



Quarterly Activities Report For the Quarter Ended 31 March 2007

HIGHLIGHTS

OPERATIONS

- Svartliden gold production for the quarter of 11,271 ounces at an average cash cost of US\$437 per ounce.
- Increase in Svartliden reserves of 49,000 ounces to 213,600 ounces as at 28 February 2007.
- Svartliden process plant shut down for 4 days in February in order not to breach annual plant throughput obligation.
- In March the process plant achieved a number of monthly records by achieving throughput of 32,958 tonnes (44.3 dry tonnes per hour) and availability of 99.8.

DEVELOPMENT

- Development work at Sarvisuo continued with a total development advance of 596 metres. The Sarvisuo decline advanced 247metres, beyond the 340m level.
- Water pumping commenced from the decline at Kutema in preparation for an exploration program to commence on the Kutema Deeps.
- Refurbishment of the Vammala Process Facility commenced for the anticipated restart in June.

EXPLORATION

- An increase in resources at Svartliden by 93,000 ounces to 428,000 ounces. Drilling has commenced to convert further resources to additional reserves.
- Diamond drilling continued at the eastern extension of the Svartliden pit. Assays from only three of the fifteen holes completed have been received. Initial results are encouraging.
- Underground verification drilling continued from the 300m and 340m levels at Sarvisuo returning good gold indications including **9.25m @ 10.23 g/t** gold from 48m, **14.10m @ 10.94 g/t** gold from 87.05m including **2.40m @ 55.14 g/t** gold and **5.0m @ 8.72 g/t** gold from 52.50m.
- Small diamond drilling program commenced at Hanhimaa returned modest intercepts but highlighted the overall potential of the area.

CORPORATE

- Group cash and bullion at the end of the quarter was A\$8.0m.
- Delivered 7,900 ounces of gold production into the forward book. The average cash price received per ounce of gold sold was US\$504.
- Dragon agreed with Eurogold Limited not to proceed with the purchase of the Saulyak Gold Project in the Ukraine.
- Discussions commenced to restructure hedge book to increase exposure to current high spot price of gold.



OPERATIONS

SWEDEN

Svartliden

PRODUCTION SUMMARY

Table 1 – Production Summary

	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Plant Availability (%)	Total Gold Production (Ounces)
Mar 2007 Quarter	108,051	79,492	4.90	90.2	90.9	11,271
Dec 2006 Quarter	65,441	84,825	4.33	92.0	94.4	10,854

The operation had one lost time injury for the quarter. As at 31 March 2007 the lost time injury free hours totalled 188,446.

Svartliden produced 11,271 ounces of gold from 79,492 tonnes of ore milled at a head grade of 4.90 g/t at a cash cost of \$US437 per ounce. Cash costs, though down from the previous quarter were adversely affected in February due to the shutdown of the plant for four days in order not to breach the plant throughput obligation. In the months of January and March, production of 9,063 ounces of gold was at an average cash cost of US\$370 per ounce.

The application to increase throughput to 500,000 tonnes per annum is progressing slowly through the Environmental Court.

Ore mined for the quarter was higher than expectations at 108,051 tonnes due to wider ore zones and deferral of waste movement in the western extension. Ore production was sourced from the western extension where the grade averaged 4.6 g/t. Good grade control drilling coverage exists for the short to mid-term mine planning and scheduling, releasing one grade control rig for resource confirmation drilling.

In March the process plant achieved a number of monthly records by achieving throughput of 32,958 tonnes (44.3 dry tonnes per hour) and availability of 99.8%.

Process plant improvements are still being progressed based on the consultant's report which identified ways to improve both availability and recovery and hence reduce operating costs.

During the quarter the company completed a re-optimisation study of the increased new resource (see exploration section) which resulted in a 49,000 ounce reserve increase up from 1.31 million tonnes at 3.9 g/t gold to 1.45 million tonnes at 4.5 g/t gold as at 28 February 2007. This represents a 28% increase in reserves and extends the Svartliden life of mine out to September 2010. Further drilling commenced in March with the goal of converting more of these resources into reserves.

The Proven and Probable Reserve inventory as at 28 February 2007 is summarised in Table 2.

Table 2 – Svartliden Reserve Inventory as at 28 February 2007

	Classification	Tonnes	Grade (g/t gold)	Ounces
Svartliden	Proven	405,400	5.0	65,000
	Probable	1,044,100	4.2	142,600
	Total	1,449,500	4.5	207,600
Svartliden Stockpiles	Proven	50,700	3.7	6,000
Total Svartliden Reserve Inventory		1,500,200	4.5	213,600



DEVELOPMENT

FINLAND

Orivesi

Mine development works continued at the Orivesi Gold Mine. Mine development advanced 596 metres, with the Sarvisuo decline advancing 247 metres in the quarter.

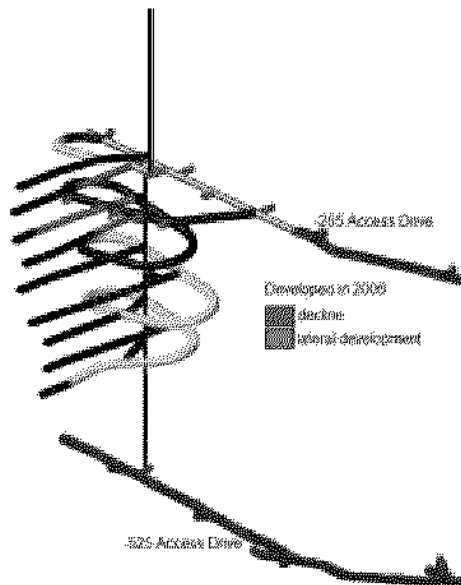
A new ventilation rise was completed from the surface to the 280m level. The second part of the rise is currently being reamed upward from the 525m level.

Water pumping commenced from the Kutema decline and at the end of March, the 710m level was accessible for the planned exploration drilling program at Kutema Deeps. There is currently an inferred resource of 65,000 ounces at Kutema Deeps, defined down to the current limit of drilling at the 1,050m level.

Two drilling rigs have completed confirmatory drilling at the 340m level at Sarvisuo. Results are expected in April.

Ore stoping from the Kutema pillars commenced in April.

Figure 1 – Sarvisuo Development as at March 2007



Vammala Process Facility

The refurbishment of the Vammala Process Facility commenced in February and it is expected to be completed by the anticipated start up date of June this year. There have been no major problems with the refurbishment at this stage.

Planned works in the tailings dam area did not commence due to the wet conditions but this is not expected to hold up the restart.



EXPLORATION

SWEDEN

Svartliden

Independent geological consultants RSG Global finalised an update of the geological model and grade estimation of gold mineralisation for the Svartliden deposit. The updated resource incorporates data gathered during 2006, from over 15,500 metres of grade control drilling and exploration drilling completed along the eastern strike extensions of the main and northern lodes and down dip extensions of portion of the northern lode.

The resulting in-situ resource of 3,027,000 tonnes at 4.4 g/t gold containing 428,000 ounces is up from the previous estimate of 335,000 ounces (depleted to 31 October 2006). The combined Measured, Indicated and Inferred Mineral Resource base at Svartliden as at 28 February 2007 is summarised in Table 3.

Table 3 - Svartliden Gold Mine Mineral Resource*

	Classification	Tonnes	Grade (g/t gold)	Ounces
In-situ	Measured	475,600	5.4	82,700
	Indicated	1,936,600	4.3	270,800
	Inferred	510,400	3.5	58,100
	Total	2,922,600	4.4	411,600
Stockpiles	Measured	50,700	3.7	6,000
	Indicated	117,900	1.8	7,000
	Total	168,600	2.4	13,000
Total	Measured	526,300	5.2	88,700
	Indicated	2,054,500	4.2	277,800
	Inferred	510,400	3.5	58,100
	Total	3,091,200	4.3	424,600

*Gold Tonnage Distributions subdivided by JORC Categories; MIK Derived SMU Model Estimates for Gold using 12.5mE x 5mN x 2.5mRL SMU Dimensions; Reported at a 1.3g/t gold Lower Cut Off.

The increase in resources is largely attributed to the area in the western end of the open pit, where grade control drilling has shown the ore to be both wider and of a higher grade than previously estimated. Down-dip extensions of the lode system in this area remain subject to further drill testing to improve the confidence. This drilling commenced late in the March quarter with a total of five holes being completed of advance of 303 metres. The holes target the down dip extensions of the northern lode in the western domain of the Svartliden deposit. All holes are within the open pit. Results are pending.

Diamond core drilling of the eastern extensions, which commenced in early January, was completed by the end of the quarter. A total of 1,067 metres have been drilled in 15 holes.

Drilling intersected Svartliden type mineralisation and alteration of varying down hole lengths and intensity on each of the Profiles 2300, 2350, 2400, 2450 and 2550, the last being within 40 metres of the Exploitation Concession eastern boundary. Results received from three of the fifteen holes completed have been modest, but encouraging.

The results received were for three of the four holes drilled on Profile 2350, 100 metres east of the previous limit of drilling. The southern most hole on this Profile SV0781 returned two narrow intercepts of 1m @ 4.08 g/t gold (58.5m) and 1m @ 1.43 g/t gold (64.4m), both intersections



falling within an anomalous zone of 20.3m @ 0.58 g/t gold from 53.1m. This anomalous zone is promising.

Drill hole SV0782 was completed to test the up-dip extensions of this zone and returned an intercept of 4m @ 3.84 g/t gold from 39m. The grades of this zone are approximately 50% higher than those obtained on the Profiles drilled in recent campaigns, to the west. Drill hole SV0783, which was designed to test the first of two northern zones of mineralisation, failed to return any significant result above 1 g/t gold. Significant results obtained to date are provided in Table 4.

Table 4 - Intercepts from Eastern Extension Drilling at Svartliden

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
SV0781*	7187427.5	1589087.3	341.4	-55	58.5	1.0	4.08
					64.4	1.0	1.43
SV0782*	7187446.4	1589080.8	341.4	-55	39.0	4.0	3.84

* Preliminary Coordinates. Subject to Final Survey.

Orgsjön Joint Venture (Earning 80% Interest)

Diamond drilling on the Orgsjön Exploration Permit commenced in late March and was completed in early April. A single fence line of three holes, totalling 269.05 metres was drilled across the primary target area, which was identified from ground geophysical surveys undertaken by Dragon in late 2005.

Results are pending.

FINLAND

Orivesi

Underground exploration drilling to test targets at the Orivesi Mine continued during the quarter.

At Kutema, drilling from the 570m level was completed, the results now being subject to review before further drilling is proposed. The most encouraging intersection obtained came from one of the last drill holes completed (KU-867), which intersected a narrow zone of mineralisation in an area previously untested 200 metres north of Kutema Pipe 5.

Intersections obtained from the Kutema Area are provided in Table 5.

Table 5 –Intersections from the Kutema Area

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
KU-850	6838508.70	2508524.60	201.1	-17.0	12.00	1.10	1.47
KU-856	6838507.06	2508524.39	271.5	0.1	1.55	1.85	2.04
KU-865	6838509.63	2508532.64	054.4	-17.7	59.80	1.20	1.49
KU-867	6838509.62	2508527.73	018.0	-1.8	248.50	1.20	7.81
KU-870	6838509.32	2508525.00	348.4	-7.4	82.00	1.20	1.32

Diamond core drilling in the Sarvisuo area has focused on confirmation drilling from the 300m and 340m levels. Assay results indicate that there are possibly four main pipe-type structures on these levels with high-grades, similar to those successfully mined in the Kutema area 300m to the east.

In addition there are several other significant gold intercepts, which may indicate the existence of additional pipes or mini-pipes. Extensions of these structures will be confirmed when results from drilling on deeper levels is available.



Four exploration drill holes were also completed, targeting the western leg of the Sarvisuo Lode system from the 525m level. All drill holes intersected a narrow (0.9 to 1.4m) gold bearing horizon, which graded between 1 and 36 g/t gold.

The best intercepts from Sarvisuo Area are listed in Tables 6 and 7.

Table 6 –Intersections from Confirmation Drilling in the Sarvisuo Area

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
Sarvisuo 300m Level							
KU-863	6838499.45	2508901.42	351.5	-2.7	59.25	0.55	2.12
KU-864	6838499.36	2508902.09	5.3	-2.8	23.50	1.50	1.10
					48.00	1.25	1.04
					61.90	1.10	1.61
KU-877	6838498.59	2508903.60	020.9	6.7	48.00	9.25	10.53
					<i>includes 1.30m at 67.4 g/t gold from 55.95m</i>		
KU-879	6838494.39	2508799.26	356.6	-28.0	54.10	3.20	7.47
KU-880	6838494.69	2508799.70	002.7	10.8	50.30	1.30	1.26
					104.35	1.30	1.09
KU-881	6838494.70	2508799.24	356.1	10.2	155.70	1.15	2.25
					220.75	2.15	1.37
KU-882	6838494.52	2508799.72	002.2	-27.5	58.00	1.00	1.84
KU-883	6838496.35	2508824.37	358.9	7.0	14.50	0.50	1.76
					33.80	1.20	2.57
					44.40	0.60	2.79
					57.35	1.00	1.04
					82.00	2.00	10.58
					<i>includes 1.00m @ 15.00 g/t gold from 82.00m</i>		
KU-885	6838496.43	2508824.38	359.2	-23.5	87.05	14.10	10.94
					<i>includes 2.40m @ 55.14 g/t gold from 98.75m</i>		
Sarvisuo 340m Level							
KU-910	6838498.12	2508850.67	003.4	-3.7	52.50	5.00	5.72
					<i>includes 1.90m @ 10.81g/t gold from 54.00m</i>		
					60.50	6.55	3.94
					<i>includes 0.55m @ 28.20g/t gold from 66.50m</i>		
					71.00	3.20	1.66
KU-911	6838526.93	2508866.90	000.5	-5.7	28.50	1.50	1.46
					34.50	1.50	1.29
					37.50	3.65	2.87
					<i>includes 1.15m @ 4.70g/t gold from 40.00m</i>		
KU-912	6838526.98	2508867.62	015.1	-7.3	30.00	3.00	3.80
					<i>includes 1.50m @ 6.16g/t gold from 31.50m</i>		

Table 7 –Intersections from Exploration Drilling in the Sarvisuo Area

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
Sarvisuo 525-Level							
KU-891	6838469.65	2508769.46	001.4	-19.6	68.10	1.40	1.55
					86.00	1.40	11.06
					<i>includes 0.90m @ 16.65g/t gold from 86.00m</i>		
KU-894	6838479.21	2508781.74	001.2	-21.2	74.00	1.00	1.14
					100.00	1.00	36.20
KU-897	6838468.24	2508794.28	001.3	-18.6	112.00	1.25	9.94
KU-900	6838468.29	2508806.97	000.9	-18.0	86.60	0.90	9.23



Jokisivu

No field activities were undertaken. The Vaasa Administrative Court granted environmental permission for the Jokisivu project. The judgment of the Court does not allow night work and therefore was appealed to a higher court. It is the Company's belief that underground works should be permitted without any time limitations. The Administrative Court also ruled that the Company is not allowed to commence works at Jokisivu until the case is non-appealable.

Ritakallio

Assay results from 25 channel samples, 1 boulder sample and 1 hammered outcrop sample were received. Gold content of all samples is lower than expected, based on results obtained from similar rock types at Jokisivu. The best results are listed as follows:

- 0.40m @ 1.48 g/t gold in channel HU/RK-SC-1 from 0.40m (Trench M1)
- 0.45m @ 1.55 g/t gold in channel HU/RK-SC-1 from 1.80m (Trench M1)
- 0.40m @ 1.63 g/t gold in channel HU/RK-SC-3 from 0.30m (Trench M1)
- 1.97 g/t gold in a boulder TJE-L53-2006 from Excavation 3
- 5.14 g/t gold in an outcrop sample from Trench M1

Local drilling contractor Suomen Malmi Oy has been engaged to conduct a small diamond core drilling program at Ritakallio, commencing in the June quarter. This initial reconnaissance program will target three areas identified from historic and recent exploration activities.

Kaapelinkulma

No field activities were undertaken.

Suomen Malmi Oy have been engaged to conduct diamond core drilling at Kaapelinkulma to examine four target areas identified from recent exploration activities and further test known mineralization. Drilling will commence in the June quarter.

Liesjärvi

No field activities were undertaken.

Tammijärvi

No field activities were undertaken.

Kuusamo

No field activities were undertaken.

Hanhimaa

Between November 2006 and January 2007, five drill holes totalling 592.75 metres were drilled at the Kellolaki prospect on the Hanhimaa project. Results from all drill holes were received returning modest intercepts, though highlighting the overall potential of this area (Table 8).

**Table 8 - Best intercepts from Kellolaki Drilling**

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
KTA/HAM-23	7547328.70	2546629.80	273.0	-44.4	24.00	2.00	1.61
					32.00	3.00	1.28
					93.00	8.00	1.95
					<i>includes 3.0m @ 2.15 g/t gold from 93.0m</i>		
		<i>includes 2.0m @ 4.04 g/t gold from 99.0m</i>					
KTA/HAM-24	7547325.40	2546670.80	273.0	-44.8	59.00	1.00	1.35
					70.00	1.00	3.52
					98.50	2.50	1.66
					119.00	0.80	1.00
KTA/HAM-25	7547322.20	2546720.30	273.0	-43.3	47.90	0.90	1.52
					62.00	1.25	2.99
					114.80	8.55	1.51
					<i>includes 1.2m @ 3.00 g/t gold from 114.8m</i>		
		136.60	2.40	1.14			
KTA/HAM-27	7547366.30	2546640.50	273.0	-44.6	30.00	2.00	1.67
					73.00	1.00	1.04

Results from percussion sampling of trenches M16, M18 and M30 – M33 at Kellolaki were also received during the quarter. The best intercepts are listed in Table 9.

This exercise identified at least three gold bearing zones, the western most appearing to be the main zone. This zone is widest in the central trench M30, where gold grades vary from 0.3 to 1.8 g/t gold. The highest gold grades however were obtained in the northern most trench M16, with results up to 6.8 g/t gold.

Table 9 - Best gold intercepts of percussion sampling at Kellolaki

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
2M16	7547523.9	2546633.6	280	-45	0.0	4.0	4.5
6M30	7547372.7	2546615.3	270	-45	4.0	1.0	1.2
8M30	7547372.3	2546609.9	270	-50	1.0	9.0	1.1
9M30	7547372.1	2546607.1	270	-45	0.0	3.0	1.5
10M30	7547371.7	2546603.1	270	-45	1.0	1.0	1.1
11M30	7547372.1	2546598.6	270	-45	3.0	2.0	1.2
12M30	7547372.5	2546595.1	270	-45	0.0	1.0	1.2
12M31	7547347.1	2546612.2	270	-45	0.0	1.3	1.6
27M32	7547265.8	2546609.5	270	-45	5.0	1.0	1.1
29M32	7547265.9	2546606.8	270	-45	4.0	1.0	1.4
30M32	7547264.8	2546602.3	270	-45	2.0	1.0	2.0

Regional exploration at Hanhima remains at an early stage, with only portion of the total length of the structure having been tested by surface sampling or shallow drilling. During this quarter ground magnetic and electromagnetic surveys over the entire length of the claimed Hanhima structure were completed. This early stage regional exploration campaign involved the undertaking of 22.6 line kilometres of ground based geophysical surveys over eight lines, each survey line ranging from 1.5 to 4.2 kilometres in length and spaced from 1 to 4.3 kilometres.

The new geophysical data was processed by Finnish geophysical consulting group Astrock Oy. A report on the results was made available by the end of the quarter and is currently being reviewed.



Bedrock chip sampling, to provide first hand information on rock types in unexposed areas, commenced late in the quarter. Hampered by technical and personnel issues the program has progressed slower than expected and only 18 samples were collected.

The first sample profiles are situated in the southern region which was previously untested and accessible only when frozen ground conditions prevail. Lines 1 and 2 are 1.6 kilometres each and contain a total of 81 sample locations. The sampling lines will follow the recent geophysical ground survey profiles and sample intervals are between 10 and 100 metres. The spacing between sample profiles is from one to four kilometres.

Inco Nickel Alliance (50% interest)

Assay results from drilling at Ruossakero in autumn 2006 were received. Both nickel and precious metal contents were low.

Drilling recommenced late in the quarter at the Sarvisoaivi prospect. Four diamond core holes were completed targeting a strong nickel anomaly identified from results from an MMI survey, to locate the extensions of a thin massive sulphide intersection in an old Geological Survey of Finland drill hole and to test strong conductors observed in a recent EM large loop geophysical survey. Results are pending.

Kuhmo Nickel Joint Venture (5% Free Carried Interest)

Joint Venture partners, ASX listed Vulcan Resources Limited have advised Dragon that during the March quarter the final report on the 2006 Mobile Metal Ion program was completed. The results strongly recommended further use of this method in exploration. All known mineral occurrences covered by sampling could be identified from the results, in addition to several new high priority targets generated in the Vaara, Peura-aho and Sika-aho areas.

A 2,400m shallow drilling program commenced late in the quarter to test the open pit potential of four deposits, Peura-aho, Hietaharju, Sika-aho and Arola. The objective of this program is to infill the highest grade portions of the mineralization down to a level of approximately 50 metres below the surface.

The drilling program commenced at Peura-aho on 14 March. Seven holes have been completed to date, totalling 397.8m. All seven holes intersected massive sulphides and three also intersected disseminated sulphides in chlorite-amphibole rocks within the footwall contact zone. Analytical results are pending.

Drilling will continue into April, with a further six holes planned in the mineralised area. Two additional holes are proposed to study two individual MMI anomalies northwest and north from the Peura-aho deposit.

Vammala Nickel-Copper

The review of the potential for remaining nickel-copper resources at the Vammala Mine continued during the March quarter.

Data from 176 drill holes is currently being entered into a new database, with the objective of producing a resource estimate by mid-year.

Outokumpu Database Review

Review of the Outokumpu exploration and mining database which the Company retains exclusive rights for the balance of 2007 continued during the March quarter.

Information gathered has resulted in applications for a series of Claims and Claim Reservations encompassing a portion of the prospective Sirkka Line in northern Finland.



RUSSIA

OAo Kivijarvi (84.98% interest)

A field program of gold exploration on the Kamennosersk gold license area in Karelia commenced. The program includes gridding and geophysical ground surveys, in preparation for field activities to be carried out during the northern summer.

ERITREA

Zara Joint Venture (Diluting to 20% Interest)

Joint Venture partners Sub Sahara Resources NL advised that diamond drilling has returned further high grade gold intercepts. The results were achieved in the current known 450 metres of mineralization at the Koka Prospect (Table 10).

Table 10 – Significant Diamond Drill Assay Intersections (Koka Prospect)

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Intercept (m)	Au (g/t)
ZARD023	1824445	390176	NS	NS	116	7	16.06
					125	1	2.34
					129	1	4.79
					137	1	2.60
					148	1	63.66
ZARD025	1824523	390181	NS	NS	131	3	1.68
					136	2	5.07
					151	3	2.99
ZARD026	1824193	390208	NS	NS	49	2	2.39
					54	2	42.21
					58	2	1.92
					79	1	1.35
					88	1	5.80
					98	10	3.19
					122	1	5.69
ZARD027	1824395	390212	NS	NS	53	2	3.58
					58	3	15.11
					72	4	12.65
					81	5	5.41
					89	1	11.39
					98	7	1.68
					110	1	1.41
					116	1	2.49
					120	1	9.61
					128	8	29.77
					144	1	1.26
ZARD028	1824112	390190	NS	NS	67	6	7.33
					76	3	2.34
					82	4	1.68
					88	1	2.65
					96	13	2.12
					112	2	7.33



Hole	North	East	Azimuth	Dip	From	Intercept	Au
			(°)	(°)	(m)	(m)	(g/t)
ZARD030	1824152	390198	NS	NS	66	1	9.84
					69	1	1.15
					72	1	1.88
					79	1	2.4
					98	1	48.34
					103	2	2.39
					119	1	13.55
					122	1	1.99

* NS – Details Not Supplied

AUSTRALIA

Weld Range Joint Ventures

Joint Venture partners ASX listed Minara Resources Limited advised that no work was completed on the Weld Range group of properties during the March quarter.

CORPORATE

Cash Balances and Movements

As at 31 December 2006, Dragon held A\$8.1m in cash. Refer to Appendix 5B for principle movements in cash for the quarter.

Hedging

Table 11: Group Hedging Profile as at 31 December 2006

Gold hedging	Ounces	Price - US\$
Y/E 31/12/07	29,800	404
Y/E 31/12/08	39,650	402
Y/E 31/12/09	19,099	405
Total	88,549	403

Using the 31 March 2007 spot gold price of US\$664.10, the mark to market of the hedge book was a negative amount of US\$25.21m.

Dragon delivered 7,900oz of gold into the gold forward book and the remaining production into the spot market. The average cash price received per ounce of gold for the quarter was US\$504.

During the quarter, 7,750oz of gold forwards were rolled out 1 month on a spot deferred basis to April 2007 at a price of US\$410.01.

Given the reserve increase and the extension of the life of mine at Svartliden, ongoing discussions are being undertaken with Macquarie Bank and other financial institutions to restructure the hedge book in order to increase the company's exposure to the current high spot price of gold.

Borrowings

Dragon has a total of 23,645,289 A\$1.05 convertible notes on issue with an associated liability of A \$24.9m. No convertible notes were converted to ordinary shares during the quarter.



Saulyak Gold Project

Following an extensive and thorough due diligence review Dragon was unable to achieve confidence in the legal status of the company, its subsidiaries and their respective principal assets. This was a direct consequence of the 'temporary mine closure' order issued by the Ministry of Environmental Protection of the Ukraine as announced on 31 January 2006 by Eurogold.

As a consequence Dragon agreed with Eurogold Limited that it would not be proceeding with the purchase of the Saulyak Gold Project.

Dragon received from Eurogold all advances, plus interest, provided under the terms of the Loan Agreement.

Sale of Vulcan Shares and Options

Dragon sold 7,500,000 shares and 7,500,000 options in Vulcan Resources Limited for a total cash consideration of \$2.05 million which were held through its 100% owned subsidiary, Polar Mining Oy. The proceeds were received for the options in April.

Unmarketable Parcels

Dragon completed the sale of unmarketable parcels during the quarter. In summary unmarketable parcels held by 1,170 holders representing a total of 350,202 shares were sold at \$0.16 per share.

Name Change – Dragon Mining Limited

Effective 16 February 2007, Dragon changed its name to Dragon Mining Limited.

Note 1: *The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neale Edwards BSc(Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of the company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Note 2: *All statements in this report, other than statements of historical facts that address future timings, activities, events and developments that the Company expects, are forward looking statements. Although Dragon Mining Limited, its subsidiaries, officers and consultants believe the expectations expressed in such forward looking statements are based on reasonable expectations, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward looking statements. Factors that could cause actual results to differ materially from forward looking statements include, amongst other things commodity prices, continued availability of capital and financing, timing and receipt of environmental and other regulatory approvals, and general economic, market or business conditions.*



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Dragon Mining Limited

ABN

19 009 450 051

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	6,853	6,853
1.2 Payments for (a) exploration and evaluation	(1,058)	(1,058)
(b) development	(3,884)	(3,884)
(c) production	(6,519)	(6,519)
(d) administration	(774)	(774)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	151	151
1.5 Interest and other costs of finance paid	(646)	(646)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	174	174
Net Operating Cash Flows	(5,703)	(5,703)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(324)	(324)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	1,641	1,641
(c)other fixed assets	402	402
1.10 Loans to other entities	(228)	(228)
1.11 Loans repaid by other entities	962	962
1.12 Other	-	-
Net investing cash flows	2,453	2,453
1.13 Total operating and investing cash flows (carried forward)	(3,250)	(3,250)



1.13	Total operating and investing cash flows (brought forward)	(3,250)	(3,250)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(176)	(176)
1.18	Dividends paid	-	-
1.19	Other	-	-
Net financing cash flows		(176)	(176)
Net increase (decrease) in cash held		(3,426)	(3,426)
1.20	Cash at beginning of quarter/year to date	11,553	11,553
1.21	Exchange rate adjustments to item 1.20	(74)	(74)
1.22	Cash at end of quarter	8,053	8,053

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payment to director's of salaries, fees and consulting fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil



Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (convertible notes)	24,828	24,828
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,195
4.2 Development	5,101
Total	7,296

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,829	7,252
5.2 Deposits at call	4,224	4,295
5.3 Bank overdraft	-	-
5.4 Other – Gold bullion	-	-
Total: cash at end of quarter (item 1.22)	8,053	11,547



Changes in interests in mining tenements

	Tenement reference			Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	200668	Karhunkallio	Finland		100%	0%
		200663	Liakka 1	Finland		100%	0%
		200663	Liakka 2	Finland		100%	0%
		200663	Liakka 3	Finland		100%	0%
		200663	Liakka 4	Finland		100%	0%
		200663	Liakka 5	Finland		100%	0%
		200663	Liakka 6	Finland		100%	0%
		200663	Liakka 7	Finland		100%	0%
		200663	Liakka 8	Finland		100%	0%
		200663	Liakka 9	Finland		100%	0%
		200663	Liakka 10	Finland		100%	0%
6.2	Interests in mining tenements acquired or increased	200702	Sankila	Finland		0%	100%
		200702	Koivisto	Finland		0%	100%



Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	440,393,549	440,393,549		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through expired partly paid shares				
7.5 Convertible debt securities (description)	23,645,289	23,645,289	\$1.05	\$1.05
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	21,250,000 1,500,000 1,000,000 6,000,000 75,000	- - - - -	<i>Exercise price</i> 20 c 17.5 c 14 c 21 c 21 c	<i>Expiry date</i> 4 Nov 2007 N/A N/A N/A 21 Dec 2011
7.8 Issued during quarter	75,000	-	21 c	21 Dec 2011
7.9 Exercised during quarter				
7.10 Lapsed during quarter				



7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2007
(Managing Director)

Print name: PETER CORDIN

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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