

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

DRAGON MINING LIMITED

ABN

19 009 450 051

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Fully Paid Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 245,696,775 ordinary shares pursuant to the Placement (as described in the Prospectus dated 3 August 2007 (Prospectus))

Up to 23,645,289 ordinary shares pursuant to the Noteholder Offer (as described in the Prospectus) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>								
<p>5 Issue price or consideration</p>	<p>11.5 cents each</p>								
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To close out the Company's hedge book obligations and ongoing working capital</p>								
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>To Be Advised</p>								
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td>760,735,613 *</td> <td>Ordinary Shares</td> </tr> <tr> <td>23,645,289</td> <td>Convertible Notes</td> </tr> <tr> <td colspan="2" style="padding-top: 10px;"><i>* to be confirmed</i></td> </tr> </tbody> </table>	Number	+Class	760,735,613 *	Ordinary Shares	23,645,289	Convertible Notes	<i>* to be confirmed</i>	
Number	+Class								
760,735,613 *	Ordinary Shares								
23,645,289	Convertible Notes								
<i>* to be confirmed</i>									

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<p>21,250,000 Options to subscribe for fully paid shares at \$0.20 per share expiring 4 November 2007.</p> <p>1,000,000 Options to subscribe for fully paid shares at \$0.14 per share, no expiry.</p> <p>1,500,000 Options to subscribe for fully paid shares at \$0.175 per share, no expiry.</p> <p>2,000,000 Options to subscribe for fully paid shares at \$0.21 per share, no expiry and no hurdle.</p> <p>4,000,000 Options to subscribe for fully paid shares at \$0.21 per share, with hurdles.</p> <p>75,000 Options to subscribe for fully paid shares at \$0.21 per share, expiring 21 Dec 2011.</p> <p>5,900,000 Options to subscribe for fully paid shares at \$0.175 per share, expiring 8 June 2012.</p>

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable
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Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	NO
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12 Is the issue renounceable or non-renounceable?	Non-renounceable
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13	Ratio in which the +securities will be offered	Shareholder Offer 1 for 2 Noteholder Offer 1 for 1
14	+Class of +securities to which the offer relates	Ordinary
15	+Record date to determine entitlements	14 August 2007
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Yes
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of Shareholders or Noteholders entitlements under the Prospectus, they will be rounded up to the next whole number of new shares
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries except Australia, New Zealand, United Kingdom, the Cayman Islands and Switzerland (Eligible Countries as per the Prospectus)
19	Closing date for receipt of acceptances or renunciations	3 September 2007
20	Names of any underwriters	Nicolas Mathys 39.83% Gondwana Fund Limited 35.39% Almaz Holding AG 17.70% Gregor Guggisberg 7.08%
21	Amount of any underwriting fee or commission	The Underwriters will be paid an underwriting fee of 5% of the total value of the shares offered under the Shareholder Offer The Noteholder Offer is not underwritten
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not Applicable

+ See chapter 19 for defined terms.

25	If the issue is contingent on +security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	20 August 2007
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	6 August 2007
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	+Despatch date	Despatch Date under the Shareholder and Noteholder Offers is 6 September 2007

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1

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(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: **Pauline Collinson**
Company Secretary
Dragon Mining Limited

Dated: 06 August 2007

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