



**ASX ANNOUNCEMENT**

**12 MAY 2011**

## **EARLY ENCOURAGEMENT FROM THE HARPSUND JOINT VENTURE, SWEDEN**

Dragon Mining is pleased to announce that encouraging results have been received from a shallow reconnaissance drilling program undertaken over the Sjöleden target on the Harpsund Joint Venture area. Results have been received from 5 holes of a 14 hole, 403 metre program, yielding a narrow, high grade intercept of **2.0m @ 14.03 g/t gold**, within a broader anomalous zone that averages 1.54 g/t gold over 20 metres.

Results received are provided in Table 1, analysis for the remaining 9 holes expected to be completed in the coming weeks. Once all results are obtained, they will be reviewed in detail prior to the planning of further activities.

A detailed airborne geophysical survey over Dragon Mining's northern Permit holding and including the Harpsund Joint Venture area has also commenced. The proposed survey encompasses approximately 2,000 line kilometres and is to be flown by helicopter on a line spacing of 50 metres and mean terrain clearance of 30 to 40 metres. Danish based geophysical contractors SkyTEM Surveys ApS are undertaking the survey, which is expected to be completed in late May.

The Harpsund Joint Venture area is located immediately adjacent to Dragon Mining's Exploration Permit holding at Svartliden, and is situated 4 kilometres northeast of the Svartliden Gold Mine. The Company entered into a Joint Venture Agreement with listed Swedish exploration company Botnia Exploration AB (Botnia) to earn up to 80% in Botnia's 100% owned Exploration Permit, Harpsund nr 1 in late 2010.

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

**Peter G Cordin**  
Executive Chairman

*The information in this report 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 he is undertaking to qualify as a 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 report of the matters based on his information in the form and context in which it appears.*

**Table 1 – Results from shallow reconnaissance drilling at Sjölden, Harpsund Joint Venture.**

Hole	North	East	Azimuth (°)	Dip (°)	Hole Depth (m)	From (m)	Interval (m)	Gold (g/t)
SV11472	7196641.0	1589962.4	256	-55	52.50	19.0	2.0	1.92
SV11473	7196639.2	1589933.1	245	-55	52.30	No significant intercept		
SV11474	7196662.6	1589959.2	254	-42	30.10	No significant intercept		
SV11476	7196651.9	1589926.7	75	-42	42.55	13.0	2.0	14.03
						40.0	1.0	9.47
SV11483	7196706.8	1589915.8	272	-40	26.00	5.7	0.3	3.23
						10.0	1.0	1.03
						13.0	1.0	2.04

Analysis of half core was completed at ALS Chemex Laboratories in Rosia Montana, Romania, using procedure Au-AA26 (50g FA with AAS finish), following sample preparation at ALS Chemex facility in Piteå, Finland. Intercepts reported at 1 g/t gold cut-off.

**Figure 1 - Location of the Sjölden target, Harpsund Joint Venture**

