

Encouraging Drill Intercepts from Svartliden, Sweden

Reverse circulation drilling which recommenced at Svartliden during September was focused on the immediate eastern strike extensions of the Svartliden gold deposit. A total of 650 metres was completed during this phase of the ongoing drill testing program that has been designed to examine the potential of increasing the Svartliden resource/reserve base.

Results from analysis for gold by fire assay methods have now been received from eight of the eleven holes completed, returning encouraging intercepts from each of the three profiles drilled. The results from the remaining three holes are due later in November.

The intercepts obtained to date have extended gold mineralisation 50 metres beyond the previous known limit and 150 metres beyond the previous limit of detailed drilling. Further work is now being planned to extend drilling further east, with view to commencing this program during mid-November.

Down hole intercepts greater than 1g/t gold are provided in Table 1.

Table 1 – Down hole intercepts greater than 1g/t gold

| Hole | North | East | Azimuth (°) | Dip (°) | From (m) | To (m) | Intercept (m) | Au (g/t) |
|---|---------|---------|----------------|------------|---|-----------|------------------|-------------|
| SVC111 | 7187418 | 1588985 | 341.4 | -55.0 | 11.00 | 13.00 | 2.00 | 2.79 |
| | | | | | 37.00 | 45.00 | 8.00 | 2.53 |
| <i>including 1m @ 9.47g/t Au from 40m</i> | | | | | | | | |
| SVC112 | 7187403 | 1588990 | 341.4 | -55.0 | No Significant Result | | | |
| SVC113 | 7187389 | 1588994 | 341.4 | -55.0 | 67.00 | 73.00 | 6.00 | 1.81 |
| SVC114 | 7187403 | 1588937 | 341.4 | -55.0 | 28.00 | 34.00 | 6.00 | 2.65 |
| | | | | | <i>including 1m @ 8.35g/t Au from 29m</i> | | | |
| | | | | | 39.00 | 46.00 | 7.00 | 2.72 |
| SVC115 | 7187388 | 1588942 | 341.4 | -55.0 | 5.00 | 12.00 | 7.00 | 1.82 |
| SVC116 | 7187379 | 1588945 | 341.4 | -55.0 | 19.00 | 30.00 | 11.00 | 2.28 |
| | | | | | 72.00 | 74.00 | 2.00 | 1.54 |
| SVC117 | 7187386 | 1588891 | 341.4 | -55.0 | 7.00 | 22.00 | 15.00 | 2.70 |
| | | | | | 26.00 | 29.00 | 3.00 | 1.67 |
| SVC121 | 7187393 | 1588941 | 341.4 | -55.0 | 42.00 | 43.00 | 1.00 | 4.70 |

Images from ground geophysics indicate that the host geological sequence at Svartliden extends for a distance in excess of 1,000 metres to the east beyond the current limits of drill testing, an area which historically has been subjected to little exploration. Further ground in this area has been acquired, with the granting of a new Exploration Permit – Pauträsk nr 4. Proposed exploration work programs will now be extended to include coverage of those areas identified as of immediate interest within this new permit.

Pauträsk nr 4 was granted for a period of three years on 30 October 2006, encompassing a total area of 2,566.35 hectares.

For and on behalf of
Dragon Mining NL

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