

# SHORTFALL ON SHARE ENTITLEMENT ISSUE AND OPTION ENTITLEMENT ISSUE

ASX ANNOUNCEMENT

21 FEBRUARY 2011

In accordance with ASX Listing Rules Appendix 7A timetable, Dragon Energy Ltd (ASX: DLE) advises the following in relation to its conditionally underwritten 1-for-2 pro-rata non-renounceable entitlement issue to shareholders (**Share Entitlement Issue**).

## Share Entitlement Issue

Number of Shares available under the Share Entitlement Issue:	71,189,859 Shares
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Number of Shares taken up:	40,526,283 Shares
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Shortfall Shares (i.e. Shares not taken up):	30,663,576 Shares
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In addition, Dragon Energy advises the following in relation to its 1-for-3 pro-rata non-renounceable entitlement issue of options exercisable at \$0.35 each with an expiry date of 18 November 2014 (**Options**) to shareholders (**Option Entitlement Issue**):

## Option Entitlement Issue

Number of Options available under the Priority Placement:	47,460,245 Options
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Number of Options taken up:	36,234,778 Options
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Shortfall Options (i.e. Options not taken up):	11,225,467 Options
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The Shortfall Shares have been notified to the underwriter to the Share Entitlement Issue. Pursuant to Section 3.6 of the Entitlement Issues Prospectus, the Directors have placed the Shortfall Options.

The Company will proceed to allot the securities in accordance with the Entitlement Issues timetable and will provide additional information regarding the Share Entitlement Issue and Option Entitlement Issue as required by ASX in due course.

**Gang Xu**  
**Managing Director**