DRAIG
RESOURCES LIMITED

22 October 2013

Manager, Market Announcements Ofice
ASX Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By electronic lodgement

Dear Sir / Madam

DRAIG RESOURCES LIMITED (DRG)
2013 ANNUAL GENERAL MEETING-NOTICE OF MEETING, PROXY FORM AND ANNUAL REPORT

Please find attached the Notice of Meeting and Proxy Form (Notice) for the DRG Annual General Meeting to be held on Monday 25th November 2013.

The Notice will be available on the Company's website and mailed to all DRG shareholders on or about 23 October 2013.

All DRG shareholders who have elected to receive a copy of the Annual Report will also receive that report on or about 23 October 2013. A copy of the 2013 Annual Report was sent to the ASX on 22 October 2013.

Yours faithfully
On behalf of Draig Resources Limited

Jarrod Smith
Company Secretary

Draig Resources Limited – ABN 99 110 439 686
Head Office: Level 28, 25 Bligh Street, Sydney NSW 2000 Australia; GPO Box 4309, Sydney NSW 2001
Phone: +61 2 9230 0760

DRAIG RESOURCES LIMITED

ACN 110 439 686

NOTICE OF ANNUAL GENERAL MEETING

TIME:	10.30 am (EDST)
DATE:	25 November 2013
PLACE:	KPMG Level 15 10 Shelley Street Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 2) 9230 0760.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (EDST) on 25 November 2013 at:

KPMG
Level 15
10 Shelley Street
Sydney NSW 2000

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.30am (EDST) on 23 November 2013.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the Financial Report, which includes the Director's Report and Auditor's Report, as set out in the Company's Annual Report for the financial year ended 30 June 2013.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the financial year ended 30 June 2013 be adopted."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID MELDRUM

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, David Meldrum, a Director who was elected on 26 November 2012, retires, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

5. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS TO DAVID MELDRUM

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 1,100,000 Director Options to David Meldrum (or his nominee) on the terms and conditions set out in the Explanatory Statement".

6. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS TO JARROD SMITH

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 1,100,000 Director Options to Jarrod Smith (or his nominee) on the terms and conditions set out in the Explanatory Statement".

7. RESOLUTION 6 – ISSUE OF DIRECTOR OPTIONS TO PETER DOHERTY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval be given for the Directors to allot and issue 1,100,000 Director Options to Peter Doherty (or his nominee) on the terms and conditions set out in the Explanatory Statement".

CONTINGENT BUSINESS

8. RESOLUTION 7 – HOLDING A SPILL MEETING

Condition for Resolution 7: Resolution 7 will be considered at the meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explains the circumstances in which Resolution 7 will be put to the meeting.

If this condition is satisfied, then the Resolution will be:

To consider and, if thought fit, pass, the following resolution as an **ordinary resolution**:

"That, as required by the Corporations Act:

a) a meeting of the Company's members be held within 90 days of the date of the 2013 annual general meeting (the spill meeting);

b) each of David Meldrum, Jarrod Smith and Peter Doherty cease to hold office immediately before the end of the spill meeting; and*

c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting."

* This assumes that he is re-elected at the meeting.

DATED: 15 OCTOBER 2013

BY ORDER OF THE BOARD

J Smith

JARROD SMITH
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Financial Report, which includes the Directors' Report and Auditor's Report, as set out in the Company's Annual Report for the financial year ended 30 June 2013.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at www.draigresources.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that, at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting Consequences

The Corporations Act requires a company to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are against the adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to a vote at the second of those annual general meetings.

At the Company's previous annual general meeting more than 25% of the votes cast on the resolution to adopt the remuneration report were against adopting the report. This constituted a "first strike".

If at least 25% of the votes cast on Resolution 1 at this annual general meeting are voted against adoption of the Remuneration Report, the Spill Resolution set out in Resolution 7 must be put to a vote at the meeting.

If the Spill Resolution is put and more than 50% of the votes cast are in favour of the Spill Resolution, then the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's Annual Report for the previous financial year was approved), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the Directors of the Company.

2.3 Proxy Voting Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct your proxy how to vote *on this Resolution*. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)* you *do not* need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, *you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel*.**

***If you appoint any other person as your proxy* you *do not* need to direct your proxy how to vote on this Resolution, and you *do not* need to mark any further acknowledgement on the Proxy Form.**

The Board unanimously recommends that Shareholders approve the adoption of the Remuneration Report.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID MELDRUM

David Meldrum was appointed a director of the Company on 26 November 2012 and re-elected on 26 November 2012. Under the Company's Constitution, at the annual general meeting, one third of the directors (excluding the Managing Director), or the nearest whole number thereto, must retire from office. In accordance with this requirement David Meldrum now retires from the Board and offers himself for re-election.

The Directors (with David Meldrum abstaining) unanimously recommend that Shareholders vote in favour of the re-election of David Meldrum as director.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

4.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of $1,725,267.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of Equity Securities on issue, being the Shares (ASX Code: DRG).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid shares that became fully paid in the previous 12 months;

(iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

4.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 124.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the

Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid);

(**10% Placement Capacity Period**).

(c) **Risk of Voting Dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	$0.013 50% decrease in Issue Price	$0.026 Issue Price	$0.052 100% increase in Issue Price
66,356,432 (Current Variable A)	Shares issued - 10% voting dilution	6,635,643 Shares	6,635,643 Shares	6,635,643 Shares
	Funds raised	$86,263	$172,527	$345,053
99,534,648 (50% increase in Variable A)	Shares issued - 10% voting dilution	9,953,465 Shares	9,953,465 Shares	9,953,465 Shares
	Funds raised	$129,395	$258,790	$517,580
132,712,864 (100% increase in Variable A)	Shares issued - 10% voting dilution	13,271,286 Shares	13,271,286 Shares	13,271,286 Shares
	Funds raised	$172,527	$345,053	$690,107

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table on page 9 uses the following assumptions:

1. There are currently 66,356,432 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 15 October 2012.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Mongolian coal licences (funds would then be used for project, feasibility studies and ongoing project administration), general working capital; or

(ii) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both).

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

(i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

(ii) the information required by Listing Rule 3.10.5A for release to the market.

4.4 Voting Exclusion

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3. The Directors unanimously recommend that Shareholders vote in favour of the resolution.

5. ISSUE OF OPTIONS TO DIRECTORS

RESOLUTIONS 4, 5 AND 6

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 3,300,000 Options (**Director Options**), to David Meldrum, Jarrod Smith and Peter Doherty (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the issue of Director Options constitutes giving a financial benefit and as Directors, David Meldrum, Jarrod Smith and Peter Doherty are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Director Options to the Related Parties.

5.2 Trading Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are quoted on the ASX. The highest, lowest and most recent market sale prices of the Company's securities on the ASX in the 12 months immediately preceding the date of this Notice of Meeting and the respective date of those sales are:

	Price	Date
Highest	$0.18	12 October 2012
Lowest	$0.021	20 August 2013
Last	$0.026	15 October 2013

5.3 Shareholder Approvals Required – Information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

For the purposes of sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of the Director Options:

a) the related parties are David Meldrum, Jarrod Smith and Peter Doherty who are related parties by virtue of being Directors;

b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:

- 1,100,000 Director Options to David Meldrum;
- 1,100,000 Director Options to Jarrod Smith; and
- 1,100,000 Director Options to Peter Doherty;

c) the Director Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Director Options;

d) the Director Options will be issued to the Directors no later than 1 month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Options will be issued on one date;

e) the terms and conditions of the Director Options are set out in Schedule 1;

f) the value of the Director Options and the pricing methodology is set out in Schedule 3;

g) the relevant interests of the Related Parties in securities of the Company prior to the issue are set out below:

Related Party	Shares	Options
David Meldrum	0	0
Jarrod Smith	100,000	0
Peter Doherty	9,517,955	0

h) the remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial period are set out below:

Related Party	Current Financial Year	Previous Financial Year
David Meldrum	$43,750	$0
Jarrod Smith	$87,500	$0
Peter Doherty	$72,917	$0

i) if the Director Options issued to the Related Parties are exercised, a total of 3,300,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 66,356,432 to 69,656,432 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.74%;

j) the market price for Shares during the term of the Director Options would normally determine whether or not the options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

k) information on the trading history of the Shares on ASX for the 12 months prior to the Meeting is set out in Section 5.2 above;

l) the primary purpose of the issue of the Director Options is to provide incentive to the Related Parties for their services in assisting the Company to develop the Company's strategy;

m) David Meldrum declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 5 and 6, he recommends that Shareholders vote in favour of those Resolutions for the following reasons:

    i. the issue of the Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;

    ii. the issue of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if the alternative cash forms of remuneration were given to the Related Parties; and

    iii. it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;

n) Jarrod Smith declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4 and 6, he recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs 5.3(m)(i) to 5.3(m)(iii);

o) Peter Doherty declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4 and 5, he recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs 5.3(m)(i) to 5.3(m)(iii);

p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of

Shares, the current market practices when determining the number of Director Options to be issued as well as the exercise price and expiry date of those Director Options; and

q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 6.

CONTINGENT BUSINESS

6. RESOLUTION 7 – HOLDING A SPILL MEETING

The “two-strike” rule in section 250U of the Corporations Act provides that if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive annual general meetings are against adopting the remuneration report, members will have the opportunity to vote on a “spill resolution” (as described below).

At last year’s meeting, at least 25% of the votes cast on the resolution to adopt the remuneration report were against adopting the report. This constitutes a “first strike”.

If at least 25% of the votes cast on Resolution 1 are against adopting the remuneration report at the 2013 meeting, this will constitute a second strike and resolution 7 will be put to the meeting and voted on as required by section 250V of the Corporations Act (the **spill resolution**).

If less than 25% of the votes cast on Resolution 1 are against adopting the remuneration report at the 2013 meeting, then there will be no second strike and resolution 7 will not be put to the meeting.

If put, the spill resolution will be considered as an ordinary resolution.

If the spill resolution is passed, a further meeting of members must be held within 90 days (the **spill meeting**). Immediately before the end of the spill meeting, each of David Meldrum*, Jarrod Smith and Peter Doherty being the directors who approved the last Directors’ Report, cease to hold office (the **Relevant Directors**).

*This assumes he is re-elected at the meeting.

Each Relevant Director is eligible to seek re-election as a director of the Company at the spill meeting.

The spill resolution has the potential that the entire board is removed from office.

7. VOTING EXCLUSIONS

The Company will disregard any votes cast:

- on Resolution 4 by David Meldrum or his nominee or any of their associates;
- on Resolution 5 by Jarrod Smith or his nominee or any of their associates;
- on Resolution 6 by Peter Doherty or his nominee or any of their associates;

However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

(a) A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

(i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(ii) a Closely Related Party of such a member.

(b) A person appointed as a proxy must not vote, on the basis of that appointment, on any of Resolutions 4, 5, 6 or 7 (if required) if:

(i) the proxy is either:

(A) a member of the Key Management Personnel; or

(B) a Closely Related Party of such a member; and

(ii) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the prohibition in paragraphs (a) and (b) do not apply if:

(iii) the proxy is the Chair of the Meeting; and

(iv) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

GLOSSARY

$ means Australian dollars.

10% Placement Capacity has the meaning given in section 4.1 of this Notice.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

(c) a spouse or child of the member;

(d) a child of the member's spouse;

(e) a dependent of the member or the member's spouse;

(f) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(g) a company the member controls; or

(h) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Draig Resources Limited (ACN 110 439 686).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

EDST means Eastern Daylight Savings Time as observed in Sydney, Australia.

Eligible Entity means an entity that, at the date of the relevant general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2012.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in section 4.3(c) of this Notice.

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The terms and conditions of the Director Options are as follows:

(a) Each Director Option entitles the holder to subscribe for one fully paid ordinary Share in the Company once the Director has served as a Director for two years after 26 November 2012.

(b) The Director Options are issued free of consideration.

(c) The exercise price payable upon exercise of each Director Option will be $0.050 for half of the Director Options and $0.075 for half the Director Options.

(d) The Director Options are exercisable at any time after 26 November 2014, subject to clause (g), and before 26 November 2017. Any Director Options not exercised before 26 November 2017 will automatically lapse.

(e) If the Director ceases employment prior to 26 November 2014 the Director Options will be forfeited.

(f) Exercise of a Director Option will be effected by completion of a notice of exercise and delivering it to the Company's share registry together with the payment for the number of Shares in respect of which the Options are exercised.

(g) The Director Options are only exercisable once the share price exceeds $0.075 on a 5-day volume weighted average.

(h) A notice of exercise is only effective when the Company has received cleared funds for the full amount for the number o*f Shares in respect of which the Director Options are exe*rcised.

(i) The Director Options are not transferable.

(j) The Company will not apply for quotation of the Director Options on the ASX. However, the Company will apply for quotation by the ASX of all Shares allotted pursuant to the exercise of Director Options.

(k) All Shares issued pursuant to the exercise of Director Options will rank pari passu in all respects with the existing Shares.

(l) There are no participating rights or entitlements inherent in the Director Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced. The Company will also notify holders of any proposed capital issue at least seven Business Days before the record date. This will give Option holders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.

(m) If there is a pro-rata issue of Shares to holders of Shares for which no consideration is payable by them (a **bonus issue**), the number of Shares over which the Director Option is exercisable must be increased by the number of Shares which the holder of the Director Options would have received if the Director Options had been exercised before the record date for the **bonus issue**.

(n) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the Director Options will be reorganised in a manner required by the Listing Rules on a reorganisation of capital at the time of the reorganisation.

(o) In the event of the Director retiring due to death or a disability then the director or his nominated person or beneficiary has six months from the date of retirement to exercise the Director Options.

(p) In the event of a restructure or takeover of the Company then the Director has six months from the date of the announcement of the restructure or takeover to exercise the Director Options.

(q) Notwithstanding (p) above, if a bidder under a takeover bid for shares in the Company obtains a relevant interest in not less than 50% of the ordinary shares in the Company, or if a shareholder or group of shareholders obtains a relevant interest in sufficient shares in the Company to give them the ability in general meeting to replace all or a majority of the Board and the Director ceases to be a Director as a result of said takeover of the Company or said change in the composition of the board, in which case, the Director has six months from the date of termination or resignation to exercise the Director Options.

SCHEDULE 2 – EXERCISE PRICE AND VESTING CONDITIONS OF DIRECTOR OPTIONS

	Number Options	Exercise Price	Vesting Conditions	Expiry
David Meldrum	550,000	$0.050	Must be Director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017
	550,000	$0.075	Must be Director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017
Jarrod Smith	550,000	$0.050	Must be Director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017
	550,000	$0.075	Must be Director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017
Peter Doherty	550,000	$0.050	Must be director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017
	550,000	$0.075	Must be Director for two years and share price must average $0.075 on a 5 day volume weighted average.	26 November 2017

SCHEDULE 3 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Party pursuant to Resolutions 4-6 (inclusive) have been valued externally by BDO. Using the binomial option pricing model and based on the assumptions set out below, the Director Options were ascribed a value as follows:

Number of Options	1,650,000	1,650,000
Exercise Price	$0.050	$0.075
Expiry Date	26 Nov 2017	26 Nov 2017
Indicative value per Director Option	$0.016	$0.015
Value of Options: Mr David Meldrum	$8,800	$8,250
Value of Options: Mr Jarrod Smith	$8,800	$8,250
Value of Options: Mr Peter Doherty	$8,800	$8,250
Total Value of Options	$26,400	$24,750
Assumptions:		
Valuation date	16 Oct 2013	16 Oct 2013
Share price	$0.026	$0.026
Volatility	105%	105%
Risk free interest rate [1]	3.00%	3.00%

Note: The actual valuation of the Director Options may vary. The valuation noted above is not necessarily the market price that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

1. The risk free interest rate adopted is the Australian Government Bond rate for a five year period as at the Option valuation date.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
Level 28
25 Bligh Street
SYDNEY NSW 2000

DRAIG RESOURCES LIMITED

ABN: 99 110 439 686

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: DRG

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ **The meeting Chairperson (mark with an "X")** **OR** **The name of the person you are appointing (if this person is someone other than the Chairperson of the meeting).**

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10.30am (EDST) on Monday, 25 November 2013 at KPMG, Level 15, 10 Shelley Street, Sydney and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution	**For**	**Against**	**Abstain***
Ordinary Business			
1. Adoption of Remuneration Report	☐	☐	☐
2. Re-election of Director - David Meldrum	☐	☐	☐
3. Approval of 10% placement capacity	☐	☐	☐
4. Issue of Director Options to David Meldrum	☐	☐	☐
5. Issue of Director Options to Jarrod Smith	☐	☐	☐
6. Issue of Director Options to Peter Doherty	☐	☐	☐
Contingent Business			
7. Holding a Spill Meeting	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐ **If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote on Resolutions 1 & 6, please mark "X" in the box.**
By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of resolutions 1 & 6 and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on resolutions 1 & 6 and your votes will not be counted in calculating the required majority if a poll is called on resolutions 1 & 6. The Chairperson of the Meeting intends to vote undirected proxies in favour of all resolutions 1 & 6.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10.30am (EDST) on Saturday, 23 November 2013.

ONLINE PROXY SERVICE
You can lodge your proxy online at **www.securitytransfer.com.au**

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

My/Our contact details in case of enquiries are:

NAME | **TELEPHONE NUMBER**

( )

NOTES

1. Name and Address
This is the name and address on the Share Register of DRAIG RESOURCES LIMITED. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy
If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of DRAIG RESOURCES LIMITED.

3. Directing your Proxy how to vote
To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy
You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

(a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and

(b) Return both forms in the same envelope.

5. Signing Instructions
Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy
Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.30am (EDST) on Saturday, 23 November 2013, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone **+61 8 9315 2333**

Facsimile **+61 8 9315 2233**

Email **registrar@securitytransfer.com.au**

Online **www.securitytransfer.com.au**