

ASX ANNOUNCEMENT

2 SEPTEMBER 2010

FURTHER PROMISING DRILL RESULTS FROM THE SARVISUO AREA, ORIVESI GOLD MINE

Dragon Mining Limited (Dragon) is pleased to announce the receipt of the final results from the 25 hole, 3,500 metre campaign of diamond core drilling of the extensions of the Sarvisuo lode system at the Orivesi Gold Mine in southern Finland.

These results have yielded a number of intercept highlights (**1.65m @ 63.89 g/t gold**, **4.00m @ 7.01 g/t gold** and **1.25m @ 76.4 g/t gold**), providing further encouragement for the area west of the Sarvisuo lode system and indicating that mineralisation associated with the Sarvisuo lode system could extend down to at least the 620m level.

The results for the final 9 holes are presented in Table 1, the results for the initial 16 holes were announced in the Dragon June Quarterly Report on the 16 July 2010.

A 10 hole, 2,300 metre drilling program has now commenced to better determine the merits and extent of mineralisation identified during this campaign, with the first results scheduled to be available during September.

Result highlights from drilling of the Sarvisuo lode system.

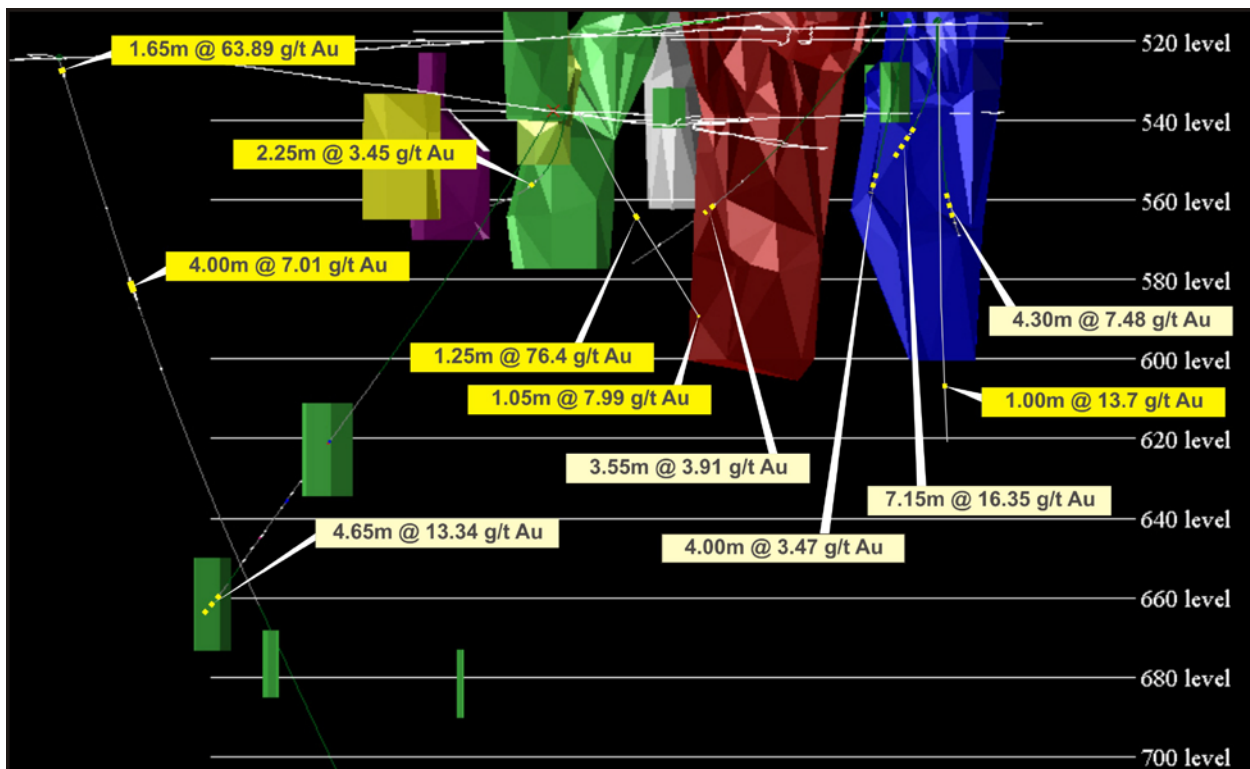


Table 1 – Results from Sarvisuo Diamond Core Drilling, Orivesi Gold Mine

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
Sarvisuo Depth Extensions – 540m to 620m Levels							
KU-1128	6838492.41	2508816.52	0.3	-38.5	90.70	0.80	1.15
					92.00	1.30	1.33
KU-1131	6838491.92	2508817.85	357.3	-28.3	82.00	3.35	2.46
KU-1133	6838490.64	2508820.42	23.4	-35.6	48.55	1.25	76.4
					105.40	1.05	7.99
					108.65	0.75	2.69
KU-1134	6838491.6	2508819.38	16.0	-28.9	86.75	1.10	1.31
KU-1135	6838491.68	2508818.98	2.85	-36.1	No significant results		
KU-1136	6838491.91	2508817.74	357.3	-28.3	75.25	2.25	3.45
KU-1148	6838466.84	2508911.19	0.3	-38.5	153.15	1.05	1.22
					157.00	1.10	1.44
KU-1179	6838466.77	2508911.20	0.5	-44.0	141.00	1.00	13.70
					145.00	1.00	1.45
Sarvisuo West – 530m to 620m Levels							
KU-1180	6838478.72	2508689.68	22.56	-50.4	4.00	1.65	63.89
					Includes 1.15 metres @ 90.70 g/t gold from 4.50 metres		
					79.00	4.00	7.01
					Includes 1.00 metres @ 14.65 g/t gold from 79.00 metres and 0.80 metres @ 15.00 g/t gold from 82.20 metres		
					92.75	0.40	4.96

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. Reported at 1 g/t gold cut-off.

For and on behalf of
Dragon Mining Limited

Peter G Cordin
Executive Chairman

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.

Location of Projects

