

ASX ANNOUNCEMENT

15 OCTOBER 2010

**ENCOURAGING RESULTS RECEIVED FROM REVERSE CIRCULATION PROGRAM AT JOKISIVU GOLD MINE**

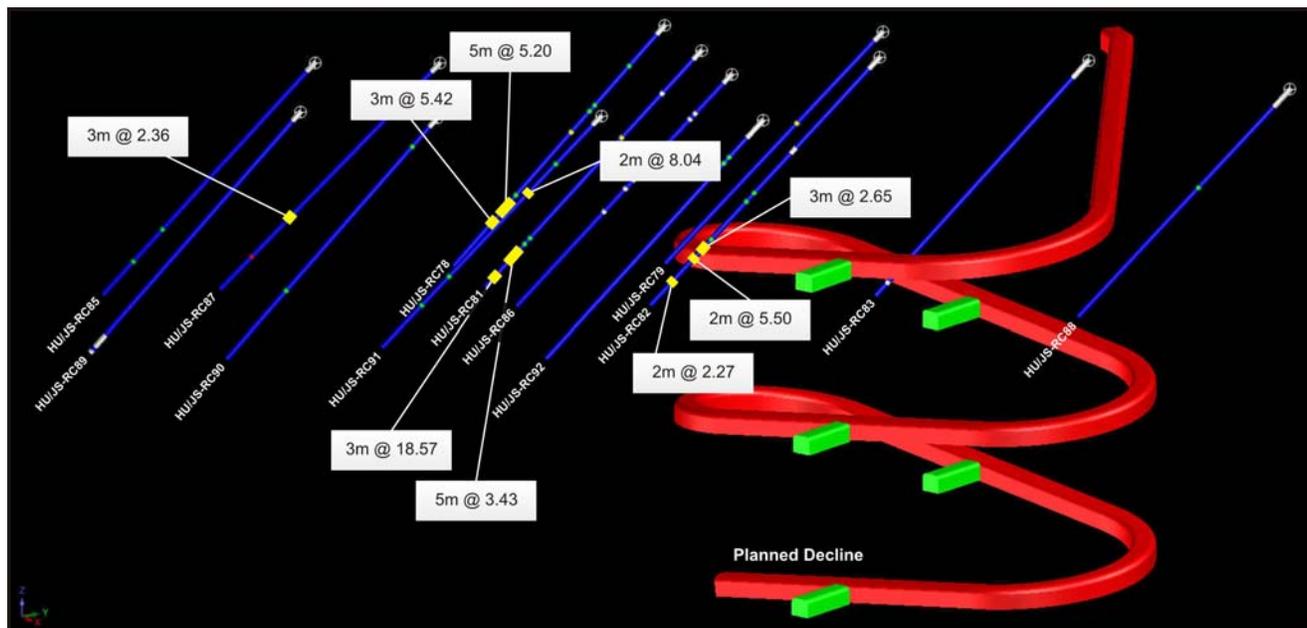
Dragon Mining is pleased to announce the receipt of results from a Reverse Circulation (RC) drilling program, which targeted an area between the Kujankallio and Arpola deposits at the Jokisivu Gold Mine in southern Finland.

The RC program consisted of 13 shallow holes (1,045 metres) and returned a number of encouraging intercepts including **5m @ 5.20 g/t gold**, **3m @ 5.42 g/t gold**, **5m @ 3.43 g/t gold** and **3m @ 18.57 g/t gold**. Results from all holes are provided in Table 1.

The area between Kujankallio and Arpola has previously been subjected to only limited exploration, the obtained intercepts from the RC program have provided evidence that previously unidentified mineralized zones, which may be amenable to underground mining are located in close proximity to the planned decline development. It is expected that a follow-up program of diamond core drilling, designed to further evaluate this new area of mineralization will commence in October.

Executive Chairman Peter Cordin stated, "These results have confirmed that further exploration is warranted in the immediate area of the Jokisivu Gold Mine. Though considerable Resources are already defined at the mine, additional exploration success will help secure a long term operational presence in Finland."

**Results from RC Drilling between Kujankallio and Arpola, Jokisivu Gold Mine**



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

**Peter G Cordin**  
Executive Chairman

*The information in this report 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 Urpo Kuronen 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 Urpo Kuronen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

**Table 1 – Results from Reverse Circulation Drilling, Jokisivu Gold Mine.**

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
HU/JS-RC78	6779345.25	2426105.16	217.0	-50.0	13.00	1.00	1.26
					26.00	1.00	1.70
					28.00	1.00	1.29
					35.00	1.00	4.91
					56.00	1.00	1.43
					58.00	5.00	5.20
					64.00	3.00	5.42
HU/JS-RC79	6779390.41	2426135.82	217.0	-50.0	31.00	1.00	3.08
HU/JS-RC81	6779341.41	2426127.74	217.0	-50.0	29.00	1.00	4.91
					63.00	1.00	1.29
					65.00	1.00	2.67
					67.00	5.00	3.43
					75.00	3.00	18.57
HU/JS-RC82	6779373.62	2426150.99	217.0	-50.0	46.00	1.00	1.12
					49.00	1.00	2.84
					62.00	1.00	1.18
					64.00	3.00	2.65
					68.00	2.00	5.50
					76.00	2.00	2.27
HU/JS-RC83	6779418.68	2426183.51	217.0	-50.0	No significant intercepts		
HU/JS-RC85	6779256.95	2426087.05	217.0	-50.0	57.00	1.00	2.42
					68.00	1.00	1.18
HU/JS-RC86	6779337.65	2426149.08	217.0	-50.0	25.00	1.00	1.00
HU/JS-RC87	6779280.21	2426104.93	217.0	-50.0	53.00	3.00	2.36
					68.00	1.00	7.21
HU/JS-RC88	6779447.34	2426233.40	217.0	-50.0	34.00	1.00	1.43
HU/JS-RC89	6779222.04	2426120.60	213.0	-50.0	No significant intercepts		
HU/JS-RC90	6779255.67	2426142.44	213.0	-50.0	9.00	1.00	2.35
					57.00	1.00	2.05
HU/JS-RC91	6779289.27	2426164.26	213.0	-50.0	16.00	1.00	1.55
					25.00	2.00	8.04
					55.00	1.00	2.09
HU/JS-RC92	6779322.64	2426185.93	213.0	-50.0	12.00	1.00	1.70
					14.00	1.00	1.01

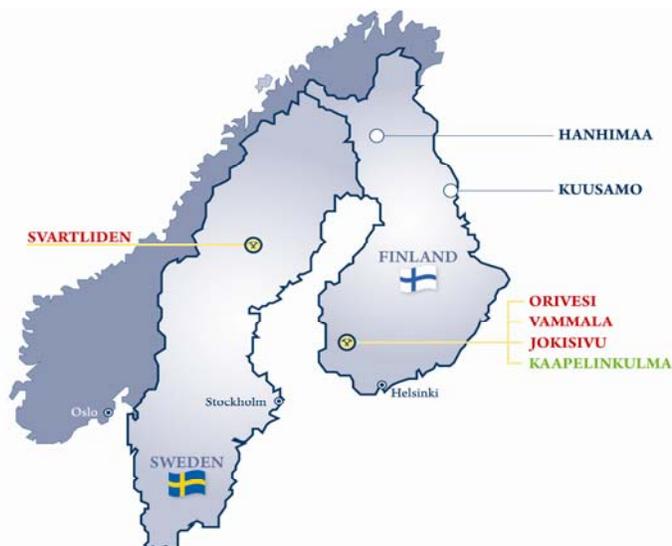
Analysis of RC drill cuttings was completed at ALS Chemex Laboratories in Rosia Montana, Romania, using procedure Au-AA25/Au-AA26 (30g/50g FA with AAS finish) and Au-GRA22 (FA+gravimetric finish), following sample preparation at ALS facility in Outokumpu, Finland. Reported at 1 g/t gold cut-off.

## Background – Jokisivu Gold Mine

The Jokisivu Gold Mine is located 40 kilometres southwest of the Vammala Production Centre and hosts a Measured, Indicated and Inferred Resource totalling 356,300 ounces from two deposits, Kujankallio and Arpola.

The Kujankallio deposit has been shown by drilling to extend to at least 525 metres in depth, though resource drilling currently extends only down to 440 metres, whilst the Arpola deposit has only been drilled down to 200 metres. Both deposits remain open with depth, partially along strike and may converge.

Open cut mining of the Kujankallio deposit was completed in August 2010, yielding 10,176 ounces at an approximate cash cost of US\$620/oz. Development of the decline that will provide underground access to the Kujankallio deposit has commenced. Exploration and further internal studies are underway to determine the viability of a development that would also encompass the Arpola deposit.



Location of Projects

### Jokisivu Gold Mine Mineral Resource Inventory (Undepleted). Reported at a 2 g/t gold cut-off.

Deposit	Category	Tonnes	Gold (g/t)	Ounces
Kujankallio	Measured	58,000	5.3	9,800
	Indicated	566,000	5.5	100,000
	Inferred	717,000	6.6	152,100
	<b>Total</b>	<b>1,341,000</b>	<b>6.1</b>	<b>261,900</b>
Arpola	Indicated	166,000	5.4	28,800
	Inferred	275,000	7.4	65,600
	<b>Total</b>	<b>441,000</b>	<b>6.7</b>	<b>94,400</b>
<b>Total</b>	<b>Measured</b>	<b>58,000</b>	<b>5.3</b>	<b>9,800</b>
	<b>Indicated</b>	<b>732,000</b>	<b>5.5</b>	<b>128,800</b>
	<b>Inferred</b>	<b>992,000</b>	<b>6.8</b>	<b>217,700</b>
	<b>Total</b>	<b>1,782,000</b>	<b>6.2</b>	<b>356,300</b>