

ASX ANNOUNCEMENT

27 JULY 2018

TEST MINING ACTIVITIES COMMENCE AT THE FÄBOLIDEN GOLD PROJECT

Dragon Mining Limited (ASX:DRA) (“Dragon Mining” or “the Company”) is pleased to advise that test mining activities have now commenced at the Fäboliden Gold Project (“Fäboliden” or “the project”) in northern Sweden. The initial phase of work will primarily involve the removal of overburden from the test-pit area in readiness for the planned extraction of 100,000 tonnes of ore from the test-pit during the second phase of the campaign in 2019.

A permit to undertake a campaign of test mining at Fäboliden was granted to the Company on the 23 November 2017, the permit gaining legal force on the 11 May 2018 following the rejection of an appeal from a local nature conservation NGO. The Company subsequently lodged a bond with the County Administration Board (“CAB”) in July 2018 to enable activities to commence.

The test mining campaign at the project will incur minimal capital investment and will provide the Company with important information to further optimise both mining and processing activities when full-scale operations commence. The Company submitted an application to the Swedish Land and Environment Court to secure an Environmental Permit for full scale mining operations at Fäboliden in July 2018.

Fäboliden is located 700 kilometres north of the Swedish capital Stockholm, west of the regional centre Lycksele in northern Sweden. It represents a source of material that is planned to be trucked to, and processed at the Company’s wholly owned Svartliden Plant, a conventional 300,000 tonnes per annum carbon in-leach (“CIL”) circuit that between 2005 and 2015 produced 377,347 ounces of gold from the processing of 3.18 million tonnes of ore grading 4.05 g/t gold from the Svartliden Gold Mine.

The Mineral Resource for the project, inclusive of Ore Reserves, totals 10,632,000 tonnes grading 3.0 g/t gold for 1,019,000 ounces and remains unchanged since 31 December 2016 (Appendix 1). It is defined over a strike length of 1,295 metres and includes a 665 metre vertical extent from 485mRL to -180mRL. It remains open along strike and at depth.

The Proved and Probable Ore Reserves for Fäboliden is 1,160 kt grading 3.1 g/t gold for 115 kozs and remains unchanged since 31 December 2016 (Appendix 2). The Ore Reserves form part of an update to a Pre-Feasibility level study into the development of the project and is based on the establishment of a multiple open-pit mining operation.

Details of the Mineral Resources were released to the ASX on the 28 February 2017 – Mineral Resources Updated for the Nordic Production Centres and the Ore Reserves were previously released to the ASX on the 21 March 2017 – Ore Reserves Updated for Dragon Mining’s Nordic Projects. These releases can be found at www.asx.com.au (Code: DRA).

The Company confirms that it is not aware of any new information or data that materially affects the Fäboliden Mineral Resources and Ore Reserves and the assumptions and technical parameters underpinning the estimates in the 28 February 2017 and 21 March 2017 releases continue to apply and have not materially changed.



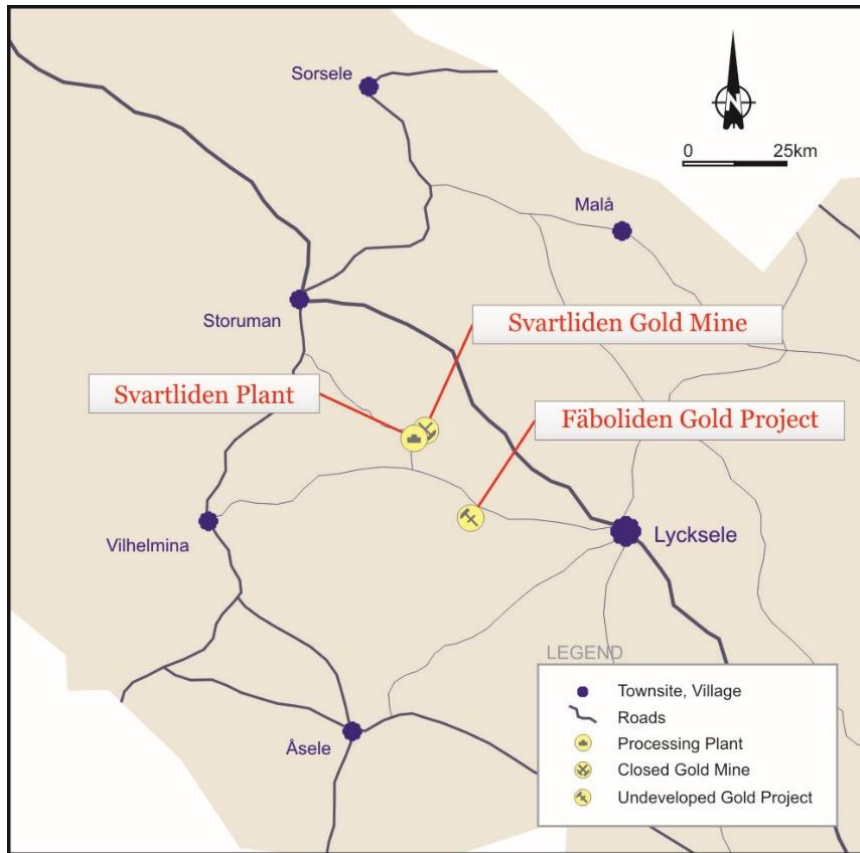


Figure 1 – Svartliden Production Centre showing the location of the Fäboliden Gold Project.

For and on behalf of
Dragon Mining Limited

Competent Persons Statement

The information in this report that relates to Mineral Resources were previously released to the ASX on the 28 February 2017 – Mineral Resources Updated for the Nordic Production Centres. This release can be found at www.asx.com.au (Code:DRA). It fairly represents information and supporting documentation that was compiled or supervised by Mr. Jeremy Clark who is a full-time employee of RPMGlobal Asia Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr. Jeremy Clark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously provided by Mr. Jeremy Clark for the 28 February 2017 release.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources as reported on the 28 February 2017, and the assumptions and technical parameters underpinning the estimates in the 28 February 2017 release continue to apply and have not materially changed.

Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources presented in this report have not been materially modified and are consistent with the 28 February 2017 release. Mr. Neale Edwards has provided written consent approving the use of previously reported Mineral Resources in this report in the form and context in which they appear.

The information in this report that relates to Ore Reserves for the Fäboliden Gold Project was previously released to the ASX on the 21 March 2017 - Ore Reserves Updated for Dragon Mining's Nordic Projects, which can be found at www.asx.com.au (Code:DRA). It fairly represents information and supporting documentation that was compiled by Mr. Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RPM Advisory Services Pty Ltd. Mr Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Written consent was previously provided by Mr. McDiarmid for the 21 March 2017 release.

The Company confirms that it is not aware of any new information or data that materially affects the Ore Reserves for the Fäboliden Gold Project as reported on the 21 March 2017, and the assumptions and technical parameters underpinning the estimates in the 21 March 2017 release continue to apply and have not materially changed.

Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources are presented in this report have not been materially modified and are consistent with the 21 March 2017 release. Mr. Neale Edwards has provided written consent approving the statement of the Fäboliden Ore Reserves in this report in the form and context in which it appears.

Appendix 1 - Mineral Resource estimates for the Fäboliden Gold Project as at 31 December 2016. Mineral Resources for material above 350 mRL is reported at a cut-off grade of 1.25 g/t gold and for material below 350 mRL reported at a cut-off grade of 2.10 g/t gold. Mineral Resources are reported inclusive of Ore Reserves.

	Measured			Indicated			Inferred			Total		
	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces
Fäboliden Gold Project												
Above 350 mRL	-	-	-	3,807,000	2.8	340,000	887,000	2.4	69,000	4,694,000	2.7	409,000
Below 350 mRL	-	-	-	961,000	3.1	96,000	4,978,000	3.2	514,000	5,938,000	3.2	609,000
Total	-	-	-	4,768,000	2.8	436,000	5,864,000	3.1	583,000	10,632,000	3.0	1,019,000

Note: Resources may not sum to equal totals due to rounding. Mineral Resources reported on a dry in-situ basis.

Appendix 2 – Ore Reserves for the Fäboliden Gold Project reported as at 31 December 2016. The in-situ cut-off grade is 1.47 g/t gold, which is based on the gold price of US\$1,260 per ounce, mining factors, metallurgical factors and costs.

	Proved			Probable			Total		
	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)	Tonnes (kt)	Gold (g/t)	Ounces (kozs)
Fäboliden Gold Project (Open Pit)	-	-	-	1,160	3.1	115	1,160	3.1	115

Ore Reserve estimates have been rounded to reflect accuracy. All the estimates are on dry tonne basis.