

## ASX ANNOUNCEMENT

3 October 2014

ASX Announcement  
ASX Code: DLE  
Released: 3 October 2014

### For Further Information

Gang Xu  
Managing Director  
Tel: +61 8 9322 6009

### Directors

Jie Chen  
*Chairman*

Gang Xu  
*Managing Director*

Weifeng Li  
*Non-Executive Director*

### Share Registry

Computershare Investor Services  
Level 2, Reserve Bank Building  
45 St George's Terrace  
Perth WA 6000

[www-au.computershare.com](http://www-au.computershare.com)

### 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](http://www.dragonenergyltd.com)

ABN: 38 119 992 175

## GRANTED PREFERRED APPLICANT FOR A PETROLEUM EXPLORATION PERMIT, ONSHORE NORTHERN PERTH BASIN

### Highlights

- Dragon Energy has been selected as the preferred applicant for Petroleum Exploration Permit STP-EPA-0123 following a successful work program bid.
- “Application for petroleum exploration permit STP-EPA-0123 (Area L13-3) in respect to Release 1 of 2013 under the Petroleum and Geothermal Energy Resources Act 1967”
- Approximately 1,277km<sup>2</sup>, located in the northern Perth Basin.
- Permit is prospective for hydrocarbons based on source and reservoir rocks of Permian-Jurassic age. The Mt Horner Oilfield is located 5km to the south.
- Preliminary exploration targets identified from historical 2D seismic work require systematic follow-up.

Dragon Energy Limited (“Dragon Energy” ASX: DLE) is pleased to announce that the Department of Mines and Petroleum of Western Australia (DMP) has selected DLE as the preferred applicant for Petroleum Exploration Permit STP-EPA-0123, following a successful work program bid. DLE has formally notified DMP of its intention to proceed with this application. NTA negotiations can now be entered into and once an agreement has been formalised the permit will be granted.

STP-EPA-0123 (formerly Release Area L13-3) is 1,277km<sup>2</sup> in area and lies onshore in the northern Perth Basin 50km east of Geraldton, and is 350km north of Perth, Australia (Figure 2). Origin Energy, AWE Limited and Empire Oil & Gas NL currently dominate the ground holding in the Perth Basin, and in 2013 collectively produced; 543kL Oil, 267651x10<sup>3</sup> m<sup>3</sup> Gas, 8322kL Condensate (DMP Website).

Mr. Gang Xu, Managing Director, commented; “The award of the preferred applicant for Dragon Energy’s first application on prospective petroleum tenements is an endorsement for Dragon Energy. I personally thank, Mr. Mark Hafer, our Exploration Manager, for compiling such a quality application. I also thank Mr. Russell Byfield of Strategy Central for his industry contribution throughout the application process. This is an exciting moment for DLE as we enter the energy business. We will initially focus on conventional onshore oil and gas discovery and development; then unconventional gas will be considered in the future.”

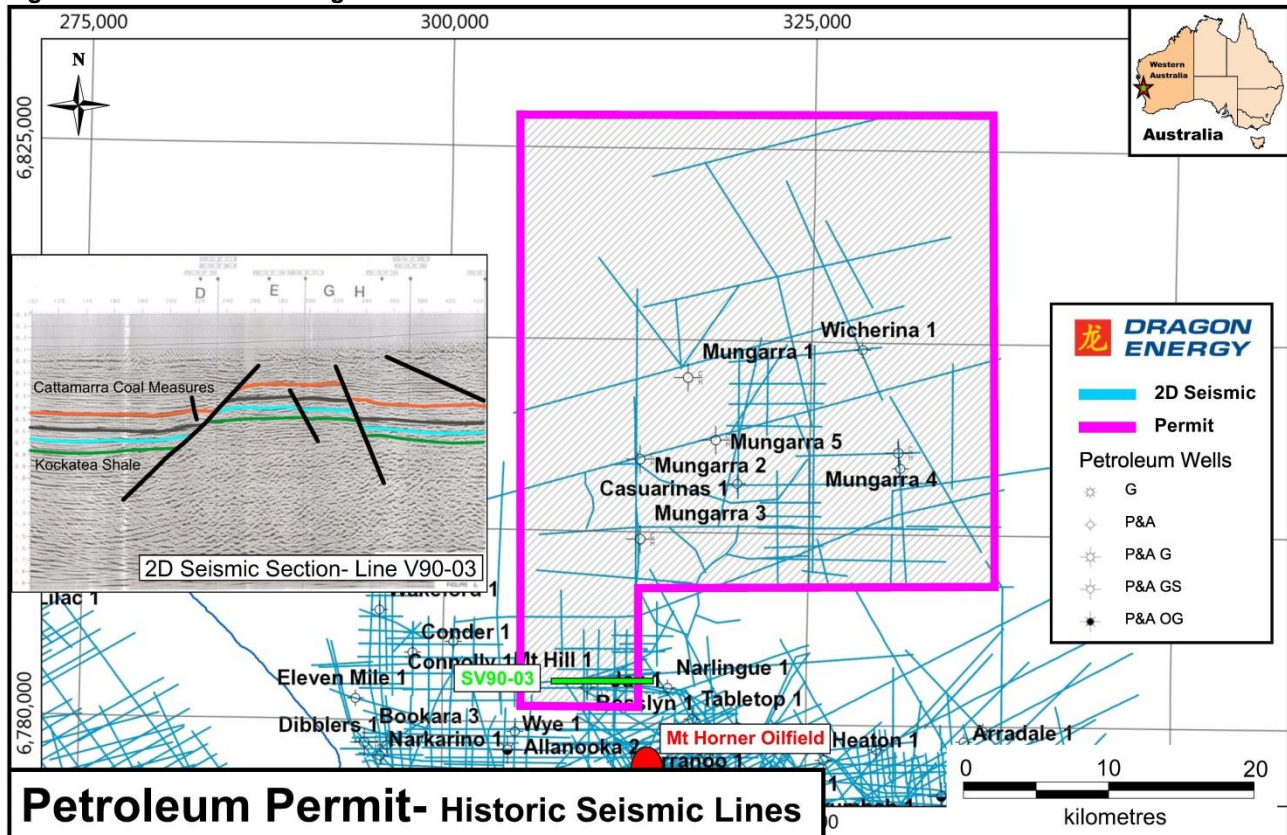
## PROJECT BACKGROUND

A number of exploration wells have been drilled in the vicinity of the permit with the Mt Horner Oilfield located 5km to the south, this oilfield was previously in production from 1984 to 2011. The permit straddles the Bookara Shelf, a relatively shallow basement containing up to 3,600m of Permian to Jurassic strata, and to a lesser extent the Wicherina, Irwin and Allanooka Terraces. This permit is prospective for hydrocarbons. Only ten stratigraphic and exploration wells have been drilled in the permit area, two of which have recorded hydrocarbon shows (Jay-1 and Rosslyn-1). DLE's proposed exploration program will initially focus on performing geotechnical studies, reprocessing existing 2D seismic data and the acquisition and analysis of 3D seismic data.

Previous exploration work data in the northern Perth Basin will be assessed and reviewed to develop a geological model for the area. Following the generation of a suite of isopachs going south to the Mt. Horner Oilfield, a structural/depositional history will be unravelled which will provide the framework for 2D seismic interpretations.

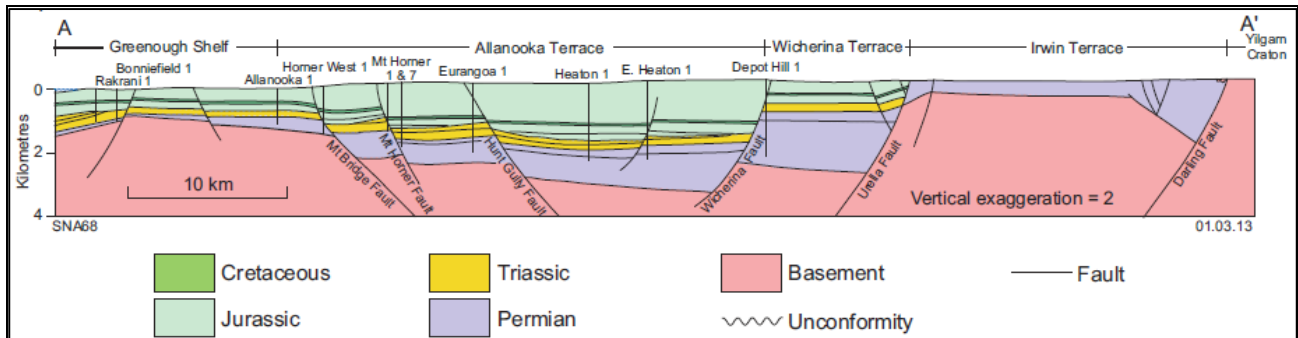
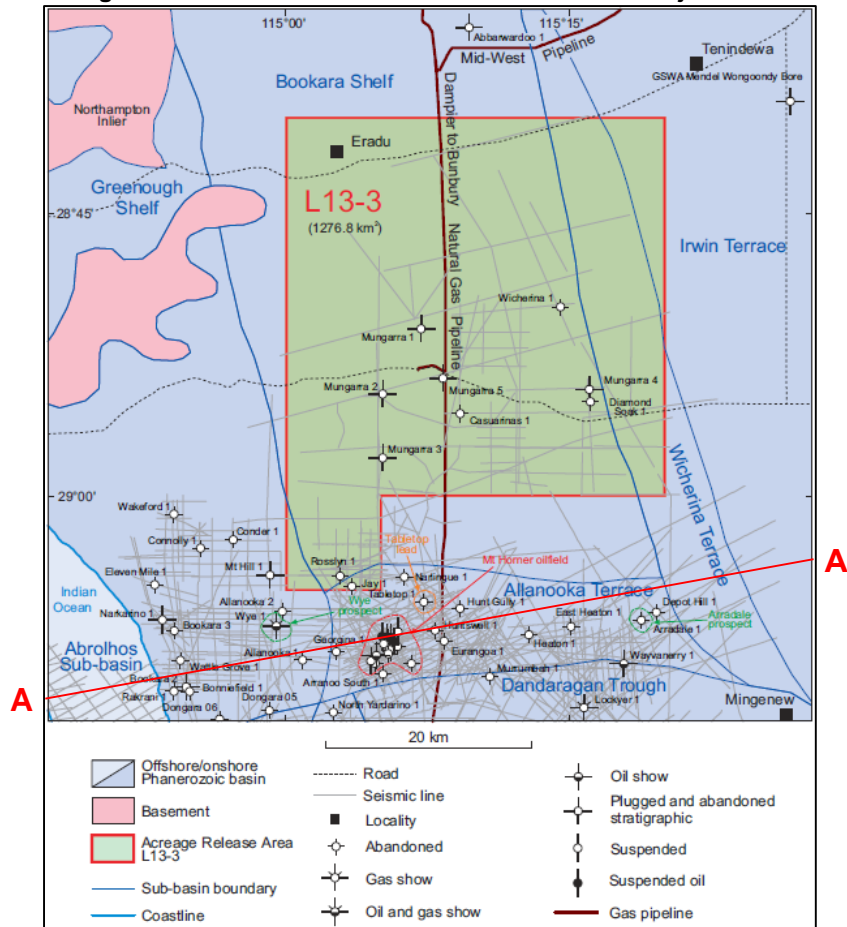
In the SW area of the permit the acquisition of 27km<sup>2</sup> 3D seismic survey is recommended over x13 previously identified, untested prospects to accurately define the trapping mechanisms. This survey will also provide post mortems of two wells with hydrocarbon shows. It is envisioned that a number of drill targets will be defined and prioritised and up to two targeted exploration wells will be drilled. In the SE Area infill 2D seismic surveys will be acquired and processed in conjunction with existing seismic lines. New or existing prospects should be clearly defined (Figure 1).

**Figure 1: 2D Seismic Coverage in the Permit Area**



Source: Base map- Extracted from GeoVIEW (Geological Survey of Western Australia), Insert- Historical seismic report

**Figure 2: Well Location and Cross Section of the Project Area**



Source: "Geology and Petroleum Prospectivity of State Acreage Release Area L13-3, Onshore Northern Perth Basin, Western Australia" (GSWA, 2013).

For further information please contact:

Gang Xu  
*Managing Director*  
 Telephone: +61 8 9322 6009

Mark Hafer  
*Exploration Manager*  
 Telephone: +61 8 9322 6009

### About Dragon Energy

Dragon Energy Limited (ASX: DLE) has an iron ore development project in the Pilbara region of Western Australia 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. DLE also has a joint venture with Shandong Energy Australia Pty Ltd and Shandong Lunan Geo-Engineering Exploration Institute in its Ashburton project. The recently added petroleum interest will be DLE's immediate focus.