

ASX ANNOUNCEMENT

10 OCTOBER 2008

FURTHER POSITIVE INTERCEPTS FROM DEPTH EXTENSION DRILLING FROM SVARTLIDEN GOLD MINE, SWEDEN

Dragon Mining Limited announces the receipt of further positive assay results from the diamond core drilling program, which has targeted the depth extensions of the Svartliden Gold Mine in Sweden. The majority of the new results are from the area west of the Central Fault and include intercept highlights **3.00 metres @ 24.74 g/t gold, 2.00 metres @ 36.13 g/t gold and 8.00 metres @ 15.59 g/t gold.**

This phase of depth extension drilling commenced in March 2008, following-up on significant intercepts obtained from drilling programs undertaken in 2006 and 2007. A total of 28 holes (4,460.1 metres) have been drilled in this extended campaign that was completed in August. Targeting panels of the North Lode east and west of the Central Fault, assays have now been received from 16 holes. Results are still pending for a further four holes in the western area and seven holes in the eastern area, whilst one hole was abandoned and not sampled.

Significant results from the recently received 11 holes are listed in Table 1 and all significant intercepts obtained to date displayed in Figure 1.

Table 1 – Recent drill results from depth extension drilling at Svartliden

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
Profile 1450							
SV08126	7187187.499	1588218.817	158.0	-43.1	137.0	3.00	4.46
SV08127	7187202.484	1588214.385	160.0	-46.1	173.0	4.00	2.44
					182.0	3.00	24.74
<i>including 1.00 metre @ 66.9g/t gold from 183.0 metres</i>							
Profile 1475							
SV08128	7187200.609	1588240.730	157.0	-43.3	120.0	1.00	2.45
					140.0	1.00	4.97
Profile 1500							
SV08124	7187209.160	1588263.217	162.0	-47.7	162.0	2.00	3.78
SV08125	7187190.338	1588270.466	163.0	-43.2	122.0	2.00	36.13
<i>including 1.00 metre @ 66.5g/t gold from 122.0 metres</i>							
Profile 1575							
SV08130	7187204.778	1588344.261	160.0	-47.7	134.0	2.00	4.77
SV08131	7187224.738	1588338.006	163.0	-48.9	151.0	8.00	15.59
<i>including 4.00 metres @ 28.33g/t gold from 152.0 metres</i>							
Profile 1600							
SV08132	7187232.194	1588361.028	157.0	-48.9	152.0	6.00	2.61
Profile 1625							
SV08133	7187240.800	1588384.896	160.0	-49.4	155.0	6.00	4.24
					167.0	2.00	3.31
SV08134	7187222.251	1588391.156	157.0	-49.5	127.0	4.00	3.74
Profile 1850							
SV08139	7187229.821	1588626.464	342.0	-58.5	73.0	1.00	8.87

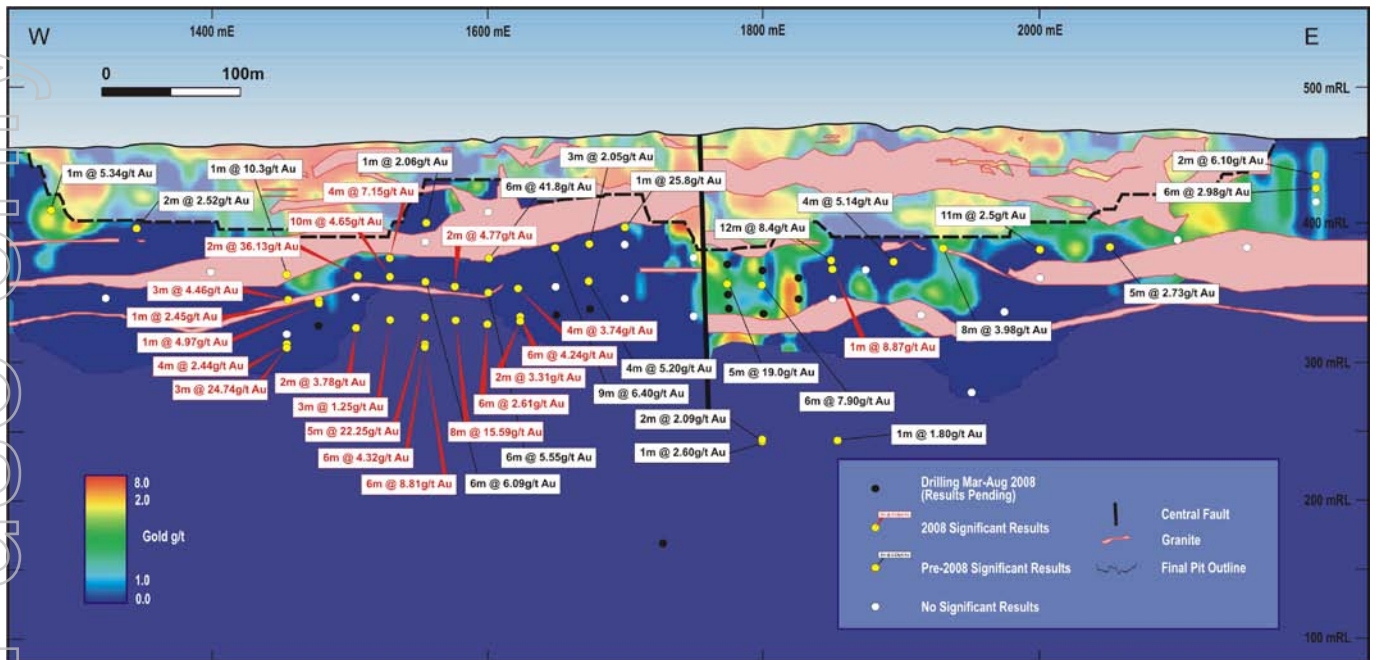
Analysis of half core was completed at ALS Chemex Laboratories in Romania, using method Au-AA25, following sample preparation at the ALS Chemex facility in Piteå, Sweden. Reporting cut-off grade 1.8g/t gold.

The new results continue to highlight the potential for high-grade mineralisation below planned limits to open-pit mining and provide additional information that will assist with the evaluation of establishing an underground mining operation at Svartliden.

It is planned that an independent update of the resource estimate for the Svartliden deposit will commence in mid-October with the study designed to better reflect the new status of this deposit. Results from this study should be available by the end of 2008.

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Figure 1 – Long projection of the North Lode at Svartliden



For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

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.