



ASX ANNOUNCEMENT

9 MARCH 2011

SCANDINAVIAN GOLD RESOURCE INVENTORY EXCEEDS 1 MILLION OUNCES

Dragon Mining is pleased to announce the gold resource inventory for its Nordic gold projects now exceeds 1 million ounces, following the completion of a series of Mineral Resource updates that have resulted in a combined total resource of **6.69mt grading 5.2 g/t gold for 1,124,900 ounces**, depleted to 31 December 2010 (Table 1 and Appendix 1). This represents an increase of **13%** in contained ounces over the 31 December 2009 combined gold resource total of 6.09mt grading 5.1 g/t gold for 994,200 ounces.

The increase is primarily a result of a significant upgrade of the Mineral Resource inventory for the Kuusamo Gold Project. Exploration in 2010 at the Orivesi Gold Mine confirmed mineralisation continues at depth at both Sarvisuo and Kutema and the resource inventory was modestly depleted by mining, whilst the Jokisivu Gold Mine resource was depleted to the extent of mining of the Kujankallio open pit.

The drilling results from the aggressive program at the Svartliden Gold Mine continue to be very encouraging, the additional resources identified from drilling completed up to September 2010 represent only half of the planned program, and do not quite offset 2010's production. Drilling results from Svartliden since September 2010 have continued to be promising, providing encouragement for further upgrades to the Svartliden resource once these new results are incorporated into the existing resource model.

Executive Chairman Peter Cordin stated, "The million ounce level is a significant milestone for the company, consolidating Dragon's decade long presence in the region. The company's portfolio of gold projects is located in areas highly prospective for precious metals and further growth is expected as Dragon continues with its aggressive exploration strategy."

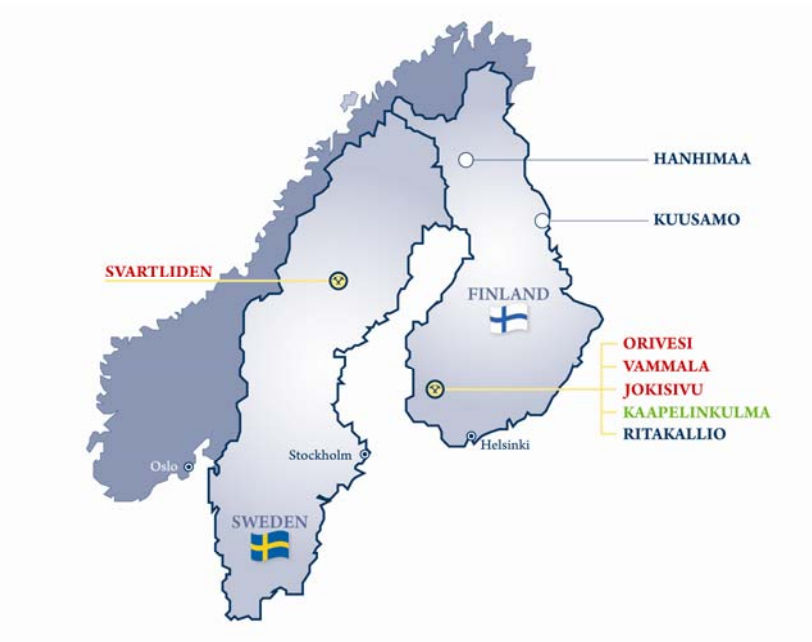
Table 1 – Scandinavian Gold Resource Inventory – Depleted to 31 December 2010

Classification	Tonnes	Gold (g/t)	Ounces
Svartliden Gold Mine, Sweden			
Measured	209,900	4.0	26,700
Indicated	967,200	3.6	113,200
Inferred	152,000	3.8	18,600
Total	1,330,100	3.7	158,200
Vammala Production Centre, Finland			
Measured	193,600	6.5	40,200
Indicated	1,311,200	5.2	217,800
Inferred	1,667,400	6.0	325,300
Total	3,172,200	5.7	583,200
Kuusamo Gold Project, Finland			
Measured	-	-	-
Indicated	786,000	7.0	177,000
Inferred	1,404,000	4.6	206,500
Total	2,189,000	5.4	383,500
Group Total			
Measured	403,500	5.2	66,900
Indicated	3,064,400	5.2	508,000
Inferred	3,223,400	5.3	550,400
Total	6,691,300	5.2	1,124,900

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 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.



Location of Projects

Appendix 1 – Detailed Scandinavian Gold Resource Inventory as at 31 December 2010

Area	Project	Classification	Tonnes	Gold (g/t)	Ounces
Svartliden	Svartliden Open Pit (1)	Measured	189,000	4.1	24,900
		Indicated	360,000	3.2	37,000
		Inferred	79,000	2.8	7,100
		Total	629,000	3.5	69,000
	Svartliden Underground (2)	Measured	-	-	-
		Indicated	272,000	6.5	56,800
		Inferred	73,000	4.9	11,500
		Total	345,000	6.1	68,000
	Svartliden – Stockpiles (3)	Measured	20,900	2.7	1,800
		Indicated	335,200	1.8	19,400
		Inferred	-	-	-
		Total	356,100	1.8	21,200
Svartliden Total		Measured	209,900	4.0	26,700
		Indicated	967,200	3.6	113,200
		Inferred	152,000	3.8	18,600
		Total	1,330,100	3.7	158,200
Vammala	Orivesi – Kutema (4)	Measured	-	-	-
		Indicated	64,300	3.6	7,400
		Inferred	9,200	3.1	900
		Total	73,500	3.5	8,300
	Orivesi – Kutema Deeps (5)	Measured	-	-	-
		Indicated	310,400	5.1	50,800
		Inferred	515,000	6.0	100,100
		Total	825,400	5.7	150,900
	Orivesi – Sarvisuo Lodes (6)	Measured	132,000	6.6	27,900
		Indicated	74,700	6.7	16,200
		Inferred	57,000	9.5	17,400
		Total	263,700	7.3	61,500
	Jokisivu – Arpola (7)	Measured	23,600	6.3	4,800
		Indicated	152,000	5.2	25,400
		Inferred	271,900	7.3	63,900
		Total	447,500	6.5	94,000
	Jokisivu – Kujankallio (8)	Measured	38,000	6.1	7,500
		Indicated	590,800	5.3	101,200
		Inferred	750,300	5.6	135,800
		Total	1,379,100	5.5	244,500
	Kaapelinkulma (9)	Measured	-	-	-
		Indicated	119,000	4.4	16,800
		Inferred	64,000	3.5	7,200
		Total	183,000	4.1	24,000
Vammala Total		Measured	193,600	6.5	40,200
		Indicated	1,311,200	5.2	217,800
		Inferred	1,667,400	6.0	325,300
		Total	3,172,200	5.7	583,200
Kuusamo	Juomasuo (10)	Measured	-	-	-
		Indicated	491,000	7.5	119,100
		Inferred	912,000	4.8	140,200
		Total	1,403,000	5.7	259,300
	Hangaslampi (11)	Measured	-	-	-
		Indicated	219,000	6.8	47,800
Inferred		59,000	4.2	7,900	
		Total	278,000	6.2	55,700

	Pohjasvaara (12)	Measured	-	-	-
		Indicated	51,000	4.4	7,100
		Inferred	45,000	5.4	7,700
		Total	95,000	4.9	14,800
	Meurastuksenaho (13)	Measured	-	-	-
		Indicated	25,000	3.8	3,000
		Inferred	341,000	3.6	39,400
		Total	366,000	3.6	42,400
	Sivakkaharju (14)	Measured	-	-	-
		Indicated	-	-	-
		Inferred	47,000	7.5	11,300
		Total	47,000	7.5	11,300
Kuusamo Total	Measured	-	-	-	
	Indicated	786,000	7.0	177,000	
	Inferred	1,404,000	4.6	206,500	
	Total	2,189,000	5.4	383,500	
Total – Scandinavia	Measured	403,500	5.2	66,900	
	Indicated	3,064,400	5.2	508,000	
	Inferred	3,223,400	5.3	550,400	
	Total	6,691,300	5.2	1,124,900	

Note: Resources may not sum to equal totals due to rounding.

Resource Notations:	
(1 & 2)	<p>The September 2010 resource update was undertaken by independent geological consultants Runge Limited of Perth, Western Australia using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 1 g/t gold cut-off and a minimum down hole length of 2 metres. Block dimensions used in the model were 2m NS x 10m EW x 10 m Vertical. A high grade cut of 60 g/t gold was utilised for the underground resource and 30 g/t gold for the open pit resource. The Open Pit Resource is reported at a 1.3 g/t gold cut-off and the Underground Resource reported at a 3 g/t gold cut-off. The updated resource incorporates all available drill data at September 2010 and complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). The resource has been depleted for mining from the Svartliden open cut as at 31 December 2010.</p> <p><i>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, who is a full time employee of the company and has 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 Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.</i></p>
(3)	<p><i>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, who is a full time employee of the company and has 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 Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.</i></p>
(4)	<p>The 2010 resource update was prepared internally. Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 1.0 g/t gold cut-off. Block dimensions used in the model were 5m NS x 10m EW x 10m vertical. High grade cuts of 80 g/t and 110 g/t gold were utilised for the lodes. 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). Reported at a 3 g/t gold cut-off.</p> <p><i>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.</i></p>
(5)	<p>The 2007 resource update was completed by independent geological consultants Resource Evaluations Pty Ltd (Perth, Western Australia) using Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 1.0 g/t gold cut-off. Block dimensions used in the model were 5m NS x 10m EW x 10m vertical. High grade cuts of 80 g/t and 110 g/t gold were utilised for lodes. 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). Reported at a 3 g/t gold cut-off.</p> <p><i>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 was a full time employee of Resource Evaluations Pty Ltd 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.</i></p>
(6)	<p>The January 2011 resource update was completed by independent geological consultants Runge Limited of Perth (Western Australia) using Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.1-0.5 g/t gold cut-off and no minimum down hole length due to the pinch and swell nature of the ore body. Block dimensions used in the model were 2m NS x 10m EW x 10m vertical. High grade cut of 70 g/t gold was utilised for all mineralised objects. 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). Reported at a 3 g/t gold cut-off.</p> <p><i>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.</i></p>
(7)	<p>The January 2011 resource update was completed by independent geological consultants Runge Limited of Perth (Western Australia) using Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.1-0.5 g/t gold cut-off and no minimum down hole length due to the pinch and swell nature of the ore body. Block dimensions used in the model were 10m NS x 2m EW x 5m vertical. High grade cut of 70 g/t gold was utilised for all mineralised objects. 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). Reported at a 2 g/t gold cut-off.</p> <p><i>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.</i></p>
(8)	<p>The January 2011 resource update was completed by independent geological consultants Runge Limited of Perth (Western Australia) using Inverse Distance to Power 2 (ID2) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.2-1.0 g/t gold cut-off and no minimum down hole length due to the pinch and swell nature of the ore body. Block dimensions used in the model were 2m NS x 5m EW x 5m vertical. High grade cuts of 75 g/t and 105 g/t gold was utilised for the mineralised objects. 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). Reported at a 2 g/t gold cut-off.</p> <p><i>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.</i></p>
(9)	<p>The October 2010 resource update was completed by independent geological consultants Runge Limited of Perth, Western Australia 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 and a minimum down hole length of 2 metres. Block dimensions used in the model were 10m NS x 2m EW x 5m vertical. High grade cuts of 50 g/t gold and 20 g/t were utilised for the Southern and Northern areas, respectively. 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). Reported at a 1 g/t gold cut-off.</p> <p><i>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.</i></p>
(10)	<p>The Juomasuo resource update was completed in January 2011 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).</p> <p><i>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</i></p>

	<i>report of the matters based on his information in the form and context in which it appears.</i>
(11)	<p>The Hangaslampi resource update was completed in January 2011 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 $Aueq = Au (g/t) + 10 \cdot Co (\%)$) 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).</p> <p><i>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.</i></p>
(12)	<p>The resource update was completed in January 2011 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).</p> <p><i>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.</i></p>
(13)	<p>The resource update was completed in January 2011 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 $Aueq = Au (g/t) + 10 \cdot Co (\%) + 2 \cdot Cu (\%)$) 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).</p> <p><i>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.</i></p>
(14)	<p>The resource update was completed in January 2011 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).</p> <p><i>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.</i></p>