Annual Report 2016

DRAIG

RESOURCES LIMITED

CORPORATE DIRECTORY

DRAIG RESOURCES LIMITED

DIRECTORS

Raymond Shorrocks
Non-Executive Chairman

Guy Robertson
Executive Director and Company Secretary

Warren Staude
Non-Executive Director

COMPANY SECRETARY

Guy Robertson

PRINCIPAL & REGISTERED OFFICE

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AUDITOR

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ASX LISTING

ASX Code: DRG

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DIRECTORS' REPORT

Dear Shareholder

The Company has continued to maintain its two coal exploration licences in Mongolia while looking for new opportunities that would increase value to shareholders going forward.

The Company reviewed numerous projects and in August 2016 advised shareholders that it had reached agreement to acquire the Bellevue Gold project in Western Australia,

The project area covers 27km² over three granted mining leases and one exploration licence close to the Ramelius and Gold Fields mining operations. The last significant exploration was undertaken in the 1990's and Draig is of the view that applying modern exploration techniques will unlock significant additional potential in this world class mineral province.

The acquisition is subject to shareholder approval and we encourage shareholders to vote in favour of this proposal at the upcoming meeting.

As at year end the Company had $1.96m in cash, and the Company proposes to raise up to a further $1.2m to fund the acquisition and further development of the project.

The Board has been restructured with the addition of Directors with experience in exploration. Mr Peter Doherty and Mr Jarrod Smith resigned in July 2016 and on behalf of the Company I would take this opportunity to thank them for their contribution to Draig.

We thank our shareholders for their ongoing support as we work to develop this exciting project and add to shareholder value.

Ray Shorrocks
Chairman
21 September 2016

1 DIRECTORS' REPORT

The Board of Directors presents its report together with the consolidated financial report of Draig Resources Limited ("the Company") and its subsidiaries BDBL LLC and Draig Investments (Singapore) Pte. Ltd ("the Group"), for the financial year ended 30 June 2016 and the auditor's report thereon.

1.1 Directors

The Directors of the Company during the financial year and until the date of this report were as follows:

- Raymond Shorrocks (Non-Executive Chairman) appointed 31 December 2015
- Guy Robertson (Executive Director and Company Secretary) appointed 31 December 2015
- Warren Staude (Non-Executive Director) appointed 28 July 2016
- Peter Doherty (Executive Chairman) appointed 26 November 2012 and resigned 28 July 2016
- Jarrod Smith (Executive Director and Company Secretary) appointed 26 November 2012 and resigned 28 July 2016
- David Meldrum (Non-Executive Director) appointed 26 November 2012 and resigned 31 December 2015

1.2 Board of Directors

Raymond Shorrocks
Independent Non-Executive Chairman

Mr Shorrocks has over 20 years' experience in corporate finance and has advised a diverse range of mining companies during his career at Patersons, one of Australia's largest full service stockbroking and financial services firms. He has been instrumental in managing and structuring equity capital raisings as well as having advised extensively in the area of mergers and acquisitions. Mr Shorrocks is a Director of Estrella Resources Limited, Galilee Energy Limited and Pryme Energy Limited.

Guy Robertson
Non-Independent Executive Director and Company Secretary

Mr Robertson is a chartered accountant with extensive experience in all aspects of the operation and management of ASX listed companies. Mr Robertson has held senior positions in a number of companies in the Jardine Matheson Group in Australia and Hong Kong, in the areas of insurance, property and retail. Mr Robertson has over 10 years' experience as a director and company secretary of exploration companies. He is a director of Metal Bank Limited and Estrella Resources Limited,

Warren Staude
Independent Non-Executive Director

Mr Staude is a qualified geologist and mineral economist and has over 45 year's professional experience in the mining industry, specialising in resource investment, evaluation and management. Mr Staude has held a number of positions as Director and Chairman of ASX listed resources companies. Mr Staude holds a B.Sc in geology from Sydney University and an M.Sc in mineral economics from Macquarie University. Mr Staude is a Director of Black Bull Resources Inc (TSX-V).

David Meldrum resigned as a director of the Company on 31 December 2015. Peter Doherty and Jarrod Smith resigned as directors of the Company on 28 July 2016. The board extends its sincere thanks to David, Peter and Jarrod for their contribution to the Company

1.3 Directors' Meetings

The number of directors' meetings held during the financial year and the number of such meetings attended by each director is:

Director	Board Meetings	
	Held While Director	Attended
Raymond Shorrocks	2	2
Guy Robertson	2	1
Warren Staude	-	-
Peter Doherty	12	12
Jarrod Smith	12	12
David Meldrum	10	10

1.4 Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of the Group. This statement outlines the main corporate governance practices. Unless otherwise stated, these practices were in place for the entire year.

(a) Board of Directors

The Directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company.

The key responsibilities of the Board are to:

- establish and monitor the corporate strategies;
- ensure proper corporate governance;
- monitor the performance of management;
- ensure that appropriate risk management systems, internal controls, reporting systems, and compliance frameworks are in place and operating effectively;
- monitor financial results;
- approve decisions concerning investments and acquisitions; and
- comply with reporting and other requirements of the law.

The Board's role and responsibilities are documented in a written Board charter which is available in the information section of the Company's website. The Board charter details the functions reserved to the Board and those delegated to key management. The Directors are also subject to a Code of Conduct, a copy of which is also available in the information section of the Company's website.

(b) Composition of the Board

The Board comprises three directors, two independent non-executive directors and one executive director.

Profiles of the Directors including details of their qualifications and experience are found in section 1.2 of this report.

Directors are appointed for their industry-specific expertise and commercial acumen. The Board believes that all of the Directors can make, and do make, quality and independent judgements in the best interests of the Company.

The Directors are able to obtain independent advice at the expense of the Company.

The Board has not formally constituted an audit committee. The responsibilities normally performed by an audit committee, which includes the monitoring of the integrity of the financial statements of the Company and the review and monitoring of the Company's internal financial control system, is undertaken by the Board.

The Board has not formally constituted a nomination committee or remuneration committee. The responsibilities normally performed by these committees are undertaken by the Board.

The Board recognises the need for the size and composition of the Board to have a balance of skills and experience to allow it to make its decisions having regard to the interests of the various stakeholders in the Company. Directors must offer themselves for re-election by shareholders at least every 3 years.

The Board's performance is assessed on an informal basis given its size. It is noted that with such a small board, each director has, and is required, to actively participate in the business of the Board. On this basis, no formal evaluation process is undertaken.

(c) Ethical and Responsible Decision Making

The Board has adopted a Code of Conduct that expects all directors and employees to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. It includes the disclosure of conflicts of interest and the use of information not otherwise publicly known or available.

The Code of Conduct is available in the information section of the Company's website. The Code addresses the practices necessary to maintain confidence in the Company's integrity, to take account of legal obligations and expectations of stakeholders and the responsibility for reporting and investigating unethical practices.

(d) Remuneration

The Board reviews the remuneration of directors and employees. The remuneration of non-executive directors is based on an aggregate level which is not to exceed $200,000 per annum, as approved by shareholders at the 2006 Annual General Meeting.

Directors are remunerated based on a fixed monthly fee for their services.

Further details in relation to the remuneration of directors are set out in the Remuneration Report.

(e) Trading in Company Securities

The Board has adopted a Securities Trading Policy which restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the prices of the Company's securities.

The Securities Trading Policy is available in the information section of the Company's website.

(f) Continuous Disclosure and Shareholder Communication

The Company has established policies and procedures designed to ensure compliance with ASX listing rules continuous disclosure requirements to ensure shareholders have equal and timely access to all material information.

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. The policies promote effective communication with shareholders and encourage shareholder participation at general meetings.

The Continuous Disclosure and Shareholders communication policies are available in the information section of the Company's website.

(g) Risk Assessment and Management

The Board is responsible for ensuring that there are adequate policies in relation to risk oversight, management, compliance and internal control systems, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Company's policies are designed to ensure that strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Group's business objectives.

The Company's senior management is delegated with the tasks of management of operational risk and implementation of risk management strategies. A copy of the Risk Management and Internal Compliance and Control Policy is available in the information section on the Company's website.

Management is required by the Board to report on the efficiency and effectiveness of risk management, inter alia, by benchmarking the Company's performance against industry standards. Management is required to report to the Board and confirm the effectiveness of the Company's management of its material business risks. This occurs formally during regular monthly management meetings, and directly to the Board on an ad hoc basis when required.

The Executive Directors undertake the roles of Chief Executive Officer and Chief Financial Officer and provide representation to the Board that the risk management system is operating effectively in all material aspects in relation to financial reporting risks.

(h) Diversity

The Board is committed to having an appropriate blend of diversity in the workplace in which everyone has the opportunity to participate and is valued for their distinctive skills, experiences and perspectives. The Group is committed to ensuring all employees are treated fairly, equally and with respect. A copy of the Diversity Policy is available in the information section of the Company's website.

Through periodic reviews of the board composition, the Board seeks to ensure that the skills and diversity of the board are appropriate for the present and future requirements of the Group.

There is currently no female representation on the Board, however there is 50% female representation within the finance and administration functions of the Group.

1.5 Principal Activities

The principal activities of the Group during the year were the exploration for coal resources in Mongolia and the evaluation of new business opportunities. Subsequent to the reporting date the Company executed an agreement to acquire the Bellevue Gold project, subject to shareholder approval.

1.6 Operating and Financial Review

(a) Exploration Activity

Exploration licences 13581X and 13879X continued to be maintained throughout the year. Coal samples were extracted and various laboratory analyses were conducted.

(b) JORC Resource

The geological data for 13789X was reviewed and assessed by McElroy Bryan Geological Services Pty Ltd (MBGS) in 2013 and the report was released to the ASX on 23 September 2013. The Mineral Resource was reviewed at 30 June 2014, 30 June 2015 and 30 June 2016 and there was no change to the resource assessment. The estimate of approximately 10 million tonnes Inferred Resources of coal was reported in accordance with the 2012 JORC Code. The details are summarised in the following table:

COAL RESOURCE ASSESSMENT as at 23 September 2013, 30 June 2014, 30 June 2015 and 30 June 2016							
Mining Metho	Depth Interval	Measured		Indicated		Inferred	
		Tonnes	Quality	Tonnes	Quality	Tonnes	Quality
OC	0 – 50					**2.4**	-
OC	50 – 100					**3.6**	-
OC	100 - 150					**3.0**	- -
Total Resources		0.0	CV: Ash: % -	0.0	CV: Ash: % -	**9.0**	CV: Ash: % -

Total Resources (Rounded)	0	CV: Ash: %	0	CV: Ash: %	**10**	CV: Ash: %
	0				0	

Resources and coal quality reported at in situ moisture basis

Mineral Resource Governance

The Mineral Resource as at 30 June 2016 was reported in accordance with JORC Code (2012) and ASX Listing Rules. Further information supporting the Mineral Resources is available in Draig's ASX Announcement dated 23 September 2013 entitled "Reassessment of Inferred Resource on 13789X".

The Mineral Resource statement included in each Annual Report was reviewed and approved by a Competent Person prior to its release.

(c) Trinity

The Company's interest in the two retained exploration licences is held by a controlled entity, BDBL LLC ("BDBL"). BDBL is a participant in the Mongolian Coal Joint Venture (No.1) ("MCJV") with two other companies; Khan Mountain Pty Ltd ("KM") and Khan Mountain 2 Pty Ltd ("KM2"). KM and KM2 are wholly owned subsidiaries of Trinity Mongolia Pty Ltd ("Trinity"). BDBL has a 75% interest in the MCJV. KM has a 10% interest, which is free carried, and KM2 has a 15% interest in the MCJV. The Company has a 28% interest in Trinity.

(d) Bellevue Gold Project

Subsequent to year end the Company executed an agreement to acquire, subject to shareholder approval, the Bellevue Gold project.

This project is an historical high grade gold mine 40km north of Leinster and covers an area of 27km² over three granted mining leases and one exploration licence (tenements M36/24, M36/25, M36/299, E36/535).

The project sits within a high grade gold district that includes Ramelius' Kathleen Valley and Vivien projects.

Historical drilling results at Southern Belle target (see figure 2 below) includes intersections of **4.4m by 22.87g/t** and **1.4m @ 33.08g/t**.

For a location map of the project see figure 1 below.

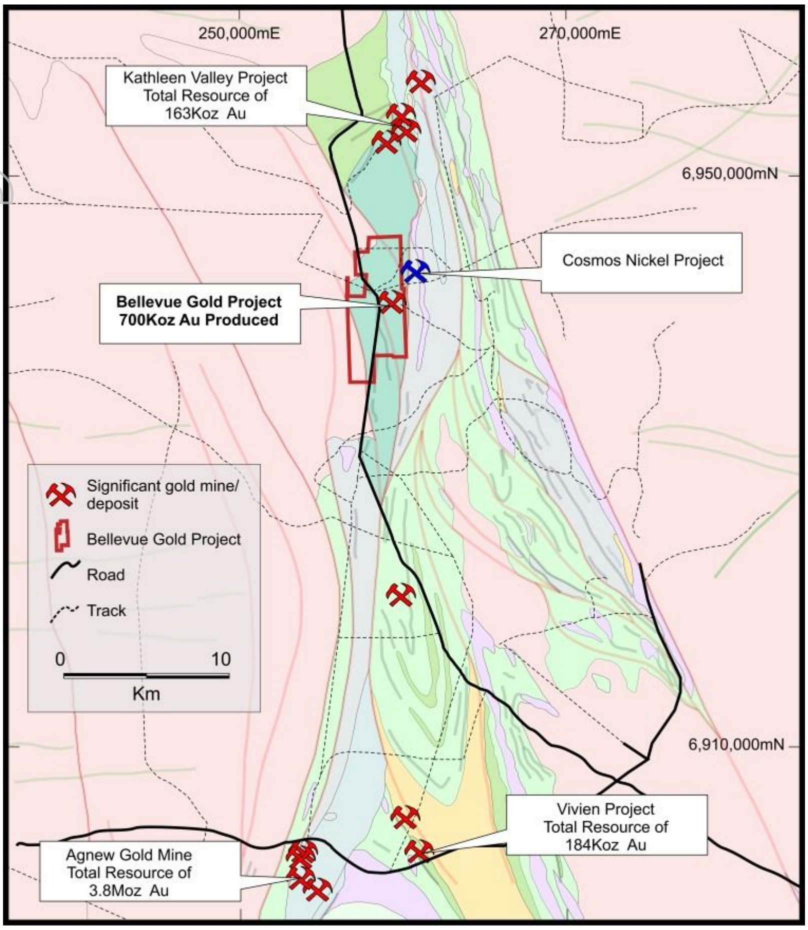

Figure 1: Location map Bellevue Gold project

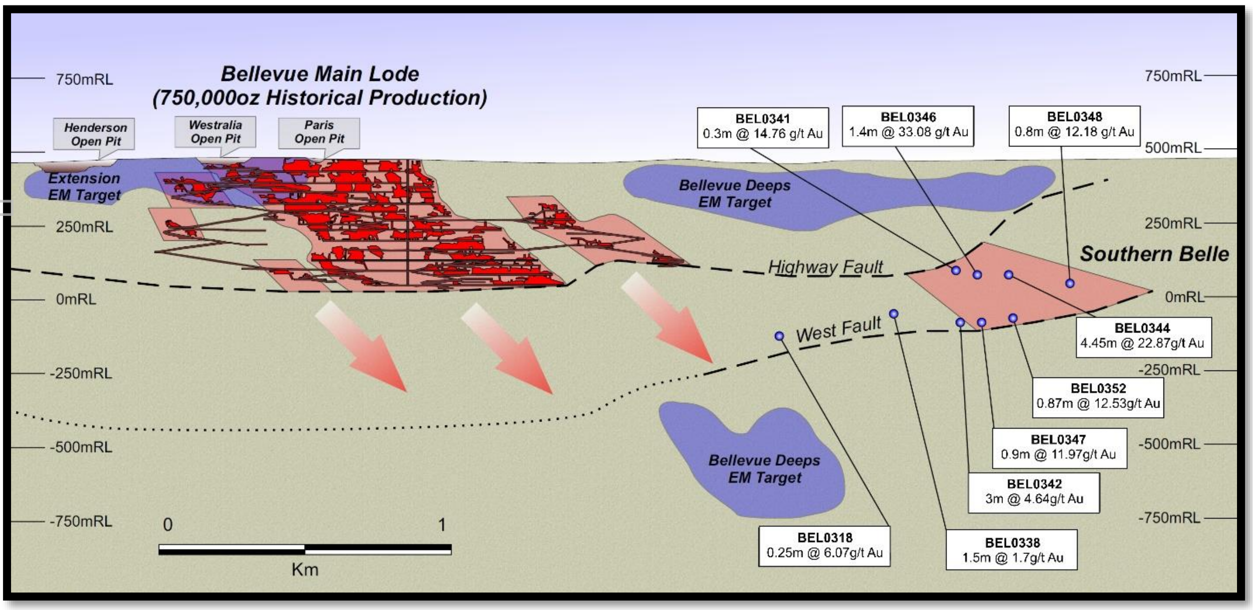

Figure 2: Bellevue Long Section

Financial Performance

The loss after tax of the Group for the financial year was $659,083 (2015: $599,492).

Other expenses and employee and related expenses have reduced from the prior year. For the financial year these expenses totalled $663,266 (2015: $750,715)

The Group's net assets increased to $1,971,987 (2015: $1,855,075).

The Group's cash position as at 30 June 2016 was $1,961,056, with $339,654 cash at bank and $1,621,402 cash on deposit.

The view of the Directors is that the Company and the Group is operating as a going concern.

(e) Political and Regulatory Risks

The Group's operations are subject to various levels of government controls and regulations in the countries where it operates, including Australia and Mongolia. Current legislation is generally a matter of public record and the Group cannot predict what additional legislation or amendments may be proposed that will affect the Group's operations or when any such proposals, if enacted, might become effective. Changes in government policy or laws and regulations could adversely affect the Group's results of operations and financial condition. The Board continues to monitor any risk relating to Mongolia's regulatory and political environment.

(f) Exchange Rate and Commodity Price Risks

The Group's main operations are located in Australia and Mongolia and transactions are denominated in Australian dollars, US Dollars and Mongolian Tögrög. Fluctuations in exchange rates may have a negative impact on the financial results and could have a material adverse impact on the operations.

Commodity prices are unstable and subject to fluctuation. At this stage the projects do not generate any operating revenues, however coal prices may impact the feasibility and valuation of the projects.

1.7 Significant Changes in the State of Affairs

Other than matters referred to in this report, there were no significant changes in the state of affairs of the Group during the year.

1.8 Events Subsequent to Reporting Date

On 22 August 2016 the Company announced the execution of an agreement for the acquisition of the Bellevue Gold Project, located 157km north west of Laverton in Western Australia.

The Company entered into a Binding Heads of Agreement (HoA) with Golden Spur Pty Ltd (Golden Spur) and each of its shareholders for the acquisition of 100% of Golden Spur. Golden Spur holds a 100% interest in the Bellevue Gold Project (tenements M36/24, M36/25, M36/29, E36/535). The material terms of the HoA are as follows:

- Consideration: 60,000,000 shares in the Company, to be issued to the shareholders of Golden Spur or their nominees. Each shareholder of Golden Spur will receive 12,000,000 shares in the Company or 7.2% of the capital post issue but pre capital raise (see below).
- Repayment of loans: the Company will repay loans owing by Golden Spur to its shareholders, capped at $821,000 in full and final satisfaction of the loans.
- Royalty: the Company has agree to pay a $25 per ounce royalty capped at 100,000 oz of production payable to the Golder Spur shareholders.
- Assumed Liability: the Company through the acquisition of Golden Spur will assume a liability to Xstrata Nickel of $1,000,000.

- Formal Agreement: Although the HoA is binding, the parties have agreed to enter into a share sale agreement on terms consistent with the HoA.

The Company has agreed to pay the facilitators of the transaction, who are unrelated to the Company, a fee of 15,000,000 company shares.

Completion of this transaction is conditional on the receipt of all necessary Company shareholder approvals.

Subject to shareholders' approval, the Company proposes to raise up to $1,200,000 through the issue of 60,000,000 shares at 2 cents each to fund the acquisition and further project development.

On 22 August 2016 the Company also issued 15,000,000 options to advisors exercisable at $0.05. Of these options 10,000,000 were previously approved at a shareholders meeting on 24 February 2016.

1.9 Likely Developments

The Board will continue to work towards the execution of an agreement for the acquisition of the Bellevue Gold Project and completion of the transaction over the next two months. Shareholder approvals will be sought at an upcoming meeting.

The Company will then further exploration on the Bellevue Gold Project and the Mongolian coal project.

1.10 Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividends be paid for the current year.

1.11 Directors' Interests

The relevant interest of each director in the shares and rights over shares issued by the Company, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report are:

Director	Ordinary Shares	Options over Ordinary Shares	Performance Rights
Raymond Shorrocks	1,303,450	-	-
Warren Staude	-	-	-
Guy Robertson	-	-	-

1.12 Share Options

(a) Options and Performance Rights Granted to Directors and Executives of the Company

During the current and previous year no options were granted by the Company.

(b) Unissued Shares Under Options

At the date of this report unissued shares of the Group under option are:

Unlisted Options	Number
Exercisable $0.075, expires 26/11/2017	1,650,000
Exercisable $0.050, expires 26/11/2017	1,650,000
Exercisable $0.050, expires 31/08/2019	15,000,000
Total unlisted options	**18,300,000**

All unissued shares are ordinary shares in the Company.

These options do not entitle the holder to participate in any share issue of the Company or other body corporate.

(c) Shares Issued on Exercise of Options

There have been no ordinary shares in the Company issued as a result of the exercise of options during the year.

1.13 Indemnification and Insurance of Directors and Officers

The Company has entered into an agreement to indemnify all Directors and Officers against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is $23,250 (2015: $23,250) to insure the Directors and Officers of the Company.

1.14 Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company.

(a) Principles of Remuneration

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group, and include directors of the Company.

The performance of the Group depends upon the quality of directors and executives. Remuneration levels for key management personnel are based upon the size and cash reserves of the Company. The role of the Remuneration Committee has been assumed by the Board, due to the size of the Company.

Remuneration packages include a fixed component with the opportunity, at the Board's discretion, to remunerate using long term incentives.

(b) Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review that takes into account the Group's performance, individual performance, relevant comparative remuneration in the market, together with external advice where appropriate.

(c) Performance Linked Compensation

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives.

The short-term incentive is an 'at risk' bonus generally provided in the form of cash. In accordance with the current strategy to conserve cash, there were no short-term incentives paid during the year.

The objective of the long-term incentive plan is to reward and retain key management personnel in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, long-term incentives are provided to key management personnel who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdles. The Draig Resources Limited Employee Share Option Plan is utilised to provide these incentives.

Securities issued as part of remuneration to the Company's key management personnel however do take into account the future share price performance of the Company. This is evident in the way they are structured (for example the exercise price and vesting conditions that are set), as this is seen to be a more appropriate in aligning executives' long term incentives to the generation of shareholder wealth.

There were no long-term incentives granted during the year.

(d) Consequences of Performance on Shareholder Wealth

In considering the Group's performance and benefits for shareholder wealth, the Board considers financial performance in the current financial year and prior years.

	2016	2015
Loss after income tax for the year ended	($659,083)	($599,492)
Share price as at 30 June	$0.021	$0.021

Currently, the remuneration of the Group's key management personnel, including any component of the remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Company. The rationale for this approach is that the Company is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

(e) Non-Executive Directors Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of a high calibre, whilst incurring a cost which is acceptable to the shareholders. Total remuneration for all non-executive directors is not to exceed $200,000 per annum, as approved by the shareholders at the 2006 Annual General Meeting. Apart from statutory superannuation, non-executive directors are not provided with retirement benefits.

(f) Executive Directors Service Contract

The Group entered into a management services agreement for the services of Peter Doherty and Jarrod Smith. The contract is effective from 26 November 2012 until the resignation, as Director of the Company, by either Peter Doherty or Jarrod Smith. Both Peter Doherty and Jarrod Smith resigned as Directors of the Company on 28 July 2016. During the year ended 30 June 2016, the management fee was a fixed monthly fee of $3,000 for Peter Doherty and $6,000 for Jarrod Smith. There is no notice period and there are no entitlements due on termination of the management services agreement.

The Chairman, Ray Shorrocks, has a letter of appointment which entitles him to annual remuneration of $50,400. There is no notice period. Guy Robertson has a letter of appointment as a Director and Company Secretary which entitles him to a fee of $72,000 per annum. There is no notice period. Warren Staude has a letter of appointment as a Director of the Company which entitles him to an annual fee of $36,000 per annum.

(g) Key Management Personnel Remuneration

The Group aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Group so as to:

- reward executives for Group and individual performance against targets set by reference to the appropriate benchmark;
- align the interest of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

In determining the level and makeup of key management personnel remuneration, the Board considers comparable executive roles. Remuneration may consist of fixed remuneration and long term incentives.

(h) Share Based Remuneration

The Company operates an incentive plan known as the Draig Resources Limited Employee Option Plan ("Plan") approved at the general meeting on 30 November 2011. The maximum number of options that can be granted under the Plan is determined by the Board at its discretion and in accordance with the Plan and applicable law. There is no issue price for any options granted under the Plan.

Each option is convertible to one ordinary share. The exercise price of each option is determined by the Board in its absolute discretion, provided the exercise price shall not be less than the closing price of shares sold on the ASX on the last trading day before the offer is made to eligible participants made under the Plan. No voting or dividend rights are attached to the options. There are no voting rights attached to the unissued ordinary shares.

During the period no securities over equity instruments issued as remuneration to key management personnel have been exercised.

(i) Options over Equity Instruments Granted as Compensation

Details of options over ordinary shares in the Company that were granted to key management personnel in the previous years that are yet to expire or be excercised are as follows. There were no options that vested during this year or the previous year.

OPTIONS ISSUED	Number of options granted	Grant Date	Fair Value Per Option at Grant Date	Exercise Price Per Option	Expiry Date	Number of Options Vested During 2015
Peter Doherty	550,000	26/11/13	$0.016	$0.050	26/11/17	-
	550,000	26/11/13	$0.015	$0.075	26/11/17	-
Jarrod Smith	550,000	26/11/13	$0.016	$0.050	26/11/17	-
	550,000	26/11/13	$0.015	$0.075	26/11/17	-
David Meldrum	550,000	26/11/13	$0.016	$0.050	26/11/17	-
	550,000	26/11/13	$0.015	$0.075	26/11/17	-

(j) Performance Rights over Equity Instruments Granted as Compensation

There were no performance rights over ordinary shares in the Company that were granted to key management personnel during the year. There were no performance rights that vested during the year.

(k) Director and Key Management Personnel Remuneration

Details of the nature and amount of each major element of the remuneration of each Director and Key Management Personnel of the Company and the Group during the year are:

		SHORT TERM	POST EMPLOYMENT	SHARE-BASED PAYMENTS	
DIRECTORS AND EXECUTIVE OFFICERS		**Salary & Fees $**	**Superannuation benefits $**	**Options and Rights $**	**Total $**
Executive Directors					
Raymond Shorrocks (appointed 31/12/15)	2016	19,998	-	-	19,998
Non-Executive Chairman	2015	-	-	-	-
Guy Robertson (appointed 31/12/15)	2016	36,000	-	-	36,000
Executive Director and Company Secretary	2015	-	-	-	-
Peter Doherty (resigned 28/7/16)	2016	61,750	-	-	61,750
Executive Chairman	2015	87,500	-	7,104	94,604
Jarrod Smith (resigned 28/7/16)	2016	88,500	-	-	88,500
Executive Director and Company Secretary	2015	105,000	-	7,105	112,105
Former Directors					
David Meldrum (resigned 31/12/15)	2016	24,027	2,283	-	26,310
Non-Executive Director	2015	48,055	4,566	7,104	59,725
Total directors and executive officers remuneration	**2016**	**230,275**	**2,283**	**-**	**232,558**
	2015	**240,555**	**4,566**	**21,313**	**266,434**

The audited remuneration report ends here.

1.15 Non-Audit Services

During the year KPMG, the Company's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG and its network firms, for audit and non-audit services provided during the year are set out in note 10 on page 30.

1.16 Auditor's Independence Declaration

The auditor's independence declaration, which forms part of this report, is included on page 42 of the consolidated financial report.

Signed in accordance with a resolution of the Directors:

Raymond Shorrocks
Non-Executive Chairman

21 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Continuing Operations			
Share of equity accounted loss and impairment of associate	15	-	(5,324)
Other expenses	6	(360,711)	(379,491)
Employee and related expenses	7	(302,555)	(371,224)
Results from operating activities		(663,266)	(756,039)
Finance income	8	47,374	156,547
Finance costs	9	(43,191)	-
Net finance income		4,183	156,547
Loss before income tax		(659,083)	(599,492)
Income tax expense	11	-	-
Loss for the year attributable to the owners of the Company		(659,083)	(599,492)
Other comprehensive income/(loss) *Items that may be reclassified subsequently to profit or loss*			
Foreign currency translation differences – foreign operations	18	45,198	66,110
Tax effect on other comprehensive income		-	-
Total comprehensive loss for the year attributable to the owners of the Company		(613,885)	(533,382)
Basic and Diluted loss per share (cents per share)	24	(0.008)	(0.008)

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes.

DRAIG RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	12	1,961,056	1,877,831
Trade and other receivables	13	55,069	24,528
TOTAL CURRENT ASSETS		2,016,125	1,902,359
NON CURRENT ASSETS			
Property, plant and equipment	14	-	-
Investment in Associate	15	-	-
TOTAL NON CURRENT ASSETS		-	-
TOTAL ASSETS		2,016,125	1,902,359
CURRENT LIABILITIES			
Trade and other payables	16	44,138	47,284
TOTAL CURRENT LIABILITIES		44,138	47,284
TOTAL LIABILITIES		44,138	47,284
NET ASSETS		1,971,987	1,855,075
EQUITY			
Issued capital	17	25,721,549	24,990,752
Reserves	18	48,805	3,607
Accumulated losses	19	(23,798,367)	(23,139,284)
TOTAL EQUITY		1,971,987	1,855,075

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

DRAIG RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
CASH FLOW FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees		(678,567)	(653,494)
Interest received		41,601	55,407
Net cash used in operating activities	27	(636,966)	(598,087)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for shares in Trinity		-	(5,324)
Payments from Trinity for exploration and evaluation		-	25,984
Payment for exploration and evaluation		(10,605)	(12,979)
Net cash from investing activities		(10,605)	7,681
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		809,548	-
Payments associated with issue of shares		(78,751)	-
Net cash from financing activities		730,797	-
Net increase / (decrease) in cash and cash equivalents		83,226	(590,407)
Effect of movements in exchange rates on cash held		-	151,558
Cash and cash equivalents at 1 July		1,877,831	2,316,680
Cash and cash equivalents at 30 June	12	1,961,056	1,877,831

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
BALANCE AS AT 1 JULY 2014		24,990,752	1,596,478	(113,653)	(24,106,433)	2,367,144
Comprehensive loss for the Year						
Loss for the year	19	-	-	-	(599,492)	(599,492)
Total other comprehensive income		-	-	66,110	-	66,110
Total comprehensive loss for the Year		-	-	66,110	(599,492)	(533,382)
Share based payments expense	18	-	21,313	-	-	21,313
Lapsed options	18	-	(1,566,641)	-	1,566,641	-
BALANCE AS AT 30 JUNE 2015		**24,990,752**	**51,150**	**(47,543)**	**(23,139,284)**	**1,855,075**
Comprehensive loss for the Year						
Loss for the year	19	-	-	-	(659,083)	(659,083)
Total other comprehensive income		-	-	45,198	-	45,198
Total comprehensive loss for the Year		-	-	45,198	(659,083)	(613,885)
Contributions by owners						
Issue of shares	17	730,797	-	-	-	730,797
BALANCE AS AT 30 JUNE 2016		**25,721,549**	**51,150**	**(2,345)**	**(23,798,367)**	**1,971,987**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

1 REPORTING ENTITY

Draig Resources Limited (the "Company") is a public company domiciled in Australia and listed on the Australian Securities Exchange (ticker: DRG). The address of the Company's registered office is Suite 22.01, 25 Bligh Street, Sydney, NSW, 2000. The consolidated financial report of the Company for the financial year ended 30 June 2016 comprises the Company and its subsidiaries; Draig Investments (Singapore) Pte. Ltd, and BDBL LLC (together referred to as the "Group"). The Group is a for-profit entity and is primarily involved in coal exploration.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 21st September 2016.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for share based payment transactions which are measured at fair value. The consolidated financial statements have been prepared on a going concern basis.

2.3 Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

2.4 Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Annual Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are detailed below.

(a) Exploration and Evaluation Expenditure

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to the presence of mineral reserves, timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of a mineral reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the consolidated statement of comprehensive income.

(b) Share Based Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer by using either a Black Scholes option pricing model, hybrid Monte-Carlo model or the binomial option pricing model.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date the control ceases. In the Company's financial statements, investments in subsidiaries are carried at cost.

(b) Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between subsidiaries are eliminated in full on consolidation.

3.2 Foreign Currency

(a) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Foreign Operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve in equity.

3.3 Financial Instruments

(a) Non-Derivative Financial Instruments

A financial asset is classified as at fair value through profit and loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any dividend income, are recognised in profit or loss.

Held to maturity assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(iii) Trade and Other Payables

The Group recognises a liability initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(b) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

3.4 Property, Plant and Equipment

(a) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

(b) Subsequent Costs

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(c) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The expected useful lives in the current and comparative period are as follows:

Fixtures and fittings	5 years
Computer equipment	2 – 3 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.5 Impairment

(a) Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(b) Calculation of Recoverable Amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(c) Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or which are not yet available for sale, the recoverable amount is estimated at each reporting date.
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows which are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

3.6 Employee Benefits

(a) Wages and Salaries

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the benefit is capable of being measured reliably.

Provisions made in respect of wages and salaries and annual leave expected to be settled within 12 months are measured at nominal values based on expected rates of pay.

(b) Termination Benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. If benefits are payable more than 12 months after the reporting date then they are discounted to their present value.

(c) Share-Based Payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based remuneration benefits are provided to employees via the Company's Incentive Plan, known as the Draig Resources Employee Option Plan ("Plan"). Details of options issued during the year can be found in section 17.2 on page 32.

The cost of these share-based payment transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using either a Black-Scholes option pricing model, a hybrid Monte-Carlo model or the binomial option pricing model.

In valuing share-based payment transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

The cost of share-based payment transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees are fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the number of awards that, in the opinion of the Directors, will ultimately vest.

This opinion is formed using the best available information at the date of the statement of financial position. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

3.7 Revenue

Revenues are recognised and measured at the fair value of the consideration received net of the amount of discounts and goods and services tax (GST) payable to the taxation authority.

3.8 Finance Income

Finance income comprises interest income on funds invested and is recognised as it accrues.

Foreign currency gains and losses on financial assets are reported on a net basis as either financial income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.9 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(b) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.10 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3.11 Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Company as the Board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

3.12 Exploration and Evaluation Expenditure

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either: the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units (CGUs) to which the exploration activity relates. The CGU shall not be larger than the area of interest.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine property assets within property, plant and equipment.

In the event that an area of interest is abandoned or the Board consider the exploration and evaluation assets attributable to the area of interest to be of reduced value, the exploration and evaluation assets are impaired in the period in which assessment is made. Each area of interest is reviewed at each reporting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

3.13 Changes in Accounting Policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements. The Group has adopted relevant new standards and amendments to standards, including any consequential amendments to other standards. The nature and effect of the changes have had no significant impact on the assets, liabilities and comprehensive income of the Group.

4 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. The Group has not included all new IFRSs or amendments to IFRSs, because they will have no material effect on its financial statements.

5 OPERATING SEGMENTS

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Company as the Board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

At 30 June 2016 the Group operated in one segment being coal exploration.

5.1 Geographical Location

The exploration assets of the Group are located in Mongolia. The Company's principal and registered office is located in Australia.

The geographical information below analyses the Group's assets and liabilities based on the geographical location of the assets and liabilities.

	Operating Loss		Total Assets		Total Liabilities	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Australia	617,928	580,845	1,991,539	1,877,652	(24,208)	(25,369)
Mongolia	12,582	10,029	7,480	8,477	-	(3,052)
Singapore	28,573	8,618	17,106	16,230	(19,930)	(18,863)
	659,083	599,492	2,016,125	1,902,359	(44,138)	(47,284)

	2016 $	2015 $
6 OTHER EXPENSES		
Depreciation and amortisation	-	2,830
Consultancy fees	63,000	64,945
Property lease expense	45,434	60,535
Legal expenses	861	12,732
Exploration expenditure	10,605	12,979
Other expenses	240,811	225,470
	360,711	379,491
7 EMPLOYEE AND RELATED EXPENSES		
Wages and salaries	300,272	345,345
Statutory social security contributions	2,283	4,566
Share Based Payments	-	21,313
	302,555	371,224
8 FINANCE INCOME		
Interest income	47,374	56,751
Net foreign exchange gain	-	99,796
	47,374	156,547
9 FINANCE COSTS		
Net foreign exchange loss	43,191	-

	2016 $	2015 $

10 AUDITOR'S REMUNERATION

	2016 $	2015 $
Audit services		
Auditors of the company – KPMG		
Audit and review of financial statements	58,351	73,525
Other services		
Auditors of the company – KPMG		
In relation to taxation and other assurance services	7,500	18,177

11 INCOME TAX

A reconciliation between income tax expense and the loss before tax is as follows:

	2016 $	2015 $
Loss before income tax benefit	(659,083)	(599,492)
Tax benefit at the Australian tax rate of 30% (2015:30%)	197,725	179,848
Non-deductible expense		
Impairment of investment in associate	-	(141)
Tax effect of amounts which are not deductible in calculating taxable income		
Share-based payment expense	-	(6,394)
Current year tax losses not recognised	(195,240)	(171,307)
Impact of overseas subsidiaries		
Impact of differing foreign jurisdiction tax rates	(2,485)	(2,006)
Income tax (benefit)/expense	-	-
Unrecognised deferred tax assets:		
Tax losses	10,426,863	9,915,641

Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

12 CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at Bank	235,809	195,444
Term Deposits (maturity less than 3 months from balance date)	1,725,247	1,682,387
	1,961,056	1,877,831

	2016 $	2015 $
13 TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	14,078	10,980
Accrued Interest	10,052	4,279
Security bonds	30,939	9,269
	55,069	24,528
14 PROPERTY, PLANT AND EQUIPMENT		
Balance 1 July	-	7,419
Disposals	-	(4,589)
Depreciation for the year	-	(2,830)
Carrying value at 30 June	-	-
At 30 June		
Cost	9,178	9,178
Accumulated depreciation	(9,178)	(9,178)
Net carrying amount	-	-
15 INVESTMENT IN ASSOCIATE		
Balance as at 1 July	-	-
Additional investment	-	5,324
Share of loss	-	(4,855)
	-	469
Impairment of investment in associate	-	(469)
	-	-
16 TRADE AND OTHER PAYABLES		
Accrued expenses and other payables	44,138	47,284
	44,138	47,284

17 ISSUED CAPITAL

17.1 Ordinary Shares

	2016 $	2015 $
106,833,837 (2015: 66,356,432) fully paid ordinary shares	25,721,549	24,990,752

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends, as may be declared from time to time, and are entitled to one vote per share at meetings of the Company.

The following movements in issued capital occurred during the year:

	Number Shares		Amount ($)	
	2016	2015	2016	2015
Balance at beginning of reporting period	66,356,432	66,356,432	24,990,752	24,990,752
Shares issued 31 December 2015	9,953,451	-	199,069	-
Less: cost of shares issued	-	-	(11,144)	-
Shares issued 9 February 2016	30,523,954	-	610,479	-
Less: cost of shares issued	-	-	(67,607)	-
Balance at end of reporting period	106,833,837	66,356,432	25,721,549	24,990,752

On 31 December 2015 the Company issued 9,953,451 fully paid ordinary shares at a price of $0.02 per share.

On 9 February 2016 the Company issued 30,523,954 fully paid ordinary shares at a price of $0.02 per share

17.2 Share Options

There were no movements in share options during the year:

Grant Date	Date of Expiry	Exercise Price	Balance 1 Jul 15	Granted	Lapsed	Balance 30 Jun 16	Vested 30 Jun 16
25/11/2013	26/11/2017	$0.050	1,650,000	-	-	1,650,000	-
25/11/2013	26/11/2017	$0.075	1,650,000	-	-	1,650,000	-
		TOTAL	**3,300,000**	**-**	**-**	**3,300,000**	**-**

These options are not listed on the ASX.

On 25 November 2013, shareholders approved the issue of 3,300,000 options to Directors which had an assumed value of $51,150 and were expensed to the Share Based Payments Reserve during the previous years. No person entitled to exercise the option had, or has, any right by virtue of the option to participate in any share issue of any other body corporate.

Subsequent to year end the Company issued 15,000,000 options to advisors with an exercise price of 5 cents and an expiry date of 31 August 2019.

	2016 $	2015 $

18 RESERVES

18.1 Share Based Payments Reserve

	2016 $	2015 $
Balance at the beginning of the year	51,150	1,596,478
Options issued to directors and employees	-	21,313
Options lapsed	-	(1,566,641)
Balance at the end of the year	51,150	51,150

The Share Based Payments Reserve records items recognised as expenses based on the valuation of Director, employee, consultant and other third party share options and performance rights. Upon share options or performance rights being exercised, the cost of share based payments is reversed from the Share Based Payments Reserve and recorded against Issued Capital, or in the event the share options or performance rights expire, the share based payment is reversed from the Share Based Payments Reserve and recorded against Accumulated Losses.

18.2 Foreign Currency Translation Reserve

	2016 $	2015 $
Balance at the beginning of the year	(47,543)	(113,653)
Currency translation differences arising during the year	45,198	66,110
Balance at the end of the year	(2,345)	(47,543)

The Foreign Currency Translation Reserve is used to record exchange differences arising on translation of the Group companies that do not have a functional currency of Australian dollars and have been translated into Australian dollars for presentation purposes.

19 ACCUMULATED LOSSES

	2016 $	2015 $
Accumulated losses at the beginning of year	(23,139,284)	(24,106,433)
Loss for the year	(659,083)	(599,492)
Options lapsed	-	1,566,641
Accumulated losses at the end of year	(23,798,367)	(23,139,284)

20 FINANCIAL INSTRUMENTS

20.1 Financial Risk Management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

20.2 Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

20.3 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and term deposits.

The Group holds the majority of its cash and cash equivalents with banks and financial institution counterparties with acceptable credit ratings. As part of managing its credit risk on cash and cash equivalents, the majority of funds are held in Australian banks, which have the higher credit rating amongst the banks and financial institution counterparties used, and is transferred as needed to the Mongolian banks to meet operational costs of the following month.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the end of the reporting period was as follows:

	Note	Carrying Amount 2016 $	2015 $
Financial Assets:			
Cash and cash equivalents	12	1,961,056	1,877,831
Receivables	13	55,069	24,528
		2,016,125	1,902,359

None of the Group's trade and other receivables are past due as at 30 June 2016 (2015: nil)

20.4 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are contractual maturities of the Group financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Note	Carrying Amount $	Contractual Cash Flows $	6 Months or less $
2016				
Trade and other payables	16	44,138	(44,138)	(44,138)
2015				
Trade and other payables	16	47,284	(47,284)	(47,284)

20.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Currency Risk

The Group is not exposed to significant foreign currency risk on transactions that are denominated in a currency other than the respective functional currencies of the group entities; the Australian Dollar (AUD), United States Dollar (USD) and Mongolian Tögrög (MNT)

(b) Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 1.05 % and 3.10% (2015: 1.45% and 3.85%), depending on the bank account type and account balances.

The Group has no loans or borrowings.

At the reporting date the interest rate profile for the Group interest-bearing financial instrument was:

	Carrying Amount 2016 $	Carrying Amount 2015 $
Variable rate financial assets	1,802,869	1,789,135

A change of 100 basis points in the interest rates at the end of the reporting period would have increased (decreased) profit and loss by the amounts shown below. The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2015.

	2016 $	2015 $
100bp increase	18,029	17,891
100bp decrease	(18,029)	(17,891)

20.6 Capital Management

The Board policy is to maintain a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings (or accumulated losses). The Board of Directors manages the capital of the Group to ensure that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

21 COMMITMENTS

The Group is committed to meeting the minimum annual licence expenditure each calendar year to maintain its Mongolian licences, 13581X and 13879X. As at 30 June 2016, the Group is committed to spend US$4,141 to maintain the licences for the calendar year ending 31 December 2016, the majority of which will be spent after 30 June 2016.

The annual licence fees for 2016 amount to US$4,141.

22 CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information which leads them to believe that there are any material contingent liabilities outstanding at 30 June 2016.

23 SUBSIDIARIES

Name of Entity	Country of Incorporation	Date of Incorporation	Ownership Interest % 30 June 2016	Ownership Interest % 30 June 2015
PARENT ENTITY				
Draig Resources Ltd	Australia	11 Oct 2004	na	na
SUBSIDIARY				
Draig Investments (Singapore) Pte. Ltd	Singapore	19 May 2011	100	100
BDBL LLC	Mongolia	4 Oct 2011	100	100

24 LOSS PER SHARE

24.1 Basic Loss Per Share

The calculation of basic loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $659,083 (2015: $545,790) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2016 of 83,148,589 (2015: 66,356,432) calculated as follows:

Weighted Average Number of Ordinary Shares

Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	Number 2016	Number 2015
Issued ordinary shares at 1 July	66,356,432	66,356,432
Effect of shares issued on 31 Dec 2015	4,949,530	-
Effect of shares issued on 9 Feb 2016	11,842,627	
	83,148,589	66,356,432

24.2 Diluted Loss Per Share

Diluted loss per share is considered to be the same as the basic loss per share, as the potential ordinary shares on issue are anti-dilutive and have not been applied in calculating dilutive loss per share. The Group does not have any potentially dilutive ordinary securities.

25 RELATED PARTIES

25.1 Details of Key Management Personnel

The following were key management personnel of the Group at any time during the reporting period:

Directors
- Peter Doherty
- Jarrod Smith
- David Meldrum
- Raymond Shorrocks
- Guy Robertson

The following table provides the details of all key management personnel and the nature and amount of the elements of their remuneration for the year.

	2016 $	2015 $
Short term employee benefits	230,272	240,555
Post-employment benefits	42,283	4,566
Equity remuneration benefits	-	21,313
	232,555	266,434

25.2 Individual Director's Disclosures

Information regarding individual Director's remuneration and disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report on pages 12 to15.

Peter Doherty has an interest in the Company as a beneficiary of a trust which holds a 14.08% interest in the Company. This trust also holds a 35% interest in Trinity Mongolia Pty Ltd ("Trinity"). Through its subsidiaries, Trinity holds a 10% and a 15% interest in the MCJV which is the beneficial owner of the two exploration licences in Mongolia. No payments were made to Trinity during the year. No contributions were received from Trinity during the year.

Peter Doherty and Jarrod Smith are Directors of Three Cheeky Monkeys Holdings Pty Ltd which is the trustee of the Doherty Addinall Family Trust which holds shares in the Company and Trinity.

During the year ended 30 June 2016, Three Cheeky Monkeys Holdings Pty Ltd, as trustee of the Doherty Addinall Family Trust, rendered fees for the management services of Peter Doherty and Jarrod Smith. Fees during the year, which were in the ordinary course of business, amounted to $150,250 (2015: $192,500), as included in the Directors' Remuneration. There were no amounts outstanding at 30 June 2016.

During the year ended 30 June 2016, a related party of Three Cheeky Monkeys Holdings Pty Ltd, Republic Corporate Services Pty Limited, provided administrative services, including the services of a Financial Controller to the Group and licence to occupy office space. Fees during the year for the services of a Financial Controller, which were in the ordinary course of business, amounted to $70,000 (2015: $104,790).

The licence to occupy office space, which were in the ordinary course of business, amounted to $45,432 (2015: $18,930 for 6 months). There were no amounts outstanding at 30 June 2016.

Raymond Shorrocks is a Director and shareholder of Spring Street Holdings Pty Ltd. During the year ended 30 June 2016, Spring Street Holdings Pty Ltd, rendered fees for the management services of Raymond Shorrocks. Fees during the year, which were in the ordinary course of business, amounted to $19,998 (2015: $Nil), as included in the Directors' Remuneration. There were no amounts outstanding at 30 June 2016.

Guy Robertson is a Director and shareholder of Integrated CFO Solutions Pty Ltd. During the year ended 30 June 2016, Integrated CFO Solutions Pty Ltd, rendered fees for the management services of Guy Robertson. Fees during the year, which were in the ordinary course of business, amounted to $36,000 (2015: $Nil), as included in the Directors' Remuneration. There were no amounts outstanding at 30 June 2016.

Apart from the details disclosed above or in the Remuneration Report, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year.

25.3 Movements in Shares

The movement during the reporting period in the number of ordinary shares in Draig Resources Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Held at date of appointment	Disposals	Purchases	Held at 30 June 2016
Directors					
P Doherty	9,876,705	-	-	5,160,901	15,037,606
J Smith	100,000	-	-	40,000	140,000
R Shorrocks	-	1,303,450	-	-	1,303,450
G Robertson	-	-	-	-	-
Former Director					
D Meldrum	877,500	na	na	na	na*

	Held at 1 July 2014	Disposals	Purchases	Held at 30 June 2015
Directors				
P Doherty	9,876,705	-	-	9,876,705
J Smith	100,000	-	-	100,000
D Meldrum	-	-	877,500	877,500

* Not a member of key management personnel as at 30 June 2016

25.4 Options Over Equity Instruments

The movement during the reporting period in the number of options over ordinary shares in Draig Resources Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Options	Held at 1 July 15	Granted as remuneration	Held at 30 June 2016	Vested during the year	Vested and exercisable at 30 Jun 15
Directors					
Peter Doherty	1,100,000	-	1,100,000	-	-
Jarrod Smith	1,100,000	-	1,100,000	-	-
David Meldrum	1,100,000	na	na	na	na*

* Not a member of key management personnel as at 30 June 2016

26 EVENTS SUBSEQUENT TO REPORTING DATE

On 22 August 2016 the Company announced the execution of an agreement for the acquisition of the Bellevue Gold Project, located 157km north west of Laverton in Western Australia.

The Company entered into a Binding Heads of Agreement (HoA) with Golden Spur Pty Ltd (Golden Spur) and each of its shareholders for the acquisition of 100% of Golden Spur. Golden Spur holds a 100% interest in the Bellevue Gold Project (tenements M36/24, M36/25, M36/29, E36/535). The material terms of the HoA are as follows:

- Consideration: 60,000,000 shares in the Company, to be issued to the shareholders of Golden Spur or their nominees. Each shareholder of Golden Spur will receive 12,000,000 shares in the Company or 7.2% of the capital post issue but pre capital raise (see below)
- Repayment of loans: the Company will repay loans owing by Golden Spur to its shareholders, capped at $821,000 in full and final satisfaction of the loans.
- Royalty: the Company has agree to pay a $25 per ounce royalty capped at 100,000 oz of production payable to the Golder Spur shareholders.
- Assumed Liability: the Company through the acquisition of Golden Spur will assume a liability to Xstrata Nickel of $1,000,000
- Formal Agreement: Although the HoA is binding, the parties have agreed to enter into a share sale agreement on terms consistent with the HoA.

The Company has agreed to pay the facilitators of the transaction, who are unrelated to the Company, a fee of 15,000,000 company shares.

Completion of this transaction is conditional on the receipt of all necessary Company shareholder approvals.

Subject to shareholders' approval, the Company propose to raise up to $1,200,000 through the issue of 60,000,000 shares at 2 cents each to fund the acquisition and further project development.

On 22 August 2016 the Company also issued 15,000,000 options to advisors exercisable at $0.05. Of these options 10,000,000 were previously approved at a shareholders meeting on 24 February 2016.

27 RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	2016 $	2015 $
Cash flows from operating activities		
Loss for the year	(659,083)	(599,492)
Depreciation of assets	-	2,830
Loss on asset disposal	-	4,589
Employee benefits - share based payments	-	21,313
Impairment of exploration asset	10,605	-
Share of loss and impairment of investment in associate	-	5,324
Net foreign currency (gains) / losses	39,426	(99,796)
Operating loss before changes in working capital and provisions	(609,052)	(655,232)
Change in trade and other receivables	(24,768)	49,762
Change in trade and other payables	(3,146)	17,383
Net cash used in operating activities	(636,966)	(598,087)

28 PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2016 the parent entity of the Group was Draig Resources Limited.

Results of the parent entity:		
Loss for the year	(615,746)	(536,175)
Other comprehensive expenses	-	-
Total Comprehensive loss for the year	(615,746)	(536,175)
Financial Position of parent entity at year end:		
Current assets	1,991,539	1,877,652
Total assets	1,991,539	1,877,652
Current liabilities	24,208	25,369
Total liabilities	24,208	25,369
Total equity of the parent entity comprising of:		
Issued capital	25,721,549	24,990,752
Share option reserve	51,150	51,150
Retained earnings	(23,805,368)	(23,189,619)
Total equity	1,967,331	1,852,283

DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2016

1. In the opinion of the Directors of Draig Resources Limited (Company):

   (a) the consolidated financial statements and notes that are set out on pages 17 to 40 and the Remuneration Report in the Directors' Report set out in section 1.4 on pages 12 to 15 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Executive Directors in performing the roles of Chief Executive Officer and Chief Financial Officer hold the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

3. The Directors draw attention to note 2.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Raymond Shorrocks
Non-Executive Chairman

21 September 2016

Independent auditor's report to the members of Draig Resources Limited

Report on the financial report

We have audited the accompanying financial report of Draig Resources Limited (the Company), which comprises the consolidated statements of financial position as at 30 June 2016, and consolidated statements of profit and loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2.1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2016 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Draig Resources Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Daniel Camilleri

Partner

Sydney

21 September 2016

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Draig Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

(iii)

KPMG

KPMG

Daniel Camilleri

Sydney

21 September 2016

32 ADDITIONAL INFORMATION

32.1 Distribution of Shareholders (as at 9 September 2016)

	Number of Ordinary Shareholders	Number of Shares
1 - 1,000	416	190,953
1,001 - 5,000	338	947,767
5,001 - 10,000	113	901,230
10,001 - 100,000	256	8,928,550
Over 100,001	117	95,865,337
TOTAL	1,240	106,833,837

32.2 Top Twenty Shareholders (as at 9 September 2016)

Name	Number of Ordinary Shares held	%
THREE CHEEKY MONKEYS HOLDINGS PTY LTD	15,037,606	14.08
KOBIA HOLDINGS PTY LTD	6,000,000	5.62
BLU BONE PTY LTD	5,666,667	5.30
BAHEN MARK JOHN	5,666,667	5.30
ANNLEW INV PTY LTD	5,000,000	4.68
CAMPBELL KITCHENER HUME	4,803,284	4.50
CAPRICORN MINING PTY LTD	3,651,125	3.42
DOLPHIN CAP PARTNERS	3,331,914	3.12
MCGILL MURRAY J + SA	2,600,000	2.43
UPSKY EQUITY PTY LTD	2,500,000	2.34
T T NICHOLLS PTY LTD	1,668,000	1.56
BAXTER STEPHEN PAUL	1,600,000	1.50
ZERO NOM PL	1,500,000	1.40
WEST SIDE SALES PTY LTD	1,358,400	1.27
TECCA PTY LTD	1,358,086	1.27
SPRING STREET HOLDINGS PTY LTD	1,203,450	1.13
THOMPSON IAN + PETER R	1,044,296	0.98
BARICHELLO LAURIE	1,000,500	0.94
RECO HOLDINGS PTY LTD	1,000,000	0.94
SACROSANCT PTY LTD	1,000,000	.94
Total Top 20 Shareholders	**66,989,995**	**62.72**
Other Shareholders	**39,843,842**	**37.28**
Total ordinary shares on issue	**106,833,837**	**100.00**

32.3 Non Marketable Parcels (as at 9 September 2016)

The number of shareholders holding an unmarketable parcel of shares is 903, totalling 2,464,296 ordinary shares.

32.4 Voting Rights

All ordinary shares carry one vote per share without restriction.

32.5 Franking Credits

The Company has nil franking credits.

32.6 Restricted Securities

The Company has no restricted securities.

32.7 Substantial Shareholders (as notified at 9 September 2016)

Name	Number of Ordinary Shares held	%
THREE CHEEKY MONKEYS HOLDINGS PTY LTD	15,037,606	14.08
KOBIA HOLDINGS PTY LTD	6,000,000	5.62
BLU BONE PTY LTD	5,666,667	5.30
BAHEN MARK JOHN	5,666,667	5.30
Total	**32,370,940**	**30.30**

32.8 On-Market Buy Back

There is no current on market buy back.

32.9 ASX Admission Statement

During the year, the Company has applied its cash in a way consistent with its business objectives.

32.10 Options on Issue (as at 9 September 2016)

Options	Unlisted	Listed	Total	No Holder
Exercisable $0.050, expires 26/11/2017	1,650,000	-	1,650,000	3
Exercisable $0.075, expires 26/11/2017	1,650,000	-	1,650,000	3

32.11 Performance Rights on Issue (as at 9 September 2016)

There are no performance rights on issue.

32.12 Schedule of Exploration Licences (as at 9 September 2016)

MONGOLIA:

Licence Name	Licence Number	Type *	Equity	Status
Ovorhangay Province, Mongolia:				
Teeg	13879X	EL	75%	Current
Nariin Teeg	13581X	EL	75%	Current

*EL = Exploration Licence

COMPETENT PERSONS STATEMENT

The information in this Annual Report that relates to Coal Resources, is based on information compiled under the supervision of, and reviewed by, the Competent Person, Charles Parbury, who is a full time employee of McElroy Bryan Geological Services Pty Ltd, is a Member of the Australasian Institute of Mining and Metallurgy and who has no conflict of interest with Draig Resources.

The Coal Resource estimate for 13879X presented in this report was reported in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Charles Parbury has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles Parbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.