

## ASX ANNOUNCEMENT

16 May 2013

ASX Announcement  
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### CLARIFICATION TO DRAGON'S ASX ANNOUNCEMENT OF 6<sup>TH</sup> MAY 2013

Dragon Energy Limited ("Dragon", **ASX: DLE**) issues the following clarification statement concerning a previous ASX release dated 6<sup>th</sup> May 2013, which was titled Native Title Agreement For Rocklea Project:

The Announcement was released under the new 2012 JORC Code guidelines. However, it did not include a "Checklist of Assessment and Reporting Criteria" when restating JORC resource information that had previously been reported under the 2004 JORC Code.

Consequently, the Announcement has been re-issued below using the 2004 JORC Code guidelines.

## NATIVE TITLE AGREEMENT FOR ROCKLEA PROJECT

### Highlights

- Dragon has signed a Native Title Mining Agreement with the Yinhawangka Part A claimant group.
- Execution of the Native Title Agreement and State Deed paves the way for the grant of a Mining Lease for Dragon's Rocklea Central and North deposits within its Pilbara Iron Project.



Dragon Energy Limited ("Dragon", **ASX: DLE**) is pleased to announce that it has achieved a major development milestone for its flagship Pilbara Iron Project in the execution of a Native Title Agreement ("Agreement") and State Deed with Yinhawangka Part A claimant group ("Yinhawangka Group").

The Agreement provides the Yinhawangka Group's consent to all activities associated with the potential development of an iron ore mine at Dragon's Rocklea Central and North deposits. The Rocklea Central and North deposits are the most advanced deposits within the Pilbara Iron Project and have an Inferred and Indicated Mineral Resource of 93.60Mt @ 52.19% Fe (59.16% caFe) using a 50% Fe cut-off (Table 1). The mineralisation is located in palaeochannels and is described as a Channel Iron Deposit (CID), which are typically found in the Pilbara region of Western Australia.

The Agreement also allows for further Mining Leases within the area of the Dragon's existing Rocklea Project tenements to be added to the Agreement, including Dragon's Rocklea South deposit, which has an existing Inferred and Indicated Mineral Resource of 89Mt @ 53.2% Fe (59.9% caFe) using a 50% Fe cut-off (Table 1) and is the immediate extension of the Rocklea Central deposit.

The Agreement has been reached following 12 months of constructive consultation with the Yinhawangka Group and will trigger the grant of the Mining Lease currently under application for the Rocklea Central and North deposits.

The Agreement covers milestone and production payments, employment opportunities as well as cross-cultural exchanges and consultation on environmental matters and reflects the strong relationship that the parties have developed since Dragon commenced exploration activities in the region.

ASX Announcement 16<sup>th</sup> May 2013

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Dragon Energy's Managing Director, Mr Gang Xu, commented that the parties had developed an excellent working relationship and looked forward to this continuing with the development of Pilbara Iron Project.

"Our negotiations with the Yinhawangka People have been based upon a strong mutual respect and have focussed on achieving outcomes that will benefit both parties."

"We look forward to working with the group to develop our Pilbara Iron Project and at the same time provide opportunities to the Yinhawangka community and preserve their heritage and customs."

Yinhawangka representative Roma Butcher said, "It was a pleasure doing business with Dragon Energy. Dragon's General Manager Gang Xu was so easy to talk to and clearly has a huge respect for Yinhawangka People.

I feel that Dragon worked with us respectfully and understood things we had to say about the Country, the flora and fauna, and how these things are important for us, our community and our health. Dragon Energy had empathy for what we are trying to achieve, and that meant that in return we also wanted to work with them. Maybe some of the Chinese cultural values that Gang Xu brought to our meetings were similar and led to understandings of our Aboriginal culture.

Our flora and fauna are very important to us – as our Country is – and it's good to know that Dragon Energy respects that, and respects our knowledge of the Country and the river system, and have agreed to include Yinhawangka People in ongoing environmental management."

Dragon is progressing to a feasibility study for the Pilbara Iron Project including finalising transport options. With the Native Title Mining Agreement paving the way for the grant of the Rocklea Mining Lease, Dragon believes that the Pilbara Iron Project is well positioned to be one of the Pilbara region's next producing iron ore mines.

## **Gang Xu**

### **Managing Director**

For further information please contact:

Gang Xu

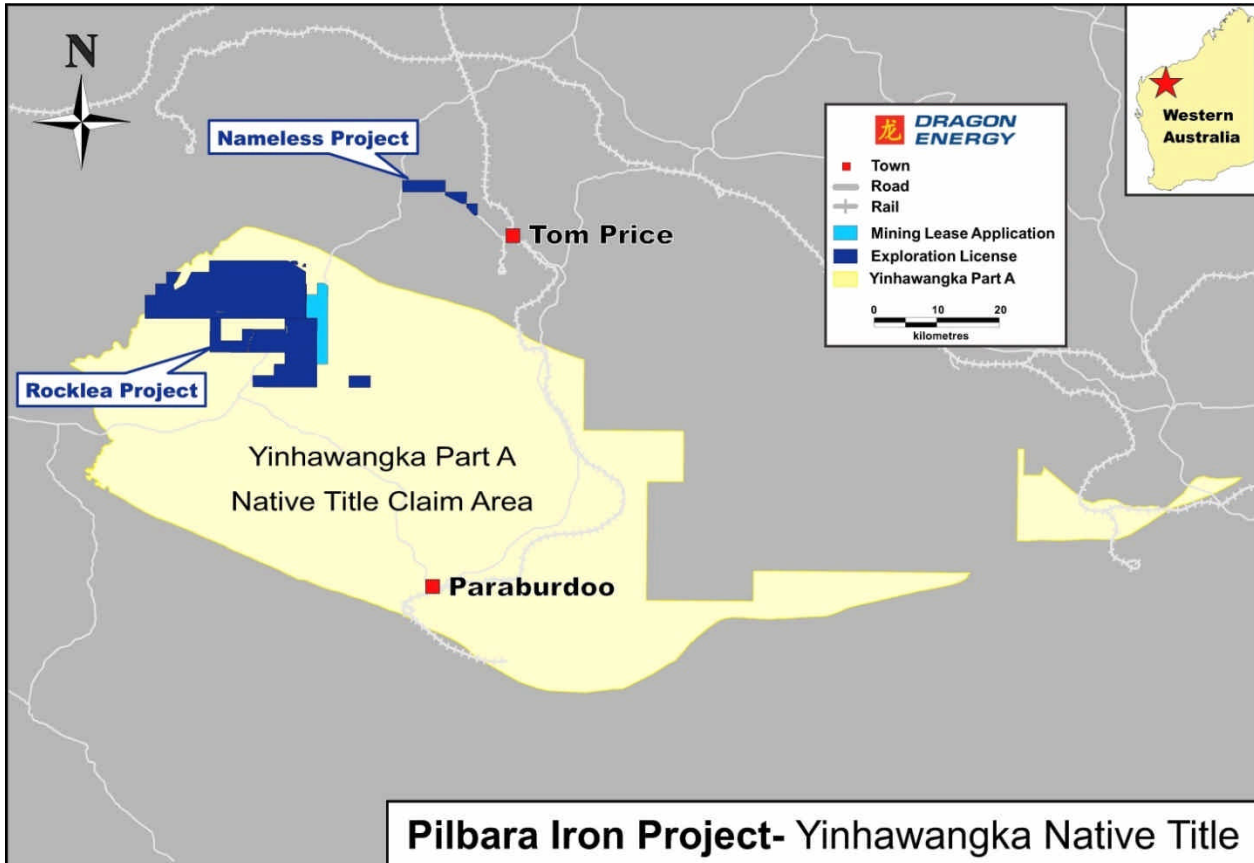
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| 50% cut-off grade                  |           | Mt           | Fe %         | caFe %       | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P %          | LOI %        |
|------------------------------------|-----------|--------------|--------------|--------------|--------------------|----------------------------------|--------------|--------------|
| <b>Rocklea Deposit<sup>1</sup></b> |           |              |              |              |                    |                                  |              |              |
| Central                            | Indicated | 78.94        | 52.37        | 59.31        | 8.48               | 3.27                             | 0.030        | 11.71        |
| Central                            | Inferred  | 9.44         | 51.40        | 58.49        | 8.69               | 3.58                             | 0.030        | 12.13        |
| North                              | Inferred  | 5.22         | 50.97        | 58.11        | 8.00               | 4.62                             | 0.034        | 12.28        |
| <b>sub-total</b>                   |           | <b>93.59</b> | <b>52.19</b> | <b>59.16</b> | <b>8.48</b>        | <b>3.37</b>                      | <b>0.030</b> | <b>11.78</b> |
| <b>Rocklea Deposit<sup>2</sup></b> |           |              |              |              |                    |                                  |              |              |
| South                              | Indicated | 15.0         | 53.2         | 60.0         | 7.7                | 4.0                              | 0.040        | 11.4         |
| South                              | Inferred  | 74.0         | 53.2         | 59.9         | 8.3                | 3.4                              | 0.030        | 11.2         |
| <b>sub-total</b>                   |           | <b>89.0</b>  | <b>53.2</b>  | <b>59.9</b>  | <b>8.2</b>         | <b>3.5</b>                       | <b>0.032</b> | <b>11.2</b>  |
| <b>Total Mineral Resource</b>      |           | <b>182.6</b> | <b>52.7</b>  | <b>59.5</b>  | <b>8.3</b>         | <b>3.4</b>                       | <b>0.031</b> | <b>11.5</b>  |

**Table 1: Rocklea JORC Resources Consolidated**

<sup>1</sup> The Mineral Resource was updated in 2012 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% lower cut-off grade, and a specific gravity of 2.7. No mining parameters were applied to the model.

<sup>2</sup> The Mineral Resource was updated in 2009 in accordance with the guidelines of the Australasian Code for reporting Exploration Results, Mineral Resources and Ore reserves (JORC Code 2004) using a 50% lower cut-off grade, and a specific gravity of 2.37. No mining parameters were applied to the model.

**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.

**Competent Person's Statement (2004 JORC Code)**

The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Mark Hafer, who is a Member of The Australian Institute of Geoscientists. Mr Hafer is a full-time employee of the company.

The information that relates to the Rocklea (Dragon) Mineral Resource Estimate is based on information compiled by Mr Stephen Godfrey who is a Member of the Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists and an employee of Golder Associates Pty Ltd. The information that relates to the Rocklea (Murchison) Mineral Resource Estimate has been compiled by Daniel Guibal who is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of SRK Consulting.

Messrs Hafer, Godfrey and Guibal have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Hafer, Godfrey and Guibal consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.