-	(1,097,872)	-
Exploration costs transferred to development	(7,519,645)	-	(4,542,659)	-
	17,369,309	8,405,607	361,942	6,001,394
Government grant	-	(158,811)	-	-
Expenditure write off	(1,131,328)	(16)	(361,942)	-
Total exploration expenditure	16,237,981	8,246,780	-	6,001,394
Development				
Exploration costs transferred from exploration and evaluation	7,519,645	-	4,542,659	-
Current year expenditure	13,042,854	-	-	-
Total development expenditure	20,562,499	-	4,542,659	-
Total mineral exploration and development costs	36,800,480	8,246,780	4,542,659	6,001,394

The above development costs include $73,078 of interest charges.

16. OTHER ASSETS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Current				
Prepayments	58,844	33,677	36,913	33,677
Government Security	59,462	-	-	-
Deferred FX Receivable – foreign currency hedges	734,727	-	-	-
	853,033	33,677	36,913	33,677
Non-Current				
Government Security	466,105	-	-	-
Deferred FX Receivable – foreign currency hedges	1,872,387	-	-	-
	2,338,492	-	-	-

17. PAYABLES

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Current				
Liabilities:				
Trade creditors and accruals	4,191,046	172,856	251,302	72,946
Loans from subsidiaries	-	-	3,678,829	3,679,829
Total current payables	4,191,046	172,856	3,930,131	3,752,775
Non-Current				
Accruals	178,385	-	-	-
Total current and non-current payables	4,369,431	172,856	3,930,131	3,752,775

18. INTEREST BEARING LIABILITIES

	Note	Consolidated Entity		Parent Entity	
		2004	2003	2004	2003
		$	$	$	$
Current					
Bank loan (i)	31	4,886,185	-	4,886,185	-
Bank loan (ii)	31	9,959,393	-	-	-
		14,845,578	-	4,886,185	-
Non-Current					
Bank loan (ii)	31	2,041,778	1,000,000	-	1,000,000
Total current and non-current liabilities		16,887,356	1,000,000	4,886,185	1,000,000

(i) This loan is secured by a first ranking fixed and floating charge over all the assets and undertakings of Polar including mortgages over key tenements together with a share mortgage over Dragon's shares in Polar, a Guarantee and Indemnity granted by Polar in favour of Macquarie Bank in support of the Facility.

This loan is due for repayment within the next 12 months however Macquarie Bank may under an option agreement, chose to convert their options in payment of the loan or alternatively, the company may choose to roll the loan over for a further 12 months.

(ii) This refers to a loan facility for US$12.25 million of which US$ 8,314,570 was drawn at 30 June 2004. This loan is secured by a first ranking fixed and floating charge over all the assets and undertakings each of Dragon Mining NL, Dragon Mining (Sweden) AB (formerly Svartliden Guld AB) and Svartliden Gold Project assets together with a registered first ranking mortgage over the Svartliden Gold Project Exploitation Concessions and any other material tenements. Further, there is a secured guarantee from Dragon, including a first ranking share mortgage over Dragon's shares in Dragon Mining (Sweden) AB, a fixed charge over the Proceed and the Gold Account.

This loan is due for repayment in monthly instalments and is to be repaid on full on or before 31 January 2006.

Notes to the Financial Statements

For the year ended 30 June 2004

19. PROVISIONS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Current				
Employee entitlements	442,919	28,007	19,092	28,007
Non-Current				
Employee entitlements	30,981	17,591	30,981	17,591
Rehabilitation	1,229,110	-	-	-
Total non-current provisions	1,260,091	17,591	30,981	17,591
Number of employees at balance date	53	3	5	3

20. OTHER LIABILITIES

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Current				
Unrealised FX gain – foreign currency hedges	734,727	-	-	-
Total current liabilities	734,727	-	-	-
Non-Current				
Unrealised FX gain – foreign currency hedges	1,872,387	-	-	-
Total non-current liability	1,872,387	-	-	-

21. CONTRIBUTED EQUITY

	Parent Entity		Parent Entity	
	2004	2003	2004	2003
Share Capital	Number of Shares		$	$
Ordinary shares, fully paid	312,460,131	201,652,353	45,328,153	19,245,057
Employee Incentive shares	3,455,000	910,000	626,256	73,463
Less: uncalled capital			(622,995)	(72,072)
			3,261	1,391
			45,331,414	19,246,448

21. CONTRIBUTED EQUITY (cont.)

Parent Entity

	2004 $	2003 $
(a) Ordinary Shares Movements during the year		
Balance at beginning of year	19,245,057	17,875,678
Shares issued		
- Nil (2003:14,996,335) for cash pursuant to prospectus	-	929,773
- Transaction costs arising from issue for cash pursuant to prospectus	-	(56,194)
- 66,777,778 issued at $0.253 per share (2003: 6,700,000) for cash pursuant to placement	16,895,000	495,800
- Transaction costs arising from issue for cash pursuant to placement	(705,275)	-
- 40,000,000 issued at $0.23 per share (2003: Nil) purchase of Polar Mining Oy	9,200,000	-
- 3,000,000 issued at $0.18 per share (2003: Nil) Facility Fees for Macquarie Bank	555,000	-
- 1,030,000 issued at $0.133 per share (2003: Nil) Transferred from partly paid shares	137,400	-
- Transferred from partly paid shares upon expiry	971	-
	45,328,153	19,245,057
(b) Employee Incentive Scheme Shares		
Balance at beginning of year	1,391	1,391
Partly paid employee shares 3,500,000		
- Ordinary shares partly paid to $0.001 per share (uncalled capital of $0.189 per share)	3,500	-
Partly paid employee shares 75,000		
- Ordinary shares partly paid to $0.001 per share (uncalled capital of $0.399 per share)	75	-
Transferred 1,030,000 partly paid shares to ordinary share capital upon full payment 1,030,000	(734)	-
Partly paid shares expired transferred to ordinary share capital	(971)	-
	3,261	1,391
	45,331,414	19,246,448
(c) Options		
Options to subscribe for ordinary shares at an exercise price of $0.09 per share expiring on 20 May 2006	11,111,111	11,111,111
Options to subscribe for ordinary shares at an exercise price of $0.20 per share expiring on 4 November 2007	21,250,000	-

Notes to the Financial Statements

For the year ended 30 June 2004

22. ACCUMULATED LOSSES

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Accumulated Losses				
Accumulated losses at the beginning of the financial year	(11,616,192)	(11,096,885)	(11,595,844)	(11,104,559)
Loss attributable to members	(3,636,733)	(519,307)	(2,937,571)	(491,285)
Accumulated losses at end of the financial year	(15,252,925)	(11,616,192)	(14,533,415)	(11,595,844)

23. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES

	2004	2003
	$	$
Outside Equity Interest comprises:		
- Share Capital	4,074	4,074
- Retained (Losses)	(9,177)	(4,074)
- Current Gain/(Loss) for the year	7,753	(5,103)
	2,650	(5,103)

24. EQUITY

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Total equity at the beginning of the financial year	7,625,153	6,780,184	7,650,604	6,772,510
Total changes in equity recognised in the Statement of Financial Performance	(3,636,733)	(519,307)	(2,937,571)	(491,285)
Contributions of equity	26,084,966	1,369,379	26,084,966	1,369,379
Changes in minority interests and reserves	7,753	(5,103)	-	-
Total equity at the end of the financial year	30,081,139	7,625,153	30,797,999	7,650,604

25. RELATED PARTY TRANSACTIONS

Director Related Transactions

The names of persons who were directors of Dragon Mining NL at any time during the financial year are:

CT Ansell
DJ Searle
HD Kennedy
KM Phillips
TT Järvinen
PL Munachen (alternate for HD Kennedy)
C Crabb

(a) Rockfield Investments Ltd, a company over which Mr HD Kennedy exerts a substantial influence, received consulting fees amounting to $11,000 (2003 $9,000).

(b) Ordville Nominees Pty Ltd, a company in which Mr HD Kennedy has an interest, rents office premises to the Company. The rental amounted to $30,000 (2003: $30,000)

(c) P Searle, brother of Dr DJ Searle, for provision of photography services for use in annual report $3,898 (2003: $nil).

Notes to the Financial Statements

25. RELATED PARTY TRANSACTIONS (cont.)

(d) The Company has effected Directors and Officers Legal Insurance.

(e) The Company has an agreement with Sub-Sahara Resources, an associate company of Rockfield Investments Ltd, whereby Sub-Sahara Resources can potentially acquire up to 70% of Dragon's 66.66% interest in the Zara Gold Project in Eritrea.

(f) The Company has borrowed $4.8 million and also has a US$12.25 million finance facility with Macquarie Bank Limited (MBL) under normal commercial terms and conditions. MBL is a substantial shareholder of the Company

Wholly Owned Group

Loan funds were lent by Dragon Mining NL to Dragon Resources Ltd, Firegold NL, Viking Gold & Prospecting AB, Dragon Mining (Sweden) AB (80% owned) and Dragon Mining (Ontario) Inc to fund exploration activities. Ownership interests in these controlled entities are set out in Note 13.

No interest is charged on the loans to Dragon Resources Ltd or Firegold NL and a provision for non-recoverability of these loans has been raised as it is believed these loans will not be recovered.

Interest is charged at 2.5% on the Dragon Mining (Sweden) AB loan giving rise to $19,144 interest during 2004.

Interest is charged at 5% on the Euro 5.1 million loan to Polar Mining Oy, payable on first written demand of the Lender. Interest of $532,710 has arisen as a result of this loan.

Interest is charged at 7% on the Euro 5 million Capital Loan to Polar mining Oy which is repayable on 31 October 2010. The interest is not brought to account due to legal restrictions over the payment of interest to holding companies under Finnish Law.

A summary of the inter-entity loan accounts between Dragon Mining NL and its controlled entities is disclosed in Note 10.

26. SEGMENT REPORTING

	Australia 2004 $	Sweden 2004 $	Finland 2004 $	Eritrea 2004 $	Total 2004 $
Revenue					
Sales	-	-	4,954,128	-	4,954,128
Other revenue	154,589	105,710	126,063	-	386,362
Total revenue	154,589	105,710	5,080,191	-	5,340,490
Loss before income tax	(881,160)	(661,386)	(1,871,026)	(215,408)	(3,628,980)
Assets	6,863,564	26,141,920	22,642,566	-	55,648,050
Liabilities	5,187,468	18,231,393	2,148,050	-	25,566,911
Other					
Acquisition of non-current segment assets	19,367	13,738,767	20,436,947	-	34,195,081
Depreciation of segment assets	4,268	2,774	606,431	-	613,473
Other non-cash segment assets	926,621	-	763,689	-	1,690,310

26. SEGMENT REPORTING (cont.)

	Australia 2003 $	Sweden 2003 $	Finland 2003 $	Eritrea 2003 $	Total 2003 $
Revenue					
Sales	-	-	-	-	-
Other revenue	17,076	13,515	-	-	30,591
Total revenue	17,076	13,515	-	-	30,591
Loss before income tax	(492,089)	(32,321)	-	-	(524,410)
Assets	1,569,031	7,059,168	-	215,408	8,843,607
Liabilities	1,118,453	100,001	-	-	1,218,454
Other					
Acquisition of non-current segment assets	5,435	4,200	-	-	9,635
Depreciation of segment assets	3,456	4,608	-	-	8,064
Other non-cash segment assets	3,645	-	-	-	3,645

27. JOINT VENTURES

The Consolidated Entity has interests in two unincorporated joint ventures. The joint ventures are not separate legal entities. They are contractual arrangements where participants are earning an interest in a project by expenditure on that project, or share the cost in proportion to the interests in a project.

Weld Range/Range Well (Nickel, Platinum Group and Chrome)

Minara Resources Ltd holds a 75% interest in the Weld Range Project together with Sons of Gwalia (16.25%) and Dragon Resources Ltd (8.75%). Minara will carry all the project costs until the completion of a feasibility study. Platinum Group Metal (PGM) rights on the same Weld Range tenements are retained by Sons of Gwalia (65%) and Dragon (35%). In addition, Dragon Resources retains a 25% interest and Minara Resources 75% in all mineral rights to a depth of 20 metres on Mining Lease M51/546 within the Weld Range Project Area.

Zara (Gold)

Dragon Mining NL has a 66.66% interest in a gold exploration project at Zara in Eritrea with Africa Wide Resources Limited holding the balance. Costs are shared in proportion to each party's interest in the project. Dragon Mining NL's carrying cost at 30 June 2004 is $nil (2003 $215,408). A director, Mr Kennedy has an interest in Africa Wide Resources Limited.

In February 2003 Dragon reached an agreement with Sub-Sahara Resources (SBS) whereby SBS can potentially acquire up to 70% of Dragon's 66.66% interest in the Zara Project.

Mr Kennedy is a director of Sub-Sahara Resources and is also associated with Sub-Sahara's substantial shareholder, Rockfield Investments Ltd.

28. EXPENDITURE COMMITMENTS

(a) Exploration commitments

In order to maintain the exploration, prospecting and mining tenements in which the Consolidated Entity and other parties are involved, all parties are committed to meet the conditions under which permits were granted, and also meet commitments under option agreements entered into by the Consolidated Entity. If the Consolidated Entity continues to hold these tenements and on the current contractual basis no further joint venture arrangements are entered into, the minimum expenditure requirements are detailed below. The tenements are subject to renewal each twelve months, subject to the expenditure requirements being satisfied.

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Within one year	225,032	122,628	-	-
One year or later and no later than five years	340,053	490,510	-	-
	565,085	613,138	-	-

(b) Development commitments

Estimated development expenditure contracted for at balance date, but not provided for:				
Within one year	4,062,273	-	-	-

(c) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:				
Within one year	125,881	-	-	-
One year or later and no later than five years	197,347	-	-	-
	323,228	-	-	-

(d) Hedge commitments

Gold forwards

Under the terms of Dragon's gold forward hedge agreement, the company is obligated to deliver 150,000 ounces of gold into hedge contracts at a price of US$400 per ounce, (refer to note 32).

Foreign exchange forwards

Under the terms of Dragon's foreign exchange forward hedge agreement, the company is obligated to deliver US$38,600,000 to receive SEK 304,947,720, (refer to note 32).

29. CONTINGENT LIABILITIES

The 80% subsidiary, Dragon Mining (Sweden) AB, has entered into a fixed price turnkey contract with a construction company for the Svartliden plant. A claim for US$2.2 million has been received on top of the fixed price. Of this amount US$387,000 is estimated to be payable and has been provided for in the Statement of Financial Position. In the opinion of the directors no further amount is payable under the contract.

30. EMPLOYEE BENEFITS COMMITMENTS

	Consolidated Entity		Parent Entity	
	2004	2003	2004	2003
	$	$	$	$
Employee Benefits				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	29,360	12,914	29,360	12,914
Provisions (current)	442,919	28,007	19,092	28,007
Provisions (non-current)	30,981	17,591	30,981	17,591
	503,260	58,512	79,433	58,512

Employee Share Incentive Scheme

An employee share scheme has been established where Dragon Mining NL may, at the discretion of directors, grant partly paid ordinary shares of Dragon Mining NL to directors, executives, and certain members of staff of the consolidated entity. The shares, issued at least at the market rate on date of grant, require $0.001 to be paid with the remainder to be paid within five years. The partly paid shares cannot be transferred and are not quoted on the ASX. There are currently 4 directors and 53 staff eligible for this scheme.

Information with respect to the number of shares issued under the employee share incentive scheme is as follows:

	2004		2003	
	Number of partly paid shares	Weighted Average price	Number of partly paid shares	Weighted Average price
Balance at beginning of year	910,000	0.08	910,000	0.08
- granted	3,500,000	0.19	-	-
- granted	75,000	0.40	-	-
- converted to fully paid shares	(1,030,000)	0.13	-	-
Balance at end of year	3,455,000	0.19	910,000	0.08

31. FINANCIAL INSTRUMENTS

a) Terms, Conditions and Accounting Policies

The Company's accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instrument	Accounting Policies	Terms and Conditions
Financial Assets		
- Receivables	Receivables are carried at original amounts due, less any provision for doubtful debts and recognised when collection of the full original amounts is no longer probable.	Debtors are on 30-day terms.
- Unlisted shares	Unlisted shares are carried at the lower of cost or recoverable amount.	
Financial Liabilities		
- Accounts Payable	Liabilities are recognised for the amounts to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.	Trade liabilities are nominally settled on 30-day terms.
- Bank Loans	Bank Loans recognise the amount repayable upon maturity.	(i) $4,886,185 payable on 29 April 2005; (ii) $12,001,171(US$8,314,570) payable in instalments by 31 Jan 2006.
Equity		
- Ordinary shares	Ordinary share capital is recognised at the paid up value less costs.	Refer Note 21

b) Net Fair Values

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Recognised Financial instruments

Cash:	The carrying amount approximates fair value because of their short term to maturity. The average interest rate during the year was 3.84%.
Bank Loans:	The average interest rate on loan note 18 (i) during the year was 7.21%. The average interest rate on loan note 18 (ii) during the year was 2.51% The carrying amount approximates fair value because of their short term to maturity.
Trade receivables and payables	The carrying amount approximates fair value.
Unlisted shares:	A reasonable estimate of the fair value is calculated on the underlying net asset base of the investment.

31. FINANCIAL INSTRUMENTS (cont.)

c) Aggregate Net Fair Value and Carrying Amounts of Financial Assets and Financial Liabilities at Balance Date:

	Carrying Amount 2004 $	Net Fair Value 2004 $	Carrying Amount 2003 $	Net Fair Value 2003 $
Financial Assets				
Cash	10,518,201	10,518,201	514,313	514,313
Accounts Receivable	1,009,392	1,009,392	5,218	5,218
Other assets	525,567	525,567	-	-
Investments	28,556	28,556	-	-
	12,081,716	12,081,716	519,531	519,531
Financial Liabilities				
Accounts Payable	4,369,431	4,369,431	172,856	172,856
Bank loan	16,887,356	16,887,356	1,000,000	1,000,000
	21,256,787	21,256,787	1,172,856	1,172,856
Net Financial Liabilities	(9,175,071)	(9,175,071)	(653,325)	(653,325)

Reconciliation of Net Financial (Liabilities) Assets to Net Assets

	2004 $	2003 $
Net Financial (Liabilities) Assets	(9,175,071)	(653,325)
Inventories	232,222	-
Other assets	2,665,958	-
Fixed assets	3,867,674	43,619
Capitalised exploration, evaluation and development expenditure	36,800,480	8,246,780
Provisions	(1,703,010)	(45,598)
Other liabilities	(2,607,114)	-
Net Assets	30,081,139	7,625,153

d) Credit risk

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted. The credit risk on financial assets of the Consolidated Entity which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts. There is a credit risk relating to cash as a floating interest rate asset as interest varies depending on bank rates.

e) Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate of its financial assets and liabilities is set out below:-

Cash:	All cash assets are repriced within a year and have floating interest rates. The average interest rate during the year was 3.84%.
Bank Loans:	All loans are repriced within a year and have floating interest rates. The average interest rate on loan in note 18(i) during the year was 7.21%. The average interest rate on loan in note 18(ii) during the year was 2.51%
Other financial assets and liabilities:	Non-interest bearing.

31. FINANCIAL INSTRUMENTS (cont.)

f) Foreign exchange risk

The consolidated entity enters into forward foreign exchange contracts to hedge a proportion of anticipated purchases and expenses denominated in a foreign currency - Swedish Krona against its anticipated sales denominated in US dollars (refer to note 32(a)).

g) Commodity price risk

The consolidated entity enters into forward gold agreements to hedge a proportion of anticipated sales of gold (refer to note 32(b)).

32. 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

Dragon entered into a forward foreign exchange contract designed as a hedge of the operating costs of the Svartliden Gold Project through the purchase of SEK through selling USD.

This hedge has been treated as a specific hedge, in accordance with UIG 33, as the approximate value of the purchase and the entities with which the transactions will be entered is presently known. The terms of the hedge agreements are shown in the tables outlined below.

	30 June 2004		
	Forward Exchange Rate	Sell US$'000	Buy SEK'000
3 months or less	7.9002	1,700	13,430
Over 3 months to 12 months	7.9002	8,700	68,732
Over 12 months to 24 months	7.9002	9,200	72,682
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	4,600	36,341
	7.9002	38,600	304,947

	30 June 2003		
	Forward Exchange Rate	Sell US$'000	Buy SEK'000
Present to 60 months	-	-	-

The following tables summarise 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.

	30 June 2004	
	Gain/(Losses) US$	Gain/(Losses) AU$
3 months or less	84,227	121,155
Over 3 months to 12 months	426,556	613,572
Over 12 months to 24 months	443,026	637,262
Over 24 months to 36 months	327,661	471,317
Over 36 months to 48 months	333,451	479,646
Over 48 months to 60 months	197,550	284,162
	1,812,471	2,607,114

32. HEDGING INSTRUMENTS (cont.)

	30 June 2003 Gain/(Losses) US$	Gain/(Losses) AU$
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 US dollar sales above based on a mark to market are recognised in the Statement of Financial Position in accordance with AASB 1012.

At 30 June 2004, the unrealised gain on currency sales amounted to AUD$2.6 million. The exchange rate at that date was USD/SEK 7.5156.

(b) Gold Forwards

Dragon entered into a forward exchange contract designed as a hedge of anticipated future receipts from sales of 150,000 ounces of gold on a flat forward structure with deliveries commencing one quarter after first gold pour from the Svartliden Gold Project until 31 December 2008.

This hedge has been treated as a specific hedge, in accordance with UIG 33, as the approximate value of the purchase and the entities with which the transactions will be entered is presently known. The bank providing the hedge has no right to terminate the hedging agreement and close the hedge book as a result of accumulated unrealised losses on that hedge book. The details of the hedge agreements are shown in the tables outlined above.

	30 June 2004 Volume Ounces	Forward Price US$	30 June 2003 Volume Ounces	Forward Price US$
3 months or less	6,717	400.00	-	-
Over 3 months to 12 months	33,751	400.00	-	-
Over 12 months to 24 months	35,651	400.00	-	-
Over 24 months to 36 months	26,816	400.00	-	-
Over 36 months to 48 months	29,091	400.00	-	-
Over 48 months to 60 months	17,974	400.00	-	-
	150,000	400.00	-	-

The number of ounces sold forward represents 52% of current reserves.

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 recognized as income or expense:

32. HEDGING INSTRUMENTS (cont.)

	30 June 2004 Gain/(Losses) US$	30 June 2004 Gain/(Losses) AU$
3 months or less	29,015	41,736
Over 3 months to 12 months	212,402	305,525
Over 12 months to 24 months	(333,948)	(480,362)
Over 24 months to 36 months	(712,797)	(1,025,309)
Over 36 months to 48 months	(1,150,529)	(1,654,956)
Over 48 months to 60 months	(861,994)	(1,239,919)
	(2,817,851)	(4,053,285)

	30 June 2003 Gains/(Losses) US$	30 June 2003 Gains/(Losses) US$
Present to 60 months	-	-

The unrealised gains or losses on forward gold sales above based on a mark to market are not recognised in the Statement of Financial Position.

At 30 June 2004, the unrealised loss on gold forward sales amounted to AUD$4.053 million. The gold price on that date was US$394/ounce.

33. SIGNIFICANT EVENTS AFTER YEAR END

As at the date of this report, there were no significant events to report.

34. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

The company has allocated internal resources and in conjunction with its auditors is assessing those accounting policies and key areas that are likely to be impacted by the transition to International Financial Reporting Standards (IFRS). As the company has a 30 June year end, priority has been given to the consideration of the impact of the Australian equivalents to the IFRS and the preparation of a balance sheet in accordance with those Australian equivalent standards as at 30 June 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant report for the year ended 30 June 2006. As required by AASB 1047, the key accounting policies which will change and may have an impact on the financial report of the company are set out below.

Exploration and evaluation expenditure

The IFRS standard on Exploration and Evaluation of Mineral Resources will not be issued until late 2004.

The impacts of changes from Dragon's existing accounting policy (which is in accordance with AASB 1022 "Accounting for Extractive Industries") are not yet determinable.

In terms of the exposure draft issued by the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB) on exploration and evaluation expenditure, entities are permitted to continue their previous accounting policies but all exploration and evaluation expenditure would be subject to an annual impairment test. Under the impairment test, exploration and evaluation expenditure would be carried at recoverable value which will be determined at the higher of fair value less costs to sell, and value in use. The likely impact is that exploration and evaluation expenditure will not meet the recoverable value test and will need to be written off in the year incurred.

Taxation

Under the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognises deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position and performance other than the asset relating to tax losses being recognised on the balance sheet.

34. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (cont.)

Financial Instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the statement of financial performance;
- Held to maturity investments measured at amortised cost, subject to impairment;
- Loans and receivables measured at amortised cost, subject to impairment;
- Available for sale assets measured at fair value with changes in fair value measured directly in equity; and
- Financial liability measured at amortised cost.

This will result in a change in the current accounting policy that does not classify financial instruments.

Share based payments

The company currently does not recognise an expense for shares issued to directors and staff. Under AASB 2 "Share Based Payments", the company will be required to recognise and expense all share based remuneration and will amortise those expenses over the relevant vesting period.

Impairment of assets

Under the Australian equivalent to IAS 36, "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the company's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater.

Independent Audit Report

TO THE MEMBERS OF DRAGON MINING NL

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash-flows, accompanying notes to the financial statements, and the director's declaration for Dragon Mining NL (the Company) and the consolidated entity for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Dragon Mining NL is in accordance with:

a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

STANTON PARTNERS

J P Van Dieren
Partner

Perth, Western Australia
15 September 2004

Additional Information

Additional information required by the Australian Stock Exchange and not shown elsewhere in this Report is as follows. The information is made up to 27 September 2004.

Statement of Listed Shareholding

The distribution of ordinary fully paid shares in the Company is as follows:

Spread of Holdings	Number of Holdings	Number of Units	Number of Total Issue Capital %
1 - 1,000	86	22,412	0.01
1,001 - 5,000	376	1,274,177	0.40
5,001 - 10,000	442	3,804,516	1.22
10,001 - 100,000	1,014	33,292,416	10.66
100,001 & over	147	273,912,670	87.71
	2,065	**312,306,191**	**100.00**

The number of shareholders holding less than a marketable parcel is 104.

Top 20 Shareholders of Ordinary Shares at 27 September 2004

	Shares	% Shares Issued
National Nominees Limited	44,954,454	14.39
ANZ Nominees Limited	40,362,308	12.92
Citicorp Nominees Pty Limited	26,688,182	8.54
Citicorp Nominees Pty Limited (CFS W/Sale GBL Res Fund Account)	26,096,631	8.36
Macquarie Bank Limited	24,984,941	8.00
AMP Life Limited	18,111,302	5.80
Citicorp Nominees Pty Limited (CFS Developing Companies Account)	14,700,000	4.70
Westpac Custodian Nominees Limited	11,150,289	3.57
Cogent Nominees Pty Limited	7,486,043	2.40
JP Morgan Nominees Australia Limited	6,107,935	1.96
Tecoma Holdings Limited	5,390,789	1.73
Elise Nominees Pty Limited	3,239,674	1.04
Henry David Kennedy (Kennedy Super Fund)	3,116,000	1.00
Citicorp Nominees Pty Limited (CFSIL CFS WS Small Companies Account)	1,975,906	0.63
John Lees Needham	1,808,334	0.58
Earthsciences Pty Ltd (Dr DJ Searle Super Fund)	1,035,391	0.34
David Christopher Roberts	1,015,000	0.33
Geok Khim Goh	1,000,000	0.32
Anthony Lawler	923,896	0.29
Kenneth MacDonald Phillips	830,000	0.26
	239,489,467	**77.16**

The proportion of shares held by the 20 largest shareholders in the Company is **77.16%**

Voting Rights

All ordinary shares carry one vote per share without restriction.

Additional Information (cont.)

Shareholders of Employee Incentive Scheme Shares

	Contributing Shares	% of Contributing Shares Issued
Earthsciences Pty Ltd (Dr DJ Searle Super Fund)	2,000,000	66.89
CT Ansell	500,000	16.72
HD Kennedy	415,000	13.88
G Stenvall	75,000	2.51

The Employee Incentive Scheme shares have been called to $0.001 per share.

Voting Rights

The Employee Incentive Scheme shares carry votes determined by dividing the total amount paid on the Share by the total amounts paid and payable.

Option Holders

Macquarie bank Limited Entitle the holder to subscribe for ordinary shares at an exercise price of $0.09 per share expiring on 20 May 2006.	11,111,111	100%
Macquarie bank Limited Entitle the holder to subscribe for ordinary shares at an exercise price of $0.20 per share expiring on 4 November 2007.	21,250,000	100%

Substantial Shareholders

The substantial shareholders pursuant to the provisions of the Corporations Act are as follows:

Name	Number of Shares
Commonwealth Bank of Australia and its subsidiaries	44,417,697
Rockfield Investments Limited and its subsidiaries including Tecoma Holdings Limited and associates	27,495,251
Macquarie Bank Limited	24,984,941
AMP Limited and its related bodies corporate	22,661,597
Outokumpu Oyj	20,000,000

Tenement Schedule

GROUP INTERESTS IN MINING TENEMENTS AND PROJECTS HELD AT 27th SEPTEMBER 2004

TENEMENT		TYPE	INTEREST	COMMODITY
SWEDEN				
Svartliden Project – Skellefte District				
Svartlidengruvan K nr 1		Exploitation Concession	80%	Gold
Tallberget		Exploration Permit	80%	Gold
Pauträsk nr 1		Exploration Permit	80%	Gold
Pauträsk nr 2		Exploration Permit	80%	Gold
Risträsk nr 1		Exploration Permit	100%	Gold
Bredberget nr 1		Exploration Permit	100%	Gold
FINLAND				
Hanhimaa Project – Central Lapland Region				
200371	Rautu 1-2	Claim Reservation	100%	Gold
2004114	Hamvar 1-35	Claim Reservation	100%	Gold
2004114	Hamvar 36-70	Claim Reservation	100%	Gold
7632/1	Jaukkaraseikä 1	Claim	100%	Gold
7632/2	Jaukkaraseikä 2	Claim	100%	Gold
7632/3	Jaukkaraseikä 3	Claim	100%	Gold
7632/4	Kielisenmaa	Claim	100%	Gold
7647/1	Kelio 1	Claim	100%	Gold
7647/2	Kelio 2	Claim	100%	Gold
7647/3	Kelio 3	Claim	100%	Gold
7647/4	Kelio 4	Claim	100%	Gold
7647/5	Kelio 5	Claim	100%	Gold
7647/6	Kelio 6	Claim	100%	Gold
7647/7	Kelio 7	Claim	100%	Gold
7647/8	Kelio 8	Claim	100%	Gold
7647/9	Kelio 9	Claim	100%	Gold
7647/10	Kelio 10	Claim	100%	Gold
7647/11	Kelio 11	Claim	100%	Gold
7673/1	Kelio 12	Claim	100%	Gold
7673/2	Kelio 13	Claim	100%	Gold
7673/3	Kelio 14	Claim	100%	Gold
7747/1	Kelio 15	Claim	100%	Gold
7747/2	Kelio 16	Claim	100%	Gold
7747/3	Kelio 17	Claim	100%	Gold
7747/4	Kelio 18	Claim	100%	Gold
7747/5	Kelio 19	Claim	100%	Gold
7747/6	Kelio 20	Claim	100%	Gold
7747/7	Kelio 21	Claim	100%	Gold
7747/8	Kelio 22	Claim	100%	Gold
7747/9	Kelio 23	Claim	100%	Gold
7747/10	Kelio 24	Claim	100%	Gold
7747/11	Kelio 25	Claim	100%	Gold
7747/12	Kelio 26	Claim	100%	Gold
7747/13	Kelio 27	Claim	100%	Gold
7747/14	Kelio 28	Claim	100%	Gold
7747/15	Kelio 29	Claim	100%	Gold
7747/16	Kelio 30	Claim	100%	Gold
7747/17	Kelio 31	Claim	100%	Gold
7747/18	Kelio 32	Claim	100%	Gold
7747/19	Kelio 33	Claim	100%	Gold
7747/20	Kelio 34	Claim	100%	Gold
7747/21	Kelio 35	Claim	100%	Gold
7747/22	Kelio 36	Claim	100%	Gold
7747/23	Kelio 37	Claim	100%	Gold
7747/24	Kelio 38	Claim	100%	Gold
7747/25	Kelio 39	Claim	100%	Gold
7747/26	Kelio 40	Claim	100%	Gold
7747/27	Kelio 41	Claim	100%	Gold
7747/28	Kelio 42	Claim	100%	Gold

Tenement Schedule (cont.)

TENEMENT		TYPE	INTEREST	COMMODITY
7747/29	Kello 43	Claim	100%	Gold
7747/30	Kello 44	Claim	100%	Gold
7747/31	Kello 45	Claim	100%	Gold
7747/32	Kello 46	Claim	100%	Gold
Kutuvuoma Project – Central Lapland Region				
7556/1	Kutuvuoma 3	Claim	100%	Gold
7258/1	Tuonganoja	Claim	100%	Gold
4843	Kutuvuoma	Mining Licence	100%	Gold
Pampalo Project – Ilomantsi Region				
6483/1	Pampalo 5	Claim	100%	Gold
6483/2	Pampalo 6	Claim	100%	Gold
7343/1	Pampalo 7	Claim	100%	Gold
6540/1	Muurinsuo 1	Claim	100%	Gold
6577/1	Rämepalo	Claim	100%	Gold
6749/1	Nenävaara 1	Claim	100%	Gold
6749/2	Nenävaara 2	Claim	100%	Gold
6749/3	Nenävaara 3	Claim	100%	Gold
7013/1	Sivakkoniilo	Claim	100%	Gold
7021/1	Nenäsuo	Claim	100%	Gold
7088/1	Juttusuo	Claim	100%	Gold
7088/2	Lintukangas	Claim	100%	Gold
7088/3	Teerisuo 1	Claim	100%	Gold
7088/4	Teerisuo 2	Claim	100%	Gold
7417/1	Muurikorento	Claim	100%	Gold
7418/1	Pitkähattu 1	Claim	100%	Gold
7418/2	Pitkähattu 2	Claim	100%	Gold
7558/1	Korvi 1	Claim	100%	Gold
7558/2	Korvi 2	Claim	100%	Gold
7558/3	Korvi 3	Claim	100%	Gold
7560/1	Kivijärvi	Claim	100%	Gold
7576/1	Pahakala	Claim	100%	Gold
7742/1	Hattuvaara	Claim	100%	Gold
7742/2	Kauravaara	Claim	100%	Gold
7742/3	Repokallio	Claim	100%	Gold
7742/4	Elinsuo	Claim	100%	Gold
7742/5	Kivisuo	Claim	100%	Gold
7742/6	Teponsärkkä	Claim	100%	Gold
3831	Rämepuro	Mining Licence	100%	Gold
4847	Pampalo	Mining Licence	100%	Gold
Kuhmo-Suomussalmi Project – Kainuu Region				
6748/1	Kuikkapuro 1	Claim	100%	Gold
6841/1	Kuikkapuro 2	Claim	100%	Gold
6880/1	Kuikkapuro 3	Claim	100%	Gold
6880/2	Kuikkapuro 4	Claim	100%	Gold
6912/1	Kuikkapuro 5	Claim	100%	Gold
7014/1	Hietaharju 1	Claim	100%	Nickel
7014/2	Hietaharju 2	Claim	100%	Nickel
7092/1	Soidinrinne	Claim	100%	Gold
7146/1	Lehmilampi 1	Claim	100%	Gold
7146/2	Lehmilampi 2	Claim	100%	Gold
7146/3	Lehmilampi 3	Claim	100%	Gold
7270/1	Syrjä 1	Claim	100%	Gold
7270/2	Syrjä 2	Claim	100%	Gold
7457/1	Hautalehto 1	Claim	100%	Gold
7457/4	Korkea-Aho	Claim	100%	Gold
7490/1	Vasonniemi 1	Claim	100%	Gold
7500/6	Tuuliaissuo 1	Claim	100%	Gold
7500/7	Tuuliaissuo 2	Claim	100%	Gold

Tenement Schedule (cont.)

TENEMENT		TYPE	INTEREST	COMMODITY
Kuhmo-Suomussalmi Project – Kainuu Region (cont.)				
7500/11	Tuuliaissuo 6	Claim	100%	Gold
7500/16	Ryötinaho 5	Claim	100%	Gold
7500/23	Rakkavaara	Claim	100%	Gold
7500/36	Pahkosuo 1	Claim	100%	Gold
7500/37	Pahkosuo 2	Claim	100%	Gold
7552/1	Hautalehto 3	Claim	100%	Gold
7553/1	Mertaperä	Claim	100%	Gold
7633/1	Sääskeläissuo 1	Claim	100%	Gold
7633/2	Sääskeläissuo 2	Claim	100%	Gold
7633/3	Likosuo	Claim	100%	Gold
7633/7	Tulivaara 1	Claim	100%	Gold
7633/8	Tulivaara 2	Claim	100%	Gold
7789/1	Vaara	Claim	100%	Nickel
Kuusamo Project – Kainuu Region				
7584/1	Hangaslampi 1	Claim	100%	Gold
7584/2	Hangaslampi 2	Claim	100%	Gold
7584/3	Hangaslampi 3	Claim	100%	Gold
7584/4	Hangaslampi 4	Claim	100%	Gold
7584/5	Hangaslampi 5	Claim	100%	Gold
7584/6	Hangaslampi 6	Claim	100%	Gold
7584/7	Mutka-Aho 1	Claim	100%	Gold
7584/8	Mutka-Aho 2	Claim	100%	Gold
7584/9	Mutka-Aho 3	Claim	100%	Gold
7584/10	Mutka-Aho 4	Claim	100%	Gold
7584/11	Mutka-Aho 5	Claim	100%	Gold
7584/12	Mutka-Aho 6	Claim	100%	Gold
7584/13	Mutka-Aho 7	Claim	100%	Gold
7584/14	Mutka-Aho 8	Claim	100%	Gold
7629/1	Kangerjärvi 1	Claim	100%	Gold
7629/2	Kangerjärvi 2	Claim	100%	Gold
7629/3	Kangerjärvi 3	Claim	100%	Gold
7629/4	Kangerjärvi 4	Claim	100%	Gold
7629/5	Kangerjärvi 5	Claim	100%	Gold
7629/6	Kangerjärvi 6	Claim	100%	Gold
7629/7	Tervasvaara 1	Claim	100%	Gold
7629/8	Tervasvaara 2	Claim	100%	Gold
7629/9	Tervasvaara 3	Claim	100%	Gold
7667/1	Pihiajasuo	Claim	100%	Gold
7667/2	Jaakonsuo 1	Claim	100%	Gold
7667/3	Jaakonsuo 2	Claim	100%	Gold
7667/4	Meurastuksensuo 1	Claim	100%	Gold
7667/5	Meurastuksensuo 2	Claim	100%	Gold
7667/6	Rytisuo 1	Claim	100%	Gold
7667/7	Rytisuo 2	Claim	100%	Gold
7667/8	Rytisuo 3	Claim	100%	Gold
7667/9	Rytisuo 4	Claim	100%	Gold
7667/10	Rytisuo 5	Claim	100%	Gold
7667/11	Rytisuo 6	Claim	100%	Gold
7667/12	Rytisuo 7	Claim	100%	Gold
7667/13	Rytisuo 8	Claim	100%	Gold
7667/14	Pihiajavaara	Claim	100%	Gold
2899	Lemmonlampi	Mining Licence	100%	Gold
3965	Juomasuo	Mining Licence	100%	Gold
3965	Pohjasvaara	Mining Licence	100%	Gold
4013	Sivakkaharju	Mining Licence	100%	Gold
4909	Meurastuksenaho	Mining Licence	100%	Gold

Tenement Schedule (cont.)

TENEMENT		TYPE	INTEREST	COMMODITY
Kylylahti Project – Outokumpu District				
7799/1	Kylylahti 1	Claim	100%	Base Metals
7799/2	Kylylahti 2	Claim	100%	Base Metals
7799/3	Kylylahti 3	Claim	100%	Base Metals
7799/4	Kylylahti 4	Claim	100%	Base Metals
3593	Kylylahti	Mining Licence	100%	Base Metals
3593	Kylylahti	Mining Licence	100%	Base Metals
3593	Kylylahti 2	Mining Licence	100%	Base Metals
Murtovaara Project – Kainuu Region				
7205/6	Murtovaara 6	Claim	100%	PGM
7205/8	Murtovaara 8	Claim	100%	PGM
7205/9	Murtovaara 9	Claim	100%	PGM
7205/10	Murtovaara 10	Claim	100%	PGM
7205/11	Murtovaara 11	Claim	100%	PGM
7205/12	Murtovaara 12	Claim	100%	PGM
7205/13	Murtovaara 13	Claim	100%	PGM
7205/14	Murtovaara 14	Claim	100%	PGM
7205/15	Murtovaara 15	Claim	100%	PGM
7205/16	Murtovaara 16	Claim	100%	PGM
7205/17	Murtovaara 17	Claim	100%	PGM
7205/18	Murtovaara 18	Claim	100%	PGM
7205/19	Murtovaara 19	Claim	100%	PGM
7205/21	Murtovaara 21	Claim	100%	PGM
7205/22	Murtovaara 22	Claim	100%	PGM
7205/23	Murtovaara 23	Claim	100%	PGM
7205/24	Murtovaara 24	Claim	100%	PGM
7205/25	Murtovaara 25	Claim	100%	PGM
7205/26	Murtovaara 26	Claim	100%	PGM
7205/32	Murtovaara 32	Claim	100%	PGM
7205/33	Murtovaara 33	Claim	100%	PGM
7205/34	Murtovaara 34	Claim	100%	PGM
Tornio Project – Southern Lapland Region				
7677/1	Tornio 1	Claim	100%	PGM
7677/2	Tornio 2	Claim	100%	PGM
7677/3	Tornio 3	Claim	100%	PGM
7677/4	Tornio 4	Claim	100%	PGM
7677/5	Tornio 5	Claim	100%	PGM
7677/6	Tornio 6	Claim	100%	PGM
7677/7	Tornio 7	Claim	100%	PGM
7677/8	Tornio 8	Claim	100%	PGM
7677/9	Tornio 9	Claim	100%	PGM
7677/10	Tornio 10	Claim	100%	PGM
7677/11	Tornio 11	Claim	100%	PGM
7677/12	Tornio 12	Claim	100%	PGM
Ekojoki Project – Tampere Region				
200460	Ekojoki	Claim Reservation	100%	Nickel, Copper
Järvenpää Project –Tampere Region				
7238/1	Järvenpää 1	Claim	100%	Gold
7238/2	Järvenpää 2	Claim	100%	Gold
Jokisivu Project – Tampere Region				
7244/1	Jokisivu 2	Claim	100%	Gold
7407/1	Jokisivu 3	Claim	100%	Gold
7788/1	Jokisivu 4	Claim	100%	Gold
7788/2	Jokisivu 5	Claim	100%	Gold
7788/3	Katinhäntä	Claim	100%	Gold
7788/4	Salopää	Claim	100%	Gold
	Jokisivu	Mining Licence (Pending)	100%	Gold

Tenement Schedule (cont.)

TENEMENT		TYPE	INTEREST	COMMODITY
Kaapelinkulma Project -Tampere Region				
200432	Kaapeli	Claim Reservation	100%	Gold
7094/1	Kaapelinkulma	Claim	100%	Gold
7094/2	Perkoonsuo 1	Claim	100%	Gold
Orivesi Project – Tampere Region				
200433	Viitapohja	Claim Reservation	100%	Gold
6434/1	Seri 4	Claim	100%	Gold
6900/1	Teerijärvi	Claim	100%	Gold
7340/1	Iso-Teerijärvi	Claim	100%	Gold
7654/1	Yläinensilmäke	Claim	100%	Gold
7654/2	Koukkujärvi	Claim	100%	Gold
7654/3	Ruohosuo	Claim	100%	Gold
7654/4	Vähä-Teerijärvi	Claim	100%	Gold
7654/5	Nevasuo	Claim	100%	Gold
7654/6	Hosionsuo	Claim	100%	Gold
7689/1	Pämävuori	Claim	100%	Gold
2676	Seri	Mining Licence	100%	Gold
2676	Seri	Mining Licence	100%	Gold
2676	Seri	Mining Licence	100%	Gold
Tammijärvi Project – Tampere Region				
200496	Tammijärvi 1	Claim Reservation	100%	Gold
200496	Tammijärvi 2	Claim Reservation	100%	Gold
Valinsuo Project – Tampere Region				
7530/1	Valinsuo	Claim	100%	Gold
Vammala Plant Site – Tampere Region				
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
1895	Stormi 1	Mining Licence	100%	Nickel, Copper
SPAIN				
Lugo Project – North West Spain				
5821	Carla	Investigation	100%	Gold
5913	Valiña	Investigation	100%	Gold, Silver
6021	Vilaboa	Investigation (Pending)	100%	Gold
6022	Baltar	Investigation (Pending)	100%	Gold
Luaces	Investigation (Pending)	100%	Gold	
RUSSIA				
OAO Kivijarvi Project - Karelia Region				
Shaverka	Exploration Licence	84.98%	Gold	
Korpiselkä	Exploration Licence	84.98%	Gold	
Kamennozersk	Exploration Licence (Pending)	84.98%	Gold	
AUSTRALIA				
Ashburton Project – Ashburton District WA				
E52/1230		Exploration Licence	100%	Gold

Note: Pelican Resources has the option to purchase 80%

Tenement Schedule (cont.)

TENEMENT	TYPE	INTEREST	COMMODITY
Range Well Project – Murchison District WA			
P51/1565	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1569	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1570	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1571	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1572	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1576	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1577	Prospecting Licence	25%	Chromiferous Laterite, Nickel
P51/1579	Prospecting Licence	25%	Chromiferous Laterite, Nickel
MLA51/546	Mining Lease Application	25%	Chromiferous Laterite, Nickel
Weld Range Project – Murchison District WA			
P51/1564	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1566	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1567	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1568	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1573	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1574	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1575	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
P51/1578	Prospecting Licence	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M20/246	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/434	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/442	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/443	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/457	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/481	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/498	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
M51/719	Mining Lease	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
MLA51/543	Mining Lease Application	8.75% - 35%	PGM, Chromiferous Laterite, Nickel
MLA51/544	Mining Lease Application		PGM, Chromiferous Laterite, Nickel
MLA51/545	Mining Lease Application		PGM, Chromiferous Laterite, Nickel
ERITREA			
Zara Project			
Zara 1	Exploration Licence	66.67%	Gold
Zara 2	Exploration Licence	66.67%	Gold
Zara 3	Exploration Licence	66.67%	Gold
Zara 4	Exploration Licence	66.67%	Gold

Note: Sub Sahara Resources NL has the right to earn up to 70% in Dragon's 66.67% interest

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Corporate Directory

ABN
19 009 450 051

Directors
Campbell Theodore Ansell
(Chairman)

Donald James Searle
(Chief Executive Officer and Executive Director)

Henry David Kennedy
(Non-Executive Director)

Toivo Tapani Järvinen
(Non-Executive Director)

Peter Lawson Munachen
(Alternate Director for HD Kennedy)

Company Secretary
Michael John Allen

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Company Code: DRA

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Dragon Mining NL

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