

ASX ANNOUNCEMENT

08 MAY 2009

DRAGON MINING LIMITED COMMENCES THE JOKISIVU GOLD MINE, FINLAND

Dragon Mining is pleased to announce that the development of the Kujankallio open pit at the Jokisivu Gold Mine in Finland has commenced. Jokisivu is Dragon Mining's third operating gold mine with ample capacity available at the Vammala Production Centre (located 40km northeast of Jokisivu) to process the ore.

An internal feasibility study confirms a positive return on the project, the key features which are summarised below are based on a gold price of US\$800 per ounce and a USD/EUR exchange rate of 1.20.

Ore	tonnes	100,850
Diluted Ore Grade	grams/tonne	4.7
Recovery	%	84.0
Gold Concentrate Production	ounces	12,741
Operating Cost	US\$/ounce	575
Capital Expenditure	US\$ (000's)	1,200
Net Cash Return	US\$ (000's)	1,628
IRR	%	91

Figure 1 – Location of Jokisivu in Southern Finland

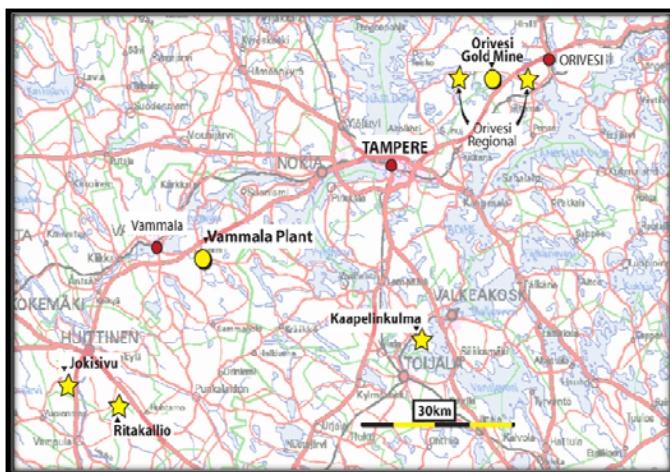
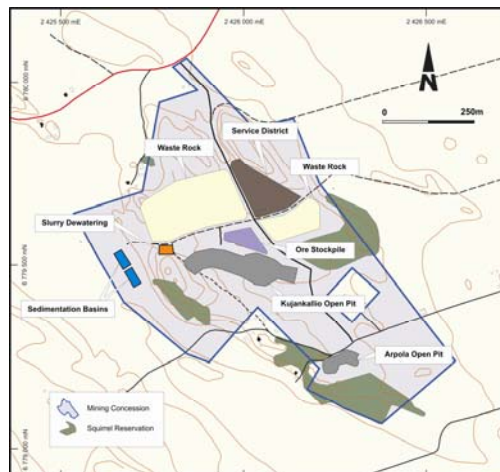


Figure 2 – Jokisivu Layout



Logging was completed during April with logs stockpiled and stumps and cut off material removed for sale to local energy suppliers.

Mining tenders were reviewed with the selected contractor mobilising equipment to site this week (week 19) to remove and stockpile peat/till from access road, waste rock and stockpile areas and undertake drainage work. Overburden removal has now commenced.

A sixteen hole diamond drilling program targeting the mineralisation below the open-pit limits at Kujankallio commenced in March. An internal study for the open pit development of Arvola has commenced.

The Jokisivu Gold Mine has the potential to deliver a long term source of ore to the Vammala Production Centre in addition to the Orivesi Gold Mine.

Jokisivu Gold Mine Background

The Jokisivu Gold Mine is located 40 kilometres southwest of the Vammala Production Centre and hosts an Indicated and Inferred Resource totalling 325,000 ounces which has been defined in two occurrences 200 metres apart. The Kujankallio resource has been shown by drilling to extend to at least 500 metres depth, though resource drilling currently extends only down to 350 metres, whilst the Arpola resource has only been drilled down to 200 metres. Both remain open with depth and along strike.

Category	Tonnes	Gold (g/t)	Ounces
Kujankallio (1)			
Indicated	390,000	5.7	71,500
Inferred	687,000	6.6	146,700
Total	1,077,000	6.3	218,300
Arpola (2)			
Indicated	354,000	6.3	71,700
Inferred	136,000	8.0	35,000
Total	490,000	6.8	106,700

(1) Tonnage Distributions subdivided by JORC Categories; ID2 Estimate using 2mE x 5mN x 5mRL Block Dimensions; Reported at a 2.0 g/t Au Cut Off. The resource is reported using high grade cut of 50-90 g/t gold. 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 employees 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) Tonnage Distributions subdivided by JORC Categories; ID2 Estimate using 10mE x 1mN x 10mRL Block Dimensions; Reported at a 2.0 g/t Au Cut Off. The resource is reported using high grade cut of 50 g/t gold. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Ms Ivy Chen Bsc (Hons) in 2005. Ms Ivy Chen, a Member of the Australian Institute of Mining and Metallurgy, was then a full time employee of Maxwell Geoservices Pty Ltd and has 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 Person as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. The Arpola Mineral Resource remains unchanged since that date. Maxwell Geoservices Pty Ltd has verified the form and context in which the information regarding the Arpola Mineral Resource has been used and considers it to be consistent with the original work undertaken in 2005.

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.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

Logging at Jokisivu



Removing and Stockpiling Peat/Till from Access Road, Waste Rock and Stockpile Areas

