



2 August 2005

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

PLACEMENT

Dragon Mining is pleased to announce the placement of 31.5 million shares at 16.5 cents each to Australian and overseas institutional and sophisticated clients of Paterson Securities Limited to raise approximately \$5.2 million (before costs).

Funds are to be applied to activities in Finland and for working capital.

The placement will proceed in two tranches with the first portion of approximately 23 million shares being settled immediately. The balance will be completed on a deferred settlement basis pending the holding of a general meeting of members of Dragon Mining to approve the placement in accordance with ASX listing rule 7.2.

Further details of the issue and a notice of general meeting will be mailed to all shareholders shortly.

Yours sincerely

Dr JAMES SEARLE
Chief Executive Officer and Director