



ASX ANNOUNCEMENT

31 AUGUST 2011

SPECTACULAR INTERCEPT FROM KUUSAMO NORTH, FINLAND

Dragon Mining advises the receipt of preliminary results from the Kuusamo Gold Project that has yielded a spectacular intercept of **31.90m @ 45.67 g/t gold** in drill hole KS/JS-129 (Table 1).

This intercept is located within a broader zone of mineralisation that averages 32.96 g/t gold over 45.80 metres from 133.20 metres, which also includes elevated levels of cobalt (1,119ppm), copper (1,109ppm), and total rare earth oxides (266ppm). The result has confirmed the widths of the mineralised zone in this area and has returned grades commensurate with the bonanza grades obtained in historic drill hole KS/JS-21, immediately down-dip.

KS/JS-129 is an in-fill hole and part of the 14 hole, Phase 4 campaign, which tested the strike and depth extensions of the identified lodes in the northern portion of the Juomasuo deposit. All results received to date from this campaign are provided in Table 1. Final results for KS/JS-129 and 5 other holes are pending.

Drilling continues at Juomasuo with two rigs advancing the 17 hole, Phase 5 campaign, which is testing the strike and depth extensions of mineralised units in the southern portion of the deposit and evaluating the extent and geometry of mineralisation in the eastern area, where an intercept of 25.60m @ 9.66 g/t gold from 59.55 metres was obtained in drill hole KS/JS-128.

A third rig is drilling a 7 hole, 1,000 metre campaign at the Pohjasvaara deposit, 1,400 metres southeast of Juomasuo.

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 the Phase 4 campaign at 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		
						131.10	2.40	3.22	478	903	10	134		
KS/JS-129	7355474	4464061	-43	90	199.3	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	*	263		
						including		172.40	2.15	571.88	1,945	2,103	418	648
						KS/JS-130	7355450	4464059	-45	90	214.7	121.85	1.45	1.92
KS/JS-131	7355430	4464061	-45	90	211.7	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-132	7355510	4464040	-45	90	199.6	No significant gold intercept								
KS/JS-133	7355490	4463976	-45	90	299.7	132.25	1.05	1.17	255	596	5	79		
KS/JS-139	7355335	4464082	-55	36	292.1	143.70	0.90	3.72	115	335	10	47		
KS/JS-140	7355304	4464060	-55	36	349.2	224.35	3.80	3.00	876	780	336	195		
						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. * Result Pending.

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

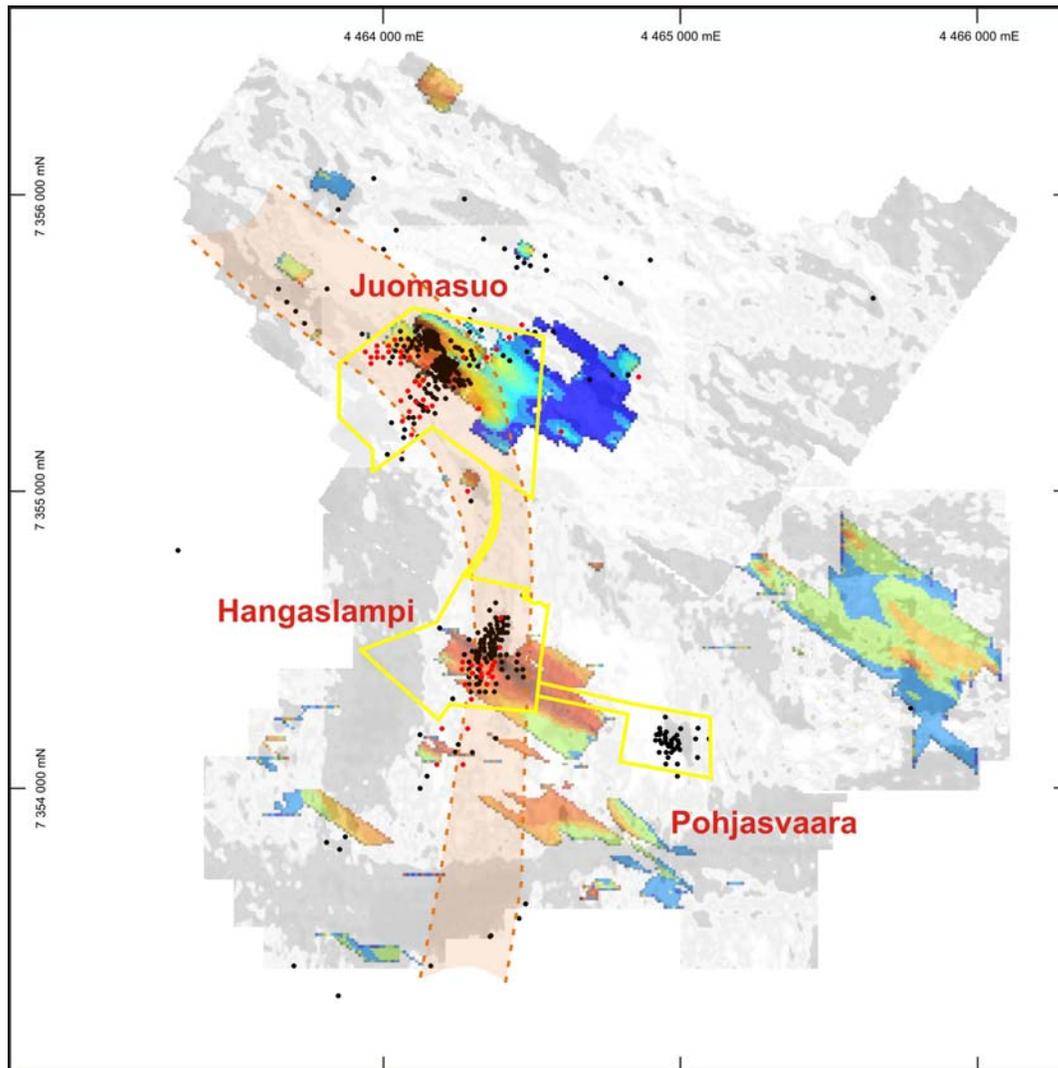


Figure 2 – Juomasuo Drill Hole Plan.

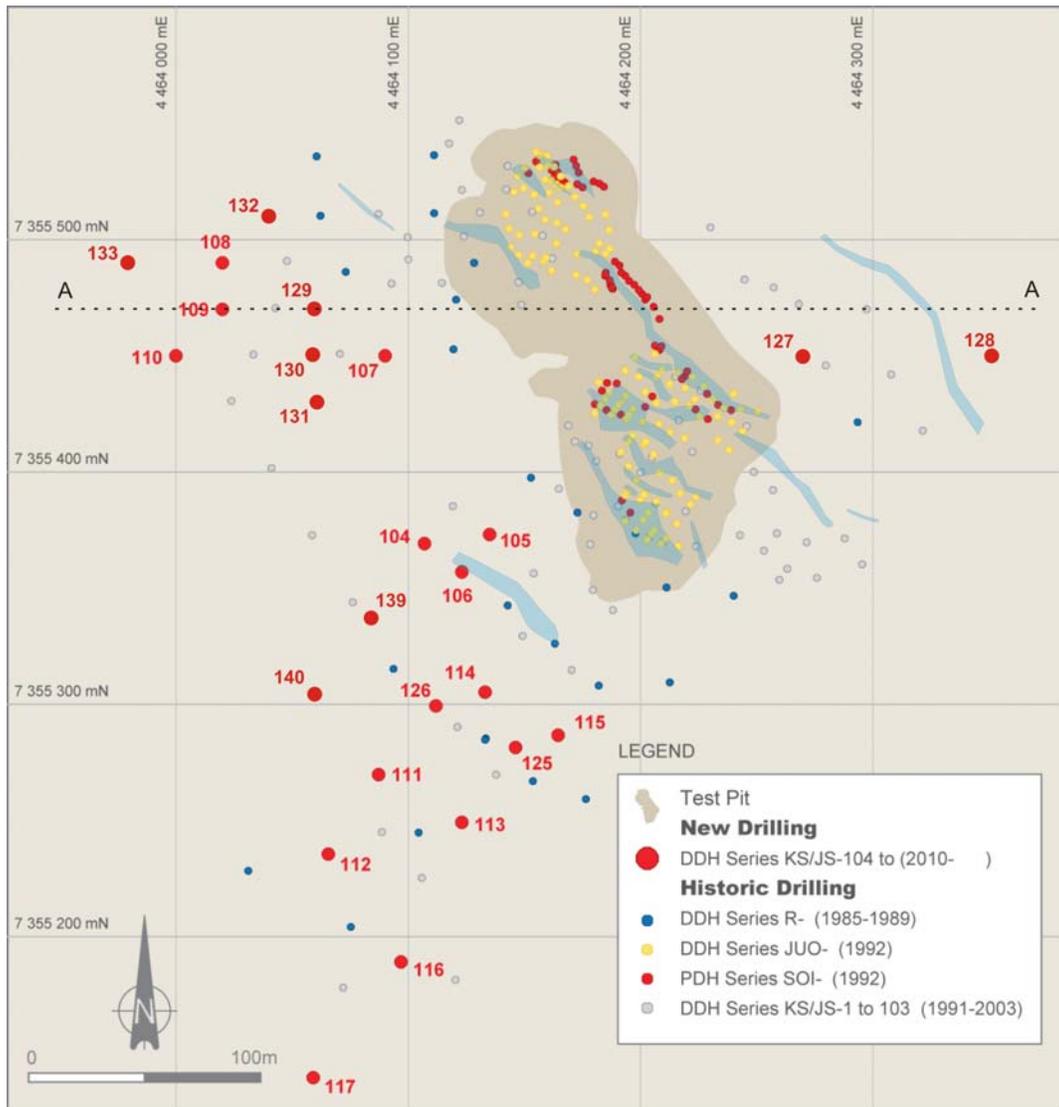
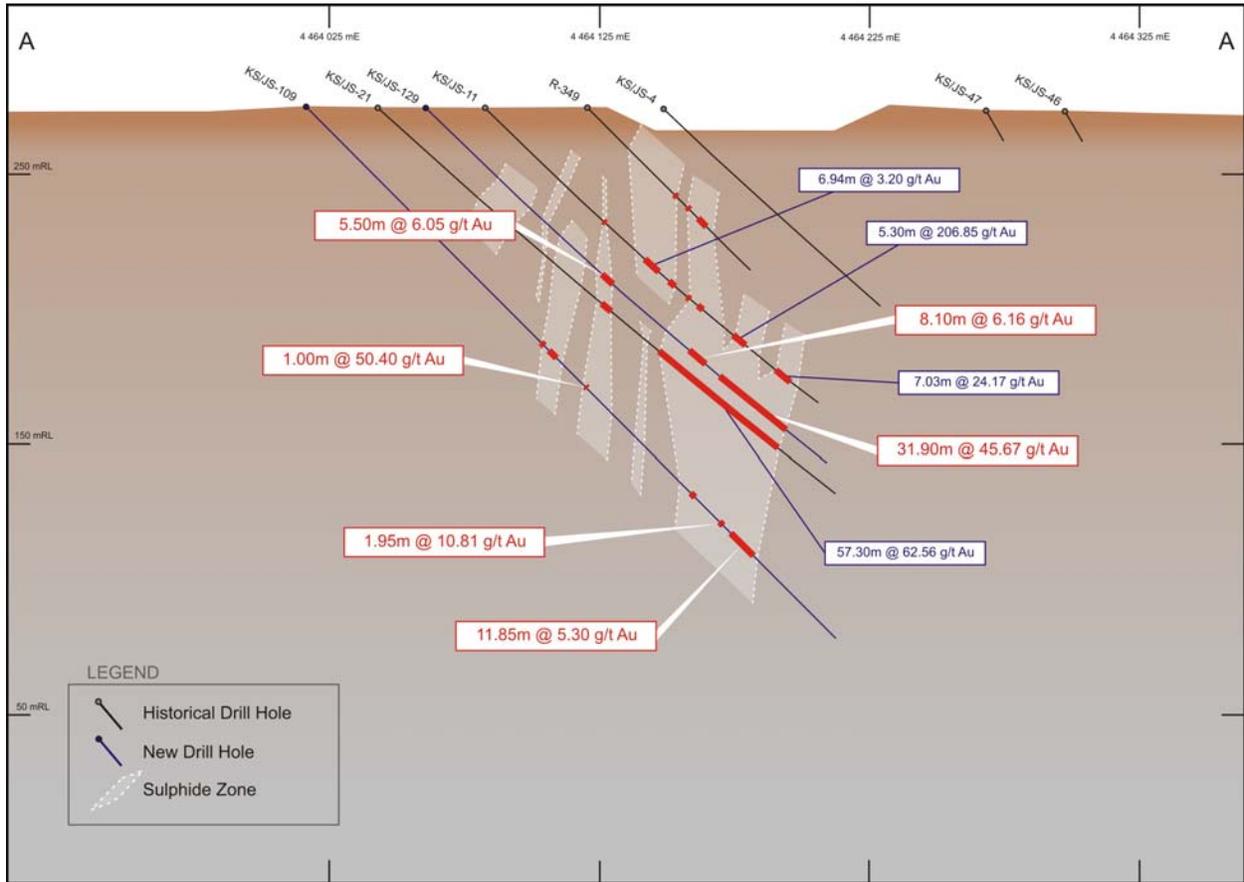


Figure 3 – Juomasuo Cross Section A-A



Background

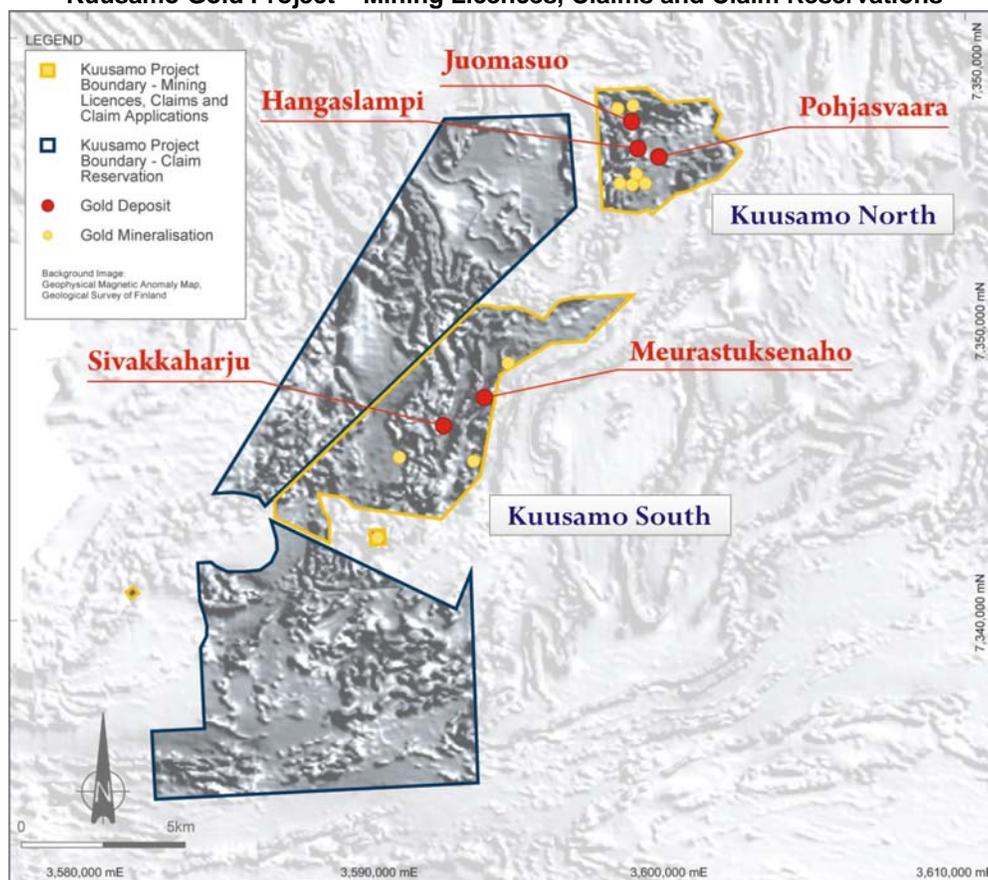
The Kuusamo Gold Project is located approximately 700 kilometres northeast of Helsinki. It comprises five known gold deposits with a combined Indicated and Inferred Resource of 2.19 Mt @ 5.4 g/t gold (383,500 ounces). The deposits remain open along strike and in the case of the Juomasuo and Sivakkaharju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