

ASX ANNOUNCEMENT

16 SEPTEMBER 2009

MAIDEN DEPTH EXTENSION RESOURCE CONFIRMS UNDERGROUND POTENTIAL AT SVARTLIDEN, SWEDEN

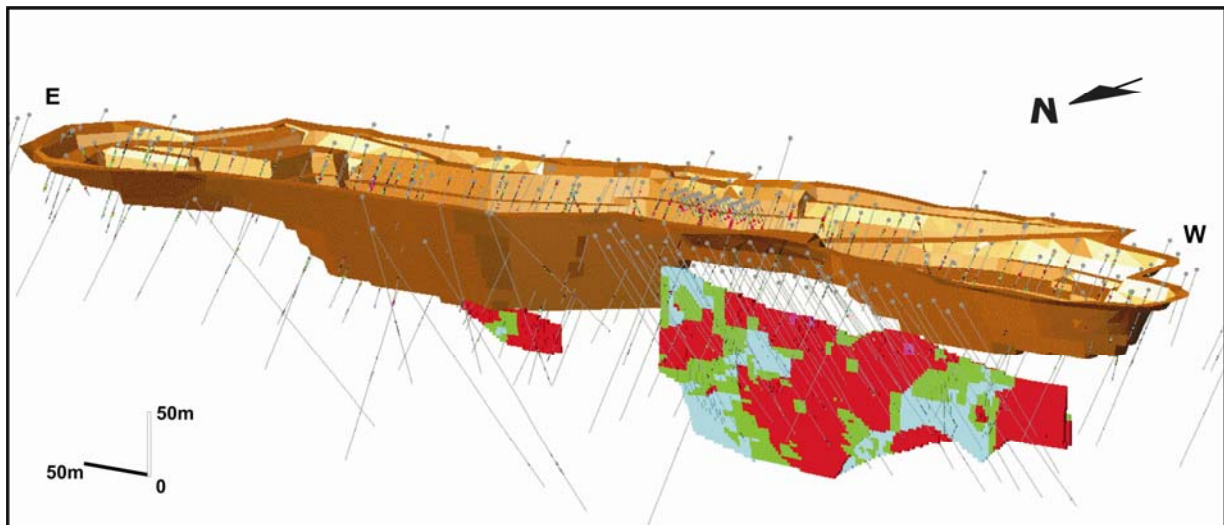
Dragon Mining is pleased to announce the maiden resource for the depth extension at the Svartliden Gold Mine of **312,000 tonnes at an average grade of 7.1 g/t for 71,400 ounces of gold**. The high grade nature of the resource, its consistent geometry and the proximity to the existing process facility suggests good prospects for the establishment of an underground mining operation. Company engineers are finalising an internal feasibility study to confirm the economic viability of an underground mining operation.

Svartliden Depth Extension In-situ Mineral Resource, reported at a 3g/t gold cut-off grade (Note 1).

	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.

Outline of the Depth Extension



The resource estimate was undertaken by independent geological consultants Runge Limited of Perth, Western Australia and incorporates all data collected up to the end of July 2009.

The resource is restricted by the limits of drilling, the model extending over 500 metres between local grid profiles 1375 and 1850 and includes a 150 metre vertical interval from the 410mRL to 260mRL (approximately 195 metres below surface). The deposit remains open to the east and down plunge, further drilling is warranted to test for extensions to the resource.

The Svartliden Gold Mine has produced approximately 200,000 ounces of gold and the mineralisation of the ore body is structurally controlled and hosted within a series of meta-sediment and volcanic sequences. The higher grade zones associated with the northern-most lode was the target of drilling since mid-2006, specifically designed to delineate mineralisation with the potential to support an underground mining operation.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

NOTES

(1) The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Paul Payne BAppSc, a Member of the Australian Institute of Mining and Metallurgy, who is a full time employee of Runge Limited 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 Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Paul Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

(2) 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.