

ASX ANNOUNCEMENT

30 AUGUST 2010

**DRAGON MINING TO REDEEM ALL OUTSTANDING CONVERTIBLE NOTES**

Further to the Company's announcement of 8 July 2010, Dragon Mining Limited is pleased to announce that the attached Notice of Early Redemption of Convertible Notes was despatched to Noteholders today.

For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Executive Chairman

For personal use only

30 August 2010

Dear Noteholder

**Notice of Early Redemption of Convertible Notes**

Dragon Mining Limited (**Dragon**) intends to exercise the right of early redemption in respect of the Convertible Notes (ASX code "DRAG") quoted on ASX Limited (**ASX**). The redemption process is being conducted in accordance with the Convertible Trust Deed and the Trustee has no objection to the redemption.

The redemption will occur on 30 September 2010 (**Redemption Date**). On redemption, Noteholders will receive, for each Note, the issue price of \$1.05 and interest accrued from 1 July 2010.

A Noteholder may elect to convert some or all Convertible Notes to ordinary fully paid shares (**Shares**) (6 Shares for every 1 Convertible Note) before the Redemption Date.

As at the date of this Notice, Dragon Mining Investments Pty Ltd, a 100% owned subsidiary of Dragon, holds 18,192,810 Convertible Notes which will be redeemed on Redemption Date. The remaining 5,402,479 Convertible Notes, if converted, will result in a total of 32,414,874 Shares being issued by Dragon.

Enclosed is a personalised Conversion Notice to effect conversion of your Convertible Notes to Shares. If you wish to convert some or all of your Convertible Notes, please complete the Conversion Notice and send it to the Share Registry at:

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000  
Australia

A Conversion Notice must be signed and received by the Share Registry before 30 September 2010 and the conversion will be effective on 30 September 2010. Regardless of the date a Conversion Notice is received, interest will be paid from 1 July up to 30 September 2010.

ASX trading in the Convertible Notes will cease on 23 September 2010.

In accordance with ASX Listing Rule 6.1, Appendix 6A, Dragon advises that:

- the market sale price of Shares in Dragon on the ASX was 10.5 cents on 27 August 2010, being the last trading date prior to the date of this notice;

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- during the three months preceding the date of this notice:
  - the highest market price on the ASX of Shares was 12.5 cents, which occurred on 16 July 2010; and
  - the lowest market price was 7.8 cents, which occurred on 27 May 2010;
- the market sale price of the Convertible Notes in Dragon on the ASX was \$1.051 on 27 August 2010, being the last trading day prior to the date of this notice; and
- during the three months preceding the date of this notice:
  - the highest market price on the ASX of the Convertible Notes was \$1.051, which occurred on 27 August 2010; and
  - the lowest market price was \$1.002, which occurred on 8 June 2010.

If you are unsure whether to convert your Convertible Notes, please seek advice from your financial adviser.

Yours faithfully  
**DRAGON MINING LIMITED**



**Peter G Cordin**  
**Executive Chairman**

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