



24 November 2016

Mr Wade Baggott,
Principal Adviser,
ASX Compliance Pty Ltd
20 Bridge Street
Sydney, NSW 2000

Dear Wade,

Re: DRAGON ENERGY LIMITED (the "ENTITY"): ASX Price and Volume Query

We refer to your letter dated today (24 November 2016) in relation to changes in Company's share price and an increase in trading volumes in Dragon securities.

We respond to each question set out in your letter as follows:

1. The Company is not aware of any information that would be required to be announced under the ASX listing rules that is not already in the public domain.
2. Not applicable
3. Other than the general growing awareness of changes in the dynamics of the cobalt market and pricing, as presented in the media, then the answer is "No", the company is not aware of any reason for the change in price and volume.
4. The Company confirms that it is in compliance with ASX listing rules, in particular Listing Rule 3.1.
5. The Company confirms that its responses to the questions received from the ASX earlier today have been authorised and approved in accordance with its published continuous disclosure policy by an Office bearer with the authority to respond to the ASX on disclosure matters.

Yours Sincerely

Jonathan King
Managing Director

Suite 8, 1297 Hay Street
West Perth, WA 6005



24 November 2016

Mr Jonathan King
Dragon Energy Limited
Suite 8, 1297 Hay Street
WEST PERTH WA 6005

Dear Jonathan

Dragon Energy Limited (the “Entity”): ASX Price and Volume Query

We note the change in the price of DLE’s securities from a low of \$0.015 on 23 November 2016 to an intraday high of \$0.02 at the time of writing today.

We also note the significant increase in the volume of DLE’s securities traded since 23 November 2016.

In light of this, ASX asks DLE to respond separately to each of the following questions and requests for information:

1. Is DLE aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is DLE relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in DLE’s securities would suggest to ASX that such information may have ceased to be confidential and therefore DLE may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that DLE may have for the recent trading in its securities?
4. Please confirm that DLE is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that DLE’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DLE with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 10:30 am WST today). If we do not have your response by then, ASX will have no choice but to consider suspending trading in DLE's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DLE's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to DLE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that DLE's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in DLE's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Wade Baggott
Principal Adviser
P : 08 9224 0054