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ASX Announcement
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DRAIG REPORTS MAIDEN JORC COAL RESOURCE FOR TEEG LICENCE, MONGOLIA

Highlights

- **Maiden JORC reportable coal resource for Teeg licence of 75 million tonnes**
- **Teeg exploration target of up to a further 25 to 100 million tonnes¹**
- **Evidence for a significant deposit of high grade coal with metallurgical potential**
- **Resource defined following initial exploration drilling program**
- **Target drill areas identified to further explore licence area**
- **New exploration program to focus on Draig's South Gobi licences**

Coal explorer Draig Resources Limited (**ASX: DRG**) ("**Draig**" or "**the Company**") is pleased to announce a maiden JORC compliant inferred coal resource of 75 million tonnes for its Teeg Licence ("**Teeg**"), plus an additional exploration target of between 25 - 100 million tonnes¹.

The JORC report added there is 'compelling evidence' for a significant deposit of high grade coal with metallurgical potential in a coal seam with a true average coal thickness of 24.12m.

The 22.2km² Teeg licence is situated in the Bayanteeg district of the Ovorhangay province in central-southern Mongolia and is one of eight licences owned by Draig across the Ovorhangay and South Gobi regions.

The JORC resource estimate was determined using the results of geological mapping, trenching, induced polarization and resistivity surveys, 6784m of drilling and coal sample analyses.

The Company believes the results confirm the highly prospective nature of Teeg and the wider Bayanteeg area.

¹ Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the licence, it is uncertain if further exploration will result in discovery of a coal resource on the licence. Coal quality ranges for the Teeg Licence are as follows (on an air dried basis): Moisture 1.8% - 3.4%; Raw Ash 4.3% - 37.5%; Volatile Matter 22.5% - 45.8%; Fixed Carbon 38.4% - 53.2%; Total Sulphur 0.54% - 2.8%; Calorific Value 5,904 - 7,114 kcal/kg (adb).

The resource estimation on the Teeg licence was compiled by PT Danmar Explorindo, a geological consulting company with extensive experience in coal geology.

Figure 1 - Teeg Licence Coal Resource Summary

DEPTH RANGE	COAL RESOURCES INSITU (Million Mt)		
	MEASURED	INDICATED	INFERRED
0-50m	-	-	2.8
50-100m	-	-	4.7
100-150m	-	-	4.8
150-200m	-	-	9.3
200-250m	-	-	27.3
250-300m	-	-	25.8
TOTAL	-	-	74.7

Figure 2 - Teeg Weighted Average Coal Quality Tested To Date

INHERENT MOISTURE	ASH	VOLATILE MATTER	FIXED CARBON	TOTAL SULPHUR	CALORIFIC VALUE	CALORIFIC VALUE
AIR DRIED BASIS						DRY ASH FREE
2.22	12.96	40.09	44.73	1.17	6462	7605

Draig Managing Director Mark Earley said the Company is extremely pleased with the results of its maiden JORC compliant coal resource on the Teeg licence.

“Defining a 75 million tonne coal resource, plus an exploration target for a potential further 25 - 100 million tonnes² is an excellent achievement, particularly after only one exploration drilling campaign on Teeg, and it confirms our expectations about the highly prospective nature of Teeg and our surrounding licences.

“We now have a significant coal resource at Teeg, our resources are at open pit mineable levels and we have identified large drill target areas to pursue. Our initial raw coal quality results from ALS Laboratory in Ulaanbaatar are positive with a mean reflectance of vitrinite of 0.6 we are firmly in the semi soft coking coal area and we are excited about the potential coal quality of Teeg improving through coal washing.

“We are in the process of finalising exploration plans for our South Gobi licences, so we can start to get a better picture of our overall licence portfolio,” Mr Earley said.

Teeg Geology

Draig commenced a maiden drilling program on the Teeg licence during April 2012, with the aim of defining a JORC compliant resource. The 6,000 metre program included coal seam intercepts with apparent seam thicknesses of 86.28m (BT_37), 66.75m (BT_36), 37.80m (BT_01).

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Priority had been given to the Teeg licence after an early due diligence exploration program in 2011 intersected massive black coal seams of up to 60 metres.

The JORC report, compiled by PT Danmar Explorindo, found that a single coal seam had been discovered in the area consisting of multiple plies of coal (~70%) averaging 24.12m cumulative true thickness, separated by thin non-coal partings (~30%).

Most of the intercepts made during Draig’s drill program on Teeg were relatively shallow but were in the most complex part of the deposit due to the geological forces pushing the coal seam close to the surface at a steep dip. The JORC report added that the results of interpretation work to date indicate that the coal deposit extends down dip as series of alternating syncline and anticlines and is open-ended in that direction. The more expansive resource to the north east is less affected by these forces and is expect to flatten out.

Figure 3 - Interpretation of the seam structure at Teeg

Modelling shows the current extent of the Teeg coal seam and its change in dip away from the contact with the basalt intrusion

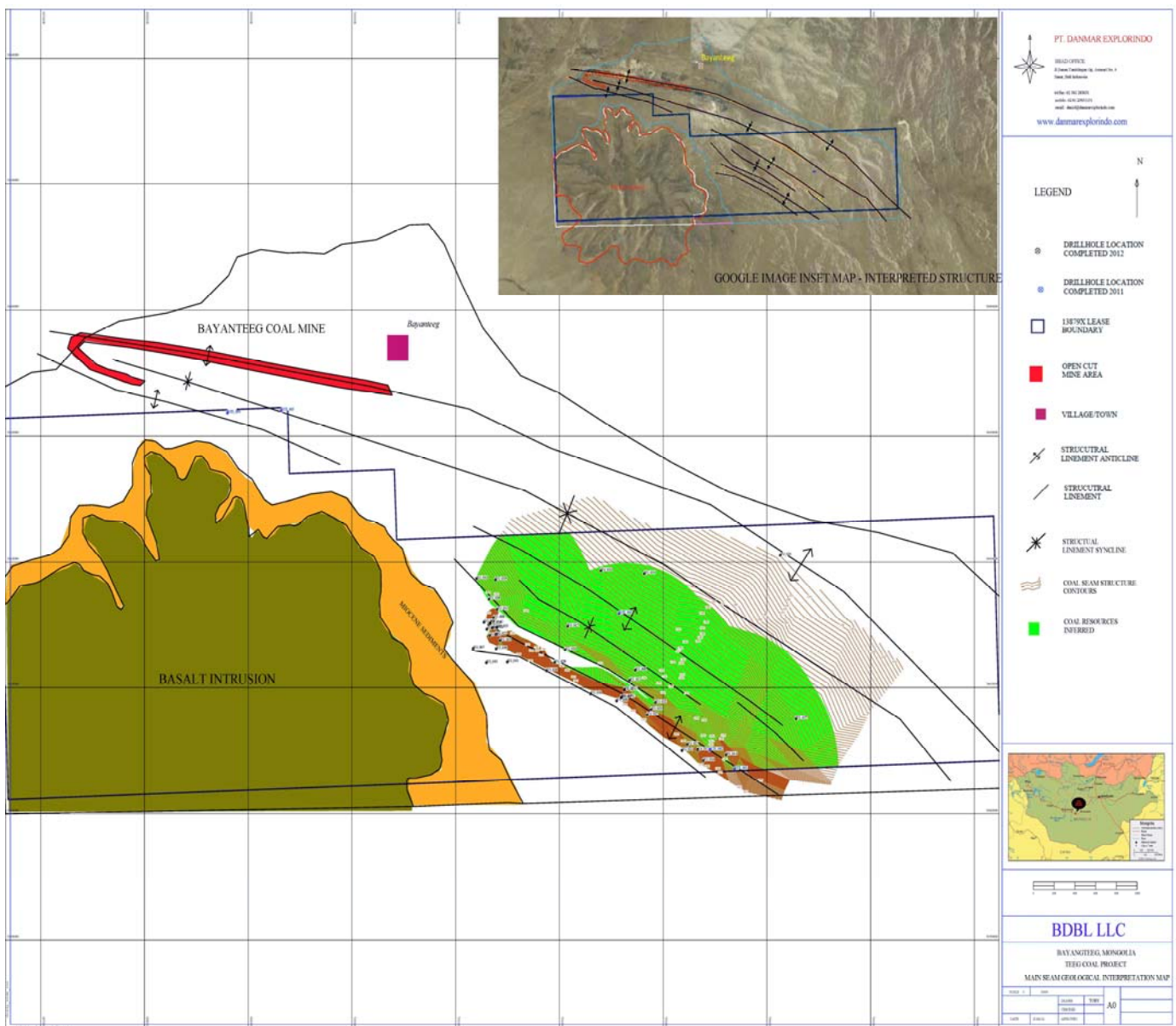
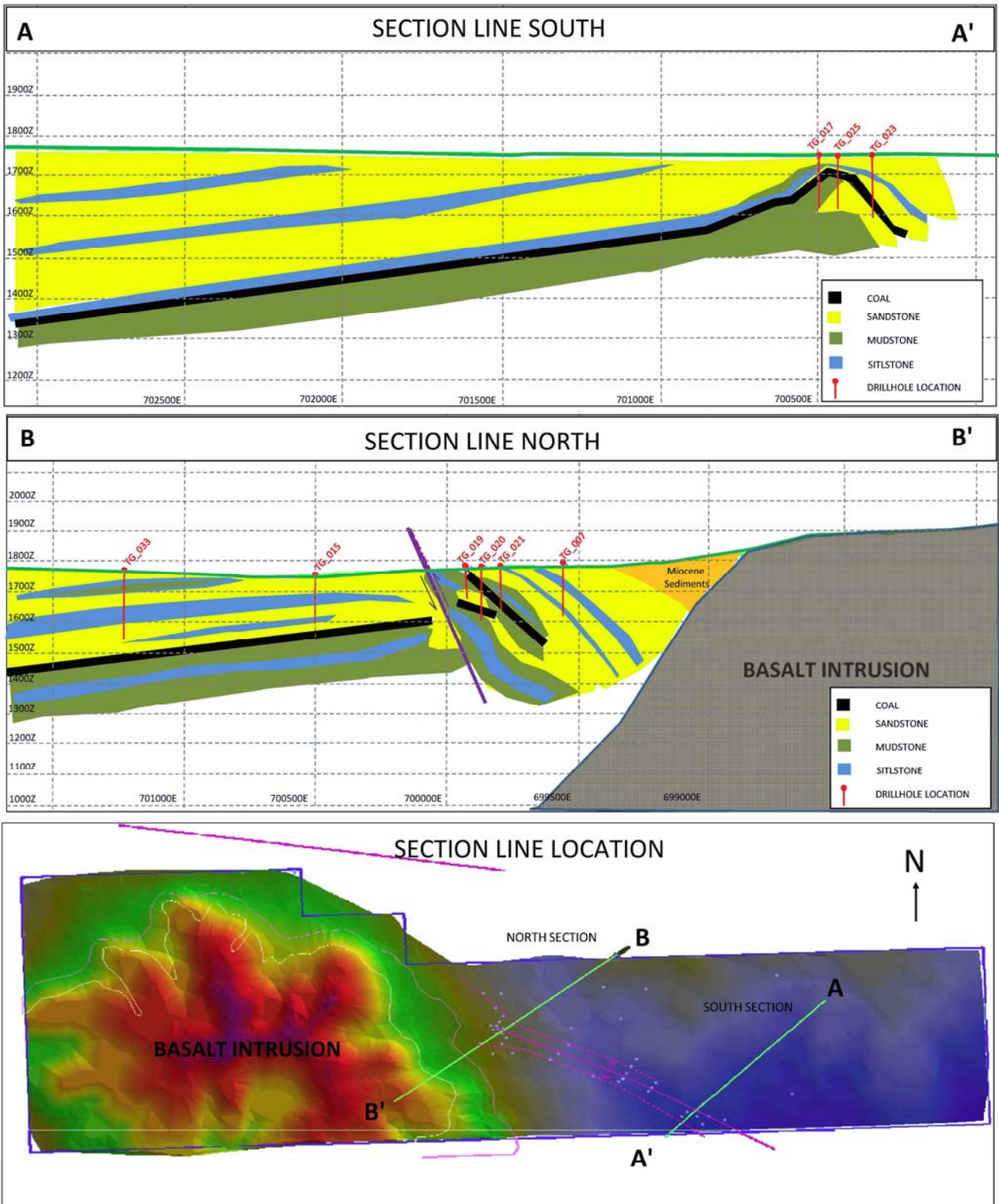


Figure 4 - Cross sections through the Teeg coal licence

The cross sections show the complex nature of the geology in the north being closer to the basalt intrusion, whilst the southern section reflects more the shallower north easterly nature of the deposit.



Further Exploration Work

The JORC report identified at least 4 coal target areas to drill systematically in order to confirm the structural model proposed in the report. Draig intends carry out further exploration work on the Teeg and nearby Nariin Teeg licences in the future with the aim of increasing its coal resources in this area.

The Company is also looking to undertake a coal quality bench marking study on the Teeg coal quality to help understand its position in the coal market.

However, the Company will now focus on its parcel of licences within the South Gobi region in order to gain a better understanding of the Company's overall coal portfolio logistical integration and due to the better climatic and logistical access to the South Gobi in the Mongolian summer months. Draig is finalising its South Gobi exploration plans and will provide an update to the market in due course.

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About Draig Resources Limited

Coal explorer Draig Resources Ltd (ASX: DRG) is developing eight coal licences in Mongolia's Overhangay and South Gobi provinces. In late 2011, Draig acquired the coal licences through BDBL LLC, previously a subsidiary of Peabody-Winsway. The Company commenced a drilling program on its Teeg Licence within the Overhangay province in April 2012 and has now established a 75 million tonne JORC reportable inferred coal resource on the licence, with an additional exploration target of between 25-100 million tonnes³. The Company plans to undertake drilling on its South Gobi licences in 2012 to assess its broader coal portfolio. It has also identified further drilling targets on its Teeg and Nariin Teeg licences, with the aim of confirming the structural model proposed in the JORC report and increasing its resource base. Draig continues to seek further quality coal acquisition opportunities in Mongolia, Indonesia and other regions.

Competent Persons Statement

The information provided in this report that relates to exploration results is based on information provided by Daniel Madre of PT Danmar Explorindo. Mr Madre 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". Mr Madre is an independent consulting coal geologist and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Madre has over 30 years' experience in exploration and mining of coal.

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