

ASX ANNOUNCEMENT

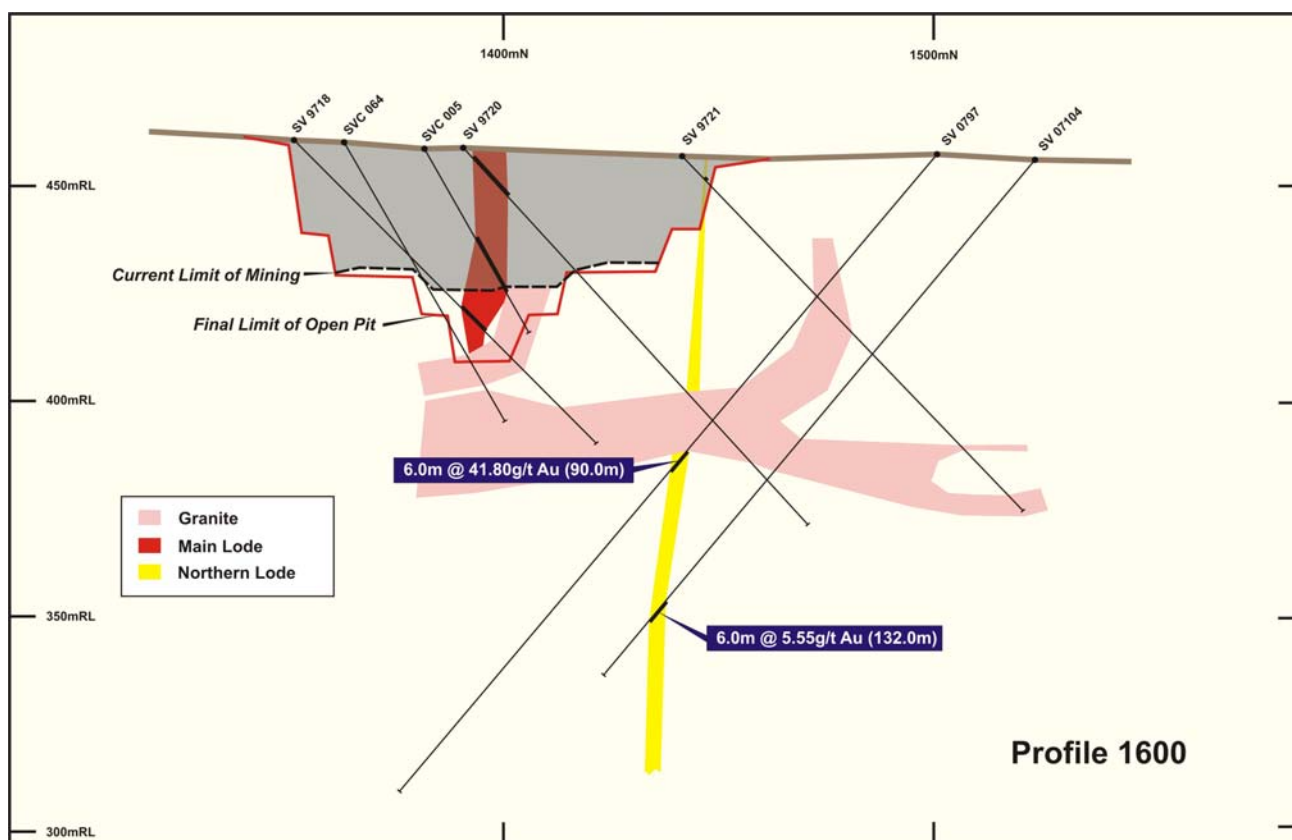
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## ENCOURAGING INTERCEPTS FROM DEEPER DRILLING AT SVARTLIDEN, SWEDEN

Dragon Mining Limited is pleased to announce that a program of diamond core drilling targeting the depth extensions of the Svartliden deposit has returned a number of encouraging results, including intercept highlights:

- 6.00 metres @ 41.80g/t gold from 90.00 metres;
- 6.00 metres @ 6.09g/t gold from 118.00 metres;
- 6.00 metres @ 5.55g/t gold from 132.00 metres.

Figure 1 – Drill hole Cross Section Profile 1600, highlighting intercepts from holes SV0797 and SV07104



Drilling of the depth extensions at Svartliden remains at an early stage, with few holes drilled below the interpreted limits of open pit mining, including the most recent 10 drill hole campaign completed at the end of 2007. Full results from this program are provided in Table 1, with intercepts reported at a 1.8g/t gold lower cut-off.

**Table 1 – Drill results from depth extension drilling at Svartliden.**

| Hole    | North     | East      | Azimuth<br>(°) | Dip<br>(°) | From<br>(m)   | Interval<br>(m) | Au<br>(g/t) |
|---------|-----------|-----------|----------------|------------|---|-----------------|-------------|
| SV0796  | 7187178.3 | 1588326.6 | 161.0          | -50.0      | No Significant Result   |                 |             |
| SV0797  | 7187194.4 | 1588374.5 | 161.0          | -50.0      | 90.00   | 6.00            | 41.80       |
|         |           |           |                |            | including 2.00 metres @ 35.1g/t gold from 90 metres<br>and 1.00 metres @ 167.5g/t gold from 95 metres |                 |             |
| SV0798  | 7187450.6 | 1588720.4 | 161.0          | -50.0      | No Significant Result   |                 |             |
| SV0799  | 7187252.6 | 1588463.9 | 161.0          | -50.0      | 85.00   | 1.00            | 2.60        |
|         |           |           |                |            | 96.00   | 1.00            | 25.80       |
| SV07100 | 7187220.3 | 1588445.5 | 161.0          | -50.0      | 102.00  | 1.00            | 2.63        |
|         |           |           |                |            | 104.00  | 1.00            | 3.09        |
| SV07101 | 7187391.9 | 1588518.2 | 161.0          | -50.0      | 289.00  | 2.00            | 2.09        |
|         |           |           |                |            | 299.00  | 1.00            | 2.60        |
| SV07102 | 7187402.7 | 1588566.8 | 161.0          | -50.0      | 283.00  | 1.00            | 1.80        |
| SV07103 | 7187197.9 | 1588321.7 | 161.0          | -50.0      | 118.00  | 6.00            | 6.09        |
| SV07104 | 7187216.1 | 1588367.2 | 161.0          | -50.0      | 132.00  | 6.00            | 5.55        |
| SV07105 | 7187187.7 | 1588255.7 | 161.0          | -50.0      | No Significant Result   |                 |             |

*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.*

The majority of intercepts received to date from deeper drilling at Svartliden have been obtained from the Northern Lode, the better intersections located in the western portion of the deposit, approximately 100 metres vertically below the natural surface level. They highlight the potential for high grade mineralisation below planned limits to open-pit mining, which potentially could be amenable to underground mining.

Results are now being reviewed by Company geoscientists with the view to planning additional depth extension drilling in the near future, which will further evaluate the merits of establishing an underground mining operation at Svartliden.

For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Managing Director

*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.*