



ASX ANNOUNCEMENT

14 SEPTEMBER 2007

FURTHER GOLD HEDGE BOOK CLOSURE

Dragon Mining Limited (the "Company") advises that the balance available from the recent rights issue of \$5.3 million has been used to close out a further 14,000 ounces of gold at an average gold price of US\$713 per ounce.

The Company has over the past week closed out 68,850 ounces of the gold hedge book at an average price of \$705.65 for a total cost of A\$26.9 million. Although the objective of the rights issue was to fully close out the gold hedge book, the increase in the US\$ gold price combined with the fall in the A\$/US\$ exchange rate has limited the total ounces of the hedge book which could be closed out.

A total of 11,150 ounces of gold remains hedged at an average forward price of US\$410, which represents less than 5% of the Company's gold reserves. The Company is assessing the various alternatives to manage the residual hedge ounces and is confident the substantial improvement in the cash flows will assist in this objective.

The Company commenced 2007 with an aggressive exploration strategy to expand the reserves for the Svartliden mine in Sweden and the Vammala Production Centre in Finland and continues to pursue that strategy. In addition, the work on the highly prospective development and exploration portfolio in Finland has seen the Company announce a nickel/copper resource at Vammala, advance exploration at Hanhimaa and undertake step out drilling at Kaapelinkulma.

As a predominantly unhedged gold producer with production in both Sweden and Finland and advanced development projects in Finland the Company is now well positioned to finance and undertake growth opportunities.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director