

ASX ANNOUNCEMENT

17 DECEMBER 2009

NEW HIGH GRADE INTERCEPTS FROM THE SVARTLIDEN GOLD MINE, SWEDEN

Dragon Mining Limited is pleased to announce the receipt of the initial assay results from a diamond core drilling program, which has targeted the easterly extensions of the Svartliden Gold Mine in Sweden. The new results are from Profile 2275 at the far east end of the deposit, that have returned a highlight intercept of **5.00 metres @ 17.81g/t gold** that includes **2.00 metres @ 41.73g/t gold**.

Located 65 metres below the planned base of the open pit, this new high grade intercept is considered very encouraging, continuing to highlight the potential for high-grade mineralisation below planned limits to open-pit mining at Svartliden.

This short phase of drilling commenced in the second half of 2009 and was designed to follow up on better than expected grade control results obtained from within the open pit area along the eastern extensions of the Svartliden deposit. Results have only been received to date for the first two holes of the four hole program completed. The remaining holes are still subject to geological logging and analysis.

The SV09187 hole intercept is open to both the east and west along strike, as well as down dip. Upon receipt of results from the other two holes completed on this Profile, a better understanding of the true width and orientation of this new high grade zone will be known.

Available results from this program are presented in Table 1.

Table 1 – Recent drill results from depth extension drilling at Svartliden

Hole	North	East	Azimuth (°)	Dip (°)	Depth (m)	From (m)	Interval (m)	Gold (g/t)
Profile 2275								
SV09185	7187468.06	1588993.18	161.0	-50.0	100.6	15.0	11.00	2.94
						38.0	3.00	6.18
SV09186	7187450.55	1588999.96	161.0	-50.0	81.8	Results Pending		
SV09187	7187489.41	1588985.80	161.0	-50.0	130.5	120.0	5.00	17.81
					including 2.00 metres @ 41.73g/t gold from 120 metres			
SV09188	7187477.81	1588989.76	161.0	-50.0	91.7	Results Pending		

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

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.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director