



# DRAIG

RESOURCES LIMITED

Investor Update

June 2013

This presentation may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements inherently involve subjective judgement and analysis and are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Draig Resources Limited. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government fluctuations, fluctuations in coal prices and exchange rates and business and operational risk management. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Draig Resources Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation.

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**Draig Resources Limited offers investors exposure to emerging coal projects in Mongolia with a qualified board and management team.**

- ASX listed junior coal exploration company
- Focused on a range of coal project opportunities in Mongolia
- ASX Code: DRG
- Shares on issue: 65.5M
- Share Price: \$0.058 (as at 28 May 2013)
- Market Capitalisation: \$3.8M
- Cash: \$3.8M (as at 30 April 2013)



**Draig has established an experienced team and developed a platform to exploit Mongolia's extensive coal resources.**

- Company was previously named C@ Limited (focused on spectacle frame sales)
- Name was changed to Draig Resources Limited in Dec 2011
- Focus was changed to coal in Mongolia, Indonesia and other countries
- Capital raising of \$17M through the issuance of 34M shares at \$0.50 per share in Dec 2011
- Subsequently acquired exploration licences in Mongolia from Peabody Winsway
  - with a subsidiary of Trinity Mongolia as a 10% joint venture partner
- Exploration success at Teeg (13879X) in early 2012
- Trinity Mongolia subsidiary acquired a 15% interest in the JV in Oct 2012
- New management team installed in Dec 2012

**Draig's new board and management team are using their in-country experience and mining expertise to build a Mongolia-based, coal focused mining group.**

- **Peter Doherty (Executive Chairman)**
  - Mining engineer
  - Coal experience
  - Corporate finance experience
- **Jarrold Smith (Executive Director, Chief Financial Officer)**
  - Corporate finance experience
  - ASX listed company experience
- **David Meldrum (Non Executive Director)**
  - Mining engineer
  - Coal experience
  - Mongolia experience
- **Mark Dougan (Country Manager, Mongolia)**
  - Mongolia experience
  - Coal experience
  - China experience

**Draig has spent the past six months repositioning the company with a focus on strategy, planning and cost-efficiencies.**

- Refocused the Company's strategy
  - Southern Mongolia
  - Coking coal
  - Near surface
- Significant reduction in expenses
  - Reduction in employees
  - Closed Perth office
- Review of exploration data by senior management
  - Assisted by McElroy Bryan Geological Services
  - Review used to determine current exploration programme

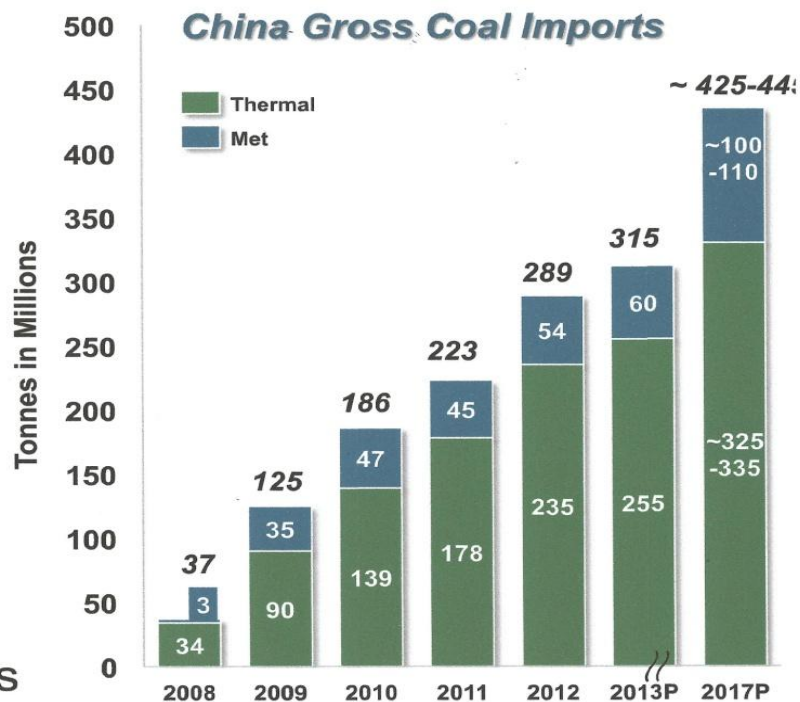


## China Demand Expected to Grow ~1.0 Billion Tonnes by 2017



### Imports Expected to Nearly Double From 2011 to 2017

- ~240 GW of coal-fueled generation expected to come on line by 2016
  - Much of buildout occurring in coastal areas
  - Represents >800 MTPY of thermal coal use over time
- China NDRC seeks coking coal production limits for “special and scarce” resource
- China reducing domestic production; continuing to close small inefficient mines



Source: Peabody Global Analytics, China National Bureau of Statistics. 2008, 2009 imports exclude 'other lignite' product, now reported in total import figures. Projections assume 7.5% annual China GDP growth, as outlined in 12<sup>th</sup> Five-Year Plan.

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Source: Presentation by Chris Hagedorn of Peabody Energy at the Pacific Basin Coal Conference, February 2013.

**Draig's management team are based in-country and have extensive experience in mining and local community and government relations.**

- Strategic Entities Foreign Investment Law amended
  - Non-State owned foreign companies permitted to undertake controlling interest investments without Parliamentary approval
- Proposed Minerals Law amendments postponed
  - After Presidential election
  - Positive revisions anticipated
- Presidential election on 26 June 2013
- Company's exploration approved by Minerals Resources Authority of Mongolia
  - 2012 activities and exploration expenditure approved
  - 2013 exploration programme approved



# Location of Exploration Licences - Mongolia



**MONGOLIA**

RUSSIA

ULAANBAATAR

Ovorkhangay

Bayanteeg (coal)

Tavan Tolgoi/Ukhaa Hudag (coal)

Ovoot/Nariin Sukhait (coal)

Oyu Tolgoi (gold/copper)

South Gobi

CHINA

BEIJING

Tianjin

Qinhuangdao

- Licence Location
- ⊗ Third Party Coal Mine
- ⊗ Third Party Gold/Copper Mine
- National Capital City
- ⊕ Port City
- Transnational Railway
- ⊖ Border Crossing - China

**THIRD PARTY MINE OWNERSHIP:**  
Bayanteeg Coal (locally owned and operated)  
Tavan Tolgoi (world's largest untapped coking coal deposit – under tender) / Ukhaa Hudag (Energy Resources LLC)  
Ovoot Tolgoi Mine (SouthGobi Resources) / Nariin Sukhait Coal Mine (MAK-Qin Hua Mongolian/Chinese Joint Venture)

# Exploration Licences - Ovorhangay

**MONGOLIA**

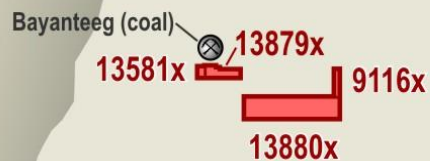
- Licence Location
- ⊗ Third Party Coal Mine
- City / Town
- Planned Rail Infrastructure



Bayanhongor

Ovorhangay

■ Arvayheer



⊗ Shinejinst (coal)



**Draig Resources has approved Stage 1 of the 2013 Exploration Programme for its projects in Mongolia. Work to be undertaken as part of Stage 1 ranges from field mapping and trenching, ground magnetic surveys, as well as drilling over anomalies identified from exploration work carried out in the previous programme.**

- Teeg (13879X) and Urtnii-Am (13581X)
  - Mapping, trenching, magnetic surveys, and RAB drilling
  - Objective is to obtain data to better understand the geological structure and stratigraphy
- Khongor (13880X)
  - Mapping, trenching, RAB drilling, and PCD drilling
  - Objective is to test geophysical anomalies and coal blooms

- RAB Drilling and Trenching









- RAB Drilling and Samples



# Location of Exploration Licences – South Gobi

**MONGOLIA**

South Gobi

 Licence Location	 Border Crossing - China
 Third Party Coal Mine	 Existing Rail Infrastructure
 City / Town	 Planned Rail Infrastructure

12000x

10566x

Ovoot/Nariin Sukhait (coal) 

13600x

Dalandzadgad 

12789x 

Shivee Khuren/Ceke 

50km

Ejinaqi 

CHINA



**The 2013 Exploration Programme is part of an overall exploration plan to test new areas of interest among the existing licences, particularly in the South Gobi, and to build solidly upon existing works.**

- Zamt Uul (13600X)
  - Magnetic surveys and PCD drilling
  - Objective is to determine presence of coal bearing sedimentary group
- Gurvantes (10566X)
  - Mapping and PCD drilling
  - Objective is to determine the extent of the coal presence in the north and to test geophysical anomalies in the south

**Draig will be reporting on the current Exploration Programme results later in Q3/Q4.**

**With a number of prospective targets already defined, the company is aiming to prove-up coal resources in Mongolia.**

- Continued exploration of licences
  - Current programme expected to be completed by end of June 2013
- Acquisitions consistent with focus
  - Southern Mongolia
  - Coking coal
  - Open cut mining potential
- Capital raising for future exploration programs and further analysis being reviewed for 2014

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