

ASX ANNOUNCEMENT

18 APRIL 2013

FURTHER HIGH GRADE INTERCEPTS FROM THE KUUSAMO MINE PROJECT, FINLAND

Dragon Mining Limited (ASX: DRA) is pleased to announce the receipt of assay results for the Phase 13 diamond core drilling program on the Kuusamo Mine Project in northern Finland, which has yielded a number of promising intercepts including a significant high grade intercept of **14.80 metres @ 14.76 g/t gold** from 263.00 metres in drill hole KS/JS-260.

The Phase 13 program targeted the north-western portion of the Juomasuo deposit, further examining the strike and depth extensions of gold mineralisation identified during the Phase 12 program. Nine holes of the twelve hole, 4,200 metre program have been completed.

Assays have returned a series of significant intersections, in addition to the KS/JS-260 intercept, including **8.85 metres @ 6.90 g/t gold**, **6.60 metres @ 8.25 g/t gold** and **4.45 metres @ 9.44 g/t gold** (Table 1). The intercepts highlight the strike and down-dip extensions of a zone of gold mineralisation that is located outside existing gold lode positions and may represent either an extension of a known lode or a new gold lode altogether.

The Juomasuo deposit is the largest of the three deposits in the Kuusamo Mine Project and represents a geologically well-defined zone of steeply dipping medium to high grade gold mineralisation, which remains open at depth. The deposit extends over a strike length of 280 metres and includes a vertical extent of 280 metres from surface, with 85% of the gold resource tonnes occurring between surface and a vertical depth of 180 metres.

Drilling of the final three holes in the Phase 13 program will commence in the latter part of 2013, following a break in drilling activities at the Kuusamo Mine Project.

Other activities however will continue, with compilation of the Environmental Impact Assessment (EIA) document underway and metallurgical test work at the GTK facility in Outokumpu in progress. Dragon Mining has also contracted the Finnish Radiation and Nuclear Safety Authority (STUK) to undertake a radiological base line study that is expected to be completed in 2014.

For and on behalf of
Dragon Mining Limited

Kjell E Larsson
Managing Director

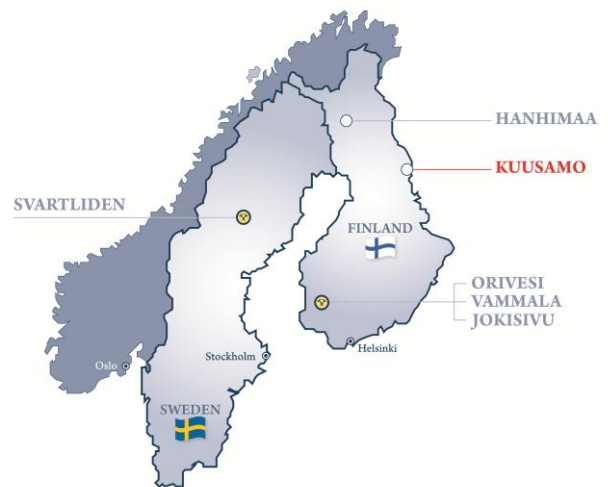
BACKGROUND

Dragon Mining's Kuusamo project is located 700 kilometres northeast of Helsinki in northern Finland and is an integral part of Dragon Mining's growth plans, with the Company seeking to capitalise on its excellent potential.

The expansive 1,173km² holding encapsulates the five known deposits, which have a combined Mineral Resource of 459,600 ounces grading 4.2 g/t gold. The three deposits Juomasuo, Hangaslampi and Pohjasvaara have been the principal focus of exploratory activities since the commencement of exploration at Kuusamo in late 2010.

The projects encompass portion of the highly prospective Palaeoproterozoic Kuusamo Schist Belt, a metamorphosed volcanic and sedimentary sequence. Gold mineralisation is located within a larger zone of sulphidised and sheared rocks, which may also host the cobalt, copper, uranium and rare earth elements.

Numerous indications of gold mineralisation and the occurrence of a series of either untested or poorly tested geophysical, geochemical and geological targets, provides the company with a pipeline of prospects to advance and serves to highlight the overall potential of the Kuusamo region.



Kuusamo Mineral Resource

	Measured			Indicated			Inferred			Total		
	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces
Kuusamo Mine												
Juomasuo (1)	158,000	8.4	42,500	1,368,000	4.7	205,900	415,000	3.8	50,500	1,941,000	4.8	298,900
Hangaslampi (2)				341,000	5.3	57,500	62,000	4.3	8,600	403,000	5.1	66,100
Pohjasvaara (1)				81,000	3.3	8,600	49,000	5.0	8,000	130,000	4.0	16,600
Kuusamo Exploration Province												
Meurastuksenaho (1)				61,000	2.4	4,700	831,000	2.3	61,800	892,000	2.3	66,500
Sivakkaharju (1)							50,000	7.2	11,500	50,000	7.2	11,500
Kuusamo Total	158,000	8.4	42,500	1,851,000	4.7	276,700	1,407,000	3.1	140,400	3,416,000	4.2	459,600

Mineral Resources reported at a 1 g/t gold cut-off, as at 31 December 2012.

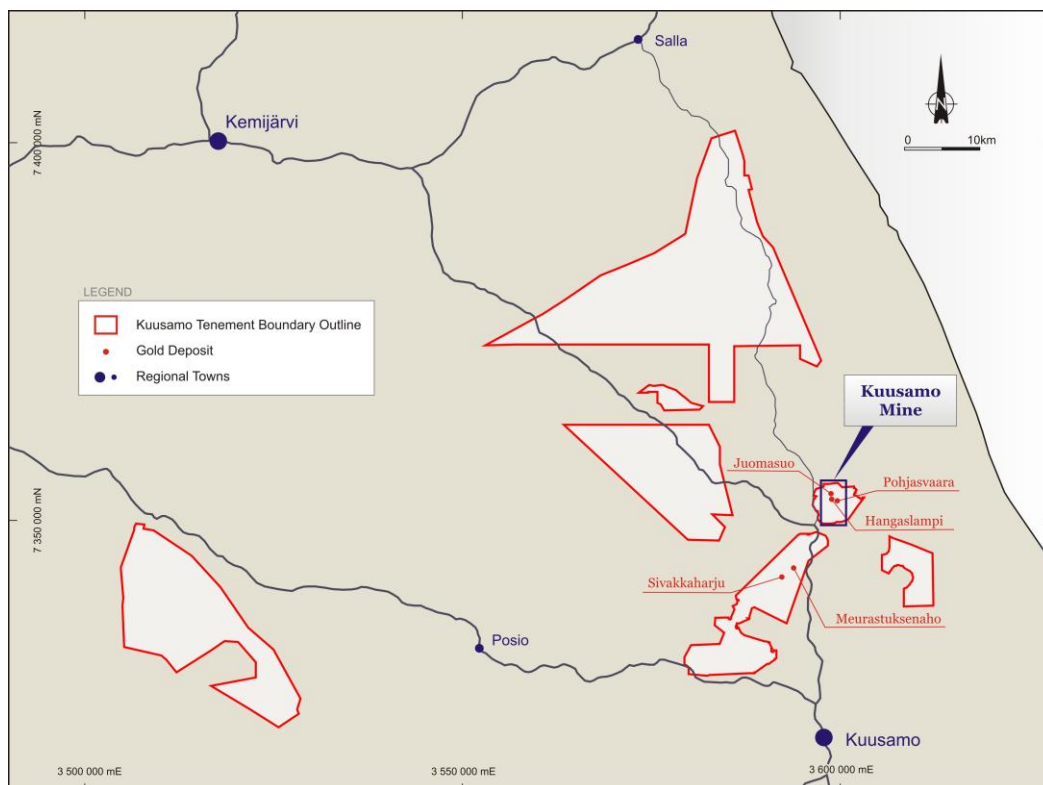
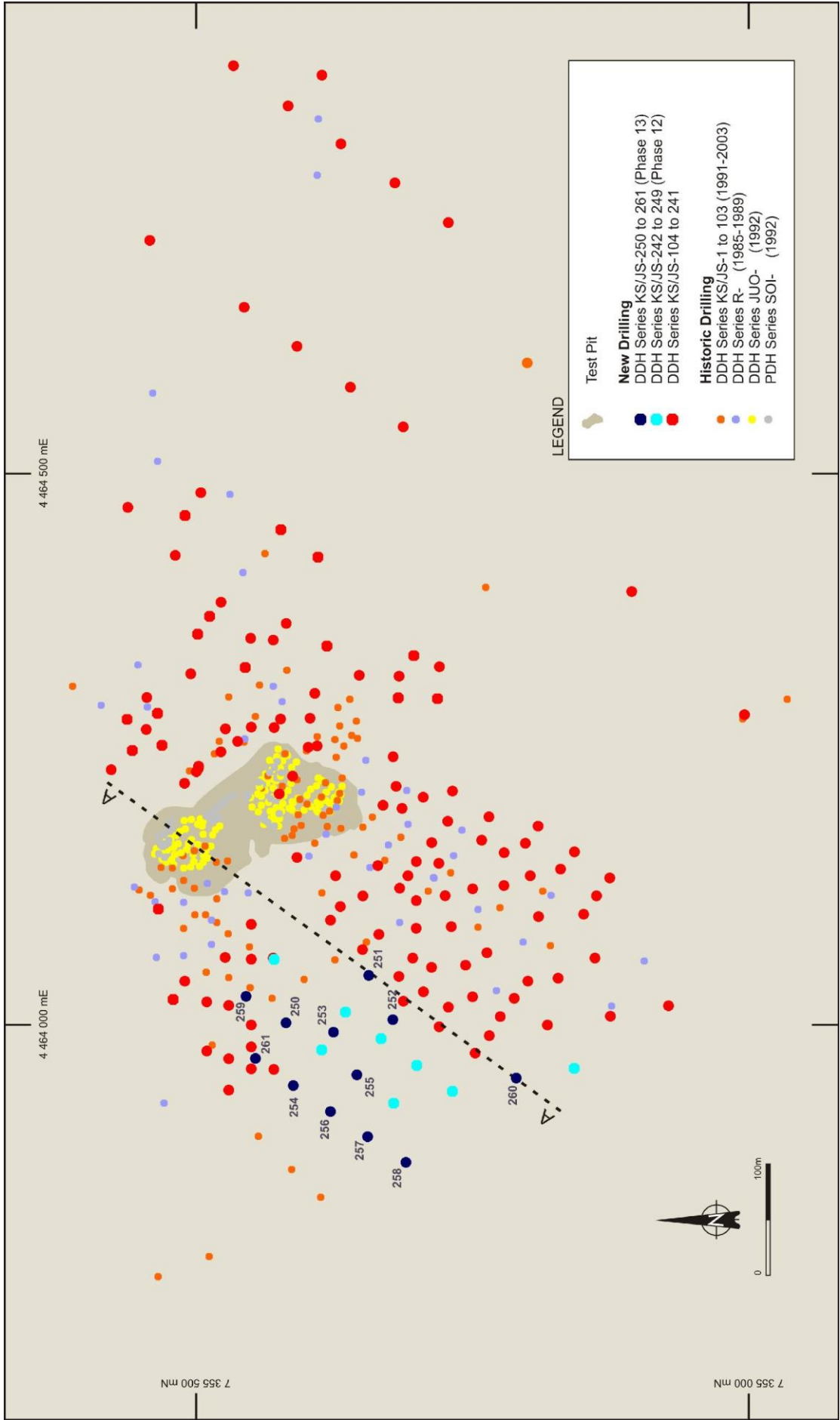


Table 1 – Gold results from the Phase 13 diamond core drilling program at the Juomasuo deposit, Kuusamo Mine Project, Finland.

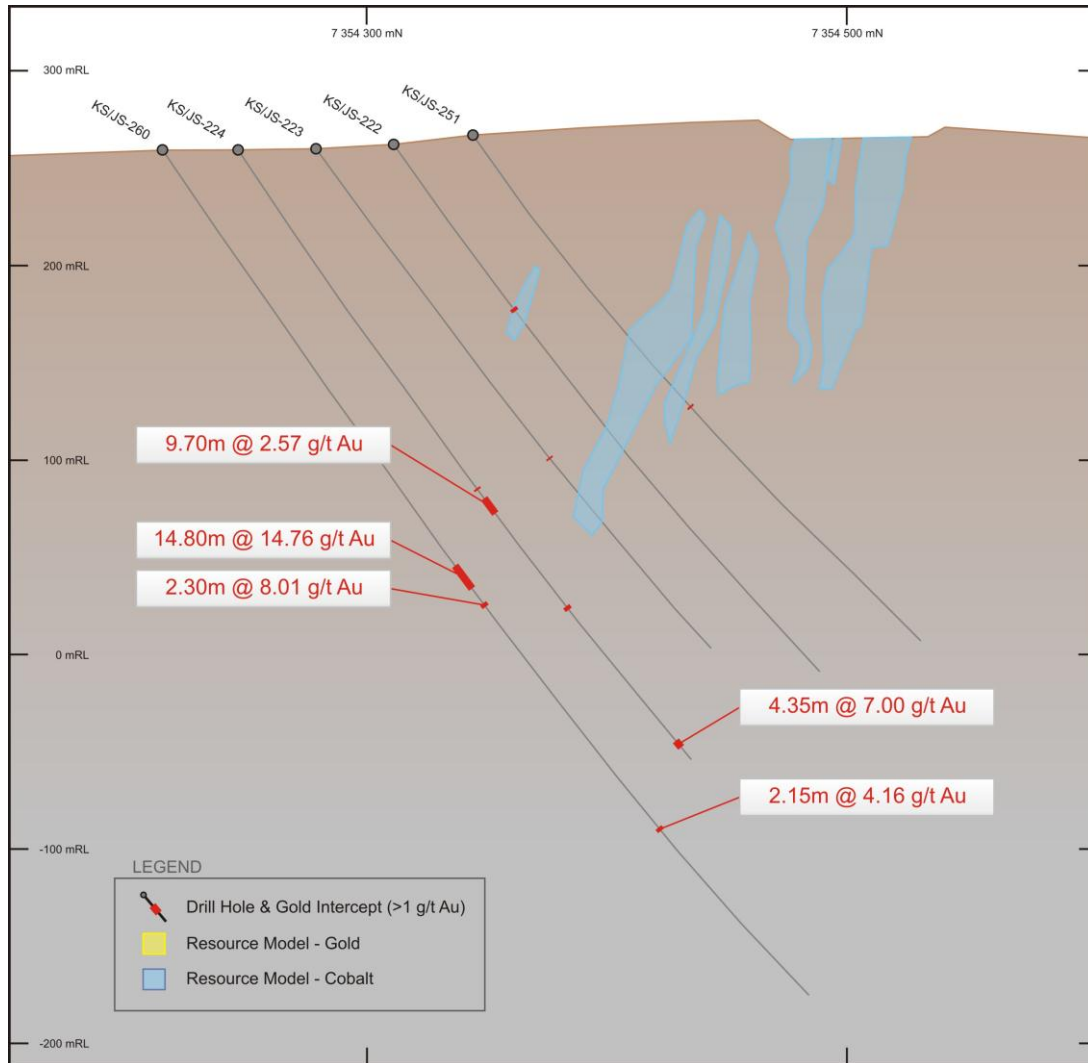
Hole ID	Northing	Easting	Elevation	Azimuth (°)	Dip (°)	Length (m)	From (m)	Down Hole Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)
KS/JS-250	7355419.6	4464001.8	272.8	32.60	-54.7	301.70	185.25	1.15	1.17	1365	1890	4
							194.85	9.95	2.86	618	942	7
KS/JS-251	7355344.4	4464044.3	267.3	31.86	-54.3	349.70	180.00	1.10	2.18	94	241	52
KS/JS-252	7355322.8	4464004.6	263.8	33.71	-54.7	349.90	163.35	8.85	6.90	284	864	343
							239.55	6.60	8.25	674	252	509
KS/JS-253	7355376.1	4463993.2	270.1	34.98	-54.3	310.90	242.68	1.02	2.53	137	129	4
KS/JS-254	7355409.0	4463943.0	272.4	34.82	-55.0	304.40	100.40	4.45	9.44	336	19	192
							109.45	1.25	6.51	1555	87	16
							235.00	0.55	1.24	809	4780	0
							262.75	2.35	2.32	162	257	4
KS/JS-255	7355354.0	4463953.8	267.8	34.58	-55.0	362.00	169.50	1.40	1.77	80	36	3
							276.25	1.80	3.82	1137	1719	9
							290.30	1.05	3.81	661	1610	4
KS/JS-259	7355451.4	4464024.4	274.1	35.29	-55.0	201.00	No significant gold intercepts					
KS/JS-260	7355214.7	4463951.0	259.48	39.96	-54.86	551.00	263.00	14.80	14.76	461	92	868
							286.50	2.30	8.01	1115	44	43
							434.20	2.15	4.16	439	366	2
KS/JS-261	7355439.4	4463965.3	273.4	36.89	-54.0	391.40	189.35	7.62	2.15	824	1373	7
							201.10	2.28	1.43	1307	2366	4
							215.95	1.05	1.15	823	1130	1

All drilling was undertaken by WL-66 (50.5mm) 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 where possible on a one metre basis. Preparation of sawn half-core samples was completed at the ALS Minerals facility in Outokumpu, Finland, using procedure PREP-31BY. Analysis is completed at ALS Minerals in Rosia Montana, Romania, and Vancouver, Canada, using procedures Au-AA25 (Detection Limit - 0.01 g/t gold; Upper Limit - 100.00 g/t gold), ME-4ACD81, ME-MS41. Gold values exceeding 3 g/t and uranium values exceeding 1,000 ppm were re-assayed by AU-GRA22 (Detection Limit - 0.05 g/t gold; Upper Limit - 1,000.00 g/t gold) and U-XRF-10 methods, respectively. 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 DGPS, 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).



Juomasuo Drill Hole Plan



Juomasuo Cross Section A-A

Competent Persons Statement

- (1) *The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Aaron Green BSc (Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of RungePincockMinarco Limited 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 Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr. Aaron Green consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*
- (2) *The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Trevor Stevenson, a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional (Geology), who is a full time employee of RungePincockMinarco Limited 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 Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Trevor Stevenson consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

General *The information in this announcement that relates to Exploration Results is based on information compiled by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists and Mr Matti Talikka MSc (Geology), a Member of the Australasian 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.*