

ASX ANNOUNCEMENT

17 SEPTEMBER 2010

**DRAGON MINING COMMENCES DECLINE FOR UNDERGROUND MINING AT THE JOKISIVU GOLD MINE, FINLAND**

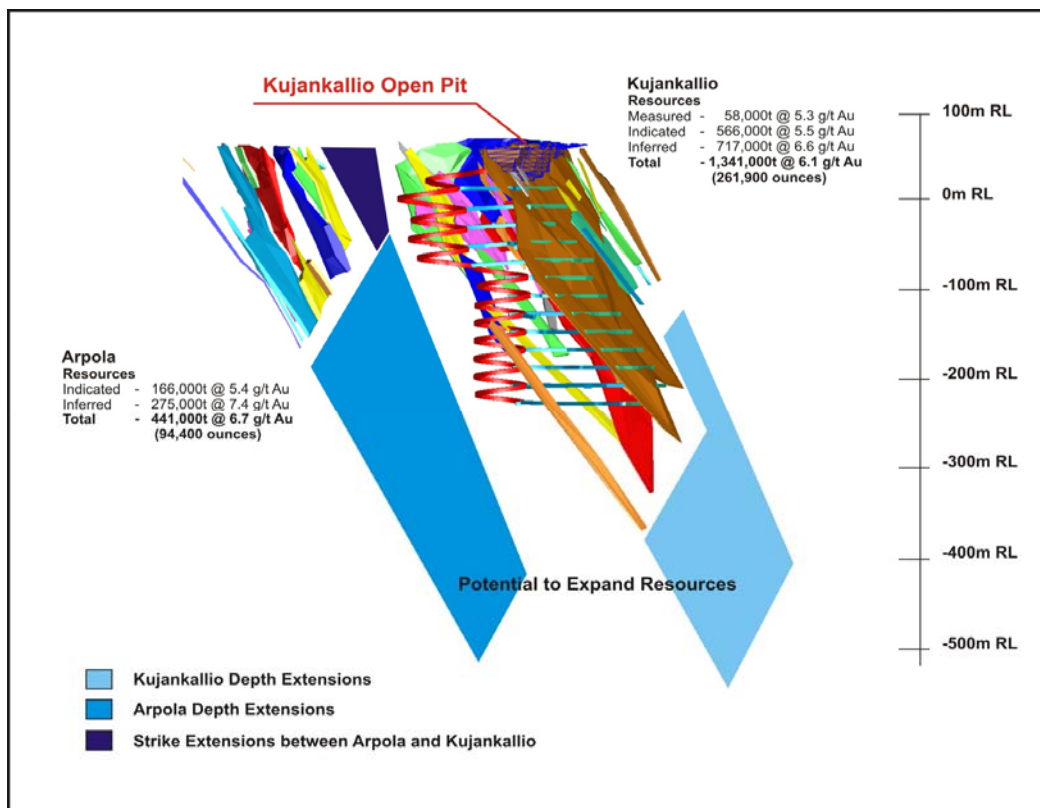
Dragon Mining is pleased to announce it will commence the decline for the underground development of the Kujankallio deposit at the Jokisivu Gold Mine in Finland. Finnish mining contractor, SK-Kaivin OY, has been awarded the contract and the decline is expected to commence later this month, with ore available for processing in 2011.

The Company has completed an internal study which highlights the prospectively of the project and an infill drilling campaign is currently underway at Kujankallio to improve the category of Resources and to allow for more detailed mine planning and scheduling to take place.

The decline which will provide mine access is located at the eastern end of the Kujankallio open pit which was completed in August, yielding 10,176 ounces at an approximate cash cost of US\$620/oz.

Exploration and further internal studies are also underway to determine the viability of a development that would encompass the Arpola deposit, which is located 200 metres to the east.

**Jokisivu Gold Mine - Arpola and Kujankallio Deposits showing the Conceptual Underground Development**



Executive Chairman Peter Cordin stated "The commitment to develop the underground is an important step in achieving an extension of the mine life at Jokisivu and the Company securing a long term presence in Finland. There are considerable Resources defined at Jokisivu and further exploration success will help achieve a mine life greater than five years."

For and on behalf of  
**Dragon Mining Limited**

**Peter G Cordin**  
Executive Chairman

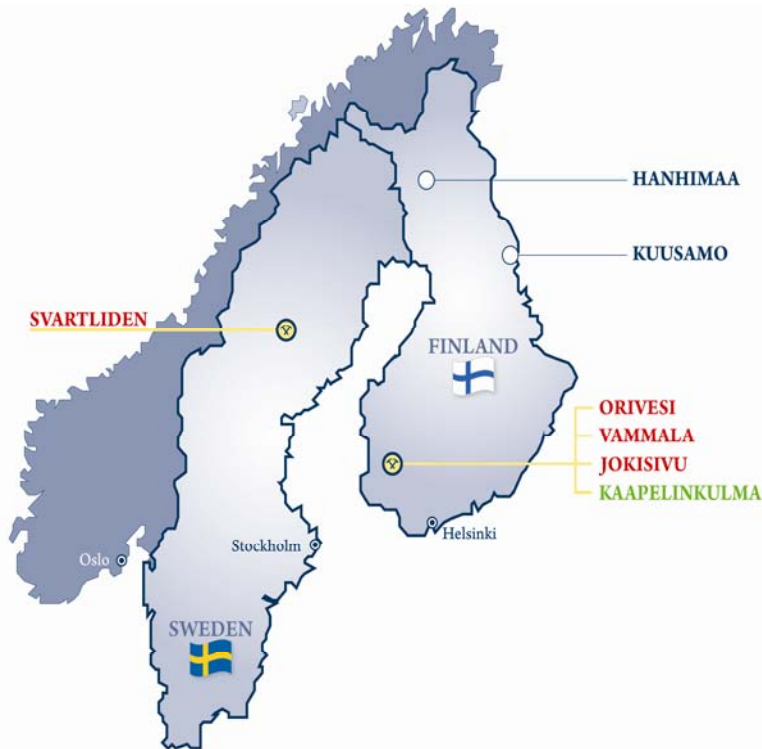
## Background - Jokisivu Gold Mine

The Jokisivu Gold Mine is located 40 kilometres southwest of the Vammala Production Centre and hosts a Measured, Indicated and Inferred Resource totalling 356,300 ounces from two deposits 200 metres apart. The Kujankallio deposit has been shown by drilling to extend to at least 525 metres in depth, though resource drilling currently extends only down to 440 metres, whilst the Arpola deposit has only been drilled down to 200 metres. Both deposits remain open with depth and partially along strike and may converge.

### Jokisivu Gold Mine Mineral Resource Inventory (Undepleted). Reported at a 2 g/t gold cut-off.

Deposit	Category	Tonnes	Gold (g/t)	Ounces
Kujankallio	Measured	58,000	5.3	9,800
	Indicated	566,000	5.5	100,000
	Inferred	717,000	6.6	152,100
	<b>Total</b>	<b>1,341,000</b>	<b>6.1</b>	<b>261,900</b>
Arpola	Indicated	166,000	5.4	28,800
	Inferred	275,000	7.4	65,600
	<b>Total</b>	<b>441,000</b>	<b>6.7</b>	<b>94,400</b>
Total	<b>Measured</b>	<b>58,000</b>	<b>5.3</b>	<b>9,800</b>
	<b>Indicated</b>	<b>732,000</b>	<b>5.5</b>	<b>128,800</b>
	<b>Inferred</b>	<b>992,000</b>	<b>6.8</b>	<b>217,700</b>
	<b>Total</b>	<b>1,782,000</b>	<b>6.2</b>	<b>356,300</b>

### 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.