

ASX ANNOUNCEMENT

2 JANUARY 2015

SALE OF INTEREST IN WELD RANGE METALS LIMITED RE-STRUCTURED

Further to its announcement on 3 July 2014, Dragon Mining Limited ("Dragon Mining" or "the Company") advises that it has executed a Share Sale Agreement ('Agreement') with Ausinox plc ("Ausinox") to sell the Company's 39.95% interest in Weld Range Metals Limited ("Weld Range"), the owner of the Weld Range Project that is located in the Mid-West region of Western Australia. This Agreement has been executed at Weld Range's request and will supersede the Buy Back Agreement executed earlier with Weld Range, as previously announced.

Pursuant to the Agreement, Ausinox will buy 10,311,834 Weld Range shares from Dragon Mining. In addition, the debt Weld Range currently owes to Dragon Mining of \$3,791,046.29, comprising principal and accrued interest as at 30 June 2014 ('Debt'), will be assigned to Ausinox. Consideration payable to Dragon Mining by Ausinox pursuant to the Agreement is A\$1 million.

Executive Director, Mr Brett Smith commented: "At Weld Range's request, this is a change in structure to what was originally proposed but the outcome for Dragon Mining remains the same. There are no conditions precedent and completion is expected to occur on or around 31 January 2015, with effect from 31 December 2014."

The Company will update on progress in due course.

For and on behalf of
Dragon Mining Limited