DEWATERING PERMIT GRANTED FOR VAMMALA NICKEL MINE, FINLAND

A Permit has been granted by the Western Finland Environmental Permit Authority for the dewatering of the decline and mine workings of the Vammala nickel mine in southern Finland.

Dewatering will enable an assessment of the condition of the decline and main production levels to determine the practicality of re-opening the Vammala mine to access the remaining ore and to explore for additional resources.

The Permit, which is valid for two years until 1 June 2010, requires the Company to comply with specific conditions relating to minimising solids content and to maintaining dissolved copper, nickel and iron below stipulated levels. No treatment of the water pumped from the decline and mine workings is anticipated prior to discharge from a “stilling” pond into the natural drainage system based on analysis of mine water samples.

Based on the calculated volume of the previous mining activities and the expected pumping rates the dewatering would be completed in approximately six months.

Background to the Vammala Nickel Mine

The Vammala nickel mine was operated by Outokumpu Oy between 1975 and 1995 and produced 7.5m tonnes of ore at 0.68% nickel and 0.43% copper. The ore was treated at the Vammala process plant producing 455,000 tonnes of concentrate containing 39,460 tonnes of nickel and 24,710 tonnes of copper.

The initial Mineral Resource estimate for Stormi of 1,600,200 tonnes at 0.45% nickel and 0.31% copper was completed by independent geological consultants Resource Evaluations Pty Ltd (ResEval) using accepted industry standard estimation methods.

ResEval have classified all resources as Inferred and reported the estimate in accordance with the 2004 edition of the JORC Code. In-situ Inferred Mineral Resources reported at a 0.3% nickel lower cut-off.

The Stormi Mineral Resource is located within the Vammala Mining Leases and includes seven different sulphide lodes, of which the higher-grade Teinila and Sotka lodes occur near surface.

The Vammala process plant currently treats gold ore mined at the Orivesi gold mine and has spare capacity to process ore mined from the Stormi resource.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

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 and Mr Urpo Kuronen MSc (Geology), a Member of the Australian Institute of Mining and Metallurgy, who are full time employees of the company and have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards and Mr Urpo Kuronen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.