



**ASX ANNOUNCEMENT**

**01 OCTOBER 2010**

**DRAGON MINING - A DEBT FREE, UNHEDGED GOLD PRODUCER**

Dragon Mining Limited ("Dragon Mining") is pleased to announce that following the redemption of all outstanding Convertible Notes ("Notes") and the early repayment of a debt facility to Nordea Bank in Finland, the Company is debt free and unhedged.

Of the total 23,645,289 Notes issued in February 2006, Dragon Mining repurchased 18,322,810 Notes on market, redeemed 5,249,479 Notes on 30 September 2010 (5 months early) with 73,000 Notes converted into 438,000 shares.

Following the redemption, Dragon Mining has approximately \$24.0 million in cash, bullion and gold concentrate receivables.

Executive Chairman Peter Cordin stated, "The Company is in a strong financial position, has three profitable gold mines and is on track to meet the 2010 production target of 70,000 ounces of gold. The Directors continue to strive to generate shareholder value by growing the business. This is being achieved by aggressive drilling at all mines with the objective of increasing mine life to greater than 5 years and advancing exploration on the exciting Kuusamo Gold Project. In addition, the Company is actively monitoring acquisition opportunities that fit within our corporate strategy."

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

**Peter G Cordin**  
Executive Chairman