



**ASX ANNOUNCEMENT**

**18 AUGUST 2011**

**HIGHLIGHT INTERCEPT CONFIRMED - KUUSAMO GOLD PROJECT, FINLAND**

Dragon Mining is pleased to announce the receipt of the final assay results for drill hole KS/JS-128, which has returned an exceptional high grade intercept of **25.60m @ 9.66 g/t gold** from 59.55 metres.

This intercept is located in the eastern portion of the Juomasuo gold deposit and occurs within a broad zone of mineralisation that averages 4.01 g/t gold over an 81.40 metre interval from 52.10 metres. This same interval also returned elevated levels of cobalt (1,047 ppm), copper (300 ppm), uranium (697 ppm) and total rare earth oxides (465 ppm) either in conjunction with, or separately from gold mineralisation. The strength of this zone highlights the potential of the eastern area, which historically had been subjected to only limited shallow drilling.

KS/JS-128 is a shallow angled scissor hole, which intersected the host geological sequence partially down dip. Further drilling will be required in this area to determine the true width of the identified mineralised zone(s).

Results have also been received from a further four holes that have returned encouraging intercepts including **4.10m @ 11.69 g/t gold**. Multi-element analysis has also highlighted strong intervals of cobalt mineralisation, including **21.00m @ 0.534% cobalt** from 282.95 metres in drill hole KS/JS-140.

These holes, inclusive of KS/JS-128 are part of a 14 hole campaign drilled to test the strike and depth extensions of identified lodes in the northern portion of the Juomasuo gold deposit. Results received are provided in Table 1, results for 9 holes remain pending.

A 17 hole drilling campaign has now commenced at Juomasuo, directed at evaluating the extent and geometry of mineralisation in the eastern area and testing the strike and depth extensions of mineralised units in the southern portion of the 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 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 Juomasuo deposit.**

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
						131.10	2.40	3.22	478	903	10	134
					232.60	1.60	1.87	1,470	641	9	190	
KS/JS-132	7355510	4464040	-45	90	199.6	132.25	1.05	1.17	255	596	5	79
KS/JS-139	7355337	4464084	-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 REE2O3, with the exception of Ce (CeO2), Pr (Pr6O11) and Tb (Tb4O7). Intercepts reported at a 1 g/t gold cut-off.

**Figure 1 – Juomasuo Drill Hole Plan.**

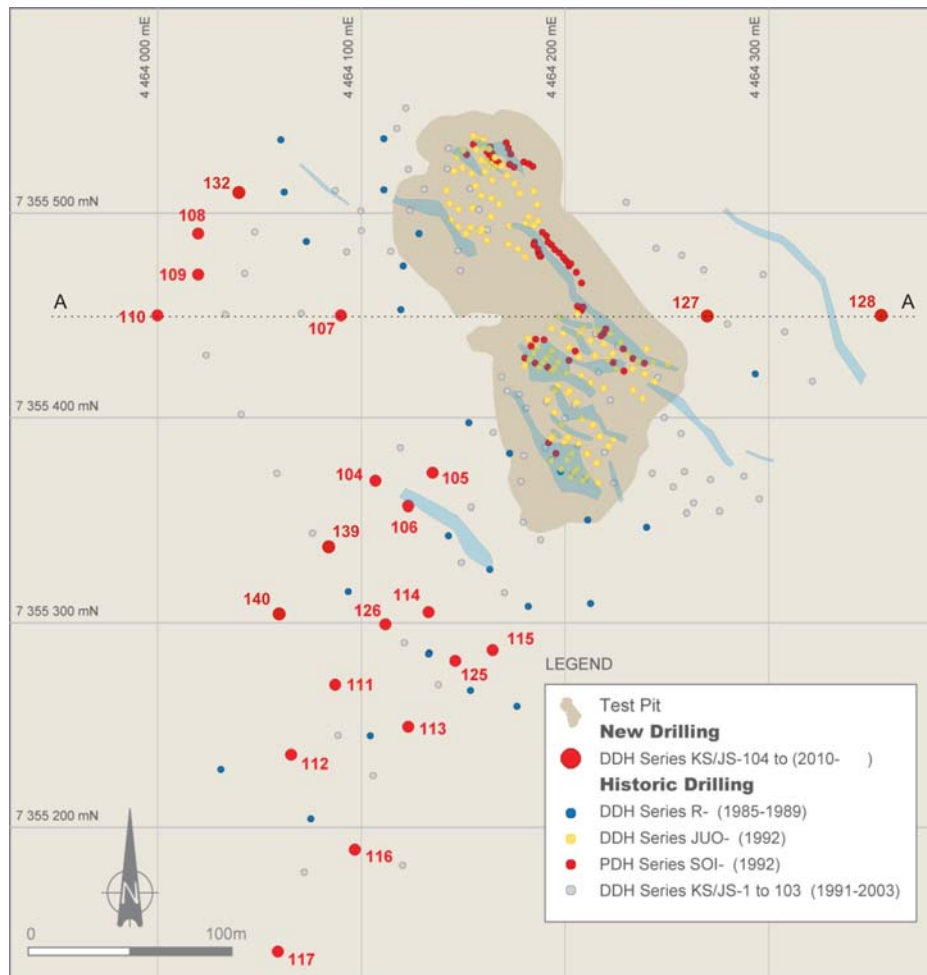
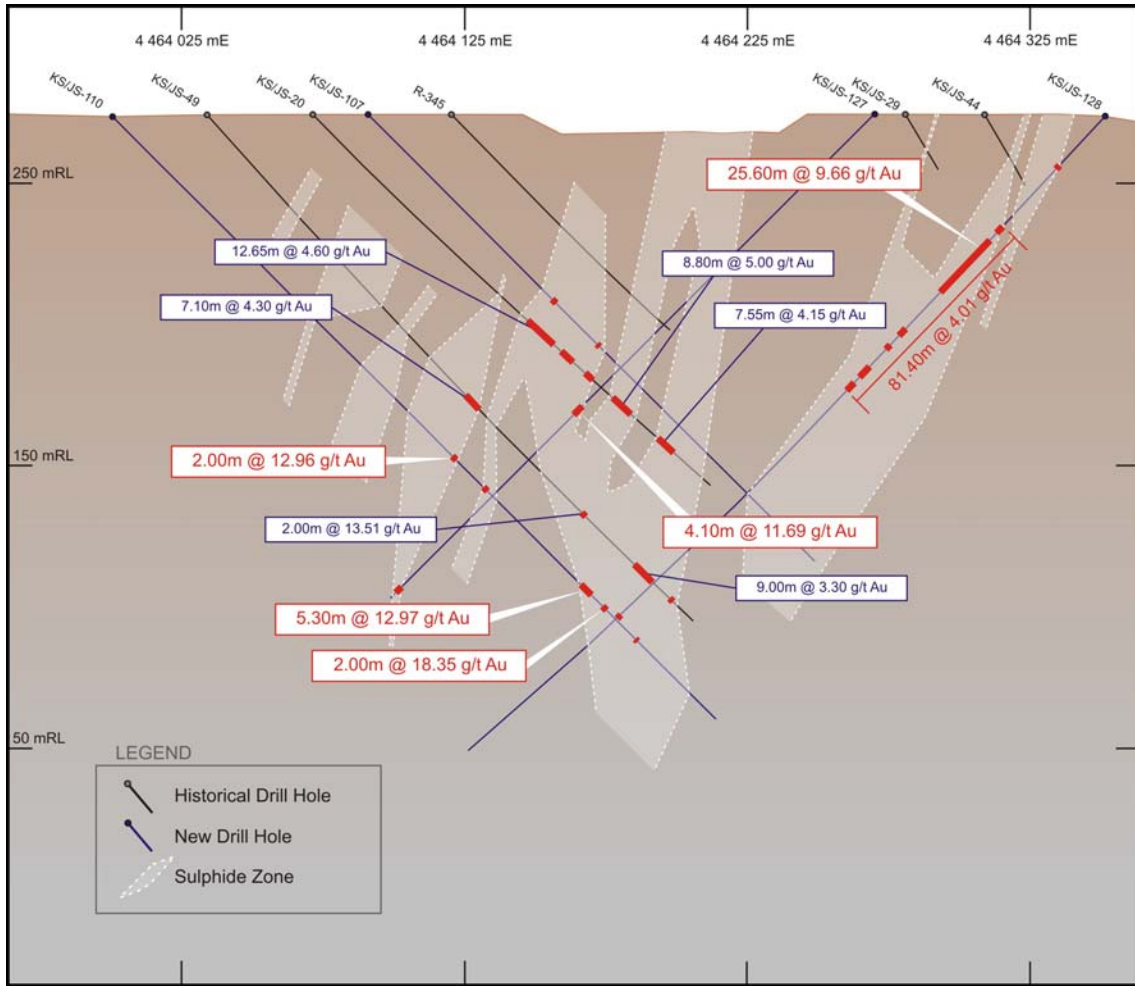


Figure 2 – Juomasuo Cross Section A-A



## Background

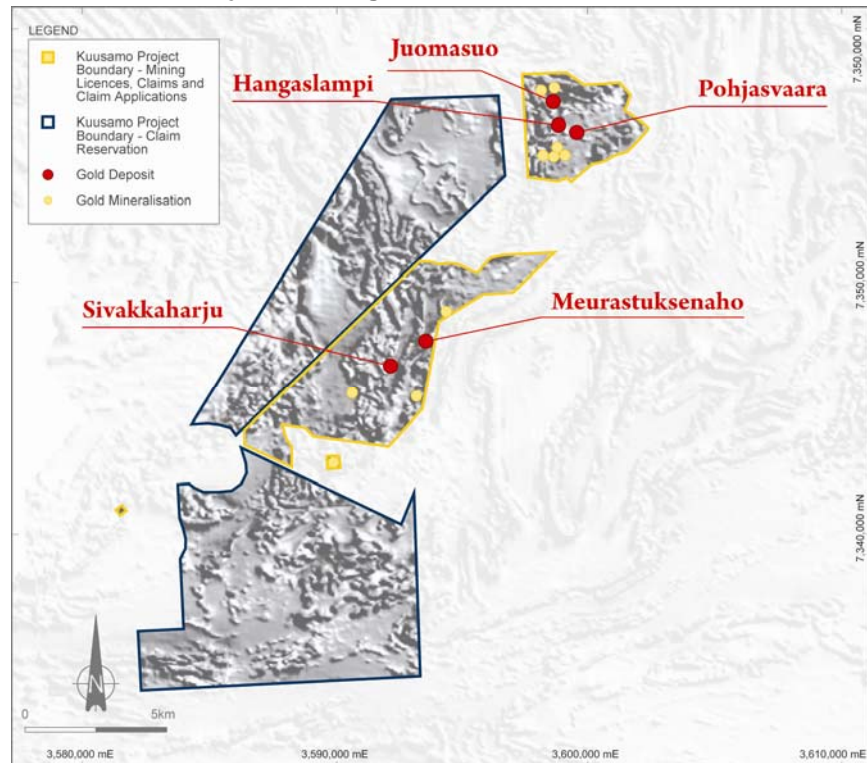
The Kuusamo Gold Project is located approximately 700 kilometres northeast of Helsinki. It comprises five known gold deposits with a combined Indicated and Inferred Resource of 2.19 Mt @ 5.4 g/t gold (383,500 ounces). The deposits remain open along strike and in the case of the Juomasuo and Sivakkaharju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

	<b>Tonnes</b>	<b>Gold (g/t)</b>	<b>Cobalt (%)</b>	<b>Gold (ozs)</b>	<b>Cobalt (t)</b>
<b>Juomasuo</b>					
Measured	-	-	-	-	-
Indicated	491,000	7.5	0.14	119,100	700
Inferred	912,000	4.8	0.16	140,200	1,400
<b>Total</b>	<b>1,403,000</b>	<b>5.7</b>	<b>0.15</b>	<b>259,300</b>	<b>2,100</b>
<b>Hangaslampi</b>					
Measured	-	-	-	-	-
Indicated	219,000	6.8	0.07	47,800	160
Inferred	59,000	4.2	0.05	7,900	30
<b>Total</b>	<b>278,000</b>	<b>6.2</b>	<b>0.07</b>	<b>55,700</b>	<b>190</b>
<b>Pohjasvaara</b>					
Measured	-	-	-	-	-
Indicated	51,000	4.4	<b>0.08</b>	7,100	40
Inferred	45,000	5.4	<b>0.10</b>	7,700	50
<b>Total</b>	<b>95,000</b>	<b>4.9</b>	<b>0.09</b>	<b>14,800</b>	<b>80</b>
<b>Meurastuksenaho</b>					
Measured	-	-	-	-	-
Indicated	25,000	3.8	0.11	3,000	30
Inferred	341,000	3.6	0.25	39,400	840
<b>Total</b>	<b>366,000</b>	<b>3.6</b>	<b>0.24</b>	<b>42,400</b>	<b>870</b>
<b>Sivakkaharju</b>					
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	47,000	7.5	0.03	11,300	10
<b>Total</b>	<b>47,000</b>	<b>7.5</b>	<b>0.03</b>	<b>11,300</b>	<b>10</b>
<b>Total</b>					
Measured	-	-	-	-	-
Indicated	786,000	7.0	0.12	177,000	930
Inferred	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>