

14 September 2009

Mr Nathan Bartrop  
Issuer Adviser (Perth)  
Australian Securities Exchange  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Mr Bartrop

#### **RESPONSE TO ASX PRICE AND VOLUME QUERY**

In response to your fax dated 14 September 2009, we provide the following information:

- 1) The executives of the Company undertook a "road show" in Melbourne, Sydney and Adelaide between 7-10 September 2009 inclusive. The power point presentation which was used was lodged with ASX on 7 September 2009 in advance of any presentations. Contained in the presentation was a comparative chart prepared by an independent consultant which emphasised DRA's share price to be undervalued when compared to a selection of similar scale underground gold producers.

Prior to undertaking the presentation the Company announced on 26 August 2009 the closing out of the hedge book which was the sole remaining obligation from the original funding of the Svartliden Gold Mine in Sweden. In addition the forward outlook for the gold price in US\$ has increased with the gold price exceeding US\$1,000 during the "road show".

The Company has been finalising the maiden depth extension resource statements for the proposed underground development at Svartliden. All significant drill intercepts from the drilling undertaken for the resource has been progressively released either as a separate announcement or included in the quarterly reports issued by the Company. The half yearly report released on 28 August 2009 also includes details of the significant drilling intercepts and states that "Upon receipt of final results the maiden resource estimate for the Svartliden underground area will be completed."

- 2) An announcement of the Svartliden resources cannot be made immediately because it is subject to review and approval by the geological consultants engaged by the Company to prepare the statement. The announcement will be made pre-open on Thursday 17 September 2009. The Company has requested a trading halt.
- 3) Details provided in answering question 1 adequately cover the explanation which the Company can provide.
- 4) The Company is aware of its continuous disclosure obligations pursuant to Listing Rule 3.1.

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

**Peter G Cordin**  
Managing Director