

ASX ANNOUNCEMENT

17 MAY 2010

KOKA DEPOSIT FEASIBILITY STUDY UPDATE

Zara Joint Venture, Eritrea (Dragon Mining Limited - 20% Free Carried Interest)

The attached was released by Joint Venture partner Chalice Gold Mines Limited (ASX Code: CHN) which provides an update on progress of the Feasibility Study on the Koka Gold Deposit.

The Zara Joint Venture is situated in northern Eritrea, approximately 160km northwest of Asmara city. The project is managed by Chalice Gold Mines and Dragon Mining has a 20% interest and is free carried through to completion of a bankable feasibility study. Dragon has granted an option to Chalice to acquire the 20% interest.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman