

## ASX ANNOUNCEMENT

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## DRAGON ENERGY EXECUTES ASHBURTON JOINT VENTURE WITH SHANDONG ENERGY AND SHANDONG LUNAN

### Highlights

- Farm-in and joint venture transaction documents executed for Ashburton Project in the Ashburton basin in Western Australia.
- Shandong Energy and Shandong Lunan to jointly fund A\$2,000,000 of exploration in order to earn up to a combined interest of 65%.
- Drilling of high priority iron ore targets planned for late 2013.



Chairman Liu, Chenlu of Shandong Energy Linyi Mining Group, MD Gang Xu of Dragon Energy Ltd, Mr Tang, Haosheng of Shandong Lunan Geo-Engineering Institute and distinguished guests at the Signing Ceremony.

Dragon Energy Limited (“Dragon”, **ASX: DLE**) is pleased to announce that Dragon has executed a farm-in and joint venture agreement (“Agreement”) for its Ashburton Project (“Project”) with Shandong Energy Australia Pty Ltd (“Shandong Energy”), a 100% China state owned Australian entity of Shandong Energy Linyi Mining Group Co Ltd and Shandong Lunan Geo-Engineering Exploration Institute (“Lunan”), a 100% China state owned exploration institution and is the biggest branch under Shandong Geological Bureau.

The Ashburton Project is located in the Ashburton basin south of the Pilbara region in Western Australia. The Project is prospective for iron, base metals and/or gold mineralisation.

Representatives from the Department of State Development, Department of Mines and Petroleum of Western Australia and Consulate General of the People's Republic of China in Perth attended and witnessed the signing ceremony on 24 April 2013.

Under the terms of the Agreement, Shandong Energy and Lunan will jointly fund \$2,000,000 of exploration activity on the Ashburton Project within a 3 year period to earn a combined 65% interest in the Project (each of Shandong Energy and Lunan will earn 32.5%).

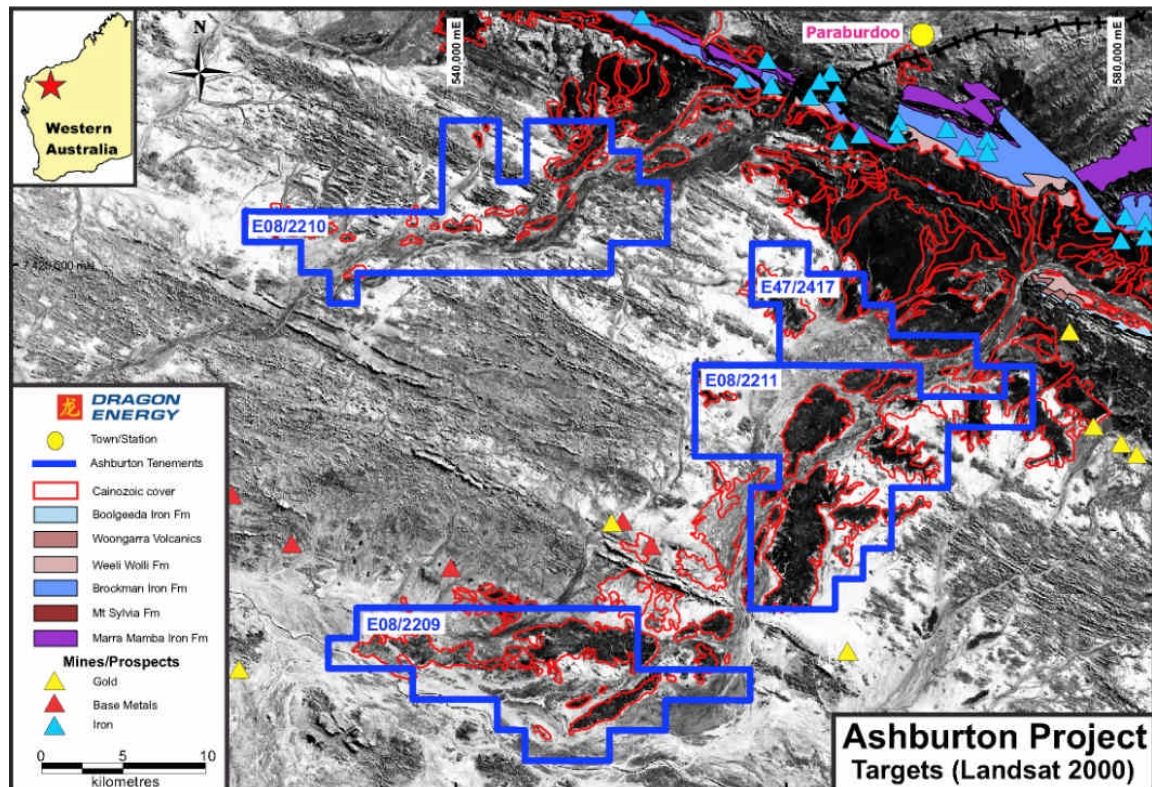
Key terms of the Agreement include:

- Stage 1:  
Shandong Energy and Lunan to jointly fund an initial A\$300,000 of exploration expenditure. Upon the completion of Stage 1, Shandong Energy and Lunan will each earn a 15% interest in the Project (30% combined interest).
- Stage 2:  
Shandong Energy and Lunan to jointly fund an additional A\$700,000 of exploration expenditure. Upon the completion of Stage 2, Shandong Energy and Lunan will each earn an additional 10% interest in the Project, at which time their combined interest in the Project will be 50%.
- Stage 3:  
Shandong Energy and Lunan can each earn an additional 7.5% interest in the Project by jointly funding:
  - an additional \$1,000,000 of exploration expenditure; or
  - exploration and development expenditure up until the discovery of a JORC-compliant mineral resources and the completion of a Bankable Feasibility Study.

Shandong Energy and Lunan must transfer the first \$300,000 for the Stage 1 commitment to a joint bank account within 60 days subject to relevant approvals. Dragon Energy will act as project manager in Stage 1.

Ashburton Project is located in Australia's North West, in the Ashburton Basin, and is 10 to 40km from rail and other infrastructure associated with the Paraburdoo iron ore operations of Rio Tinto Limited. There is a paucity of outcrop over E08/2211 and E08/2209, which host the greatest thicknesses and areal extent of Cainozoic sediments that potentially fill palaeochannels presently incised by Turee Creek as it flows south into Ashburton River. The braided drainages of Turee Creek and Seven Mile Creek drain the ranges of the Brockman Iron Formation near Paraburdoo, as such these palaeochannels may host detrital and/or Channel Iron Deposits (CID).

Elevated alluvial gravel beds are evident with the ground surface dominated in parts by iron (hematite) gravels. Small outcrops on E08/2211 of weakly mineralised, foliated and ferruginised sediments have been interpreted as a possible shear or gossan in the basement sediment. These outcrops may be related to a mantle tapping structure: the Baring Downs Fault which was identified in a 2011 regional seismic transect in the Ashburton Basin. This structure may act as a pathway for fluid flow to mineral systems.



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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 project is the Pilbara Iron Project- comprising the Rocklea and Nameless deposits. 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 Competent Persons 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.*