

ASX ANNOUNCEMENT

3 July 2013

POSITIVE SVARTLIDEN PRODUCTION CENTRE COURT VERDICT

Background

During 2009, Dragon Mining Limited's subsidiary, Dragon Mining (Sweden) AB ("DAB") which operates the Svartliden Production Centre was reported by the inspecting authority for an alleged breach of discharging water to a nearby stream which is prohibited under the original operating license. The allegation was based on DAB's report of elevated levels of dissolved metals in the water collected and tested from the nearby stream. An internal review confirmed that no discharge occurred.

A corporate fine of at least 1.5 million SEK (A\$0.2 million) was requested by the prosecutor.

Outcome

A court hearing was held in June 2013 and on 2 July 2013, the District Court of Lycksele found that DAB was not in breach of clauses 5 and 6 under the original Environmental Permit.

The Court found no evidence that DAB had not been doing everything reasonable to follow the conditions and, that there was no evidence of direct emission by DAB into the Paubäcken stream. The prosecutor may seek leave to appeal this decision up to 23 July 2013.

DAB is reviewing the verdict, but notes the decision indicates DAB's activities had not demonstrated any direct harming effects on the surrounding area.

Dragon Mining emphasises that since the start of the Svartliden Production Centre, the Company has taken all reasonable actions to minimise the effect on the environment arising from the mining and processing activities.

For and on behalf of
Dragon Mining Limited

Kjell E Larsson
Managing Director