

ASX ANNOUNCEMENT

7 SEPTEMBER 2010

FIRST RESULTS FROM WESTERN ZONE DRILLING CAMPAIGN AT SVARTLIDEN GOLD MINE

Highlights

- Receipt of high grade intercepts including:
 - 4.0 metres @ 13.18 g/t gold from 163 metres**
 - 4.0 metres @ 6.39 g/t gold from 156 metres**
 - 6.0 metres @ 7.66 g/t gold from 256 metres**
 - 1.0 metres @ 53.30 g/t gold from 48 metres**
 - 9.0 metres @ 4.01 g/t gold from 198 metres**
- Updating of the Svartliden Mineral Resource commences.

Dragon Mining Limited (Dragon) is pleased to announce the receipt of the first series of results from the Western Zone Depth Extension 80-200 drilling campaign at the Svartliden Gold Mine, part of Dragon's extensive drilling program at Svartliden that is aimed at extending the mine life.

The Western Zone campaign of diamond core drilling was designed to further examine areas within, along strike, below and parallel to the existing underground Mineral Resource of 71,400 ounces grading 7.1 g/t gold (Appendix 1). Results have been received from 11 of the 21 holes completed to date and are provided in Table 1. One hole remains to be drilled in this campaign.

Executive Chairman Peter Cordin stated, "The Company is extremely pleased with the progress of the extensive drilling program at Svartliden. These latest results confirm that mineralisation occurs both along strike and below the area planned for underground development, further underpinning Dragon's aggressive push to define additional resources that could significantly extend the mine life at Svartliden."

Following completion of the Western Zone campaign, drilling will commence on the Eastern Zone Depth Extension 80-200 campaign, where it is planned to complete 43 diamond core drill holes testing the depth extensions of the eastern area that returned from recent drilling, intercept highlights of **5m @ 17.81 g/t gold**, **10m @ 14.87 g/t gold** and **2m @ 27.56 g/t gold**.

Updating of the Svartliden Mineral Resource estimate has now commenced, incorporating all available results from the 8,800 metres that have been drilled at Svartliden since early 2010. This update is scheduled to be completed by the end of September.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

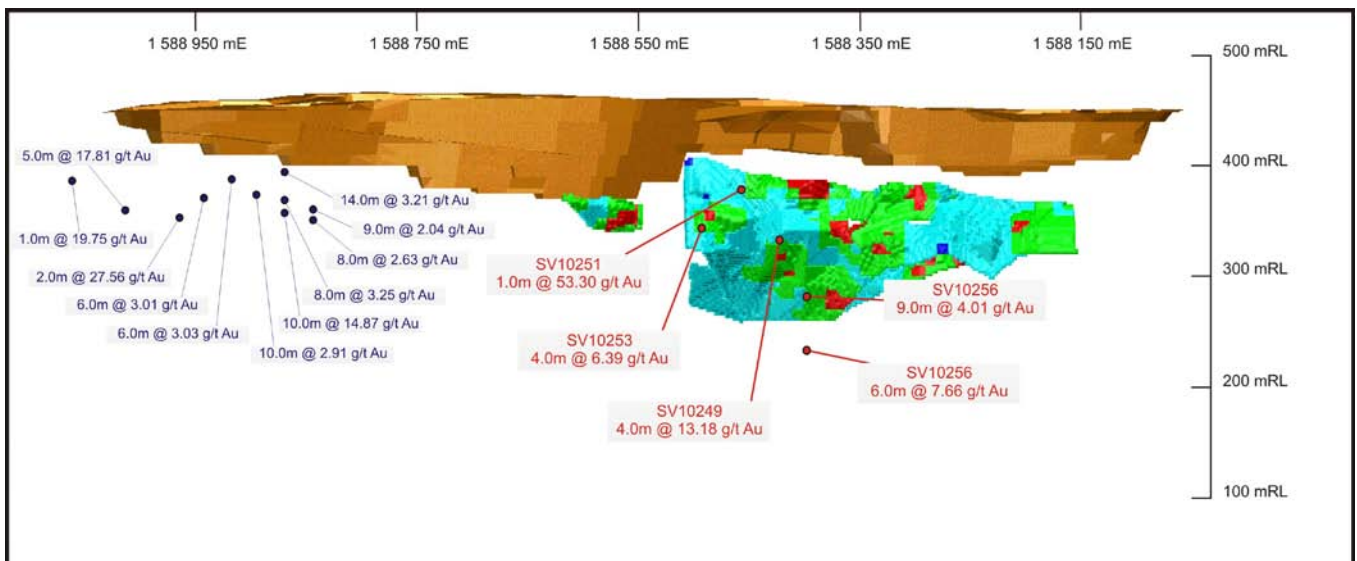
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neale Edwards BSc (Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of the company and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 – Results from Western Zone Depth Extension drilling campaign

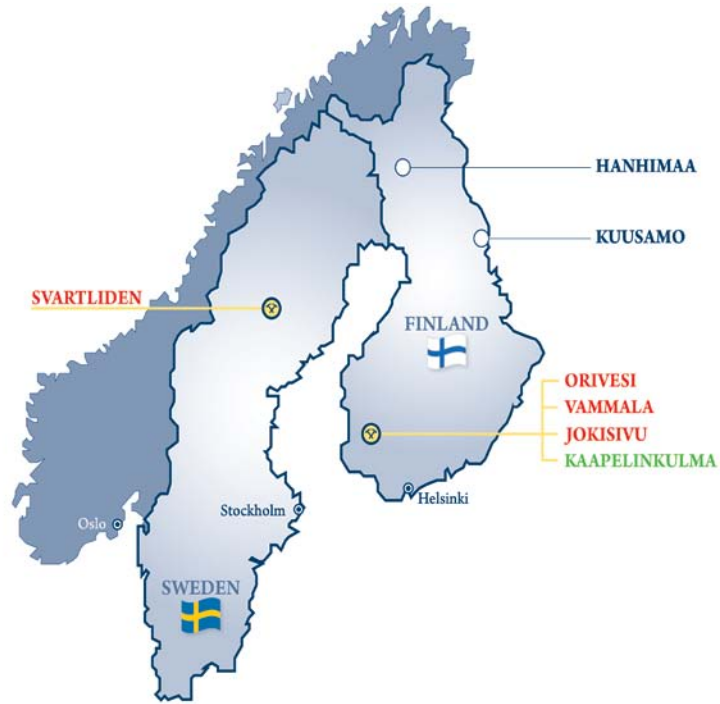
Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Gold (g/t)
Profile 1725							
SV10253	7187072.7	1588548.1	341	-45	156.0	4.0	6.39
SV10254	7187032.0	1588562.0	341	-45	203.0	1.0	2.44
Profile 1700							
SV10251	7187136.5	1588499.8	341	-45	38.0	2.0	5.99
					48.0	1.0	53.30
Profile 1675							
SV10255	7187063.1	1588498.5	341	-50	No significant results		
Profile 1650							
SV10249	7187051.2	1588476.2	341	-50	163.0	4.0	13.18
Profile 1625							
SV10256	7187016.6	1588461.6	341	-60	198.0	9.0	4.01
					includes 1.0 metre @ 21.7 g/t gold from 206 metres		
					214.0	1.0	2.69
					256.0	6.0	7.66
					includes 1.0 metre @ 30.6 g/t gold from 260 metres		
Profile 1600							
SV10250	7187098.9	1588407.0	341	-45	54.0	1.0	2.51
					60.0	1.0	2.91
SV10257	7187023.7	1588432.8	341	-47	No significant results		
SV10264	7187023.7	1588432.8	341	-65	No significant results		
Profile 1550							
SV10261	7186995.2	1588389.7	341	-61	No significant results		
Profile 1360							
SV10246	7187023.7	1588247.8	290	-57	144.0	1.0	8.23
					157.0	1.0	14.50

Analysis of half core was completed at ALS Chemex Laboratories in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS Chemex facility in Piteå, Sweden. Reported at a cut-off grade of 1.8g/t gold.

Intercept highlights in the Western Zone Depth Extension (Red) and Eastern Zone Open Cut Extension (Blue)



Location of Projects



Appendix 1 – Underground Resource

Svartliden Depth Extension In-situ Mineral Resource, reported at a 3g/t gold cut-off grade

	Tonnes	Grade	Ounces
Indicated	259,000	7.2	59,700
Inferred	53,000	6.8	11,700
Total	312,000	7.1	71,400

Gold Tonnage Distributions subdivided by JORC Categories; Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 2g/t gold cut-off and a minimum down hole length of 2 metres. Block dimensions used in the model were 2m NS x 10m EW x 10 m Vertical. A high grade cut of 70g/t was utilised.