

**COMPLETION OF UPDATE OF ALL MINERAL RESOURCES FOR KUUSAMO GOLD PROJECT**

Further to the recent announcement with regard to a significant increase in the Resource of the Juomasuo Gold Deposit, Dragon Mining announce that independent consultants Runge Limited ("Runge") have completed the update of the Mineral Resources of the remaining four gold deposits at the Kuusamo Gold Project in north eastern Finland.

The combined Mineral Resource for the Kuusamo Gold Project, including the Juomasuo resource totals **2.189 million tonnes @ 5.4 g/t gold for 383,500 ounces** (Table 1 and Appendix 1), an increase of **204,700 ounces** (114%) in contained gold ounces to the previous combined resource of 1.35 million tonnes @ 4.1 g/t gold (178,800 ounces).

The increase in tonnes and grade is the result of the establishment of revised 3D-models for all of the deposits using a nominal 0.5 g/t gold cut-off grade and the incorporation of additional drill hole data, which has allowed the deposits to be modelled to greater depths. Each of the five deposits display excellent potential for exploitation, and remain open along strike. In the case of the Juomasuo and Sivakkaharju deposits, also open down plunge.

**Table 1 – Kuusamo Gold Project Mineral Resource. Reported at a 2 g/t gold cut-off. (Note 1)**

|                        | <b>Tonnes</b>    | <b>Gold (g/t)</b> | <b>Cobalt (%)</b> | <b>Gold (ozs)</b> | <b>Cobalt (t)</b> |
|------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Juomasuo</b>        |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | 491,000          | 7.5               | 0.14              | 119,100           | 700               |
| Inferred               | 912,000          | 4.8               | 0.16              | 140,200           | 1,400             |
| <b>Total</b>           | <b>1,403,000</b> | <b>5.7</b>        | <b>0.15</b>       | <b>259,300</b>    | <b>2,100</b>      |
| <b>Hangaslampi</b>     |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | 219,000          | 6.8               | 0.07              | 47,800            | 160               |
| Inferred               | 59,000           | 4.2               | 0.05              | 7,900             | 30                |
| <b>Total</b>           | <b>278,000</b>   | <b>6.2</b>        | <b>0.07</b>       | <b>55,700</b>     | <b>190</b>        |
| <b>Pohjasvaara</b>     |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | 51,000           | 4.4               | <b>0.08</b>       | 7,100             | 40                |
| Inferred               | 45,000           | 5.4               | <b>0.10</b>       | 7,700             | 50                |
| <b>Total</b>           | <b>95,000</b>    | <b>4.9</b>        | <b>0.09</b>       | <b>14,800</b>     | <b>80</b>         |
| <b>Meurastuksenaho</b> |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | 25,000           | 3.8               | 0.11              | 3,000             | 30                |
| Inferred               | 341,000          | 3.6               | 0.25              | 39,400            | 840               |
| <b>Total</b>           | <b>366,000</b>   | <b>3.6</b>        | <b>0.24</b>       | <b>42,400</b>     | <b>870</b>        |
| <b>Sivakkaharju</b>    |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | -                | -                 | -                 | -                 | -                 |
| Inferred               | 47,000           | 7.5               | 0.03              | 11,300            | 10                |
| <b>Total</b>           | <b>47,000</b>    | <b>7.5</b>        | <b>0.03</b>       | <b>11,300</b>     | <b>10</b>         |
| <b>Total</b>           |                  |                   |                   |                   |                   |
| Measured               | -                | -                 | -                 | -                 | -                 |
| Indicated              | 786,000          | 7.0               | 0.12              | 177,000           | 930               |
| Inferred               | 1,404,000        | 4.6               | 0.17              | 206,500           | 2,330             |
| <b>Total</b>           | <b>2,189,000</b> | <b>5.4</b>        | <b>0.15</b>       | <b>383,500</b>    | <b>3,250</b>      |

The update of the Mineral Resources for the Kuusamo Gold Project highlights the project's potential.

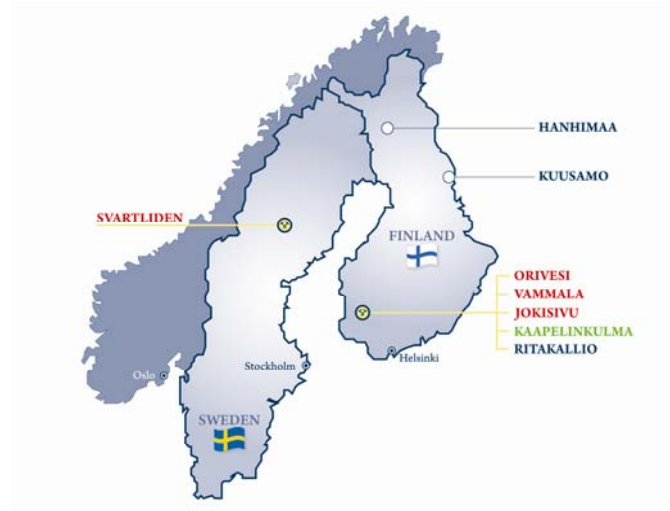
For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Executive Chairman

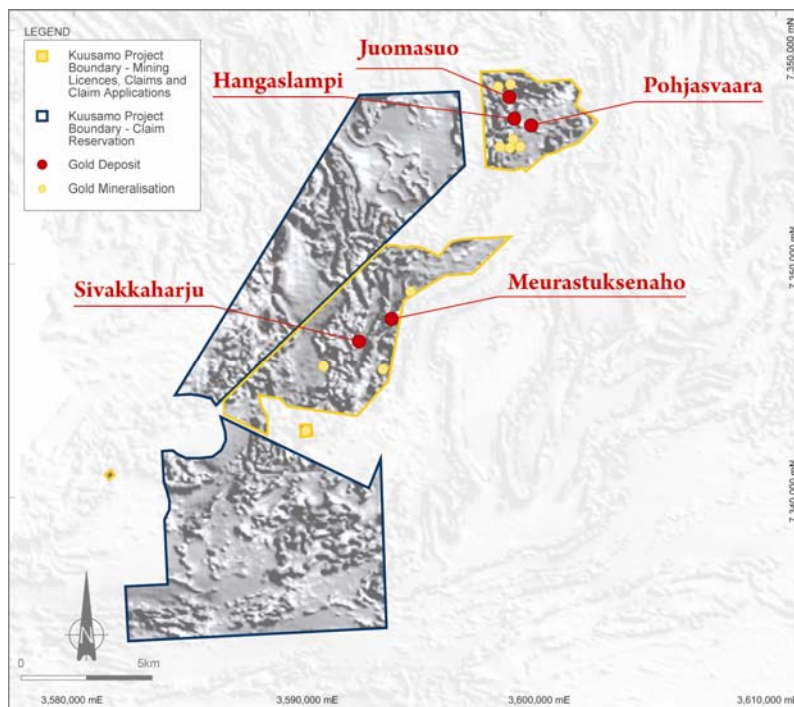
## Background

The Kuusamo Gold Project is located approximately 700 kilometres north-northeast of Helsinki. It comprises a series of tenements that encompass five known gold deposits that remain open along strike and in the case of the Juomasuo and Sivakkaharju deposits, down plunge.

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 region.



Location of Projects



Kuusamo Gold Project – Mining Licences, Claims and Claim Reservations

### Notations:

(1) The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 Runge 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 report of the matters based on his information in the form and context in which it appears.

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 Urpo Kuronen 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 Urpo Kuronen consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

## Appendix 1 – Kuusamo Gold Project, Mineral Resources (Note 1)

### Juomasuo Gold Deposit

The Juomasuo resource extends over a strike length of 280 metres, with a vertical extent of 240 metres. It represents a steeply dipping, medium to high grade body of gold mineralisation that remains open along strike towards the north and south, as well as down plunge. The updated Juomasuo Mineral Resource of 259,300 ounces grading 5.7 g/t gold is 146% greater in contained ounces than the previous resource of 779,000 tonnes grading 4.2 g/t gold (105,200 ounces).

The resource update was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off (Cut-off grade previous resource – 2 g/t gold equivalent  $Aueq = Au (g/t) + 10 * Co (%)$ ) and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. The deposit currently comprises 22 objects, with statistically derived high grade cuts of 120 g/t gold applied to the two main lodes that contain the bulk of the high grades, 50 g/t gold to another large lode that contained a substantial distribution of high grades and 30 g/t to all other smaller peripheral lodes (High grade cut previous resource – 33 g/t gold). The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

### Hangaslampi Gold Deposit

The Hangaslampi resource extends over a strike length of 270 metres, with a vertical extent of 130 metres. It represents a moderately dipping, medium to high grade body of gold mineralisation that remains open along strike towards the north and south. The updated Hangaslampi Mineral Resource of 55,700 ounces grading 6.2 g/t gold is 64% greater in contained ounces than the previous resource of 176,000 tonnes grading 6.0 g/t gold (34,000 ounces).

The resource update was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off (Cut-off grade previous resource – 2 g/t gold equivalent  $Aueq = Au (g/t) + 10 * Co (%)$ ) and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. A statistically derived high grade cut of 70 g/t gold was applied to all objects (High grade cut previous resource – 33 g/t gold). The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

### Pohjasvaara Gold Deposit

The Pohjasvaara resource extends over a strike length of 100 metres, with a vertical extent of 80 metres. It represents a steeply dipping, medium to high grade body of gold mineralisation that remains open along strike. The updated Pohjasvaara Mineral Resource of 14,800 ounces grading 4.9 g/t gold is 76% greater in contained ounces than the previous resource of 82,000 tonnes grading 3.2 g/t gold (8,400 ounces).

The resource update was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off (Cut-off grade previous resource – 2 g/t gold) and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. A statistically derived high grade cut of 30 g/t gold was applied to all objects (High grade cut previous resource – 10 g/t gold). The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

### Meurastuksenaho Gold Deposit

The Meurastuksenaho resource extends over a strike length of 265 metres, with a vertical extent of 245 metres. It represents a steeply dipping, medium grade body of gold mineralisation that remains open along strike towards the northeast and southwest. The updated Meurastuksenaho Mineral Resource of 42,400 ounces grading 3.6 g/t gold is 102% greater in contained ounces than the previous resource of 284,000 tonnes grading 2.3 g/t gold (21,000 ounces).

The resource update was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off combined with a nominal 500ppm cobalt cut-off (Cut-off grade previous resource – 3 g/t gold equivalent  $Aueq = Au (g/t) + 10 * Co (%) + 2 * Cu (%)$ ) and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. A statistically derived high grade cut of 37 g/t gold was applied to all objects (High grade cut previous resource – 14 g/t gold). The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

### Sivakkaharju Gold Deposit

The Sivakkaharju resource extends over a strike length of 85 metres, with a vertical extent of 75 metres. It represents a steeply dipping, medium grade body of gold mineralisation that remains open along strike towards the north and south as well as down plunge. The updated Sivakkaharju Mineral Resource of 11,300 ounces grading 7.5 g/t gold is 11% greater in contained ounces than the previous resource of 28,000 tonnes grading 11.3 g/t gold (10,200 ounces).

The resource update was completed using Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off (Cut-off grade previous resource – 3 g/t gold) and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. No high grade cuts were applied due to the absence of extreme high grade outliers and the low coefficient of variation for gold (High grade cut previous resource – 21 g/t gold). The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).