



ASX ANNOUNCEMENT

17 MAY 2012

INTERCEPTS FURTHER HIGHLIGHT THE POTENTIAL OF THE KUUSAMO GOLD PROJECT

Dragon Mining is pleased to announce the receipt of results from diamond core drilling at the Kuusamo Gold Project in northern Finland that has yielded a robust intercept of **10.55m @ 16.54 g/t gold** from 249.80 metres in drill hole KS/JS-197.

Results were received from a further 7 holes from the 29 hole, 7,770 metre Phase 8 and 9 programs, which were completed in April 2012. In addition to the intercept from KS/JS-197 these programs have returned a number of other encouraging intercepts including **2.20m @ 13.98 g/t gold**, **2.45m @ 13.19 g/t gold** and the previously released **10.20m @ 9.53 g/t gold** and **7.20m @ 8.76 g/t gold**. Results from all 12 holes received to date are listed in Table 1, assays from 17 holes are still pending.

The Phase 8 and 9 programs were designed to target the strike and depth extensions of identified lodes of the Juomasuo deposit to a depth of 250 metres below surface. The results received have confirmed that mineralisation extends both along strike and below the existing gold resource model at grades comparable with the upper portions of the Juomasuo deposit.

Three diamond core drill rigs are now advancing the 17 hole, 6,130 metre Phase 10 program, which has been planned to further test several lodes and their strike and depth extensions.

Juomasuo is the largest of the gold deposits identified to date in the Kuusamo North area. It comprises a set of closely spaced sub-parallel lodes, which remain open down plunge. Since recommencing exploration in November 2010, Dragon Mining has completed 104 holes, 25,444 metres at Juomasuo returning a number of exceptional gold intercepts including the previously released 31.90m @ 45.67 g/t gold, 34.90m @ 9.30 g/t gold, 25.60m @ 9.66 g/t gold, 17.75m @ 16.59 g/t gold, 14.55m @ 4.81 g/t gold, 11.85m @ 5.30 g/t gold, 7.30m @ 8.18 g/t gold, 5.30m @ 12.97 g/t gold and 5.65m @ 16.56 g/t gold.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

The information in this announcement that relates to Mineral Resources and 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.

Table 1 – Drill results Juomasuo Gold Deposit. Recent results highlighted in red.

Hole ID	Northing	Easting	Elevation	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
KS/JS-180	7355272.9	4464016.8	261.5	36.0	-60	449.1	101.20	3.00	2.60	282	0	27	113
							196.90	3.80	1.23	1,289	344	72	193
							205.40	4.80	4.70	1,783	149	74	295
KS/JS-181	7355211.9	4464024.0	260.8	35.0	-60	331.8	243.90	10.20	9.53	973	30	619	401
							<i>includes 0.30 metres @ 226.00 g/t gold from 244.65 metres</i>						
KS/JS-182	7355231.1	4463999.3	260.2	36.0	-60	331.6	223.30	2.20	13.98	502	125	100	149
							228.00	1.30	1.27	837	266	27	144
							247.35	2.45	13.19	850	59	644	332
							257.00	3.60	1.71	1,788	5	163	379
KS/JS-183	7355182.0	4464000.0	260.0	36.0	-60	370.7	287.10	3.05	3.93	2,555	161	108	926
KS/JS-184	7355126.5	4464008.8	260.4	36.6	-60	421.6	No significant gold intercepts						
KS/JS-185	7355330.9	4464199.0	271.2	33.4	-50	270.9	59.60	6.30	4.12	553	0	60	140
							71.90	1.25	5.80	1,865	287	658	350
							113.80	1.60	13.20	687	221	876	326
							186.70	3.00	1.17	293	1,123	13	121
							192.70	7.20	8.76	4,247	1,708	7	427
KS/JS-186	7355318.0	4464215.4	271.0	38.1	-50	271.5	188.60	2.00	1.53	1,015	1,043	14	580
KS/JS-187	7355265.6	4464210.5	268.3	31.9	-60	301.9	No significant gold intercepts						
KS/JS-188	7355226.8	4464183.1	267.0	40.8	-60	385.9	331.25	1.00	2.12	999	900	5	296
KS/JS-189	7355202.1	4464165.1	268.0	36.5	-60	370.6	No significant gold intercepts						
KS/JS-196	7355500.0	4464230.0	273.0	0.0	-50	99.9	No significant gold intercepts						
KS/JS-197	7355498.0	4464235.0	272.0	216.0	-45	370.2	249.8	10.55	16.54	889	4	249	423
							275.0	1.00	1.10	195	69	5	119

Preparation of half core samples was completed at the ALS Minerals facility in Outokumpu, Finland, and analysis completed at ALS Minerals in Rosia Montana, Romania, and Vancouver, Canada, using procedures Au-AA25, ME-4ACD81, 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. The TREO values have been calculated as the sum of all REE as REE₂O₃, with the exception of Ce (CeO₂), Pr (Pr₆O₁₁) and Tb (Tb₄O₇). Intercepts reported at a 1 g/t gold cut-off.

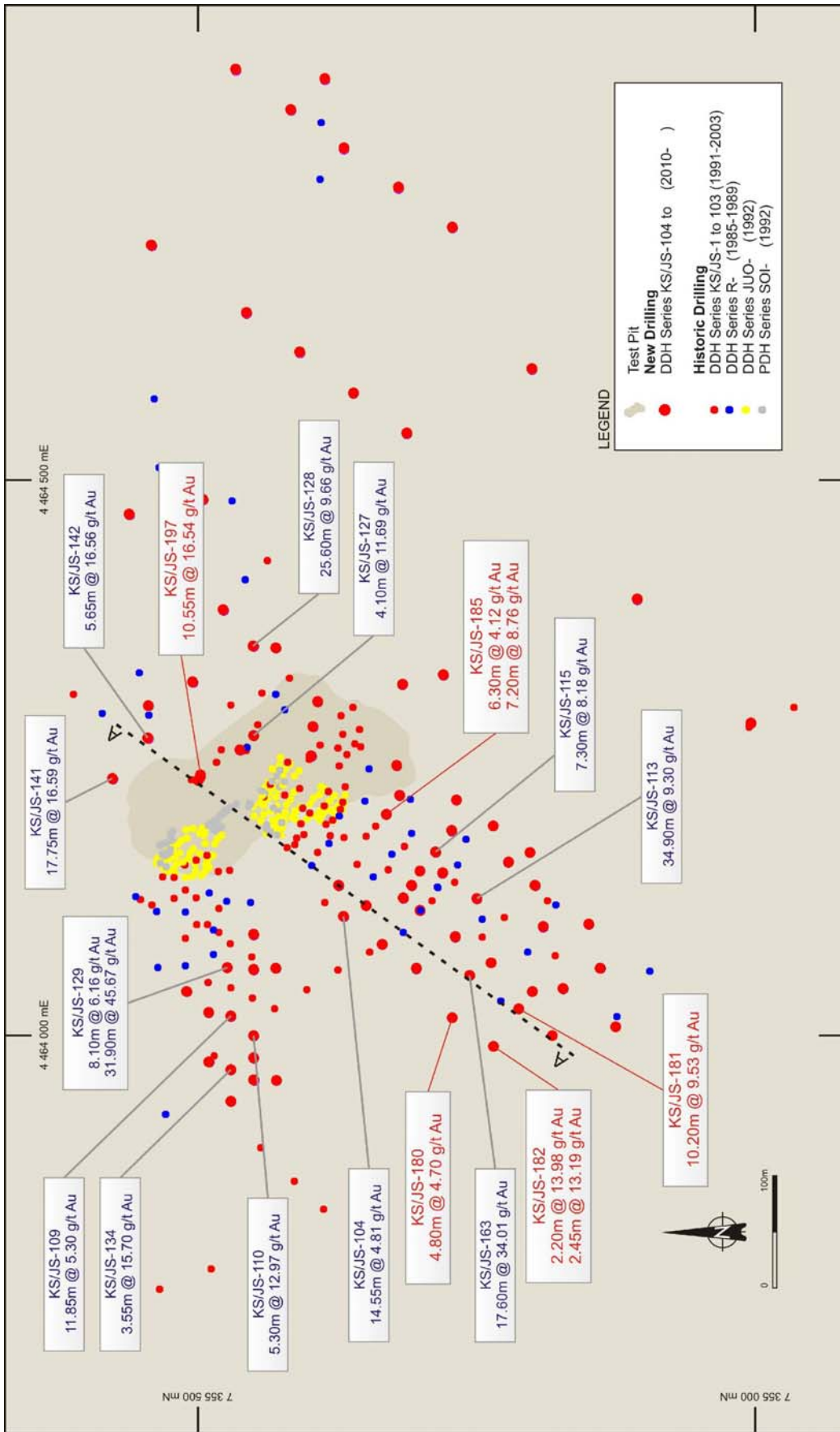


Figure 1 – Juomasuo drill hole location plan.

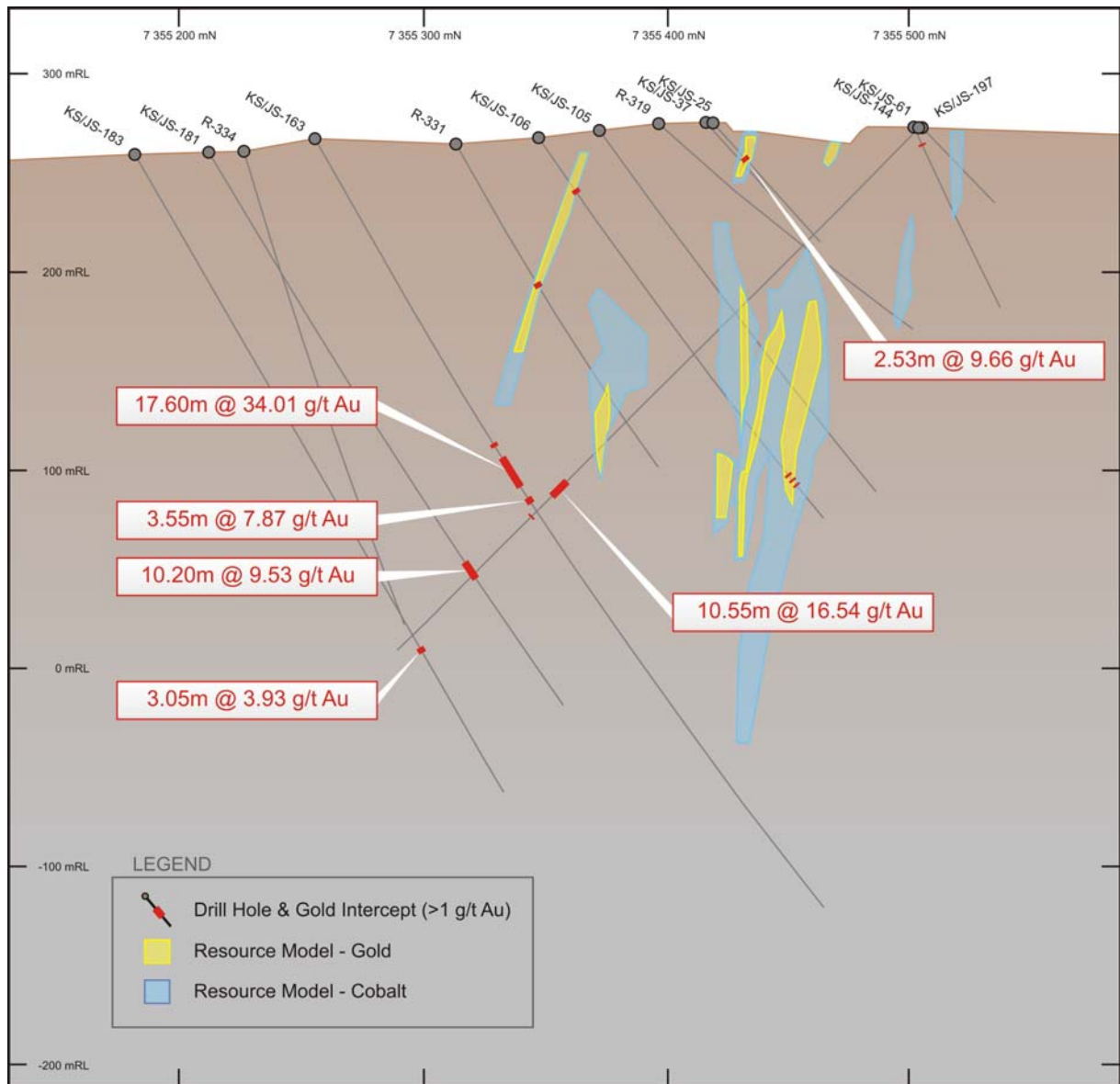
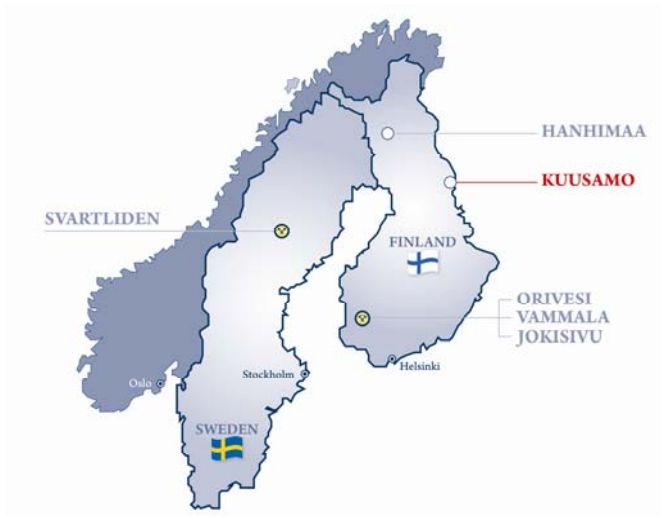


Figure 2 – Juomasuo Cross Section A-A

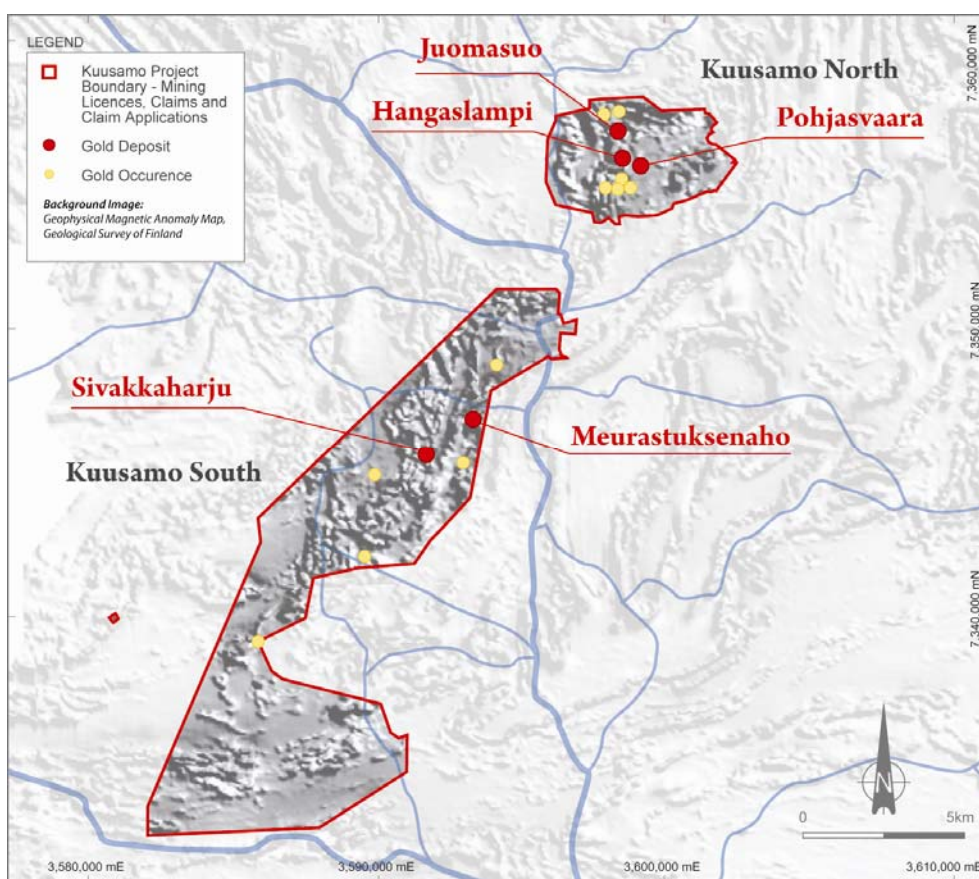
Background

Dragon Mining's key exploration project, Kuusamo is located approximately 700 kilometres northeast of Helsinki in northern Finland. 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 117 km² core holding, which provides the company with a pipeline of prospects to advance and serves to highlight the overall potential of the largely underexplored Kuusamo region.



Location of Projects



Kuusamo Gold Project – Mining Licences, Claims and Claim Applications

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

	Tonnes	Gold (g/t)	Gold (ozs)
Measured	-	-	-
Indicated	1,820,000	5.3	308,500
Inferred	1,576,000	3.0	152,200
Total	3,396,000	4.2	460,700