

ASX ANNOUNCEMENT

27 JULY 2009

PERMISSION GRANTED FOR UNDERGROUND MINING AT SVARTLIDEN, SWEDEN

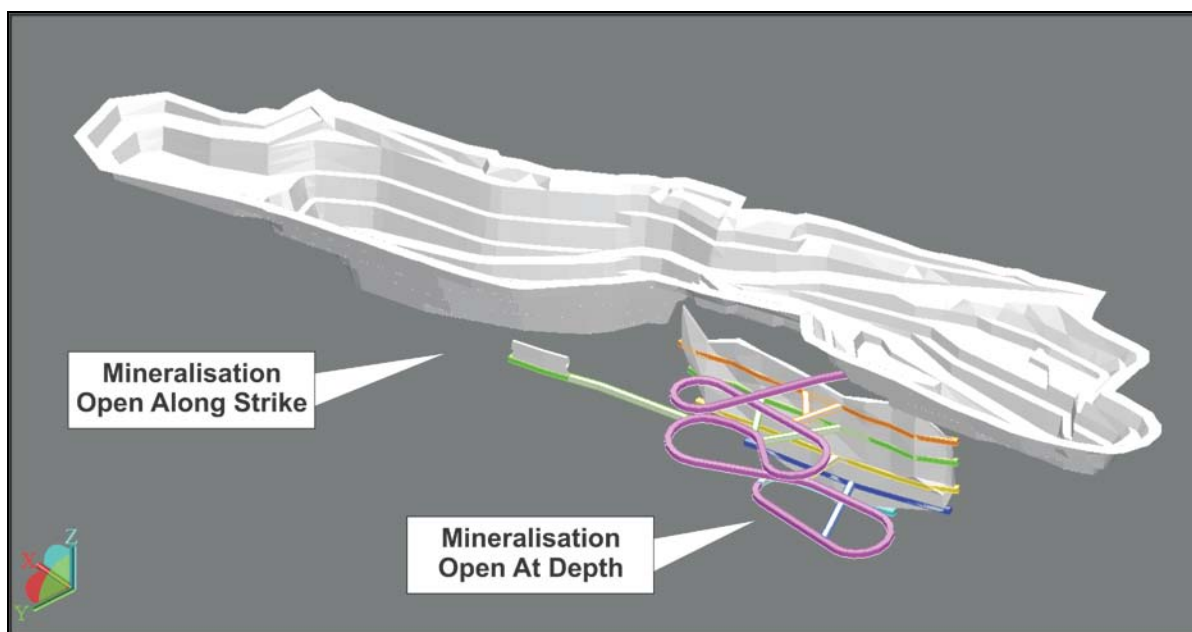
Dragon Mining Limited is pleased to announce that the County Administration Board has given permission for a one kilometre underground exploration decline and 100,000 tonne test mining operation at the Svartliden Gold Mine, Sweden.

The exploration drive and development will be commenced to enable production from the underground to complement/coincide with the completion of the open pit.

Managing Director Peter Cordin noted: "the granting of the approval for underground development is a major step towards transitioning Svartliden into a profitable underground mine. Recent underground resource drilling has continued to confirm the presence of a higher grade mineralised zone below the Svartliden open pit and a preliminary underground mine design has been completed. A JORC compliant resource is expected to be available in August."

Production from Svartliden during the June quarter was 10,098 ounces at an average cash cost of US\$520 an ounce. Full details will be provided in the quarterly report.

Underground Conceptual Development



For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director