Stock Exchange Codes

ASX: DMG

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ASX RELEASE

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DRAGON MOUNTAIN GOLD

31 July 2012

Mining Exploration Entity
QUARTERLY REPORT AS AT 30 JUNE 2012

On 6 June 2012 a Notice of Meeting to be held on 5 July 2012 was issued to members of Dragon Mountain Gold Limited ("DMG" or the "Company"), in order for Shareholders to vote on the Board's proposal to reduce the Company's issued capital by approximately $150,000,000 by way of an equal capital reduction, which would be effected by the Company making a payment to all holders of shares on the record date of:

(a) an unfranked dividend of $0.4497; and

(b) a return of capital of $0.1195,

per share.

The meeting was held on 5 July 2012 and Shareholders voted unanimously in favour of the resolution.

DMG shares traded 'ex-dividend' at the open of trade on 9 July 2012. The record date was 13 July 2012.

The capital and dividend payment was paid to Shareholders by way of a cheque lodged with Australia Post on 20 July 2012.

"The Board was please to be able to deliver this excellent result for all Shareholders and thanked Shareholders of the Company for their continued support."

DMG continues to maintain the XPPM licenses held at Urumqi in North Eastern China.

The Board is currently assessing projects in Australia, Africa and Mongolia in an attempt to secure a new project for the Company. To date no project has attracted the attention of the board. The board will continue to assess projects as they are identified.

R. Gardner

Robert Gardner
CHAIRMAN