

ASX ANNOUNCEMENT

3 JULY 2014

SALE OF INTEREST IN WELD RANGE METALS LIMITED

Dragon Mining Limited ("Dragon Mining" or "the Company") is pleased to announce that it has executed a Share Buy Back Agreement ('Agreement') with Weld Range Minerals Limited ("Weld Range") to sell back to Weld Range the Company's 39.95% interest in the Weld Range Project, located in the Murchison district of Western Australia.

Pursuant to the proposed selective buy back, to be undertaken in accordance with section 257D of the Corporations Act, Weld Range will buy back 48,222,297 shares from Dragon Mining in consideration for A\$1 million ("Buy Back"). Weld Range currently owes Dragon Mining \$3,791,046.29 comprising principal and accrued interest as at 30 June 2014 ('Debt'), which will be converted to equity prior to and form part of the Buy Back.

The Agreement is conditional on the following occurring on or before 29 August 2014:

- (a) shareholder approval being obtained by Weld Range in accordance with section 257B of the Corporations Act;
- (b) Weld Range issuing 37,910,463 Shares to Dragon Mining immediately prior to conducting the Buy Back by way of conversion of the Debt to equity at a deemed issue price of \$0.10 per Share; and
- (c) the Directors of Weld Range resolving that the Buy Back does not materially prejudice Weld Range's ability to pay its creditors, prior to the abovementioned shareholders meeting.

Executive Director, Mr Brett Smith commented: "The Company has decided to divest its Weld Range interest as a non-core asset and to focus on the development of its Nordic core assets. Further, the disposal will release the Company from its ongoing requirements to fund Weld Range's operations, including contributing to substantial current creditor repayments"

The Company will update on progress in due course.

For and on behalf of
Dragon Mining Limited