

NAMELESS PROJECT MAIDEN RESOURCE

ASX Announcement

27 July 2012

ASX Announcement
ASX Code: DLE
Released: 27 July 2012

For Further Information

Gang Xu
Managing Director
Tel: +61 8 9322 6009

Directors

Jie Chen
Chairman

Gang Xu
Managing Director

Tim Williams
COO, Executive Director

Share Registry

Computershare Investor Services
Level 2, Reserve Bank Building
45 St George's Terrace
Perth WA 6000

www-au.computershare.com

Contact Details

Dragon Energy Ltd
Suite 8, 1297 Hay Street
West Perth, WA 6005
PO Box 1968, WA 6872

Tel: +61 8 9322 6009
Fax: +61 8 9322 6128

www.dragonenergy.com

ABN: 38 119 992 175

Highlights

- A maiden JORC Inferred Resource of the Nameless Project **81Mt @ 52.39% Fe** (57.08% caFe) with a 50% Fe cut-off.
- Possibility of substantially larger Nameless resource being economically viable at a lower grade cut-off of 45% Fe with **159Mt @ 49.43% Fe** (53.85% caFe).
- Pilbara Iron Project (Nameless and Rocklea Deposits) total Mineral Resource increased to **263.6Mt @ 52.6% Fe** (58.8% caFe) at a 50% Fe cut-off.

Dragon Energy Limited ("Dragon", **ASX: DLE**) is pleased to announce a maiden Channel Iron Mineralisation ('CIM') resource at its Nameless Project in the Pilbara, Western Australia; 81Mt @ 52.39% Fe (57.08% caFe) with a 50% Fe cut-off (Table 1).

The resource model and resource calculation was prepared by CSA Global Pty Ltd. This Inferred Resource provides Dragon a larger inventory of iron to call upon for the potential development of its Pilbara Iron Project (Nameless and Rocklea Deposits). As discussed in the 25th July ASX Release- "Resource Update For Dragon's Rocklea Deposit" a larger resource base potentially offers significant cost efficiencies and substantially greater ability to pursue the development of the Pilbara Iron Project.

MINERAL RESOURCE

The Mineral Resource estimate is based on data from RC drilling completed from 2006 to 2008, and infill drilling in 2012. Drilling in 2012 comprised 127 holes for 3,198 metres. Drill holes are spaced 100m along sections approximately 400m apart, and in the eastern area where detrital iron was identified the sections were closed up to 200m.

The purpose of the drilling campaign was to define a JORC Inferred Resource for the Nameless Project. This resource model will be used to identify higher grade mineralisation with acceptable contaminant levels for further infill drilling, to define a higher category of resource which may be used for mine planning.

The resource estimate is summarised below using cut-off grades of 45% and 50% Fe:

Category ¹	Cut-off Grade	Mt	Fe %	caFe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
Inferred	45% Fe	159	49.43	53.85	9.71	7.10	0.050	0.020	8.20
Inferred	50% Fe	81	52.39	57.08	7.55	5.69	0.051	0.020	8.21

Table 1: Nameless JORC Resource

The addition of the Nameless Resource of 81Mt @ 52.39% Fe (57.08% caFe) to the Pilbara Iron Project (Nameless and Rocklea Deposits) inventory increases the total resource base to 263.6Mt @ 52.6% Fe (58.8% caFe) using a 50% Fe cut-off grade (Table 2). The size of this resource is expected to offer significant cost efficiencies and substantially greater ability to pursue development.

50% cut-off grade		Mt	Fe %	caFe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Dragon- Nameless Deposit²								
	Inferred	81.00	52.39	57.08	7.55	5.69	0.051	8.21
Dragon- Rocklea Deposit³								
Main	Indicated	78.94	52.37	59.31	8.48	3.27	0.030	11.71
Main	Inferred	9.44	51.40	58.49	8.69	3.58	0.030	12.13
North Pod	Inferred	5.22	50.97	58.11	8.00	4.62	0.034	12.28
sub-total		93.59	52.19	59.16	8.48	3.37	0.030	11.78
Murchison- Rocklea Deposit⁴								
	Indicated	15.0	53.2	60.0	7.7	4.0	0.040	11.4
	Inferred	74.0	53.2	59.9	8.3	3.4	0.030	11.2
sub-total		89.0	53.2	59.9	8.2	3.5	0.032	11.2
Total Mineral Resource		263.6	52.6	58.8	8.1	4.1	0.037	10.5

Table 2: Pilbara Iron Project- Mineral Resource

The maiden resource is limited to the drilled and modelled area of 12.5km in length out of the total delineated 15km strike of a prospective 200-600m wide palaeochannel (Figure 1). The deposit remains open to the west with a further 2.5km strike length remaining to be drill tested after a new mining lease application has been negotiated with the native landholders. Rock chip sampling in this western zone has revealed samples up to 60.36% Fe.

Dragon will also investigate the market for its lower grade resources. This would potentially provide a further substantial increase in the resources at both of Dragon's Rocklea and Nameless Deposits, with the Nameless project alone having 159Mt @ 49.43% Fe (53.85% caFe) if a 45% cut-off is applied.

¹ The Inferred Resource was updated in 2012 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 45% and 50% lower cut-off grade, and a specific gravity of 2.65. No mining parameters were applied to the model.

² The Mineral Resource was updated in 2012 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% lower cut-off grade, and a specific gravity of 2.7. No mining parameters were applied to the model.

³ The Mineral Resource was updated in 2012 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% lower cut-off grade, and a specific gravity of 2.7. No mining parameters were applied to the model.

⁴ The Mineral Resource was updated in 2009 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% lower cut-off grade, and a specific gravity of 2.37. No mining parameters were applied to the model.

Channel Iron Deposits are highly valued by smelters for their excellent sintering properties and low phosphorous levels. While the iron grades tend to be lower than the more traditional sources of enriched Banded Iron Formations, the LOI content (volatiles, e.g. water) are considerably higher and the volatiles easily burnt off in the calcination smelting process. Calcined iron (caFe) grades and key contaminant levels are used to assess the quality of iron ore deposits.

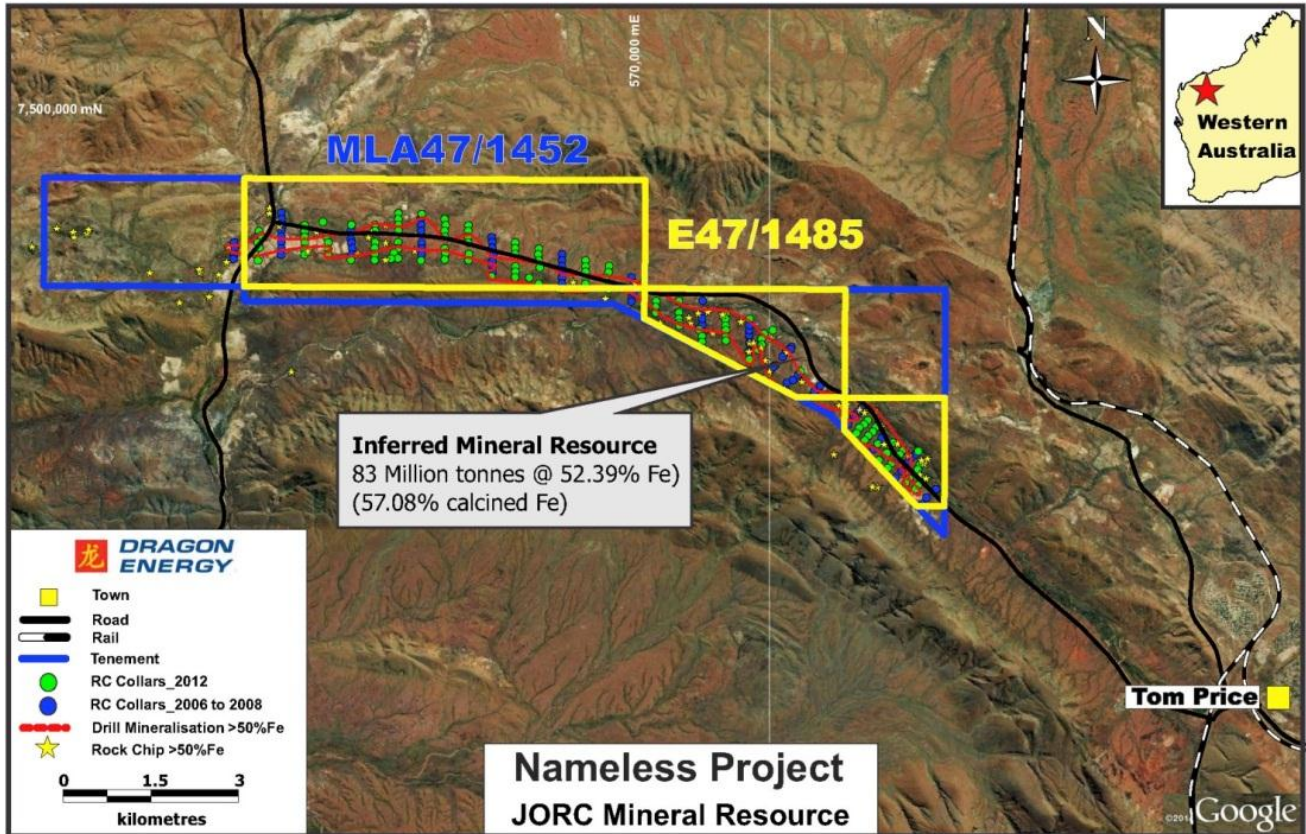


Figure 1: Nameless Deposit- Drillhole Plan

Development of the Pilbara Iron Ore Project will continue in the second half of 2012 with a formal pre-feasibility study and transportation approvals being the key priorities.

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

Tim Williams
COO, Executive Director
Telephone: +61 8 9322 6009

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 sizeable JORC Resources defined at both the Rocklea and Nameless Projects. Dragon Energy's portfolio of tenements has numerous multi-commodity targets, including Fe, Mn, Au, base metals and U in Western Australia.

Competent Persons' 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.

The information that relates to the Nameless Mineral Resource Estimate has been compiled by Dr. Bielin Shi who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, and an employee of CSA Global Pty Ltd. The information that relates to the Rocklea (Dragon) Mineral Resource Estimate is based on information 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. The information that relates to the Rocklea (Murchison) Mineral Resource Estimate has been compiled by Mr. Daniel Guibal who is a Fellow of the Australasian Institute of Mining and Metallurgy, and an employee of SRK Consulting.

Messrs Hafer, Shi, Godfrey and Guibal have sufficient experience which is relevant to the style of mineralisation 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Hafer, Shi, Godfrey and Guibal consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.