



Prospectus

Dragon Energy Limited
ACN 119 992 175

For:

- a non-renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 1 Existing Share held at an issue price of \$0.005 per New Share to raise up to \$1,032,132 before issue costs (**Offer**); and
- an offer of Shortfall Securities on the terms set out in section 7.6 (**Shortfall Offer**).

ASX Code: DLE

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice: This Prospectus is dated 24 June 2016 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus: The New Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the date of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the issuing company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability: Eligible Shareholders can obtain a copy of this Prospectus during the offer period on the Company's website at www.dragonenergytld.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 6.5 of this Prospectus for further information).

Foreign jurisdictions: The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Disclaimer of representations: No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements: This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 5 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy: Eligible Shareholders should read the privacy information located in section 7.15 of this Prospectus. By submitting an Entitlement and Acceptance Form for the Offer, you consent to the matters outlined in that section.

Definitions: Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries: If you have any questions please call the Company Secretary on +61 8 9322 6009 at any time between 9:00am and 5:00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

Mr Jie Chen (Chairman)
Mr Gang Xu (Managing Director)
Mr Keong Chan (Non Exec. Director)

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

Company Secretary

Mr Keong Chan

Auditor*

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors to the Offer

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Registered and Principal Office

Suite 8, 1297 Hay Street
West Perth WA 6005

Website

www.dragonenergyltd.com

Tel: +61 8 9322 6009
Fax: +61 8 9322 6128

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 TIMETABLE TO THE OFFER

Prospectus lodged with ASIC and ASX	24 June 2016
Ex Date - Shares trade ex Entitlement	29 June 2016
Record date to determine Entitlement (Record Date)	30 June 2016
Prospectus with Entitlement and Acceptance Form dispatched	1 July 2016
Offer opens for receipt of Applications	1 July 2016
Closing date for acceptances (Closing Date)	15 July 2016
Deferred settlement trading commences	18 July 2016
Notify ASX of Shortfall	20 July 2016
Issue of New Shares	22 July 2016
Deferred settlement trading ends	22 July 2016
Dispatch of shareholding statements	25 July 2016
Normal trading of New Shares expected to commence	25 July 2016
Last date to issue Shortfall Securities	15 October 2016

The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

Fully Paid Shares currently on issue ¹	206,426,374
Options currently on issue	Nil
New Shares offered under this Prospectus at \$0.005 per New Share (approx.) ¹	206,426,374
Maximum amount raised under the Offer ¹ (before costs)	\$1,032,132

¹This assumes no further Shares are issued prior to the Record Date.

3 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information										
What is the Offer?	1 New Share for every 1 Existing Share held by Eligible Shareholders on the Record Date at an issue price of \$0.005 per New Share. Application will be made for the New Shares to be quoted on ASX. The Offer will raise up to \$1,032,132 (before costs) if fully subscribed.	Section 4										
Am I an Eligible Shareholder?	The Offer is only made to Shareholders who: (a) are the registered holders of Shares as at 7:00pm (AEST) on the Record Date; and (b) have a registered address in Australia or New Zealand.	Section 7.4										
How will the proceeds of the Offer be used?	The Company intends to use the funds raised from the Offer broadly as follows: <table><tr><th>Use of funds</th><th>Full Subscription \$1,032,132</th></tr><tr><td>Expenditure commitments - Ashburton and Pilbara Iron Projects</td><td>\$606,427</td></tr><tr><td>General working capital</td><td>\$399,810</td></tr><tr><td>Costs of the Offer</td><td>\$25,895</td></tr><tr><td>Total</td><td>\$1,032,132</td></tr></table>	Use of funds	Full Subscription \$1,032,132	Expenditure commitments - Ashburton and Pilbara Iron Projects	\$606,427	General working capital	\$399,810	Costs of the Offer	\$25,895	Total	\$1,032,132	Section 4.10
Use of funds	Full Subscription \$1,032,132											
Expenditure commitments - Ashburton and Pilbara Iron Projects	\$606,427											
General working capital	\$399,810											
Costs of the Offer	\$25,895											
Total	\$1,032,132											
What are the key risks of a subscription under the Offer?	An investment in the Company has risks that you should consider before making a decision to invest. These risks include: (a) The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital. (b) Exploration risks - Whilst the Company is of	Section 5										

Question	Response	Where to find more information
	the view that exploration by the Company on its projects has yielded results that justifies further exploration, the Company's tenements carry exploration risk. Please carefully consider these risks and additional risks contained in section 5 and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.	
Is the Offer underwritten?	The Offer is not underwritten.	
Is the Offer subject to any Conditions?	The Offer is not subject to any minimum subscription.	Section 7.2
What will be the effect of the Offer on control of the Company?	Shandong Sunlight Group Company Limited is the largest shareholder of the Company with a voting power of 70.25%. The Company has not appointed a nominee in accordance with section 615 of the Corporations Act, and Shandong Sunlight may only take up its Entitlement under the Offer using the 3% creep exception, so that the maximum voting power Shandong Sunlight will have under the Offer is 73.25%. If Shandong Sunlight does not take up its Entitlement under the Offer, and the Full Subscription is raised under the Offer and Shortfall Offer, Shandong Sunlight's voting power will reduce to 35.13%.	Section 4.13
How do I apply for New Shares and Shortfall Securities under the Offer?	Applications for New Shares and Shortfall Securities can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Securities applied for. Any New Shares under the Offer that are not applied for by the Closing Date will become Shortfall	Section 6

Question	Response	Where to find more information
	Securities. The Shortfall Offer is an offer to issue Shortfall Securities and is a separate offer under this Prospectus. Eligible Shareholders may apply for Shortfall Securities in excess of their Entitlement by following the instructions in section 6.3. There is no guarantee that any Shortfall Securities will be issued to Eligible Shareholders under the Shortfall Offer.	
How will the Shortfall Securities be allocated?	The Directors have the sole right to nominate and determine who is to receive the Shortfall Securities.	Section 7.6
How can I obtain further advice?	Contact the Company Secretary on +61 8 9322 6009 at any time between 9:00am and 5:00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional advisor.	

4 PURPOSE AND EFFECT OF THE OFFER

4.1 Introduction

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 continue to pursue its objective of developing interests in exploration projects in the resource industry. This includes a minimum expenditure commitment of \$606,427 on the Company's Ashburton and Pilbara Iron Projects for the next financial year.

4.2 Ashburton Project Overview

The Ashburton Project (DLE: 50%) is located in the Ashburton Basin, and is 10km 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 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:

- (a) Shandong Energy and Lunan will fund an additional \$187,598 expenditure on the Ashburton Project to earn an additional 2.8% participating interest.
- (b) Stage Three Expenditure is removed.

Assuming the Offer is fully subscribed, the Company will have raised approximately \$1,032,132 to maintain its Ashburton and Pilbara Projects and working capital requirements.

4.3 Ashburton Project Mineralization Model

An assessment of the project area defined the presence of base metal mineralisation within the Ashburton Basin and gold mineralisation predominantly on the margins of the basin.

GOLD

Star of East gold prospect lies 1km north of E08/2210, however no references beyond its location could be found online or in the WAMEX reports. The proximity to a tributary of the Seven Mile Creek possibly indicates that the Star of East prospects are possibly stream sediment anomalies.

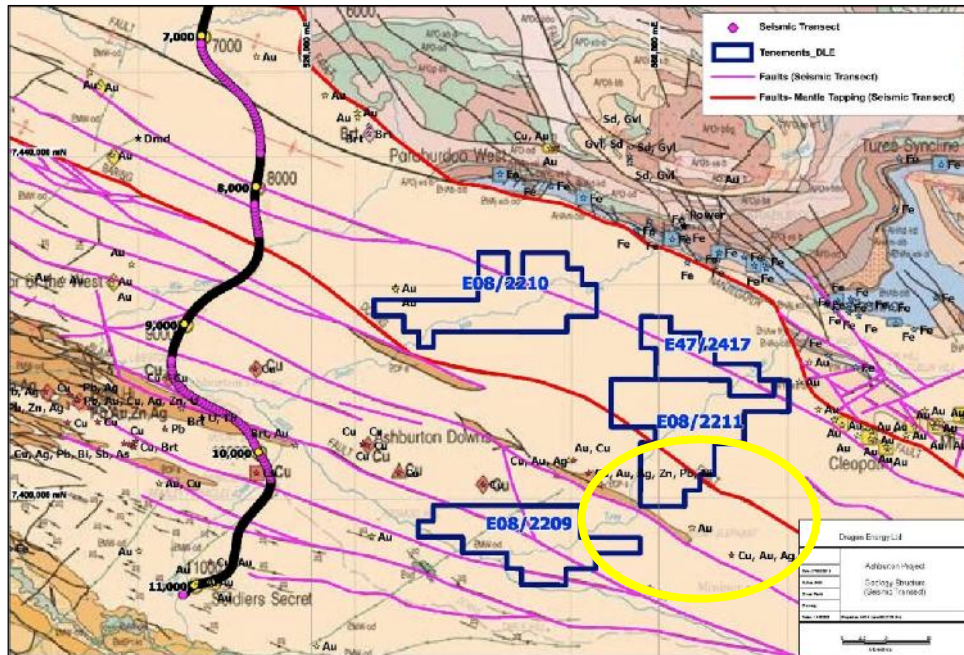
Ten kilometres to the east of E08/2211 the Amphitheatre Mine (167,000t @ 1.8 g/t Au) was mined in 1993, a Carlin-style structurally controlled epigenetic, disseminated, auriferous pyrite deposits hosted in calcareous sedimentary rocks.

Sixteen kilometres to the east of E08/2211 the Ashburton Mine (Northern Star Pty Ltd) operated between 1998 and 2004 producing approximately 340,000oz of gold at a 3.3g/t head grade, from five open pits. The gold mineralisation at the Mount Olympus Deposit was mainly hosted by sandstone and pebbly sandstone of the Mt McGrath Formation, possibly sourced from the southern bounding Zoe Fault.

BASE METALS

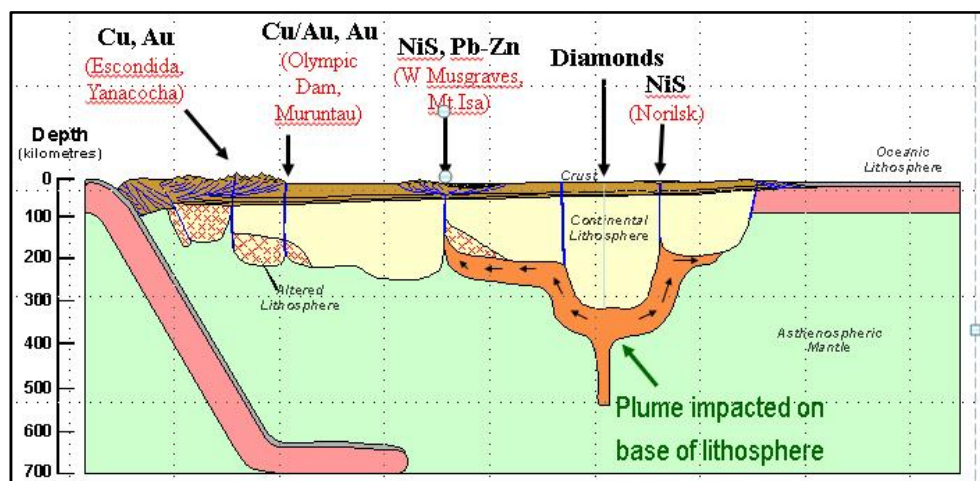
Various base metals (copper, lead, zinc) small mine workings and prospects are located in the area, from 2km of the tenement boundaries. Open file Bouguer first derivative gravity data indicates that these base metal anomalies tend to be coincident with the gravity highs.

Between E08/2211 and E08/2209 the Mt Elephant Cu-Au prospect (gossan- 0.1-45% Cu, 29g/t Au, 0.29% Co) is held by Korab Resources Ltd, and although not coincident with the gravity has a 2.5km EM conductor, a likely source for the mineralisation.



Geological Model- Gold (Mt Olympus gold), Base Metals (eg. Mt Elephant)

Fault/Shear structures cutting through the crust to the mantle act as pathways for fluid flow to mineral systems.



Setting and mineralisation style of the Green Elephant Complex bears close similarity with those of the Zambian copper belt where similar rock types host copper mineralisation.

In 2011 a seismic survey was carried out over the Capricorn Orogenic structures ~20km west of the Ashburton Project. The Nanjilgardy Fault & Baring Downs Fault were identified as mantle tapping structures.

The mantle tapping Baring Downs Fault transects E08/2211. Small outcrops located on E08/2211 of weakly mineralised, foliated and ferruginised sediments have been interpreted as a possible shear or gossan in the basement sediment.

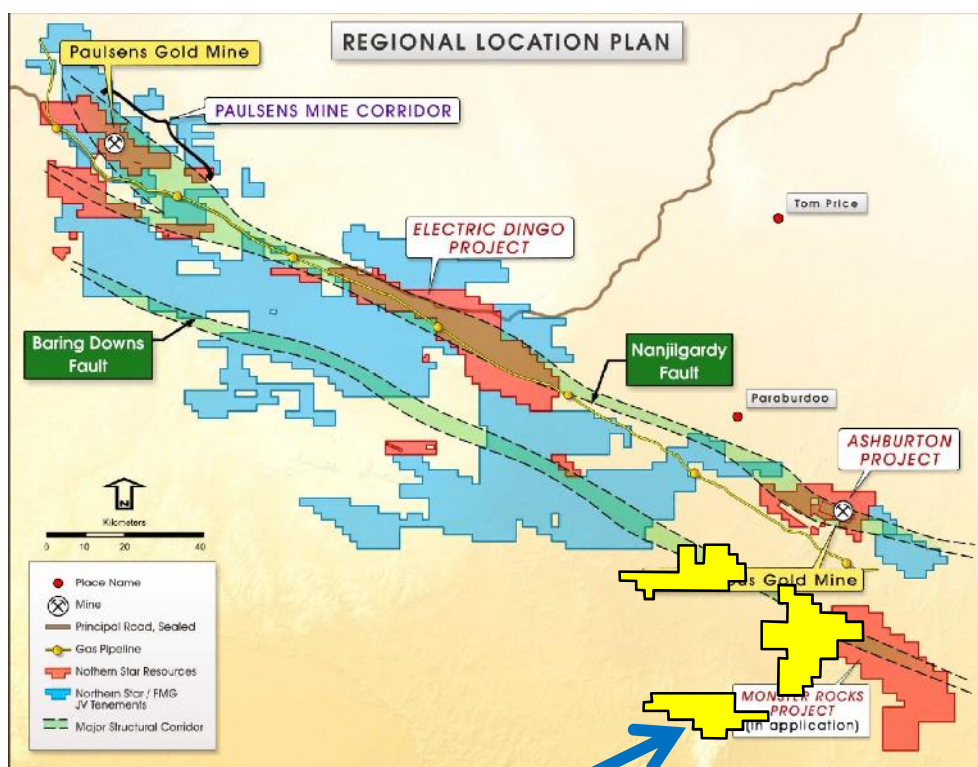
4.4 Ashburton Project Geology

The Ashburton Project comprises 4 tenements and lies 970km NE of Perth, 15km SW of Paraburdoo and 75km SW of Tom Price.

The area is located in the Ashburton Basin, immediately south of the Hamersley Basin/Pilbara Craton. It is prospective for detrital iron due to the Brockman Iron and Marra Mamba Iron Formations immediately to the north. Gold and base metals are also potential targets.

Northern Star Resources (NSR) entered into a JV with FMG, securing a dominant position in the Ashburton Basin.

Since 2014 NSR have acquired the Plutonic, Kundana, Kanowna Belle and Jundee gold mines, as such their focus have moved away from regional greenfields exploration in the Ashburton Basin.

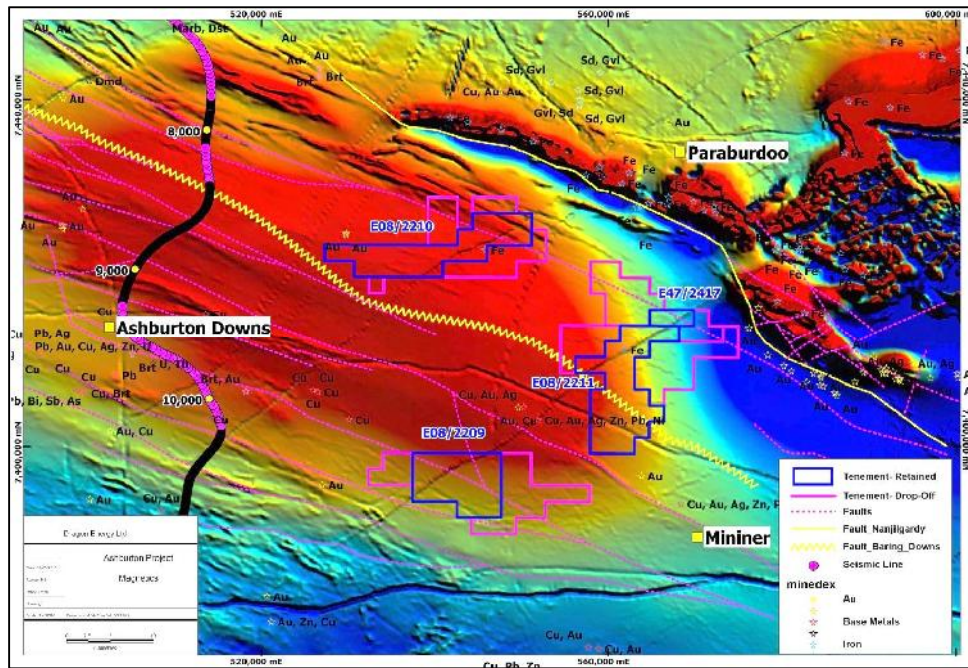


Dragon Tenements

The Ashburton Project is located in the central Ashburton Basin (a NW-SE trending elongate sedimentary depositional zone approximately 330km long by 70km wide) containing poorly exposed middle Proterozoic Wyloo Group sediments. The major structural event for the Ashburton Basin is the 1820-1770Ma Capricorn Orogeny.

4.5 Ashburton Project Magnetics

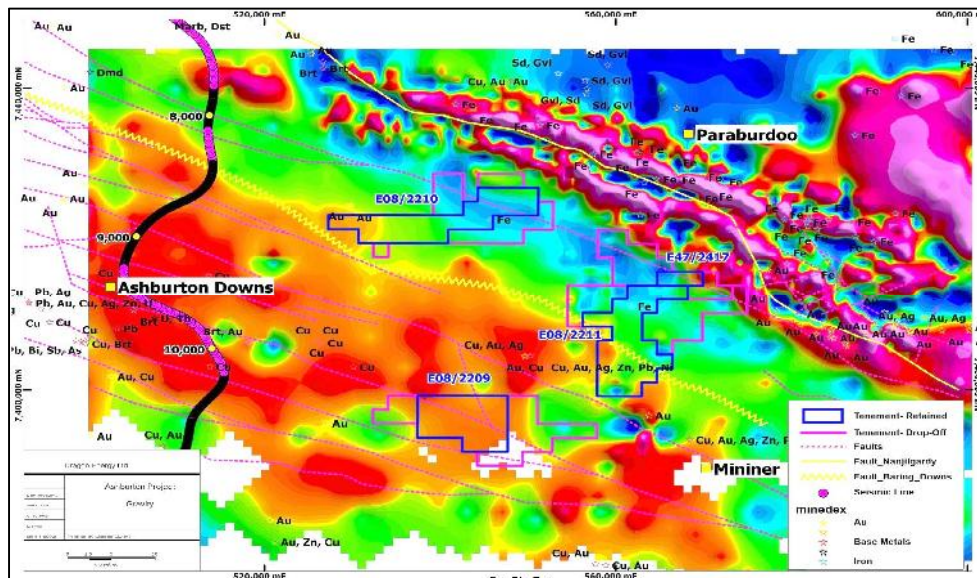
The magnetic high south of E08/2210 is described below as being attributed to magnetic units ~5-10km depth.



4.6 Ashburton Project Gravity

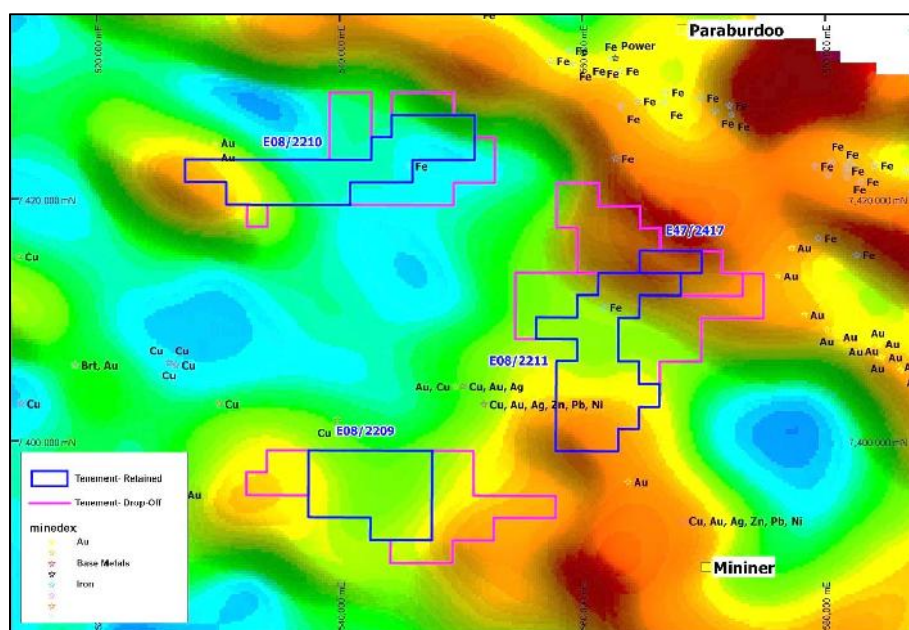
The Baring Downs Fault bounds the bouger 267 1stVD gravity highs to the SW. Field reconnaissance is warranted to check whether the Baring Downs Fault has a surface expression, and if mineralisation is present.

Project Gravity (Bouger 267, 1VD)



4.7 Ashburton Project EM Survey

The Geological Survey of the DMP GSWA completed a regional EM survey (TEMPEST) in January 2014, the data was released in June 2014. Approximately 30,000 line kilometres of data was flown at 5km spacings.



4.8 Ashburton Project Exploration Programmes

(a) Reconnaissance Drilling Programme

Current approved drilling programme was designed originally to test for potential Iron Detritals and/or Channel Iron Deposits. DLE will modify this programme to accommodate Gold and Base Metal mineralization based on new studies of Geophysics Analysis/Generation.

Existing public and private geophysics data was processed by Value Adding Resources Pty Ltd, and a new set of images generated. This was done in an attempt to identify drill targets.

A total of **21 holes** (1,200m) have been selected as first pass reconnaissance holes. These holes are on 1.2km drill lines with 800m drill spacings. Assaying will be carried out on 2m composite samples.

(i) Heritage Surveys

A Heritage survey was carried out in September 2013 (\$40,503) in preparation of the proposed drilling programme. 21 drill sites were cleared for drilling.

(ii) Bull-Dozer Clearing

Approximately 6.6km of vegetation clearing and drill site preparation will be required.

(iii) Budget- Drilling

The budget includes drilling all 21 holes, and totals \$218,800.

(b) Gold/Base Metals- Geophysics

The focus of geophysics surveys is to test the area proximal to the Baring Downs Fault for potential Gold & Base Metals mineralisation.

Korab Resources' Green Elephant Complex 6km SW has a 2.5km long EM conductor coinciding with high grade copper assays and in places gold. Mineralisation setting and style bears close similarity with those of the Zambian copper belt where Gravity & IP surveys commonly undertaken.

Northern Star Resources' Ashburton Gold Project is located 20km NE and comprises five pits, mined from 1998-2004 and produced 340,000 ounces of gold at 3.3g/t. Mineralisation is within disseminated gold-bearing arsenical pyrite, minor gold-bearing quartz and gold-bearing graphite and bitumen associated with a Fault.

The Company can carry out either a Ground IP Survey to test for disseminated to semi-massive mineralisation, or a Aerial EM Survey to test for semi-massive to massive mineralisation. The decision will perhaps be based on cost.

(i) Budget- Base Metals Ground IP Survey

A Ground IP survey proximal to the Baring Downs Fault is proposed for potential disseminated to semi-massive Base Metals mineralisation. The survey points or traverses designed over a 13km x 3km area.

A budget of \$95,600 is proposed for this Ground IP survey.

The helicopter mobilisation cost can be reduced by 40-50% if the Company combines it survey with Korab Resources' proposed VTEM survey.

(ii) Budget- Base Metals Aerial Geophysical Survey

An areail (helicopter) VTEM survey proximal to the Baring Downs Fault is proposed for potential semi-massive / massive Base Metals mineralisation. A budget of \$148,600 is proposed.

FUGRO Airborne	Unit cost	Units	Total
Helicopter Mobilisation	\$30,000 - 40,000	1	\$40,000
Line kilometres	\$190-200 / line km	503	\$100,600
Geophysical Analysis- data	\$1,600/day	2	\$3,200
Geophysical Analysis-	\$1,600/day	3	\$4,800
- survey will take 3 days - Paraburdoo will be used as a base			
TOTAL			\$148,600

Total	\$606,427
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4.10 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (approximately)¹	Full Subscription \$1,032,132
Expenditure commitments - Ashburton and Pilbara Iron Projects	\$606,427
General working capital ²	\$399,810
Costs of the Offer ³	\$25,895
Total	\$1,032,132

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- 3 See section 9.5 for further details relating to the estimated expenses of the Offer. The Company estimates that it will pay a placement fee of 6% for Shortfall Securities placed.

In the event that the amount raised under this Prospectus is less than the Full Subscription, it is intended that the amount raised will be applied firstly to the costs of the Offer and then broadly between working capital and exploration, with the allocation dependent upon the amount raised, exploration results and expenditure by the Company's joint venturers.

4.11 Statement of financial position

Set out in section 12 is the un-audited Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 31 March 2016 and prepared on the basis of the following adjustments and assumptions:

- (a) the Offer was effective on 31 March 2016;
- (b) no further Shares are issued other than all Shares offered under this Prospectus;
- (c) the costs of the Offer are \$25,895; and

(d) take up of the Offer, assuming Full Subscription.

The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position and based are contained in the audited financial report for year ended 30 June 2015.

4.12 Effect of the Offer on the Company's securities

Assuming that no Shares are issued prior to the Record Date, at the close of the Offer, the capital structure of the Company following the Offer will be:

Shares	Full Subscription	
	Number	%
Existing Shares	206,426,374	50.00
New Shares offered under this Prospectus	206,426,374	50.00
Total Shares	412,852,748	100.0

4.13 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Majority shareholder

As at the date of this Prospectus, Shandong Sunlight Group Company Limited (**Shandong Sunlight**) is the largest Shareholder of the Company with a shareholding of 145,020,384 Shares and voting power of 70.25%.

Shandong Sunlight is a Chinese based resource company. Shandong Sunlight has not told the Company of its intentions with respect to its Entitlement under the Offer.

The Company has not appointed a nominee in accordance with section 615 of the Corporations Act, and Shandong Sunlight may only take up its Entitlement under the Offer using the 3% creep exception, so that the maximum voting power Shandong Sunlight will have under the Offer is 73.25%.

Given the potential change in the level of control of the Company, the effect of the Offer on control of the Company will be as follows:

Take up by Shandong Sunlight	All Shareholders take up their Entitlement under the Offer (including all Shortfall Securities)	No other Shareholder takes up Entitlement under the Offer (and there are no Shortfall Shares taken up)
0%	35.13%	70.25%

25%	43.91%	73.25%
50%	52.69%	73.25%
75%	61.47%	73.25%
100%	70.25%	73.25%

If Shandong Sunlight does not take up its Entitlement under the Offer, and the Full Subscription is raised under the Offer and Shortfall Offer, Shandong Sunlight's voting power will reduce to 35.13%.

(b) Others

No other person's voting power in the Company may increase to 20% or more as a result of the issue of the New Shares.

(c) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued:

Holder	Holding at Record Date Number	Date %	Entitlement	Holding following the Offer if no Entitlement taken up Number	%
1	20,000,000	9.69	20,000,000	20,000,000	4.84
2	10,000,000	4.84	10,000,000	10,000,000	2.42
3	5,000,000	2.42	5,000,000	5,000,000	1.21
4	2,500,000	1.21	2,500,000	2,500,000	0.61

5 RISK FACTORS

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with your professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.1 Risk specific to the Offer

(a) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 4.13(c) above.

(b) Control

Assuming some shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

5.2 Company and industry specific risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Control

Shandong Sunlight Group Company Limited is the largest Shareholder of the Company with a voting power of 70.25%. As a result it has the power to determine the Board's composition. There is a risk that Shandong Sunlight Group Company Limited interests may conflict with those of minority Shareholders.

As the Offer is non-renounceable, the Company has not appointed a nominee for the purposes of section 615 of the Corporations Act and Shareholders may not rely upon item 10 of section 611 of the Corporations Act to have a voting power of 20% or more.

(b) Future capital needs and going concern

The funds raised by the Offer will primarily be used to fund exploration expenditure commitments and general working capital (refer section 4.10). There is a risk that these funds will not be sufficient and that further funding will be required.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all).

The ability of the Company to continue as a going concern is dependent upon the Company being able to successfully raise additional funds in the

future as and when required to meet future financial obligations, discretionary expenditure (principally exploration expenditure), and farm out commitments.

(c) Exploration risks

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable Ore Reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary funding, titles and governmental and other regulatory approvals.

(d) Joint venture and other strategic investments

Dragon has entered into a farm in agreement with Shandong Energy Australia Pty Ltd and Shandong Lunan Geo-Engineering Exploration Institute to explore the Ashburton Project. To date the co-joint venturers have earned a 50% interest and have the right to earn an additional 2.8% by spending \$187,598.

The Company may also in the future become a party to other joint venture agreements governing the exploration and development of its projects.

There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

(e) Title risk

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that the current or future tenements will be approved or maintained. Renewal of the term of a granted tenement is at the discretion of the relevant government authority. Renewal conditions may include increased expenditure or work commitments or compulsory relinquishment of the areas comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(f) Tenement holding costs and expenditure commitments

Tenements carry with them various obligations in regard to minimum expenditure levels. There is a risk that failure to meet statutory expenditure requirements may result in the forfeiture of a tenement. In particular, a majority of the Company's expenditure commitments relate to the Ashburton Project. The Company's co-joint venturers' expenditure obligations are less than the minimum expenditure commitments, and there is a risk that, in the event funds raised under the Offer are not sufficient to meet the minimum expenditure commitments, some of the Ashburton Project may be forfeited.

Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(g) Native title and access risk

The Company's activities in Australia are subject to the *Native Title Act 1993* (Cth) and associated law relating to Native Title and Aboriginal land. The Company's exploration and mining activities can be affected by land claim compensation considerations. It is possible that aboriginal sacred sites may be found within tenements held by the Company and which may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract mineral resources.

The Company must also comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of exploration and mining activities.

(h) Commodity prices

As an explorer for iron ore, manganese, gold, and petroleum, any earnings of the Company are expected to be closely related to the price of these commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(i) Environmental risks

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(j) Key people

The responsibility of overseeing the Company's operations and strategic management depends substantially on its Directors and key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these persons cease their employment or involvement with the Company.

5.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, exchange rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

6 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS FOR THE OFFER

6.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 6.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 6.3); or
- (c) allow all or part of your Entitlement to lapse (see section 6.4).

6.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

6.3 Subscribe for all of your Entitlement and apply for Shortfall Securities

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 7.6 for details of the manner in which Shortfall Securities will be allocated.

Surplus application moneys will be refunded to Applicants as soon as practicable following the close of the Offer.

6.4 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

6.5 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5:00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5:00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application moneys being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

The completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Dragon Energy Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.005 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You

must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received at the following addresses by no later than 5:00pm AEST on the Closing Date:

By Post To:	By Hand To:
Dragon Energy Limited C/- Computershare Investor Services Pty Limited GPO Box 505 Melbourne VIC 3001	Dragon Energy Limited C/- Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford Vic 3067

6.6 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application moneys, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including

to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;

- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

7 DETAILS OF THE OFFER

7.1 Shares offered for subscription

By this Prospectus the Company makes a non-renounceable pro rata Offer to Eligible Shareholders of 1 New Share for every 1 Existing Share held as at the Record Date at a price of \$0.005 per New Share to raise up to approximately \$1,032,132 before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 6.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 8.1.

7.2 Minimum subscription

The Offer is not subject to any minimum subscription.

7.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 6 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

7.4 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

7.5 Rights trading

The Offer is non-renounceable. This means that the entitlements of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of rights on ASX. Eligible Shareholders who choose not to take up their entitlement will receive no benefit and their shareholding in the Company will be diluted as a result.

7.6 Shortfall

Entitlements not taken up will become available as Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by completing the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in

circumstances which do not require the offer of Shortfall Securities or this Prospectus to be registered.

It is possible that there may be few or no Shortfall Securities available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. The Directors have the sole right to nominate and determine who is to receive the Shortfall Securities.

Subject to the above, the Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

7.7 Offer outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

7.8 Treatment of Ineligible Shareholders

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

(a) New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and

possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

7.9 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

7.10 Issue of New Shares and application money

New Shares will be issued only after ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 22 July 2016 and normal trading of the New Shares on ASX is expected to commence on 25 July 2016.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares are issued or application monies refunded. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

7.11 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

7.12 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Price	\$0.003	\$0.003	\$0.003

7.13 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

7.14 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the

Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

7.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

7.16 Enquiries

Any queries regarding the Offer should be directed to Mr Keong Chan, Company Secretary on +61 8 9322 6009.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

8 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

8.1 New Shares

Full details of the rights and liabilities attaching to the New Shares are:

- (a) detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the

Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

The Company must have at least 3 Directors. At every annual general meeting, one-third of the Directors, or if their number is not a multiple of 3, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(i) Shareholder liability

As the Shares issued under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the

Constitution is deemed not to contain that provision to the extent of the inconsistency.

9 ADDITIONAL INFORMATION

9.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an Offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial report of the Company for the financial year ended 30 June 2015 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the last financial report for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgment of that annual report and before the lodgment of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgment of the financial statements referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its 2015 annual financial report was lodged with ASX on 30 September 2015:

Date	Description of Announcement
29/04/2016	Quarterly Cashflow Report
29/04/2016	Quarterly Activities Report
14/03/2016	Half-year Financial Report - 31 December 2015
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Cashflow Report
04/01/2016	Final Director's Interest Notice
04/01/2016	Non Executive Director Resignation
01/12/2015	Initial Director's Interest Notice
01/12/2015	Board Changes

Date	Description of Announcement
26/11/2015	Results of Meeting
30/10/2015	Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report
28/10/2015	Ashburton JV Supplementary Agreement
23/10/2015	Notice of Annual General Meeting/Proxy Form
30/09/2015	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

9.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

Director	Current holding Shares	Entitlement New Shares
Mr Jie Chen	Nil	Nil
Mr Gang Xu	13,596,207	13,596,207
Mr Keong Chan	Nil	Nil

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Remuneration paid to Directors in the two years prior to the date of this Prospectus			
Director	2015/2016	2014/2015	2013/2014
Mr Jie Chen ¹	\$50,000	\$197,100	\$196,650
Mr Gang Xu ²	\$100,000	\$229,950	\$305,877
Mr Keong Chan ³	\$12,500	Nil	Nil

¹The Chairman is entitled to a base salary of \$54,795 per annum (inclusive of superannuation).

²The Company has entered into a consultancy agreement with Xu and Liu Pty Ltd for Mr Xu to act as a Managing Director. From 1 July 2015, Mr Xu will be paid \$120,000 per annum (exclusive of superannuation).

³Mr Keong Chan was appointed as a director on 1 December 2015 and is entitled to a service fee of \$2,500 per month.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of

the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

9.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

- (c) the Offer.

Kings Park Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$10,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

9.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
- (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Kings Park Corporate Lawyers	Lawyers

9.5 Expenses of the Offer

The total estimated expenses of the Offer are as set out below:

Cost ¹	(approximately) \$
Legal fees	\$10,000
ASX fees	\$3,575
ASIC and other expenses	\$2,320
Printing, postage and other	\$10,000
Total	\$25,895

¹The Company estimates that it will pay a placement fee of 6% for Shortfall Securities placed.

9.6 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

9.7 Competent Person's statement

The information in this Prospectus that relates to the Ashburton Project is based on information previously compiled (released to ASX on 27 July 2012 and 1 March 2011) by the Company's Competent Person, Mr Mark Hafer, which can be downloaded from the Company's website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant ASX announcements and all material assumptions and technical parameters underpinning the estimates in the relevant ASX announcements continue to apply and have not materially changed.

10 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 24 June 2016

A handwritten signature in blue ink, consisting of a stylized 'K' followed by a horizontal line.

.....

Signed for and on behalf of
Dragon Energy Limited by
Keong Chan

11 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time.
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or Dragon	Dragon Energy Limited (ACN 119 992 175).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deeds	the indemnity, insurance and access deeds between the Company and each of the Directors.
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Entitlement or Right	a Shareholder's entitlement or right to subscribe for New Shares offered by this Prospectus.
Existing Share	a Share issued as at 7:00pm (AEST) on the Record Date.

Full Subscription	\$1,032,132 before costs.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Listing Rules	the listing rules of the ASX.
New Shares	Shares issued pursuant to the Offer.
Offer	an offer made under this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Option	an option to purchase a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	has the meaning given in section 7.6.
Shortfall Securities	New Shares for which valid Applications have not been received by the Closing Date under the Offer.
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the United States Securities Act of 1933, as amended.
WST	Western Standard Time

12 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2016 management accounts	Adjustments	Capital raising fees	Funds received - Full Subscription	Pro-form - Full Subscription
Assets					
Current Assets					
Cash & cash equivalents	277,285	93,799	(25,895)	1,032,132	1,377,321
Trade and other receivables	8,069				8,069
Other financial assets	1,493				1,493
Total Current Assets	286,847				1,386,883
Non-Current Assets					
Property, plant & equipment	51,895				51,895
Exploration and evaluation assets	462,308				462,308
Total Non-Current Assets	514,203				514,203
Total Assets	801,050				1,901,086
Liabilities					
Current Liabilities					
Trade and other payables	5,416				5,416
Total Current Liabilities	5,416				5,416
Non-Current Liabilities	0				0
Total Non-Current liabilities	0				0
Total Liabilities	5,416				5,416
Net Assets	795,634				1,895,670
Equity					
Contributed equity	25,728,920		(25,895)	1,032,132	26,735,157
Reserves	93,500				93,500
Accumulated losses	(25,026,786)	93,799			(24,932,987)
Total Equity	795,633				1,895,670

In May 2016, \$93,799 was received from Shandong Energy Australia in respect of the Ashburton project.