

ASX ANNOUNCEMENT

28 SEPTEMBER 2010

**HISTORICAL BONANZA DRILL RESULTS - DRAGON TO RECOMMENCE EXPLORATION AT THE KUUSAMO GOLD PROJECT**

Dragon Mining Limited (Dragon) is pleased to announce the recommencement of exploration at the Kuusamo Gold Project in north-eastern Finland with the undertaking of an aggressive drilling campaign over the next twelve months totalling 20,000 metres.

The Kuusamo Gold Project is located approximately 700 kilometres north of Helsinki. It comprises of a series of contiguous tenements that encompass five known gold occurrences, which have a combined total Inferred Mineral Resource inventory of 178,800 ounces grading 4.1 g/t gold (Appendix 1).

At the Juomasuo gold deposit a total of 298 holes have been drilled between 1985 and 2003 for an advance of 17,191 metres (Appendix 2). The more recent drilling was completed by a subsidiary of Outokumpu Mining Oy, which returned a number of bonanza drill intercepts including:

- **19.20m @ 179.52 g/t gold (includes 0.8m @ 3,888.82 g/t gold);**
- **3.70m @ 426.98 g/t gold (includes 1.4m @ 1,125.10 g/t gold);**
- **19.60m @ 63.70 g/t gold (includes 1.0m @ 103.90 g/t gold and 1.0m @ 1,008.89 g/t gold);**
- **4.12m @ 265.50 g/t gold (includes 2.38m @ 444.86 g/t gold); and**
- **8.00m @ 48.85 g/t gold (includes 1.6m @ 182.72 g/t gold).**

A listing of significant intercepts from Outokumpu's KS/JS campaign is provided in Appendix 3.

The Kuusamo Gold Project was acquired in 2003 as part of the purchase of the precious metal assets of Outokumpu Mining Oy. Due to Dragon investing both funds and time in establishing its two existing production centres in Sweden and southern Finland, limited attention has been given to the Kuusamo Gold Project over the last seven years.

Drilling and related exploration activities will commence as soon as possible. The initial phase of drilling will focus on the Juomasuo deposit, which together with the nearby Hangaslampi deposit will form the foundation for the development of this project.

Dragon's Executive Chairman, Peter Cordin stated, "This is an exciting period for Dragon and its shareholders as we now have the financial resources to implement a longer term growth strategy. The Kuusamo Gold Project forms an integral part of this, as the company seeks to substantially increase production levels in the coming years."

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

**Peter G Cordin**  
Executive Chairman

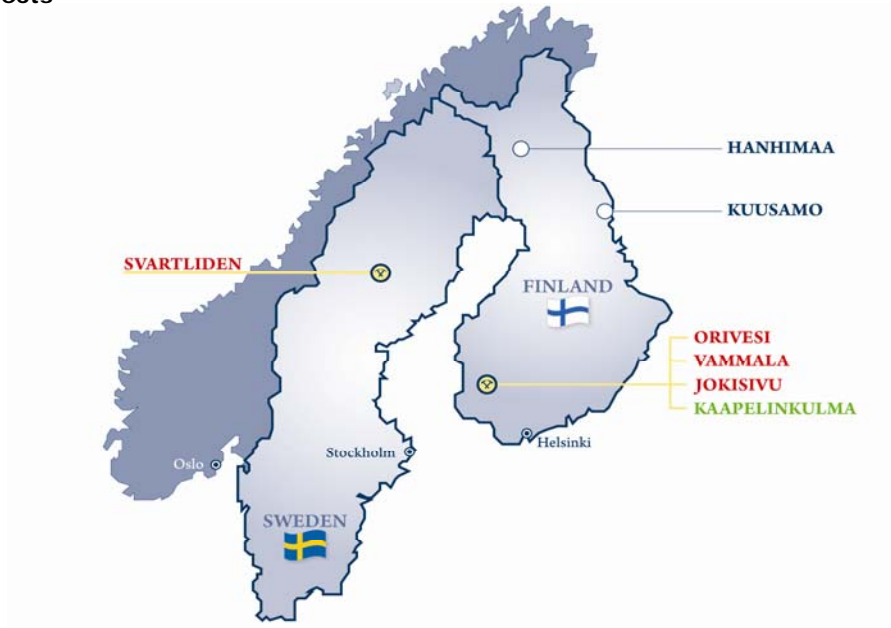
*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Neale Edwards BSc (Hons), a Member of the Australian Institute of Geoscientists and Mr Urpo Kuronen MSc (Geology), a Member of the Australian Institute of Mining 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 report of the matters based on their information in the form and context in which it appears.*

**Contacts:**

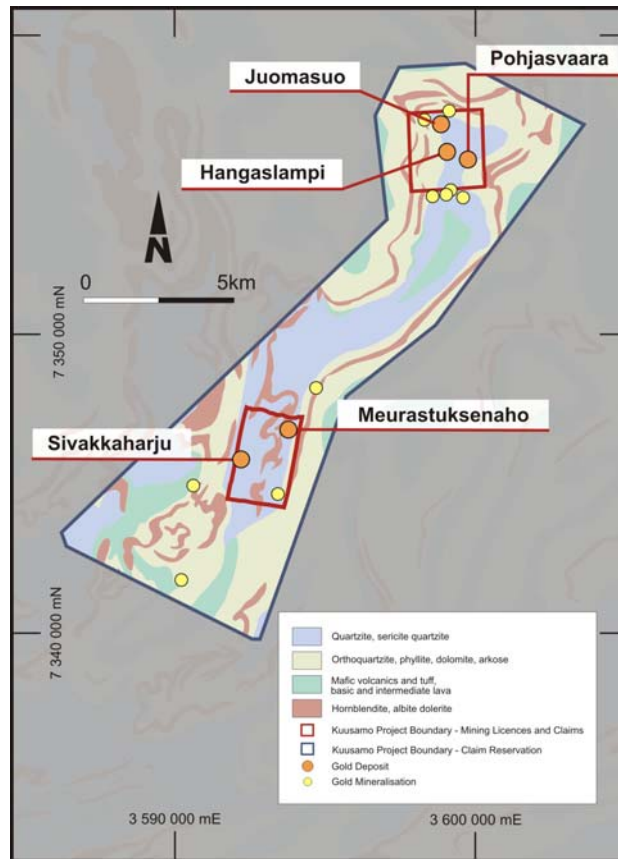
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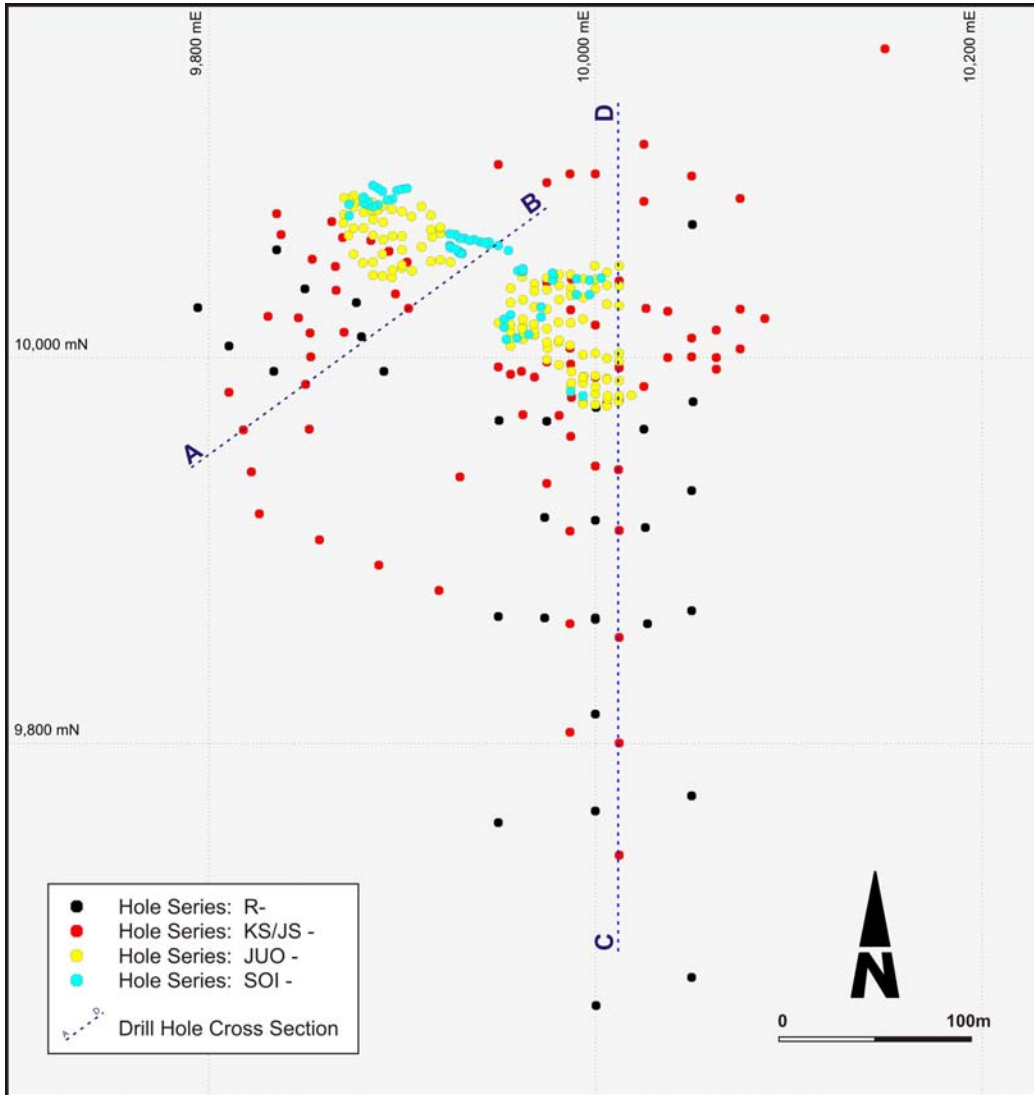
### Location of Projects



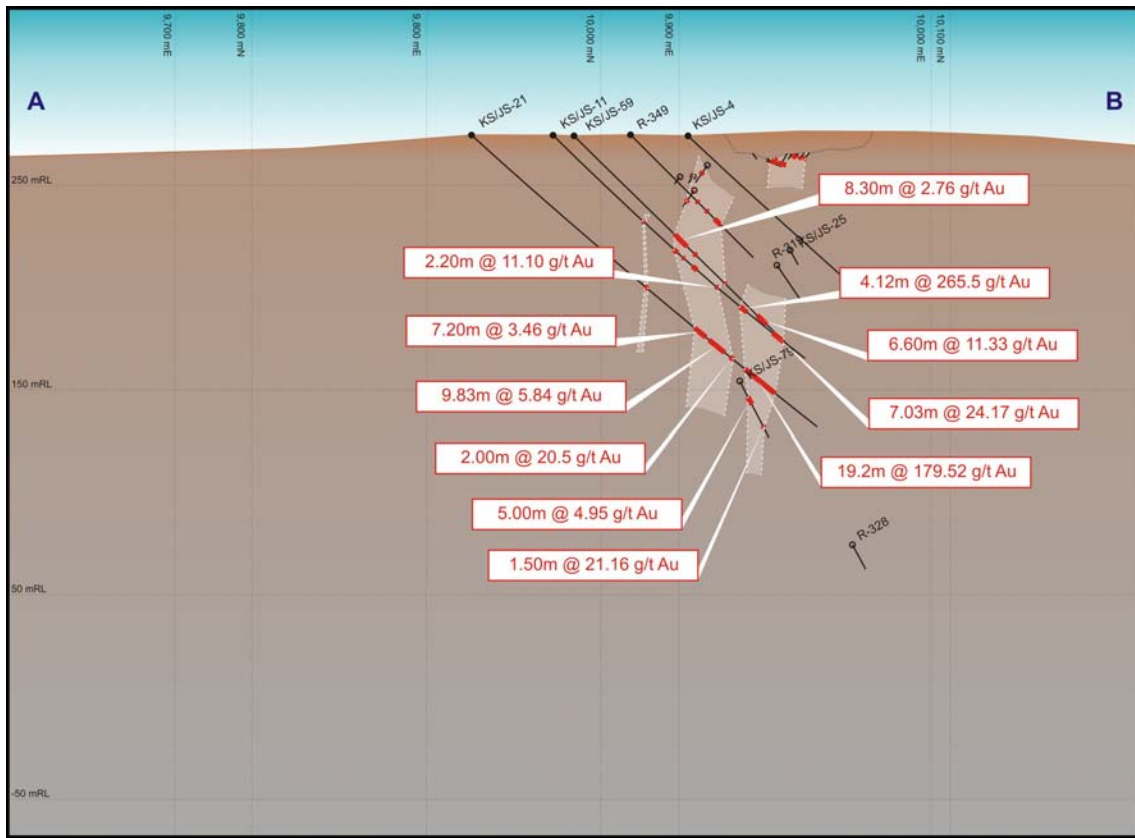
### Project Outline, Displaying the Location of the Five Gold Deposits of the Kuusamo Gold Project



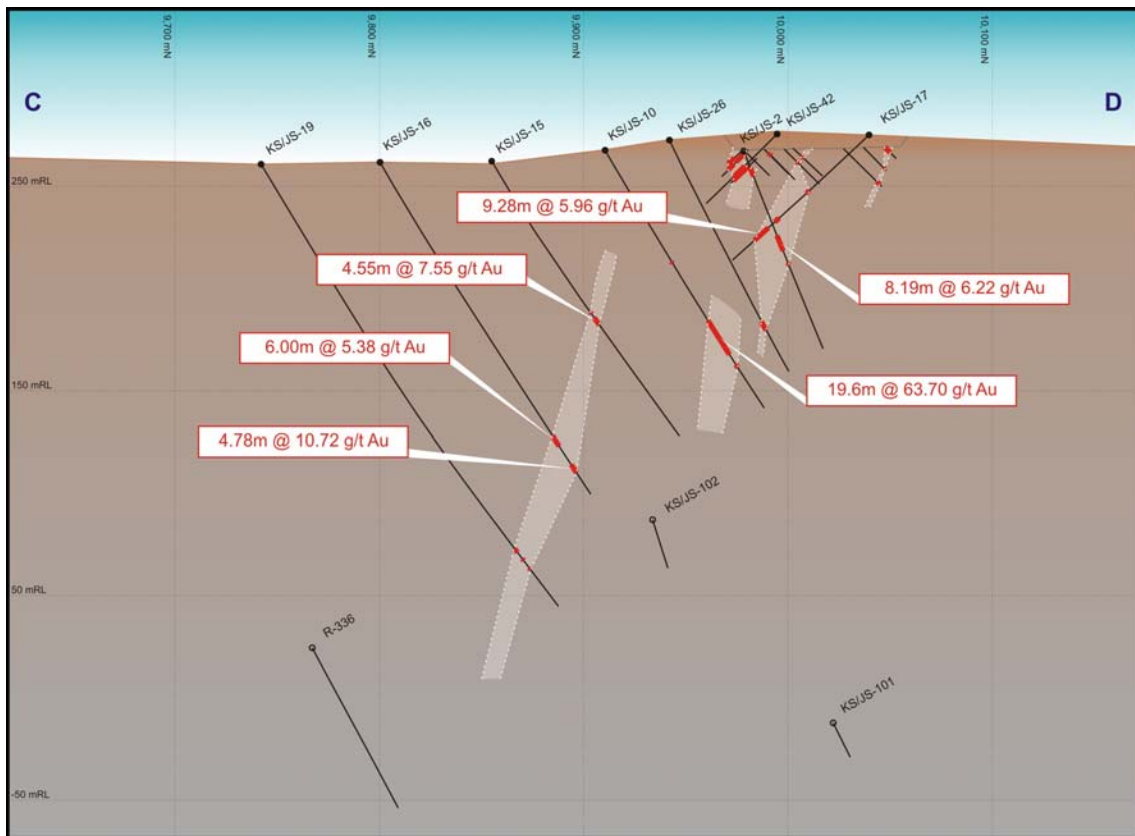
# Location Plan of Historic Juomasuo Drill Collars



**Juomasuo Drill Hole Cross Section: A - B**



**Juomasuo Drill Hole Cross Section: C - D**



## Appendix 1 - Kuusamo Mineral Resource Inventory

Deposit	Category	Tonnes (t)	Gold (g/t)	Ounces
Juomasuo	Measured			
	Indicated			
	Inferred	779,000	4.2	105,200
	<b>Total</b>	<b>779,000</b>	<b>4.2</b>	<b>105,200</b>
Hangaslampi	Measured			
	Indicated			
	Inferred	176,000	6.0	34,000
	<b>Total</b>	<b>176,000</b>	<b>6.0</b>	<b>34,000</b>
Pohjasvaara	Measured			
	Indicated			
	Inferred	82,000	3.2	8,400
	<b>Total</b>	<b>82,000</b>	<b>3.2</b>	<b>8,400</b>
Meurastuksenaho	Measured			
	Indicated			
	Inferred	284,000	2.3	21,000
	<b>Total</b>	<b>284,000</b>	<b>2.3</b>	<b>21,000</b>
Sivakkaharju	Measured			
	Indicated			
	Inferred	28,000	11.3	10,200
	<b>Total</b>	<b>28,000</b>	<b>11.3</b>	<b>10,200</b>
<b>Total</b>	<b>Measured</b>			
	<b>Indicated</b>			
	<b>Inferred</b>	<b>1,349,000</b>	<b>4.1</b>	<b>178,800</b>
	<b>Total</b>	<b>1,349,000</b>	<b>4.1</b>	<b>178,800</b>

Juomasuo Mineral Resource estimate by Outokumpu Mining Services. Ordinary Kriging estimate using 5mE x 2.5mN x 12mRL Block Dimensions. Reported at 2 g/t Gold Equivalent ( $AuEq = Au \text{ g/t} + 10 * Co \%$ ) cut-off. A minimum down hole width of two metres was used. The resource is reported using high grade cut of 33 g/t gold, the cut made prior to calculation of AuEq. Tonnage Distributions subdivided by JORC Categories.

Hangaslampi Mineral Resource estimate by Outokumpu Mining Services. Ordinary Kriging estimate using 3mE x 3mN x 4mRL Block Dimensions. Reported at 2 g/t Gold Equivalent ( $AuEq = Au \text{ g/t} + 10 * Co \%$ ) cut-off. A minimum down hole width of two metres was used. The resource is reported using high grade cut of 33 g/t gold, the cut made prior to calculation of AuEq. Tonnage Distributions subdivided by JORC Categories.

Pohjasvaara Mineral Resource estimate by Outokumpu Finnmines. The resource is reported using high grade cut of 10 g/t gold. Reported at 2 g/t Gold Equivalent ( $AuEq = Au \text{ g/t} + 10 * Co \% + Cu \%$ ) cut-off. Tonnage Distributions subdivided by JORC Categories.

Meurastuksenaho Mineral Resource estimate by Outokumpu Finnmines. The resource is reported using high grade cut of 14 g/t gold. Reported at 3 g/t Gold Equivalent ( $AuEq = Au \text{ g/t} + 10 * Co \% + 2 * Cu \%$ ). Tonnage Distributions subdivided by JORC Categories.

Sivakkaharju Mineral Resource estimate by Outokumpu Finnmines. The resource is reported using high grade cut of 21 g/t gold. Reported at 3 g/t gold cut-off. Tonnage Distributions subdivided by JORC Categories.

## Appendix 2 - Juomasuo Drilling and Analytical History

Hole Prefix	Drilled By	Years	Hole Number	Length (m)	Drill Type	Sample Medium	Sample Number	Analytical Technique
R-	GSF	1985 to 1988	23	4,366	Diamond	½ Core	627	Various – GSF Laboratories, Finland
R-	GSF	1988 to 1989	7	864	Diamond	½ Core	227	Various – GSF Laboratories, Finland
KS/JS-1 to 79	OFM	1991 to 1994	76	7,817	Diamond	½ Core	2,031	60g Fire Assay – Geoanalytical Laboratory, Outokumpu, Finland
	OPPM	2003 to 2004	Re and new assays			½ or ¼ Core	2,327	30g Fire Assay – Acme Analytical Laboratories, Vancouver, Canada
JUO-	OFM	1992	126	2,387	Diamond	Whole Core	1,713	40g Fire Assay – Geoanalytical Laboratory, Outokumpu, Finland and Outokumpu Finnmines – Rautuvaara, Finland
SOI-	OFM	1992	62	32	Percussion	Drill Chips	287	40g Fire Assay – Geoanalytical Laboratory, Outokumpu, Finland and Outokumpu Finnmines – Rautuvaara, Finland
KS/JS- 100 to 103	OPMM	2003	4	1,436	Diamond	½ Core	674	30g Fire Assay – Acme Analytical Laboratories, Vancouver, Canada
<b>Total</b>			<b>298</b>	<b>17,191</b>			<b>7,886</b>	

GSF: Geological Survey of Finland  
 OFM: Outokumpu Finnmines Oy  
 OPMM: Outokumpu Precious Metal Mines

**Appendix 3 - Historic intercepts from the KS/JS series of drill holes at Juomasuo. Reported at a cut-off grade of 2 g/t gold. Intercepts highlighted in red >50 gram-metres.**

Hole	North	East	Azimuth (°)	Dip (°)	Depth (m)	From (m)	Interval (m)	Au (g/t)
KS/JS-1	9979.3	9987.6	2.3	-70.0	130.3	0.00	7.90	11.29
						49.20	22.40	6.71
						76.70	0.80	22.40
KS/JS-2	9978.4	10012.4	357.4	-68.9	104.3	81.00	2.05	2.30
						9.05	4.25	3.57
						44.35	8.19	6.22
KS/JS-3	9943.7	10000.0	0.0	-43.5	114.6	58.80	1.23	3.30
						33.73	1.00	3.00
						46.50	27.30	5.82
KS/JS-5	10049.5	9902.5	53.7	-45.5	116.1	82.48	3.00	3.31
						21.78	4.22	36.79
						KS/JS-6	10060.6	9883.8
KS/JS-7	9910.0	9987.0	359.8	-59.3	150.2	12.72	1.28	6.32
						20.08	0.97	5.10
						109.92	10.08	9.21
KS/JS-8	9862.0	9987.0	358.1	-59.7	194.6	125.00	3.00	8.07
						130.00	1.00	3.70
						78.15	1.30	3.40
KS/JS-009	9806.0	9987.0	0.4	-60.4	224.3	126.30	1.70	5.15
						140.00	2.00	24.25
						147.00	7.00	3.41
KS/JS-10	9910.5	10012.5	359.0	-60.0	148.2	176.00	5.32	13.85
						142.93	1.62	6.90
						153.85	15.10	4.37
KS/JS-11	9986.2	9850.2	53.7	-45.0	164.8	174.00	1.00	3.80
						179.00	1.00	4.00
						185.00	1.00	6.80
KS/JS-12	10012.7	9852.4	54.8	-41.0	140.1	63.50	1.00	2.31
						97.50	19.60	63.70
						<i>including 1.0 metres @ 103.90 g/t gold from 105.0 metres and 1.0 metres @ 1,008.89 g/t gold from 113.0 metres</i>		
KS/JS-13	10021.5	9830.6	53.3	-44.0	144.9	122.95	1.79	6.98
						60.70	1.24	2.10
						81.32	2.37	4.35
KS/JS-14	10040.7	9987.6	179.6	-50.4	94.5	87.10	1.16	8.20
						93.60	2.93	4.21
						108.70	2.20	11.10
KS/JS-15	9855.0	10012.5	0.2	-59.2	163.0	124.40	4.12	265.50
						<i>including 2.38 metres @ 444.86 g/t gold from 125.4 metres</i>		
						144.62	7.03	24.17
KS/JS-16	9800.3	10012.6	359.8	-60.0	192.2	37.65	2.08	8.75
						46.55	8.45	15.98
						95.50	0.83	40.60
KS/JS-17	10039.7	10012.5	180.0	-43.6	90.7	107.15	5.50	8.31
						47.94	1.06	3.70
						96.00	2.30	3.50
KS/JS-18	10024.8	9987.3	179.6	-43.4	92.3	12.55	8.57	5.27
						25.68	5.52	4.65
						43.90	4.20	3.88
KS/JS-19	9742.1	10012.6	0.8	-58.8	260.8	51.50	2.40	8.70
						58.62	4.78	3.90
						68.20	3.18	6.17
KS/JS-20	9742.1	10012.6	0.8	-58.8	260.8	88.43	1.00	3.80
						91.43	4.51	7.55
						158.20	6.00	5.38
KS/JS-21	9742.1	10012.6	0.8	-58.8	260.8	174.92	4.78	10.72
						39.90	2.00	4.44
						59.90	3.00	5.13
KS/JS-22	9742.1	10012.6	0.8	-58.8	260.8	66.97	9.28	5.96
						0.00	3.45	4.39
						11.45	3.70	6.55
KS/JS-23	9742.1	10012.6	0.8	-58.8	260.8	33.15	1.20	3.90
						58.35	6.50	2.57
						225.40	2.34	4.57
KS/JS-24	9742.1	10012.6	0.8	-58.8	260.8	231.50	1.25	4.50

						237.20	1.10	5.21
KS/JS-20	9962.9	9852.2	50.1	-46.2	192.4	105.05	10.00	5.49
						121.20	0.98	4.00
						124.20	1.20	5.80
						132.30	1.20	4.90
						145.50	5.80	6.94
						167.05	7.55	4.15
KS/JS-21	9962.6	9818.0	52.4	-42.7	221.4	112.60	2.04	3.01
						144.40	7.20	3.46
						153.57	9.83	5.84
						166.80	2.00	20.50
						177.20	19.20	179.52
						<i>including 0.8 metres @ 3,888.82 g/t gold from 189.95 metres</i>		
KS/JS-22	9981.9	9810.5	53.3	-45.9	199.0	89.67	4.73	5.18
						102.54	1.06	2.41
						148.97	1.23	8.31
						155.01	1.30	2.83
KS/JS-23	10070.6	9863.6	54.6	-44.8	76.2	27.59	5.56	23.72
KS/JS-24	9993.0	9962.0	0.4	-49.8	83.3	14.25	24.50	6.43
						53.27	3.39	2.88
KS/JS-25	9995.0	9950.0	0.0	-49.1	86.3	23.20	2.53	9.66
KS/JS-26	9942.0	10012.0	359.1	-64.5	127.4	99.60	4.80	2.64
KS/JS-27	10039.0	9975.1	180.0	-50.1	80.9	14.00	4.00	2.90
						45.20	12.80	8.90
KS/JS-29	10080.9	10025.0	0.0	-45.8	83.5	51.15	1.00	2.20
						55.50	5.10	9.24
KS/JS-30	10004.7	9987.1	0.0	-43.7	39.3	10.40	5.17	4.03
						20.10	1.15	2.00
						25.95	3.10	8.54
						38.60	0.70	4.90
KS/JS-31	9996.8	9987.3	180.0	-51.2	40.8	3.60	4.00	4.67
						11.42	3.48	5.35
						23.90	9.20	5.66
KS/JS-32	9959.0	9987.5	0.0	-43.9	45.3	20.90	1.16	2.00
						22.85	1.00	4.90
						26.85	1.00	3.00
KS/JS-33	9990.0	10000.0	179.2	-40.5	35.2	5.00	7.80	3.26
						15.80	1.50	2.60
						19.90	2.10	2.24
						26.00	1.00	3.80
KS/JS-34	9970.0	9981.3	0.0	-44.9	54.9	13.00	3.55	5.57
						29.45	1.00	5.11
						44.65	1.00	8.80
KS/JS-35	9976.5	9993.8	0.0	-70.0	84.2	8.30	5.20	4.33
						20.40	4.35	3.60
						52.75	4.00	2.75
						67.25	12.95	4.91
KS/JS-36	9976.4	10006.2	359.4	-70.1	63.1	8.00	1.30	2.20
						18.15	7.25	6.12
						38.15	1.10	4.50
						53.00	7.80	17.73
KS/JS-38	9989.8	9968.7	359.3	-48.8	72.7	23.60	1.00	2.96
						28.80	6.00	10.43
						57.35	3.60	3.29
KS/JS-39	9970.5	9962.5	0.0	-48.7	88.7	27.33	2.00	3.75
						48.69	1.00	3.10
						77.01	4.04	2.76
KS/JS-40	9997.9	9975.0	0.0	-44.5	50.9	10.60	8.40	5.36
						24.27	2.28	9.23
						40.21	0.85	4.00
						44.20	1.00	2.40
KS/JS-41	9934.8	9975.0	358.1	-46.9	123.3	68.70	0.33	5.78
						83.60	2.02	2.88
						114.20	2.00	10.70
KS/JS-42	9994.7	10012.5	180.6	-44.9	48.7	22.40	7.20	8.12
KS/JS-43	10017.0	10000.0	1.2	-44.7	57.3	25.70	10.60	4.86
KS/JS-44	10094.0	10050.0	359.7	-45.4	65.7	21.60	1.40	4.60
						39.20	1.80	3.70
KS/JS-45	10082.4	10075.0	0.0	-48.1	58.8	27.00	6.00	7.97
KS/JS-46	10110.6	10025.0	0.0	-46.3	40.0	22.70	2.40	6.61
KS/JS-47	10095.3	10000.0	359.8	-46.5	51.4	37.80	1.05	13.60

KS/JS-48	10074.5	9835.3	53.7	-45.1	52.5	8.45	2.20	4.59
KS/JS-49	9940.8	9822.1	53.7	-48.4	247.7	134.50	4.25	6.73
						193.00	2.00	13.51
						200.20	1.60	6.80
						219.00	4.50	5.21
						226.20	1.80	3.28
						235.80	1.70	4.94
KS/JS-051	10032.8	9896.6	54.5	-44.8	59.5	41.90	6.10	5.70
KS/JS-052	10013.2	9870.0	54.1	-43.2	110.2	41.00	6.00	6.50
						53.00	12.20	10.84
						80.70	4.30	8.67
KS/JS-054	10062.2	9869.1	54.2	-45.8	58.8	16.10	5.40	3.75
						32.80	1.20	11.20
						41.50	6.10	49.99
KS/JS-056	10047.2	9865.6	51.8	-43.1	75.7	43.00	1.20	3.30
						50.20	2.80	8.05
						57.00	8.00	48.85
						<i>including 1.6 metres @ 182.72 g/t gold from 59.4 metres</i>		
KS/JS-057	10035.0	9865.9	53.7	-44.1	100.0	12.9	11.10	6.36
						54.7	7.10	7.36
						76.3	3.70	426.98
						<i>including 1.4 metres @ 1,125.10 g/t gold from 76.3 metres</i>		
KS/JS-058	10020.7	9846.5	53.0	-44.5	131.2	24.90	4.10	6.42
						32.00	1.00	2.50
						40.00	4.00	12.80
						85.00	27.00	13.00
KS/JS-059	10000.4	9852.6	54.5	-44.9	144.4	69.00	4.00	7.55
						76.00	1.30	3.20
						82.10	1.80	8.30
						102.70	1.00	2.54
						125.40	6.60	11.33
KS/JS-064	10010.0	10050.0	0.0	-46.0	129.9	28.00	1.00	5.70
KS/JS-065	10000.0	10062.5	0.0	-48.0	47.1	31.65	8.75	9.64
KS/JS-066	10025.0	10075.0	2.2	-60.0	130.3	22.00	1.30	9.60
KS/JS-068	10000.5	10050.0	1.5	-66.4	194.7	48.80	1.90	10.14
KS/JS-069	10050.8	9853.7	54.2	-47.7	75.5	42.40	1.50	9.30
						64.30	3.80	30.79
KS/JS-073	10025.5	10026.4	0.0	-43.1	29.5	12.70	6.30	2.96
KS/JS-076	9994.1	10062.5	0.0	-54.5	74.3	42.20	2.60	5.37
KS/JS-079	9938.0	9930.0	0.0	-56.3	193.9	114.40	1.60	7.24
						126.00	4.00	3.34
						135.80	2.50	14.40
						162.00	5.00	4.95
						181.00	1.50	21.16
KS/JS-102	9879.2	9919.0	52.0	-60.0	347.0	87.80	2.90	14.56
						172.00	2.50	2.22
						263.50	0.80	2.22
						267.20	1.80	6.73