

ASX ANNOUNCEMENT

25 MAY 2010

HIGH GRADE INTERCEPTS FROM THE SVARTLIDEN GOLD MINE, SWEDEN

Dragon Mining Limited is pleased to announce the first assay results from an extensive 22,000 metre diamond core drilling campaign focussed on extending the operational life at the Svartliden Gold Mine in Sweden.

The initial results are from the 12 hole diamond core drilling program undertaken from the pit floor targeting a high grade zone of mineralisation, which runs along the southern edge of the open pit. The results have yielded a number of higher grade intercepts, including **8.0m @ 5.85 g/t gold**, **4.0m @ 26.63 g/t** and **8.0m @ 4.26 g/t gold**.

Results from 10 holes are presented in Table 1. The assay results from the final 2 holes are pending.

The results received are encouraging, confirming the presence of higher grade mineralisation in this area. A review will now be undertaken to determine the viability of deepening the open pit to include those identified mineralised zones, which are not included in the existing pit design.

Executive Chairman Peter Cordin commented:

"This is an excellent start to the Company's extensive drilling campaign at the Svartliden Gold Mine. The initial results have provided the early encouragement that we can achieve our objective of extending the operational life at Svartliden to five years and beyond."

Drill Hole Location and Significant Intercepts – Eastern End of Svartliden Open Pit

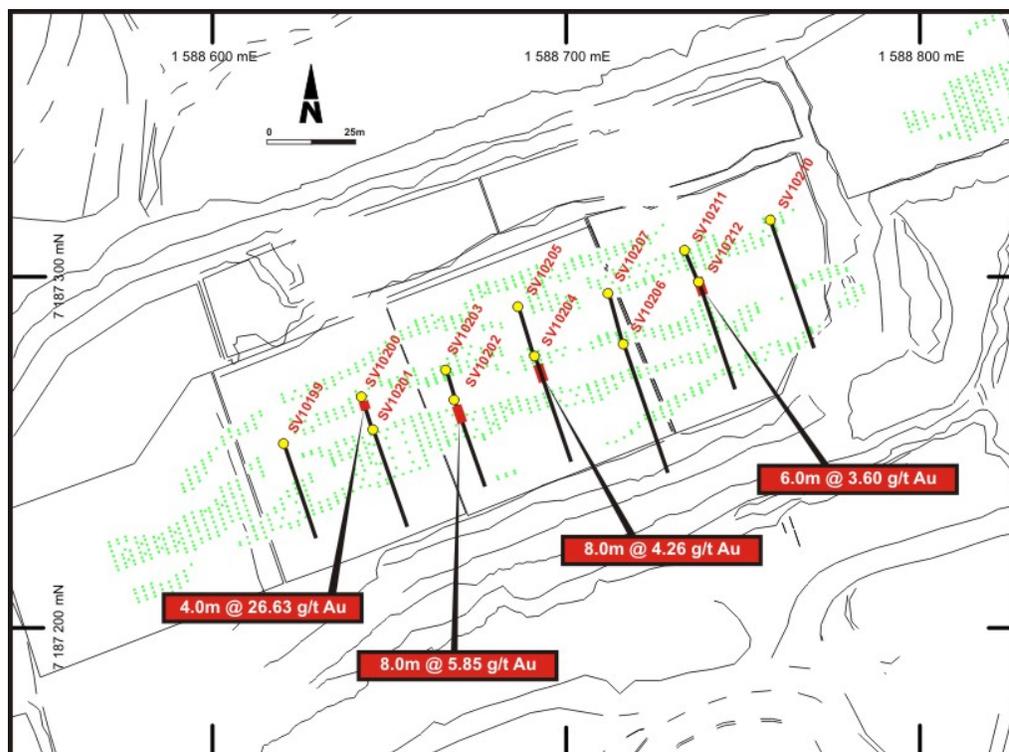


Table 1 – Results From In-pit Drilling at Svartliden

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Gold (g/t)
Profile 1850							
SV10199	7187249.9	1588620.1	161.0	-50	0.0	2.0	2.21
					10.0	1.0	3.83
Profile 1875							
SV10200	7187259.8	1588642.3	161.0	-50	0.0	4.0	26.63
					including 2.0 metres @ 44.8 g/t gold from 0.0 metres		
					17.0	2.0	5.99
SV10201	7187250.3	1588646.1	161.0	-50	1.0	1.0	2.52
Profile 1900							
SV10202	7187258.2	1588670.0	161.0	-50	0.0	8.0	5.85
SV10203	7187268.4	1588666.7	161.0	-50	Results Pending		
Profile 1925							
SV10204	7187271.2	1588691.5	161	-50	No Significant Results		
SV10205	7187284.7	1588686.7	161	-50	22.0	8.0	4.26
Profile 1950							
SV10206	7187288.0	1588709.0	161	-50	No Significant Results		
SV10207	7187273.4	1588711.6	161	-50	Results Pending		
Profile 1975							
SV10211	7187300.9	1588734.1	161	-50	2.0	2.0	1.92
					12.0	6.0	3.60
SV10212	7187291.7	1588737.6	161	-50	20.0	1.0	2.79
Profile 2000							
SV10210	7187308.1	1588754.2	161	-50	No Significant Results		

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

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.