



ASX ANNOUNCEMENT

11 SEPTEMBER 2007

DRAGON MINING CLOSES SUBSTANTIAL AMOUNT OF HEDGE BOOK

Dragon Mining Limited (the "Company") advises that \$21.6 million from the recent rights issue has been used to close out 54,849 ounces of gold at an average cost of US\$703.78 per ounce.

The net proceeds of the outstanding funds will be applied to meet underwriting fees and to close out further ounces of the hedge book.

The Company is well positioned to become an unhedged gold producer which will provide all Shareholders with an exposure to any upturn in the gold price in the future and provide the Company with the additional cash flow to evaluate further its extensive and highly prospective exploration portfolio in Finland.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director