

ASX ANNOUNCEMENT

23 FEBRUARY 2011

FIRST DRILLING & RE-ASSAY RESULTS RECEIVED FOR THE KUUSAMO GOLD PROJECT

Dragon Mining is pleased to announce the receipt of the first drill results from the Kuusamo Gold Project in eastern Finland, which returned intercept highlights of **14.55m @ 4.81 g/t gold** and **1.95m @ 42.20 g/t gold** (Figures 1 & 2). Multi-element analysis also highlighted the presence of elevated cobalt values, including a best intercept of 18.10m @ 0.31% cobalt (211.40m) in drill hole KS/JS-106.

The initial phase of a 20,000 metre diamond core drilling program commenced in mid-November and targeted the depth and strike extensions of the northern portion of the Juomasuo gold deposit. Seven holes (1,801.80 metres) were completed in this campaign, with the results for five drill holes provided in Table 1 and the results for two holes still pending.

The Juomasuo gold deposit, which is the largest of the five deposits that comprises the Kuusamo Gold Project, consists of a set of closely spaced sub-parallel lodes, which strike NW-SE and plunge steeply to the south and the southwest. The results confirm the continuation of the targeted lodes, in concert with the geological models developed for the recent Juomasuo Mineral Resource update.

The second phase of diamond core drilling is now underway. This 3,000 metre program has been designed to test the strike and depth extensions of the southern portion of the Juomasuo gold deposit.

In addition, the first results from a confirmation re-assaying program have also been received, with analysis of an initial 6 holes from the Juomasuo area verifying historical gold results.

The program of confirmation sampling comprises of samples collected from known gold intervals and previously un-sampled intervals of historic drill core from the Juomasuo gold deposit.

Analysis has returned gold at levels that compare favourably with historic values, highlighting the good reproducibility of intercepts including the bonanza zone of 50.80m @ 71.99 g/t gold, which re-assayed at 75.92 g/t gold over the same interval (Table 2).

Multi-element analysis of the confirmation samples has also highlighted the presence of elevated rare earth elements (REE), either in conjunction with gold mineralisation or separately, and the occurrence of sporadic elevated levels of copper and uranium (Table 3).

To improve the geological models for Juomasuo and the four other gold deposits at the Kuusamo Gold Project, the relogging of available historic drill core will continue, with samples of drill core or residual pulps from historic gold intervals and previously un-sampled intervals of geological interest to be submitted for gold and multi-element analysis.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

Figure 1 – Juomasuo drill hole location plan.

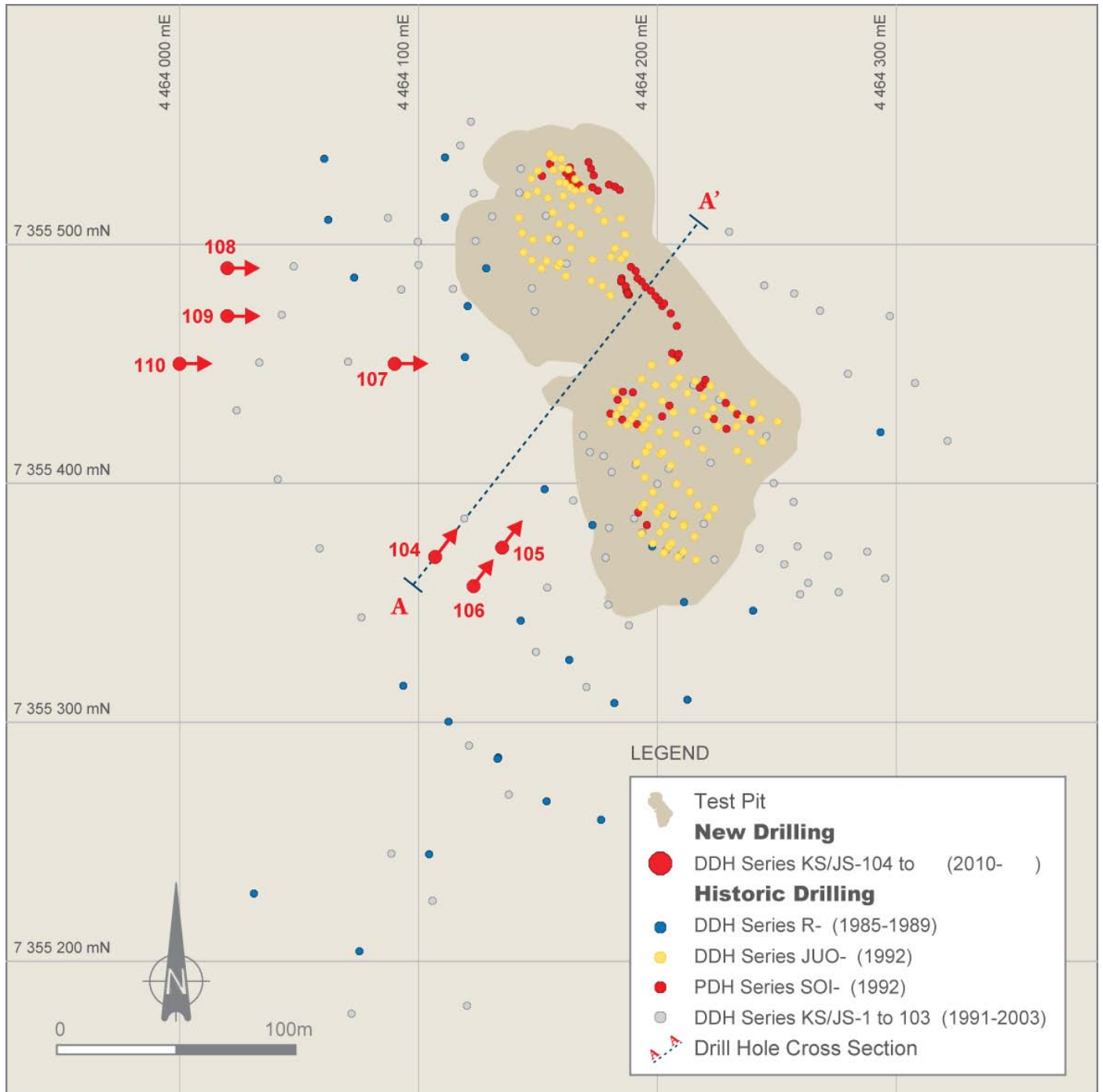


Figure 2 – Juomasuo drill hole Profile A-A.

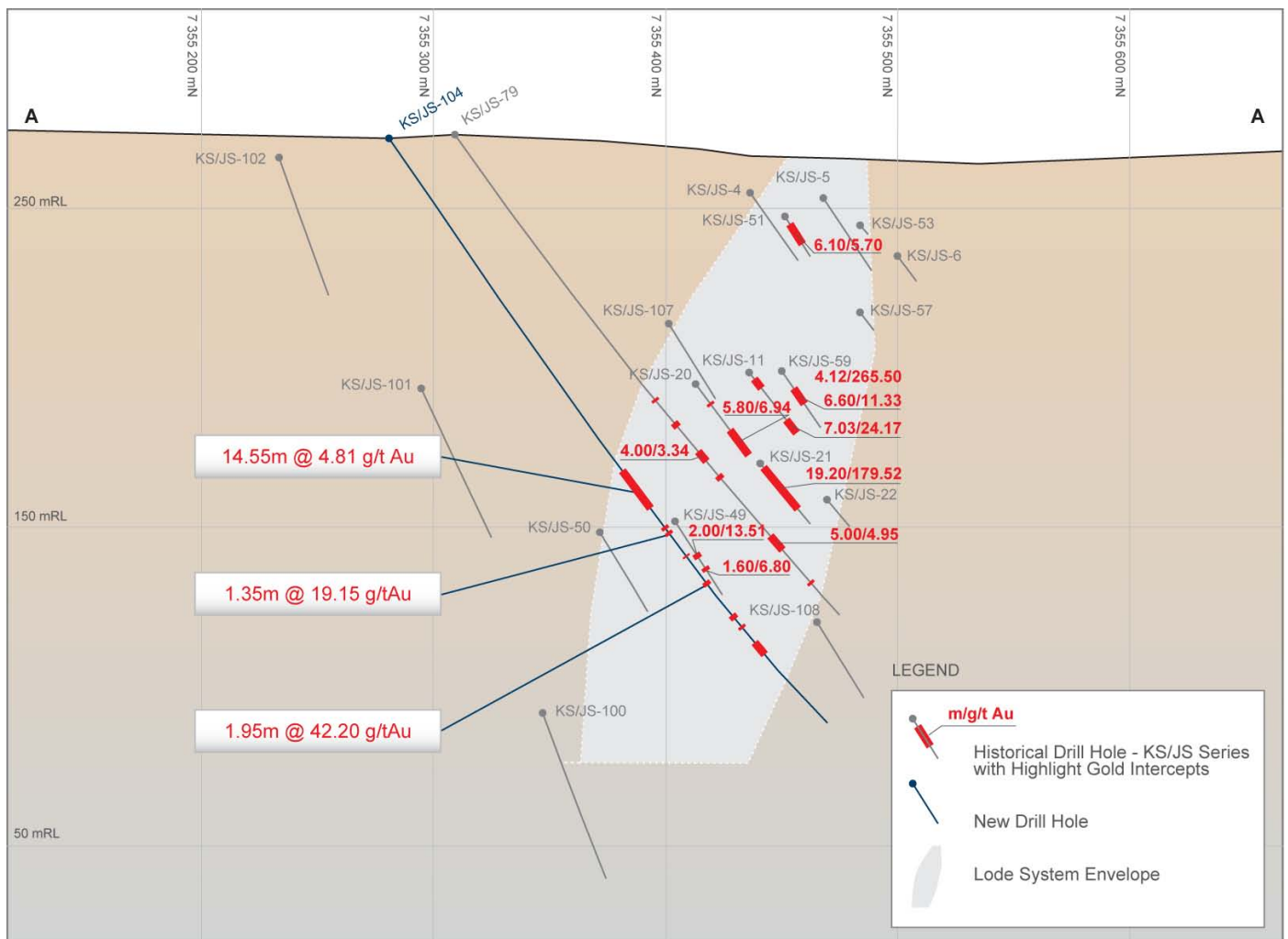


Table 1 – Results from initial diamond core drilling campaign targeting Juomasuo extensions. Reported at a 1 g/t gold cut-off.

Hole ID	Northing	Easting	Dip (°)	Azimuth (°)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
KS/JS-104	7355369.07	4464106.61	-55	36	127.90	14.55	4.81	1,148	430	1,402	429
					Includes 1.80m @ 17.13 g/t gold from 130.70m						
					148.50	1.20	3.12	351	216	56	132
					152.45	1.35	19.15	863	848	5,000	940
					162.20	0.90	1.02	4,540	1,260	80	608
					174.20	1.95	42.20	1,093	533	1,822	506
					Includes 1.05m @ 77.0 g/t gold from 174.20m						
					186.20	2.80	6.01	426	801	4	107
					192.70	1.15	2.72	216	228	3	98
					196.00	5.25	1.81	233	70	2	107
KS/JS-105	7355373.12	4464134.96	-55	36	No significant gold intercepts						
KS/JS-106	7355350.04	4464116.88	-55	36	32.00	2.50	3.40	237	6	131	525
					211.40	1.30	1.72	1,810	718	3	162
					214.60	1.25	1.51	914	789	9	165
					217.80	1.00	1.03	2,870	812	2	257
KS/JS-107	7355450.03	4464090.10	-45	90	91.90	2.00	1.49	1,549	311	19	208
					114.55	1.35	1.34	709	576	3	555
KS/JS-108	7355490.20	4464020.07	-45	90	94.40	1.05	1.11	600	1	30	306
					171.95	1.05	5.58	285	2,490	4	112

Preparation of half core samples was completed at the ALS Chemex facility in Outokumpu, Finland, and analysis completed at ALS Chemex Laboratories 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 REE₂O₃, with the exception of Ce (CeO₂), Pr (Pr₆O₁₁) and Tb (Tb₄O₇).

Table 2 – Comparison of gold results. Reported at a 1 g/t gold cut-off.

Drill Hole	Historic Intercept	Confirmation Intercept
KS/JS-8	1.30m @ 3.40 g/t gold from 78.15 m	1.30m @ 3.15 g/t gold from 78.15m
	2.00m @ 1.86 g/t gold from 91.60 m	2.00m @ 1.75 g/t gold from 91.60m
	5.35m @ 2.60 g/t gold from 126.30 m	5.35m @ 3.29 g/t gold from 126.30m
	3.00m @ 16.60 g/t gold from 139.00 m	3.00m @ 14.88 g/t gold from 139.00m
	7.00m @ 3.41 g/t gold from 147.00 m	7.00m @ 3.29 g/t gold from 147.00m
	5.32m @ 13.85 g/t gold from 176.00 m	4.37m @ 23.31 g/t gold from 176.00m
KS/JS-21	No Significant Intercept	1.24m @ 1.03 g/t gold from 108.96m
	2.04m @ 2.96 g/t gold from 112.60 m	2.04m @ 2.33 g/t gold from 112.60m
	2.90m @ 1.38 g/t gold from 137.90 m	2.90m @ 1.39 g/t gold from 137.90m
	50.80m @ 71.99 g/t gold from 144.40 m	50.80m @ 75.92 g/t gold from 144.40m
KS/JS-29	1.00m @ 2.20 g/t gold from 51.15 m	1.00m @ 1.97 g/t gold from 51.15m
	5.10m @ 9.25 g/t gold from 55.50 m	5.10m @ 8.32 g/t gold from 55.50m
KS/JS-49	4.25m @ 6.73 g/t gold from 134.50 m	4.25m @ 5.87 g/t gold from 134.50m
	1.00m @ 1.14 g/t gold from 140.60 m	1.00m @ 1.10 g/t gold from 140.60m
	2.00m @ 13.51 g/t gold from 193.00 m	2.00m @ 13.88 g/t gold from 193.00m
	1.60m @ 6.80 g/t gold from 200.20 m	1.60m @ 1.95 g/t gold from 200.20m
	4.50m @ 5.21 g/t gold from 219.00 m	4.50m @ 5.89 g/t gold from 219.00m
	4.20m @ 1.95 g/t gold from 226.20 m	4.20m @ 1.95 g/t gold from 226.20m
	1.70m @ 4.94 g/t gold from 235.80 m	1.70m @ 3.74 g/t gold from 235.80m
KS/JS-50	No Significant Intercept	1.20m @ 1.02 g/t gold from 161.00m
KS/JS-58	4.10m @ 6.42 g/t gold from 24.90 m	4.10m @ 5.56 g/t gold from 24.90m
	1.00m @ 2.50 g/t gold from 32.00 m	1.00m @ 1.64 g/t gold from 32.00m
	4.00m @ 12.80 g/t gold from 40.00 m	4.00m @ 11.45 g/t gold from 40.00m

27.00m @ 13.04 g/t gold from 85.00 m

27.00m @ 11.35 g/t gold from 85.00m

Table 3 – Results from reanalysis of confirmation samples. Reported at a 1 g/t gold cut-off.

Hole ID	Northing	Easting	Dip (°)	Azimuth (°)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)	
KS/JS-8	7355290	4464121	-59.7	33.8	78.15	1.30	3.15	2,240	308	16	199	
					91.60	2.00	1.75	2,100	7	251	127	
					126.30	27.70	3.21	1,841	103	245	249	
					126.30	5.35	3.29	818	10	71	178	
					139.00	3.00	14.88	1,523	138	392	300	
					147.00	7.00	3.29	1,144	155	662	347	
					176.00	4.37	23.31	1,113	497	1,353	408	
KS/JS-21	7355471	4464043	-42.7	88.1	108.96	1.24	1.03	599	250	4	156	
					112.60	2.04	2.33	570	248	3	318	
					137.90	2.90	1.39	560	604	5	468	
					144.40	50.80	75.92	1,300	877	183	257	
						176.00	19.20	193.25	2,017	1,327	397	371
KS/JS-29	7355446	4464280	-45.8	35.7	50.19	10.41	4.37	1,918	370	16	828	
						51.15	1.00	1.97	2,940	361	12	514
						55.50	5.10	8.32	1,545	400	15	553
KS/JS-49	7355451	4464033	-48.4	89.4	134.50	4.25	5.87	3,675	594	208	362	
					140.60	1.00	1.10	64	44	11	26	
					193.00	2.00	13.88	1,265	798	703	307	
					200.20	1.60	1.95	1,095	508	9	117	
					219.00	4.50	5.89	922	1,083	4	159	
					226.20	4.20	1.95	1,324	886	12	252	
	235.80	1.70	3.74	1,000	173	2	130					
KS/JS-50	7355430	4464024	-49.7	89.4	161.00	1.20	1.02	308	166	1,700	341	
KS/JS-58	7355501	4464100	-44.5	88.7	24.90	4.10	5.56	309	474	8	161	
					32.00	1.00	1.64	316	599	4	104	
					40.00	4.00	11.45	1,077	658	10	722	
					85.00	27.00	11.35	1,454	1,398	21	410	

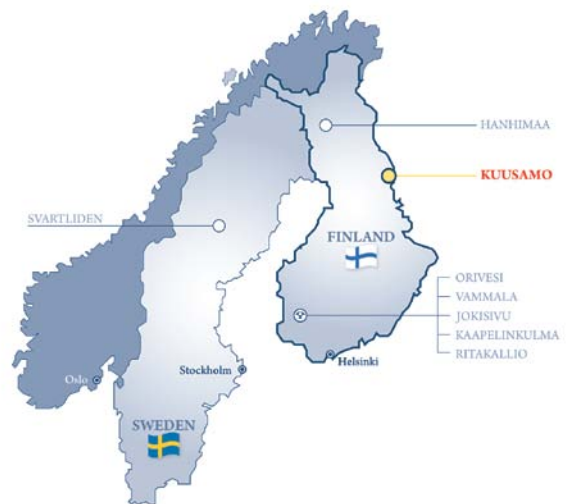
Confirmation samples represent residual pulp or half core samples that were collected at the same intervals as historic samples. Intervals of geological interest that previously were not assayed were also sampled and analysed. Sample preparation was completed at the ALS Chemex facility in Outokumpu, Finland, and analysis completed at ALS Chemex Laboratories 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, if sufficient sample material was remaining. Total REO values have been calculated through the addition of oxides of REE Ce, Dy, Er, Eu, Gd, Ho, La, Lu, Nd, Pr, Sm, Tb, Tm, Y and Yb.

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.

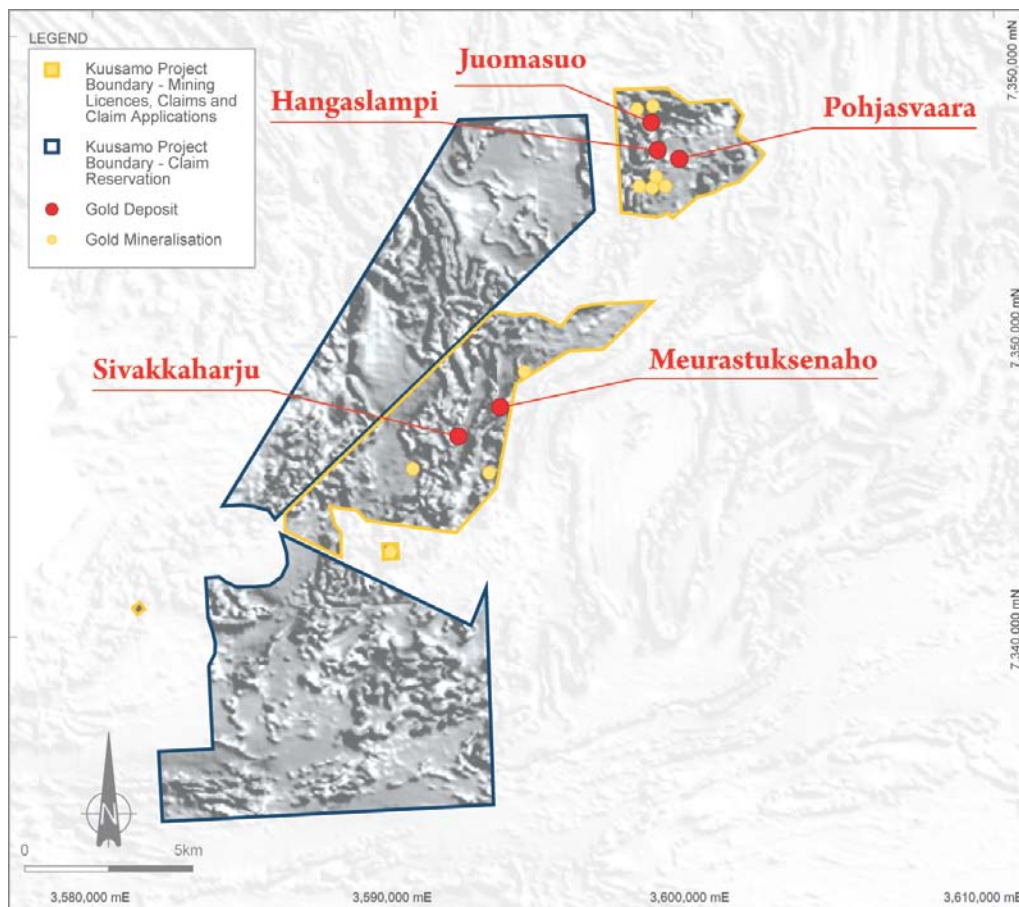
Background

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 with a combined Indicated and Inferred Resource of 2.19 Mt @ 5.4 g/t gold (383,500 ounces). The deposits 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

Combined Kuusamo Gold Project Mineral Resource. Reported at a 2 g/t gold cut-off.

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