

ASX ANNOUNCEMENT

04 OCTOBER 2010

NOTICE OF GENERAL MEETING

Dragon Mining Limited advises that the attached Notice of General Meeting is being despatched to Shareholders today.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

DRAGON MINING LIMITED

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NOTICE OF GENERAL MEETING

**General Meeting of the Company will be held at
The Old Brewery, First Floor, 173 Mounts Bay Road Perth,
Western Australia on Friday, 5 November 2010 at 9:00am (WST).**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6311 8000

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders ("**Meeting**") of Dragon Mining Limited ("**Company**") will be held on Friday, 5 November 2010 at The Old Brewery, First Floor, 173 Mounts Bay Road, Perth at 9:00am (WST).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 3 November 2010 at 9:00am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined on page 4.

AGENDA

1. Resolution 1 – Consolidation of Capital

To consider, and if thought fit, pass as an **ordinary resolution** with or without amendment the following:

"That for the purposes of Section 254H of the Corporations Act, clause 8.1(b) of the Constitution and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:

- (a) every 10 Shares be consolidated into 1 Share; and*
- (b) every 10 options be consolidated into 1 Option with the exercise price amended in inverse proportion to that ratio,*

and where this Consolidation results in a fraction of a Share or Option being held by a Securityholder, the Directors be authorised to round that fraction up to the nearest whole Share or Option, with the Consolidation taking effect in accordance with the Listing Rules and otherwise as described in the Explanatory Memorandum."

4 October 2010
By Order of the Board
Pauline Collinson
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at The Old Brewery, First Floor, 173 Mounts Bay Road, Perth on 5 November 2010 at 9:00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to assist Shareholders in deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

2. Resolution 1 – Consolidation of Share Capital

Resolution 1 seeks Shareholder approval for the Company to undertake a Consolidation of the number of Shares and Options on issue on a 1 for 10 basis ("**Consolidation**"). The exercise price of Options will be amended in inverse proportion to the Consolidation ratio.

The result of the Consolidation is that each Security holding will be reduced by ten times its current level. Each Shareholders proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation. Any fractional entitlements of Securityholders as a consequence of the Consolidation will be rounded up.

The change in capital structure of the Company following the Consolidation, which is subject to adjustments for rounding is as follows:

Shares

	Number*
Shares currently on issue	737,783,151
Shares on issue after Consolidation	73,778,315

*Assumes no Options exercised prior to Consolidation.

Options

	Number*
Total Options on issue	10,175,000
Total Options on issue after the Consolidation	1,017,500

*Assumes no Options exercised or forfeited prior to Consolidation.

From the date two business days after the Consolidation is approved by Shareholders:

- (a) all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of Options on a post Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders of those Shares and to the extent required new certificates for unlisted Options to be issued to Optionholders.

It is the responsibility of each Shareholder or Optionholder to check the number of Shares or Options held prior to disposal or exercise (as the case may be).

The indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
21 September 2010	Announcement of Consolidation
4 October 2010	Notice of General Meeting sent to Shareholders
5 November 2010	Date of General Meeting Following shareholder approval Company announces shareholder approval of capital Consolidation
8 November 2010	Last day for trading pre-capital Consolidation securities
9 November 2010	Trading of post capital Consolidation securities on a deferred settlement basis commences
15 November 2010	Last day to register transfers on a pre-capital Consolidation basis.
16 November 2010	First day to register transfers on a post-capital Consolidation basis.
22 November 2010	Deferred settlement market ends Last day for Company to send notice to each security holder of pre and post capital Consolidation holdings.

Definitions

In this Explanatory Memorandum and Notice:

“**ASIC**” means Australian Securities and Investments Commission

“**ASX**” means ASX Limited (ABN 98 008 624 691), and where the context permits, the Australian Securities Exchange operated by ASX Limited.

“**Board**” means the board of Directors.

“**Business Day**” means a day that ASX is open for trading in Western Australia.

“**Company**” has the meaning given in the introductory paragraph of the Notice.

“**Constitution**” means the Constitution of the Company.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Director**” means a Director of the Company.

“**Explanatory Memorandum**” means the Explanatory Memorandum attached to the Notice.

“**Listing Rules**” means the listing rules of ASX.

“**Meeting**” has the meaning given in the introductory paragraph of the Notice.

“**Notice**” means this Notice of Meeting.

“**Option**” means option to acquire a Share.

“**Optionholder**” means the holder of an Option.

“**Proxy Form**” means the proxy form attached to the Notice.

“**Resolution**” means a resolution contained in this Notice.

“**Security**” means a Share or an Option.

“**Securityholder**” means the holder of a Security.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholder**” means the holder of a Share.

“**WST**” means Western Standard Time, being the time in Perth, Western Australia.

PROXY FORM

The Company Secretary
Dragon Mining Limited

By delivery:

Level 1
173 Mounts Bay Road
PERTH WA 6000

By post:

Level 1
173 Mounts Bay Road
PERTH WA 6000

By facsimile:

+61 8 6311 8004

I/We ¹ _____
of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint ² _____

or failing such appointment the Chairman of the General Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at The Old Brewery, First Floor, 173 Mounts Bay Road, Perth on 5 November 2010 at 9:00am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. This proxy is appointed to represent [%] of my/our voting right, or if 2 proxies are appointed Proxy 1 represents * [%] and Proxy 2 represents * [%] of my/our total votes.

INSTRUCTIONS AS TO VOTING ON RESOLUTION

IMPORTANT:

The Chairman of the General Meeting intends to vote undirected proxies in favour of the Resolution.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

	For	Against	Abstain
Resolution 1 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

²Insert name and address of proxy

*Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: Where the holding is in more than one name all of the holders must sign.

Power of Attorney: If signed under a power of attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

Companies: A director can sign jointly with another director or a company secretary. A sole director who is also a sole company secretary can also sign. Please indicate the office held by signing in the appropriate space.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 1, 173 Mounts Bay Road, Perth, WA, 6000 or facsimile (08) 6311 8004 if faxed from within Australia or +618 6311 8004 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).