

**ASX ANNOUNCEMENT**

**24 DECEMBER 2008**

## **ON MARKET PURCHASE OF CONVERTIBLE NOTES**

A wholly owned subsidiary of Dragon Mining Limited (“Dragon Mining” or the “Company”) has purchased a total of 1,991,000 Dragon Mining Convertible Notes (“Notes”) at an average cost of \$0.65 per note for a total of \$1,299,819, including costs. The purchase has been funded from cash reserves.

As the Notes trade at a discount to their face value of \$1.05, the purchase provides the most beneficial capital management initiative available to the Company and will save annual interest payments of approximately \$200,000 and \$800,000 from the principle redemption amount due in February 2011.

Of the 23,645,289 Notes on issue, 1,991,000 Notes are held by the subsidiary of Dragon Mining. All Notes remain listed on ASX.

The Notes were originally issued in 2006 to:

- Repay corporate debt;
- Redevelop the Orivesi Gold Mine and recommission of the Vammala Production Facility; and
- Accelerate exploration of areas near the Svartliden and Vammala operations with the intention of increasing reserves and extending mine life.

It is pleasing that these goals have been achieved with the Company’s operations performing well and the current high gold price. Unfortunately this is not reflected in the Company’s share price.

Both the Svartliden Gold Mine in Sweden and the Orivesi Gold Mine in Finland are profitable and the Company has been adding to cash reserves and gold concentrate receivables over the past six months.

The Company may purchase additional Notes but has no fixed view on the number of Notes, if any, which may be acquired in the future.

For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Managing Director