



ASX ANNOUNCEMENT

19 OCTOBER 2009

FIRST PRODUCTION FROM THE JOKISIVU GOLD MINE, FINLAND

Dragon Mining is pleased to announce that it has successfully completed the trial processing of low grade material from the Kujankallio deposit at the Jokisivu Gold Mine through the gravity and flotation circuit at the Vammala Production Centre.

On 18 September a 691 tonne sample of low grade material which was sourced outside the limits of the main lode system was used to test the gravity circuit installed. The commissioning ore parcel yielded total recovery of 84.9% (flotation concentrate 76.6% and gravity concentrate 8.3%) from a head grade of 1.7 g/t gold.

Commencing on 24 September, and continuing for 6 days, a further 4,917 tonnes of low grade material was processed. The six day trial yielded an average head grade of 2.5 g/t and generated total gold recovery of 84.7% (flotation concentrate 63.9% and gravity concentrate 20.8%).

The trials confirm the suitability of the Vammala Production Centre to satisfactorily treat ore mined from the Jokisivu Gold Mine. Additional plant operators will be engaged to achieve increased optimal throughput.

Managing Director Peter Cordin expressed satisfaction on the ability of Dragon's Finnish management and operational team to successfully bring the second mine into production below budget and on the achievement of installing and commissioning the gravity circuit to the Vammala Production Centre. The loss of production in September due to the trial processing of low grade Jokisivu commissioning ore will have a short term impact on the Company's September quarterly gold production but will be more than compensated in the future with the successful integration of Jokisivu into the production schedule.

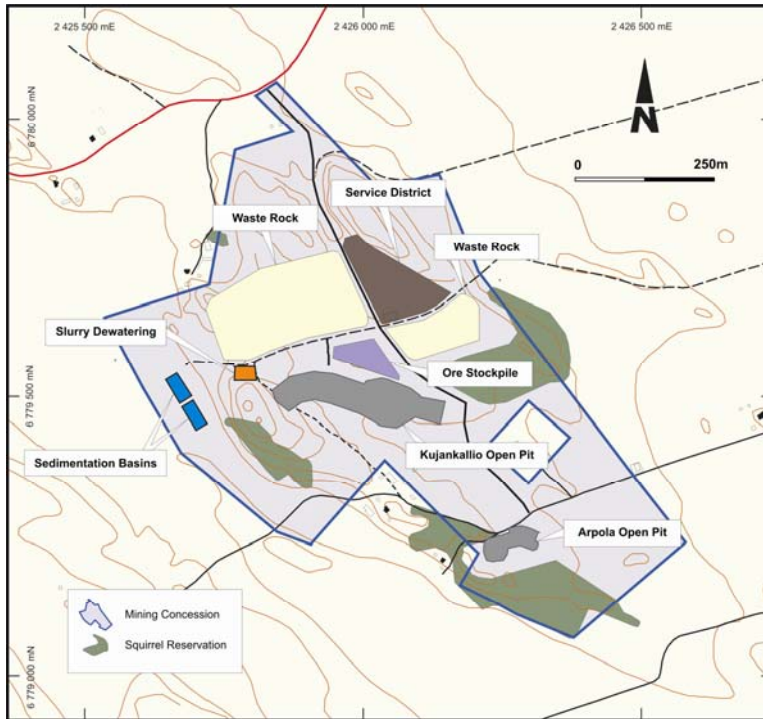
For and on behalf of
Dragon Mining Limited

Peter G Cordin
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves that are not specifically referred to 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.

Jokisivu Gold Mine Background

The Jokisivu Gold Mine is located 40 kilometres southwest of the Vammala Production Centre and hosts a Measured, Indicated and Inferred Resource totalling 325,000 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 along strike.



Jokisivu Gold Mine Layout, displaying location of the Kujankallio open pit and Arpola conceptual open pit.



Waste stripping at Kujankallio Open Pit