

ASX ANNOUNCEMENT

13 JANUARY 2008

DRILLING CONFIRMS DISCOVERY OF NEW PRECIOUS METAL PROSPECT IN NORTHERN FINLAND

Dragon Mining Limited ("Dragon Mining" or the "Company") is pleased to announce that drilling has confirmed the discovery of a new zone of precious metal mineralisation within the Hanhimaas project in northern Finland.

An 8 hole (1,052.40m) diamond drill core program, which targeted the Kiimakuusikko area intercepted zones of hydrothermally altered rocks with elevated gold and silver contents, including a best intercept of **3.45m @ 3.94 g/t gold and 5.26 g/t silver**. The drilling also intersected several narrow veins containing base and precious metal mineralisation. All significant gold intercepts are listed in Table 1.

Table 1 – Significant Gold Intercepts from Kiimakuusikko

Hole	North	East	Azimuth (°)	Dip (°)	From (m)	Interval (m)	Au (g/t)	Ag (g/t)
KTÄ/HAM-45	7541700	2546022	270	-45.1	No Significant Results			
KTÄ/HAM-46	7541699	2545941	270	-44.6	16.05	0.95	2.09	0.90
KTÄ/HAM-47	7541699	2545861	270	-43.3	16.60	0.60	1.01	5.13
					79.95	2.20	1.25	0.17
KTÄ/HAM-48	7541700	2545777	270	-43.3	No Significant Results			
KTÄ/HAM-49	7541819	2545940	270	-42.3	14.00	3.45	3.94	5.26
					<i>including 1.00m @ 7.05 g/t gold from 14.00m</i>			
KTÄ/HAM-50	7541819	2545861	270	-45.0	65.10	0.15	1.19	1000.00
					<i>including 0.5% copper, 11.2% lead, 0.1% antimony, 6.8% zinc</i>			
KTÄ/HAM-51	7541619	2545941	270	-45.1	39.00	0.20	1.34	28.40
					<i>including 4.1% copper, 0.5% antimony</i>			
					87.45	0.45	1.72	5.54
					127.70	1.00	1.04	0.38
KTÄ/HAM-52	7541620	2545860	270	-44.2	44.30	0.40	4.67	6.94
					59.85	1.01	1.00	10.25

Analysis of half core was completed at ALS Chemex Laboratories in Romania and Canada, using Au-AA25 and ME-MS41 methods, following sample preparation at ALS Chemex facility in Outokumpu, Finland. Gold grades exceeding 3 g/t reanalysed using Au-GRA22 method. Copper, lead and zinc grades exceeding 1% and silver grades exceeding 100g/t reanalysed using ME-OG46 method. Reporting cut-off grade 1.0 g/t gold.

The gold potential of the Hanhimaas Shear Zone was identified in 2002 when the first indications of gold were found via geochemical sampling and trenching. Since then, three gold prospects (Kiimalaki, Kellolaki and Kiimakuusikko) have been located within the 100-200 metre wide domain of strongly sheared and hydrothermally altered rocks, in the northern part of the over 20 kilometre long, north-south trending structure. The Hanhimaas structure resembles the Kiistala Shear Zone which hosts the 5.5 million ounce Kittilä Gold Mine and several other gold occurrences.

The recent discovery of the Kiimakuusikko gold prospect underlines the potential for gold mineralisation along the Hanhimaas Shear Zone, of which the northern part is partially tested and the southern part mainly untested. Dragon Mining will continue to map the overall gold potential of the Hanhimaas Shear Zone and later focus on the most promising prospects in order to establish a new gold resource within the project area.

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 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.

Figure 1 – Dragon Mining’s Project Locations

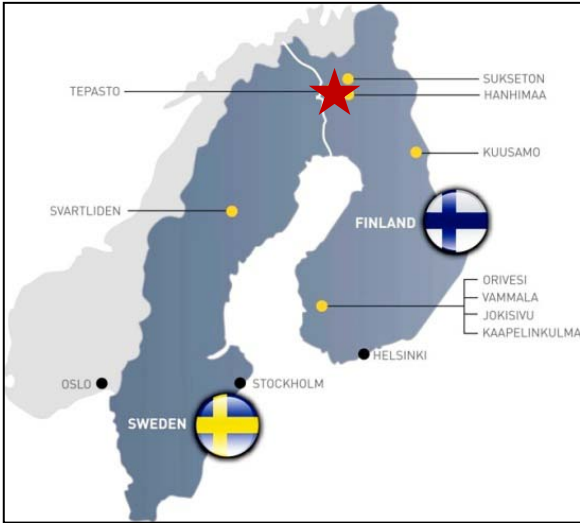


Figure 2 –Diamond Drill Hole Collars at the Kiimakuusikko Prospect

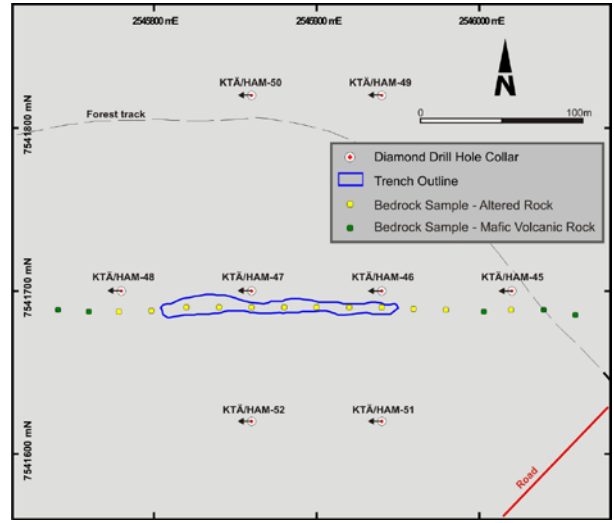
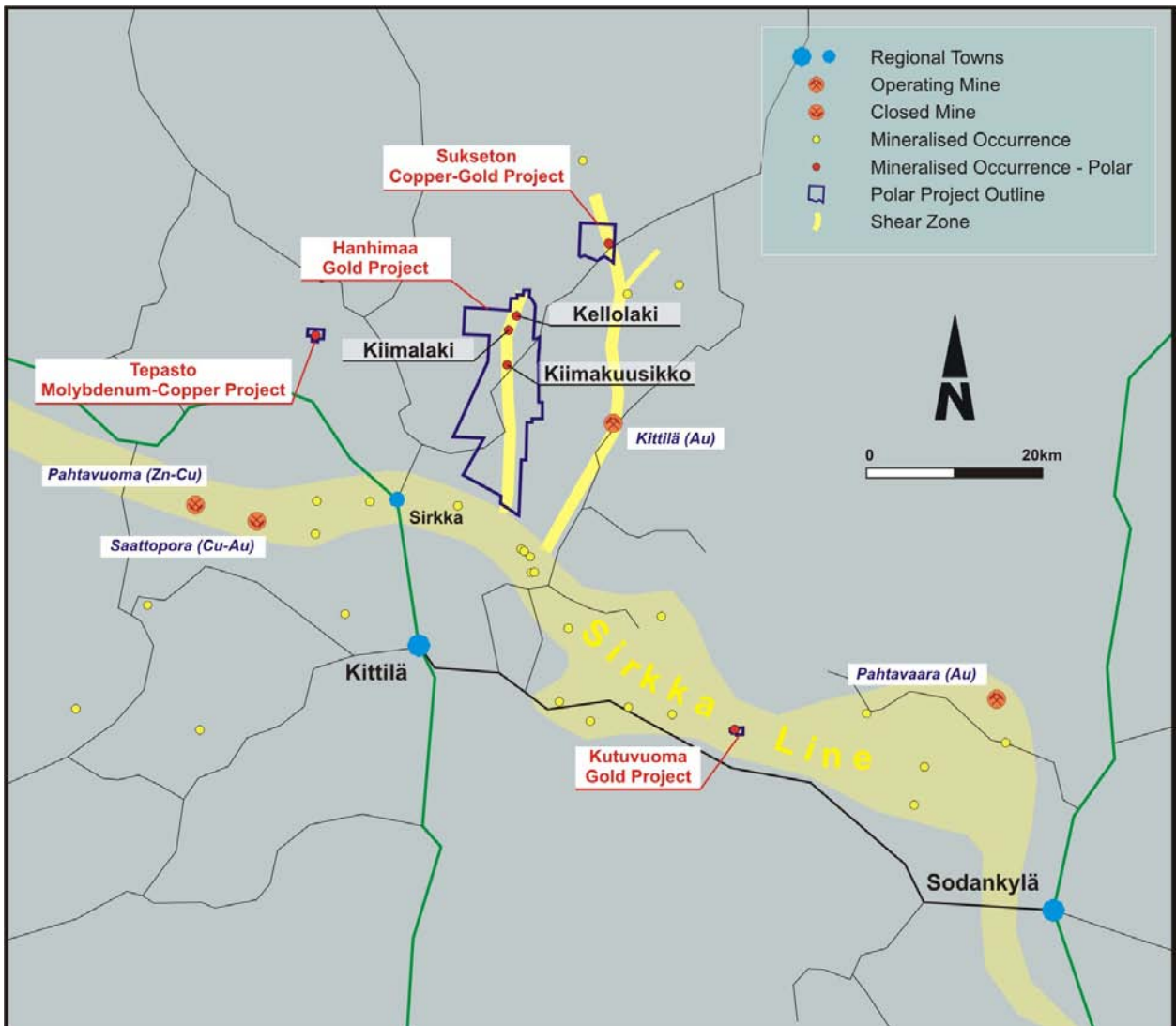


Figure 3 – Dragon Mining’s Projects in Northern Finland



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