

## ASX ANNOUNCEMENT

15 JANUARY 2009

### NEW ZONE OF MINERALISATION IDENTIFIED AND FURTHER HIGH-GRADE INTERCEPTS FROM DEPTH EXTENSION DRILLING AT SVARTLIDEN GOLD MINE, SWEDEN

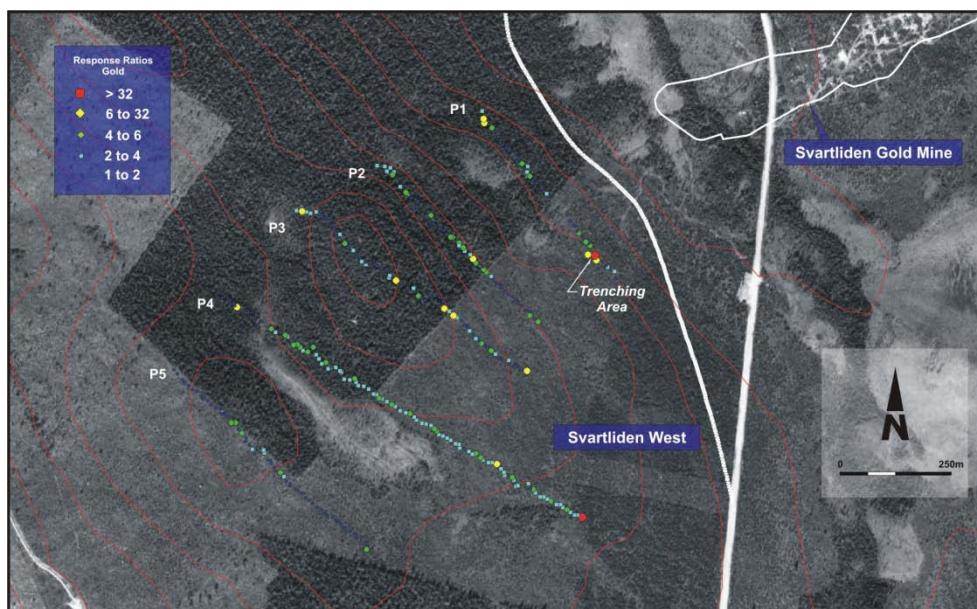
Dragon Mining Limited advises regional exploration has identified a new zone of gold mineralisation to the south west of the Svartliden gold mine. In addition, assay results have yielded further high grade intercepts from drilling programs that targeted the depth extensions of the Svartliden gold deposit.

#### New Zone of Mineralisation

Regional exploration activities including detailed airborne geophysical surveys and geochemical sampling programs conducted throughout the northern summer/autumn, returned a number of encouraging results. Recent trenching of one of the highest gold results obtained from an MMI survey in the Svartliden West area exposed a mineralised horizon, which returned an intercept of 5 metres @ 1.38g/t gold (Table 1 and Figures 1 and 2) from shallow percussion drilling. In total 14 angled five metre holes were completed along the 70 metre long trench.

Infill MMI sampling continues at two near mine areas to better define identified geochemical anomalism, whilst recent results are now being evaluated prior to exploration advancing in the 2009 winter/spring period, including initial reconnaissance drilling of the new zone of gold mineralisation identified in the Svartliden West area.

**Figure 1 – Results of MMI Sampling in the Svartliden West Area, Displaying Response Ratios for Gold and the Location of Recent Trenching**

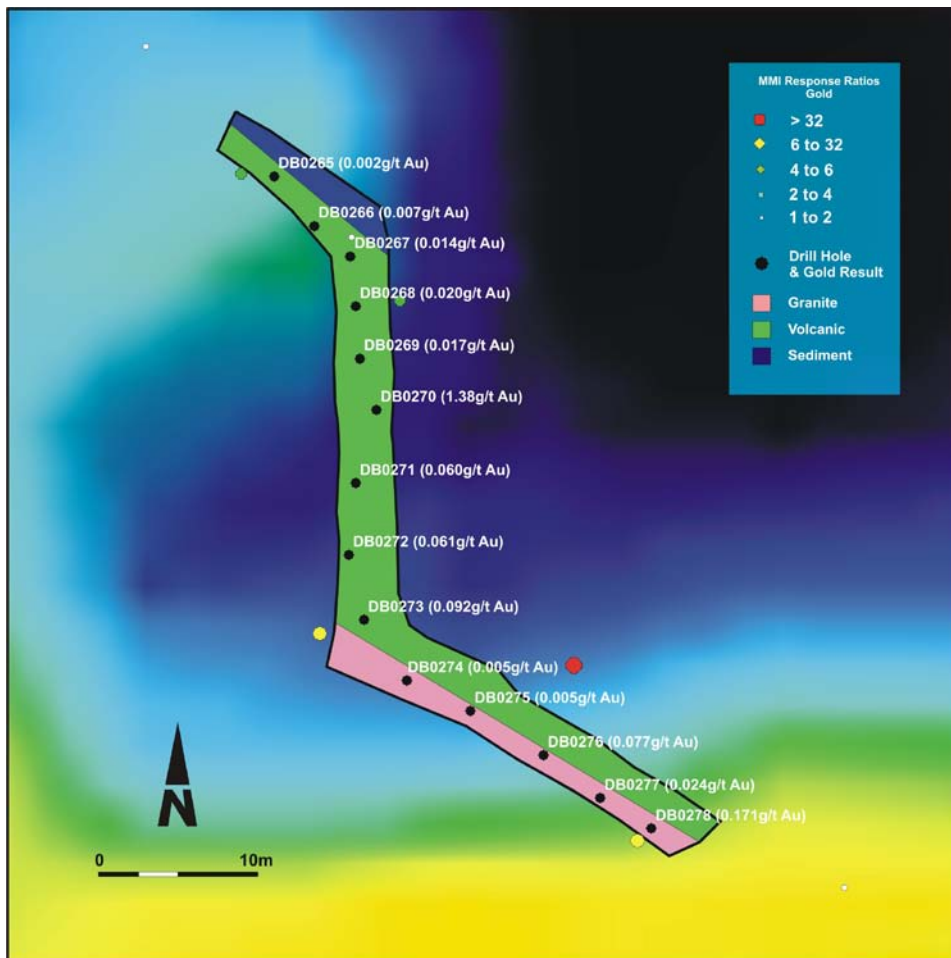


**Table 1 – Drill Results from Shallow Percussion Drilling at Svartliden West**

| Hole   | North   | East    | Azimuth (°) | Dip (°) | From (m) | Interval (m) | Au (g/t) |
|--------|---------|---------|-------------|---------|----------|--------------|----------|
| DB0265 | 7186731 | 1587911 | 225.0       | -50.0   | 0        | 5            | 0.002    |
| DB0266 | 7186728 | 1587914 | 225.0       | -50.0   | 0        | 5            | 0.007    |
| DB0267 | 7186726 | 1587916 | 225.0       | -50.0   | 0        | 5            | 0.014    |
| DB0268 | 7186723 | 1587916 | 225.0       | -50.0   | 0        | 5            | 0.020    |
| DB0269 | 7186719 | 1587917 | 225.0       | -50.0   | 0        | 5            | 0.017    |
| DB0270 | 7186716 | 1587918 | 225.0       | -50.0   | 0        | 5            | 1.380*   |
| DB0271 | 7186712 | 1587916 | 225.0       | -50.0   | 0        | 5            | 0.060    |
| DB0272 | 7186707 | 1587916 | 225.0       | -50.0   | 0        | 5            | 0.061    |
| DB0273 | 7186703 | 1587917 | 225.0       | -50.0   | 0        | 5            | 0.092    |
| DB0274 | 7186699 | 1587919 | 225.0       | -50.0   | 0        | 5            | 0.005    |
| DB0275 | 7186697 | 1587923 | 225.0       | -50.0   | 0        | 5            | 0.005    |
| DB0276 | 7186694 | 1587928 | 225.0       | -50.0   | 0        | 5            | 0.077    |
| DB0277 | 7186692 | 1587932 | 225.0       | -50.0   | 0        | 5            | 0.024    |
| DB0278 | 7186690 | 1587935 | 225.0       | -50.0   | 0        | 5            | 0.171    |

Analysis of percussion drill cuttings was completed at ALS Chemex Laboratories in Vancouver, Canada using methods Au-AA21, Au-AA25\* (Method Au-AA25 utilised only when samples returned gold value >1g/t from method Au-AA21) and ME-ICP61, following sample preparation at the ALS Chemex facility in Piteå, Sweden. All analysis undertaken on five metre composite samples.

**Figure 2 – Gold Results from Shallow Percussion Drilling Across Trench in the Svartliden West Area**



## Further High Grade Intercepts from Depth Extension Drilling

The depth extension drill results are from areas east and west of the Central Fault and include intercept highlights **5.00 metres @ 11.24g/t gold, 4.00 metres @ 7.39g/t gold, 4.00 metres @ 18.23g/t gold and 11 metres @ 9.83g/t gold.**

This phase of depth extension drilling commenced in March 2008, following-up on significant intercepts obtained from drilling programs undertaken in 2006 and 2007. A total of 28 diamond core holes (4,460.1 metres) and 3 reverse circulation holes have been completed during this campaign. Results remain pending for four holes, whilst one hole was abandoned and not sampled.

Significant results recently received are listed in Tables 2 and 3, whilst all significant intercepts obtained in 2008 are displayed in Figure 3.

**Table 2 – Recent Drill Results from Depth Extension Diamond Core Drilling at Svartliden**

| Hole                | North      | East       | Azimuth (°) | Dip (°) | From (m)               | Interval (m) | Au (g/t) |
|---------------------|------------|------------|-------------|---------|------------------------|--------------|----------|
| <b>Profile 1475</b> |            |            |             |         |                        |              |          |
| SV08138 **          | 7187202.06 | 1588240.29 | 161.0       | -48.3   | 150.0                  | 3.00         | 4.89     |
|                     |            |            |             |         | 159.0                  | 1.00         | 3.13     |
|                     |            |            |             |         | 164.0                  | 4.00         | 18.23    |
| <b>Profile 1650</b> |            |            |             |         |                        |              |          |
| SV08135 *           | 7187248.14 | 1588408.90 | 157.0       | -48.2   | 147.0                  | 1.00         | 1.82     |
| <b>Profile 1675</b> |            |            |             |         |                        |              |          |
| SV08136 *           | 7187257.09 | 1588432.09 | 162.0       | -48.2   | 149.0                  | 2.00         | 10.46    |
| <b>Profile 1775</b> |            |            |             |         |                        |              |          |
| SV08144 *           | 7187166.08 | 1588568.93 | 341.6       | -50.5   | No Significant Results |              |          |
| SV08145 *           | 7187174.95 | 1588566.03 | 344.0       | -50.0   | 100.0                  | 4.00         | 7.39     |
| SV08146 **          | 7187185.49 | 1588562.21 | 341.0       | -47.4   | 36.0                   | 11.00        | 9.83     |
| <b>Profile 1825</b> |            |            |             |         |                        |              |          |
| SV08140 *           | 7187206.56 | 1588607.84 | 340.0       | -50.0   | 73.0                   | 5.00         | 11.24    |
|                     |            |            |             |         | 83.0                   | 5.00         | 2.45     |

*Analysis of half core was completed at ALS Chemex Laboratories at Rosia Montana, Romania (\*) and 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.*

**Table 3 – Recent Drill Results from Depth Extension Reverse Circulation Drilling at Svartliden**

| Hole                                      | North      | East       | Azimuth (°) | Dip (°) | From (m)               | Interval (m) | Au (g/t) |
|---|------------|------------|-------------|---------|------------------------|--------------|----------|
| <b>Profile 1475</b>                       |            |            |             |         |                        |              |          |
| SVC146                                    | 7187068.17 | 1588408.49 | 341.0       | -50.0   | 53.0                   | 1.00         | 7.61     |
| <b>Profile 1550 (Geophysical Anomaly)</b> |            |            |             |         |                        |              |          |
| SVC144                                    | 7186940.91 | 1588408.49 | 341.0       | -50.0   | No Significant Results |              |          |
| <b>Profile 1625</b>                       |            |            |             |         |                        |              |          |
| SVC145                                    | 7187112.37 | 1588429.12 | 341.0       | -50.0   | 42.0                   | 1.00         | 2.93     |
|   |            |            |             |         | 47.0                   | 1.00         | 2.53     |

*Analysis of RC drill cuttings 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.*

Further drilling of the depth extensions will resume in January 2009 with view to defining a resource that is amenable to underground mining and hence extending the life of the Svartliden operation.

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.*

Figure 3 – Long Projection of the North Lode at Svartliden

