

## HIGHLIGHTS

### OPERATIONS

- Gold production for the Dragon Mining Group of 14,154 (YTD: 54,552) ounces at an average cash cost of US\$1,087 (YTD: US\$1,014) per ounce.
- At Svartliden, Sweden gold production of 9,110 (YTD: 31,748) ounces at an average cash cost of US\$966 (YTD: US\$993) per ounce which includes US\$250 (YTD: US\$246) of waste mining costs associated with cutbacks to the open pit.
- At Vammala, Finland gold production of 5,044 (YTD: 22,804) ounces at an average cash cost of US\$1,304 (YTD: US\$1,042) per ounce.
- At Orivesi, Finland development of the Kutema Deeps decline from the 720m level commenced in January 2011 and advanced 212m in the quarter (686m in total) and had reached the 820m level by the end of December. Lateral development of 264m for the quarter (790m in total) advanced on the 740, 760, 780, 800 and 820m levels. The first development drive was extended to ore on the 740m level in November resulting in 2,386 tonnes of ore being mined at an average grade of 4.8 g/t gold
- At Jokisivu, Finland development of the decline to provide access for underground mining advanced to 1,136m (162m vertical depth). Mining of the first stope commenced and the ore will be processed in January 2012.
- At Svartliden, the decline advanced 296m for a total of 462m and is progressing according to schedule and budget.

### EXPLORATION

#### Orivesi, Finland

- Results from an underground diamond core program to evaluate the up-dip extensions of the Sarvisuo lode system between the 200 and 230m levels returned a series of high grade intercepts, including **3.80m @ 21.09 g/t gold, 3.00m @ 47.43 g/t gold** and **2.15m @ 107.64 g/t gold**, confirming that the Sarvisuo lode system continues upwards, at widths and grades that potentially are amenable to underground mining.

#### Kuusamo, Finland

- An update of the Mineral Resource for the Juomasuo gold deposit resulted in an increase in Resources to **1,955,00 tonnes @ 4.9 g/t gold for 305,000 ounces**, the Indicated category rising to 82%. This increases the total gold resource of the Kuusamo Gold Project to **460,700 ounces**.
- In conjunction with the updating of the Mineral Resource for gold, the maiden cobalt Mineral Resource for the Juomasuo deposit was also completed. The cobalt resource totals **3,084,000 tonnes grading 0.12% cobalt and 0.1 g/t gold** and is in addition and separate to the Juomasuo gold resource.
- Results from a diamond drilling campaign at Juomasuo have confirmed the strike and depth continuations of lodes in the eastern and north eastern portions of the deposit. A number of very encouraging gold intercepts from this program included **3.65m @ 7.46 g/t gold, 6.85m @ 5.56 g/t gold, 5.65m @ 16.56 g/t gold** and **17.75m @ 16.59 g/t gold**.
- Further results from Juomasuo have confirmed the potential for further strike extensions of identified lodes and highlighted the potential for additional depth extensions in the northwest. Analysis has returned a series of promising gold intercepts including **10.20m @ 5.29 g/t gold, 3.55m @ 7.87 g/t gold, 3.05m @ 7.53 g/t gold, 14.00m @ 3.30 g/t gold** and the exceptional **17.60m @ 34.01 g/t gold**.
- Final assays have been received for the initial campaign of drilling at the Hangaslampi deposit designed to test the strike and depth extensions of the identified lodes. The intercepts obtained are encouraging and include the previously released intercept of **9.00m @ 30.17 g/t gold**.

## EXPLORATION (Continued)

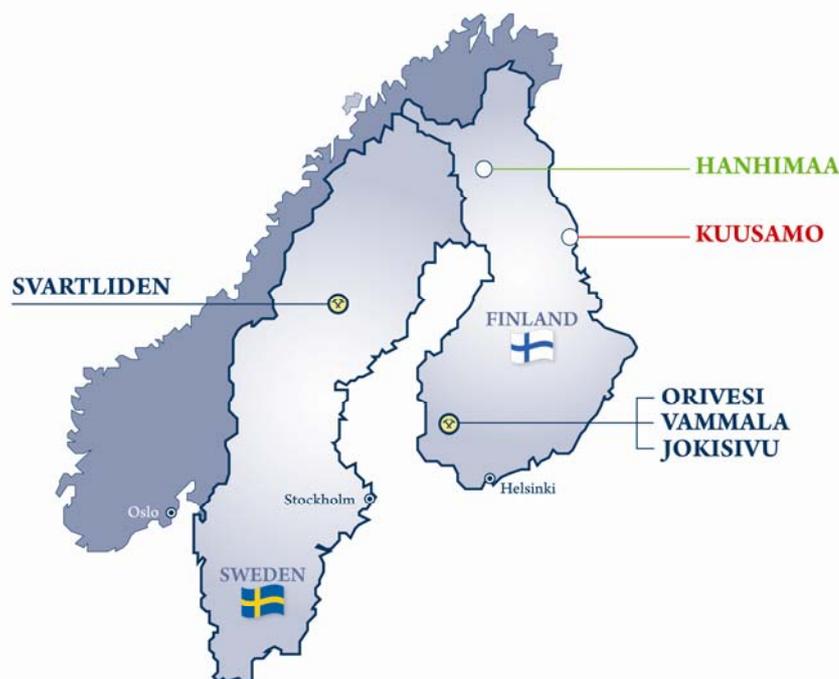
### Svartliden, Sweden

- All results have been received for a diamond drilling program in the Far East area, confirming the discovery of a new zone of gold mineralisation, approximately 800 metres east of the Svartliden open-pit. Identified through an ongoing program of geological and geophysical modelling of the near mine area, drilling intersected material characteristic of the Svartliden host sequence and returned a best intercept of **6.00m @ 6.69 g/t gold**, at a vertical depth of approximately 350 metres below surface.
- Final results were received for a diamond drilling campaign testing the up-dip extensions of the lower lens of mineralisation at the western end of the deposit. The re-entry holes returned a number of promising intercepts including **6.00m @ 3.48 g/t gold**, **3.00m @ 7.04 g/t gold** and **11.00m @ 2.41 g/t gold**.

## CORPORATE

- As at 31 December 2011, Dragon Mining held \$16.0m in cash, \$2.3m in net gold concentrate receivables and bullion and \$4.0m of cash deposits lodged with Swedish authorities as a rehabilitation bond.
- The average cash price received per ounce of gold sold (10,422 ounces) from Svartliden was US\$1,523 and the average sales price received per ounce of gold sold (5,436 ounces) from Vammala was US\$1,546.
- Gross cash inflow from operations for the quarter was A\$9.6m.

### Location of Projects





## OPERATIONS

### SWEDEN

#### Svartliden Gold Mine

**Table 1 – Production Summary**

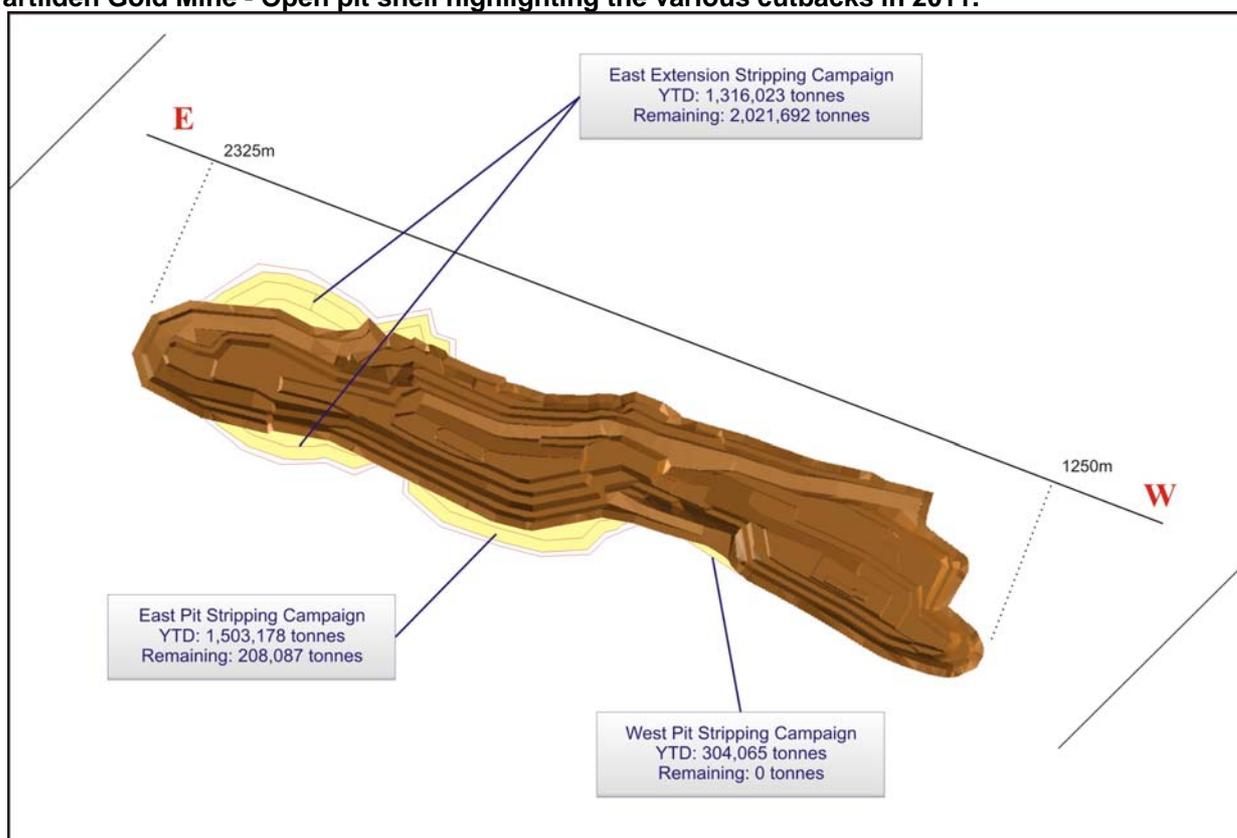
	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Plant Utilisation (%)	Total Gold Production (Ounces)	Cash Cost US/oz
Dec 2011 Quarter	34,966	71,195	4.3	93.2	98.0	9,110	966
Sep 2011 Quarter	62,784	72,835	5.0	93.7	98.3	11,060	551
Jun 2011 Quarter	9,504	87,214	2.2	85.3	97.8	5,143	1,637
Mar 2011 Quarter	62,452	81,052	2.8	88.9	96.5	6,435	1,277
YTD	169,706	312,296	3.5	91.1	97.7	31,748	993

There were two lost time injuries during the quarter caused by minor injuries.

Svartliden produced 9,110 ounces of gold from 71,195 tonnes of ore milled at an average head grade of 4.3 g/t gold and a cash cost of US\$966 per ounce. The cash cost includes US\$250 (YTD: US\$246) per ounce of cutback costs (all open pit waste mining costs are expensed and included in cash costs).

Ore mined was 34,966 tonnes at an average grade of 4.3 g/t gold. The quantity of ore mined during the quarter was low due to the stripping campaigns at the eastern end of the open pit which restricted access for the mining of ore. 752,802 tonnes of waste was mined at a waste to ore ratio of 21.5:1 (YTD 18.4:1).

#### Svartliden Gold Mine - Open pit shell highlighting the various cutbacks in 2011.



To maintain full production of the plant, 19,980 tonnes at 1.8 g/t gold were processed from the low grade stockpiles.

Gold recovery was at an acceptable level of 93.2% and the process plant utilisation was 98.0%.



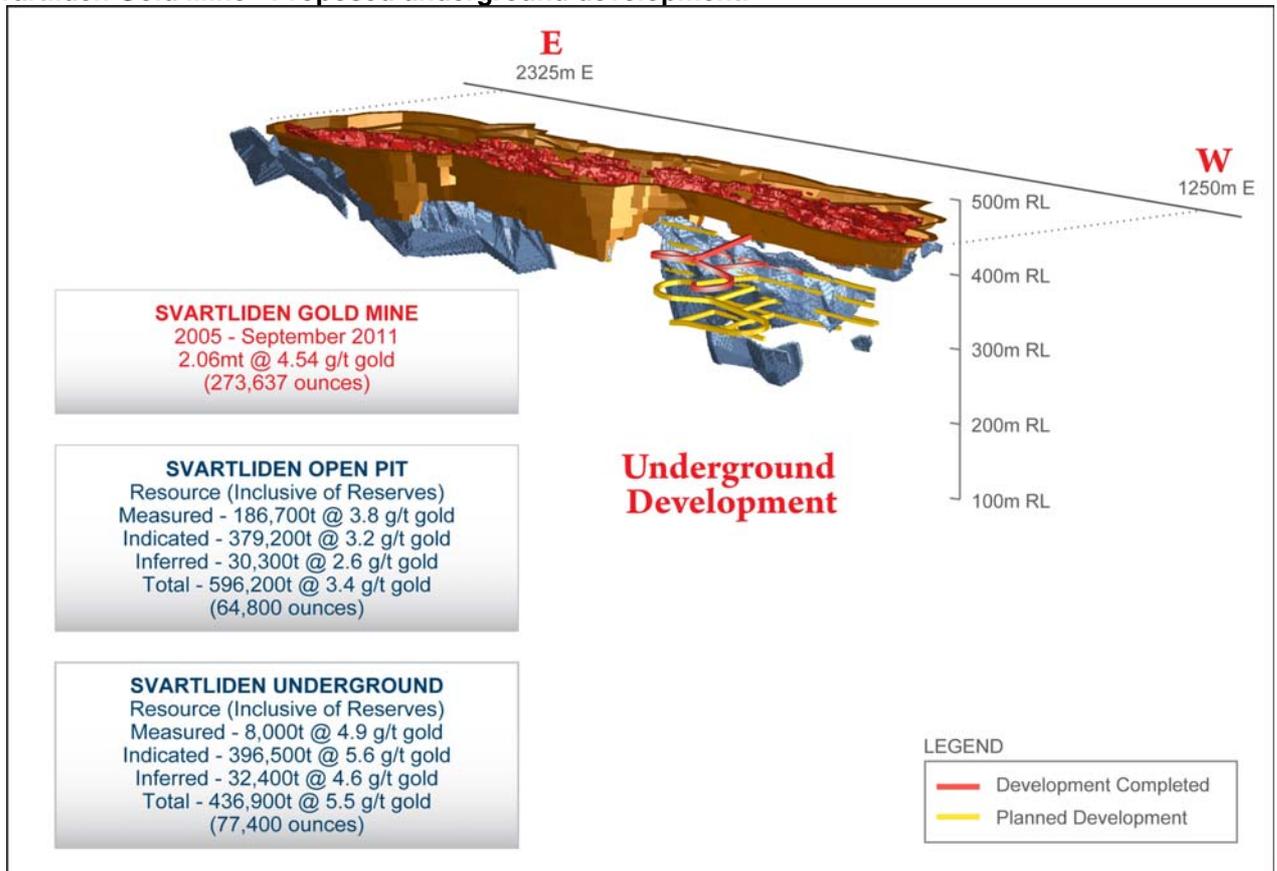
The construction of the water treatment plant to treat process water which has accumulated in the tailings dam to remove heavy metals and reduce nitrogen levels to enable discharge into the Clear Water Dam in accordance with the Environmental Permit was completed in early December. No material variances occurred from the project scope, timeline or budget (A\$4 million). The commissioning phase, in conjunction with the equipment supplier VA Engineers, will be ongoing for three months. The water treatment plant will operate throughout the year and represents a substantial and material commitment to the long term rehabilitation of the operation.

The Company will submit to the Land and Environmental Court of Sweden supplementary material for the new environmental permit application by 20 February 2012. A hearing date set by the court should be available shortly thereafter.

#### *Underground Development*

The decline advanced 296m for the quarter and has advanced 462m in total. The decline is on schedule and within budget and the first development ore is expected to be processed in January 2012.

#### **Svartliden Gold Mine - Proposed underground development.**



#### *Outlook*

Svartliden is forecasted to produce 32,500 ounces of gold at an average cash cost of US\$740/oz in 2012.

The cutback program in the east pit will continue into the second quarter of 2012 with the open cut expected to be completed in October 2012.

The underground development is progressing on schedule and within budget which should allow a seamless transition from open cut mining to underground.



**FINLAND**

**Vammala Production Centre**

**Table 2 – Production Summary**

	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Plant Utilisation (%)	Total Gold Production (Ounces)	Cash Cost US/oz
Dec 2011 Quarter	59,826	62,433	3.0	78.4	83.6	5,044	1,304
Sep 2011 Quarter	81,970	56,499	3.6	79.9	96.9	5,009	780
Jun 2011 Quarter	82,588	55,354	3.0	75.2	92.5	4,130	1,570
Mar 2011 Quarter	43,539	48,087	6.4	86.9	85.3	8,621	785
YTD	267,923	222,373	3.9	81.6	83.6	22,804	1,042

Three lost time injuries occurred during the quarter all caused by minor accidents.

Production at Vammala was 5,044 ounces of gold from 62,433 tonnes of ore milled at a head grade of 3.0 g/t gold and an average cash cost of US\$1,304 per ounce (including refining costs of US\$216 per ounce). 20 days of production was lost in November and December due to the early, unanticipated need to replace worn rod mill liners.

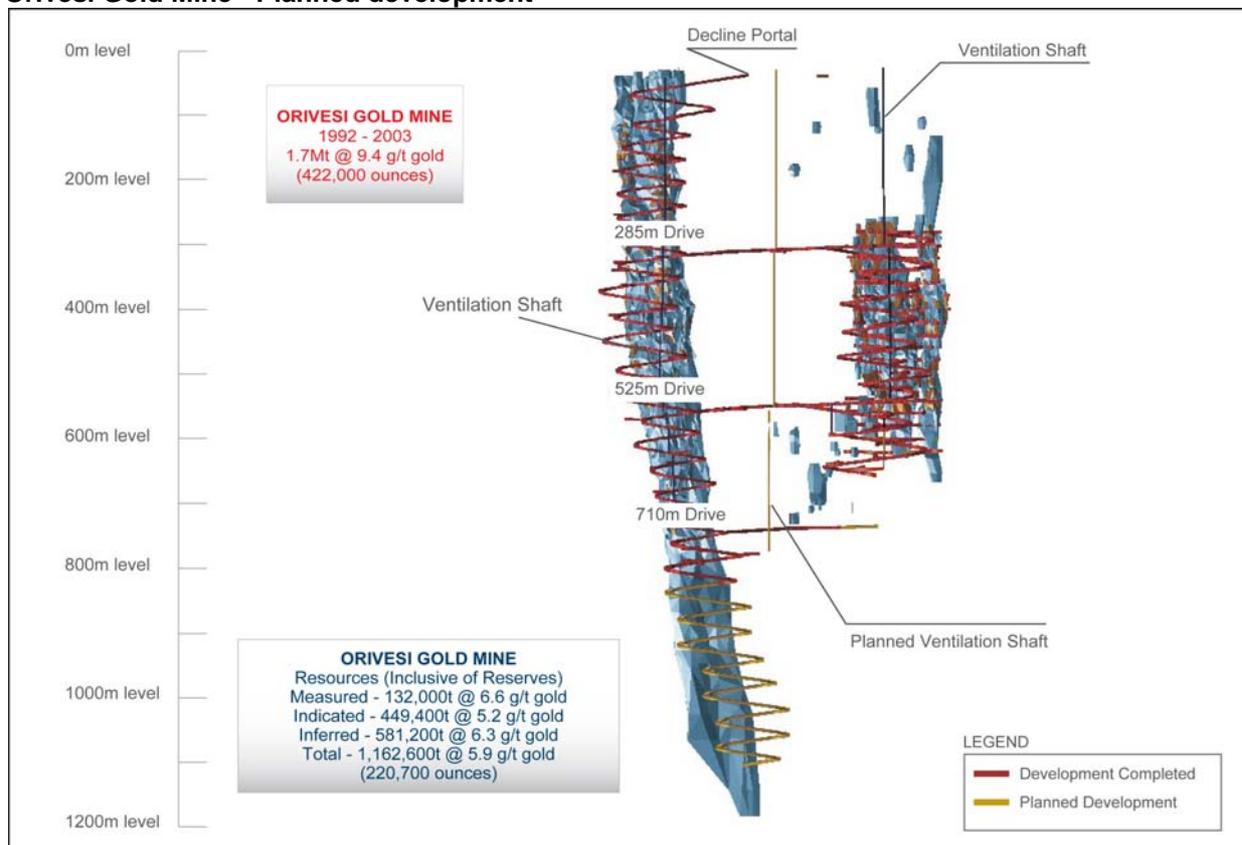
40,337 tonnes of ore was milled from Orivesi at 3.3 g/t and 22,096 tonnes at 2.5 g/t gold was milled from the Jokisivu underground development.

Recoveries were in line with ore grade milled during the quarter.

*Orivesi Gold Mine*

30,631 tonnes of ore was mined from the Sarvisuo ore lodes at an average grade of 3.3 g/t gold, 7,773 tonnes was extracted from pillars in the Kutema area at the 645m and 700m levels at an average grade of 2.3 g/t gold and 2,386 tonnes mined from Kutema Deeps (development ore) at an average grade of 4.8 g/t gold.

**Orivesi Gold Mine - Planned development**

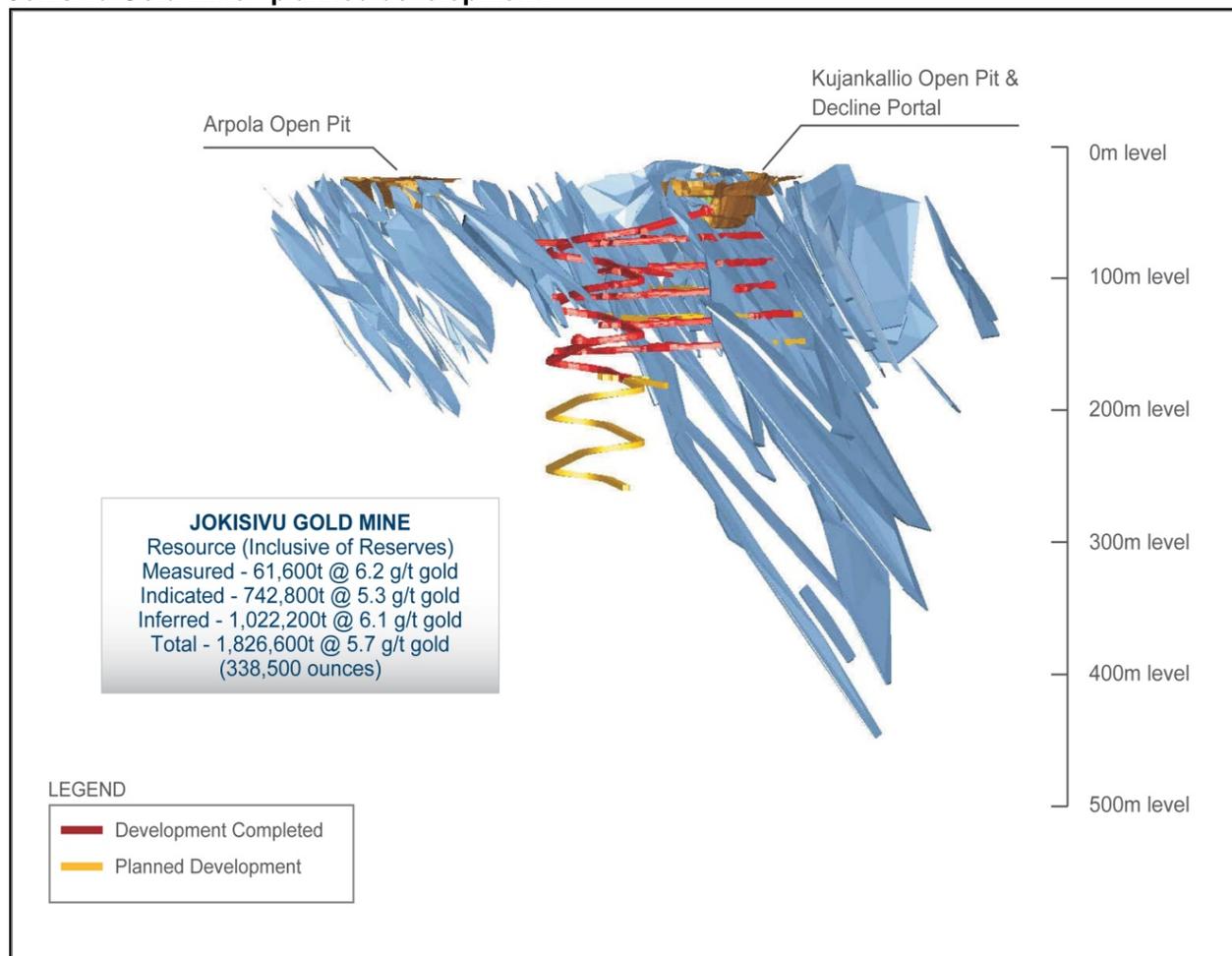




The extension of the Kutema decline from the 720m level commenced in January 2011 and advanced 212m in the quarter (686m in total) reaching the 820m level by the end of December. Lateral development of 264m for the quarter (790m in total) advanced on the 740, 760, 780, 800 and 820m levels. The first development drive was extended to ore on the 740m level in November resulting in 2,386 tonnes of development ore being mined at an average grade of 4.8 g/t gold.

### *Jokisivu Gold Mine*

#### **Jokisivu Gold Mine - planned development.**



9,557 tonnes of development ore with an average grade of 2.6 g/t gold was mined from Kujankallio underground and 9,479 tonnes at an average grade of 3.0 g/t gold was mined from the Kujankallio open pit extension.

Mining of the first stope on the 145m level commenced in December and ore will be processed in January 2012. Lateral development continued on the other four levels.

Development of the decline advanced 135m in the quarter. The portal is located in the Kujankallio open pit, 35m below surface and since commencement in September 2009, the decline has advanced 1,136m or 162m in vertical depth.

#### *Outlook*

The Vammala Production Centre is forecasted to produce 30,500 ounces of gold at an average cash cost of US\$1,030/oz in 2012.

The first production from the Kujankallio underground is expected in January 2012 whilst the first stoping from Kutema is expected in June 2012.



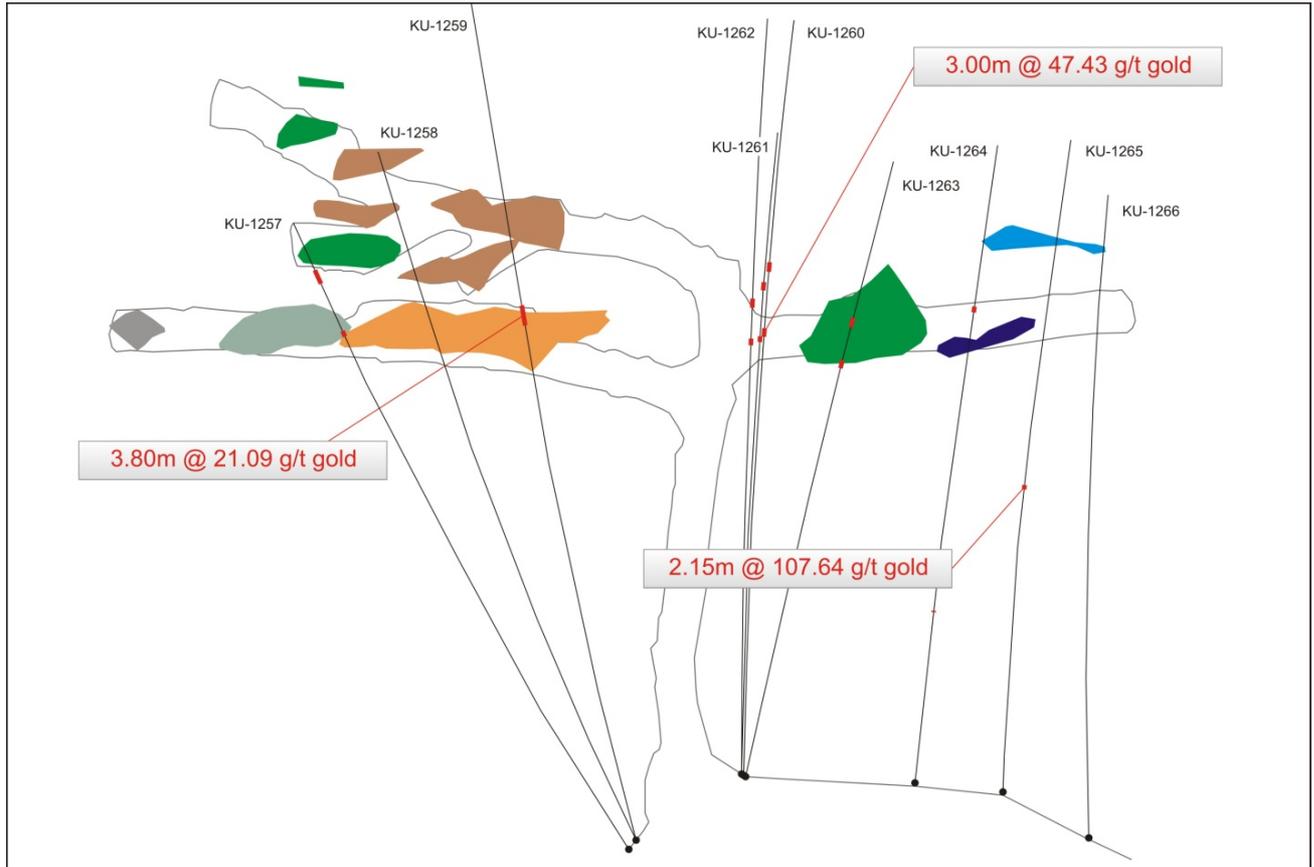
## EXPLORATION

### SOUTHERN FINLAND

#### Orivesi Gold Mine

Drilling of a 10 hole, 1,240 metre program that was designed to further evaluate the up-dip extensions of the Sarvisuo lode system between the 200m and 230m levels was completed. Analysis returned a series of high grade intercepts, including **3.80m @ 21.09 g/t gold**, **3.00m @ 47.43 g/t gold** and **2.15m @ 107.64 g/t gold**, confirming that the Sarvisuo lode system continues upwards. All results are provided in Appendix 1.

**Plan view at the 260m level of the Sarvisuo lode system, displaying highlight intercepts from drilling between the 200m and 230m levels.**



Drilling resumed in the Sarvisuo West area with 11 holes, 1,798.3 metres of a 13 hole 2,270 metre program completed from the exploration drive on the 710m level. Results have been received from 8 holes, returning a best intercept of **3.00m @ 9.72 g/t gold** (Appendix 2).

This program provides additional information to define the extent and geometry of mineralisation at Sarvisuo West.

#### Jokisivu Gold Mine

Final results were received for the first two underground drilling programs completed at Kujankallio. These programs totalling 19 holes, 2,982.35 metres were drilled partly along strike from the 85m and 125m levels to test for repetitions of the horsetail structure and provide in-fill information for the main hinge zone and footwall zones.

Intercepts received include **6.85m @ 3.85 g/t gold**, **8.45m @ 4.19 g/t gold**, **3.85m @ 5.08 g/t gold**, **6.60m @ 3.61 g/t gold** and **4.75m @ 4.08 g/t gold** (Appendix 3).



A further campaign of underground drilling at Kujankallio, a 6 hole, 1,246.70 metre program has also been completed. Drilled from the 85m level, holes were directed towards the horsetail structures and planned production areas on the footwall side of the deposit. Results have been received from 3 holes, returning better intercepts of 3.15m @ 2.67 g/t gold, 4.00m @ 1.89 g/t gold and 1.50m @ 4.56 g/t gold (Appendix 4).

An additional underground drill campaign targeting the Main Zone at Kujankallio comprising 6 holes, 465.60 metres of an 11 hole program were completed in December. Results are pending.

### Kaapelinkulma Gold Project

An Environmental Permit was granted by the Regional State Administration Agency of Western and Inner Finland.

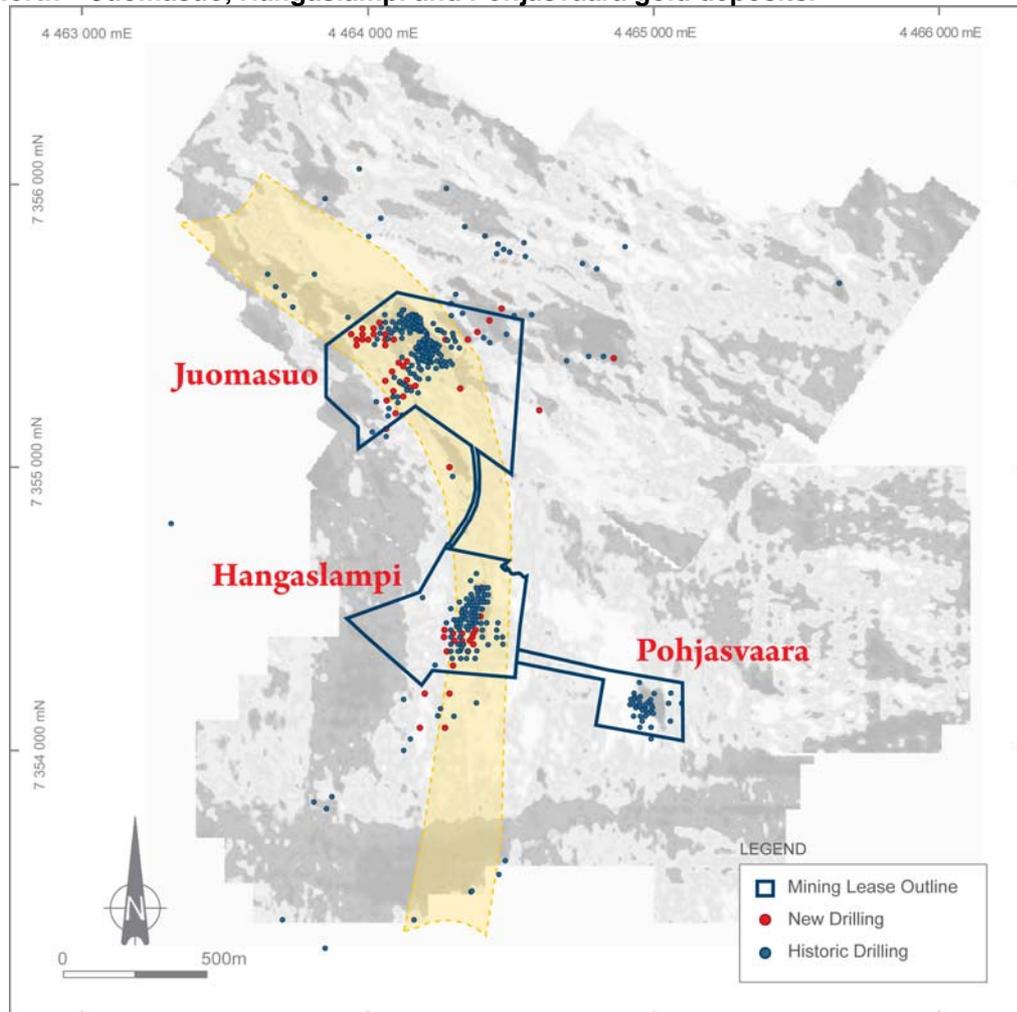
The Mining License application remains pending.

## NORTHERN FINLAND

### Kuusamo Gold Project

Drilling at the Juomasuo and Hangaslampi deposits continued with a further 40 holes completed for an advance of 7,454.90 metres. This brings the number of holes completed at the Kuusamo Gold Project since the recommencement of exploration in November 2010 to 130 drill holes for a total advance of 24,665.10 metres. The majority of drilling has been undertaken at the Juomasuo deposit, where 76 holes, 17,780.60 metres have been completed.

### Kuusamo North – Juomasuo, Hangaslampi and Pohjasvaara gold deposits.





An update of the Mineral Resource for the Juomasuo gold deposit was completed by independent consulting group Runge Limited (Runge) of Perth, Western Australia.

The updated resource of 1,574,000 tonnes @ 5.7 g/t gold for 285,000 ounces at a 2 g/t gold cut-off represents an increase in tonnes and contained ounces and closer spaced drilling has resulted in the number of ounces in the Indicated category rising to 82% (up from 46% of total ounces in the December 2010 resource estimate). (Tables 3 and 4).

The resource was estimated with the inclusion of 35 holes of the 76 drill holes completed at Juomasuo. Historically 298 holes for 17,101 metres were completed at Juomasuo. The new holes were directed at confirming the geological model and to test the immediate extensions of identified zones of gold mineralisation both along strike and with depth. In addition programs of bulk density determination, re-logging of historic core, check assaying and data validation have significantly improved the quality of the resource model.

**Table 3 – Juomasuo Mineral Resource (Gold), November 2011. Reported at a 2 g/t gold cut-off. (Notation 1)**

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
Measured	-	-	-	-	-
Indicated	1,189,000	6.1	0.15	233,500	1,700
Inferred	385,000	4.2	0.15	52,300	600
<b>Total</b>	<b>1,574,000</b>	<b>5.7</b>	<b>0.15</b>	<b>285,800</b>	<b>2,300</b>

*The resource update was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 0.5 g/t gold cut-off and a minimum down hole length of 2 metres. Block dimensions used in the model were 6m NS x 2m EW x 5m vertical. Statistical analysis determined that high grade cuts of 120 g/t gold and 130 g/t gold were appropriate for the main zones of mineralisation (Objects 12 and 15). The remaining lodes were assigned a high grade cut of 50 g/t gold. The updated Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).*

**Table 4 – Juomasuo Mineral Resource (Gold), December 2010. Reported at a 2 g/t gold cut-off. (Notation 2)**

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
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>

Juomasuo is the largest of the five gold deposits identified to date on the Kuusamo Gold Project. It comprises a set of closely spaced sub-parallel lodes, which remain open along strike to the north and south, as well as down plunge.

The robustness of the gold mineralisation near surface for each of the five deposits has provided confidence to lower the reporting cut-off grade from 2 g/t to 1 g/t gold for the Kuusamo Gold Project. At the revised cut-off grade the Juomasuo Mineral Resource totals **1,955,000 tonnes @ 4.9 g/t gold for 305,600 ounces**. This lifts the total gold resource inventory of the Kuusamo Gold Project to 460,700 ounces grading 4.2 g/t (Appendix 5).

In conjunction with the updating of the Mineral Resource for gold, Runge have also completed the maiden cobalt Mineral Resource for the Juomasuo deposit. The cobalt resource totals **3,084,000 tonnes grading 0.12% cobalt and 0.1 g/t gold** and is in addition and separate to the Juomasuo gold resource (Table 5).

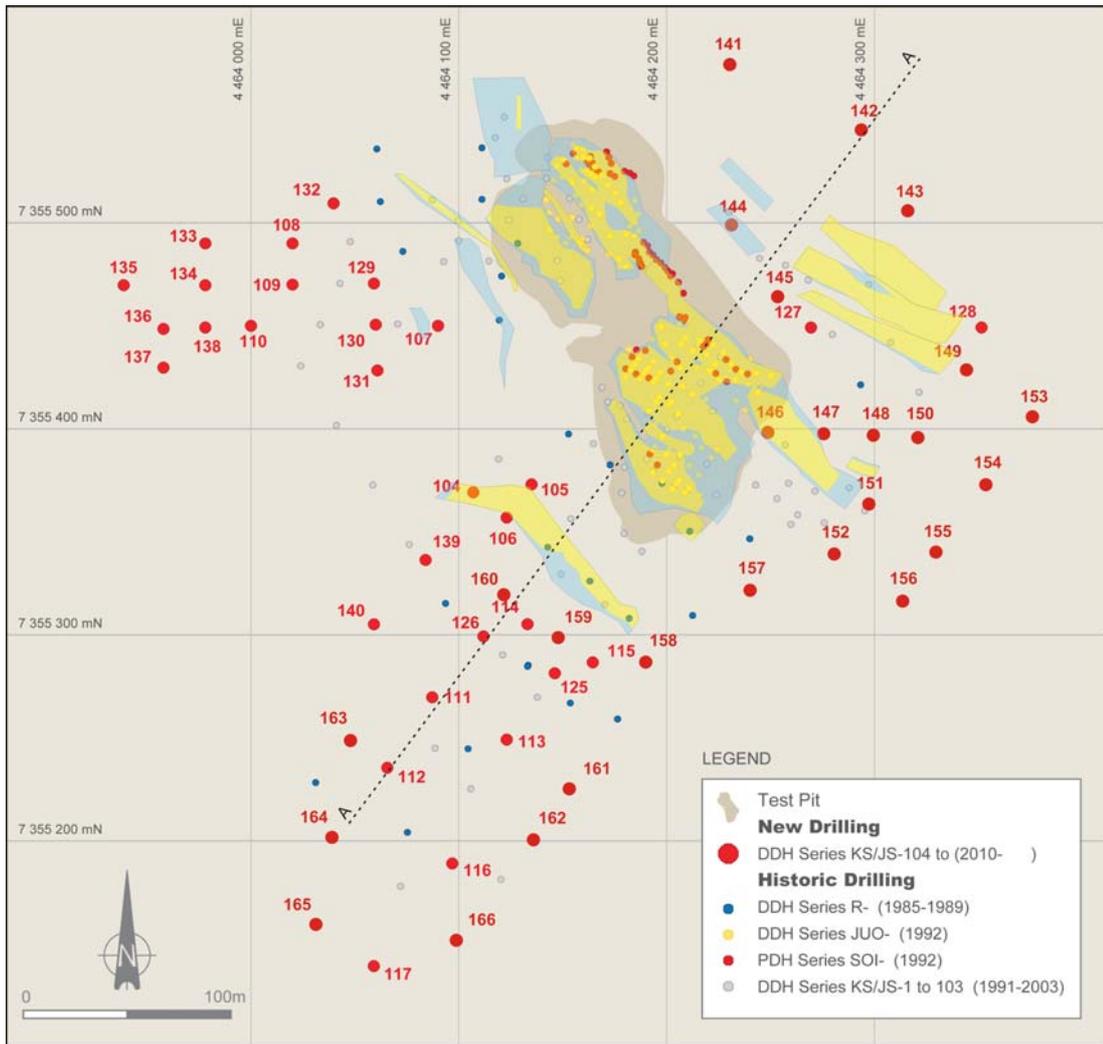


**Table 5 – Juomasuo Mineral Resource (Cobalt), November 2011. Reported at a 0.05% cobalt cut-off. (Notation 1)**

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
<b>Measured</b>	-	-	-	-	-
<b>Indicated</b>	1,686,000	0.2	0.12	8,200	2,000
<b>Inferred</b>	1,398,000	0.1	0.12	4,500	1,700
<b>Total</b>	<b>3,084,000</b>	<b>0.1</b>	<b>0.12</b>	<b>12,700</b>	<b>3,700</b>

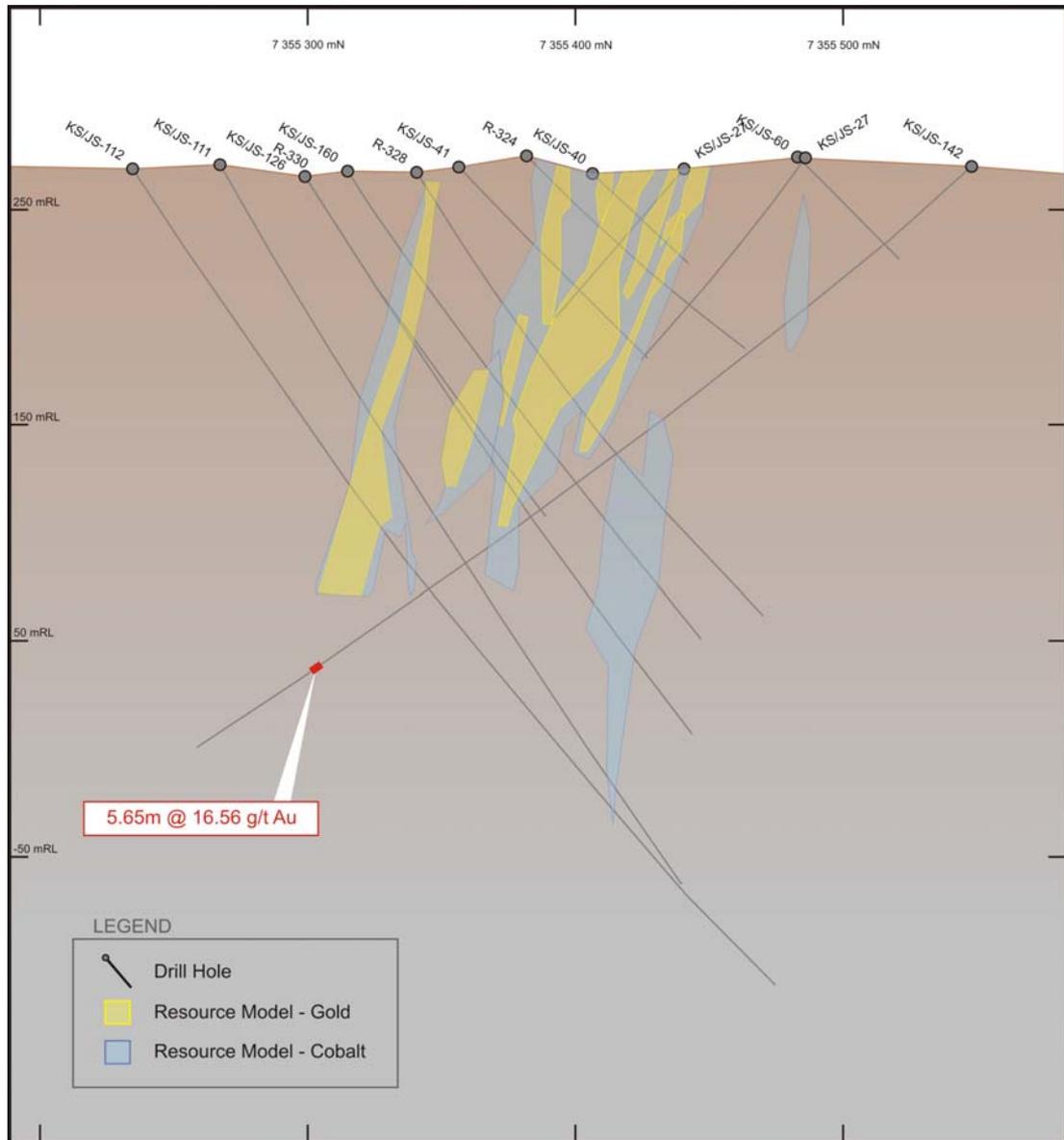
The maiden cobalt Mineral Resource was defined from a database that contained 365 holes (31,669 metres), which have been drilled on the Juomasuo deposit since 1985. It was completed using Ordinary Kriging (OK) grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 1% sulphur and 0.015% cobalt cut-off. Statistical analysis determined that a high grade cut of 2% cobalt was appropriate. The Mineral Resource complies with recommendations in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).

**Juomasuo drill hole plan displaying the resource models for gold (yellow) and cobalt (blue).**





Juomasuo cross section A-A displaying the relationship between the resource models for gold (yellow) and cobalt (blue).



Final results have been received from the Phase 5 drilling campaign at Juomasuo, a 17 hole, 2,616 metre program that has yielded a number of very encouraging gold intercepts including **3.65m @ 7.46 g/t gold**, **6.85m @ 5.56 g/t gold**, **5.65m @ 16.56 g/t gold** and **17.75m @ 16.59 g/t gold** (Appendix 6).

This campaign 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 mineralization. Drilling of the southeast extensions did not identify any significant near surface gold mineralisation.

Final results have also been received for the Phase 6 drilling campaign. Analysis has returned a series of promising gold intercepts including **10.20m @ 5.29 g/t gold**, **3.55m @ 7.87 g/t gold**, **3.05m @ 7.53 g/t gold**, **14.00m @ 3.30 g/t gold** and the exceptional **17.60m @ 34.01 g/t gold** (Appendix 7).

The 9 hole, 3,475 metre campaign has confirmed the potential for further strike extensions of identified lodes and highlighted the potential for additional depth extensions in the northwest.

Multi-element analysis has also continued to return a number of strong cobalt intercepts and elevated levels of rare earth oxides either associated with gold mineralisation or separately, as well as the occurrence of sporadic elevated levels of copper and uranium.



Results are pending for all holes in the Phase 7 drilling campaign, a 1,582 metre, 7 hole program that tested an area to the east of the main zone of mineralisation at Juomasuo, following-up historical gold intersections and testing a prominent geophysical anomaly.

Two diamond core rigs have resumed drilling at Juomasuo following a short break in December to further evaluate depth and strike extensions.

Final assays have been received for the initial campaign of drilling at the Hangaslampi deposit. A total of 20 holes were drilled for an advance of 2,022 metres in this program, which was designed to test the strike and depth extensions of the identified lodes.

The intercepts obtained are encouraging and include the previously released intercept of **9.00m @ 30.17 g/t gold**. Results are provided in Appendix 8.

No significant results have been received to date from the second phase of drilling at Hangaslampi, an 8 hole, 1,130 metre program, whilst the third phase of drilling, a 10 hole 1,230 metre program has yielded a best intercept of **7.20m @ 3.23 g/t gold** (Appendix 9). Results remain pending for 19 holes completed at Hangaslampi, including all 12 holes from the fourth phase of drilling.

Planning for metallurgical and process test work progressed with the translation into English of historic metallurgical reports. Discussions regarding technical input and assistance continued.

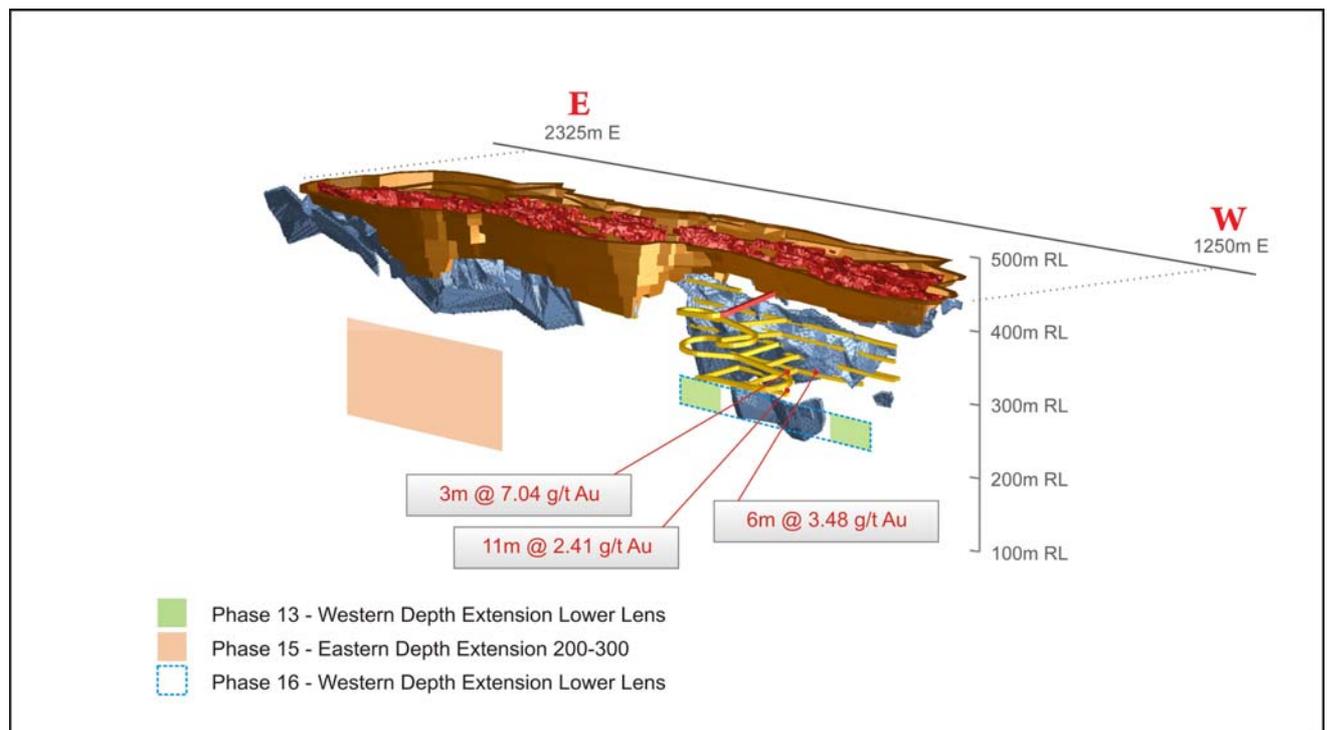
Independent consulting group, Ramboll Finland Oy continued with the environmental impact assessment, completing the baseline study that involved investigations on both ground and surface water, nature and bird life.

## SWEDEN

### Svartliden Gold Mine

Drill testing of the depth extensions of the Svartliden deposit continued, with programs targeting both the eastern and western portions. A total of 3,191.30 metres were completed from 13 holes and 2 re-entry holes.

#### Svartliden Gold Mine – Target panels and recent intercept highlights.





Results were received for the final 2 holes of an 8 hole campaign (Phase 13), which tested a portion of the Svartliden deposit beneath the western end of the open-pit (Appendix 10). Designed to link potential gold bearing units to the existing underground resource, the results in the December quarter yielded a best intercept of **7.00m @ 3.76 g/t gold**.

Final results were received for 2 re-entry holes completed as part of the Phase 11 program, testing the up-dip extensions of the lower lens of mineralisation at the western end of the deposit. The re-entry holes returned a number of promising intercepts including **6.0m @ 3.48 g/t gold**, **3.0m @ 7.04 g/t gold** and **11.0m @ 2.41 g/t gold** (Appendix 11).

Drilling is progressing on the Phase 16 program to extend and better define the lower lens of mineralisation in the western portion of the deposit. Two holes of the 9 hole and 2 re-entry hole program have been completed. Results are pending.

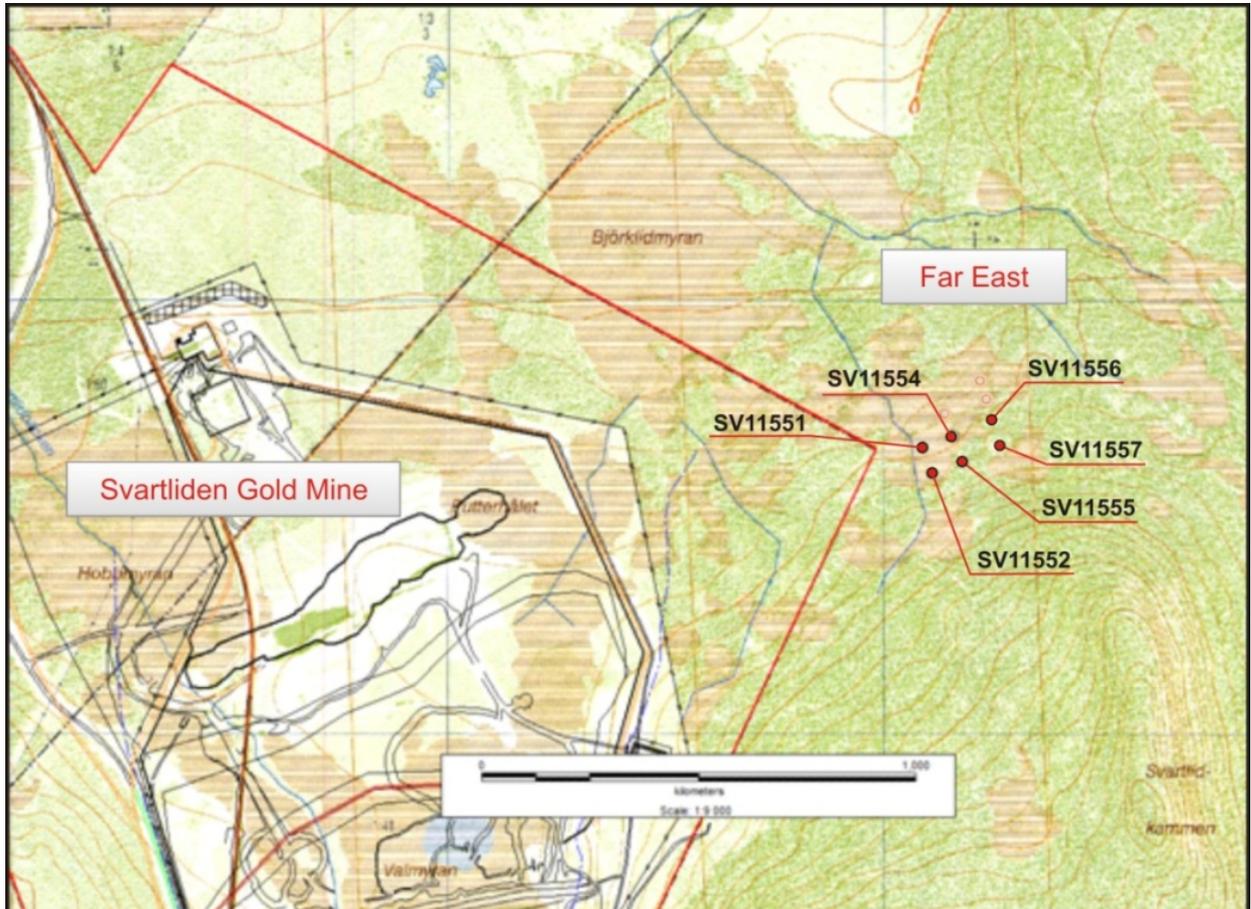
The first assays have been received from the 9 hole Phase 15 program, which was designed to test the downward extensions from 175 metres to 350 metres below surface, between Profiles 2050 and 2250 in the east. Results from 2 holes returned narrow low grade intercepts (Appendix 12). Results are pending for 6 holes and 1 hole remains to be drilled in the program.

All results have been received for the 6 hole program of drilling in the Far East area, confirming the discovery of a new zone of gold mineralisation, approximately 800 metres east of the Svartliden open-pit (Appendix 13).

Identified through an ongoing program of geological and geophysical modelling of the near mine area, holes intersected material characteristic of the Svartliden host sequence and returned a best intercept of **6.0m @ 6.69 g/t gold**, at a vertical depth of approximately 350 metres below surface.

A further phase of drilling has been planned for the Far East area, this 5 hole, 3,275 metre campaign scheduled to commence in early 2012.

#### Far East Drill Hole Plan





### Harpseud Joint Venture (Earning 80% interest)

Dragon Mining moved to the first earn-in phase of the Harpseud Joint Venture with Swedish explorer Botnia Exploration AB, having expended SEK 1.5 million during the “Exclusivity Period”, which commenced in October 2010.

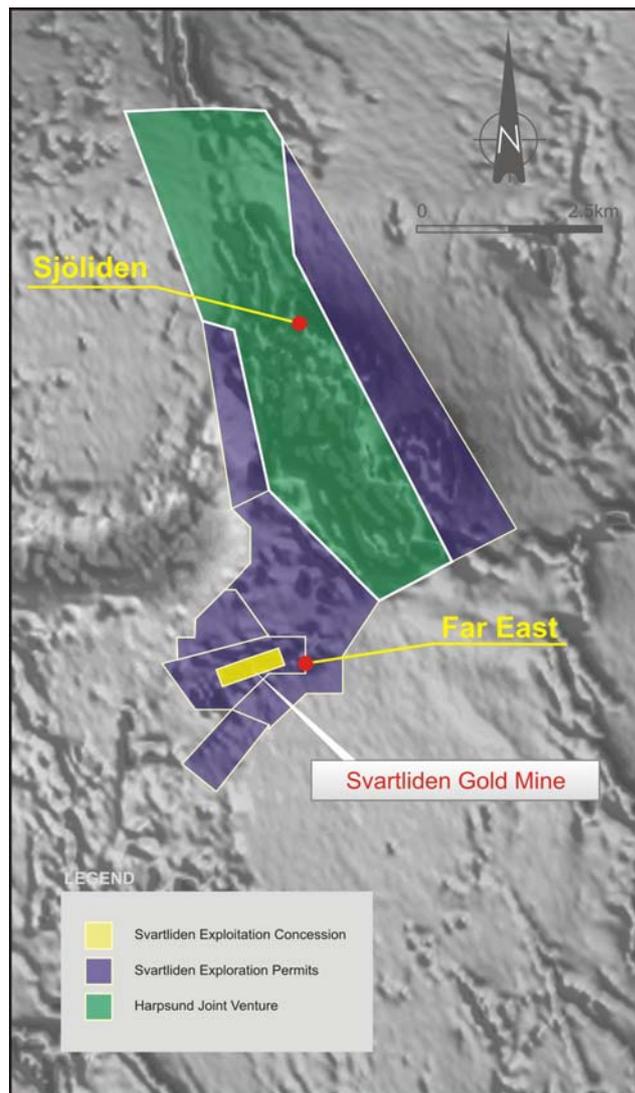
Results from a detailed airborne magnetic survey over the northern Exploration Permit holding and the Harpseud Joint Venture area, coupled with geological mapping has assisted in identifying a number of areas of interest that warrant follow-up activities.

The 1,925 line kilometre survey was flown by helicopter on a line spacing of 50 metres and mean terrain clearance of 30 to 40 metres in June. Danish based geophysical contractors SkyTEM Surveys ApS undertook the survey, initial processing and interpretation of the data has been completed by independent geophysical consultants Astrock Oy of Finland.

A program of drilling to follow-up the encouraging results, including 2.0m @ 14.03 g/t gold from a shallow reconnaissance drilling program at the Sjöleden target will commence in early 2012.

The Harpseud Joint Venture area is located immediately adjacent to Dragon Mining’s Exploration Permit holding at Svartliden, and is situated 4 kilometres northeast of the Svartliden Gold Mine. The Company entered into a Joint Venture Agreement with listed Swedish exploration company Botnia Exploration AB (Botnia) to earn up to 80% in Botnia’s Exploration Permits in this area.

### Location of the Sjöleden target on the Harpseud Joint Venture.





## **INVESTMENTS**

### **AUSTRALIA**

#### **Weld Range Metals Limited (Dragon 39.95%)**

WRM continue to work constructively with the Wajarri Yamatji people and the State Government to develop the valuable iron, chromium, nickel and PGM resources for all the people of the Geraldton region and WA.

### **Eritrea**

Further to the sale of the 20% interest in the Zara Gold Project, Eritrea, Dragon Mining is entitled to payment of \$4.0 million from Chalice Gold Mines Limited on the delineation of a 1 million ounce gold Reserve at the Zara Gold Project. On 4 June 2010, Chalice announced a maiden gold Reserve at the Zara Gold Project of 760,000 ounces from an Indicated gold Resource of 840,000 ounces.



## CORPORATE

### Cash Balances and Movements

As at 31 December 2011, Dragon Mining held \$16.0m in cash, \$2.3m in bullion and net gold concentrate receivables and \$4.0m of cash deposits lodged with Swedish authorities as rehabilitation bonds.

The principal movements in the cash balance during the quarter were attributable to:

	Q4	YTD
	\$(m)	\$(m)
<b>Operating Cash flows</b>		
Net cash inflows from operations	11.0	30.0
Cash outflows for rehabilitation bonds, overhead and operational support costs	(1.4)	(3.9)
<b>Net operating cash flows</b>	<b>9.6</b>	<b>26.1</b>
<b>Investing Cash flows</b>		
Exploration expenditure	(3.2)	(13.7)
Development expenditure	(8.9)	(19.2)
Capital purchases	(1.1)	(4.7)
Other	(0.4)	(1.5)
<b>Net investing cash flows</b>	<b>(13.6)</b>	<b>(39.1)</b>
<b>Financing Cash flows</b>		
Net interest received	-	0.3
Drawdown on loan facility	-	4.3
Drawdown/(repayment) of gold concentrate factoring facility	(1.5)	1.9
Foreign exchange gains on cash balances held in foreign currency	(1.5)	(1.0)
<b>Net financing cash flows</b>	<b>(3.0)</b>	<b>5.5</b>
<b>DECREASE IN CASH</b>	<b>(7.0)</b>	<b>(7.5)</b>

### Gold Sales

10,422 ounces of gold production from Svartliden was sold at an average cash price of US\$1,523 per ounce. 4,800 ounces of gold were delivered into the gold hedge at an average forward price of US\$1,356 per ounce and 5,622 ounces of gold was delivered into spot at an average price of US\$1,664 per ounce.

5,436 ounces of gold concentrate from the Vammala Production Centre was sold at an average price of US\$1,546 (gross of refining costs). 3,500 ounces of gold were delivered into the gold hedge at an average forward price of US\$1,504 per ounce.

### Listed Investments

Dragon Mining holds 2,000,000 shares in Chalice Gold Mines Limited with a market value of approximately \$0.5m. 333,334 shares were sold in the quarter at an average price of \$0.31 per share realising \$0.1m.

### Debt

No repayments to the Nordea loan were made and the balance remained at €3.2m (A\$4.0m). A repayment of €0.6m was made on 3 January 2012.

The variable interest rate is currently 4.8%, calculated quarterly in arrears.

### Hedging

The Nordea Facility was subject to the completion of a minimum euro denominated gold hedging programme of 30,000 ounces (10,000 ounces in 2011 and 20,000 ounces in 2012).

This hedging program was executed in May and the remaining gold hedge program is outlined in table 6.

**Table 6 –EUR Denominated Gold Hedging Profile as at 31 December 2011**

Delivery Date	Ounces	Gold Price – EUR
31/12/2011*	1,500	1,052
28/02/2012	1,800	1,054
31/03/2012	1,800	1,055
30/04/2012	1,800	1,056
31/05/2012	1,800	1,057
30/06/2012	2,000	1,058
31/07/2012	1,800	1,060
31/08/2012	1,800	1,047
30/09/2012	1,800	1,062
31/10/2012	1,800	1,063
30/11/2012	1,800	1,063
31/12/2012	1,800	1,064
<b>Total</b>	<b>21,500</b>	<b>1,058</b>

\* Settlement date was 3 Jan 2012.

Using the 31 December 2011 spot gold price of €1,213 per ounce, the mark to market of the gold euro hedge was a negative amount of A\$4.3m.

The Company also has a SEK hedging profile strategy for the Svartliden Gold Mine (Table 7) which locked in a high price of gold while major development expenditure (underground and open cut) was occurring at Svartliden. As this major expenditure is expected to be completed in the second quarter of 2012, no hedging beyond March 2012 has been entered into.

**Table 7 – SEK Denominated Gold Hedging Profile as at 31 December 2011**

Delivery Date	Ounces	Gold Price – SEK
31/01/2012	1,600	9,020
29/02/2012	1,000	9,110
30/03/2012	1,350	9,175
<b>Total</b>	<b>3,950</b>	<b>9,095</b>

Using the 31 December 2011 spot gold price of 10,819 SEK per ounce, the mark to market of the hedge was a negative amount of A\$1.0m.

### Factoring

As there is a minimum six week delay between shipment of gold concentrate produced at the Vammala Production Centre and payment by the refiner, the Company has a receivables facility (factoring) with Nordea Bank in Finland. Dragon Mining can receive loan funds from Nordea for up to 75% of the gold concentrate value delivered and invoiced. At the end of the quarter, A\$1.9m had been financed.

### On-Market Share Buyback

No shares were purchased during the quarter as part of the on-market share buyback. On 6 October 2011, the Company announced the buyback had ceased.



### Appendix 1 – Results from Underground Diamond Core Drilling from the 260m level targeting the upper extensions of the Sarvisuo lode system at the Orivesi Gold Mine.

Hole	North	East	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
KU-1257	6838480.9	2508866.2	329.2	35.4	151.00	92.10	0.90	2.20
						101.00	2.00	2.40
KU-1258	6838482.2	2508867.3	335.6	32.7	157.00	No significant intercepts		
KU-1259	6838482.5	2508867.4	346.9	23.6	158.70	73.70	3.80	21.09
						includes 0.95 metres @ 64.40 g/t gold from 76.55 metres		
KU-1260	6833195.3	2497619.5	1.4	34.9	113.50	64.50	3.00	47.43
						includes 1.10 metres @ 126.73 g/t gold from 66.40 metres		
						76.00	1.50	6.06
KU-1261	6838491.4	2508881.2	0.6	26.2	107.40	60.50	1.50	3.44
						66.35	3.15	3.36
KU-1262	6838491.5	2508881.0	1.1	39.3	130.15	70.00	1.00	4.64
						78.00	1.50	4.96
KU-1263	6838491.2	2508881.6	13.1	39.7	122.60	68.25	1.25	2.52
						75.00	3.65	5.93
KU-1264	6838489.3	2508903.4	5.5	40.3	118.20	28.00	1.10	2.62
						78.75	1.00	1.38
KU-1265	6838488.1	2508914.8	2.1	40.2	107.50	50.85	2.15	107.64
KU-1266	6838477.9	2508925.5	359.2	34.6	102.90	No significant intercepts		

Analysis of half core was completed at ALS 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 the ALS facility in Outokumpu, Finland. Intercepts reported at a 1 g/t gold cut-off.

### Appendix 2 – Results from Underground Diamond Core Drilling from the 710m level targeting the Sarvisuo West area at the Orivesi Gold Mine.

Hole	North	East	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
KU-1267	6838450.2	2508778.3	357.4	10.3	185.10	119.90	1.00	9.38
						136.00	1.00	5.95
						143.00	1.00	3.48
						153.00	2.50	2.34
KU-1271	6838449.9	2508776.9	350.6	5.3	186.00	115.60	0.95	2.12
KU-1272	6838449.8	2508772.5	319.3	30.1	184.20	122.55	0.80	5.55
						173.00	1.00	3.60
KU-1273	6838449.8	2508776.5	346.3	-4.5	175.50	127.00	1.00	2.60
KU-1274	6838449.8	2508774.1	329.0	31.7	190.10	118.50	4.30	2.71
						170.40	0.60	10.95
KU-1275	6838449.9	2508775.4	339.2	29.5	187.10	118.30	1.00	2.84
						120.60	1.40	1.97
KU-1278	6838449.9	2508776.0	343.0	28.3	191.60	121.00	3.00	9.72
						172.00	1.00	1.05
KU-1279	6838450.2	2508778.3	0.8	4.4	178.50	131.65	1.55	4.79

Analysis of half core was completed at ALS 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 the ALS facility in Outokumpu, Finland. Intercepts reported at a 1 g/t gold cut-off.

### Appendix 3 – Results for the first two underground drill program undertaken from the 85m and 125m levels at Kujanakallio, Jokisivu Gold Mine. December quarter results in red.

Hole	North	East	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
<b>Program 1</b>								
HU/JS-449	9,453.4	6,072.7	252.0	10.0	290.40	187.00	1.00	2.25
						228.40	0.90	1.41
HU/JS-451	9,455.1	6,072.5	278.0	10.0	285.65	93.20	0.80	1.13
						147.35	0.85	1.85
						165.00	0.95	4.39



						190.40	0.90	1.06
						200.15	6.85	3.85
						243.90	0.55	99.20
						255.40	1.00	1.06
						270.10	1.30	1.09
HU/JS-452	9,453.4	6,072.7	252.0	-10.0	200.15	64.40	0.75	1.38
						100.00	0.60	2.71
						114.75	1.70	7.09
						130.90	0.45	4.33
						138.80	0.90	2.39
						156.00	1.00	1.63
						174.00	1.00	2.85
HU/JS-453	9,456.8	6,072.5	266.0	-10.0	222.95	73.00	0.90	12.75
						81.70	0.65	2.24
						124.00	1.20	1.08
						146.20	0.60	3.45
						169.30	1.25	2.12
						176.50	1.50	1.12
						181.00	1.50	1.21
						190.80	0.70	2.26
HU/JS-454	9456.4	6072.5	278.0	-10.0	241.00	86.10	1.20	1.87
						94.80	0.75	4.74
						159.50	0.90	1.17
						172.30	0.45	8.59
						179.40	1.00	4.93
						214.70	1.45	4.90
						224.40	0.30	1.07
						234.40	1.00	1.71
						236.40	1.00	1.12
HU/JS-455	9,456.4	6,072.5	289.0	-10.0	278.15	152.15	1.75	5.44
						156.60	6.80	2.36
						188.30	1.00	1.13
						199.00	1.00	2.96
						203.10	0.65	4.72
						208.00	0.95	1.07
<b>Program 2</b>								
HU/JS-457	9457.8	6078.4	324.0	10.0	84.80	5.60	0.50	2.91
						27.50	0.45	2.04
						55.00	8.45	4.19
						72.00	1.00	1.40
HU/JS-458	9457.6	6079.9	338.0	17.0	76.15	37.80	1.70	3.18
						41.50	1.00	1.01
						44.65	3.85	5.08
HU/JS-459	9457.5	6080.5	357.0	20.0	65.35	20.05	0.50	1.05
						33.25	1.95	2.48
						37.45	3.25	3.29
HU/JS-460	9457.6	6081.0	23.0	15.0	65.00	31.75	0.70	1.65
						38.30	2.25	3.21
HU/JS-461	9457.5	6081.5	44.0	15.0	64.10	42.70	0.50	21.60
						46.25	0.55	1.73
						54.10	0.70	7.18
HU/JS-462	9458.6	6087.3	340.0	15.0	84.45	46.30	1.05	1.26
HU/JS-463	9458.6	6087.8	355.0	15.0	81.55	44.00	1.00	10.12
						64.10	1.60	7.58
						69.65	0.45	2.24
HU/JS-464	9458.5	6088.4	10.0	15.0	70.20	32.50	0.60	2.24
						38.70	0.75	4.64
						59.85	6.60	3.61
HU/JS-465	9458.5	6088.9	28.0	15.0	76.60	41.90	0.50	19.50



						58.25	1.00	5.66
						125.00	3.25	2.72
HU/JS-466	9456.9	6081.2	289.0	-20.0	199.35	51.05	2.95	1.62
						106.80	1.00	2.94
						121.90	1.00	1.20
						140.20	4.75	4.08
HU/JS-467	9456.1	6081.2	270.0	-20.0	170.05	85.70	0.85	3.04
						108.00	1.00	1.88
						120.55	0.85	1.80
						154.00	1.00	1.39
HU/JS-468	9454.6	6081.3	250.0	-20.0	150.15	46.85	0.60	3.60
						68.00	2.95	3.83
						78.35	0.55	1.49
						81.70	1.00	9.57
						112.60	1.20	1.60

Analysis of half core was completed at ALS 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 the ALS facility in Outokumpu, Finland. Coordinates are based on local mine grid, the conversion to the regional coordinate system requires the addition of the prefix 677 to the Northings and 242 to the Eastings. Intercepts reported at a 1 g/t gold cut-off.

#### Appendix 4 - Results for the third underground drill program undertaken from the 85m level at Kujanakallio, Jokisivu Gold Mine.

Hole	North	East	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
HU/JS-471	9536.0	5969.0	223.0	-10.0	165.25	6.60	1.25	3.53
						24.00	1.20	1.18
						108.50	1.30	2.09
						121.55	0.50	39.00
						124.55	3.15	2.67
HU/JS-472	9535.6	5970.7	204.1	-3.0	210.10	25.70	1.00	1.81
						40.00	1.40	4.25
						98.50	1.00	1.42
						139.00	1.50	4.56
						167.80	1.20	1.73
HU/JS-474	9536.0	5969.0	242.0	-5.0	172.15	51.90	0.85	2.12
						68.00	1.00	2.08
						70.00	4.00	1.89
						74.90	1.50	2.76

Analysis of half core was completed at ALS 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 the ALS facility in Outokumpu, Finland. Coordinates are based on local mine grid, the conversion to the regional coordination requires the addition of the prefix 677 to the northings and 242 to the eastings. Intercepts reported at a 1 g/t gold cut-off.

#### Appendix 5 – Kuusamo Gold Project Total Gold Resource Inventory as at 1 November 2011. Reported at a 1 g/t gold cut-off. (Notation 1 and 3)

	Tonnes	Gold (g/t)	Cobalt (%)	Gold (ozs)	Cobalt (t)
<b>Juomasuo</b>					
Measured	-	-	-	-	-
Indicated	1,424,000	5.4	0.14	245,600	2,000
Inferred	531,000	3.5	0.15	60,000	800
<b>Total</b>	<b>1,955,000</b>	<b>4.9</b>	<b>0.14</b>	<b>305,600</b>	<b>2,800</b>
<b>Hangaslampi</b>					
Measured	-	-	-	-	-
Indicated	254,000	6.1	0.08	49,600	190
Inferred	115,000	2.9	0.05	10,900	50
<b>Total</b>	<b>369,000</b>	<b>5.1</b>	<b>0.07</b>	<b>60,500</b>	<b>240</b>
<b>Pohjasvaara</b>					
Measured	-	-	-	-	-
Indicated	81,000	3.3	0.08	8,600	70
Inferred	49,000	5.0	0.10	8,000	50



<b>Total</b>	<b>130,000</b>	<b>4.0</b>	<b>0.09</b>	<b>16,600</b>	<b>120</b>
<b>Meurastuksenaho</b>					
Measured	-	-	-	-	-
Indicated	61,000	2.4	0.10	4,700	60
Inferred	831,000	2.3	0.21	61,800	1770
<b>Total</b>	<b>892,000</b>	<b>2.3</b>	<b>0.20</b>	<b>66,500</b>	<b>1830</b>
<b>Sivakkaharju</b>					
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	50,000	7.2	0.03	11,500	10
<b>Total</b>	<b>50,000</b>	<b>7.2</b>	<b>0.03</b>	<b>11,500</b>	<b>10</b>
<b>Total</b>					
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
<b>Total</b>	<b>3,396,000</b>	<b>4.2</b>	<b>0.15</b>	<b>460,700</b>	<b>5,000</b>

### Appendix 6 - Results for the fifth phase of diamond core drilling targeting the Juomasuo deposit.

Hole ID	Northing	Easting	RL	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	268.9	-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	4464297.0	269.4	-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	271.4	-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	273.0	-65	273.0	100.70	9.10	1.00	12.00	1,980	795	117	454
KS/JS-145	7355462.4	4464257.2	274.4	-65	274.4	88.40	44.90	1.55	2.44	573	306	1,100	2,022
KS/JS-146	7355398.3	4464251.8	276.7	-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	276.8	-45	276.8	118.10	68.30	0.90	8.72	723	1,270	28	328
KS/JS-148	7355392.8	4464300.7	276.5	-45	276.5	90.30	62.65	1.40	1.06	1,430	1,020	320	206
KS/JS-149	7355430.3	4464349.0	275.2	-45	275.2	100.50	No significant gold intercept						
KS/JS-150	7355397.1	4464325.2	276.4	-45	276.4	70.50	No significant gold intercept						
KS/JS-151	7355363.7	4464301.0	276.7	-45	276.7	110.10	No significant gold intercept						
KS/JS-152	7355339.3	4464283.4	275.7	-45	275.7	110.30	No significant gold intercept						
KS/JS-153	7355405.1	4464380.1	275.4	-45	275.4	88.50	No significant gold intercept						
KS/JS-154	7355372.6	4464356.4	276.7	-45	276.7	70.20	Not sampled						
KS/JS-155	7355340.3	4464332.9	276.3	-45	276.3	70.60	No significant gold intercept						
KS/JS-156	7355316.5	4464316.0	274.7	-45	274.7	72.30	36.30	1.20	7.27	433	560	12	116
KS/JS-157	7355321.5	4464243.3	273.1	-45	273.1	190.70	No significant gold intercept						

Preparation of half core samples was completed at the ALS facility in Outokumpu, Finland, and analysis completed at ALS 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 REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.



### Appendix 7 – Results from the sixth phase of diamond core drilling targeting the Juomasuo deposit.

Hole ID	Northing	Easting	RL	Dip (°)	Azimuth (°)	Length (m)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
KS/JS-158	7355272.2	4464184.4	267.7	-50	34.2	277.6	94.00	1.20	1.07	708	363	8	66
							232.60	0.90	1.02	126	123	3	91
							248.10	0.80	1.61	225	555	2	40
							252.10	4.00	1.92	589	979	28	381
KS/JS-159	7355301.0	4464148.1	268.2	-57	39.3	278.0	49.00	1.40	4.48	1,571	206	2,384	527
							113.50	10.20	5.29	969	150	211	278
KS/JS-160	7355315.7	4464123.7	266.4	-57	36.5	268.7	52.05	4.80	1.75	420	15	71	166
							65.95	2.25	3.84	649	7	33	285
							112.40	3.60	1.71	784	46	86	554
KS/JS-161	7355221.5	4464156.3	265.0	-60	36.6	358.1	140.30	2.05	3.13	47	7	12	100
							145.70	1.10	1.20	404	96	662	139
KS/JS-162	7355197.4	4464135.2	265.8	-60	41.3	425.3	161.60	1.30	2.15	1,520	323	300	272
							168.90	1.20	1.10	554	7	301	307
KS/JS-163	7355256.2	4464054.1	267.4	-60	33.6	467.0	178.15	2.05	2.52	1,418	223	5	181
							186.00	17.60	34.01	867	126	155	170
							Includes 1.10 metres @ 497.00 g/t gold from 196.10 metres						
KS/JS-164	7355200.0	4464039.7	260.9	-60	35.3	500.2	249.20	0.80	2.13	1,735	192	907	264
							257.15	3.05	7.53	1,032	148	763	262
KS/JS-165	7355172.2	4464042.3	260.9	-60	32.8	598.2	264.00	1.15	2.60	3,810	282	71	1,312
							279.30	2.60	2.06	1,052	101	545	220
KS/JS-166	7355149.1	4464100.4	264.7	-60	35.3	301.6	214.90	14.00	3.30	1,189	107	445	187

Preparation of half core samples was completed at the ALS facility in Outokumpu, Finland, and analysis completed at ALS 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 REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.

### Appendix 8 – Results from the first phase of diamond core drilling at the Hangaslampi deposit. December quarter results highlighted in red.

Hole ID	Northing	Easting	RL	Dip (°)	Azimuth (°)	Length (m)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
KS/HL-65	7354575.0	4464396.4	275.2	-45	91.6	67.5	31.20	1.90	1.67	571	2	694	399
							35.70	0.25	2.86	3,180	4	14	255
							46.60	6.55	2.49	1,275	4	225	358
KS/HL-66	7354475.5	4464392.8	282.0	-45	90.9	55.6	15.20	2.50	9.33	79	4	2	195
KS/HL-67	7354425.3	4464377.1	285.3	-64	88.9	74.3	10.15	0.75	2.74	3,590	2	167	6,323
							15.10	5.00	3.40	716	4	9	888
							26.20	1.15	1.22	521	22	57	1,305
							29.95	1.45	1.52	315	9	12	157
KS/HL-68	7354424.9	4464266.7	282.5	-60	86.1	125.0	No significant gold intercepts						
KS/HL-69	7354413.4	4464368.1	285.4	-65	88.0	73.2	11.00	4.15	1.80	406	2	100	1,312
							43.00	12.45	7.15	499	4	78	372
KS/HL-70	7354412.8	4464329.8	282.6	-65	90.1	100.7	66.60	1.40	1.09	8	0	3	131
KS/HL-71	7354412.2	4464296.9	281.6	-65	90.8	121.9	60.55	1.30	1.01	989	2	13	420
							66.10	1.65	1.24	38	2	2	91
							70.85	4.80	1.80	33	2	4	104



							82.55	1.60	2.48	669	5	16	288
KS/HL-72	7354400.9	4464365.3	286.2	-58	88.8	65.1	7.00	2.10	2.33	26	1	1	66
							45.30	6.00	7.51	418	5	24	614
KS/HL-73	7354399.6	4464266.5	282.7	-59	86.6	143.1	95.35	9.00	30.17	214	2	3,158	593
KS/HL-74	7354375.0	4464368.3	287.8	-57	89.1	73.0	48.75	1.10	8.22	16	2	2	508
KS/HL-75	7354375.2	4464331.9	285.8	-55	89.5	95.1	No significant gold intercepts						
KS/HL-76	7354350.1	4464352.0	288.9	-68	90.0	90.4	63.00	2.25	1.21	322	336	13	385
KS/HL-77	7354350.4	4464276.0	285.3	-60	88.9	109.2	79.90	0.95	1.52	213	1	9	199
KS/HL-78	7354299.9	4464298.9	292.7	-45	90.0	120.2	No significant gold intercepts						
KS/HL-79	7354201.0	4464284.4	291.5	-45	89.6	127.6	No significant gold intercepts						
KS/HL-80	7354199.9	4464198.1	284.5	-45	89.2	160.1	No significant gold intercepts						
KS/HL-81	7354080.5	4464268.9	284.8	-45	87.0	127.6	No significant gold intercepts						
KS/HL-82	7354081.3	4464181.5	280.8	-45	92.6	133.3	No significant gold intercepts						
KS/HL-83	7354399.8	4464184.7	278.0	-54	93.9	181.6	No significant gold intercepts						
KS/HL-84	7354120.2	4464195.7	282.3	-54	87.9	100.6	No significant gold intercepts						

Preparation of half core samples was completed at the ALS facility in Outokumpu, Finland, and analysis completed at ALS 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 REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.

## Appendix 9 – Results from the second and third phase of diamond core drilling at the Hangaslampi deposit.

Hole ID	Northing	Easting	RL	Dip (°)	Azimuth (°)	Length (m)	From (m)	Interval (m)	Au (g/t)	Co (ppm)	Cu (ppm)	U (ppm)	TREO (ppm)
<b>Hangaslampi – Phase 2</b>													
KS/HL-85	7354901.8	4463980.8	267.7	-45	92.6	73.3	No significant gold intercepts						
KS/HL-86	7354839.9	4464100.6	268.8	-45	96.6	73.1	No significant gold intercepts						
KS/HL-88	7354550.0	4464149.8	273.4	-45	89.4	100.8	No significant gold intercepts						
KS/HL-89	7354199.9	4464120.1	279.7	-45	89.6	79.6	No significant gold intercepts						
KS/HL-90	7354020.1	4464530.3	285.4	-45	89.3	85.4	No significant gold intercepts						
KS/HL-91	7354349.9	4464099.8	279.0	-45	89.6	286.2	No significant gold intercepts						
<b>Hangaslampi – Phase 3</b>													
KS/HL-93	7354660.9	4464339.9	273.2	-45	88.6	100.6	No significant gold intercepts						
KS/HL-94	7354659.2	4464279.5	273.9	-45	88.0	93.4	No significant gold intercepts						
KS/HL-97	7354387.7	4464356.5	286.0	-54	89.2	79.8	45.85	0.75	3.98	448	3	9	119
							48.35	1.00	2.02	573	2	9	214
							51.25	7.20	3.23	529	6	63	343
KS/HL-98	7354387.6	4464328.9	284.2	-54	90.5	106.8	No significant gold intercepts						
KS/HL-99	7354387.5	4464303.5	282.9	-54	88.6	130.4	No significant gold intercepts						

Preparation of half core samples was completed at the ALS facility in Outokumpu, Finland, and analysis completed at ALS 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 REE<sub>2</sub>O<sub>3</sub>, with the exception of Ce (CeO<sub>2</sub>), Pr (Pr<sub>6</sub>O<sub>11</sub>) and Tb (Tb<sub>4</sub>O<sub>7</sub>). Intercepts reported at a 1 g/t gold cut-off.



**Appendix 10 – Results from the Western Extensions (Phase 13) program. December quarter results highlighted in red.**

Hole	North	East	RL (m)	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
<b>Profile 1325</b>									
SV11540	7186953.9	1588166.5	455.0	341	-54	221.00	169.0	7.00	3.76
<b>Profile 1350</b>									
SV11541	7186956.9	1588191.4	454.9	341	-58	239.35	175.0	1.00	1.28
							187.0	2.00	3.58
<b>Profile 1400</b>									
SV11542	7187021.2	1588222.8	420.3	341	-65	178.80	135.0	1.00	8.39
							157.0	3.00	7.95
<b>Profile 1425</b>									
SV11544	7186933.6	1588278.2	455.8	341	-48	283.00	250.0	4.00	3.17
SV11545	7186928.4	1588279.9	455.7	341	-51	302.50	243.0	1.00	1.20
							261.0	1.00	2.14
<b>Profile 1450</b>									
SV11543	7186918.1	1588257.7	456.5	341	-52	310.05	244.0	5.00	1.96
<b>Profile 1725</b>									
SV11546	7187061.8	1588551.8	461.7	341	-57	280.90	189.0	5.00	3.57
							250.0	1.00	1.85
							263.0	2.00	2.05
<b>Profile 1750</b>									
SV11547	7187082.3	1588571.7	460.6	341	-58	228.75	186.0	1.00	1.09

Analysis of half core was completed at ALS in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS facility in Piteå, Sweden. Reported at a cut-off grade of 1.0 g/t gold.

**Appendix 11 - Results from Phase 11 re-entry holes.**

Hole	North	East	RL (m)	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
<b>Profile 1500</b>									
SV10259	7186962.893	1588347.875	458.6	341	-45	269.10	204.0	6.00	3.48
							Includes 2.0 metres @ 8.08 g/t gold from 204 metres		
							245.0	1.00	4.25
<b>Profile 1550</b>									
SV10252	7186995.17	1588389.67	460.9	341	-50	376.65	189.0	2.00	4.77
							195.0	3.00	7.04
							Includes 1.0 metres @ 18.95 g/t gold from 195 metres		
							237.0	11.00	2.41

Analysis of half core was completed at ALS in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS facility in Piteå, Sweden. Reported at a cut-off grade of 1.0 g/t gold.

**Appendix 12 – First results from the Phase 15 program.**

Hole	North	East	RL (m)	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
<b>Profile 2200</b>									
SV11564	7187221.0	1588999.5	466.1	341	-55	269.10	220.0	1.00	2.05
<b>Profile 2250</b>									
SV11561	7187310.4	1589021.7	463.5	341	-58	239.35	164.0	1.00	3.32

Analysis of half core was completed at ALS in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS facility in Piteå, Sweden. Reported at a cut-off grade of 1.0 g/t gold.

**Appendix 13 – Results from the second phase of drilling completed on the Far East target.**

Hole	North	East	RL (m)	Azimuth (°)	Dip (°)	Length (m)	From (m)	Interval (m)	Gold (g/t)
<b>Profile 3125</b>									
SV11551	7187521.65	1589876.16	473.5	329	-67	326.4	282.0	1.00	7.48
SV11552	7187459.34	1589896.29	477.8	330	-69	421.8	347.0	1.00	22.40
<b>Profile 3200</b>									



SV11554	7187541.73	1589940.64	474.8	341	-68	362.4	318.0	2.00	1.97
SV11555	7187489.33	1589965.85	477.9	341	-70	419.3	376.0	6.00	6.69
<b>Profile 3300</b>									
SV11556	7187574.27	1590041.24	475.5	341	-68	248.1	222.0	1.00	6.23
SV11557	7187521.64	1590057.53	478.1	341	-70	433.9	No significant result		

*Analysis of half core was completed at ALS in Rosia Montana, Romania, using method Au-AA25, following sample preparation at the ALS facility in Piteå, Sweden. Reported at a cut-off grade of 1.0 g/t gold.*

**Notations:**

1. *The information in this report that relates to Mineral Resources is based on information compiled by Mr Craig Allison, a Member of the Australasian Institute of Mining and Metallurgy, who is a full time employee of Runge Limited 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 Craig Allison consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
2. *The information in this report that relates to Mineral Resources is based on information compiled by Mr Aaron Green BSc (Hons), a Member of the Australian Institute of Geoscientists, who is a full time employee of Runge Limited 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 Aaron Green consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
3. *The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists and Mr Matti Talikka MSc (Geology), a Member of the Australasian 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.*

*The information in this announcement that relates to Exploration Results is based on information compiled by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists and Mr Matti Talikka MSc (Geology), a Member of the Australasian 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.*