

ASX ANNOUNCEMENT

04 AUGUST 2010

PROMISING RESULTS RETURNED FROM THE KAAPELINKULMA GOLD PROJECT, FINLAND

Dragon Mining Limited is pleased to announce the receipt of results from the diamond core drilling program completed at the Kaapelinkulma Gold Project in southern Finland.

Drilling was designed to infill the resources at Kaapelinkulma in preparation for resource estimation and mining studies. A total of 44 holes (4,448.70 metres) were completed during this campaign.

Results have been received from all holes, returning some high individual gold grades and promising intercepts including **1.65m @ 34.07 g/t gold, 2.05m @ 4.32 g/t gold, 3.65m @ 2.23 g/t gold, 2.20m @ 3.17 g/t gold, 2.50m @ 7.51 g/t gold, 3.25m @ 2.74 g/t gold, 2.55m @ 4.14 g/t gold, 2.70m @ 2.70 g/t gold and 1.60m @ 6.06 g/t gold.** All results received are presented in Table 1.

An update of the Kaapelinkulma resource estimate will now begin, in preparation for pit optimisation studies. In anticipation of the development of this project, applications for a Mining Lease and the Environmental Permits were lodged with the relevant authorities in March 2010.

Kaapelinkulma drill hole location plan.

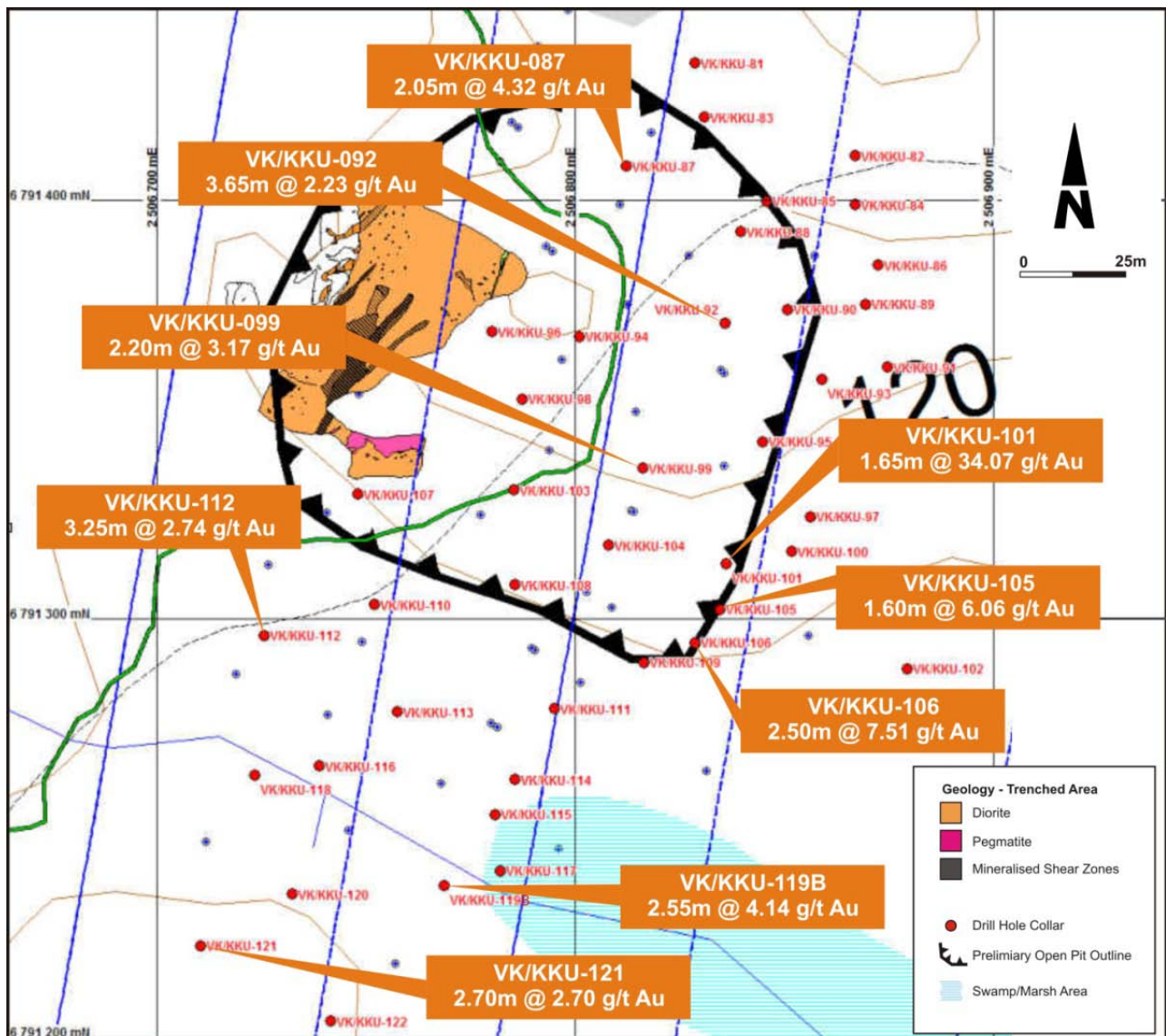


Table 1 - Intercepts from Kaapelinkulma. Reported at a cut-off grade of 1g/t gold.

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
VK/KKU-81	6791432.88	2506828.52	300.0	-50.0	No significant results		
VK/KKU-82	6791410.63	2506866.94	300.0	-50.0	8.85	0.70	4.25
VK/KKU-83	6791419.85	2506830.89	300.0	-50.0	42.30	0.40	2.03
					56.40	1.00	2.81
VK/KKU-84	6791399.00	2506866.93	300.0	-50.0	10.20	0.90	1.19
					96.05	0.95	1.03
VK/KKU-85	6791399.90	2506845.87	300.0	-62.0	No significant results		
VK/KKU-86	6791384.60	2506872.35	300.0	-61.0	No significant results		
VK/KKU-87	6791408.22	2506812.29	300.0	-64.5	27.80	0.60	16.80
					31.15	2.05	4.32
VK/KKU-88	6791392.49	2506839.48	300.0	-65.5	No significant results		
VK/KKU-89	6791375.22	2506869.34	300.0	-72.0	No significant results		
VK/KKU-90	6791373.99	2506850.66	300.0	-51.0	No significant results		
VK/KKU-91	6791360.18	2506874.57	300.0	-51.5	No significant results		
VK/KKU-92	6791370.67	2506835.74	300.0	-51.0	57.20	3.65	2.23
VK/KKU-93	6791357.24	2506858.98	300.0	-53.0	14.85	0.65	1.36
VK/KKU-94	6791367.56	2506801.10	300.0	-51.0	27.90	0.85	1.18
					36.85	1.00	4.05
					39.95	0.65	2.08
VK/KKU-95	6791342.41	2506844.69	300.0	-53.5	39.50	0.90	1.73
VK/KKU-96	6791368.63	2506780.02	300.0	-49.5	13.85	0.95	2.77
					23.90	1.10	1.49
VK/KKU-97	6791326.00	2506856.64	294.4	-50.1	82.90	0.60	2.68
VK/KKU-98	6791352.63	2506787.41	300.0	-49.0	24.40	1.00	1.46
					27.10	0.70	13.65
					30.70	0.80	1.88
VK/KKU-99	6791335.22	2506815.10	303.0	-53.6	41.65	0.55	5.23
					53.20	1.40	4.46
					56.70	1.45	6.29
					61.25	2.20	3.17
VK/KKU-100	6791316.33	2506853.20	300.2	-54.8	No significant results		
VK/KKU-101	6791313.34	2506836.39	299.2	-65.0	40.65	1.65	34.07
					including 1.00 metre @ 25.80 g/t gold from 40.65 metres and 0.65 metres @ 46.60 g/t gold from 41.65 metres		
VK/KKU-102	6791288.22	2506879.37	300.0	-61.0	133.00	0.85	2.08
VK/KKU-103	6791330.87	2506785.29	300.0	-54.0	No significant results		
VK/KKU-104	6791317.61	2506807.88	300.0	-58.0	51.40	0.60	3.79
					65.35	1.30	1.07
					70.00	2.90	1.17
VK/KKU-105	6791303.17	2506835.58	299.0	-60.1	35.55	1.15	8.52
					41.20	1.60	6.06
					78.10	1.75	1.20
VK/KKU-106	6791295.02	2506829.18	298.7	-68.4	68.50	2.50	7.51
VK/KKU-107	6791329.80	2506748.07	300.0	-56.0	14.65	1.15	1.46
					28.30	1.05	1.23
VK/KKU-108	6791308.19	2506785.47	300.0	-58.5	3.85	1.05	1.43
VK/KKU-109	6791289.67	2506816.52	300.0	-59.0	37.15	0.95	2.90
					79.70	0.60	4.73
VK/KKU-110	6791303.46	2506752.12	300.0	-49.0	29.65	0.60	1.27
VK/KKU-111	6791278.53	2506795.01	300.0	-53.0	No significant results		
VK/KKU-112	6791296.18	2506725.59	300.0	-48.0	3.45	3.25	2.74
VK/KKU-113	6791277.88	2506757.42	300.0	-49.0	No significant results		
VK/KKU-114	6791261.64	2506785.52	300.0	-50.0	No significant results		
VK/KKU-115	6791253.38	2506780.95	300.0	-48.5	44.10	0.45	2.18
VK/KKU-116	6791264.91	2506738.72	300.0	-53.0	No significant results		
VK/KKU-117	6791239.88	2506782.21	300.0	-55.0	28.75	0.95	1.27
					39.50	0.70	6.36
VK/KKU-118	6791262.64	2506723.27	300.0	-48.0	22.25	0.60	2.86
					24.50	0.90	7.95
VK/KKU-119B	6791236.38	2506768.72	300.0	-68.0	31.85	0.65	1.25
					63.15	1.10	1.86
					73.80	0.60	6.03
					78.35	2.55	4.14
VK/KKU-120	6791234.36	2506732.30	300.0	-52.0	8.75	1.25	2.59
					33.20	1.10	5.23
					37.55	0.95	1.90
					43.40	0.60	2.42
VK/KKU-121	6791222.02	2506710.35	300.0	-46.0	30.95	2.70	2.70
VK/KKU-121X	6791222.02	2506710.35	120.0	-46.0	7.70	1.40	1.85
VK/KKU-122	6791203.94	2506741.64	300.0	-46.0	42.05	0.85	7.26
					48.85	0.90	1.43
					52.45	0.70	15.80
					67.50	0.70	2.63
VK/KKU-123	6791185.60	2506773.38	300.0	-46.0	44.60	0.70	1.03

Analysis of half core 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.

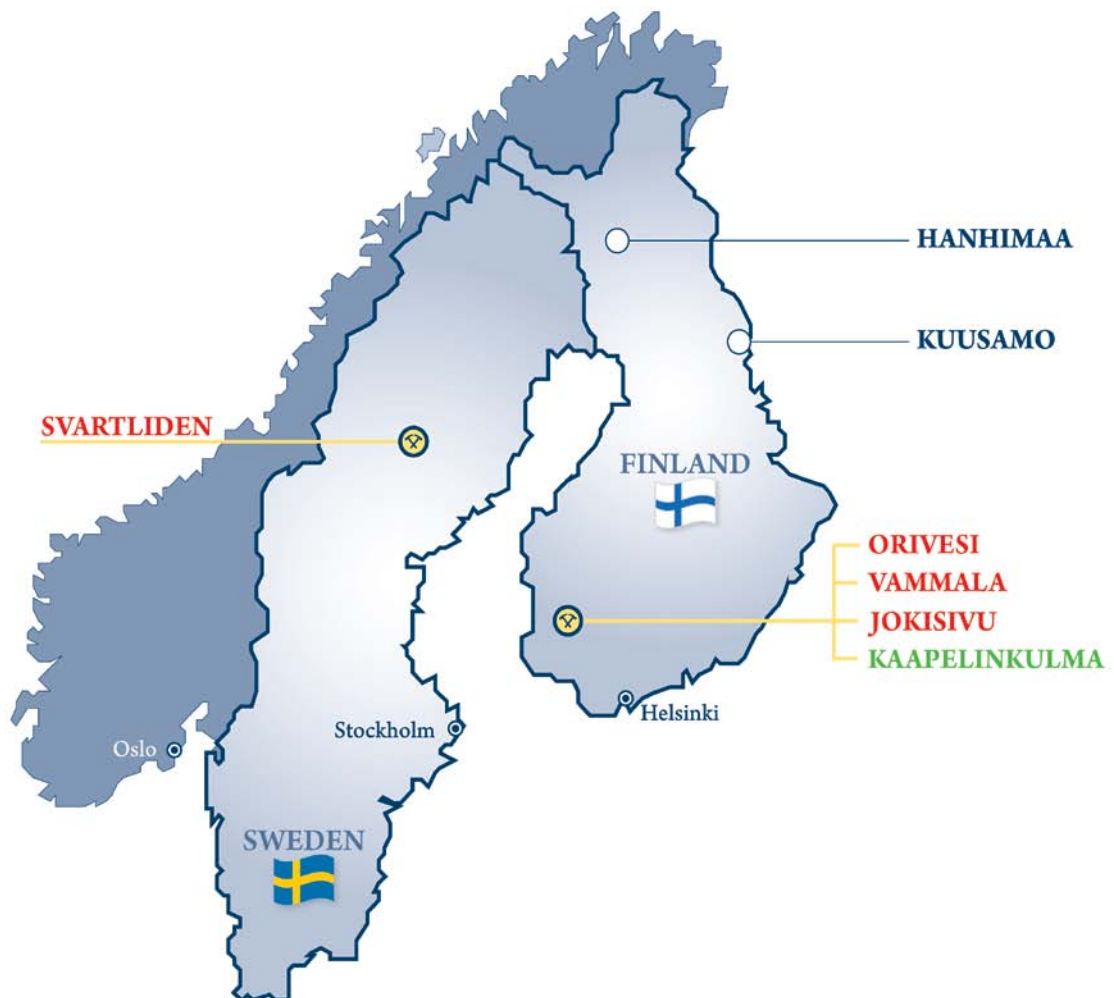
For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

Background - Kaapelinkulma Gold Project

The Kaapelinkulma Gold Project is located 55 kilometres southeast of the Vammala Production Centre and hosts an Indicated Resource of 78,000 tonnes @ 8.4 g/t (21,000 ounces) and an Inferred Resource of 83,000 tonnes @ 4.1 g/t gold (10,900 ounces) from two deposits. The Kaapelinkulma Gold Project has the potential to become Dragon Mining's third operating gold mine in Finland. In anticipation of the development of this project, applications for a Mining Lease and the Environmental Permits were lodged with the relevant authorities in March 2010.

Location of Projects



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 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 announcement of the matters based on their information in the form and context in which it appears.