

ASX ANNOUNCEMENT

09 JANUARY 2009

FURTHER ON MARKET PURCHASE OF CONVERTIBLE NOTES

A wholly owned subsidiary of Dragon Mining Limited ("Dragon Mining" or the "Company") has purchased a further 1,273,797 Dragon Mining Convertible Notes ("Notes") at an average cost of \$0.70 per note for a total of \$894,600, including costs.

Of the 23,645,289 Notes on issue, 5,359,797 Notes are now held by the subsidiary of Dragon Mining. All Notes remain listed on ASX. Dragon Mining intends on holding these Notes until maturity in February 2011 or in special circumstances on-sell some or all of the Notes.

The Company may purchase additional Notes but has no fixed view on the number of Notes, if any, which may be acquired in the future.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director