

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

DRAGON MINING LIMITED

ABN

19 009 450 051

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---------------------|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 13,670,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid |

+ See chapter 19 for defined terms.

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| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> | | | | |
|--|--|--------|--------|------------|---------------------|
| <p>5 Issue price or consideration</p> | <p>\$1.10</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>The primary use of the funds raised will be to advance exploration and metallurgical testwork at the Kuusamo Gold Project in northern Finland towards feasibility and development at a more rapid rate and to undertake exploration on Kuusamo regional prospects.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>14 March 2012</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="716 1339 997 1373">Number</th> <th data-bbox="997 1339 1274 1373">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1373 997 1575">88,840,613</td> <td data-bbox="997 1373 1274 1575">Ordinary fully paid</td> </tr> </tbody> </table> | Number | +Class | 88,840,613 | Ordinary fully paid |
| Number | +Class | | | | |
| 88,840,613 | Ordinary fully paid | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------|--|---|---------|--|---------|--|---------|--|---------|--|--------|--|---------|--|--------|---|---------|--|---------|---|---------|---|--------|--|--------|---|--------|---|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | <p>Unlisted options:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">300,000</td> <td>Employee Options exercisable at \$1.75, expiry 08/06/2012.</td> </tr> <tr> <td>100,000</td> <td>Director Options exercisable at \$2.10 only when volume weighted share price exceeds \$2.50 for 5 consecutive days, no expiry.</td> </tr> <tr> <td>100,000</td> <td>Director Options exercisable at \$1.40, no expiry.</td> </tr> <tr> <td>150,000</td> <td>Director Options exercisable at \$1.75, no expiry.</td> </tr> <tr> <td>50,000</td> <td>Director Options exercisable at \$1.75, expiry 08/06/2012.</td> </tr> <tr> <td>200,000</td> <td>Director Options exercisable at \$2.10, no expiry.</td> </tr> <tr> <td>60,000</td> <td>Options exercisable at \$1.75, expiry 08/06/2012.</td> </tr> <tr> <td>633,600</td> <td>Options exercisable at \$1.45, expiry 22/09/2014</td> </tr> <tr> <td>475,200</td> <td>Options exercisable at \$1.45 after 22/09/2012, expiry 22/09/2014</td> </tr> <tr> <td>475,200</td> <td>Options exercisable at \$1.45 after 22/09/2013, expiry 22/09/2014</td> </tr> <tr> <td>50,000</td> <td>Options exercisable at \$1.45, expiry 19/10/2014</td> </tr> <tr> <td>50,000</td> <td>Options exercisable at \$1.45 after 19/10/2012, expiry 19/10/2014</td> </tr> <tr> <td>50,000</td> <td>Options exercisable at \$1.45 after 19/10/2013, expiry 19/10/2014</td> </tr> </table> | 300,000 | Employee Options exercisable at \$1.75, expiry 08/06/2012. | 100,000 | Director Options exercisable at \$2.10 only when volume weighted share price exceeds \$2.50 for 5 consecutive days, no expiry. | 100,000 | Director Options exercisable at \$1.40, no expiry. | 150,000 | Director Options exercisable at \$1.75, no expiry. | 50,000 | Director Options exercisable at \$1.75, expiry 08/06/2012. | 200,000 | Director Options exercisable at \$2.10, no expiry. | 60,000 | Options exercisable at \$1.75, expiry 08/06/2012. | 633,600 | Options exercisable at \$1.45, expiry 22/09/2014 | 475,200 | Options exercisable at \$1.45 after 22/09/2012, expiry 22/09/2014 | 475,200 | Options exercisable at \$1.45 after 22/09/2013, expiry 22/09/2014 | 50,000 | Options exercisable at \$1.45, expiry 19/10/2014 | 50,000 | Options exercisable at \$1.45 after 19/10/2012, expiry 19/10/2014 | 50,000 | Options exercisable at \$1.45 after 19/10/2013, expiry 19/10/2014 |
| 300,000 | Employee Options exercisable at \$1.75, expiry 08/06/2012. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100,000 | Director Options exercisable at \$2.10 only when volume weighted share price exceeds \$2.50 for 5 consecutive days, no expiry. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100,000 | Director Options exercisable at \$1.40, no expiry. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 150,000 | Director Options exercisable at \$1.75, no expiry. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50,000 | Director Options exercisable at \$1.75, expiry 08/06/2012. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200,000 | Director Options exercisable at \$2.10, no expiry. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60,000 | Options exercisable at \$1.75, expiry 08/06/2012. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 50,000 | Options exercisable at \$1.45 after 19/10/2013, expiry 19/10/2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | No change | | | | | | | | | | | | | | | | | | | | | | | | | | |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|--|--|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Renounceable |
| 13 | Ratio in which the +securities will be offered | One (1) new share for every five (5.5) shares held |

+ See chapter 19 for defined terms.

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|----|--|--|
| 14 | +Class of +securities to which the offer relates | Ordinary fully paid |
| 15 | +Record date to determine entitlements | 15 February 2012 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | Fractional entitlements will be rounded up to the nearest whole number. |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | Offer only being made available to Shareholders with a registered address in Australia or New Zealand. |
| 19 | Closing date for receipt of acceptances or renunciations | 6 March 2012 |
| 20 | Names of any underwriters | Patersons Securities Limited |
| 21 | Amount of any underwriting fee or commission | 4% |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | N/A |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 21 February 2012 |

+ See chapter 19 for defined terms.

| | | |
|----|---|---|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 6 February 2012 |
| 28 | Date rights trading will begin (if applicable) | 9 February 2012 |
| 29 | Date rights trading will end (if applicable) | 28 February 2012 |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | If a Shareholder wants to sell their Rights on ASX, they must contact their stockbroker. |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | If a Shareholder wishes to take up part of their Entitlement and sell the balance on ASX, they must complete the Entitlement and Acceptance Form for the number of New Shares they wish to take up. Then the Shareholder must lodge the completed Entitlement and Acceptance Form together with a cheque for the Application Money (in respect of that part of their Entitlement they intend to take up) with the Share Registry. The Shareholder must contact their stockbroker if they wish to sell the balance of the Rights on ASX. |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | A Shareholder must forward a completed standard renunciation form (available from their stockbroker or the Company's share registry) together with their Entitlement and Acceptance Form completed by the transferor and transferee to the Company's share registry |
| 33 | ⁺ Despatch date | 21 February 2012 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1

⁺ See chapter 19 for defined terms.

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(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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| | |
|---|------------|
| <p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p> | <p>N/A</p> |
|---|------------|

| | Number | +Class |
|---|------------|--------|
| <p>42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)</p> | <p>N/A</p> | |

+ See chapter 19 for defined terms.

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 

Date: 06 February 2012

Company secretary

Print name: Craig Hasson

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+ See chapter 19 for defined terms.