

DRILLING TO COMMENCE AT TABAC COBALT-GOLD PROJECT IN DECEMBER

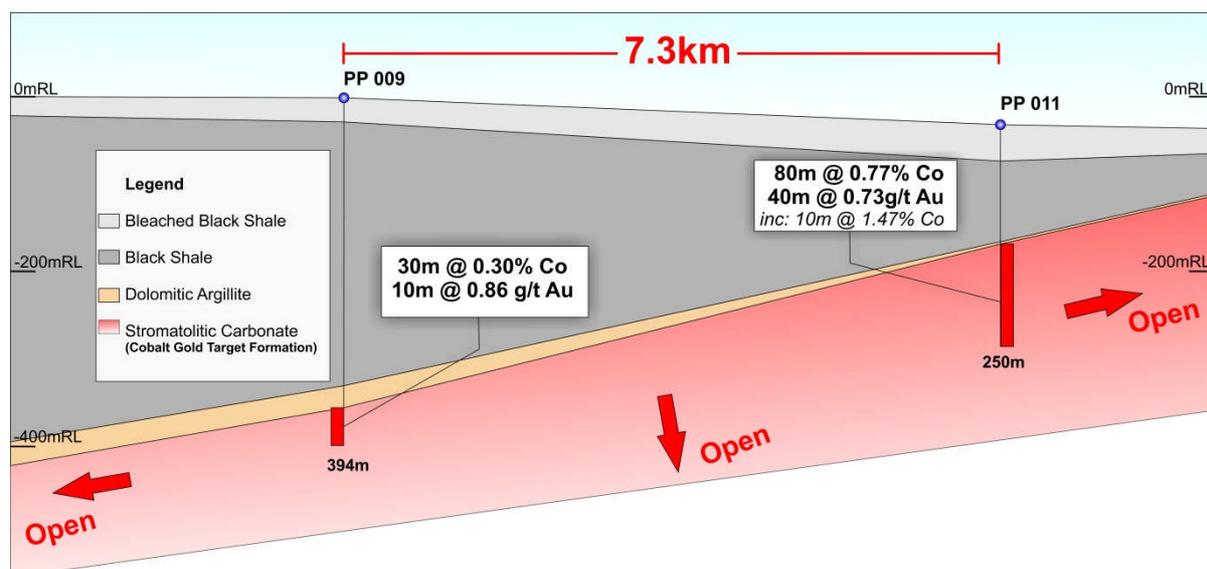
Highlights:

- **Option to acquire the Tabac Cobalt-Gold Project exercised**
- **Drilling anticipated to commence on E53/1981 in December**
- **Drilling on the eastern tenement (E53/1985) will follow upon grant, expected in early 2017**

Dragon Energy (ASX: DLE; Dragon) is pleased to advise that it has exercised its option to acquire the Tabac Cobalt-Gold Project (Project) located near Wiluna in Western Australia, and will shortly issue a Notice of General Meeting to approve the acquisition. Subject to obtaining shareholder approval, Dragon will seek to commence diamond drilling on the western of its two tenement applications (E53/1981) as soon as practicable upon grant of the licence, which is expected in early December.

The drilling program will investigate the cobalt and gold mineralised carbonate horizon between the two historic diamond drillholes that are separated by a distance of 7.3km (ASX Release 14 September 2016). The original diamond holes were drilled by Australian Consolidated Minerals (ACM) in the early 1980s and contained the following significant intersections:

- PP011: 80m at 0.77% Co from 170m including 10m at 1.47% Co & 40m at 0.73g/t Au
- PPO9: 30m at 0.3% Co & 10m at 0.86 g/t Au from 358m



The aim of the drilling is to confirm the presence of a substantial cobalt-gold mineralised system, determine the full thickness of the system (as the aforementioned drill holes both ended in mineralisation), and test the effectiveness of the Company's targeting model. Due to the overall size of the target, the drill program will be reconnaissance in nature with further follow-up drilling expected.

The initial drill program is anticipated to be of two weeks duration with the actual number of holes and final metres drilled dependant on the geology and ground conditions encountered. Drilling on the eastern tenement (E53/1985) will immediately follow grant of the licence, anticipated in early 2017.

Dragon's Managing Director, Jonathan King, commented, "Subsequent to the drilling of the discovery diamond holes, 32 years of sporadic mineral exploration has shown cobalt enrichment throughout the Yerrida Basin. This work, completed by various companies employing different sample medias (soils, rocks, drill etc.) and analytical techniques, confirmed widespread grades similar to those returned in the earlier drilling, and that the observed metal enrichment is consistent with that predicted by the geology and deposit model. Dragon's finds the argument to commence early drilling compelling and warrants evaluation as soon as practicable."

For Further enquiries, please contact:

Jonathan King
Managing Director

+61 8 9322 6009
jonathan.king@dragonenergy.com.au

Competent Persons Statement

The information in this announcement that relates to Tabac Cobalt Gold Project Exploration Results is based on information compiled and fairly represented by Mr Jonathan King, who is a Member of the Australian Institute of Geoscientists and is an employee of Dragon Energy. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

All exploration results have been previously published, please refer to the ASX Announcement, 1409/2016 "DLE Makes Strategic Cobalt Gold Acquisition"