



ASX ANNOUNCEMENT

12 AUGUST 2011

FIRST INTERCEPTS RECEIVED FROM HANGASLAMPI, KUUSAMO GOLD PROJECT, FINLAND

Dragon Mining is pleased to announce the receipt of the first results from the drilling campaign being undertaken on the Hangaslampi gold deposit at the Kuusamo Gold Project in northern Finland. Analysis of four holes has returned a series of intercepts, including **5.00m @ 3.40 g/t gold, 2.50m @ 9.33 g/t gold and 4.70m @ 2.11 g/t gold** (Table 1).

The intercepts have confirmed the extensions of the targeted lodes, in concert with the existing Hangaslampi geological model. Multi-element analysis has also highlighted the presence of elevated cobalt and rare earth elements, either in conjunction with, or separate from gold mineralisation, and the occurrence of sporadic elevated levels of uranium.

The current Hangaslampi gold deposit of 55,700 ounces grading 6.2 g/t gold is located 1,000 metres south of the Juomasuo gold deposit, within the Juomasuo-Hangaslampi Trend. It comprises a series of moderately dipping, closely spaced lodes that have been defined over a strike length of 270 metres and to a depth of 90 metres. All lodes remain open along strike and with depth.

Sixty holes (8,346 metres) were drilled at Hangaslampi by the Geological Survey of Finland and Outokumpu Mining Oy between 1990 and 2003. This drilling returned a number of exceptional near surface intercepts including **17.00m @ 8.69 g/t gold, 5.90m @ 30.79 g/t gold, 23.50m @ 13.25 g/t gold, 26.95m @ 5.78 g/t gold, 19.20m @ 7.00 g/t gold, 21.05m @ 13.70 g/t gold, 4.50m @ 41.86 g/t gold and 13.00m @ 20.41 g/t gold**.

A listing of significant historic intercepts is provided in Appendix 1.

Drilling at Hangaslampi recommenced in May 2011 with a 20 hole, 2,200 metres campaign designed to test the extensions of identified lodes. Sixteen holes for 1,703 metres have been drilled, with the remaining holes expected to be completed during August.

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 Fellow 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 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 his information in the form and context in which it appears.

Table 1 – Results from diamond core drilling at the Hangaslampi deposit.

Hole ID	Northing	Easting	Dip (°)	Azimuth (°)	Length (m)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
KS/HL-65	7354575	4464396	-45	90	50.4	31.20	1.90	1.67	571	2	694	399
						35.70	0.25	2.86	3,180	4	14	255
						45.70	4.70	2.11	1,892	2	117	362
KS/HL-66	7354475	4464393	-45	90	55.6	15.20	2.50	9.33	79	4	2	195
KS/HL-67	7354425	4464377	-64	90	74.3	10.15	0.75	2.74	3,590	2	167	6,323
						15.10	5.00	3.40	716	4	9	888
						26.20	1.15	1.22	521	22	57	1,305
						29.95	1.45	1.52	315	9	12	157
KS/HL-68	7354425	4464267	-60	90	125	No significant gold intercepts						

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). Intercepts reported at a 1 g/t gold cut-off.

Figure 1 – Northern area, displaying location of Juomasuo, Hangaslampi and Pohjasvaara gold deposits.

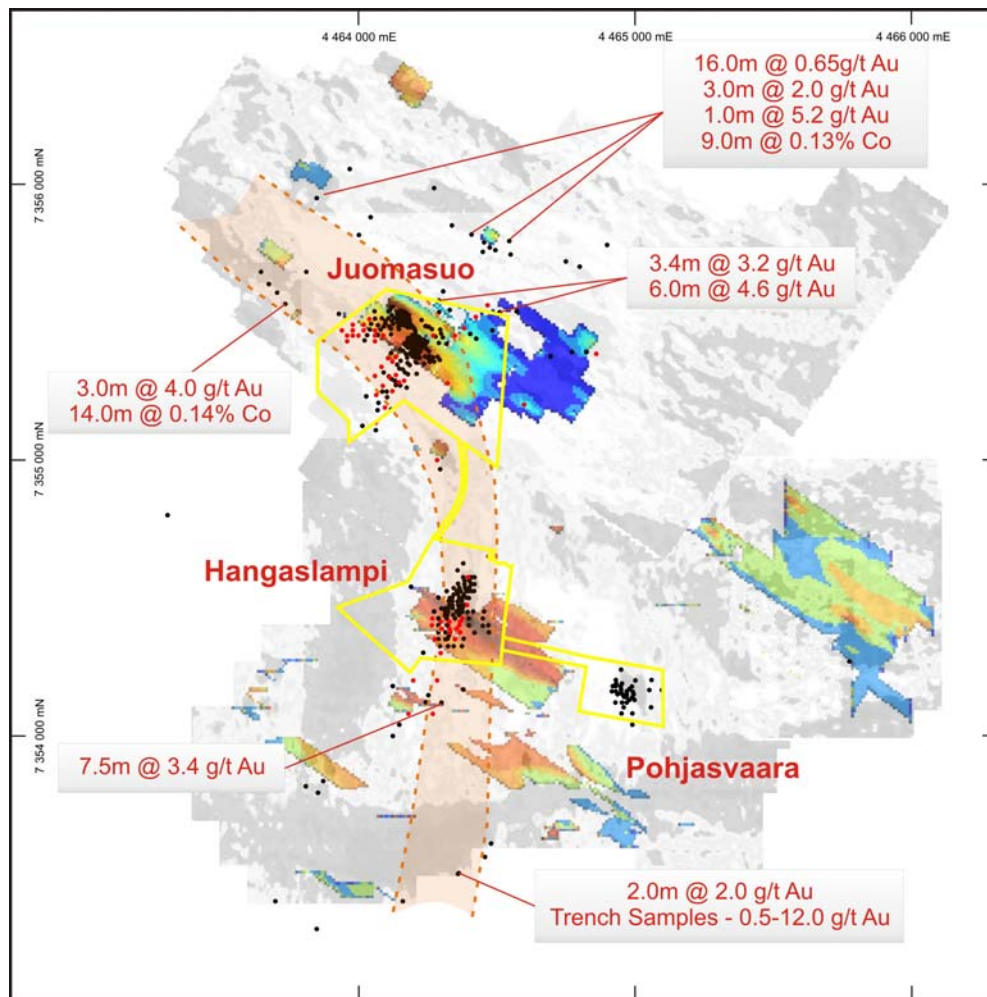


Figure 2 – Hangaslampi drill hole plan, with historic intercept highlights.

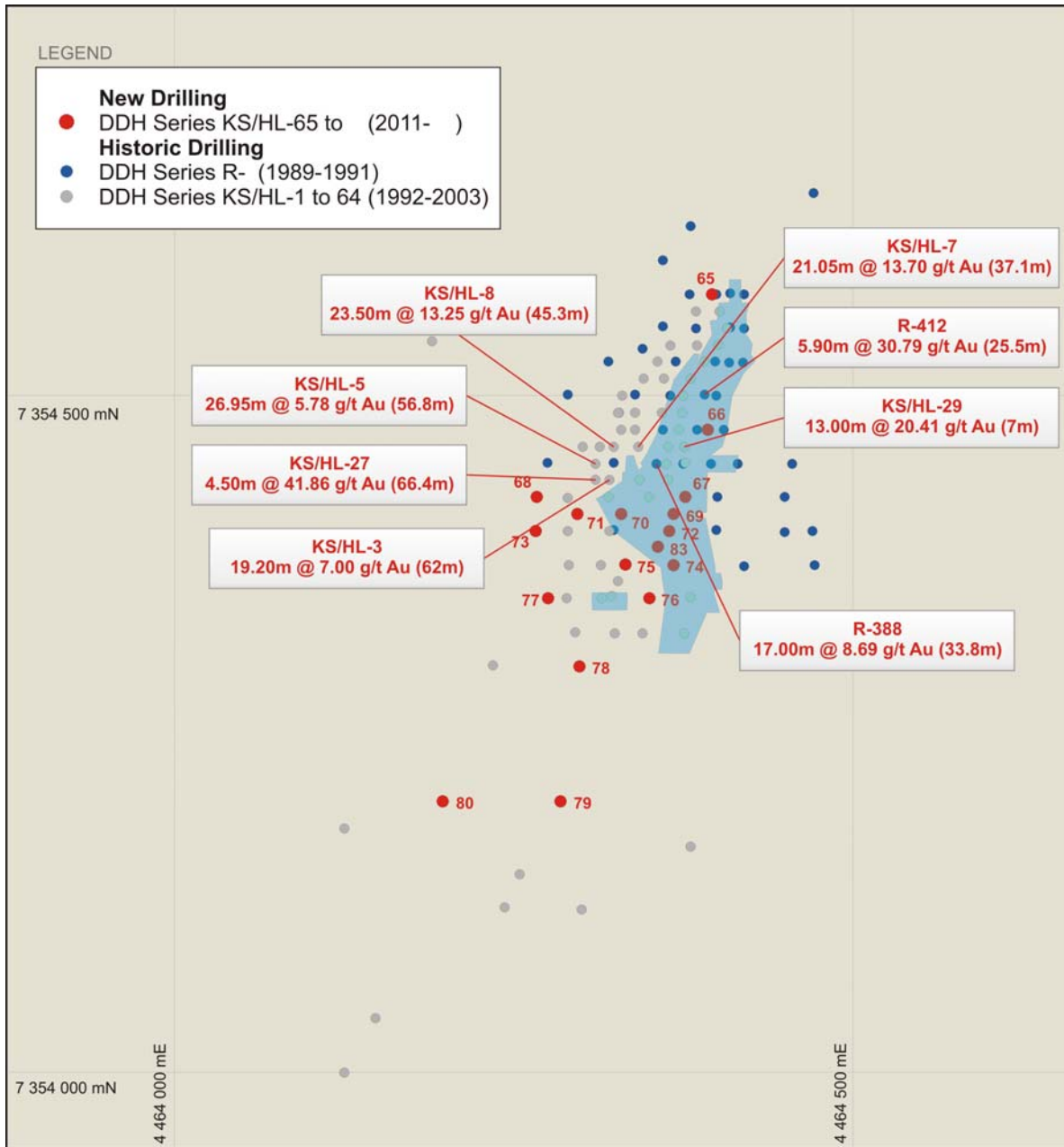


Figure 3 – Hangaslampi drill hole plan with location of cross sections.

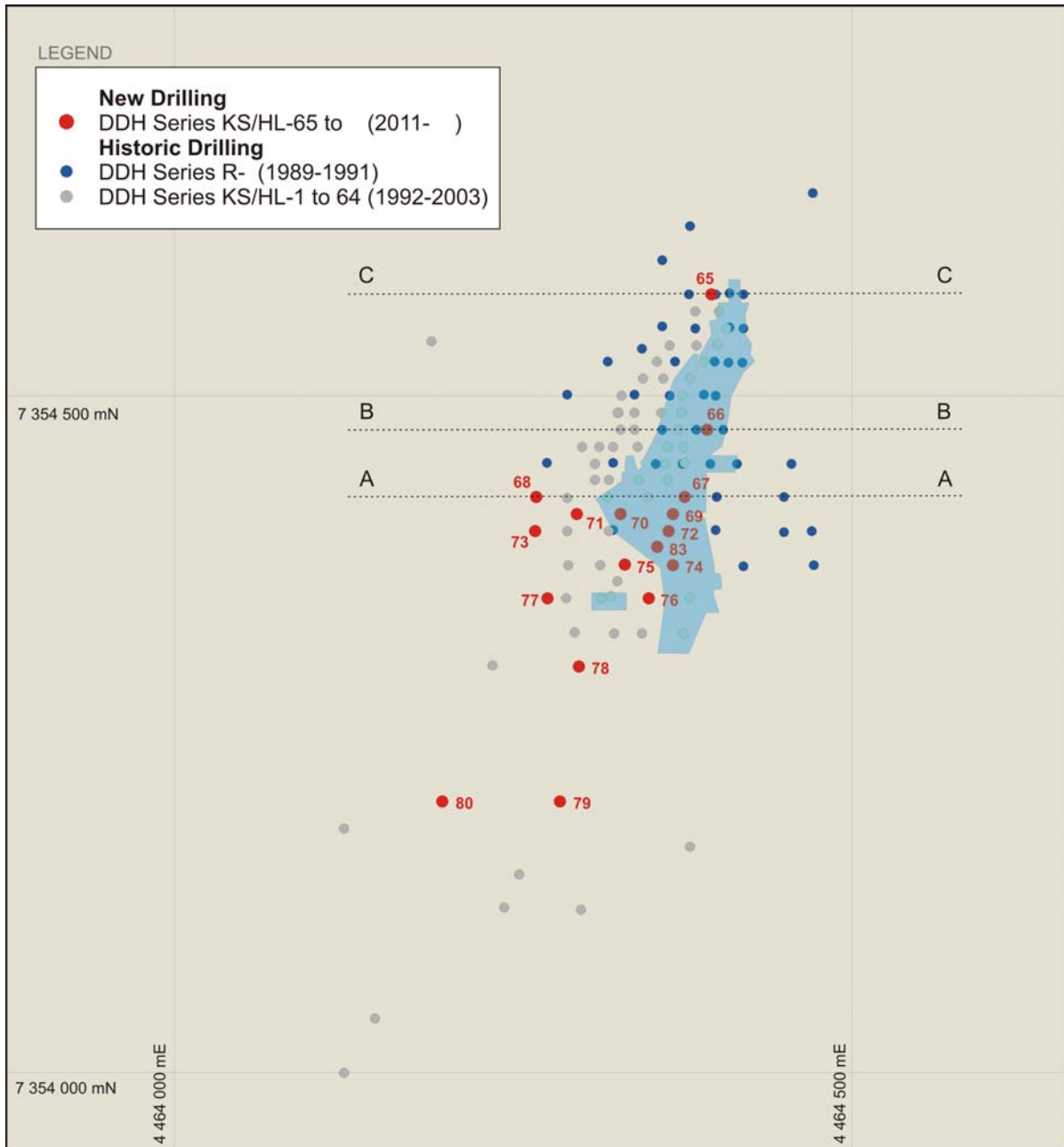


Figure 4 – Hangaslampi drill hole cross section A-A (7354425 mN).

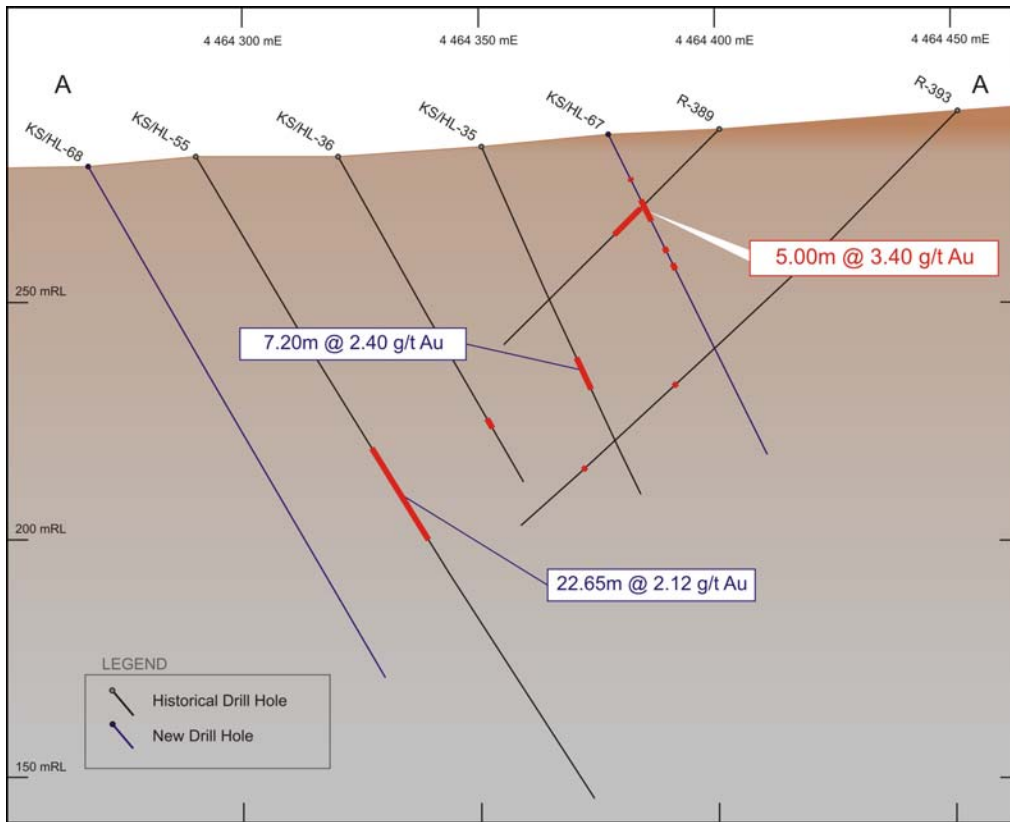


Figure 5 – Hangaslampi drill hole cross section B-B (7354475 mN).

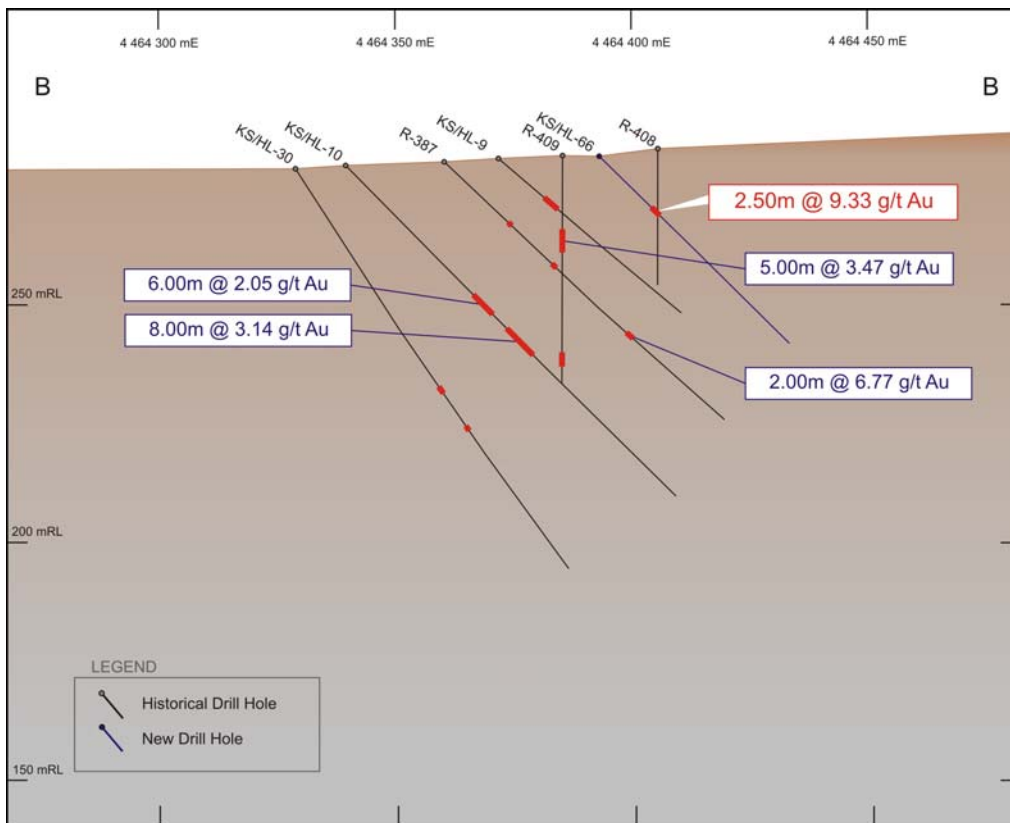
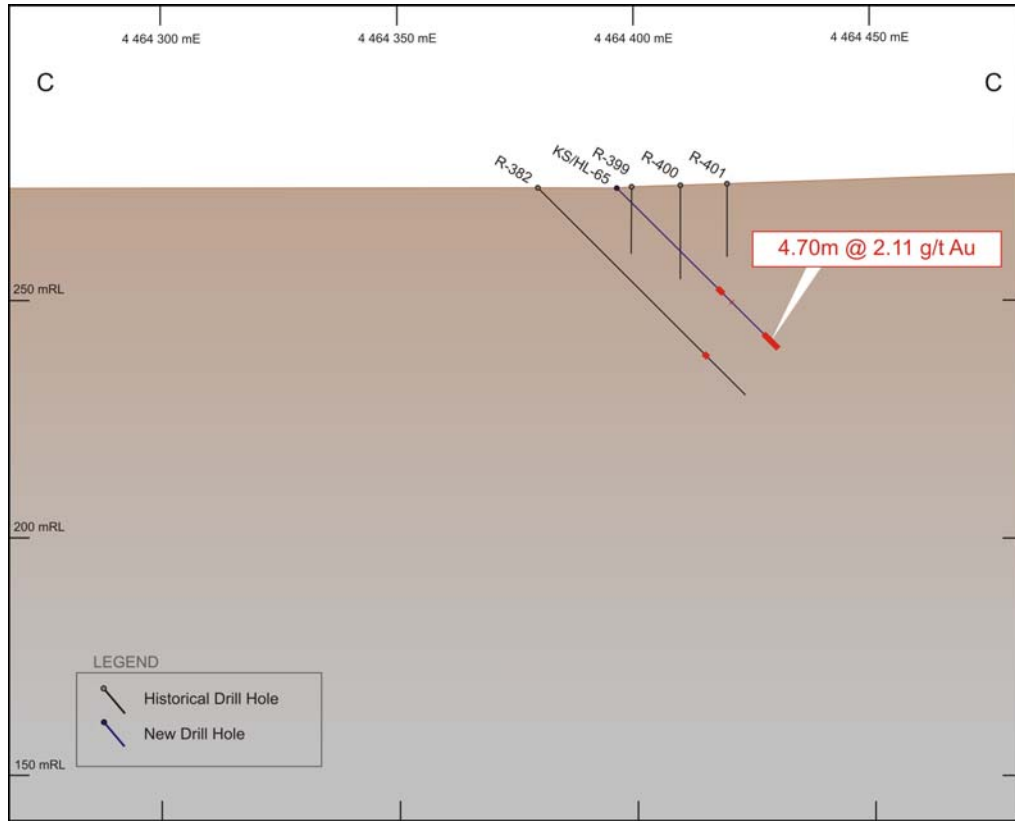


Figure 6 – Hangaslampi drill hole cross section C-C (7354575 mN).



Appendix 1 – Historic intercepts from Hangaslampi. Intercepts reported at a 1 g/t gold cut-off. Intercepts highlighted in red >50 gram-metres.

Hole	North	East	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
R355	7354535	4464345	-45.0	125.0	118.30	50.1	2.00	2.67
						59.10	5.00	3.93
R363	7354551	4464360	-44.6	90.0	100.30	59.30	3.00	1.06
R364	7354501	4464339	-44.2	90.0	95.00	46.80	9.00	6.91
R365	7354451	4464324	-44.2	90.0	110.10	15.10	3.00	1.59
						52.10	21.70	3.14
						77.80	6.00	3.05
						97.80	4.00	1.31
R366	7354400	4464323	-45.8	90.0	112.10	76.90	4.50	1.31
R367	7354350	4464350	-44.4	90.0	80.70	59.20	4.00	2.38
R382	7354575	4464380	-45.0	90.0	61.50	49.40	1.00	2.26
R383	7354550	4464385	-45.0	90.0	60.10	28.00	2.50	18.20
						36.50	3.00	1.04
						45.50	2.00	1.91
R384	7354525	4464369	-45.0	90.0	87.10	40.00	5.50	1.49
						57.90	8.00	3.53
R386	7354500	4464365	-44.6	90.0	66.35	30.35	7.00	16.60
						51.35	4.00	2.35
R387	7354475	4464360	-44.3	90.0	80.10	18.50	1.00	1.01
						31.50	1.00	4.38
						52.50	2.00	6.77
R388	7354450	4464355	-45.9	90.0	90.95	21.80	8.00	15.36
						33.80	17.00	8.69
						63.90	15.00	4.42
R389	7354425	4464400	-45.0	270.0	63.90	23.40	8.00	1.30
R393	7354425	4464450	-46.2	270.0	126.70	82.40	1.00	1.08
						108.40	1.00	1.09
R397	7354399	4464449	-34.9	270.0	97.20	74.60	0.50	2.00
						88.70	4.00	1.27
R398	7354625	4464380	-44.8	90.0	70.60	60.1	1.50	1.30
R402	7354525	4464399	-90.0	0.0	16.95	8.85	3.00	4.19
R404	7354550	4464420	-90.0	0.0	35.25	10.00	6.00	3.41
R409	7354475	4464385	-90.0	0.0	47.65	15.30	5.00	3.47
						41.30	3.00	1.67
R410	7354450	4464375	-90.0	0.0	23.90	8.90	14.00	2.94
R412	7354501	4464390	-90.0	0.0	31.05	8.15	6.00	10.72
						25.5	5.90	30.79
KS/HL-1	7354438	4464364	-45.3	91.6	68.25	11.00	1.00	1.20
						15.00	4.00	2.43
						22.00	12.00	2.23
KS/HL-2	7354438	4464343	-45.0	90.3	99.45	39.68	1.02	6.20
						49.37	7.98	13.95
						97.00	1.00	1.80
KS/HL-3	7354438	4464320	-44.9	90.3	98.35	22.00	5.00	1.94
						48.30	2.33	5.52
						54.60	1.00	4.37
						62.00	19.20	7.00
KS/HL-4	7354450	4464362	-39.5	90.9	70.20	11.50	1.00	1.43
						16.00	2.48	7.68
						23.50	1.00	1.20
						30.50	8.30	12.51
KS/HL-5	7354450	4464310	-44.5	87.8	117.75	56.80	26.95	5.78
KS/HL-6	7354463	4464364	-45.3	90.0	67.00	23.00	6.03	10.20
						49.75	3.00	11.03
KS/HL-7	7354463	4464342	-44.7	90.0	88.10	37.10	21.05	13.70
						62.20	1.00	8.20
						67.20	5.20	4.43
KS/HL-8	7354462	4464324	-44.8	90.0	87.90	45.30	23.50	13.25

KS/HL-9	7354475	4464372	-40.3	89.4	50.40	12.65	3.95	1.65
KS/HL-10	7354475	4464339	-45.4	90.0	98.30	38.00	6.00	2.05
						48.00	8.00	3.14
KS/HL-11	7354488	4464374	-44.6	89.2	48.50	18.00	5.00	1.86
KS/HL-12	7354488	4464359	-45.0	90.0	71.05	42.00	7.50	1.90
KS/HL-13	7354488	4464340	-44.7	90.8	100.60	41.00	8.00	1.68
						53.00	12.30	4.49
KS/HL-14	7354500	4464375	-42.0	90.7	55.50	18.00	8.00	2.71
KS/HL-15	7354500	4464330	-49.9	91.4	76.20	57.00	4.00	8.55
						68.00	2.00	1.35
KS/HL-16	7354513	4464381	-44.9	90.0	57.00	7.50	2.90	3.34
						41.50	1.40	1.40
KS/HL-17	7354512	4464360	-45.1	91.2	79.00	48.00	14.00	1.90
KS/HL-18	7354513	4464345	-44.9	91.1	83.70	42.75	14.25	3.09
KS/HL-19	7354525	4464391	-44.8	89.4	57.50	13.50	6.40	6.35
						36.05	8.45	2.00
KS/HL-20	7354525	4464356	-47.8	89.1	92.00	49.50	2.80	1.97
KS/HL-21	7354538	4464401	-45.3	89.1	37.20	10.00	10.00	2.79
						28.60	1.40	1.10
KS/HL-22	7354537	4464385	-45.6	90.0	64.70	31.80	8.20	1.81
KS/HL-23	7354537	4464365	-45.0	88.8	80.80	42.00	3.00	6.63
						56.00	1.00	5.20
						64.00	6.00	2.53
KS/HL-25	7354563	4464402	-45.4	90.0	38.50	13.20	3.30	4.10
						26.60	1.40	1.50
KS/HL-26	7354563	4464385	-44.9	90.0	59.60	33.10	7.90	3.63
KS/HL-27	7354438	4464310	-55.1	90.0	117.60	46.50	3.00	1.73
						66.40	4.50	41.86
						81.00	3.50	3.31
KS/HL-28	7354463	4464314	-55.0	90.0	104.25	75.00	4.00	4.28
KS/HL-29	7354463	4464376	-44.3	90.0	50.10	7.00	13.00	20.41
KS/HL-30	7354475	4464329	-56.5	90.0	102.00	54.80	1.80	1.58
						65.00	1.00	8.25
KS/HL-31	7354488	4464328	-54.8	90.0	95.00	62.60	2.40	29.09
KS/HL-34	7354488	4464327	-55.6	90.0	70.70	63.00	2.00	5.92
KS/HL-35	7354425	4464350	-65.4	90.0	80.40	48.80	7.20	2.40
KS/HL-36	7354425	4464320	-61.0	90.0	78.80	63.65	2.35	1.73
KS/HL-37	7354400	4464320	-64.3	90.0	111.00	60.10	1.60	3.56
KS/HL-42	7354120	4464300	-44.9	270.0	62.00	24.00	7.50	3.43
KS/HL-46	7354352	4464322	-43.3	90.0	108.65	70.50	8.30	4.08
						84.80	2.00	2.62
KS/HL-48	7354363	4464327	-41.4	90.0	99.30	69.30	6.10	3.25
						81.20	1.00	1.14
						85.20	3.30	11.89
KS/HL-51	7354376	4464333	-44.2	90.0	90.90	60.15	6.00	2.01
						73.30	3.85	4.36
KS/HL-54	7353817	4463810	-45.5	117.0	150.20	108.34	2.00	2.01
KS/HL-55	7354424	4464290	-59.9	90.0	159.10	71.90	22.65	2.12
KS/HL-56	7354400	4464290	-59.9	90.0	200.00	80.6	2.70	1.68
KS/HL-60	7354350	4464289	-60.3	92.1	120.00	25.80	1.97	1.44
						52.10	1.00	3.02
						64.05	5.55	1.98
KS/HL-63	7354325	4464325	-57.9	94.1	110.00	78.50	1.00	1.91

Background

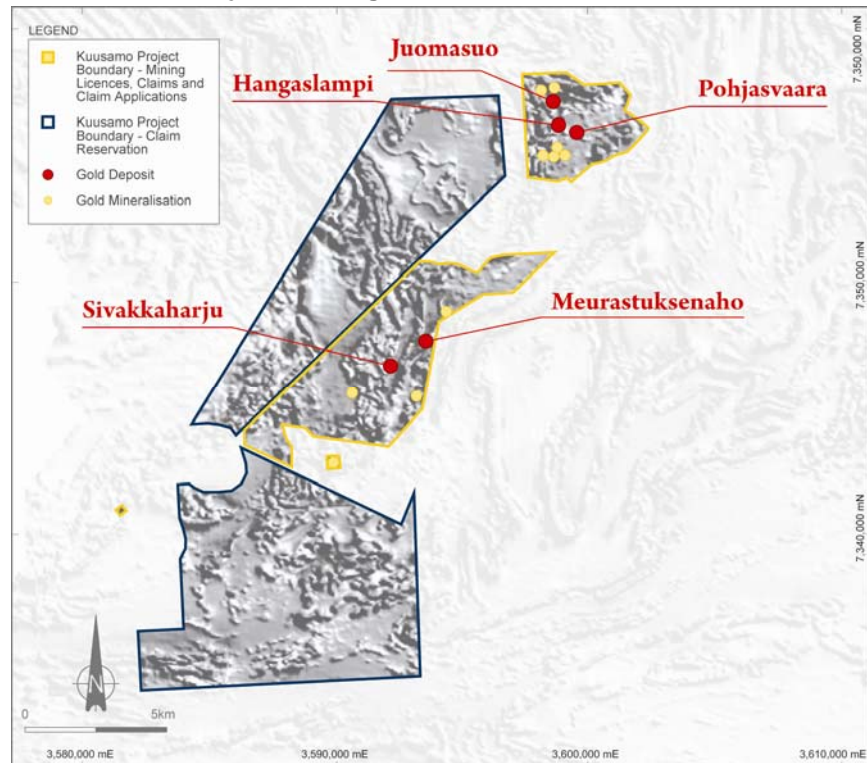
The Kuusamo Gold Project is located approximately 700 kilometres northeast of Helsinki. It comprises five known gold deposits with a combined Indicated and Inferred Resource of 2.19 Mt @ 5.4 g/t gold (383,500 ounces). The deposits remain open along strike and in the case of the Juomasuo and Sivakkaharju 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 Resource Inventory as at 31 December 2010. 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