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ASX Announcement  
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## **DRAIG GEOPHYSICAL SURVEY IDENTIFIES PRIORITY COAL DRILL TARGETS**

### **Highlights**

- **Numerous coal-bearing drill targets identified within Teeg, Nariin Teeg licences**
- **Coal exploration targets are relatively shallow**
- **Teeg licence may include two laterally continuous synclinal features**
- **Draig preparing team of experienced coal geologists**
- **In talks with drilling contractors to undertake detailed exploration program**
- **On track to define JORC compliant resource by Q2 2012**

Draig Resources Limited (ASX: DRG) (“Draig”, or the “Company”) is pleased to announce it has identified numerous Jurassic coal bearing drill targets, following a geophysical survey of two of its coal licences in the Ovorhangay province in Mongolia.

Draig said the targets identified over the Teeg (13879x) and Nariin Teeg (13581x) licences were relatively shallow and, at Teeg, could potentially include two laterally continuous synclinal features.

The geophysical field work was conducted by Nordic Geological Solutions LLC (“NGS”), Dash Meg Engineering (“DME”) for the purpose of defining exploration targets for drilling in early 2012.

The survey comprised 32 kilometres of geophysical (resistivity) survey work. A total of 12 lines of geophysical survey work were carried out on the Teeg licence and 3 lines on the Nariin Teeg licence at depths of up to 260 metres.

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NGS has recommended Draig undertake a two-phase drill program. Phase one would include 10 drill holes with a combined depth of approximately 2,200 metres to obtain samples for coal quality testing. Phase 2 will endeavour to increase the resource size, based on information from Phase 1, plus previous exploration work.

Draig Managing Director Mark Earley said: “We are delighted with the results from the geophysical survey, particularly the shallow nature of the potential coal occurrences. Although further exploration work is required, we believe that based on the findings of the interpretation, potential exists to define a significant coal resource at Teeg.

“We have now identified a series of drill targets we think are very worthwhile pursuing and which will potentially contribute to us being able to define a JORC resource by the second quarter of this year.

“We need to immediately progress with exploration and we are in detailed discussions with a number of parties to continue our 2012 exploration program,” Mr Earley said.

The Teeg and Nariin Teeg licences are located in the Ongi River coal basin within the Ovorhangay province. Coal seams in the Ongi River Basin are hosted in the Upper Permian, Lower-Middle Jurassic and Lower Cretaceous sedimentary sequences.

Drilling on Teeg undertaken by Draig in June 2011 intersected a massive 60m coal seam characterised by vitrinite-rich massive hard black coal in the lower part of the seam. A separate 40m of thick black coal seam was intersected from a depth of 89m, of which 30m was logged as consistently hard coal.



Licence Location – Ovorhangay Province, Mongolia

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**Geophysical survey conducted on Teeg licence, Overhangay Province**



**Geophysics team braving -40C temperatures, Overhangay Province**

**--ENDS--**

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**About Draig Resources Limited**

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

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

#### **Competent Persons Statement**

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