

ASX ANNOUNCEMENT

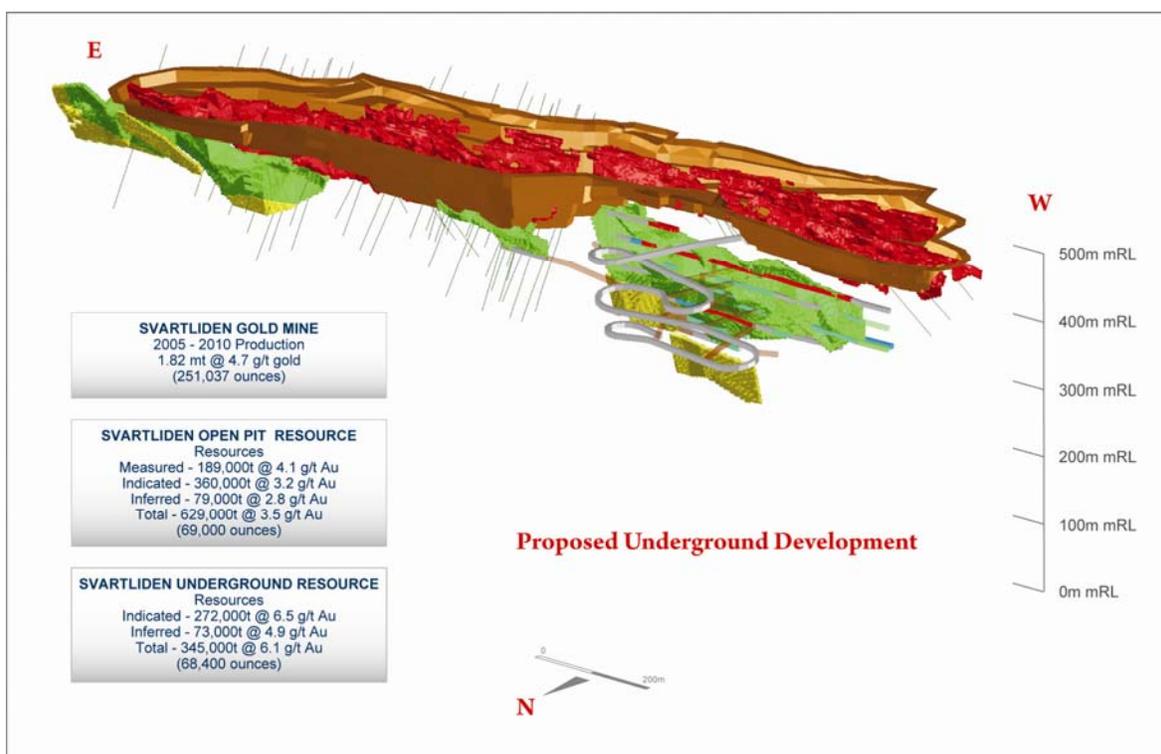
03 MARCH 2011

Dragon Mining Awards Contract for Underground Mining at the Svartliden Gold Mine, Sweden

Dragon Mining is pleased to announce that the Company has awarded a contract to Lemminkäinen Sweden to complete the decline and undertake underground mining at the Svartliden Gold Mine. The work is scheduled to commence early in the third quarter of 2011 and should allow a seamless transition for the processing of ore from the open cut to underground mining operations.

The contract is for 3,500m of decline and lateral development and will commence from a depth of 80m (at the base of the open pit) at a cost of US\$6.5m. The decline is expected to be completed within a 12 month period with the first ore available to be processed early in 2012.

Svartliden Gold Mine Showing Proposed Underground Development



The Lemminkäinen Group operates in all areas of the construction sector. The Group's business sectors are building construction, infrastructure construction and technical building services. Net sales in 2010 were EUR 2.0 billion. The Group employs approximately 9,800 people and its shares are quoted on NASDAQ OMX Nordic Exchange, Helsinki.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

Background

The Svartliden Gold Mine is located in northern Sweden, 700 kilometres north of Stockholm in an area that is developing into a gold-rich province referred to as the Gold Line. It was developed by Dragon Mining as an open pit mining operation with ore processed on site through a carbon in leach (CIL) plant, the first production in March 2005. At 31 December 2010 the operation had processed 1.82Mt at 4.7 g/t gold for 251,037 ounces of gold.

Mineralisation at Svartliden is structurally controlled and hosted within a series of meta-sediment and volcanic sequences. Higher grade concentrations of gold occur within well defined structures. These zones have been the target of resource drilling since mid-2006 designed to delineate mineralisation with the potential to extend the open pit and to sustain underground mining operations.

Location of Projects



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.