

ASX ANNOUNCEMENT

17 DECEMBER 2007

ENCOURAGING RESULTS FROM THE HANHIMAA PROJECT, NORTHERN FINLAND

Dragon Mining Limited is pleased to report further encouraging results from trenching and bedrock chip sampling programs at its wholly owned Hanhima Project in northern Finland. Shallow percussion drill samples from the Kiimalaki Prospect returned individual metre results ranging up to 18.7g/t gold, whilst regional bedrock chip sampling identified hydrothermally altered rocks grading up to 1.4g/t gold. These anomalous gold zones are closely associated with the prospective north-south trending Hanhima Shear Zone, which is located 10 kilometres west of the 3 million ounce Suurikuusikko Gold Deposit.

A 2000 metre diamond drilling program to test the new geochemical results at the Kiimalaki and Kellolaki areas has now commenced, whilst further regional chip sampling within the Hanhima area is expected to take place during the first half of 2008.

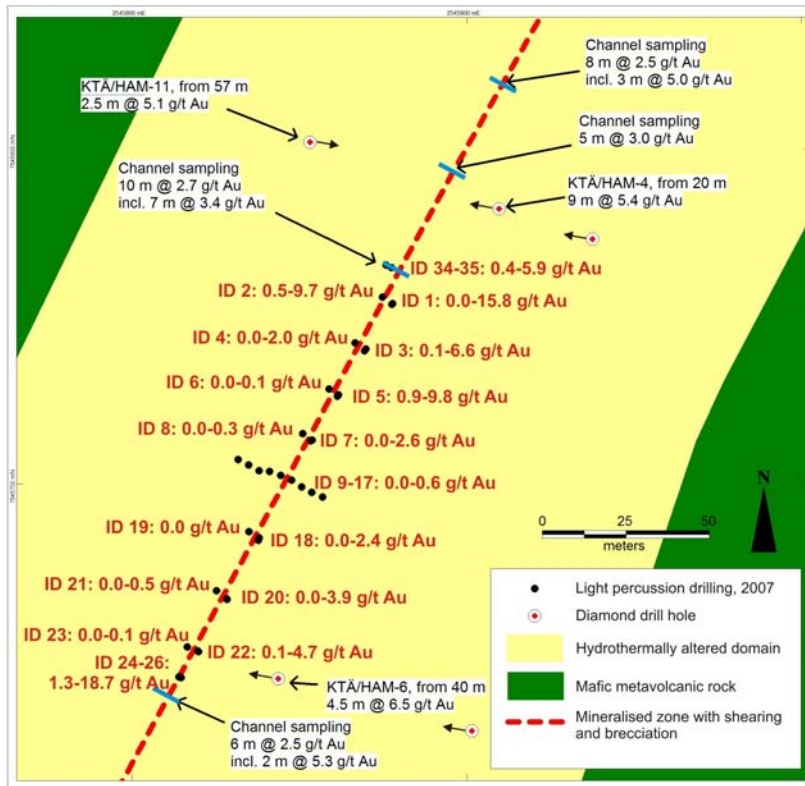
Trenching was undertaken at the Kiimalaki and Kellolaki prospects in August 2007 and were tested by shallow open hole percussion drilling in September of this year. A total of 236 drill holes were completed for an advance of 1,218 metres, with results for more than half of 1,212 samples collected, pending. Overall trenching and drilling has now tested 1000 metres strike length of the host structure in the Kiimalaki area and 600 metres in the Kellolaki area, the best of the recent gold results received to date coming from Trench M35 at Kiimalaki. Drill hole locations, significant intercepts of previous diamond drilling and gold contents of new shallow percussion drill holes are listed in Table 1 and displayed in Figure 1.

Table 1 - Intercepts from shallow percussion drilling of Trench M35 at Kiimalaki

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)
KTÄ/HAM-PD-M35-1	2545877.77	7545753.81	290	-45.0	0.00	5.00	7.46
							including 3.0 metres @ 11.83g/t gold from 2.0 metres
KTÄ/HAM-PD-M35-2	2545874.78	7545755.72	290	-45.0	0.00	7.00	2.54
							including 1.0 metre @ 9.70g/t gold from 0.0 metres and 1.0 metre @ 4.20g/t gold from 4.0 metres
KTÄ/HAM-PD-M35-3	2545869.81	7545740.13	290	-45.0	0.00	5.00	1.84
							including 1.0 metre @ 6.60g/t gold from 2.0 metres
KTÄ/HAM-PD-M35-4	2545866.57	7545741.00	290	-45.0	3.00	1.00	2.00
KTÄ/HAM-PD-M35-5	2545861.65	7545726.47	290	-45.0	0.00	5.00	3.84
							including 1.0 metre @ 9.80g/t gold from 2.0 metres
KTÄ/HAM-PD-M35-7	2545853.77	7545713.11	290	-45.0	1.00	3.00	1.23
KTÄ/HAM-PD-M35-18	2545837.95	7545683.87	290	-45.0	3.00	2.00	1.40
KTÄ/HAM-PD-M35-20	2545828.28	7545665.72	290	-45.0	2.00	3.00	2.03
KTÄ/HAM-PD-M35-22	2545819.59	7545650.12	290	-45.0	0.00	5.00	1.28
KTÄ/HAM-PD-M35-25	2545814.29	7545642.25	360	-90.0	0.00	5.00	10.00
							including 1.0 metre @ 18.70g/t gold from 4.0 metres
KTÄ/HAM-PD-M35-34	2545877.53	7545764.59	360	-90.0	0.00	5.00	1.40
KTÄ/HAM-PD-M35-35	2545875.89	7545765.34	360	-90.0	0.00	5.00	4.64
							including 2.0 metre @ 5.85g/t gold from 0.0 metres

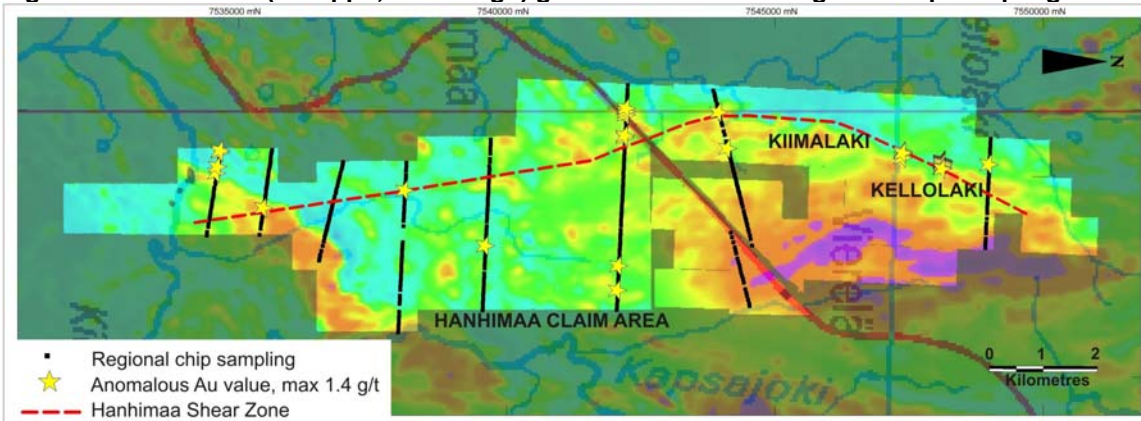
Gold analysis was completed at Polar Mining Oy's Vammala Mill laboratory using 10g HNO₃-HCl digestion with AAS finish, following sample preparation at Okun Autolahetti Oy facility in Finland.

Figure 1 - Significant diamond drill hole and channel sampling intercepts, and new geochemical (shallow percussion drilling) results from Trench M35 at the Kiimalaki prospect.



A regional bedrock chip sampling program covering the entire length of the Hanhima Shear Zone was conducted during the 2007 northern summer. A total of 481 bedrock chip samples were collected from profiles spaced at intervals ranging from 1 to 4 kilometres and sample points of 10 to 100 metres. Information obtained from this program has provided a better understanding of the regional geology and highlighted several areas for further test work. Anomalous gold values (>10 ppb, max 1.4g/t) from the regional sampling program are presented in Figure 2.

Figure 2 - Anomalous (> 10 ppb, max 1.4 g/t) gold values from the regional chip sampling at Hanhima.



Analysis was completed at the ACME laboratory in Vancouver, Canada, using procedure Au 30g FA ICP finish, following sample preparation at Okun Autolahetti Oy facility in Finland.

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.