



ASX ANNOUNCEMENT

6 DECEMBER 2011

ENCOURAGING RESULTS CONTINUE FROM KUUSAMO NORTH

Dragon Mining is pleased to announce the receipt of all results from the Phase 5 drilling campaign undertaken on the Juomasuo deposit at the Kuusamo Gold Project in northern Finland. Analysis has returned a number of encouraging gold intercepts including **5.65m @ 16.56 g/t gold** and confirming the previously released preliminary gold result from drill hole KS/JS-141 of **17.75m @ 16.59 g/t gold** (Table 1).

The 17 hole, 2,616 metre campaign was undertaken between August and October 2011 and has confirmed the strike and depth continuations of lodes in the eastern and north eastern portions of the deposit, with further drilling required to better determine the extent and geometry of mineralisation. Drilling of the southeast extensions of the deposit did not identify any significant near surface gold mineralisation.

Multi-element analysis returned a number of strong cobalt intercepts including 35.40m @ 1,129 ppm cobalt from 89.90 metres in drill hole KS/JS-142, 20.15m @ 1,691 ppm cobalt from 24.95 metres in drill hole KS/JS-144, 28.60m @ 1,665 ppm cobalt from 355.40 metres in drill hole KS/JS-143 and 10.10m @ 2,164 ppm cobalt from 12.50 metres in drill hole KS/JS-146. Levels of copper, uranium and rare earth elements were also elevated either in conjunction with, or separate from gold mineralisation.

The Juomasuo gold deposit is the largest of the deposits identified to date in Kuusamo North. It comprises a set of closely spaced sub-parallel lodes, which remain open down plunge.

Results are pending for all holes completed in the Phase 6 drilling campaign at Juomasuo, a 3,476 metre campaign that tested the depth and strike extensions of identified lodes in the southern portion of the deposit.

Two diamond core rigs are drilling at Kuusamo, with one focussed on the Phase 7 campaign following-up historical gold intersections and testing a prominent geophysical anomaly east of the Juomasuo deposit. The second rig is drilling at Hangaslampi, evaluating the down plunge continuations of this 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 fifth phase of diamond core drilling campaign targeting the Juomasuo 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/JS-141	7355576.6	4464231.1	-45	213.4	262.00	118.00	17.75	16.59	1,830	2,063	35	459
						<i>Includes 4.9 metres @ 39.73 g/t gold from 120.95 metres</i>						
						163.30	5.60	3.54	642	408	46	225
						210.05	2.00	2.92	1,537	287	22	265
						217.60	3.65	7.46	774	458	86	181
KS/JS-142	7355544.7	4464297	-40	216.4	449.40	384.80	5.65	16.56	265	3	249	149
						<i>Includes 1.0 metres @ 58.10 g/t gold from 386.20 metres</i>						
KS/JS-143	7355504.6	4464318.3	-40	214.1	439.00	29.65	1.35	1.99	520	95	340	713
						34.60	6.85	5.56	3,588	587	44	611
						86.30	2.05	8.31	2,113	793	42	512
						355.40	5.00	3.94	785	169	243	192
						372.60	1.00	1.60	3,550	79	898	486
KS/JS-144	7355498.3	4464233.2	-65	273.0	100.70	9.10	1.00	12.00	1,980	795	117	454
KS/JS-145	7355462.4	4464257.2	-65	274.4	88.40	44.90	1.55	2.44	573	306	1,100	2,022
KS/JS-146	7355398.3	4464251.8	-45	276.7	184.60	19.60	3.00	1.53	2,980	408	15	257
						93.50	6.10	2.21	2,292	220	322	445
KS/JS-147	7355396.6	4464278.2	-45	276.8	118.10	68.30	0.90	8.72	723	1,270	28	328
KS/JS-148	7355392.8	4464300.7	-45	276.5	90.30	62.65	1.40	1.06	1,430	1,020	320	206
KS/JS-149	7355430.3	4464349.03	-45	275.2	100.50	No significant gold intercept						
KS/JS-150	7355397.1	4464325.2	-45	276.4	70.50	No significant gold intercept						
KS/JS-151	7355363.7	4464301	-45	276.7	110.10	No significant gold intercept						
KS/JS-152	7355339.3	4464283.38	-45	275.7	110.30	No significant gold intercept						
KS/JS-153	4464380.05	7355405.1	-45	275.4	88.50	No significant gold intercept						
KS/JS-154	4464356.37	7355372.6	-45	276.7	70.20	Not sampled						
KS/JS-155	4464332.89	7355340.3	-45	276.3	70.60	No significant gold intercept						
KS/JS-156	4464315.98	7355316.5	-45	274.7	72.30	36.30	1.20	7.27	433	560	12	116
KS/JS-157	4464243.34	7355321.5	-45	273.1	190.70	No significant gold intercept						

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

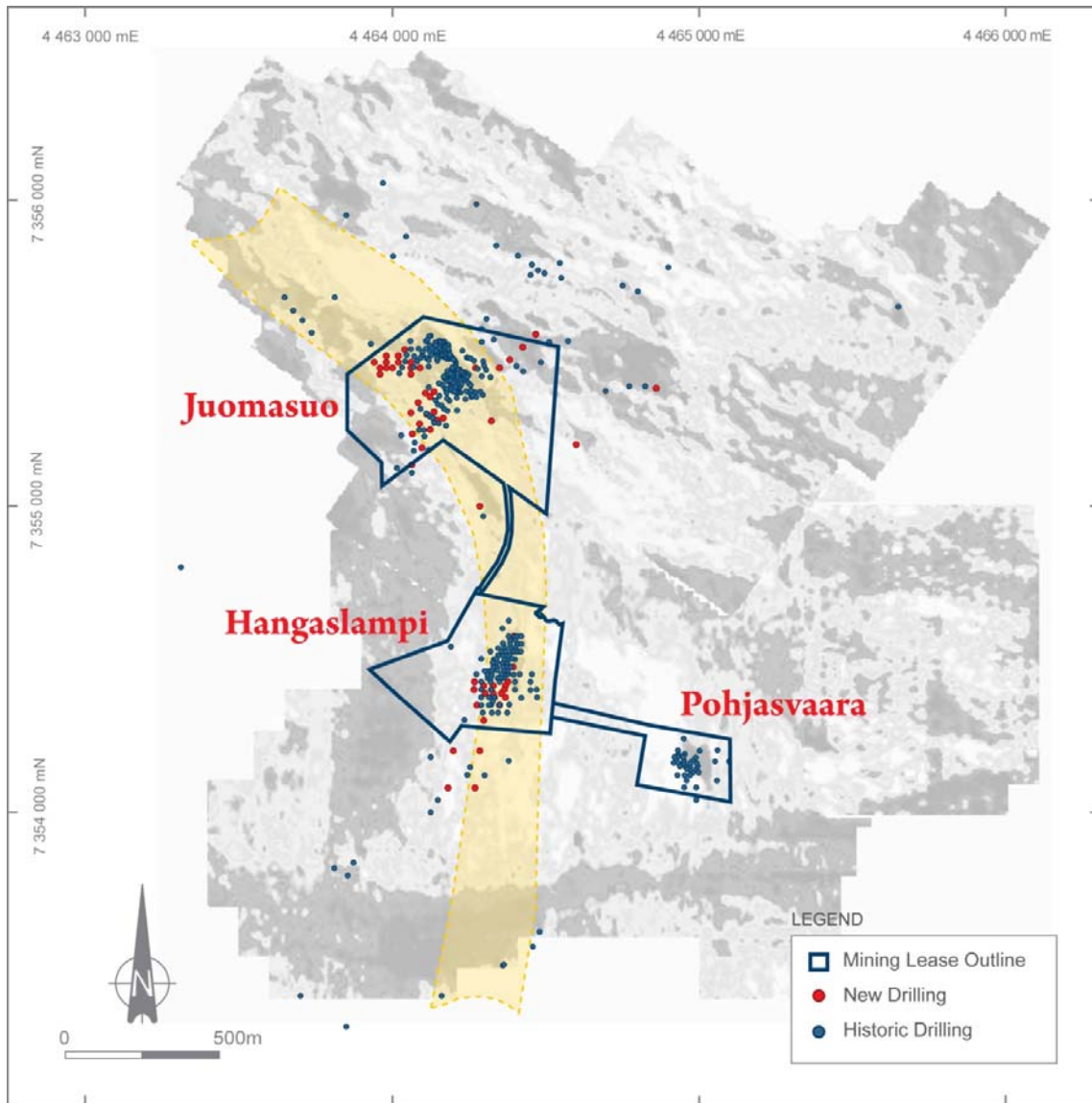


Figure 2 – Juomasuo drill hole location plan.

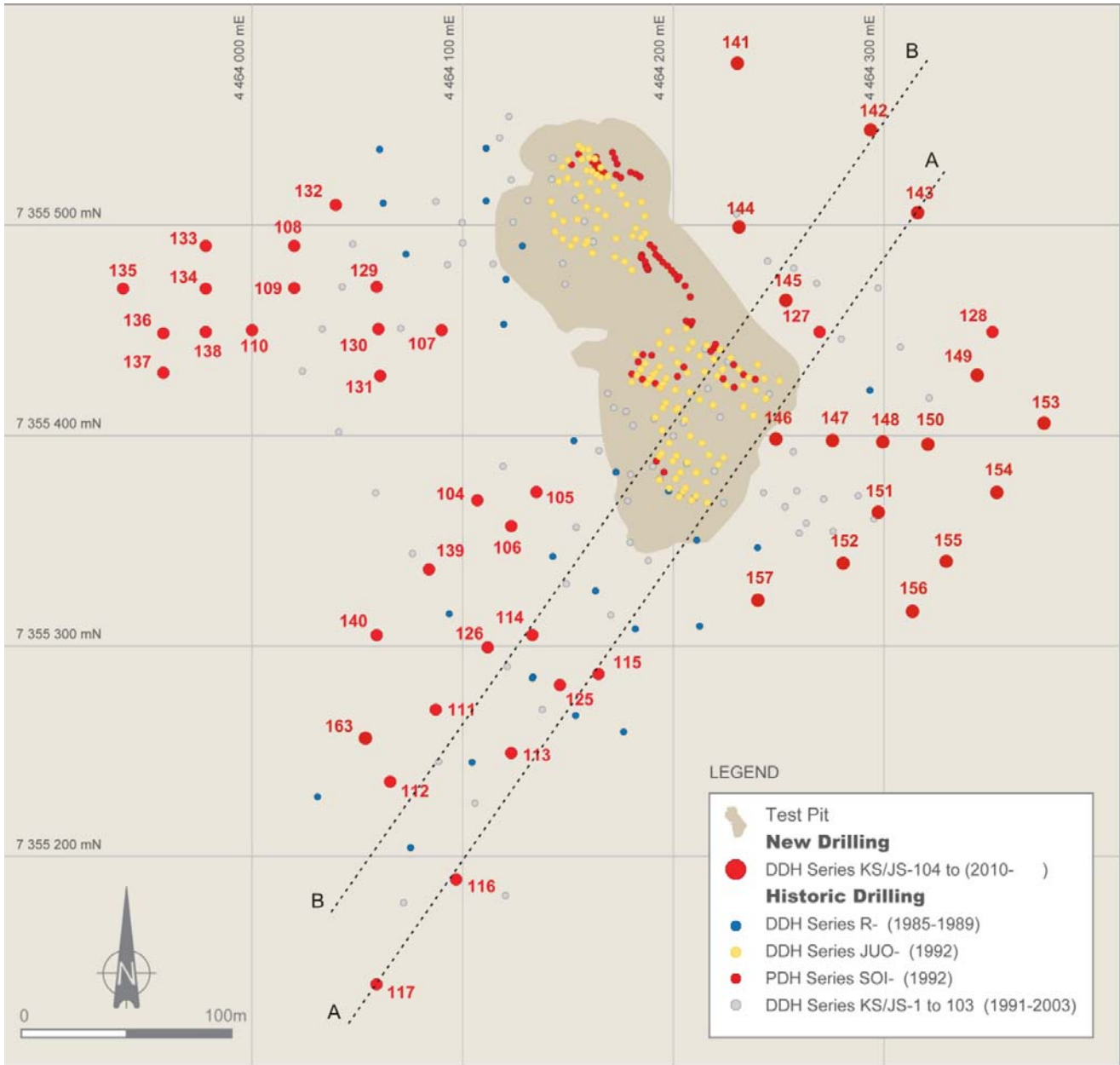


Figure 3 – Juomasuo cross section A-A

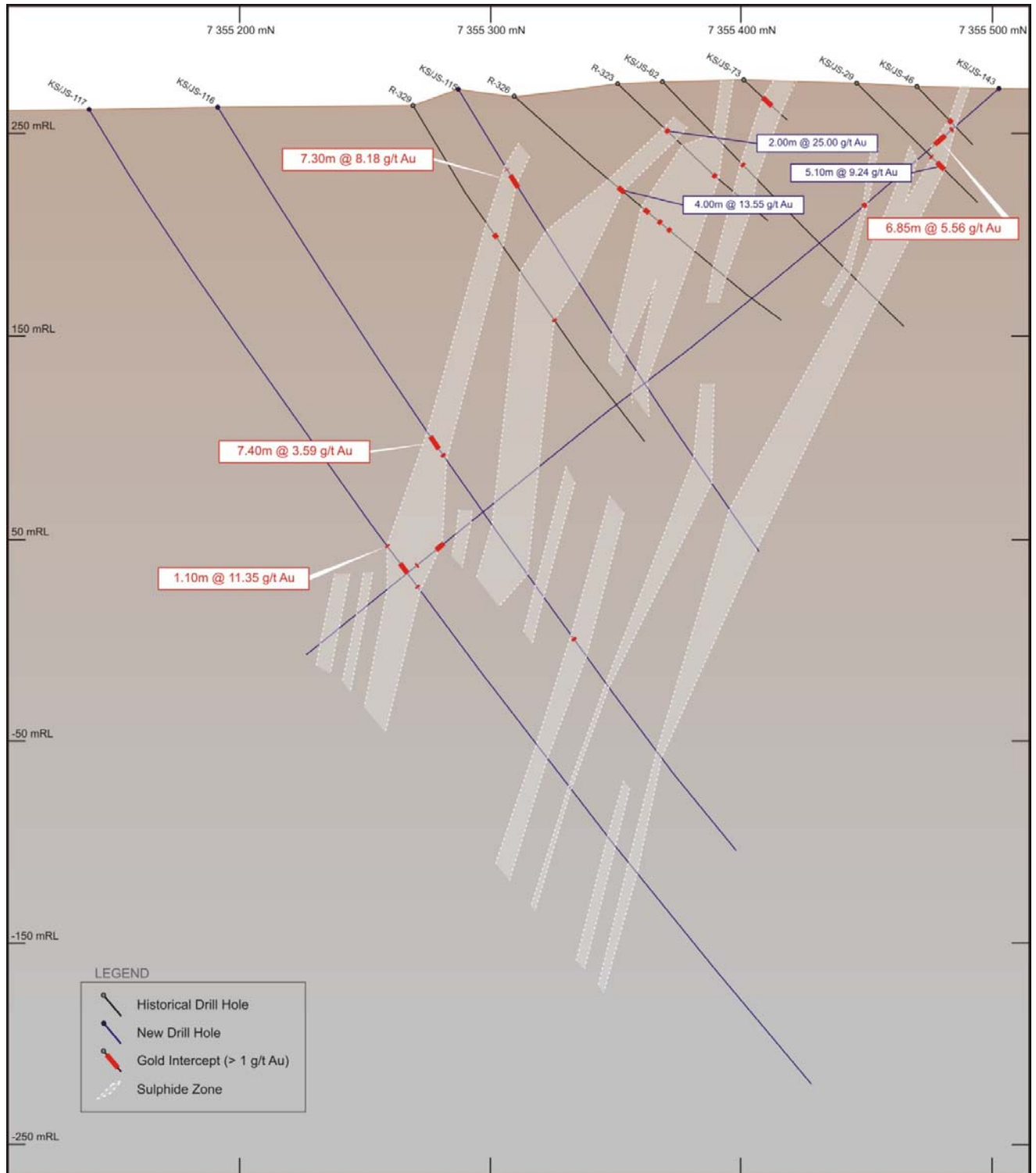
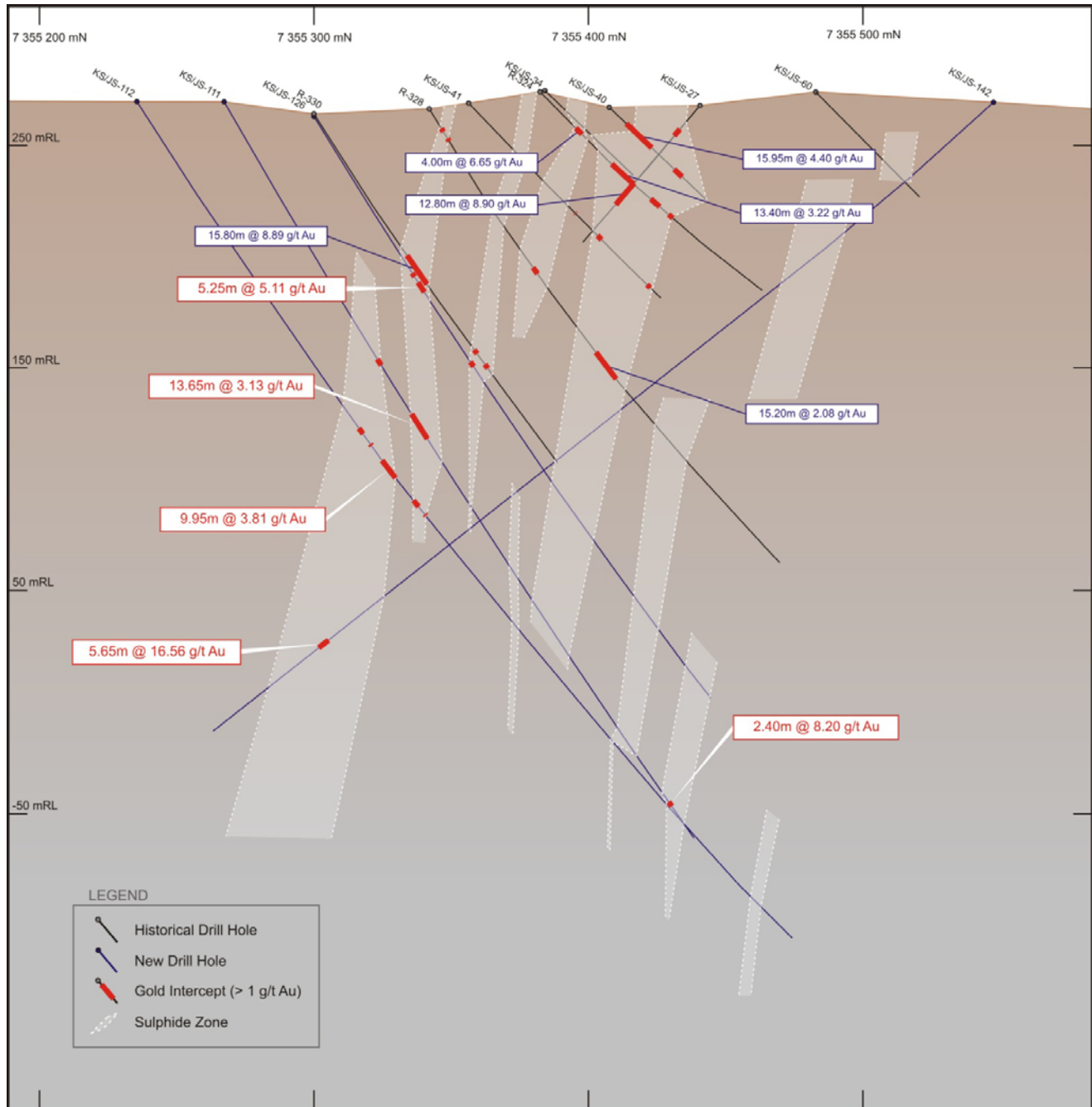


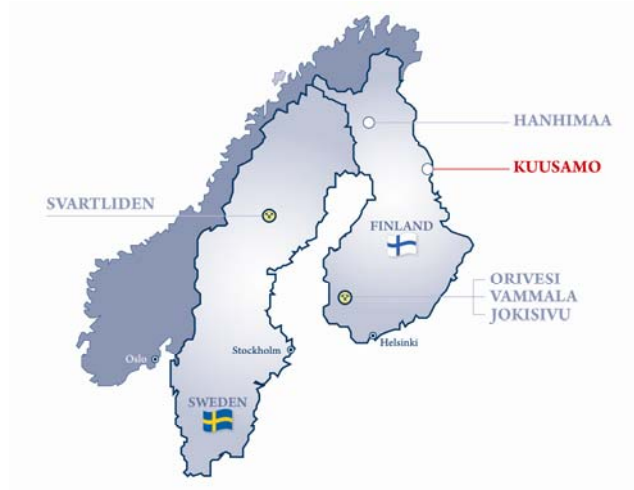
Figure 4 – Juomasuo cross section B-B



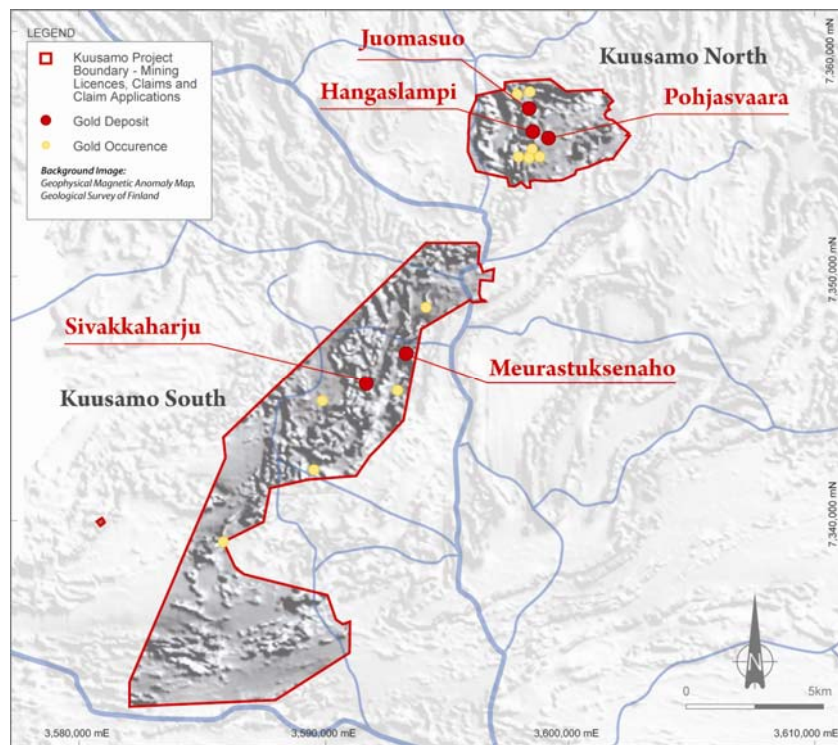
Background

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 460,700 ounces grading 4.2 g/t gold.

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 Gold Project.



Location of Projects



Kuusamo Gold Project – Mining Licences, Claims and Claim Applications

Kuusamo Gold Project Total Gold Resource Inventory. Reported at a 1 g/t gold cut-off.

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
Measured	-	-	-	-	-
Indicated	1,820,000	5.3	0.13	308,500	2,320
Inferred	1,576,000	3.0	0.17	152,200	2,680
Total	3,396,000	4.2	0.15	460,700	5,000