

ASX Announcement
31 July 2013

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2013

1 HIGHLIGHTS

- An exploration programme was completed with the confirmation of coal-bearing sediments within Teeg (13879X) and Urtnii-Am (13581X);
- Acquired a 16% interest in Trinity Mongolia Pty Ltd which provides the Company with a direct interest in its minority joint venture partner (this transaction closed in July);
- Material decrease in administration expenditure for the quarter following implementation of management review; and
- Cash balance of \$3.4 million at the end of the quarter.

2 EXPLORATION PROGRAMME UPDATE

During the quarter Draig Resources Limited (“Draig” or “the Company”) undertook an exploration programme with the objective of confirming the prospectivity, or otherwise, of target areas for coal.

Exploration undertaken at the licences of Teeg (13879X) and Urtnii-Am (13581X) in the Ovorhangay region was the most successful component of the overall exploration programme, with the confirmation of coal-bearing sediments within the two licence areas. Figure 1 shows the location of these exploration licences.

Aside from these encouraging results, no new coal discoveries were made during the exploration programme. Exploration results from other target areas indicate that some of the licences now have low prospectivity.

Details of the results from the exploration programme are in an announcement which was released on 30 July 2013.



Figure 1 – Draig Exploration Licences - Ovorhangay

3 ACQUISITION OF TRINITY INTEREST

Draig reached agreement to acquire a 16% interest in Trinity Mongolia Pty Ltd (“Trinity”) during the quarter. This transaction closed on 24 July 2013.

This acquisition provides the Company with a direct interest in its minority joint venture partner and a seat on its board of directors.

The interest was acquired in exchange for 852,587 shares in Draig, representing approximately 1.3% of the shares on issue on a fully diluted basis.

4 CORPORATE

Administration expenditure for the quarter was \$0.281 million which is less than the expenditure in the previous quarter of \$0.608 million, and significantly less than the expenditure of \$1.287 million in the quarter ended 31 December 2012.

The cash balance as of 30 June 2013 was \$3.4 million and there was no debt.

The Board is cognisant of the Company's cash position and is seeking to preserve this as best as is possible. To this end, it has recently instigated a further reduction in employees and a reduction in salaries for the remaining staff.

5 STRATEGIC OBJECTIVES FOR FY2014

The Company's Board of Directors (the "Board") will consider plans for further exploration within the two most prospective exploration licences, Teeg (13879X) and Urtnii-Am (13581X). It will also continue to assess the coal potential of the other exploration licences.

Given the current state of the coal and equity markets, the Board believes that it is the right time to consider the acquisition of exploration licences which fit with the Company's strategy. Such opportunities are currently being pursued.

6 ENQUIRIES

6.1 Shareholder Enquiries

Please contact Peter Doherty or Jarrod Smith on +61-2-9230-0760 or enquiries@draigresources.com for further information.

6.2 Media Enquiries

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7 ABOUT DRAIG RESOURCES LIMITED

Draig Resources Limited ("Draig" or "the Company") is exploring for coal in Mongolia. Eight exploration licences are managed under a joint venture arrangement ("Joint Venture"). A subsidiary of Draig holds a 75% interest in the Joint Venture and subsidiaries of Trinity Mongolia Pty Ltd ("Trinity") hold 10% and 15% interests. The Draig subsidiary is the operator of the Joint Venture. This subsidiary holds the licences on a 100% basis on behalf of the Joint Venture. Draig also owns 16% of Trinity.

Four of the exploration licences are located in the Ovorhangay region and four are located in the South Gobi region.

Draig continues to seek further coal acquisition opportunities in southern Mongolia.