

ASX Announcement
ASX Code: DLE
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For Further Information

Mr Gang Xu
Managing Director
Tel: +61 8 9322 6009

Directors

Mr Jie Chen
Chairman

Mr Gang Xu
Managing Director

Mr Keong Chan
Non-Executive Director

Share Registry

Computershare Investor Services
www.computershare.com.au

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.dragonenergyltd.com

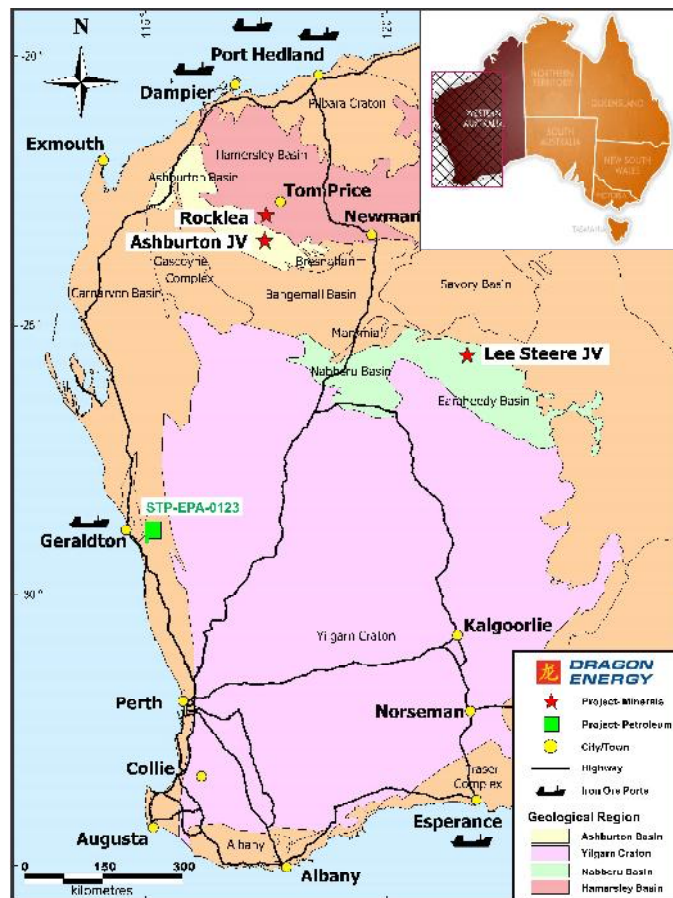
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Quarterly Report

For the period ended 30 June 2016

Introduction

Dragon Energy Ltd ("Dragon Energy") is an exploration company controlling a portfolio of tenements in Western Australia.



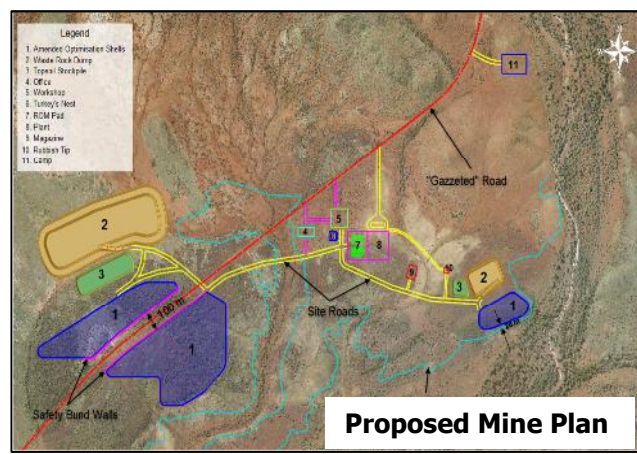
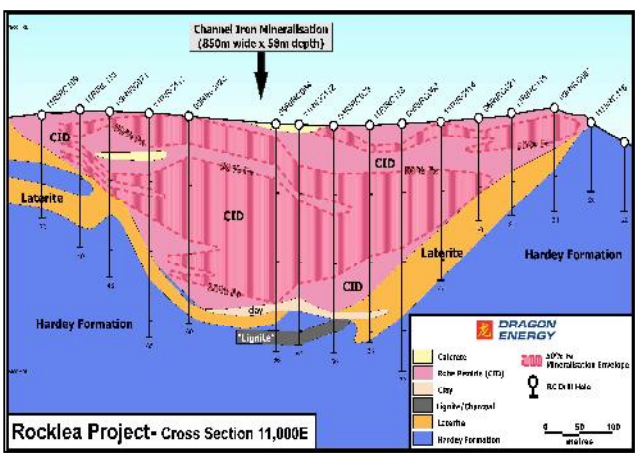
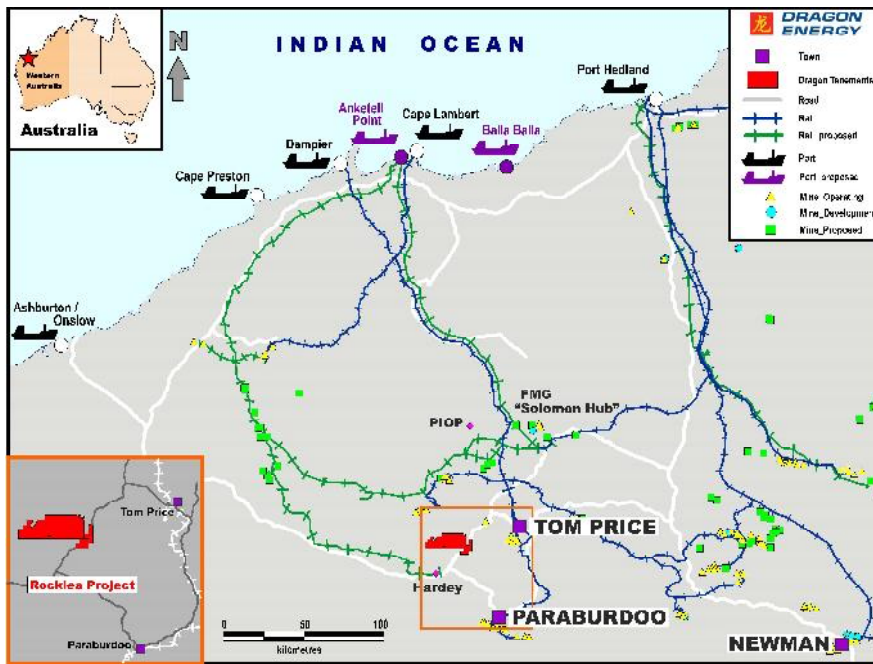
Pilbara Iron Project- Rocklea Deposits (DLE: 100%)

The Pilbara Iron Project is Dragon’s most advanced project, comprising the Rocklea Channel Iron Deposit (CID) in the central Pilbara Iron Ore Province of Western Australia.

The Rocklea Deposit is located 33km SW of the mining town of Tom Price. It is situated on the eastern margin of the Rocklea Dome where Archaean age Fortescue Group Formations dip to the east and are overlain by Tertiary age CID and other Cainozoic deposits of sand and gravels. The CID comprises goethitic and hematitic detrital deposits of the Tertiary Robe Pisolites. Dragon acquired the Rocklea Project in 2010, and its southern extension in 2012.

A number of studies have been completed and negotiations in process with regards to development of the Pilbara Iron Project. A Mining Proposal for a Rocklea Early Tonnes mining operation, incorporating a mine planning study, an environmental management plan and a mine closure plan was submitted to the DMP in 2014. This proposal has been reviewed and Dragon followed up a number of DMP queries for further information.

Following a review, the mining lease 47/1471 was reduced in size, and an application for a retention licence was submitted to the DMP. The conversion to retention licence R47/8 was granted on 6 November 2015.

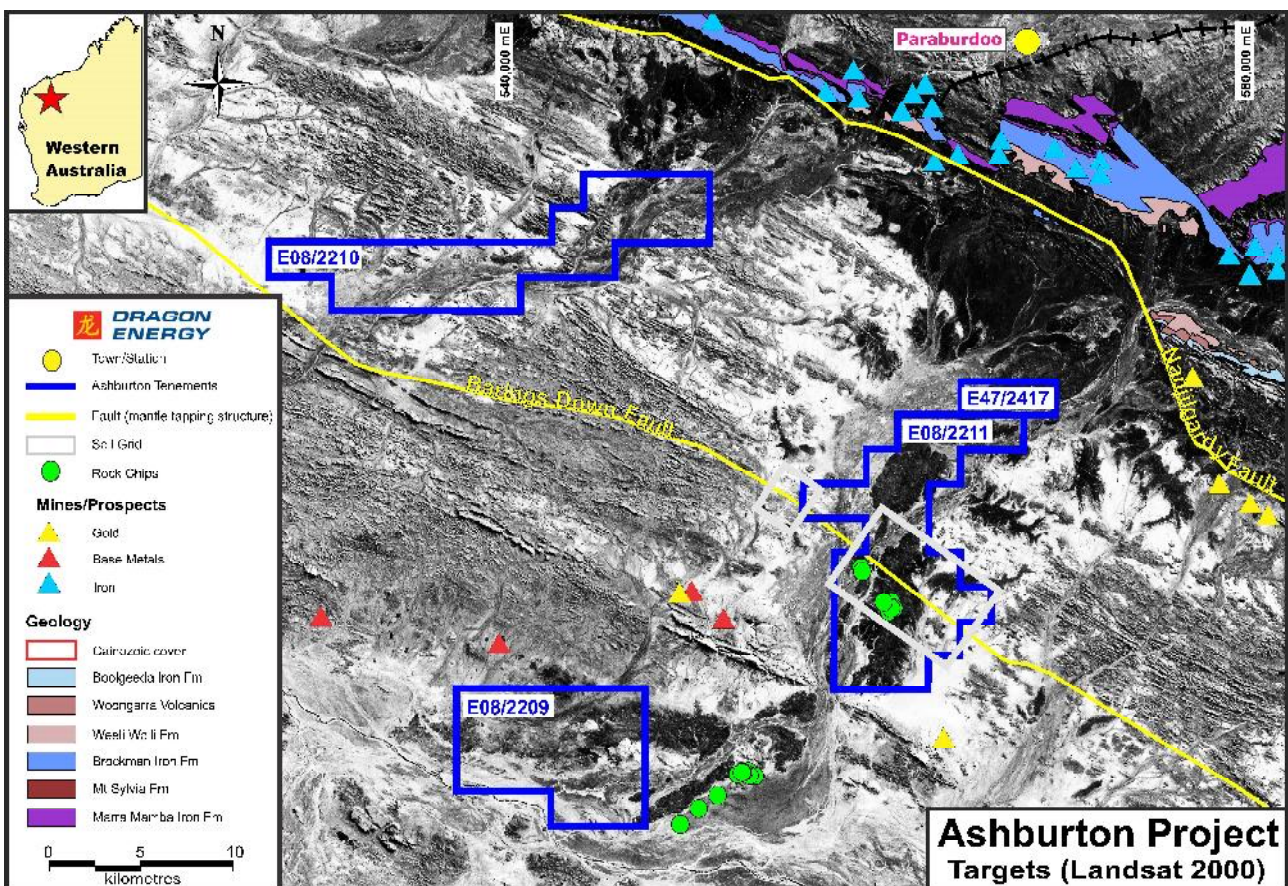


Ashburton Project (DLE: 47.20%) is located in the Ashburton Basin, and is 10 to 40km from rail and other infrastructure associated with the Paraburdoo iron ore operations of Rio Tinto Limited.

Field reconnaissance demonstrated a paucity of outcrop over E08/2211 & E08/2209. These tenements host the greatest thicknesses and areal extent of Cainozoic sediments, which 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 CID mineralisation.

Elevated alluvial gravel beds are evident with the ground surface dominated in parts by iron (hematite) gravels. Small outcrops were rarely observed, the most interesting a foliated, ferruginised sediment and ironstones- possibly shear or gossan in the basement sediment. This outcrop returned up to 51% Fe, 555ppm Zn and 292ppm Ni (2007-2010 sampling) and may be associated with mantle tapping structures, namely the Barings Down Fault which transects E08/2211 (identified by a 2011 regional seismic survey).

Following a heritage survey in 2013 a planned reconnaissance drilling programme on E08/2211 & E47/2417 was delayed awaiting access via Rio Tinto's service road. Further exploration strategies have subsequently been developed to investigate potential base metal and gold targets, greatly enhanced by recent DMP releases of seismic data in 2012 and a regional EM survey over the project area in 2014.



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.

Petroleum Project (DLE: 0%)

Considering the current market condition and the Company's focus, Dragon Energy has submitted a written withdrawal notice to DMP on 25 June 2016 for the Application. On 4 July, DMP confirmed that DLE's application STP-EPA-0123 has been withdrawn effective 25 June 2016.

Corporate

On 24 June 2016, a prospectus was lodged with ASIC and ASX, the Company is seeking to raise up to \$1,032,132 before issue costs under a non-renounceable pro rata offer to Eligible Shareholders at a price of \$0.005 per New Share on the basis of 1 New Share for every 1 Existing Share held as at the Record Date.

The Company will use the funds raised to pursue its corporate objective of advancing its portfolio of projects as well as reviewing value accretive opportunities in the resources industry.

The Company had a cash balance of \$0.263m as at 30 June 2016.

Authorised by:

Gang Xu
Managing Director

For further information or corporate opportunities please refer to our website www.dragonenergytld.com or contact:

Gang Xu
Managing Director
Telephone: +61 8 9322 6009

Keong Chan
Company Secretary
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 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.

Tenement Schedule				
Tenement Reference	Status	Interest at beginning of quarter	Acquired/(Disposed) during the quarter	Interest at end of quarter
E08/2211-I	Granted	50%		47.2%
E08/2210-I	Granted	50%		47.2%
E08/2209-I	Granted	50%		47.2%
E47/2417-I	Granted	50%		47.2%
R47/8-I	Granted	100%		100%
E47/952-I	Granted	100%		100%
P47/1429-I	Granted	100%		100%
STP-EPA-0123(Release L13-3)	Application (1 st Preference)	100%		0%