

FURTHER HIGH GRADE INTERCEPTS FROM THE ORIVESI GOLD MINE

Dragon Mining Limited (ASX: DRA) is pleased to announce the receipt of further high grade intercepts from underground diamond core drilling at the Orivesi Gold Mine, part of the Vammala Production Centre in southern Finland. These results mark the end of the current drilling campaign, which has returned several exceptional intercepts including recent highlights **17.20 metres @ 5.14 g/t gold**, **30.80 metres @ 11.10 g/t gold**, **6.00 metres @ 37.53 g/t gold** and **16.00 metres @ 4.10 g/t gold**, and the previously released 16.35m @ 4.13 g/t gold, 8.00m @ 7.14 g/t gold, 18.40m @ 3.87 g/t gold, 3.55m @ 38.52 g/t gold, 6.00m @ 8.43 g/t gold and 22.15m @ 18.78 g/t gold.

This 16 hole, 2,900 metre infill program that targeted the depth extensions of the Kutema lode system has improved confidence in the geological model with the results demonstrating the continuation of the Kutema lode system between the 880m and 960m levels, at widths and grades commensurate with the existing model. Results from all 16 holes are provided in Table 1.

Based on the success of this campaign Dragon Mining will carry out further drilling at Orivesi targeting the Kutema lode system between the 960m and 1040m levels and will include a series of deeper holes to evaluate the potential of the lode system at the previously untested 1200m level. Drilling of the initial holes in the 27 hole, 5,600 metre campaign will be undertaken from the 920m level.

Background

The Vammala Production Centre is located in the Sastamala region in southern Finland, 165 kilometres northwest of the Finnish capital Helsinki.

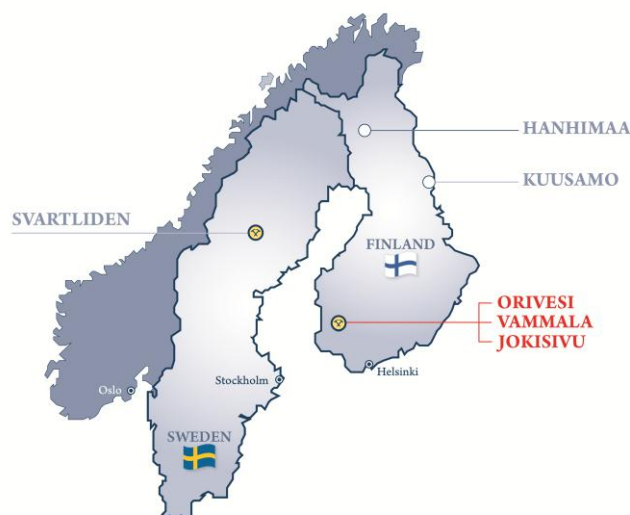
It comprises the Vammala plant, a 300,000 tonnes per annum crushing, milling and flotation facility, which sources ore from two gold mines, Orivesi and Jokisivu.

The Centre was successfully recommissioned in June 2007 and has to 31 December 2012 produced 147,578 ounces of gold in concentrate, which is smelted and refined at the Harjavalta smelter, 60 kilometres west of the plant.

The Orivesi Gold Mine is located 80 kilometres to the northeast of the Vammala plant and hosts a Measured, Indicated and Inferred Mineral Resource totalling 158,800 ounces grading 6.7 g/t gold.

The mine was initially in operation between 1992 and 2003 and produced 422,000 ounces of gold from a series of near vertical pipe-like lodes at Kutema. Two of the five principal lodes at Kutema continued below the historical extent of the decline at the 720m level and this area is now subject to a program of staged development down to the 960m level with production stoping between the 720m and 800m levels commencing in September 2012. Mining from the Sarvisuo lodes, 300 metres east of Kutema commenced in April 2008 and has been conducted from the 240m to the 620m level.

Gold mineralisation at Orivesi is associated with strongly deformed andalusite rich, silicified zones. Both Kutema and Sarvisuo remain open at depth and the potential for the identification of additional pipes or pipe clusters within the surrounding hydrothermal alteration system is high.



The Jokisivu Gold Mine is located 40 kilometres southwest of the Vammala plant and hosts a Measured, Indicated and Inferred Mineral Resource totalling 254,200 ounces from two occurrences, Kujankallio and Arpola. Gold mineralisation at both locations is hosted within relatively undeformed and unaltered diorite, in 1 to 5 metre wide shear zones that are characterised by laminated, pinching and swelling quartz veins.

The Kujankallio lode system has been shown by drilling to extend to at least 525 metres in depth, though resource drilling currently extends only down to 440 metres, whilst the Arpola lode system has only been drilled down to 200 metres. Both deposits remain open with depth and partially along strike.

Open cut mining at Kujankallio commenced in 2009 and underground production stoping in 2011. A small open pit was mined at Arpola in 2011.

Vammala Production Centre Mineral Resource Statement

	Measured			Indicated			Inferred			Total		
	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces
Vammala Production Centre												
Orivesi	205,700	5.8	38,500	291,800	6.6	62,200	240,600	7.5	58,100	738,100	6.7	158,800
Jokisivu	244,900	5.6	43,500	825,700	5.1	135,700	531,900	4.3	75,100	1,602,500	4.9	254,200
Kaapelinkulma				119,000	4.4	16,800	64,000	3.5	7,200	183,000	4.1	24,000
Total	450,600	5.7	82,000	1,236,500	5.4	214,700	836,500	5.2	140,400	2,523,600	5.4	437,000

Orivesi Gold Mine: Reported as at 31 December 2012 at a 3 g/t gold cut-off grade;

Jokisivu Gold Mine: Reported as at 31 December 2012 at a 2 g/t gold cut-off grade;

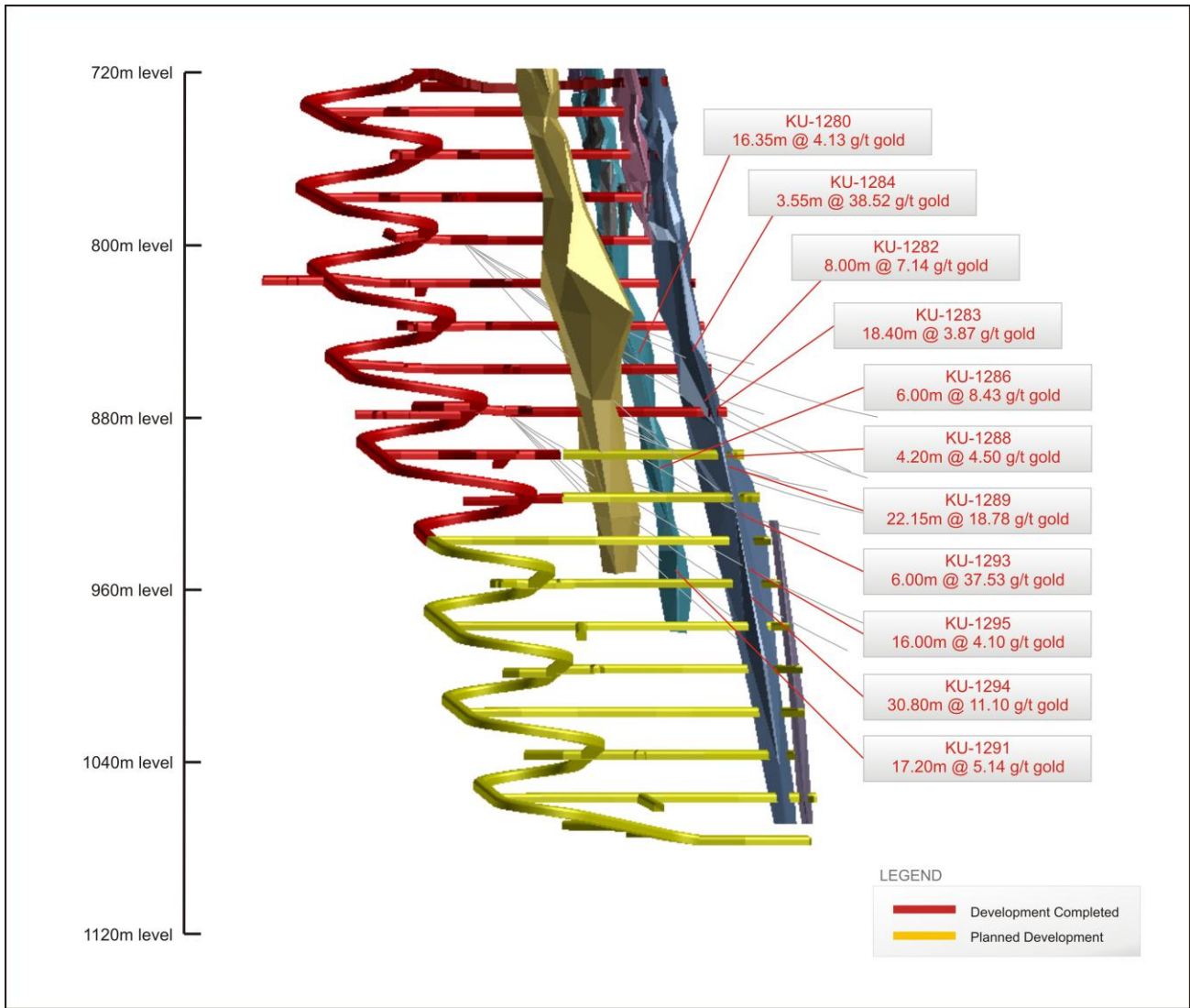
Kaapelinkulma Gold Project: Reported as at 31 December 2012 at a 1 g/t gold cut-off grade

For and on behalf of
Dragon Mining Limited

Kjell E Larsson
Managing Director

Competent Persons Statement

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Neale Edwards BSc (Hons), a Member of the Australian Institute of Geoscientists and Mr Matti Talikka MSc (Geology), a Member of the Australian Institute of Mining and Metallurgy, who are full time employees of the company and have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards and Mr Matti Talikka consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.



Highlight drill intercepts from the Kutema lode system, Orivesi Gold Mine

Table 1 – Results from Underground Diamond Core Drilling targeting the depth extensions of the Kutema lode system below the 880m level, Orivesi Gold Mine. Recent results highlighted in red.

Hole	North	East	Elevation	Azimuth (°)	Dip (°)	Length (m)	From (m)	Down Hole Interval (m)	Gold (g/t)
KU-1280	6838420.4	2508571.0	-638.6	338.3	-36.5	170.1	64.65	0.45	3.44
							68.70	1.10	1.24
							96.80	16.35	4.13
KU-1281	6838420.8	2508571.1	-638.3	350.5	-30.8	149.7	80.00	1.00	1.41
							86.50	0.50	1.87
							94.00	3.45	3.14
KU-1282	6838420.6	2508571.5	-638.5	359.8	-37.7	209.8	98.00	1.00	5.45
							100.80	0.50	1.55
							112.90	1.10	1.87
							116.30	1.25	2.87
							126.00	1.00	1.28
							131.00	8.00	7.14
							<i>includes 2.85m @ 18.27 g/t gold from 131.00 metres</i>		
KU-1283	6838420.6	2508571.8	-638.4	8.9	-39.7	220.3	104.00	1.50	1.14
							129.00	18.40	3.87
							215.45	1.30	1.43
KU-1284	6838420.5	2508572.0	-638.4	17.1	-31.8	220.2	52.50	1.00	1.14
							119.30	2.95	1.96
							125.05	3.55	38.52
							<i>includes 2.20m @ 62.16 g/t gold from 125.05 metres</i>		
							133.00	1.00	10.95
							145.60	0.90	1.19
KU-1285	6838420.4	2508572.1	-638.4	26.4	-47.5	174.5	88.40	0.60	1.40
							125.00	1.35	1.85
KU-1286	6838425.6	2508576.8	-680.3	339.6	-38.4	157.1	92.50	1.20	1.59
							105.00	3.40	3.55
							113.00	6.00	8.43
							<i>includes 1.00m @ 31.50 g/t gold from 116.00 metres</i>		
							122.00	1.00	1.67
KU-1287	6838425.6	2508577.3	-680.1	350.7	-32.8	160.3	73.00	1.00	2.46
KU-1288	6838425.4	2508577.9	-680.1	2.8	-38.0	182.7	73.55	0.40	2.53
							74.85	0.45	1.51
							119.15	0.70	6.64
							122.6	0.40	1.40
							128.25	0.75	1.37
							131.4	4.20	4.50
							136.7	0.90	3.36
							141.15	0.70	2.73
KU-1289	6838425.3	2508578.1	-680.3	7.6	-36.1	205.3	69.00	1.20	8.76
							124.55	22.15	18.78
							<i>includes 1.15m @ 230.00 g/t gold from 137.25 metres</i>		
KU-1290	6838425.4	2508578.3	-680.3	13.7	-40.1	176.9	84.5	1.50	1.64
							144.50	1.50	1.03
							151.30	4.70	1.57
KU-1291	6838443.5	2508585.9	-720.3	330.6	-41.7	151.3	102.00	17.20	5.14
							<i>includes 1.50m @ 16.90 g/t gold from 108.00 metres</i>		
KU-1292	6838443.4	2508586.2	-720.4	345.3	-47.2	154.1	103.70	1.30	1.10
KU-1293	6838443.5	2508585.6	-720.1	353.6	-31.2	155.8	65.50	1.50	1.64
							80.00	1.50	1.70
							111.00	6.00	37.53
							<i>includes 1.00m @ 219.00 g/t gold from 115.00 metres</i>		
KU-1294	6838443.7	2508586.7	-720.3	10.1	-43.4	191.7	58.50	3.00	1.11
							90.50	1.50	1.45
							124.00	30.80	11.10
							<i>includes 17.70m @ 17.60 g/t gold from 128.00 metres</i>		
KU1295	6838443.8	2508587.0	-720.2	13.2	-35.2	200.6	77.10	1.40	8.93
							89.50	1.50	1.17
							120.40	0.60	1.48
							124.00	16.00	4.10

All drilling was undertaken by BQTK (40.7mm) diamond core methods, yielding excellent recoveries. All drill core is geologically and geotechnically logged to a level that supports Mineral Resource estimation, photographed and mineralised zones sampled with lithological control with maximum of 1.5m in length. Preparation of sawn half-core (SAW-01a) samples was completed at the ALS Minerals facility in Outokumpu, Finland, and whole core using procedure PREP-31BY. Analysis is completed at ALS Minerals in Rosia Montana, Romania, and Vancouver, Canada, using procedures Au-AA26 (Detection Limit - 0.01 g/t gold; Upper Limit - 100.00 g/t gold). Gold values exceeding 5 g/t were re-assayed by AU-GRA22 (Detection Limit - 0.05 g/t gold; Upper Limit - 1,000.00 g/t gold), additionally ME-MS61 is used to detect 48 elements by HF-HNO3-HClO4 acid digestion, HCl leach followed by ICP-AES and ICP-MS analysis. Weighted average gold intercepts reported at a 1 g/t gold cut-off.

QA/QC protocols are stringently adhered to throughout the duration of the drilling program and include, collar surveys with use of a Tachymeter, down hole deviation surveys completed on all holes using a Maxibor device, the inclusion of certified reference material and blank material (1 sample in 20 samples) and duplicate samples (1 sample in 20 samples).