

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

DRAGON MINING LIMITED

ABN

19 009 450 051

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | ORDINARY |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 438,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Conversion of 73,000 10% Convertible Notes with a face value of \$1.05 per Note, converted on the basis of 6 shares for every 1 Convertible Note. |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>								
<p>5 Issue price or consideration</p>	<p>Nil</p>								
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Conversion of Convertible Notes</p>								
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>30 September 2010</p>								
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1545 989 1590">Number</th> <th data-bbox="989 1545 1283 1590">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1590 989 1668">Pre-consolidation 737,783,151</td> <td data-bbox="989 1590 1283 1668">Ordinary</td> </tr> <tr> <td data-bbox="686 1668 989 1883">Post consolidation 73,778,315 (dependant on rounding)</td> <td data-bbox="989 1668 1283 1883">Ordinary</td> </tr> <tr> <td data-bbox="686 1848 989 1883">_____</td> <td data-bbox="989 1848 1283 1883">_____</td> </tr> </tbody> </table>	Number	+Class	Pre-consolidation 737,783,151	Ordinary	Post consolidation 73,778,315 (dependant on rounding)	Ordinary	_____	_____
Number	+Class								
Pre-consolidation 737,783,151	Ordinary								
Post consolidation 73,778,315 (dependant on rounding)	Ordinary								
_____	_____								

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	Number	+Class
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>Pre-consolidation 4,100,000</p>	<p>Employee Options exercisable at 17.5 cents pre-consolidation (\$1.75 post consolidation), expiry 08/12/2012</p>
	<p>Post consolidation 410,000</p>	
	<p>Pre-consolidation 75,000</p>	<p>Employee Options exercisable at 21 cents pre-consolidation (\$2.10 post consolidation), expiry 21/12/2011</p>
	<p>Post consolidation 7,500</p>	
	<p>Pre-consolidation 1,000,000</p>	<p>Director Options exercisable at 21 cents pre-consolidation (\$2.10 post consolidation) only when volume weighted share price exceeds 0.25 cents pre-consolidation (\$2.50 post consolidation) for 5 consecutive days</p>
	<p>Post consolidation 100,000</p>	
	<p>Pre-consolidation 1,000,000</p>	<p>Director Options exercisable at 14 cents pre-consolidation (\$1.40 post consolidation), no expiry</p>
	<p>Post consolidation 100,000</p>	
<p>Pre-consolidation 1,500,000</p>	<p>Director Options exercisable at 17.5 cents pre-consolidation (\$1.75 post consolidation), no expiry</p>	
<p>Post consolidation 150,000</p>		
<p>Pre-consolidation 500,000</p>	<p>Director Options exercisable at 17.5 cents pre-consolidation (\$1.75 post consolidation), expiry 08/06/2012</p>	
<p>Post consolidation 50,000</p>		
<p>Pre-consolidation 2,000,000</p>	<p>Director Options exercisable at 21 cents pre-consolidation (\$2.70 post consolidation), no expiry</p>	
<p>Post consolidation 200,000</p>		
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Not applicable</p>	

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Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|----------------|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | Not applicable |
| 13 | Ratio in which the +securities will be offered | Not applicable |
| 14 | +Class of +securities to which the offer relates | Not applicable |
| 15 | +Record date to determine entitlements | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Not applicable |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	Not Applicable	
39	Class of +securities for which quotation is sought	Not applicable	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not applicable	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class
		Not applicable	

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

 - There is no reason why those +securities should not be granted +quotation.

 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

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