Chairman's Address Annual General Meeting 28 May 2008

Ladies and Gentlemen, I would like to welcome you to the AGM for 2008 which is now the third time I have had the opportunity to address you as Chairman of your Company.

I think it would probably be true to say that, overall, 2007 was a year when we consolidated the Company’s operations and set our course for the further development of our exploration assets in Finland.

In Sweden our Svartliden Gold Mine produced a total 51,256 ounces of gold for the year.

The spot gold price rose over the year from US$637 per ounce at the start of 2007 to US$833 per ounce at the end. This provided a welcome improvement in our revenue for the operation although it must be noted that, as with most other mining operations around the globe, we also had to endure increasing costs of equipment, consumables and labour throughout the year. Notwithstanding, Dragon Mining Sweden is now operating on a cash positive basis, which is enabling us to increase our exploration efforts in the immediate mine vicinity with the aim of increasing our resources and reserves and thus the current life of the Svartliden operation.

At the start of 2007 we had a gold hedge book of 96,449 ounces at an average price of US$402.92 per ounce, still in place, a hangover from the original project financing for Svartliden. For the first two thirds of the year we continued to deliver into this hedge book at the rate of approximately one third of Svartliden’s monthly production.

Then in August the Board decided it would be opportune to proceed with a rights issue to raise approximately A$26 million, which we intended to use to close out the remaining hedge book at that time of approximately 80,000 ounces. We took this decision of the basis of what we perceived to be a growing favourable outlook for the gold price. As it turned out, just as we were completing the rights issue, the gold price jumped to just over US$700 per ounce. The unfortunate upshot of this was that with the funds available we were unable to close out the hedge book completely and were left with 11,150 ounces still hedged.

Since that time we have continued to deliver into this remaining hedge book at a nominal rate of around 500 ounces per month. At this rate it has a minimal adverse impact on our cash flow and we are able to take advantage of the very strong current gold prices. At the end of the year there remained 9,950 ounces hedged at US$413 per ounce. This relatively small amount of hedging represents less that 8% of our gold in reserves.

In Finland, the Vammala Plant was restarted on schedule in late June 2007 and commenced operations by treating stockpiled ore. At the Orivesi Mine the decline and stope development work continued and development ore and remnant ore from previous workings was also sent to the plant.

Some delays with the underground development work and the need for some additional development drives at Sarvisuo resulted in the commencement of new stope mining being delayed until April. This kept the total gold production from the Vammala Plant for the year to 12,399 ounces in concentrate.

In all other respects the recommissioning of the Vammala Plant and the Orivesi Mine went extremely well. We have a very experienced operational team in Finland and although our build up of production from Sarvisuo has been slower than projected, we are still looking to build up our production to over 40,000 ounces of gold per annum. You should note that the gold produced in Finland is completely unhedged.

In addition, final approval was obtained from the Finnish authorities to allow development of a new mine at Jokisivu, situated within easy trucking distance of the Vammala plant. Initially planned as a small open cut project it is proposed that the operations will move underground. Development work is scheduled to start at Jokisivu this year and production will likely commence early in 2009.
As well as commencing development at Jokisivu we have also stepped up our exploration in Finland generally and particularly at our Hanhimaa tenement in the north of the country. We increased our exploration and evaluation activities in Finland quite considerably over the last twelve months and that is continuing this year. We believe that the suite of prospects that your Company has in Finland continue to look very promising indeed.

In Sweden our exploration efforts are concentrating on open cut prospects that are within trucking distance of the Svartliden Plant and the possibility of developing a higher grade underground operation at Svartliden. You will have noted some recent very encouraging drilling results from that program.

So in summary, at the end of 2007 and the start of 2008, your Company now had two operating gold mines in Scandinavia and was budgeted to produce 80,000 ounces of gold this year. By the end of 2008 we should also be well advanced with developing a third mining operation at Jokisivu.

Whilst we are advancing both our operations and our exploration efforts in both Sweden and Finland we are also evaluating other possible opportunities and we remain alive to potential acquisitions that will enhance the existing Dragon asset portfolio.

On the financial front, at the end of 2007 we had $11.1 million in cash receivables and bullion and the Company was in a far better financial position than it was at the beginning of the year. Over the year the Company made its first after tax annual profit of A$2.5 million and the only debt the Company now has is the approximately A$24.8 million associated with the Convertible Notes. These are not repayable until February 2011 if not converted prior.

As you will see, in almost every area, Dragon is now in a much better situation than it was a few years ago. It is therefore very disappointing to us all, that this improvement in the Company has not yet been reflected in its share price. We are confident however that this will be rectified as we report further success from our exploration program this year and as production from Vammala reaches design capacity.

We do note though that in spite of the strong gold price, the market generally for smaller gold stocks remains soft, but particularly so in Australia.

With that in mind the Board has been evaluating whether listing Dragon on a European bourse would generate greater interest in the stock, given the locations of our operations and activities. At this stage we remain open to the idea which appears to have some attraction.

From a personnel perspective, the board and senior management team at Dragon have remained unchanged over the past year and the Company has clearly benefited from the stability that has brought with it.

In Sweden and Finland we have two very experienced teams almost totally comprising nationals in both countries.

So, in closing, I believe we now have the Company on a sound footing and are well placed to reap the benefits of any exploration success and the further development of our mining operations in Scandinavia.

Last but very certainly not least, it would be very remiss of me not to express my sincere thanks to my fellow directors for their support and to all of the Dragon Group Management and employees, for their continued efforts.

Thank You