



## CLARIFYING STATEMENT: PILBARA IRON PROJECT SCOPING STUDY

ASX Announcement

20 January 2012

---

Dragon Energy Limited ("Dragon" or the "Company", **ASX: DLE**) refers to the results of the scoping study for its Pilbara Iron Project, which were released on 20 January 2012 ("Scoping Study").

The purpose of the Scoping Study was to assess the potential viability of the Pilbara Iron Project and specifically, identify immediate priorities to advance the Project and assess infrastructure and transport solutions.

The Scoping Study, as announced to ASX on 20 January 2012, summarised key results and assumptions including production target, mine life, net present value and internal rate of return in relation to two possible development scenarios.

The Company clarifies that the production targets used in the Scoping Study are not production forecasts but assumptions used in the Scoping Study.

Furthermore, investors are advised that the Company does not represent that the results of the Scoping Study present an economically viable Project as the assumptions used to date may not be considered sufficiently reliable and the results of the Scoping Study were based upon the Company's previously announced inferred mineral resource and exploration targets at the Rocklea Project and exploration target at the Nameless Project.

The potential quantity and grade of these iron ore deposits, reported as an inferred mineral resource and exploration target, is conceptual in nature. There has been insufficient exploration to define indicated or measured mineral resources at the Rocklea or Nameless Projects.

Accordingly, the assumptions used in the Scoping Study might never be realised.

Forward looking statements implying economic viability require a reasonable basis, as of the date of reporting, otherwise they are taken to be misleading under the Corporations Act 2001 ("Reasonable Basis Requirement"). There is concern whether the Company has met the Reasonable Basis Requirement, and as such the Scoping Study should not be used as a basis for investment decisions about securities in the Company.

Consequently, the Scoping Study results and assumptions previously released to ASX on 20 January 2012 are withdrawn by the Company.

Having concluded the Scoping Study, the Company is continuing with its two RC drilling programmes which aim to extend Rocklea's resource and increase its confidence level from inferred to indicated and establish a maiden inferred resource at Nameless.

ACN 119 992 175

Suite 8 1297 Hay Street, West Perth, Western Australia, 6005  
T: (61-8) 9322 6009 F: (61-8) 9322 6128





Concurrently, Dragon will continue to advance its other near term priorities as identified by the Scoping Study, specifically:

- Identifying and securing approvals for an export port suited to road transportation;
- Launching and completing long lead time approval items, ie. environmental studies, heritage agreements, mining lease approvals; and
- Identifying and securing financial resources for project development.

**Authorised by:**

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

For further information please contact:

Gang Xu  
*Managing Director*  
Telephone: +61 8 9322 6009  
Mobile: +61 411 039 645

**About Dragon Energy**

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 with a sizeable JORC Resource defined at the Rocklea Project and significant CID exploration targets at the Nameless Project. Dragon Energy's portfolio of tenements has numerous multi-commodity targets, including Fe, Mn, Au, base metals and U in Western Australia.