
ASX ANNOUNCEMENT

3 July 2013

GENERAL MARKET UPDATE

In advance of the release of the Quarterly Report in July, Dragon Mining provides the following information to the market in respect of the activities for the June quarter:

- On a preliminary, unreviewed and unaudited basis, the group had cash resources at 30 June 2013 amounting to A\$6.8 million, in addition to bullion receivables amounting to A\$5.6 million.
- The Company has continued the deferral of non-essential capital expenditure and non-production related drilling in response to the lower gold prices. Further deferral of activities will be undertaken as required in response to the continued lower gold prices.
- Gold production for the quarter exceeded internal expectations on the back of higher grades at both the Svartliden and Vammala Production Centres.
- Planned maintenance work was successfully completed at Vammala Production Centre in mid June, following a 2 week stoppage. The Svartliden Production centre is expected to commence a maintenance shutdown at the beginning of July and complete by late July.

Dragon Mining regrettably announces the retirement of the General Manager Finland, Mr Heimo Pöyry. The Group has been fortunate to have his 40 years of experience to guide the development of its Finnish operations over the past 6 1/2 years. Mr Pöyry was instrumental in the successful re-start of the Orivesi Gold Mine, the re-commissioning of the Vammala Production Centre and the development of the Jokisivu Gold Mine, also in Southern Finland. The Group is pleased to advise the Mr Pöyry has consented to act as a Senior Advisor to the Group for at least the next 12 months.

Two key management changes have been made during the quarter. Mr Matti Pulkkinen has been appointed as General Manager – Vammala Production Centre and a new position of General Manager- Nordic Projects has been created. This role will be taken by Mr Ilpo Makinen (currently Mine Manager at Svartliden), who will be based in Kuusamo, Finland and who has responsibility for advancing the Kuusamo Mine Project.

Full details will be provided in the quarterly report, which will be announced to the market on or before 31 July 2013.