



ASX ANNOUNCEMENT

6 APRIL 2011

HIGH GRADE INTERCEPTS RECEIVED FROM THE KUUSAMO GOLD PROJECT, FINLAND

Dragon Mining is pleased to announce the receipt of the final results from the initial phase of drilling of the Juomasuo gold deposit at the Kuusamo Gold Project in north eastern Finland. Analysis of the final two holes from this campaign yielded a number of high grade intercepts, including **11.85m @ 5.30 g/t gold, 5.30m @ 12.97 g/t gold, 2.00m @ 12.96 g/t gold, 2.00m @ 18.35 g/t gold, 1.95m @ 10.81 g/t gold and 1.00m @ 50.40 g/t gold.**

The results continue to confirm extensions of targeted lodes, in concert with the geological models developed for the Juomasuo Mineral Resource and identify indications of additional lodes parallel to the existing lode set. Multi-element analysis has also highlighted the presence of elevated cobalt and rare earth elements, either in conjunction with gold mineralisation or separately, and the occurrence of sporadic elevated levels of copper and uranium.

This initial phase of a 12 month, 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 all drill holes provided in Table 1 and displayed in Figures 1-3.

The Juomasuo gold deposit forms part of the Kuusamo Gold Project and is the largest of the five deposits identified to date. It comprises a set of closely spaced sub-parallel lodes, which strike NW-SE over 280 metres in length and plunge steeply to the south and the southwest. To a depth of approximately 240 metres below surface, the Juomasuo deposit has a resource inventory averaging 1,100 ounces per vertical metre (OVM), the continuity of the mineralized system below this depth appears excellent and only constrained by drilling.

The second phase of diamond core drilling, designed to test the strike and depth extensions of the southern portion of the Juomasuo gold deposit is in progress with 2,250 metres of the 3,000 metre program completed to date. One drilling rig is on site, a second rig will commence drilling in late April to expedite the program.

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.

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

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
					166.10	1.20	1.04	1,165	1,050	1,500	483
					174.20	1.95	42.20	1,093	533	1,822	506
					Includes 1.05m @ 77.00 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
KS/JS-109	7355470.16	4464016.49	-45	90	123.50	1.70	1.76	242	226	5	667
					127.70	3.95	2.57	1,204	298	19	736
					146.55	1.00	50.40	1,060	1,495	482	317
					202.00	2.20	5.49	193	255	17	87
					217.25	1.95	10.81	659	621	4	128
					223.15	11.85	5.30	1,442	834	70	172
					Includes 1.00m @ 42.90 g/t gold from 232.00m						
KS/JS-110	7355449.87	4463999.73	-45	90	169.80	2.00	12.96	514	252	602	220
					Includes 1.20m @ 20.60 g/t gold from 169.80m						
					185.20	2.00	4.63	1,028	202	10	185
					233.60	5.30	12.97	1,073	922	7	240
					Includes 2.20m @ 20.34 g/t gold from 235.80m						
					244.90	2.00	18.35	375	481	5	140
					261.10	1.20	3.91	2,040	727	4	202

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).

Figure 1 – Juomasuo drill hole location plan.

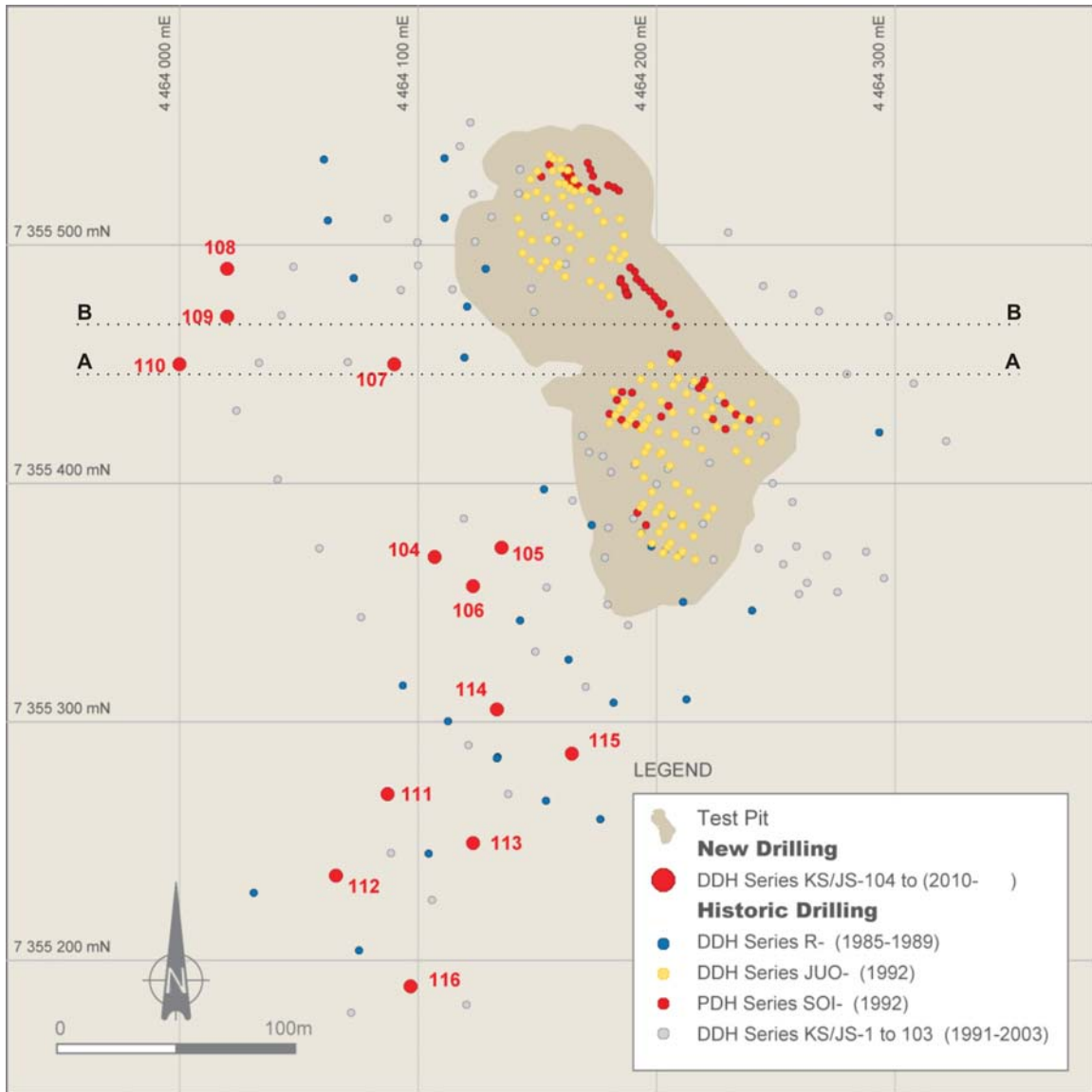


Figure 2 – Juomasuo drill hole profile A-A.

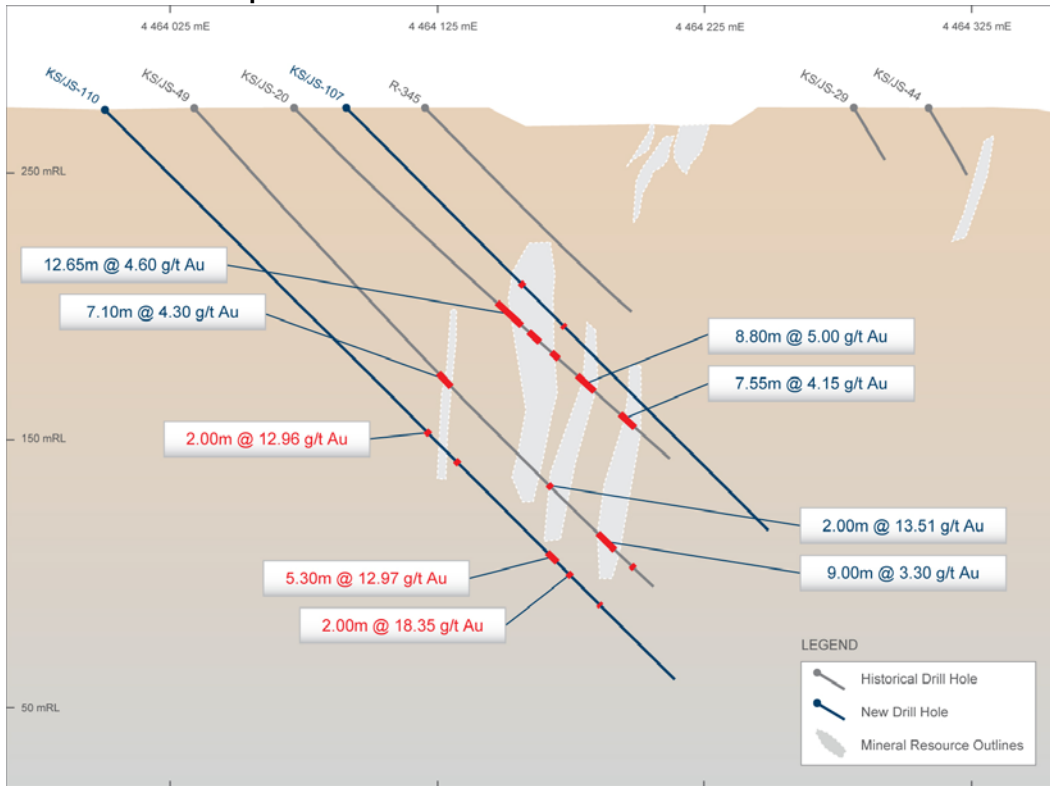
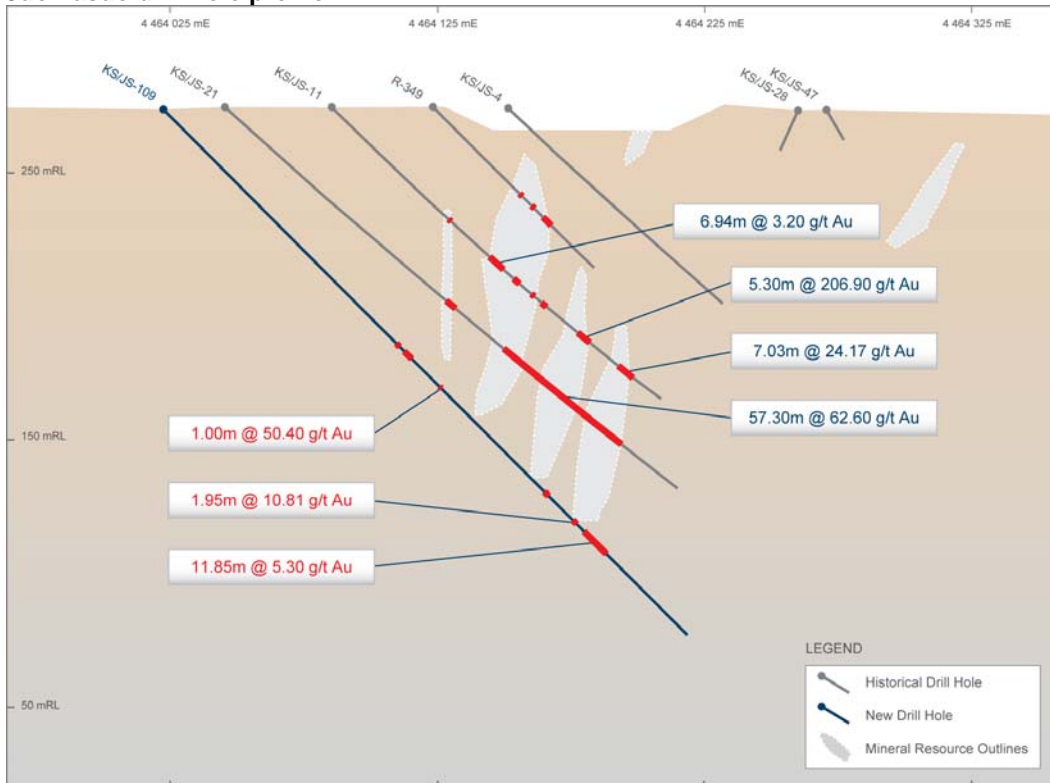


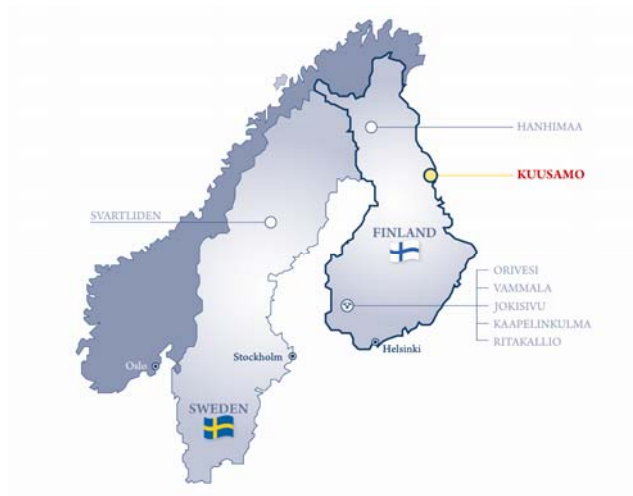
Figure 3 – Juomasuo drill hole profile B-B.



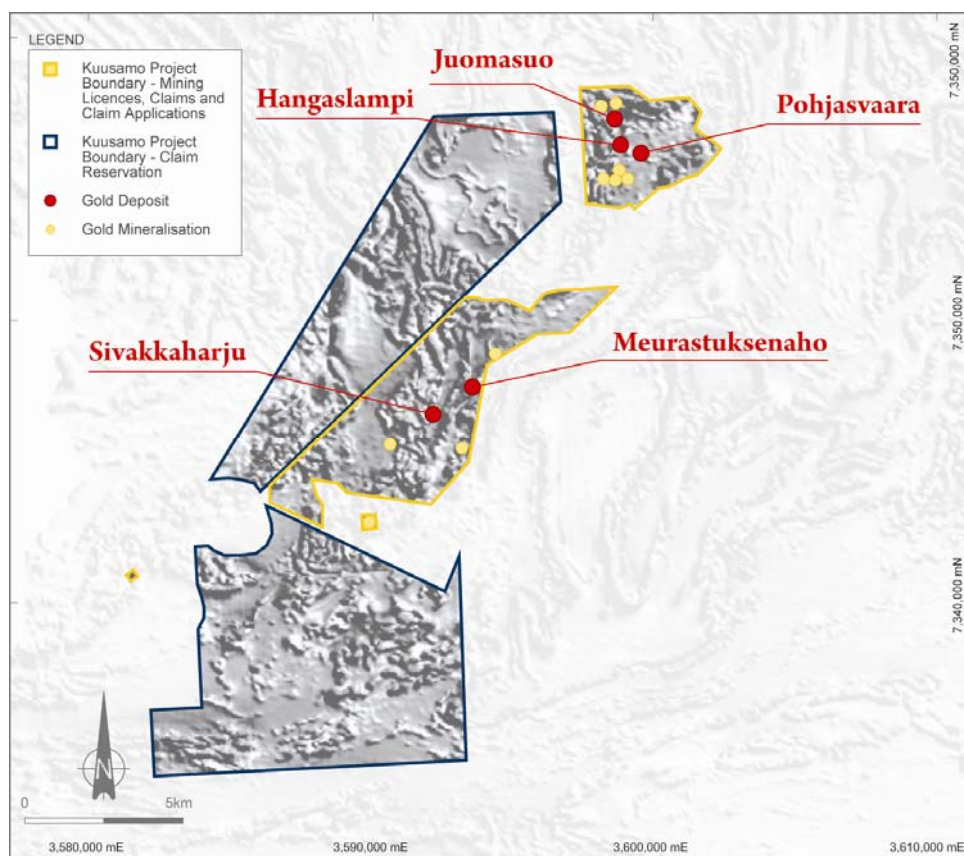
Background

The Kuusamo Gold Project is located approximately 700 kilometres 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

Kuusamo Gold Project Gold Resource Inventory. 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