

**ASX ANNOUNCEMENT**

**23 OCTOBER 2008**

## **RESPONSE TO MEDIA COVERAGE IN SWEDEN**

On Wednesday 22 October 2008 the Company received media coverage in Sweden with respect to the operations of the Svartliden gold project regarding elevated levels of metals and arsenic in water being pumped from the open pit mine into a water storage facility, termed the Clear Water Dam (CWD).

The media coverage stems from a quarterly report lodged with the County Administration Board (CAB) which details levels of specific metals and arsenic discharged during the quarter into the CWD. Based upon analysis the Company environmental representative makes a determination of the water volumes being pumped into the CWD and then estimates the total quantity of metals and arsenic discharged during the quarter. As the recent levels have been elevated and have exceeded the limits set by the CAB the Company has ensured that no discharge of elevated values has occurred to date from the CWD.

The Company is currently reassessing and remeasuring the water flows from the mine, has engaged environmental consultants to specifically address the water treatment options to ensure future levels are within the prescribed limits and is working closely with the authorities.

The water is from the dewatering of the mine and run off from the surrounding area and it should be noted that the high arsenic levels naturally occur in water in the vicinity of the mine and operations.

The Company remains committed to taking the correct measures to ensure future levels being discharged into the CWD comply with the environmental regulations.

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

**Peter G Cordin**  
Managing Director