

ASX ANNOUNCEMENT

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FINAL RESULTS FROM WESTERN ZONE DRILLING CAMPAIGN AT SVARTLIDEN GOLD MINE, SWEDEN

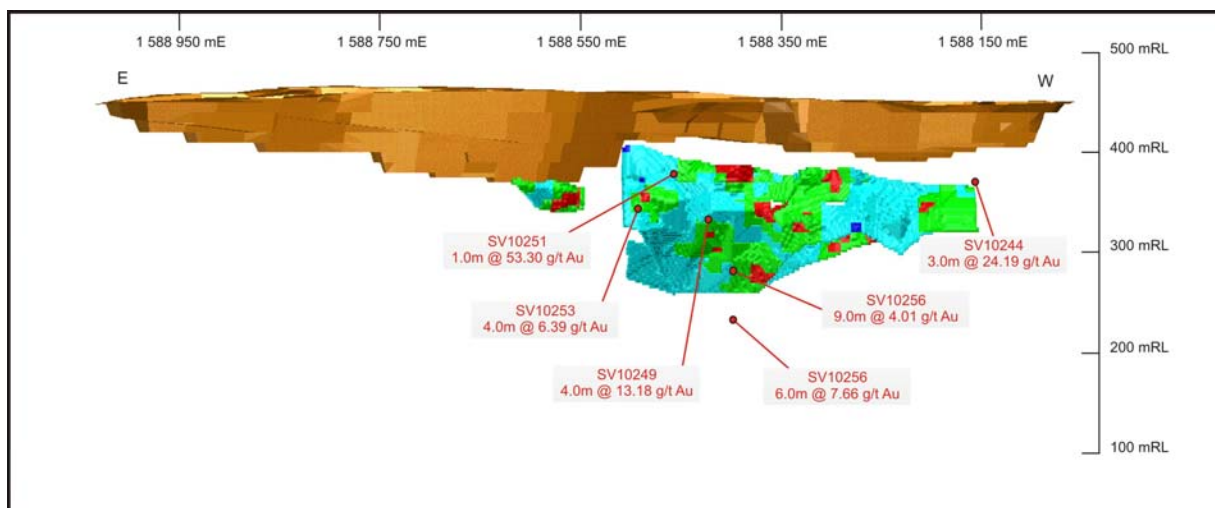
Dragon Mining is pleased to announce the receipt of the final results from the Western Zone Depth Extension 80-200m drilling campaign at the Svartliden Gold Mine.

As part of the aggressive diamond core drilling strategy, which is aimed at extending mine life, the Western Zone campaign was designed to examine areas within, along strike, below and parallel to the existing underground Mineral Resource. Results from the 22 holes (4,179.5 metres) drilled yielded a number of encouraging intercepts including previously released highlights **4.0 metres @ 13.18 g/t gold, 4.0 metres @ 6.39 g/t gold, 6.0 metres @ 7.66 g/t gold, 1.0 metre @ 53.30 g/t gold, 9.0 metres @ 4.01 g/t gold** and the recent high grade intercept of **3.0 metres @ 24.19 g/t gold**. Results from all holes are provided in Table 1.

The results confirm that gold mineralisation occurs both along strike and below the planned area for underground development, whilst also identifying the presence of a possible parallel lode of gold mineralisation that will require additional drilling to determine its significance.

Both diamond core drill rigs are now active on the Eastern Zone Depth Extension 80-200m campaign, which has been designed to test the depth extensions of the eastern portion of the deposit between 80 and 200 metres below surface. During September, 13 of the 43 holes in this campaign were completed, the first results expected in November.

Intercept highlights in the Western Zone Depth Extension



For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neale Edwards BSc (Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of the company and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 – Results from Western Zone Depth Extension drilling campaign. Recent results highlighted in red.

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
Profile 1725							
SV10253	7187072.678	1588548.109	341	-45	156.0	4.0	6.39
SV10254	7187031.996	1588562.038	341	-45	203.0	1.0	2.44
Profile 1700							
SV10251	7187136.481	1588499.837	341	-45	38.0	2.0	5.99
					48.0	1.0	53.30
Profile 1675							
SV10255	7187063.103	1588498.537	341	-50	No significant results		
Profile 1650							
SV10249	7187051.220	1588476.181	341	-50	163.0	4.0	13.18
Profile 1625							
SV10256	7187016.631	1588461.600	341	-60	198.0	9.0	4.01
					includes 1.0 metre @ 21.7 g/t gold from 206 metres		
					214.0	1.0	2.69
					256.0	6.0	7.66
					includes 1.0 metre @ 30.6 g/t gold from 260 metres		
Profile 1600							
SV10250	7187098.883	1588407.011	341	-45	54.0	1.0	2.51
					60.0	1.0	2.91
SV10257	7187023.670	1588432.765	341	-47	No significant results		
SV10264	7187023.670	1588432.765	341	-65	No significant results		
Profile 1575							
SV10258	7187005.164	1588412.676	341	-60	244.0	1.0	2.76
Profile 1550							
SV10252	7186995.174	1588389.672	341	-50	No significant results		
SV10261	7186995.174	1588389.672	341	-61	264.0	4.0	2.43
SV10262	7186954.492	1588403.602	341	-50	Hole Abandoned – Not Analysed		
Profile 1500							
SV10259	7186962.893	1588347.875	341	-45	No significant results		
SV10260	7186961.947	1588348.199	341	-50	264.0	2.0	2.82
SV10263	7186937.349	1588356.622	341	-50	268.0	3.0	2.84
Profile 1375							
SV10244	7187023.744	1588247.765	303	-41	94.0	3.0	24.19
					includes 2.0 metres @ 34.1 g/t gold from 94 metres		
SV10248	7186906.367	1588155.624	13	-55	277.0	1.0	2.44
Profile 1350							
SV10245	7187023.744	1588247.765	290	-50	152.0	2.0	3.21
SV10246	7187023.744	1588247.765	290	-57	144.0	1.0	8.23
					157.0	1.0	14.50
Profile 1325							
SV10247	7187000.786	1588119.483	30	-55	No significant results		
SV10265	7187135.627	1588103.756	161	-40	104.0	1.0	4.49

Analysis of half core was completed at ALS Chemex Laboratories in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS Chemex facility in Piteå, Sweden. Reported at a cut-off grade of 1.8g/t gold.

Background

The Svartliden Gold Mine is located in northern Sweden, 700 kilometres north of Stockholm in an area that is developing into a gold-rich province referred to as the Gold Line. It was developed by Dragon Mining as an open pit mining operation with ore processed on site through a carbon in leach (CIL) plant, the first production in March 2005. At 30 June 2010 the operation had processed 1.74Mt at 4.8 g/t gold for 230,300 ounces of gold.

Mineralisation at Svartliden is structurally controlled and hosted within a series of meta-sediment and volcanic sequences. Higher grade concentrations of gold occur within well defined structures. These zones have been the target of resource drilling since mid-2006 designed to delineate gold mineralisation with the potential to extend the open pit and to verify underground mining operations.

