

Revised JORC Resource and New Exploration Target Estimate of Iron Ore for the Rocklea Project

ASX ANNOUNCEMENT

16 SEPTEMBER 2011

Revised Rocklea JORC Resource

Dragon Energy Ltd ("Dragon", ASX: **DLE**) is pleased to release a revised Inferred Mineral Resource estimate recently prepared by Golder Associates Pty Ltd at the Rocklea Project comprising 62.7 million tonnes grading 53.41% Fe (60.39% calcined Fe) (refer Figure 1) compared with the 2009 Inferred Mineral Resource of 63.1 million tonnes grading 53.38% Fe (60.37% calcined Fe). The revised Mineral Resource differs by less than 1% in total tonnes and for most analytes when compared to the 2009 resource calculation.

	Million tonnes	Fe (%)	caFe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (1000°C) (%)	Cut-off grade
Rocklea								
Inferred Resource	62.7	53.41	60.39	7.73	2.80	0.034	11.56	50%
Inferred Resource	28.0	55.62	62.71	6.03	2.06	0.034	11.31	54%

Note: The Inferred Mineral Resource was estimated in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% and a 54% Fe lower cut-off grade, and a specific gravity of 2.7. No mining parameters were applied to the model.

New Rocklea Exploration Target*

In addition to the JORC resource, Dragon has calculated an Exploration Target of 40 to 51Mt at a grade of 50-55% Fe (56-62% calcined Fe) at the Company's 100% owned Rocklea Project in the Pilbara region of Western Australia (refer Figure 1).

The Exploration Target estimate was based on 12 RC holes drilled on wide traverse spacings in the target areas and outcropping Channel Iron Deposit ("CID") mineralisation.

Rocklea Project Drilling Update

Dragon has designed a drilling campaign at the Company's Rocklea Project to infill previous drilling with the aim to:

- (i) increase the level of confidence of the current JORC resource,
- (ii) expand the resource area with step-out drilling, and
- (iii) define a new resource at the CID outcrop named "North Pod".

This programme has been submitted to the Department of Mines and Petroleum to undergo the necessary approval process, with the drilling campaign expected to commence in the December quarter of 2011.

In addition to the Exploration Target at the Rocklea Project, Dragon's 100% owned Nameless Project has an Exploration Target of 140-190Mt @ 48-52% Fe (54-56% calcined Fe), (Dragon ASX release 1st March 2011).

Authorised by:

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About Dragon

Dragon Energy Limited (**Dragon**) listed on the Australian Securities Exchange (ASX) in February 2009 (**ASX: DLE**).

Dragon's flagship projects are Rocklea and Nameless Iron projects in the Pilbara region with a sizeable JORC resource defined at Rocklea and significant CID exploration targets at the Nameless Project. Dragon Energy's portfolio of tenements has numerous multi-commodity targets, including Fe, Mn, Au and U in Western Australia.

Competent Person's Statement

The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Mark Hafer, who is a Member of The Australian Institute of Geoscientists. Mr Hafer is a full-time employee of the company. Mr Hafer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hafer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information that relates to the Mineral Resources Estimate has been compiled by Mr Stephen Godfrey who is a Member of the Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists and an employee of Golder Associates Pty Ltd. Mr Godfrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Godfrey consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

***Exploration Target**

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature. Further exploration, particularly drilling, is necessary before any identified Mineral Resources can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

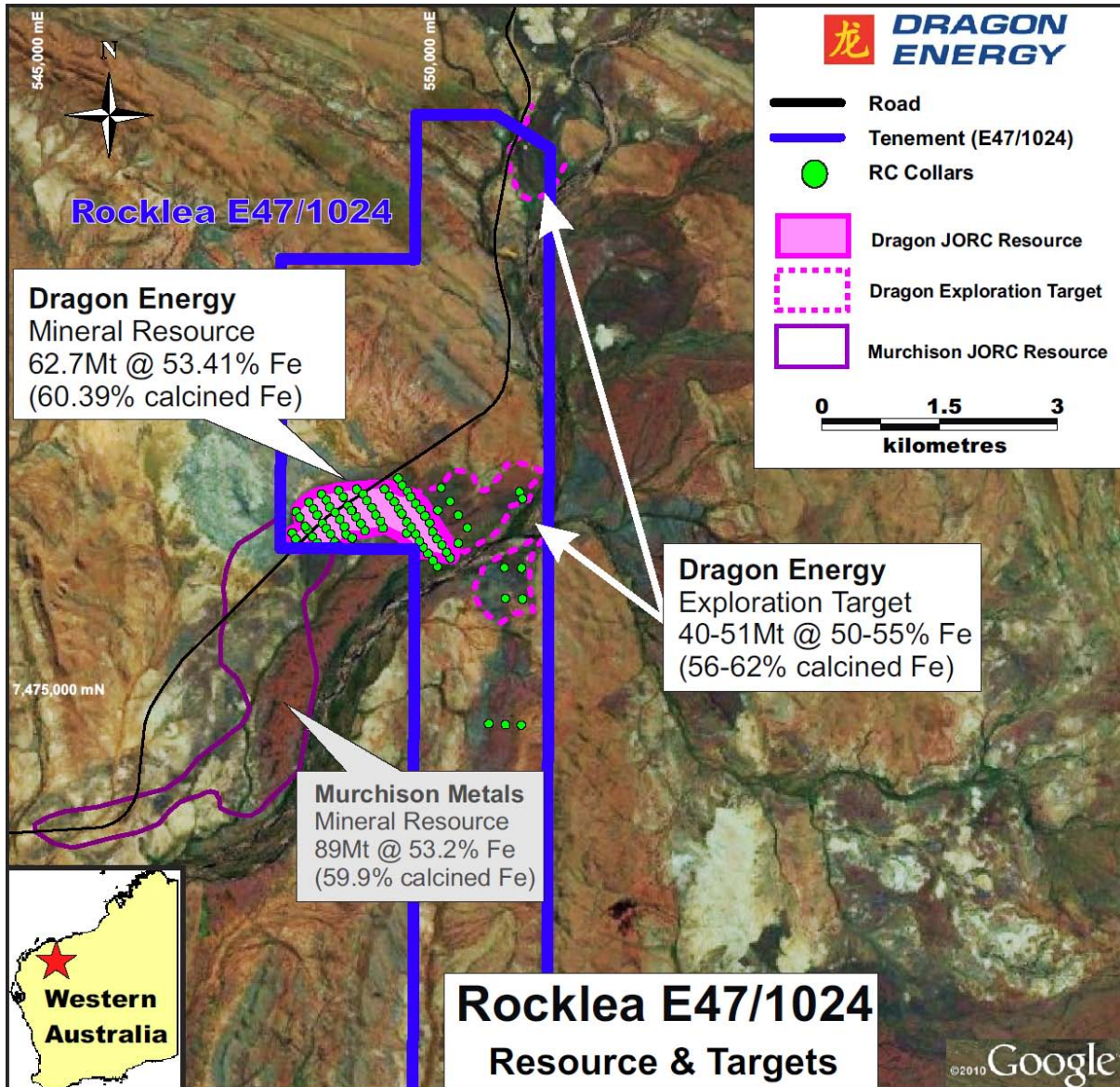


Figure 1: Rocklea Project Mineral Resource and Exploration Target