

ASX ANNOUNCEMENT

08 JULY 2010

DRAGON MINING TO REDEEM ALL OUTSTANDING CONVERTIBLE NOTES IN OCTOBER 2010

Dragon Mining Limited is pleased to announce the early redemption of the outstanding Convertible Notes ("Notes") being 5,339,479 Notes with a face value of \$5.8 million as at 7 July 2010. In accordance with the Trust Deed, Dragon Mining will redeem the Notes at the next interest payment date being 08 October 2010. A notice will be sent to Noteholders advising the redemption and ex-entitlement dates in the coming weeks.

As at 30 June 2010, Dragon Mining had approximately \$28.0m in cash, bullion and receivables and debt of 1 million euro which is repayable in December 2010. In July, Dragon Mining purchased an additional 1,468,180 Notes at an average price of \$1.05.

Executive Chairman Peter Cordin stated, "This is a tremendous result for the Company and another important milestone. In early 2006 the Company had net debt of approximately \$19.3m, a gold hedge book that was out of the money by \$35.1m and one operating mine. The Company now has a healthy cash balance, three operating mines and a 2010 production target of 70,000 ounces of gold. In addition, the Company continues to generate strong operating margins with the strength in the gold price and the weakening of the euro and Swedish krona."

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman