



**ASX ANNOUNCEMENT**

**18 JANUARY 2012**

**EXCEPTIONAL INTERCEPT CONFIRMED – KUUSAMO NORTH, FINLAND**

Dragon Mining is pleased to announce the receipt of the final results from the Phase 6 drilling campaign undertaken on the Juomasuo deposit at the Kuusamo Gold Project in northern Finland. Analysis has returned a series of promising gold intercepts and confirmed the previously released preliminary gold result of **17.60m @ 34.01 g/t gold** from drill hole KS/JS-163 (Table 1).

The 9 hole, 3,475 metre campaign was undertaken between September and November 2011 and has confirmed the potential for further strike extensions of identified lodes to the southeast and northwest at Juomasuo and highlighted the potential for additional depth extensions in the northwest.

Multi-element analysis also returned a number of strong cobalt intercepts and elevated levels of rare earth oxides either associated with gold mineralisation or separately, as well as the occurrence of sporadic elevated levels of copper and uranium.

The Juomasuo gold deposit is the largest of the deposits identified to date in the Kuusamo North area. It comprises a set of closely spaced sub-parallel lodes, which remain open down plunge.

Results are pending for all holes completed in the Phase 7 drilling campaign at Juomasuo, a 1,582 metre, 7 hole program that tested an area to the east of the main zone of mineralisation at Juomasuo, following-up historical gold intersections and testing a prominent geophysical anomaly.

Two diamond core rigs have resumed drilling at Kuusamo following the break for the festive period, both progressing campaigns that are further evaluating the depth and strike extensions of the Juomasuo deposit.

For and on behalf of  
**Dragon Mining Limited**

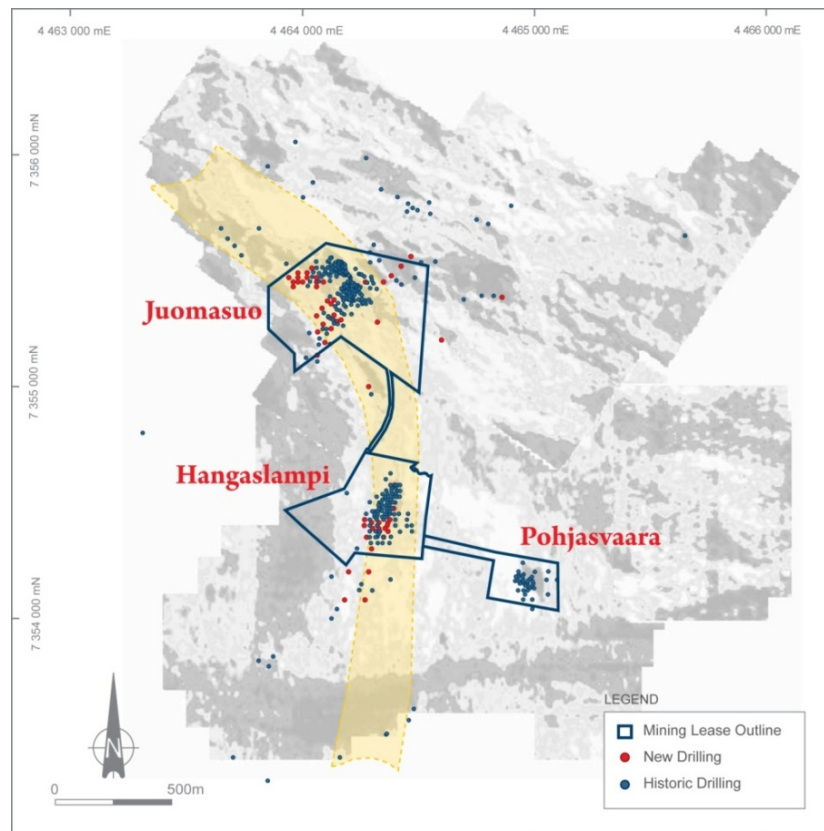
**Peter G Cordin**  
Executive Chairman

*The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves 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.*

**Table 1 – Results from the sixth phase of diamond core drilling targeting the Juomasuo deposit.**

Hole ID	Northing	Easting	RL	Dip	Azimuth	Length	From	Interval	Au	Co	Cu	U	TREO
				(°)	(°)	(m)	(m)	(m)	(g/t)	(ppm)	(ppm)	(ppm)	(ppm)
KS/JS-158	7355272.2	4464184.4	267.7	-50.0	34.2	277.6	94.00	1.20	1.07	708	363	8	66
							232.60	0.90	1.02	126	123	3	91
							248.10	0.80	1.61	225	555	2	40
							252.10	4.00	1.92	589	979	28	381
KS/JS-159	7355301.0	4464148.1	268.2	-57.5	39.3	278.0	49.00	1.40	4.48	1,571	206	2,384	527
							113.50	10.20	5.29	969	150	211	278
KS/JS-160	7355315.7	4464123.7	266.4	-57.5	36.5	268.7	52.05	4.80	1.75	420	15	71	166
							65.95	2.25	3.84	649	7	33	285
							112.40	3.60	1.71	784	46	86	554
KS/JS-161	7355221.5	4464156.3	265.0	-60.0	36.6	358.1	140.30	2.05	3.13	47	7	12	100
							145.70	1.10	1.20	404	96	662	139
KS/JS-162	7355197.4	4464135.2	265.8	-60.0	41.3	425.3	161.60	1.30	2.15	1,520	323	300	272
							168.90	1.20	1.10	554	7	301	307
KS/JS-163	7355256.2	4464054.1	267.4	-60.0	33.6	467.0	178.15	2.05	2.52	1,418	223	5	181
							186.00	17.60	34.01	867	126	155	170
							<i>Includes 1.10 metres @ 497.00 g/t gold from 196.10 metres</i>						
KS/JS-164	7355200.0	4464039.7	260.9	-60.0	35.3	500.2	210.30	3.55	7.87	999	78	303	135
							249.20	0.80	2.13	1,735	192	907	264
KS/JS-165	7355172.2	4464042.3	260.9	-60.0	32.8	598.2	257.15	3.05	7.53	1,032	148	763	262
							264.00	1.15	2.60	3,810	282	71	1,312
KS/JS-166	7355149.1	4464100.4	264.7	-60.0	35.3	301.6	279.30	2.60	2.06	1,052	101	545	220
							214.90	14.00	3.30	1,189	107	445	187

Preparation of half core samples was completed at the ALS facility in Outokumpu, Finland, and analysis completed at ALS in Rosia Montana, Romania, and Vancouver, Canada, using procedures Au-AA25, ME-4ACD81, ME-ICP06, ME-MS81. Gold values exceeding 3 g/t and uranium values exceeding 1,000 ppm were re-assayed by AU-GRA22 and U-XRF-10 methods, respectively. Total REO values have been calculated by the addition of REO values of Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Y and Yb. The TREO values have been calculated as the sum of all REE as REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.



**Figure 1 – Kuusamo North - location of the Juomasuo, Hangaslampi and Pohjasvaara deposits.**

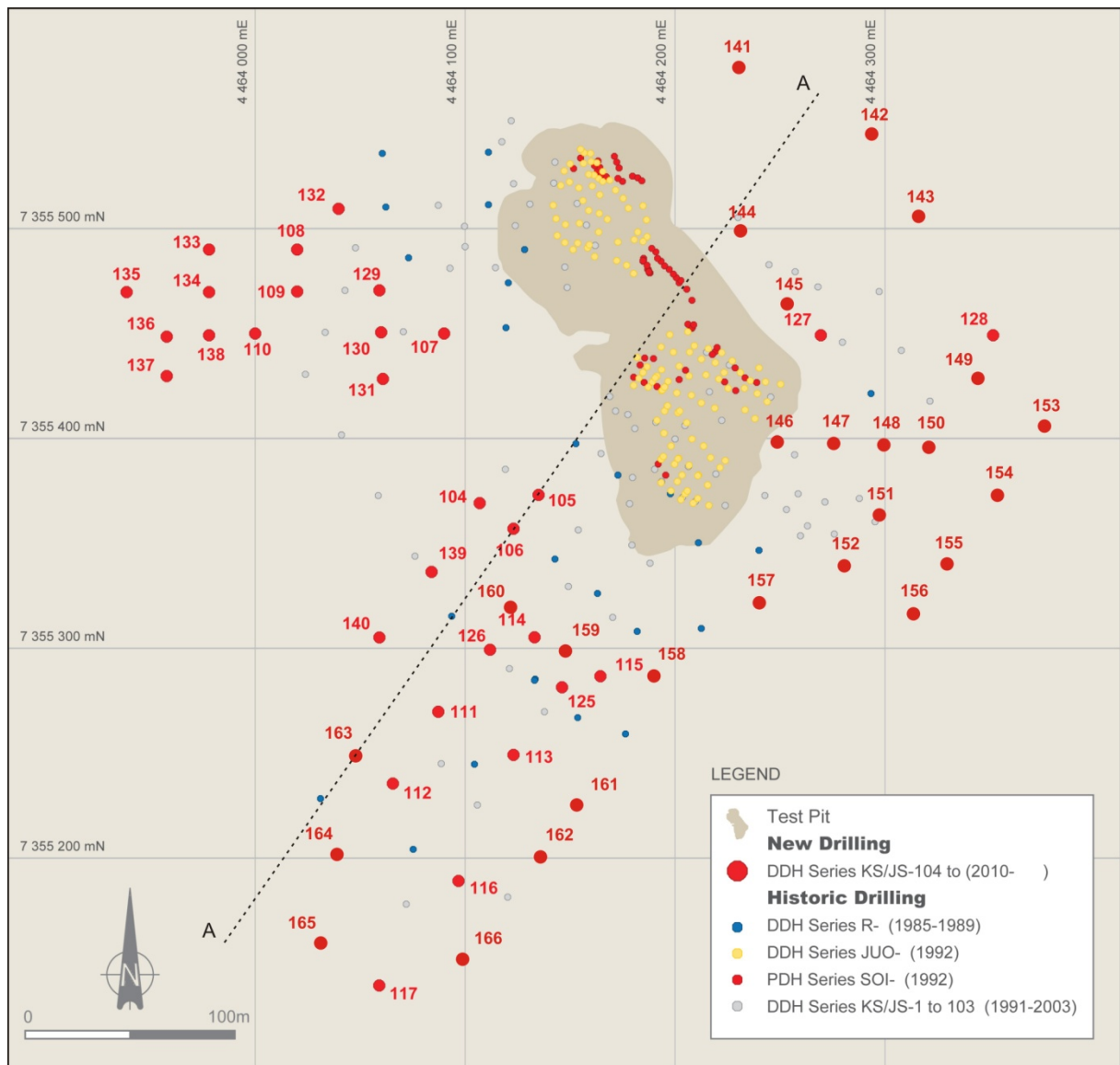


Figure 2 – Juomasuo drill hole location plan.

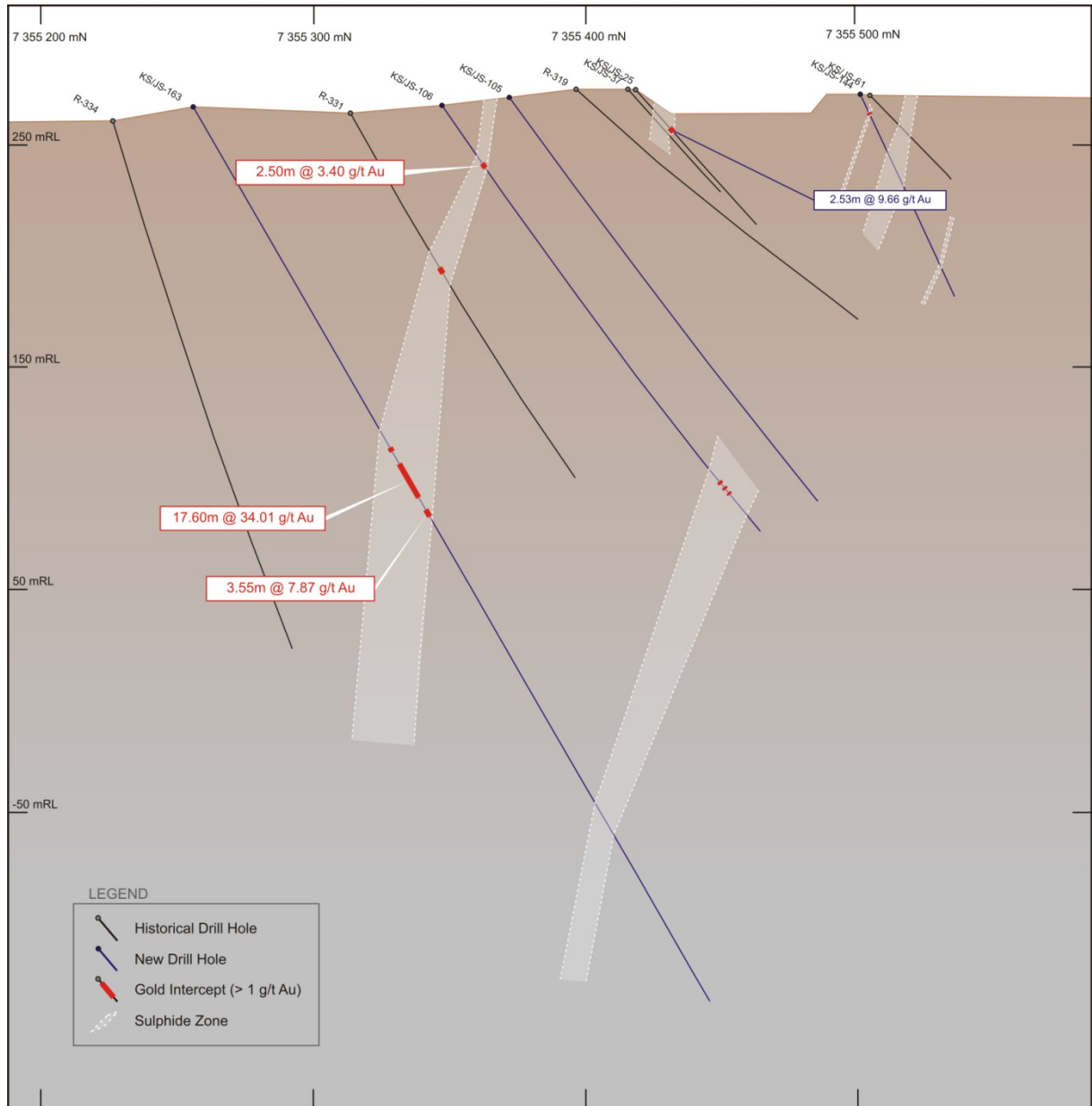
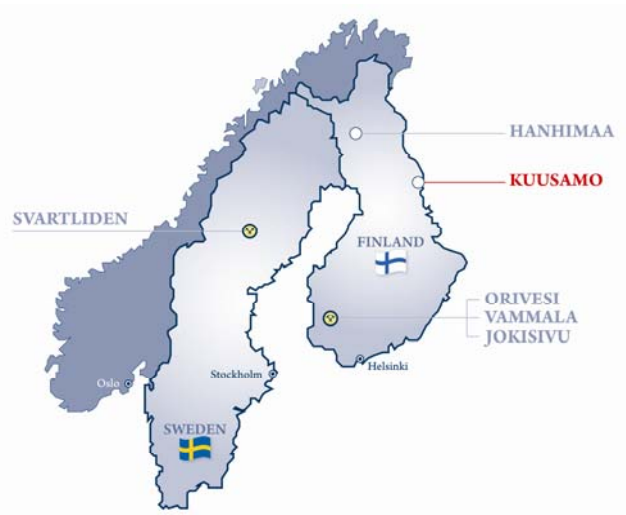


Figure 3 – Juomasuo cross section A-A

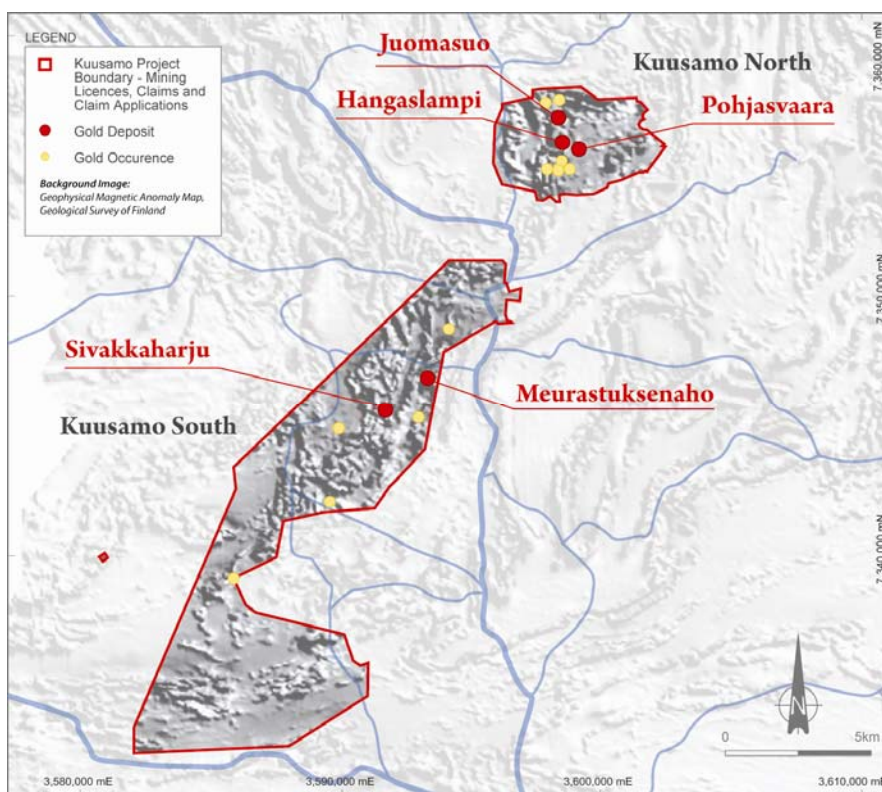
## Background

The Kuusamo Gold Project is located approximately 700 kilometres northeast of Helsinki. It comprises five known gold deposits with a combined Indicated and Inferred Resource of 460,700 ounces grading 4.2 g/t gold.

Numerous indications of gold mineralisation have also been identified within the surrounding areas. These indications provide a pipeline of prospects to advance and serve to highlight the overall potential of the Kuusamo Gold Project.



Location of Projects



Kuusamo Gold Project – Mining Licences, Claims and Claim Applications

### Kuusamo Gold Project Total Gold Resource Inventory. Reported at a 1 g/t gold cut-off.

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
<b>Measured</b>	-	-	-	-	-
<b>Indicated</b>	1,820,000	5.3	0.13	308,500	2,320
<b>Inferred</b>	1,576,000	3.0	0.17	152,200	2,680
<b>Total</b>	<b>3,396,000</b>	<b>4.2</b>	<b>0.15</b>	<b>460,700</b>	<b>5,000</b>