

ASX ANNOUNCEMENT

8 OCTOBER 2013

UPDATE ON SWEDEN ENVIRONMENTAL COURT CASE

As announced in the June Quarterly Report on 2 July 2013 the Lycksele District Court ruled in favour of Dragon Mining (Sweden) AB (“the Company”) in relation to charges under the old Environmental Permit. The State Prosecutor subsequently appealed the ruling.

Background

The original claim included two matters: Environmental damage (the Prosecutor levied both a criminal charge, plus a lesser charge of non-permitted environmental activities relating to exceeding permit guidelines in the event that the criminal charge failed) and secondly, unauthorised discharges to Svartlidbäcken or Paubäcken streams. In November 2012, the Company was granted a new Environmental Permit, where anomalies in the original Environmental Permit were addressed. The Company fully complies with the new Environmental Permit.

Update

In the appeal, the State Prosecutor dropped the criminal environmental damage charge, while maintaining the lesser charge of non-permitted environmental activities. In addition, the unauthorised discharge matter was also dropped. The requested penalty was decreased to 800,000 SEK.

The Swedish Court of Appeal has announced that it will allow the State Prosecutors’ appeal. In accordance with Swedish practice, the Company has not been advised the basis under which the appeal was granted. A formal date for the hearing of the appeal has not been set.

The Company maintains that it has not performed any non-permitted environmental activities. Further, the Svartliden Production Centre is in full compliance with the new Environmental Permit with all discharge levels lower than allowed limits.

For and on behalf of
Dragon Mining Limited

Kjell Larsson
Managing Director