

ASX ANNOUNCEMENT

05 MARCH 2010

INCREASE IN GOLD RESOURCE AT JOKISIVU GOLD MINE IN SOUTHERN FINLAND

Highlights

- Kujankallio gold deposit resource update increases gold content by 20%
- Total resource 261,900 ounces @ 6.1 g/t gold
- Resource open at depth and along strike
- Adjacent Arpola gold resource update expected in mid 2010
- Open pit mining well established at Jokisivu
- Plans for underground development advancing with a decision expected in 2010

Dragon Mining is pleased to announce that independent consultants Runge Limited have completed an update of the gold resources of the Kujankallio gold deposit at Jokisivu in southern Finland. The new Mineral Resource estimate for the Kujankallio gold deposit totals 1.34Mt @ 6.1 g/t Au for 261,900 ounces (Table 1), representing a 25% increase in tonnes and a 20% increase in contained gold when compared to the previous Resource estimate completed in January 2009 of 1.08Mt @ 6.3 g/t Au (218,300 ounces - undepleted). This increase in mineral resources follows an aggressive infill drilling program in 2009, when a total of 8,200 metres of diamond drilling was completed at Kujankallio.

The Kujankallio gold deposit forms part of the Jokisivu Gold Mine and is located 7km southwest of Huittinen and 180km north-northwest of Helsinki, Finland. Open cut mining commenced at Kujankallio in late 2009 and a total of 36,000t of ore was mined by the end of the year. The ore is trucked approximately 40km to the Vammala Production Centre for processing (Figures 1 and 2). Open cut mining will continue until the last quarter of 2010 and a decision to commence underground mining expected before this. Ore mined to 31 December 2009 has been excluded from the new mineral Resource estimate.

After drilling was completed at Kujankallio, a 3,300m diamond infill-drilling program was conducted at the adjacent gold deposit Arpola, approximately 300 metres southeast of Kujankallio (Figures 3 and 4). Drill core logging and assaying of samples are in progress and a resource update is scheduled for mid 2010. The Resource estimate for Arpola currently totals 490,000t @ 6.8 g/t Au, giving contained gold of 106,700 ounces (Indicated and Inferred).

To a depth of approximately 200 metres below surface the two Jokisivu deposits display a combined resource inventory of approximately 1,100 ounces per vertical metre (OVM) and the continuity of the mineralising systems below this depth appears excellent and is currently only constrained by drilling density. Recent diamond drilling has also indicated that the two deposits Arpola and Kujankallio may possibly converge.

The Orivesi Gold Mine, 100km to the northeast currently supplies the bulk of ore feed to the Vammala Production Centre. Jokisivu ore is currently being fed to the Vammala plant and its contribution to total ore feed requirements is expected to increase over time.

Table 1 - February 2010 Kujankallio Mineral Resource Estimate. Reported at a 2.0g/t gold cut-off.(Note 1)

	Tonnes	Gold (g/t)	Ounces
Measured	58,000	5.3	9,800
Indicated	566,000	5.5	100,300
Inferred	717,000	6.6	151,900
Total	1,341,000	6.1	261,900

Gold Tonnage Distributions subdivided by JORC Categories; Inverse Distance grade interpolation, constrained by resource outlines on mineralisation envelopes prepared using a nominal 1g/t gold cut-off and a minimum down hole length of 2 metres. Block dimensions used in the model were 2m NS x 5m EW x 5m Vertical. High grade cuts of 75 g/t and 105 g/t were utilised.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

(1) The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Paul Payne BAppSc, a Member of the Australian 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 Paul Payne 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 Exploration Results, Mineral Resources or Ore Reserves that are not specifically referred to 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.

Figure 1 - Dragon Mining Limited Project Locations

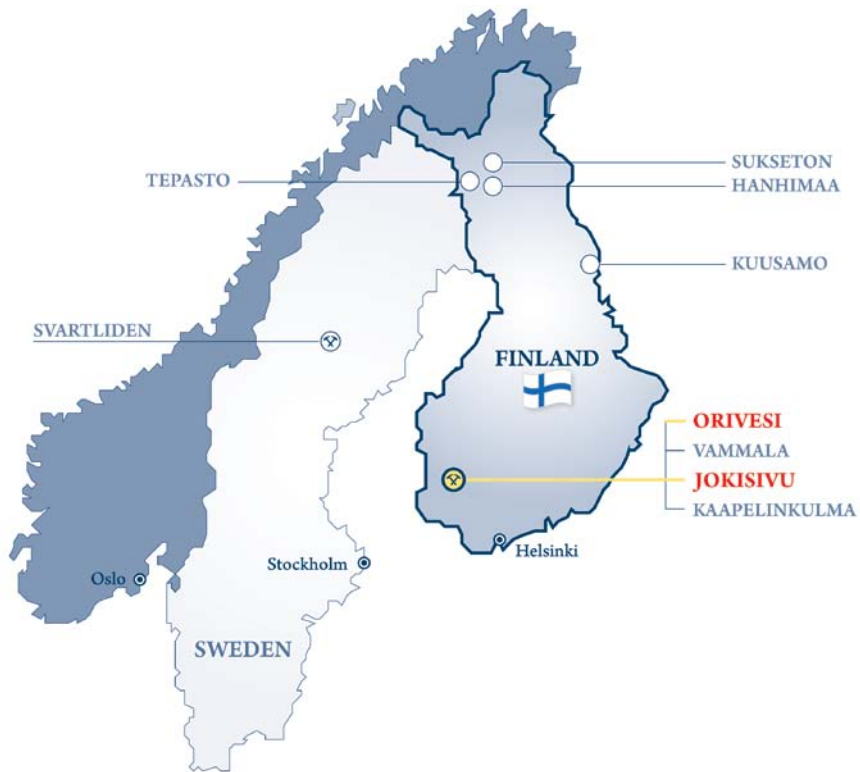


Figure 2 – Location of Projects in Southern Finland



Figure 3 - Jokisivu Gold Mine – Oblique view of Kujankallio & Arpola lode systems

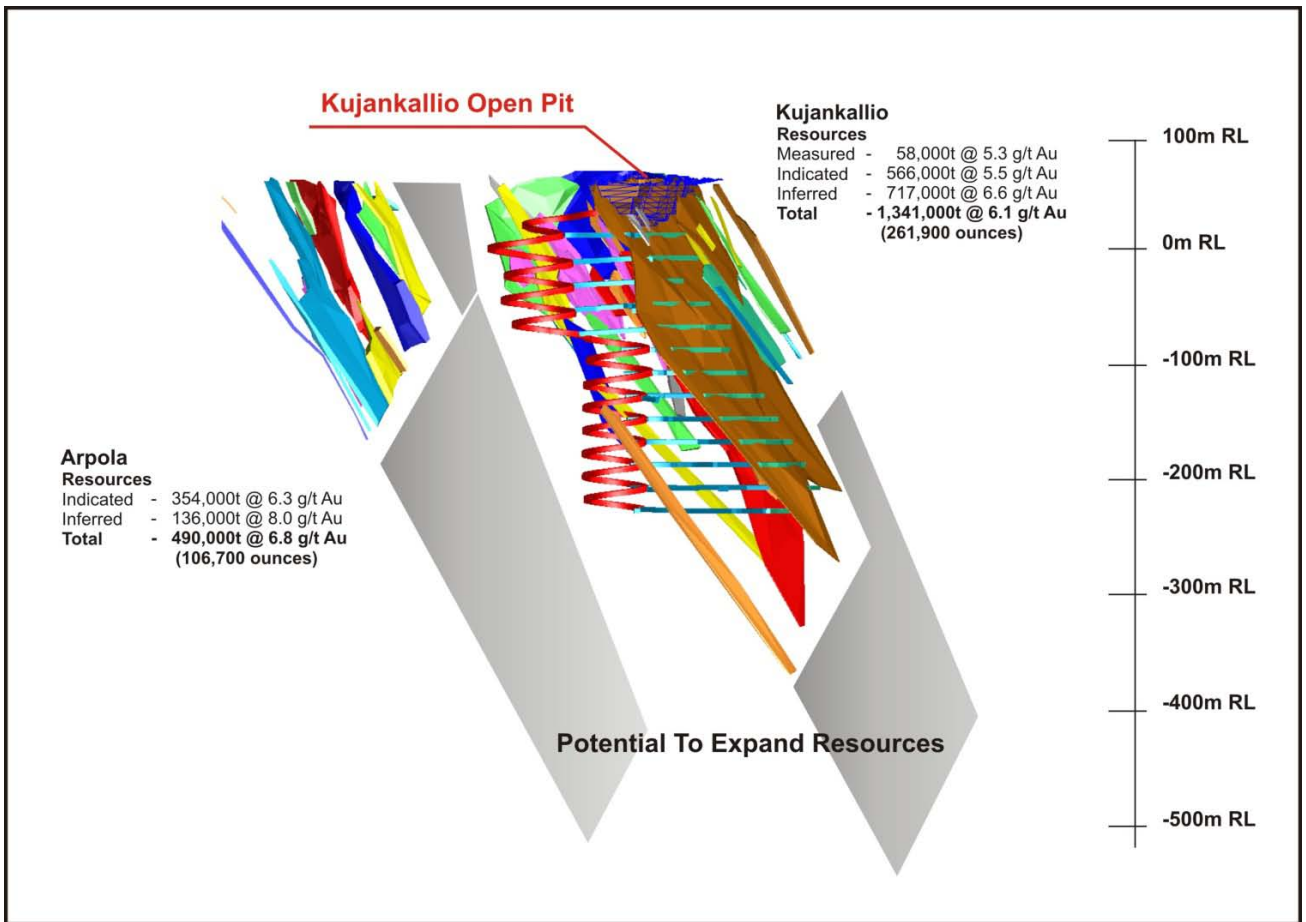
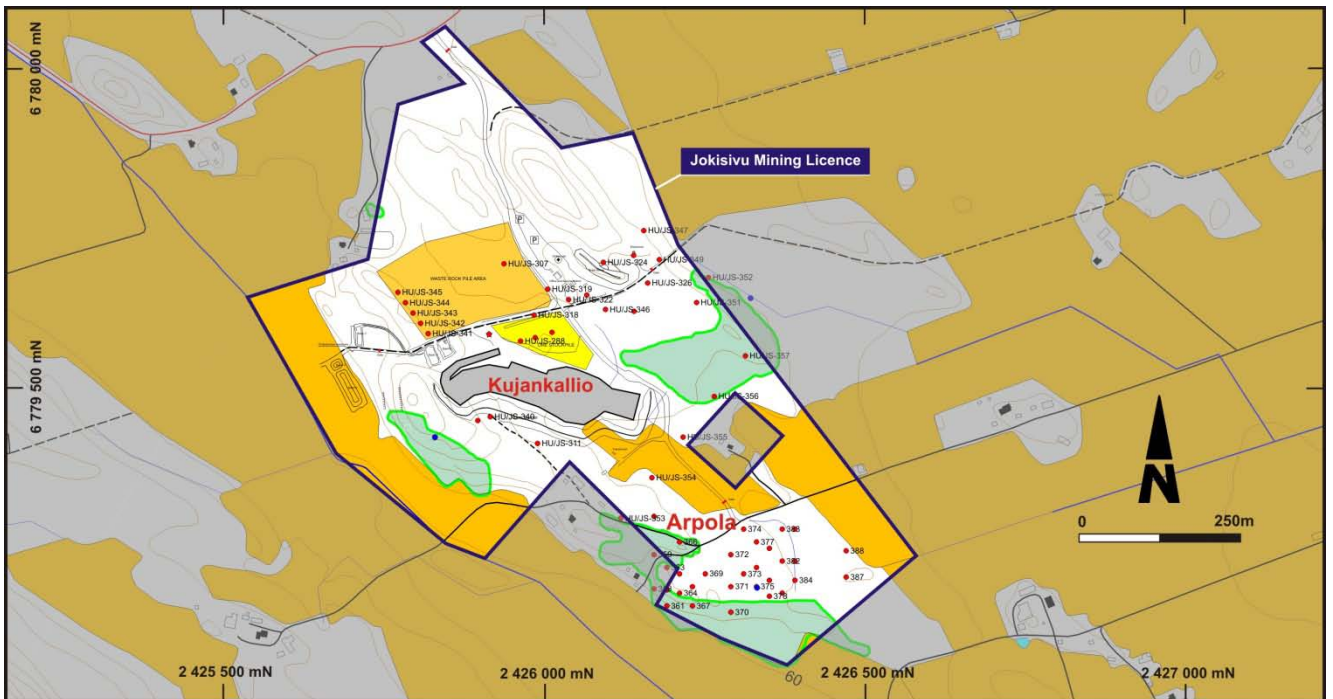


Figure 4 – Jokisivu Gold Mine Layout



Background

A Mineral Resource estimate for the Kujankallio Gold Deposit was completed in February 2010 by Runge Limited (Runge) for Dragon Mining's 100% owned subsidiary Polar Mining Limited (Polar). The deposit forms part of the Jokisivu Gold Mine and is located 7km southwest of Huittinen and 180km north-northwest of Helsinki, Finland.

The first boulder indications of the Kujankallio deposit were discovered by an amateur prospector in 1964. Subsequent exploration by Outokumpu Oy (Outokumpu) between 1985 and 2003 outlined a small, medium to high grade resource. Polar assumed control of the property in 2003 and has continued exploration and mining studies. Open pit mining commenced in late 2009 and a total of 36,000t of ore was mined by the end of 2009. Kujankallio is a Palaeoproterozoic orogenic gold deposit located in the Vammala Migmatite Zone.

The deposit is controlled by a conjugate set of brittle-ductile shear zones between two major NW trending shear zones in upper-amphibolite facies rocks. Mineralisation is hosted within relatively undeformed and unaltered diorite, in 1 to 5 metre wide shear zones that are characterised by laminated, pinching and swelling quartz veins and a well developed moderately (50°) east-northeast plunging lineation. The Kujankallio vein sets have been shown by drilling to extend to at least 500 metres depth. Gold mineralisation is chiefly free gold in quartz veins, locally related to arsenopyrite, loellingite, pyrrhotite and scheelite.

Drilling extends to a maximum depth of approximately 525 metres below surface and the mineralisation was modelled to a depth of approximately 440 metres below the surface. The Resource estimate is based on surface trenching and diamond drilling data carried out by Outokumpu and Polar.

The Kujankallio gold deposit contains numerous parallel lode structures of varying thickness and grade, as well as a distinct fold (or pseudo-fold) 'hinge' zone. A nominal 1.0g/t lower cut off has been used to interpret 49 individual mineralised envelopes. The block dimensions used in the model were 2m NS by 5m EW by 5m vertical with sub-cells of 1m by 2.5m by 2.5m. The Resource was estimated by the Inverse Distance interpolation method.

High grade cuts ranging from 75 g/t to 105 g/t were determined by statistical analysis and were applied to the composites. The Resource is reported at a cut off grade of 2.0 g/t gold and depleted to 31 December 2009.

The deposit was classified as a Measured, Indicated and Inferred Mineral Resource. The portion of the deposit with close spaced drilling (generally 5m by 10m) has excellent grade and geological continuity and has been classified as Measured Mineral Resource. The good continuity of grade and structure outlined by the medium density drilling (30m by 30m) has allowed much of the deposit to be classified as Indicated Mineral Resource. The portion of the deposit classified as Inferred Mineral Resource included areas where the drill spacing has widened out to exceed 30m by 30m, zones displaying some geological complexity or zones of discontinuous mineralisation outside the main mineralised zones (generally defined by 3 or less holes).