

DRAGON MINING ANNOUNCES UNAUDITED 2012 FULL YEAR RESULTS

Dragon Mining Limited (ASX : DRA) today announced its unaudited financial results for the full year ending 31 December 2012 which include a reported Net Loss after tax of \$4.6 million, compared to \$6.5 million in the previous financial year.

Notable features of the results for the financial year include:

- Sales revenue for the year of \$79.0 million (FY11: \$75.1 million)
- Gross profit from operations of \$16.9 million (FY11: \$16.3 million)
- Total gold production of 54,328 ounces (FY11: 54,791 ounces)
- Average C1 cash cost of US\$ 1,095¹ per ounce (2011: US\$ 1,052/oz)
- Increased confidence in the Kuusamo Mine Project, with 83% of the mineral resource at the Juomasuo deposit classified in the Measured and Indicated category, and expansion of the Company's holdings in the Province to 1,173km²
- Executed a Letter of Intent with Agnico-Eagle Mines Limited (NYSE:AEM)(TSX:AEM) (Agnico-Eagle), whereby Agnico-Eagle could earn up to 70% interest in the Hanhimaa Gold Project in northern Finland, with the staged expenditure of €9 million over 6 years. The formal Earn-In Agreement was finalised in Feb 2013.
- Total exploration expenditure of \$13.1 million (FY11: \$9.4 million)
- Year end cash balance of \$5.5 million following repayment of the Company's previous debt facility.
- Net Current Asset surplus over net Current Liabilities of \$13.9 million (FY11:\$7.1 million)

Commenting on the results Dragon Mining Chairman, Mr Peter Cordin said, "The result for the year, combined with proceeds from asset sales and the March 2012 equity raising, provided the Company with the financial position crucial to consolidating production from the Svartliden and Vammala production centres and investing in exploration to secure Dragon Mining's future cashflow generating base.

The opportunities presented by the Company's position in the Kuusamo Exploration Province are exciting. With a highly experienced Nordic mining team, Dragon Mining is well positioned to deliver growth in shareholder value for many years."

[ENDS]

Kjell E Larsson
Managing Director

1 - the Company has adopted the C1 cash cost definitions as set out by MackenzieWood (formerly Brook Hunt).

About Dragon Mining

Dragon Mining Limited is a leading Nordic gold producer and explorer with the management, financial and resource capacity to deliver on its growth strategy. The Company is focused on the development of the Svartliden mine in Sweden, Vammala project in Finland and uses cash flows generated from operations to aggressively explore and develop the highly prospective Kuusamo Gold Project in northern Finland.