



ASX ANNOUNCEMENT

20 OCTOBER 2011

## KUUSAMO NORTH YIELDS FURTHER ENCOURAGING GOLD INTERCEPTS

Dragon Mining is pleased to announce the receipt of the final results from the fourth phase of drilling undertaken on the Juomasuo deposit at the Kuusamo Gold Project in northern Finland. Analysis for the last six holes in this campaign has returned further encouraging gold intercepts including **5.10m @ 5.32 g/t gold** and **3.55m @ 15.07 g/t gold** and confirmed the results for drill hole KS/JS-129 of **5.50m @ 6.05 g/t gold, 8.10m @ 6.16 g/t gold** and **31.90m @ 45.67 g/t gold** (Table 1).

The 14 hole, 4,100 metre Phase 4 campaign of drilling undertaken between April and August 2011 was designed to examine the strike and depth extensions of identified lodes in the northern portion of the Juomasuo deposit. This campaign has returned a series of intercepts including the previously released highlights **4.10m @ 11.69 g/t gold, 3.15m @ 11.07 g/t gold** and **25.60m @ 9.66 g/t gold**.

The results have confirmed the continuity of identified lodes at Juomasuo, returning grades commensurate with historic intercepts and highlighting the potential of the eastern area, which had previously been subjected to limited shallow drilling.

Multi-element analysis also returned a number of strong cobalt intercepts and elevated levels of rare earth elements, either in conjunction with gold mineralisation or separately, as well as the occurrence of sporadic elevated levels of copper and uranium.

The Juomasuo gold deposit is the largest of the five deposits identified to date on the Kuusamo Gold Project. It comprises a set of closely spaced sub-parallel lodes, which remain open in all directions.

Results are pending for 16 of 17 holes (2,635m) completed in the Phase 5 campaign, which tested the near surface strike extensions of the identified lodes in the southern portion of the Juomasuo deposit and further evaluated the extent and geometry of mineralisation in the eastern and north eastern areas.

The first hole returned a high grade preliminary intercept of **17.75m @ 16.59 g/t gold** in drill hole KS/JS-141. The results obtained from this drill hole are very encouraging, confirming the depth and strike continuation of the lode system in the northern portion of the deposit.

Two diamond core rigs are progressing Phase 6 of drilling at Juomasuo, an 8 hole 3,400 metres campaign that is testing the depth and strike extensions of identified lodes in the southern portion of the deposit.

A third rig is drilling the second campaign of 8 holes, 1,100 metres at the Hangaslampi deposit following the completion of a 7 hole, 1,000 metre campaign at the Pohjasvaara deposit.

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 Matti Talikka 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 Matti Talikka 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 the fourth phase of diamond core drilling campaign targeting the Juomasuo deposit. New results highlighted in red.**

Hole ID	Northing	Easting	Dip	Azimuth	Length	From	Interval	Au	Co	Cu	U	TREO
			(°)	(°)	(m)	(m)	(m)	(g/t)	(ppm)	(ppm)	(ppm)	(ppm)
KS/JS-127	7355450	4464270	-45	270	229.6	138.00	4.10	11.69	2,248	302	8	182
						224.25	2.75	2.01	147	236	2	37
KS/JS-128	7355450	4464350	-45	270	300.9	22.95	1.35	5.87	686	175	10	181
						52.10	3.15	11.07	1,970	502	127	439
						59.55	25.60	9.66	1,299	170	1,920	576
						106.95	2.90	3.51	1,074	319	798	1,432
						113.00	1.25	1.91	835	460	268	309
						122.30	5.90	2.34	297	366	3	106
KS/JS-129	7355474	4464061	-43	90	199.3	131.10	2.40	3.22	478	903	10	134
						232.60	1.60	1.87	1,470	641	9	190
						90.50	5.50	6.05	526	414	14	231
						133.20	8.10	6.16	986	1,051	77	386
						147.10	31.90	45.67	1,280	1,262	129	263
						including	172.40	2.15	571.88	1,945	2,103	418
KS/JS-130	7355450	4464059	-45	90	214.7	121.85	1.45	1.92	990	513	68	248
						131.60	4.75	2.98	634	223	5	218
						140.60	2.20	3.77	1,412	514	110	242
						146.15	2.45	3.26	871	422	434	250
						167.20	2.80	8.34	528	447	5	103
KS/JS-131	7355430	4464061	-45	90	211.7	No significant gold intercept						
KS/JS-132	7355510	4464040	-45	90	199.6	132.25	1.05	1.17	255	596	5	79
KS/JS-133	7355490	4463976	-45	90	299.7	143.70	0.90	3.72	115	335	10	47
KS/JS-134	7355470	4463969	-45	91.8	304.5	163.60	1.25	1.02	697	444	1,600	551
						246.50	5.10	5.32	898	759	4	171
						271.65	2.00	1.71	406	77	2	116
						280.90	3.55	15.07	1,018	635	6	197
KS/JS-135	7355471	4463960	-45	91.1	349.4	34.20	1.25	1.00	189	2	310	191
						189.45	2.70	4.51	678	730	3	296
KS/JS-136	7355450	4463960	-45	88.9	348.7	No significant gold intercept						
KS/JS-137	7355430	4463980	-45	91.1	375.1	301.70	1.05	7.30	60	308	3	144
KS/JS-138	7355450	4463980	-60	93.7	450.0	202.70	1.00	2.25	295	11	6	60
						213.80	1.70	1.34	373	458	63	103
						221.50	2.20	2.25	1,305	428	335	367
						341.75	1.95	4.44	521	241	6	189
KS/JS-139	7355335	4464082	-55	36	292.1	224.35	3.80	3.00	876	780	336	195
KS/JS-140	7355304	4464060	-55	36	349.2	99.95	2.10	1.03	453	6	5	81
						107.25	0.65	1.72	103	2	5	191
						167.65	6.15	2.56	1,559	20	148	325
						175.95	1.05	1.52	288	8	20	137

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 REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.

Figure 1 – Kuusamo North - location of the Juomasuo, Hangaslampi and Pohjasvaara deposits.

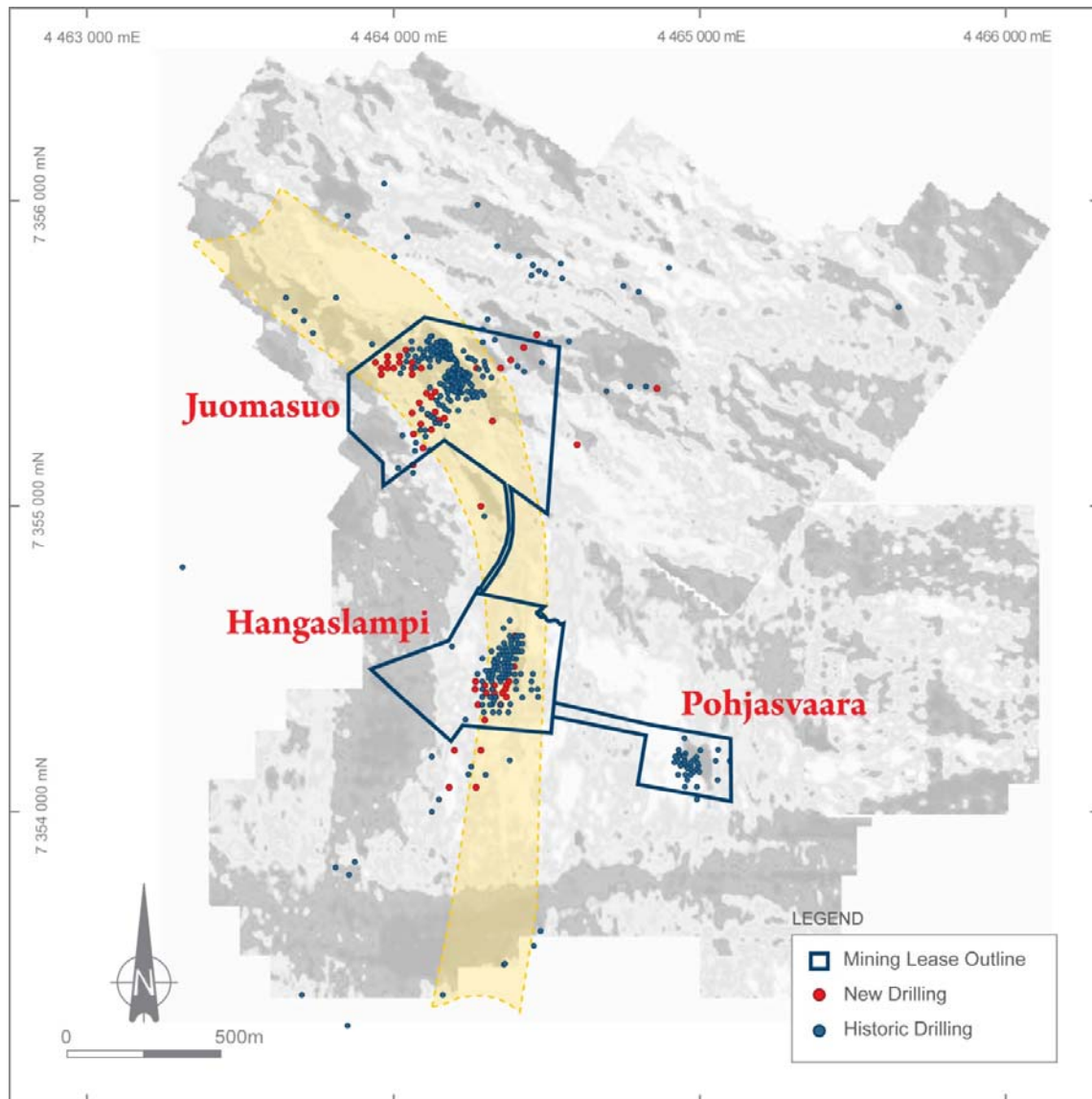


Figure 2 – Juomasuo drill hole location plan.

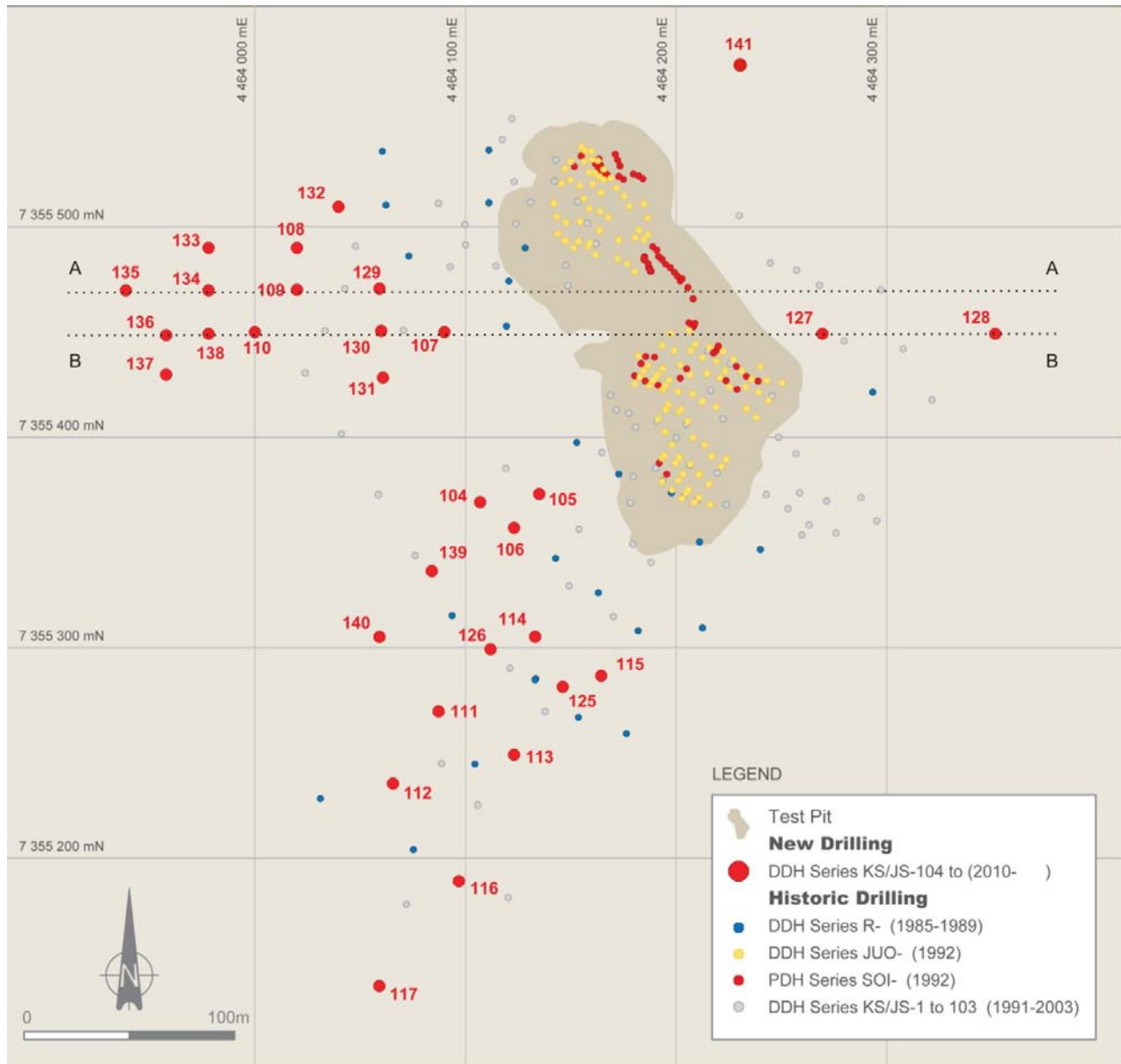


Figure 3 – Juomasuo cross section 7355475 mN (A-A)

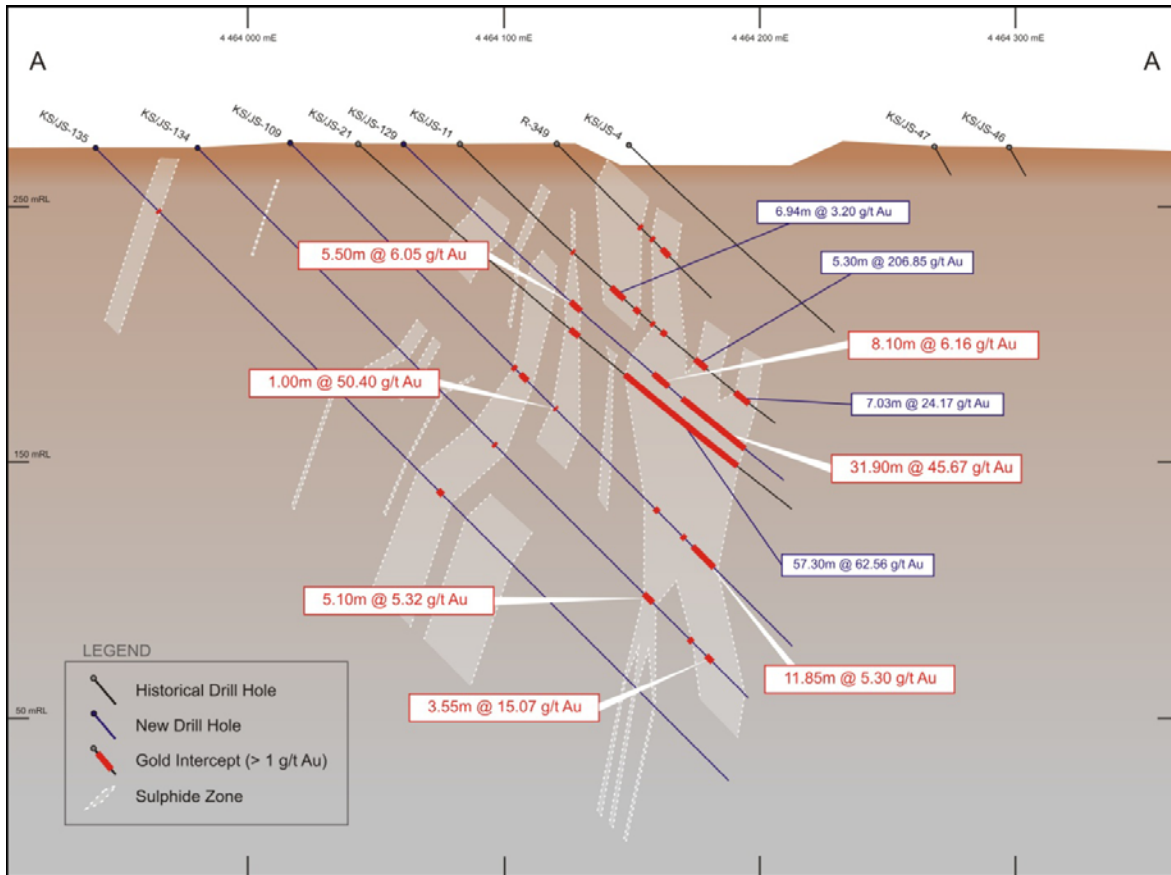
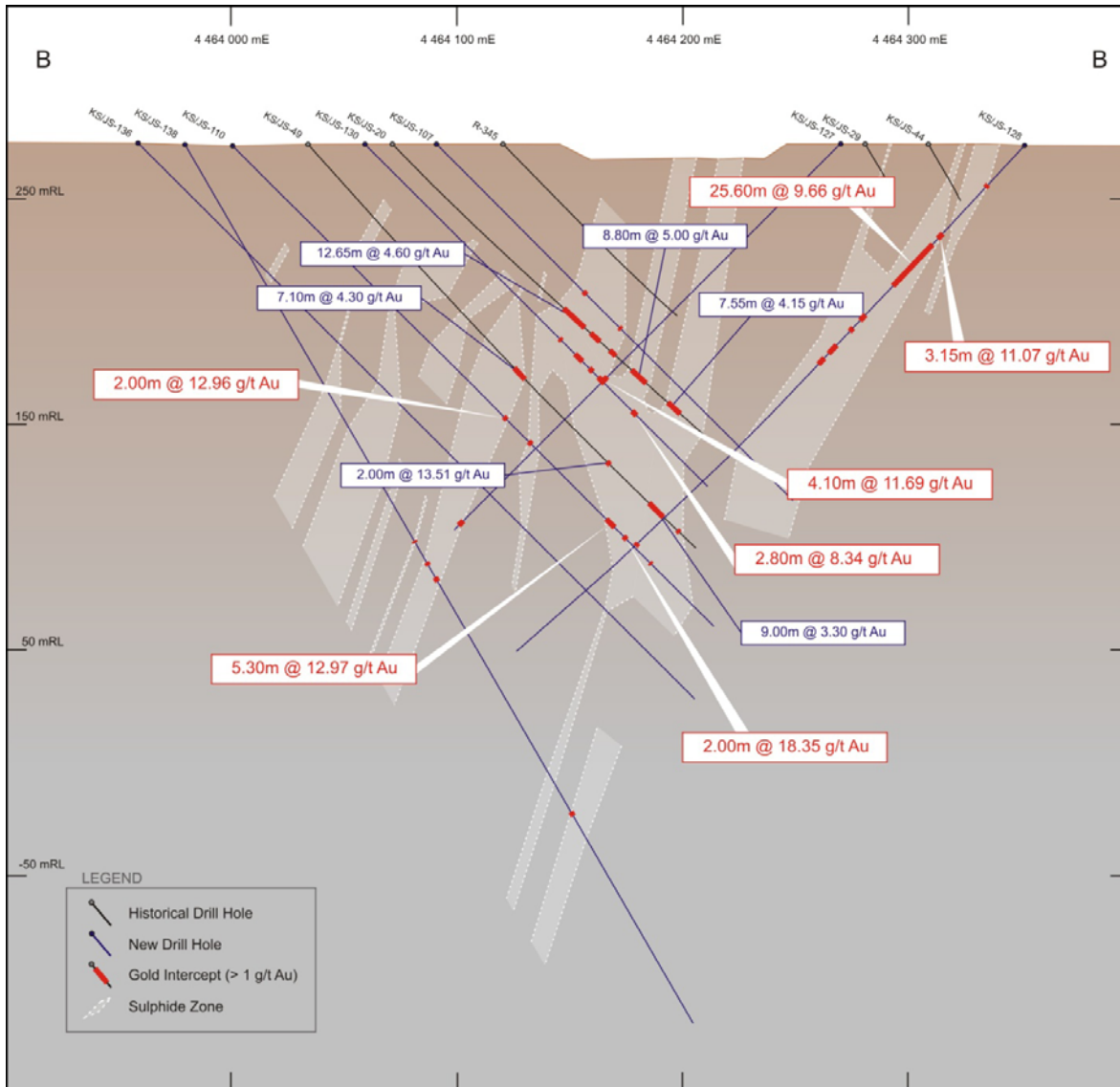


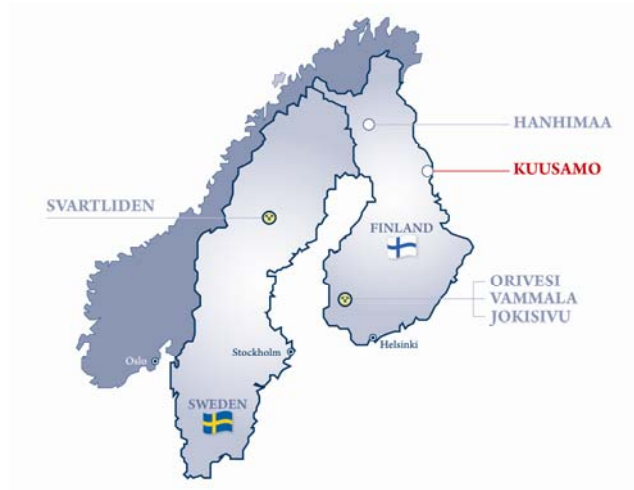
Figure 4 – Juomasuo cross section 7355450 mN (A-A)



## Background

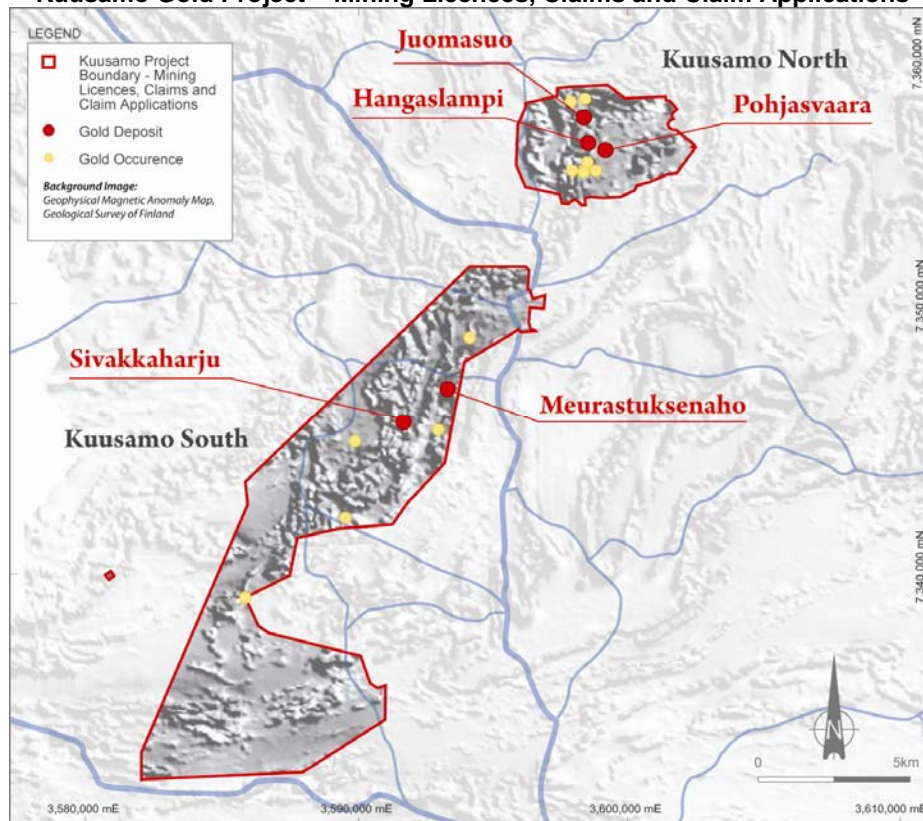
The Kuusamo Gold Project is located approximately 700 kilometres northeast of Helsinki. It comprises five known gold deposits with a combined Indicated and Inferred Resource of 2.19 Mt @ 5.4 g/t gold (383,500 ounces). The deposits remain open along strike and with depth.

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 Applications



### Kuusamo Gold Project Total Gold Resource Inventory. Reported at a 2 g/t gold cut-off.

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
<b>Measured</b>	-	-	-	-	-
<b>Indicated</b>	786,000	7.0	0.12	177,000	930
<b>Inferred</b>	1,404,000	4.6	0.17	206,500	2,330
<b>Total</b>	<b>2,189,000</b>	<b>5.4</b>	<b>0.15</b>	<b>383,500</b>	<b>3,250</b>