

ASX ANNOUNCEMENT

22 DECEMBER 2010

Dragon Mining Commits to Mining Kutema Deeps at the Orivesi Gold Mine, Finland.

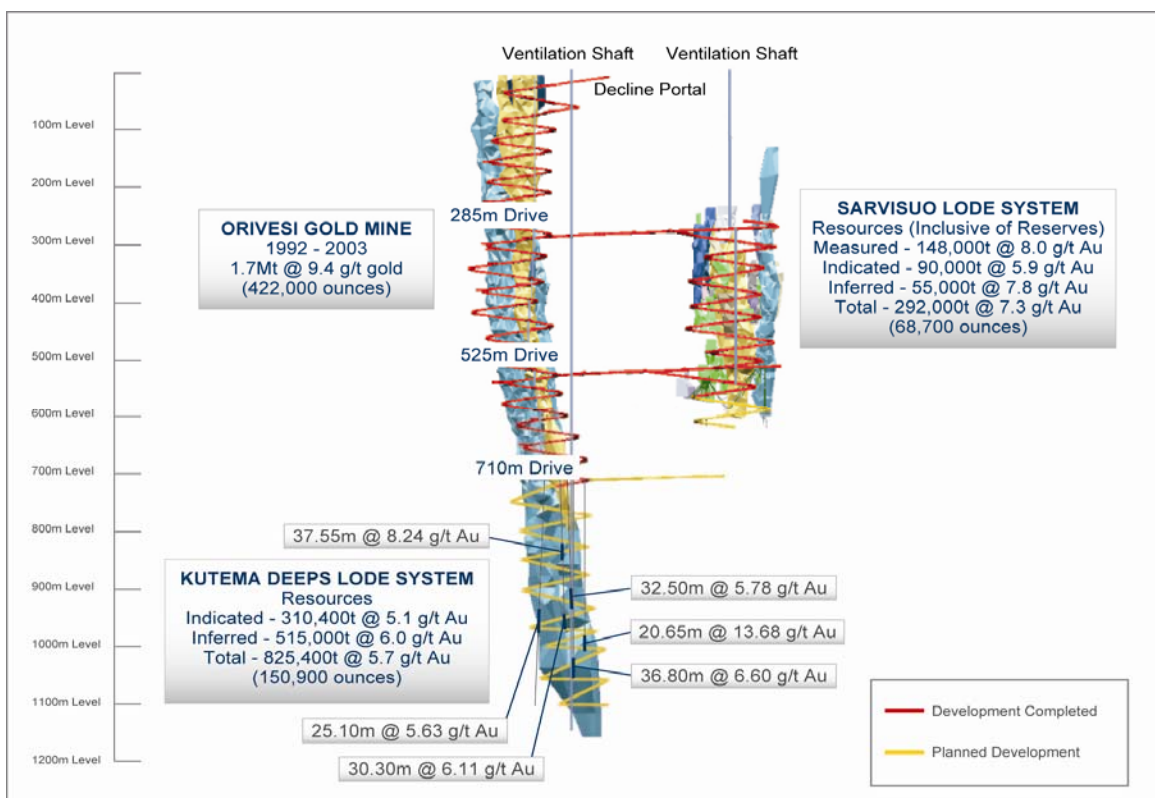
Dragon Mining is pleased to announce that it has committed to the staged development of the Kutema Deeps deposit at the Orivesi Gold Mine.

An internal study highlights the prospectivity of the project to the 1080m Level and the immediate objective is to develop to the 800m Level. The commitment involves the undertaking to purchase new key mining equipment for the development, raise boring a new fresh air ventilation shaft to the surface and establishing additional infrastructure including a workshop.

The 150,900 ounce Indicated and Inferred gold Resource (Table 1) represents a substantial medium to high grade depth extension below the existing decline at Kutema. Kutema was mined by Outokumpu between 1992 and 2003 and produced 422,000 ounces of gold from a series of near vertical pipe-like lodes at Kutema down to the 720m level.

Executive Chairman Peter Cordin stated "The commitment to the development of Kutema Deeps is another important milestone for Dragon Mining as this Resource will provide for a five year mine life at Orivesi. The internal study completed on Kutema Deeps shows a robust project and a significant return on capital over the next 5 years."

Orivesi Gold Mine Outlining Development, Specific Exploration Intercepts and Ore Lodes.



For and on behalf of
Dragon Mining Limited

Peter G Cordin

Table 1 - Orivesi Gold Mine - Mineral Resource Inventory

	Tonnes	Gold (g/t)	Ounces
Sarvisuo			
Measured	148,000	8.0	38,100
Indicated	90,000	5.9	17,000
Inferred	55,000	7.8	13,600
Total	292,000	7.3	68,700
Kutema			
Measured	-	-	-
Indicated	92,200	3.4	10,000
Inferred	-	-	-
Total	92,200	3.4	10,000
Kutema Deeps			
Measured	-	-	-
Indicated	310,400	5.1	50,800
Inferred	515,000	6.0	100,100
Total	825,400	5.7	150,900
Orivesi Total			
Measured	148,000	8.0	38,100
Indicated	492,600	4.9	77,800
Inferred	570,000	6.2	113,700
Total	1,210,600	5.9	229,600

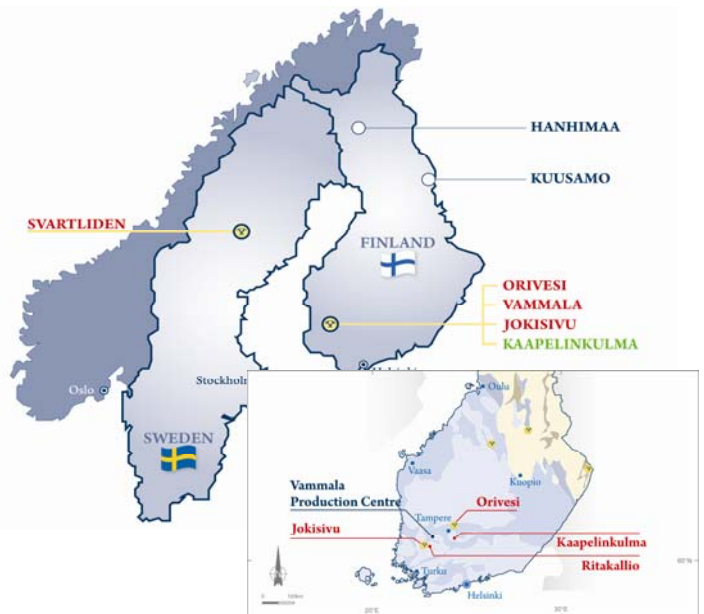
Orivesi Gold Mine – Background

The Orivesi Gold Mine is located 80 kilometres northeast of the Vammala Production Centre and hosts a Measured, Indicated and Inferred Resource totalling 229,600 ounces at a grade of 5.9 g/t gold.

It was initially in operation between 1992 and 2003 and produced 422,000 ounces of gold from a series of near vertical pipe-like lodes at Kutema, with the ore processed at the Vammala Production Centre. Two of the five principal lodes at Kutema continue.

Mining from the Sarvisuo lodes, 300 metres east of Kutema commenced in April 2008 and has been conducted from the 285m to the 540m level with the decline now being extended to the 620m level. Since recommencement of mining 506,032 tonnes of ore have been mined.

Recent exploration drilling has shown Sarvisuo open to surface and at depth and identified the potential for a new lode system at Sarvisuo West.



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.