

ASX ANNOUNCEMENT

17 MAY 2010

CANCELLATION OF EMPLOYEE OPTIONS

Dragon Mining Limited (Dragon) advises the cancellation of 2,000,000 unlisted Employee Options exercisable at 21 cents when the volume weighted share price of Dragon exceeded \$0.25 for 5 consecutive days and 200,000 unlisted Employee Options exercisable at 17.5 cents on or before 8 June 2012. The Options were issued to former employees and have been cancelled in accordance with the Company's Employee Incentive Option Plan.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman