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**ASX ANNOUNCEMENT**

**4 July 2007**

**GOLD PRODUCTION COMMENCES IN FINLAND**

Dragon Mining Limited is pleased to announce the successful recommissioning of the Vammala Production Centre and the production of gold concentrate in Finland.

Ore haulage from the Orivesi Mine, 80 kilometres from the Vammala Production Centre, commenced on Monday, 18 June initially hauling stockpiled ore from both previous mining operations and Kutema pillars.

The Vammala plant which will be operated on a 24 hour basis five days per week has achieved consistent throughput of 40 tonnes per hour.

The recommissioning of the Vammala Production Centre culminates the dedicated efforts of the Finnish team lead by Heimo Poyry in reopening the Orivesi Gold Mine following the commitment by the Company to the decline development at Sarvisuo lodes - a series of parallel vertical pipes some 300m from the previously mined Kutema lodes.

Current reserves and resources stand at 93,000 ounces and 216,000 ounces respectively however extensive drilling undertaken in the past twelve months has provided encouragement of additional resources within the hydrothermally altered zone at Orivesi. Results have been regularly released to the market and a new resource statement is being finalised.

The Company has two underground rigs committed for the remainder of the year. Whilst the majority of the metres to be drilled will be to confirm and upgrade resources, exploration holes are also planned in the program.

In achieving the recommissioning of the Vammala Production Centre with production from the Orivesi Gold Mine, Dragon is well positioned to achieve targeted gold production in 2007 of 75,000 ounces from its two gold mines.

For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Managing Director