

ASX ANNOUNCEMENT

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For Further Information

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ASHBURTON JV SUPPLEMENTARY AGREEMENT

In April 2013 Dragon Energy Ltd (Dragon Energy) entered into a Farm-in/Farm-out Agreement for its Ashburton Project (JV) with Shandong Energy Australia Pty Ltd (Shandong Energy) and Shandong Lunan Geo-Engineering Exploration Institute (Lunan) (JV Partners).

The JV Partners are required to spend \$300,000 on exploration on the Ashburton Project to acquire 30% participating interest in the tenements (Stage One Expenditure) and have the option to acquire an additional 20% participating interest in the JV by spending an additional amount of \$700,000 on exploration on the Ashburton Project (Stage Two Expenditure). The JV Partners have fulfilled the Stage One and Stage Two Expenditure commitments to earn a 50% participating interest in the JV.

Further, the JV Partners have the option to spend an additional \$1,000,000 on exploration on the Ashburton Project to acquire an additional 15% participating interest in the JV (Stage Three Expenditure).

A supplementary agreement was signed with the JV Partners (Supplementary Agreement) on 28 October 2015. Under the Supplementary Agreement:

1. Shandong Energy and Lunan will fund an additional \$187,598 expenditure on the Ashburton Project to earn an additional 2.8% participating interest.
2. Stage Three Expenditure is removed.

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About Dragon Energy

Dragon Energy Limited ("Dragon") listed on the Australian Securities Exchange (ASX) in February 2009 (**ASX: DLE**). Dragon's most advanced project is the Pilbara Rocklea Iron Project. Dragon Energy's portfolio of tenements includes numerous multi-commodity targets, including Fe, Mn, Au and base metals in Western Australia. It was recently selected preferred applicant for an onshore Petroleum Permit in the northern Perth Basin.