



ASX ANNOUNCEMENT

25 SEPTEMBER 2009

DRAGON MINING TO MOVE TO 100% INTEREST IN WELD RANGE TENEMENTS AND INTRODUCE DEVELOPMENT PARTNER

Dragon Mining Limited is pleased to announce that a wholly owned subsidiary, Weld Range Metals Limited ("Weld Range Metals" or the "Company") has entered into an agreement to move to a 100% interest in the Weld Range Tenements ("Tenements") with the purchase of majority interests from the other joint venture partners Pilbara Nickel Pty Limited ("Pilbara"), a subsidiary of Minara Resources Limited and Austmin Platinum Mines Pty Limited (In Liquidation) ("Austmin"), a subsidiary of Sons of Gwalia Ltd (In Liquidation") for total consideration of \$2,350,000.

In February 2008 Dragon Mining entered into an agreement with Atomaer Holdings Pty Ltd ("Atomaer") to evaluate the potential of the Tenements. Under this agreement Atomaer has the right to subscribe for a 60% interest in Weld Range Metals for \$500,000, now that the Company has signed the agreement to acquire the remaining majority interest in the Tenements. Atomaer is a private company based in Perth Western Australia and is responsible for raising funds for the acquisition and development of the Weld Range Metals Project and providing and/or procuring process technologies, technical personnel and management services for the purposes of conducting and managing the evaluation and development of the Weld Range Metals Project.

The agreement will ensure Dragon Mining will remain focussed on its Scandinavian gold assets but will derive value from the metal inventory located in the Tenements.

The Tenements which are known to host chromium, iron, nickel, cobalt and PGE (Platinum Group Elements) mineralisation are located in the Murchison District, close to the centre of the new iron ore province in the Mid West Region of Western Australia. The proposed new rail link from the new iron ore mines to the proposed Oakajee Deep Water Port will be routed close to the southern boundary of the Tenements.

Historical work on the Tenements has been reappraised by independent consultants Snowden Mining Industry Consultants ("Snowden"). Snowden has reported an updated Inferred Resource estimate for the chromium mineralisation of 63.5 million tonnes at 5.2% chromium, 38.1% iron and 0.38% nickel at a cut-off grade of 4% chromium. These resources are near surface and amendable to bulk open cut mining.

The Weld Range Metals Project comprises the evaluation, development and operation of facilities for production of intermediate and refined alloys containing chrome, iron and nickel as feedstock for the production of stainless steel and special alloys.

Weld Range Metals is currently reviewing the optimal financing structure for the Company to undertake feasibility studies and, if viable, construction of vertically integrated production facilities for intermediate and refined stainless alloys. As an interim step an Information Memorandum is being finalised to support the raising of approximately \$5 million to repay the funds advanced by Dragon Mining and Atomaer to purchase the remaining interests in the Tenements, as well as undertake further drilling and scoping studies.

Further details on the Project are provided in the attached summary.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

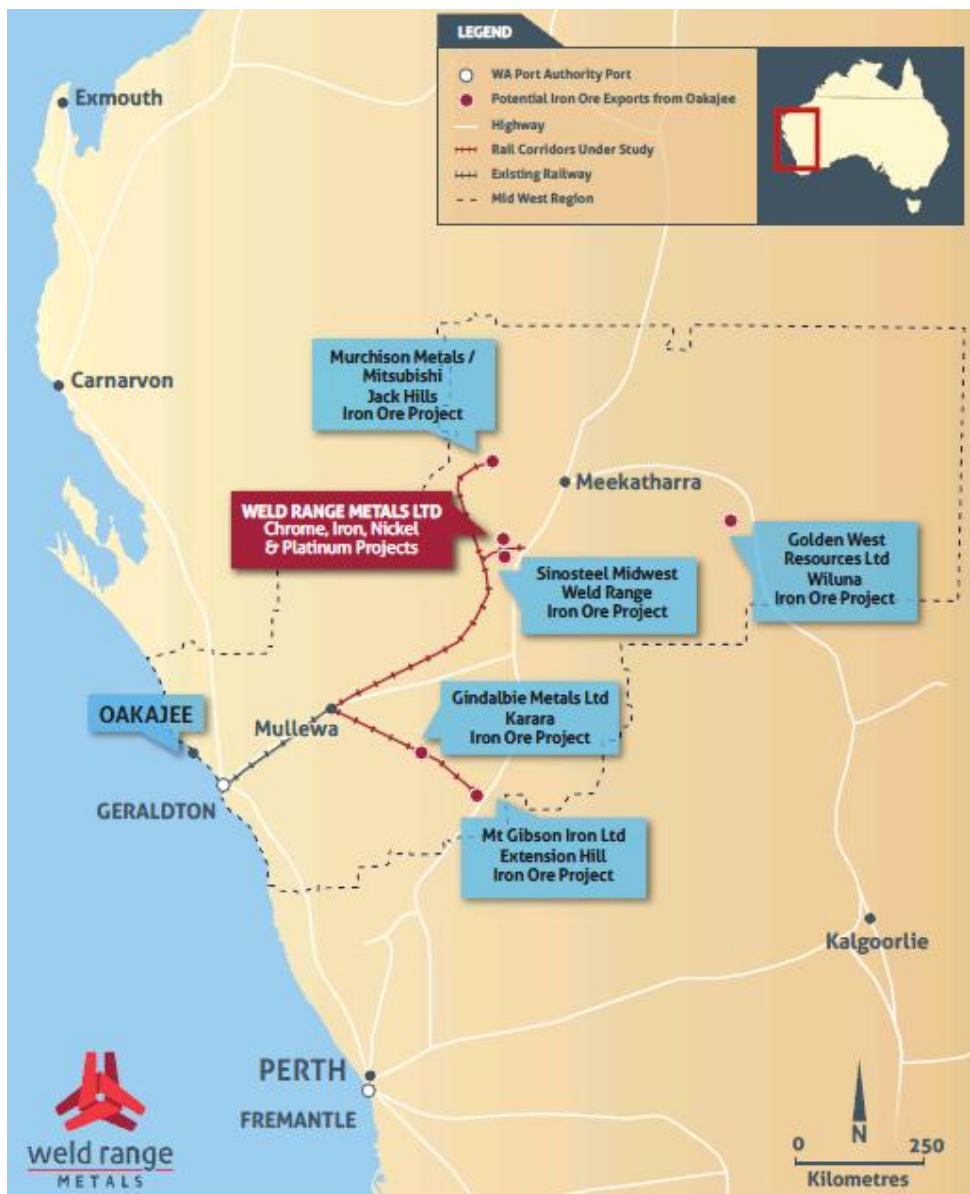
SUMMARY OF THE WELD RANGE METALS PROJECT

Introduction

The Weld Range Metals Project ("Project") is located in the Murchison District 65 kilometres north-northwest of Cue, approximately 750 kilometres northeast of Perth in Western Australia. The Project comprises a series of contiguous granted Mining Leases, Prospecting Licences and Mining Lease Applications which encompass a total area of 78.5km² ("Project Area").

The Project is located immediately north of Sinosteel Midwest Corporation Limited's Weld Range Iron Ore Project. The proposed new rail link from the Mid West Region to the proposed Oakajee Deep Water Port north of Geraldton, which will service Sinosteel's iron ore project will be routed close to the southern boundary of the Project area.

The objective is to develop a mine at Weld Range and to establish processing facilities within the proposed Oakajee Industrial Estate near the proposed Oakajee Deep Water Port, with a view to producing intermediate and refined stainless alloy from the mineral resources containing chromium, iron and nickel.



Mineral Resources

Weld Range Metals initial focus will be on the chromium mineralisation in laterite. The chromium in the laterite profile is considered to have been derived from weathering of the ultramafic complex and comprises a chromiferous, ferricrete, silicrete resistant cap overlying nickeliferous, limonite (hydrous, iron oxide) and saprolite. A well defined arcuate zone of goethitic and haematitic laterite with up to 18% chromium runs through the centre of the project area.

Historical work on the Tenements has been reappraised by independent consultants Snowden Mining Industry Consultants, resulting in an updated Inferred Resource estimate for the chromium rich portion of the laterite. The chromium Mineral Resource has been classified as Inferred in accordance with the 2004 JORC Code, based upon the geology, mineralisation interpretations and drill hole data. The Mineral Resource reported above a 4% chromium cut-off grade is provided in Table 1.

Table 1 – Weld Range Inferred Mineral Resource at a 4% Cr cut-off grade.

Tonnes (Mt)	Cr (%)	Fe (%)	Ni (%)
63.5	5.2	38.1	0.38

Ordinary Kriging (OK) grade interpolation, constrained by resource outlines of mineralisation envelopes prepared using a nominal 3% chromium cut-off and a minimum thickness of 2 metres; block dimensions used in the model were 100m EW x 25m NS x 2m Vertical; a density value of 1.5t/m³ and a top-cut of 1.1% for nickel block grade estimation.

Strategy

The Weld Range Metals Project comprises the evaluation, development and operation of facilities for the vertically integrated production of intermediate and refined stainless alloy from the Mineral Resources containing chromium, iron and nickel located within the Weld Range Mining Tenements.

Mining

The resources identified in the chrome mineralised area are near surface and amendable to bulk open cut mining. Snowden has reported a high grade zone (above a cut-off grade of 4.2% Cr) comprising 10.5 million tonnes with an average grade of 6.2% chromium, 45% iron and 0.41% nickel, included within the total Inferred Mineral Resource. Approximately 86% of this high grade zone is from surface to a depth of 4 metres. Portion of this higher grade zone will provide plant feed for the first 10 to 20 years of the Project. Mining studies will be undertaken as part of a scoping study.

Processing

Over the last 12 months the Company has evaluated several process options for the recovery and production from the mineral resources contained in the chrome mineralisation. A desktop study prepared for Atomaer proposed pyro-metallurgical processing for the treatment of ore to produce a product containing chrome, iron and nickel as a feedstock for the production of intermediate and refined stainless alloy.

The Company engaged ProMet Engineering Pty Ltd, a Western Australian based processing engineering firm to review the desktop study and it was recommended that a scoping study be conducted with the objective of establishing a sound technical and commercial case for the development of a vertically integrated processing and fabrication facility for the production of an intermediate and refined stainless alloy from the mineral resources at Weld Range.

Products and Markets

Production of chrome, iron and nickel will position the Company in the iron and steel industry in general and the stainless alloy business in particular. Marketing studies will be undertaken as part of the scoping study.

Funding

An Information Memorandum is being finalised to raise \$5 million to repay the funds advanced by Dragon Mining and Atomaer to complete the acquisition of the interests from Pilbara and Austmin, complete a scoping study which will include resource drilling, metallurgical test work and a marketing study of the international stainless steel industry and provide adequate working capital for the next stage of the Company's activities.

About Atomaer Holdings Pty Ltd

Dragon Mining's partner in the Weld Range Metals Project is Atomaer Holdings Pty Ltd ("Atomaer").

Atomaer is a process technology and project development company based in Western Australia. It has operating companies in Australia, South Africa, Chile, Brazil and the United Kingdom.

Atomaer aims to create value through the evaluation, acquisition, development and commercial exploitation of projects involving the extraction and production of minerals, metals and chemicals from the processing of mineral resources and the treatment of effluent from processing plants using advances in process technology to achieve sustainable competitive advantages in terms of lower capital and operating costs.

Over the last seven years Atomaer has focused on the commercial development and exploitation of advances in process technology in the extraction and production of gold, nickel and other base metals and platinum group metals from tailings and other mineral resources in South Africa and Australia.

Note 1

The Mineral Resource statement has been compiled by Mrs Christine Standing of Snowden Mining Industry Consultants. Mrs Standing is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs Standing consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Note 2

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves that are not specifically referred to is based on information compiled by Mr Neale Edwards BSc (Hons), a Member of the Australian Institute of Geoscientists, a Member of the Australian Institute of Mining and Metallurgy, 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 Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards and Mr Urpo Kuronen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.