

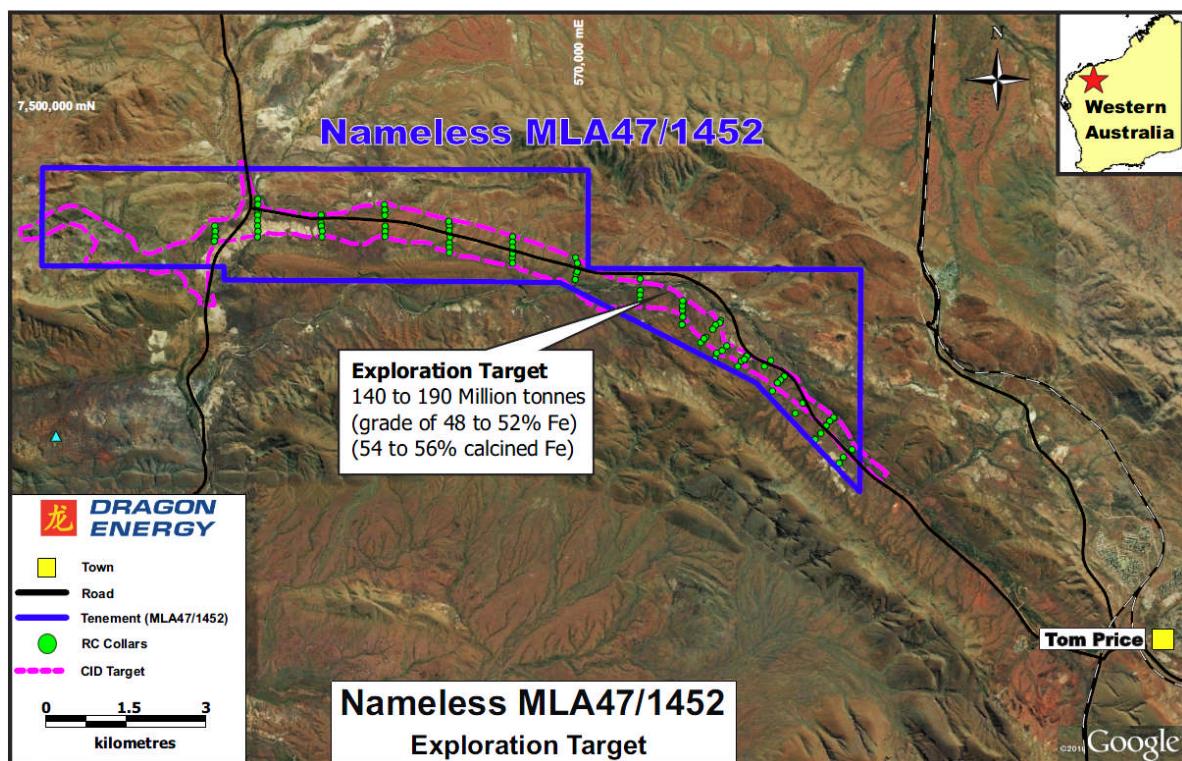
DRAGON ENERGY ANNOUNCES 140-190 MILLION TONNES OF IRON ORE EXPLORATION TARGET AT NAMELESS TENEMENT IN CENTRAL PILBARA

ASX ANNOUNCEMENT

1 MARCH 2011

Dragon Energy Ltd (ASX:**DLE**) is pleased to announce an Exploration Target of 140 to 190 Million tonnes at a grade of 48 to 52% Fe (54 to 56% calcined Fe) at the Company's 100% owned Nameless tenement in central Pilbara.

Dragon has undertaken 2D and 3D modelling of the tenement. Channel Iron Deposit ("CID") mineralisation has been identified within a 17 kilometre long channel, of which 13 kilometres has previously been RC drill tested by AusQuest and Rio Tinto on wide traverse spacings, providing a high level of confidence in the forthcoming drilling program (see below diagram).



An Exploration Target of the CID mineralisation of 120 to 160 Million tonnes at a grade of 48 to 50% has been estimated. In the south eastern area of the tenement in addition to CID mineralised Marra Mamba Iron Formation has also been intersected in RC drillholes. An exploration target of 20 to 30 Million tonnes of Marra Mamba mineralisation at 49 to 52% Fe has been estimated.

Geological software package "MapInfo Discover 3D" was utilised to interpret the mineralised zone from previous exploratory RC holes. A wireframe model was generated from which the volume of mineralised CID and Marra Mamba Iron Formation was calculated.

Dragon will proceed with a staged drilling campaign to infill previous drilling in order to define a JORC resource. This drilling program is fully funded from cash reserves.

Nameless is expected to provide a resource that will complement Dragon's 100% owned Rocklea tenement which lies 24km to the south west and which has an Inferred JORC Resource of 63.1Mt @ 53.4% Fe (60.4% calcined Fe) at 50% Fe cut off grade (AusQuest ASX release 17 August 2009).

Authorised by:

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Exploration Target

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature. Further exploration, particularly drilling, is necessary before any identified Mineral Resources can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

About Dragon

Dragon Energy Limited (**Dragon**) listed on the Australian Securities Exchange (ASX) in February 2009 (**ASX: DLE**). The Company's listing on the ASX was facilitated by cornerstone investor the China-based Shandong Taishan Sunlight Group Company Limited ("Shandong Group"), which controls 1.5Bt of coal and 100Mt of iron ore resources in China as well as engaging in steel making and power generation. It has also facilitated many large commercial mining transactions in the Chinese resources sector. Shandong Group is a private enterprise and provides Dragon with direct and indirect financial capacity, wide industry connections, and mining know how, to underpin Dragon's growth and pursuit of mineral projects.

Dragon's flagship projects are Rocklea and Nameless Iron projects in the Pilbara region with a sizeable JORC resource defined at Rocklea and significant CID exploration targets at the Nameless Project. Dragon Energy's portfolio of tenements has numerous multi-commodity targets, including Fe, Mn, Au and U in Western Australia and coal interests in Queensland.

Competent Person's Statement

"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. Mr Hafer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hafer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".