

ASX ANNOUNCEMENT

04 June 2014

ASX Announcement
ASX Code: DLE
Released: 04 June 2014

For Further Information

Gang Xu
Managing Director
Tel: +61 8 9322 6009

Directors

Jie Chen
Chairman

Gang Xu
Managing Director

Mr Weifeng Li
Non-Executive Director

Leonard Math
CFO, Joint Company Secretary

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

PROGRESS OF THE ASHBURTON JOINT VENTURE WITH SHANDONG ENERGY AND SHANDONG LUNAN

Dragon Energy Limited ("Dragon", **ASX: DLE**) is pleased to announce that Dragon's joint venture partners, Shandong Energy Australia Pty Ltd ("Shandong Energy") and Shandong Lunan Geo-Engineering Exploration Institute ("Lunan") have completed Stage 1 of the farm-in and joint venture commitment for the Ashburton Project ("Project") which was announced to the market on 30 April 2013. Both Shandong Energy and Lunan will each earn a 15% interest in the Project (30% combined interest).

Shandong Energy and Lunan have decided to progress to Stage 2 of the Project by agreeing to jointly fund an additional A\$700,000 of exploration expenditures. 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%.

Dragon confirms that the Stage 2 funds have been received in a Dragon controlled JV bank account in Australia.

Joint Venture Background

In April 2013, Dragon 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 gold, iron and base metals mineralisation.

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%).

For further information please contact:

Gang Xu
Managing Director
Telephone: +61 8 9322 6009

Leonard Math
CFO, Joint Company Secretary
Telephone: +61 8 9322 6009

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.