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ASX Announcement
31 January 2012

QUARTERLY REPORT

Draig Resources Ltd (ASX: DRG) ("Draig" or "the Company") is pleased to provide shareholders with its latest Quarterly Report, which outlines the progress made by the Company in the three months to 31 December 2011.

Highlights

- **Completed acquisition of 8 Mongolian coal licences for US\$7.87 million**
- **Licences located in Overhangay and South Gobi provinces, covering ~ 625km²**
- **A\$17 million in new capital raised**
- **Company's shares reinstated to ASX, renamed Draig Resources Ltd in Jan 2012**
- **Geophysics program commenced on 2 licences, completed subsequent to quarter**
- **Company COO appointed, subsequent to quarter**
- **JORC compliant resource for Teeg licence expected to be completed Q2 2012**

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Corporate

Mongolian Coal Licence Acquisition

During the quarter, Draig completed the purchase of eight highly prospective Mongolian coal licences through the acquisition of BDBL LLC, previously a subsidiary of Peabody-Winsway Resources LLC.

The acquisition was executed via a Share Sale Agreement, whereby Draig acquired all of the issued capital of BDBL LLC for a consideration of US\$7.87 million cash payment and a 1% gross royalty on future production based on the FOB mine site price.

Four of the licences are located in the Ongi River Basin in the Ovorhangay province and four are located in the South Gobi Basin, South Gobi province. The licences cover a total area of approximately 625km².

Draig believes the licences to be highly prospective. Although all of the licences have had limited exploration to date, they represent a significant and exciting opportunity for Draig to expand the scale of its activities.

Coal Licences

The Ovorhangay licences are located approximately 130km from the province capital Arvayheer; and approximately 520km south-west of the Mongolian capital Ulaanbaatar.

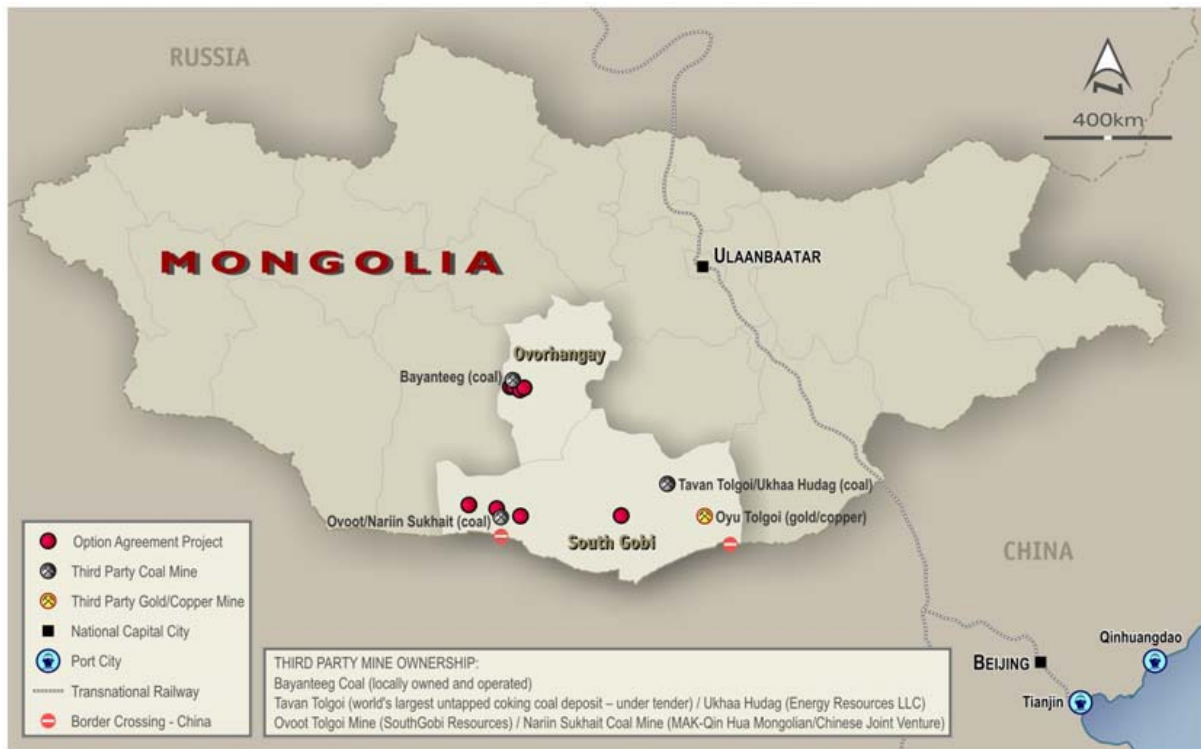
A six-hole drill program undertaken on the Teeg licence in Ovorhangay province during the acquisition due diligence period encountered significant coal intersections. Results included a 60 metre coal seam (BTE-001) commencing at surface and a 40 metre coal seam (BTE-002) from a depth of 89 metres.

The South Gobi licences are located within the South Gobi Basin, which is characterised by the largest concentration of major black coal deposits in Mongolia, including the major coal deposit at Tavan Tolgoi (coal resources of > 5 billion tonnes), as well as other substantial deposits including the >200 Mt deposits at Baruun Nuran and Ovoot Tolgoi.

The south western licences are located less than 80km from the Chinese border crossing at Shivee Khuren/Ceke.

Drilling work previously undertaken on the South Gobi licences intersected coal seams on two licences. The long term economic potential of the South Gobi Basin is very substantial and provides the potential for the further discovery of significant high rank coal deposits.

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Location of the Ovorhangay and South Gobi province licences, Mongolia

Capital Raising and Consolidation

Draig completed an A\$17 million capital raising during the period via a 34,000,000 share issue at A\$0.50 each (post-consolidation). The raising comprised a General Offer and a Priority Offer to eligible shareholders. The General Offer was fully subscribed, raising A\$14,000,000 before costs. The Priority Offer provided 6,000,000 shares to shareholders to raise a further A\$3,000,000.

The change of activities pertaining to the acquisition of BDBL LLC, capital raising, share consolidation and name change were approved by the Company's shareholders at General Meetings held in Perth on 30 November and 08 December 2011.

The balance of raising proceeds will be used to fund an exploration program for the purpose of defining a JORC compliant resource, exploration costs, additional project evaluation, future coal acquisitions and working capital.

The Company now has sufficient funds for its 2012 exploration program, further coal acquisitions and necessary working capital and the financial capacity to move forward with the development of what the Company believes will be a very good quality coal project.

Name Change and Relisting

The Company's shares were reinstated to Australian Securities Exchange on 4 Jan 2012, subsequent to the quarter.

The Company's name was formally changed to Draig Resources Ltd from C @ Ltd on 9 December 2011.

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The Directors believe the name Draig – Welsh for dragon - and the accompanying dragon logo more accurately reflect the current operations and market focus of the Company.

Joint Venture Agreement with Trinity Finalised

Subsequent to the quarter, Draig successfully finalised its Joint Venture Agreement (“JVA”) with Trinity Mongolia Pty Ltd and its subsidiary, Trinity Development LLC (“Trinity”) in respect to the exploration and development of the eight Mongolian coal licences.

The eight Mongolian coal licences are held by BDBL LLC on behalf of the joint venture. Draig owns a 90% participating interest and Trinity the remaining 10% in the joint venture.

The JVA terms and conditions stipulate that Trinity is not required to contribute to expenditure in respect of its 10% interest until the resource defined within the joint venture area is estimated to be 200Mt or greater of JORC compliant indicated or inferred resources. From that time, Trinity will contribute to its pro-rata share.

Trinity also has the right to acquire an additional 15% participating interest in the JVA by paying Draig an amount equal to 15% of all expenditure incurred by Draig attributable to the identification, evaluation and acquisition of the interest in the licences. Trinity must make this payment within 60 business days following the formation of the joint venture, which was deemed to be in effect on 25 January 2012. Trinity shall, at all times, be obliged to contribute its pro-rata share of the joint venture expenditure in respect of this 15% participating interest.

Azure Engaged as Corporate Advisor

The Company was pleased to announce the appointment of Azure Capital (“Azure”) as its on-going Corporate Advisor. Azure will advise the Company on items including inbound approaches by strategic investors, financing proposals and acquisition opportunities.

Appointments

Subsequent to the quarter, the Company appointed Mr Yin Wong as Chief Operating Officer. Mr Wong has over 25 years experience in the resources industry, largely in the coal sector and has worked extensively throughout Australia and Asia. He was most recently a Vice President of Noble Group, responsible for coal trading and business development in the Central Kalimantan region of Indonesia.

At Draig, Mr Wong will be responsible for the development of the Company’s existing coal licences, the establishment of key operational management roles and responsibilities, and business development. Draig is pleased to have secured somebody of Mr Wong’s calibre to bolster the Draig management team and deepen the Company’s knowledge and expertise in Indonesia.

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Exploration

Mongolia

Draig has made the decision to continue its exploration activity during the Mongolian winter months. During the quarter, Draig commenced a geophysical survey on two of its coal licences in the Ovorhangay province, which was completed early January 2012.

The geophysical field work was undertaken over the Teeg (13879X) and Nariin Teeg (13581X) licences, located in the Bayanteeg district.

The results of the survey are currently being interpreted by Dash Meg Engineering and analysed by Nordic Geological Solutions LLC. Draig will advise the market once that work has been completed.

The survey will assist with the identification of the potential black coal extensions over the licences and target areas for further exploration drilling in 2012. Draig said a preliminary review of the field data had identified a number of highly potential drilling targets in both licences.

The survey comprised 32 kilometres of geophysical (resistivity) survey work. A total of 12 lines of geophysical survey work were carried out on the Teeg licence and 3 lines on Nariin Teeg licence. The target depth of penetration was approximately 250 metres.

The survey was carried out referencing existing drill holes completed during the due diligence process prior to acquiring the licences to allow for better correlation of the coal seams. Draig is now in the process of planning its drill program through the Mongolian winter over its 8 licences.

The Company continues to target Q2 2012 for the completion of a JORC compliant resource for the Teeg licence.

If the drilling program and initial JORC resource meet Company expectations, a scoping study work will follow immediately.

Indonesia

Draig continued to assess a number of coking and high energy thermal coal opportunities in Indonesia. Draig was supported by its local Indonesian partner Ethica Trade Cermelang. These and other projects are currently under review by the Company.

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About Draig Resources Limited

Coal explorer Draig Resources Ltd (ASX: DRG) is developing eight highly prospective coal licences in Mongolia's Overhangay and South Gobi provinces. In late 2011, Draig acquired the coal licences through BDBL LLC, a subsidiary of Peabody-Winsway. The Company is embarking on a geophysical survey and 2012 exploration programme, with the aim of defining a JORC-compliant resource in Q2 2012. Draig is seeking further quality coal opportunities in Mongolia and Indonesia.

In 2010, International coal veteran Mark Earley was appointed as Managing Director. Mark has over 30 years experience in the coal industry in the key areas of operations, project development, mine management and senior advisory roles. He has also been involved in green field mine developments in both Australia and Indonesia, has advised on several successful start-up projects and holds a masters degree in mining engineering. Most recently Mark held the position of Executive Director of Barlow Jonker Pty Ltd, one of the world's leading coal advisory and research firms.

Competent Persons Statement

The information provided in this report that relates to exploration results is based on information provided by Dr Per Michaelsen of Nordic Geological Solutions LLC. Dr Michaelsen is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Michaelsen is an independent Consulting Coal Geoscientist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Dr Michaelsen has over 15 years' experience in exploration and mining of coal.

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