

## ASX ANNOUNCEMENT

25 NOVEMBER 2016

### DRAGON MINING'S THIRD GOLD MINE IN SOUTHERN FINLAND READY TO COMMENCE

Dragon Mining Limited (ASX:DRA) ("Dragon Mining" or "the Company") is pleased to announce that operations at the Kaapelinkulma Gold Mine ("Kaapelinkulma"), the Company's third gold mine in southern Finland, are now able to commence following the receipt of permission to process ore from Kaapelinkulma at the Vammala Plant. The Centre for Economic Development, Transport and the Environment ("ELY Centre") considered this activity as acceptable and have provided the permission while the new Environmental Permit for the Vammala Plant is still under appeal. The Environmental Permit to undertake mining at Kaapelinkulma has previously been obtained and the Mining Concession that encompasses the known deposits, granted.

Kaapelinkulma is located 65 kilometres east of the Vammala Plant in the municipality of Valkeakoski, approximately 165 kilometres northwest of the Finnish capital Helsinki.

In 2015 the Company received a positive outcome from the Pre-Feasibility level study into the development of Kaapelinkulma. The study was based on the establishment of an open pit mining operation and the haulage of ore to the Vammala Plant to produce a high grade gold concentrate and the processing of this concentrate at Dragon Mining's Svartliden Production Centre in northern Sweden. With the Company's experience in commencing and undertaking small scale open pit mining in the Nordic Region and its existing infrastructure in southern Finland, the study confirmed that Kaapelinkulma will incur minimal initial capital investment.

The estimated Kaapelinkulma Ore Reserves demonstrated a sound base case operation, which the Company expects to be able to further enhance with the refinement of estimated operating costs and margins. The Proved and Probable Ore Reserves total 87,000 tonnes grading 3.4 g/t gold for 9,600 ounces as at 1 September 2015 (Table 1). The Ore Reserves are based on Indicated and Inferred Mineral Resources for Kaapelinkulma totalling 110,000 tonnes grading 5.2 g/t gold for 18,600 ounces as at 1 September (Table 2). Details of the Kaapelinkulma Mineral Resources and Ore Reserves were previously released to the ASX on the 29 February 2016 – Dragon Group Mineral Resources Updated and 30 March 2016 – Ore Reserves Updated for the Nordic Production Centres. These releases can be found at [www.asx.com.au](http://www.asx.com.au) (Code: DRA).

It is planned that a Reverse Circulation drilling rig will soon be mobilised to Kaapelinkulma to commence grade control drilling, with expectations that mining will start in 2017. The ability to secure ore from Kaapelinkulma will compliment production from Dragon Mining's Orivesi and Jokisivu gold mines in the southern Finland region.

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



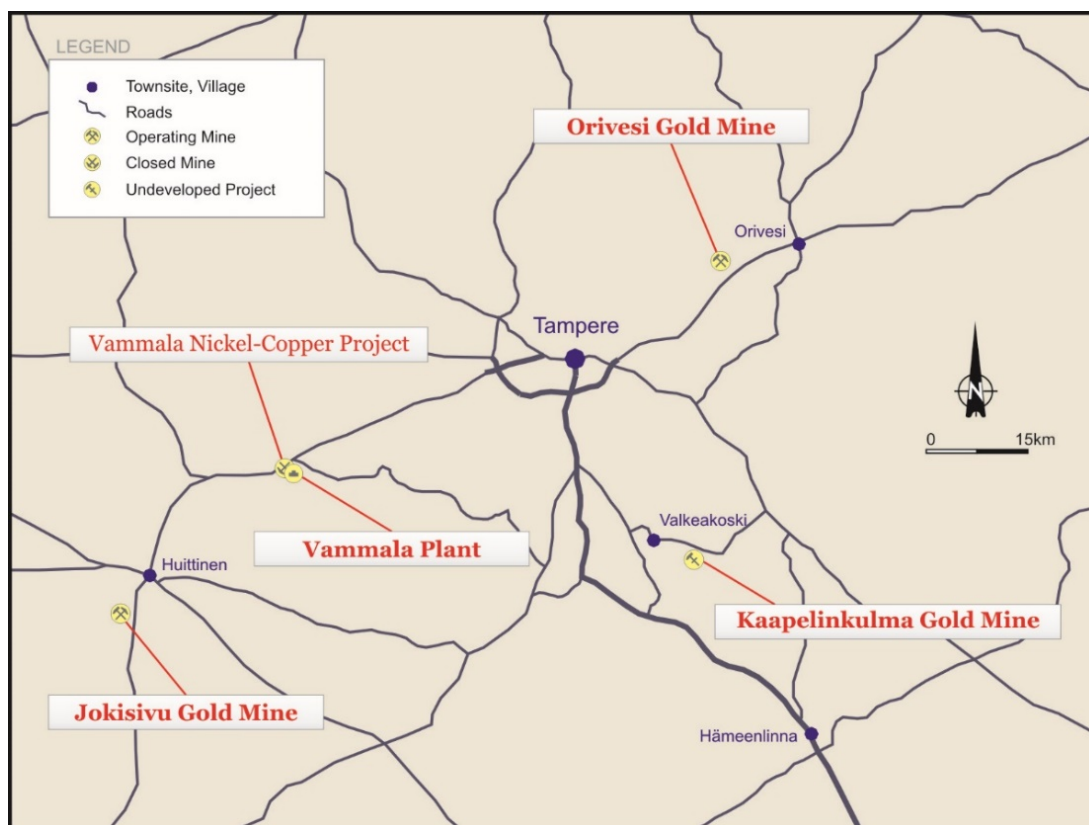


Figure 1 – Location of the Kaapelinkulma Gold Mine.



Figure 2 – Kaapelinkulma Open Pit with Ore and Displaying the Planned Waste Dump Location.

**Table 1 – Ore Reserves for the Kaapelinkulma Gold Mine in Finland as at 1 September 2015. Reported at an in-situ ore cut-off grade of 1.2 g/t gold, which is based on the gold price of US\$1,150 per ounce, mining factors, metallurgical factors and costs.**

	Proved			Probable			Total		
	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces
<b>Kaapelinkulma Gold Mine</b>	-	-	-	87,000	3.4	9,600	<b>87,000</b>	<b>3.4</b>	<b>9,600</b>

*Note: Ore Reserve estimates have been rounded to reflect accuracy. All the estimates are on dry tonne basis.*

**Table 2 – Mineral Resources for the Kaapelinkulma Gold Mine in Finland as at 1 September 2015. Reported at a cut-off grade 2 g/t gold. Mineral Resource are reported inclusive of Ore Reserves.**

	Measured			Indicated			Inferred			Total		
	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces	Tonnes	Gold (g/t)	Ounces
<b>Kaapelinkulma Gold Mine</b>	-	-	-	95,000	5.3	16,200	8,000	6.0	1,500	103,000	5.3	17,700
<b>South</b>	-	-	-	-	-	-	7,000	3.7	900	7,000	3.7	900
<b>North</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>95,000</b>	<b>5.3</b>	<b>16,200</b>	<b>15,000</b>	<b>4.9</b>	<b>2,400</b>	<b>110,000</b>	<b>5.2</b>	<b>18,600</b>

*Note: Mineral Resources may not sum to equal totals due to rounding. Mineral Resources reported on a dry in-situ basis.*

## Competent Persons Statement

The information in this release that relates to Mineral Resources for the Kaapelinkulma Gold Project was previously released to the ASX on the 29 February 2016 – Dragon Group Mineral Resources Updated. The 29 February 2016 release can be found at [www.asx.com.au](http://www.asx.com.au) (Code:DRA). It fairly represents information and supporting documentation that was compiled or supervised by Mr. Jeremy Clark who is a full-time employee of RungePincockMinarco Limited and a Registered Member of the Australasian Institute of Mining and Metallurgy. Mr. Clark has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that being undertaken to qualify as a Competent Person as defined in the JORC Code 2012 Edition. Written consent was previously by Mr Clark for the 29 February 2016 release.

The information in this release that relates to Ore Reserves were previously released to the ASX on the 30 March 2016 – Ore Reserves Updated for the Nordic Production Centres. The 30 March 2016 release can be found at [www.asx.com.au](http://www.asx.com.au) (Code:DRA). It fairly represents information and supporting documentation compiled or supervised by Mr. Joe McDiarmid, who is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is an employee of RungePincockMinarco Limited. Mr. Joe McDiarmid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Written consent was previously provided by Mr. Joe McDiarmid for the 30 March 2016 release.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources for the Kaapelinkulma Gold Project as reported on the 29 February 2016 or the Ore Reserves for the Kaapelinkulma Gold Project as reported on the 30 March 2016, and the assumptions and technical parameters underpinning the estimates in the 29 February 2016 and 30 March 2016 releases continue to apply and have not materially changed.

Mr. Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves confirms that the form and context in which the Mineral Resources and Ore Reserves are presented in this release have not been materially modified and are consistent with the 29 February 2016 and 30 March 2016 releases. Mr. Neale Edwards has provided written consent approving the statement of Mineral Resources and Ore Reserves in this release in the form and context in which it appears.