



20 May, 2004

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

Dragon to sell Base Metal and Platinum Group Metal projects in Finland

Dragon Mining has entered into a Heads of Agreement (subject to due diligence) with Mokuti Mining Ltd (Mokuti) to sell 4 non gold exploration projects that Dragon acquired at the time of the acquisition of the Outokumpu precious metal assets in 2003. This will enable Dragon to focus on its extensive gold assets in Sweden and Finland while obtaining value for the non gold assets via its shareholding in Mokuti.

Dragon will receive in consideration 10 million shares and 10 million options exercisable at 20 cents before 31 December 2006, accounting for approximately 33% of the expanded shareholder base.

In addition, the agreement incorporates the use of Dragon's staff in Finland who have experience with the projects and exploration for base and platinum group metals in Finland which will provide Mokuti with a skilled resource base while defraying Dragon's Finnish costs.

Further details are included in the Mokuti announcement.

Yours faithfully
DRAGON MINING NL

Dr JAMES SEARLE
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Chief Executive Officer and Director