

ASX ANNOUNCEMENT

10 OCTOBER 2007

APPLICATION TO INCREASE THROUGHPUT AT SVARTLIDEN NOT APPROVED

The Environmental Court of Sweden has advised Dragon Mining (Sweden) AB the application to increase plant throughput at Svartliden to 500,000 tonnes per annum in production year 3 (1 March 2007 to 28 February 2008) and production year 4 (1 March 2008 to 28 February 2009) has not been approved. The ability to produce 500,000 tonnes per annum in year 5 is not effected.

The reasons which are contained in the decision handed down in Sweden on 9 October 2007 are being reviewed by the Company's legal representative and senior personnel. An appeal against the decision will be considered following that review.

The impact of the decision on the Company's operations at Svartliden are not immediately quantifiable, but efficiencies and better utilization of the plant which have been achieved over the past twelve months will be limited in effect.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director