

## QUARTERLY ACTIVITIES REPORT: 30 JUNE 2017

### HIGHLIGHTS

- Detailed structural geological review and targeting study completed
- Historical geological & geophysical data reviews completed
- Geophysical programme planned and ready to commence this quarter
- Shallow high priority targets and tailings drill testing to commence this quarter

### *Bellevue Gold Project, Western Australia*

The Bellevue gold mine historically produced approximately **800,000 ounces @ 15g/t gold** and since the underground mine closed in 1998 there has been no further meaningful exploration undertaken on the Project.

Examination of the historic results from surface and underground drilling and from the mined Bellevue lode strongly reinforce the quality of the high grade and coherent nature of the main ore zone that was previously mined. The mine averaged around 2,000 ounces of gold per vertical metre at a reported mining grade of 15 g/t gold. Mineralisation is associated with massive and disseminated pyrrhotite, chalcopyrite and lesser lead and zinc sulphides associated with a quartz breccia, hosted within a basalt unit.

The new management and technical team has commenced initial plans to explore the Bellevue Gold Project (the "Project") with the target of discovering sizable high-grade gold mineralisation utilizing modern exploration techniques.

#### *June Quarter*

Work during the quarter has focussed on the compilation and verification of historic datasets at the Project. There is a significant amount of historic exploration and mining data acquired with the Project requiring modernisation into digital datasets in preparation for the delivery of field programs. The Draig technical team has been progressing this work including the entry of drill log and geochemistry datasets, geological and geophysical data as well as historical mined information and historical non JORC resource reviews.

A detailed review of the geology and structural setting of the Bellevue gold deposit has recently been completed by renowned structural consultant geologist Dr Paul Stenhouse. Dr

Stenhouse's work included a review of the alteration and structural framework of the Bellevue gold deposit focussing on the historic drill core of the deposit and pit mapping.

Work has also progressed in the development of a 3D geological model which will form the basis of drill targeting at the Project as well as preliminary resource area identification.

An in depth geophysical review has been undertaken across the Project area. All historic geophysical datasets at the Project have been compiled by Southern Geoscience Consultants Perth who have also undertaken ore characterisation testwork on the physical properties of the Bellevue ore from sampled core to confirm the suitability for geophysical techniques for ore targeting. This testwork has confirmed the ore is both highly resistive and conductive relative to the fairly homogenous host sequence and is suited to both electro-magnetic (EM) and Induced Polarisation (IP) geophysical targeting techniques.

A number of high priority shallow electromagnetic targets have also been identified in the existing historical data. No IP testing has been undertaken previously on the Project.

### ***Upcoming work programmes***

Draig is now in a position to commence field based activities during this upcoming third quarter. The work is scheduled to include:

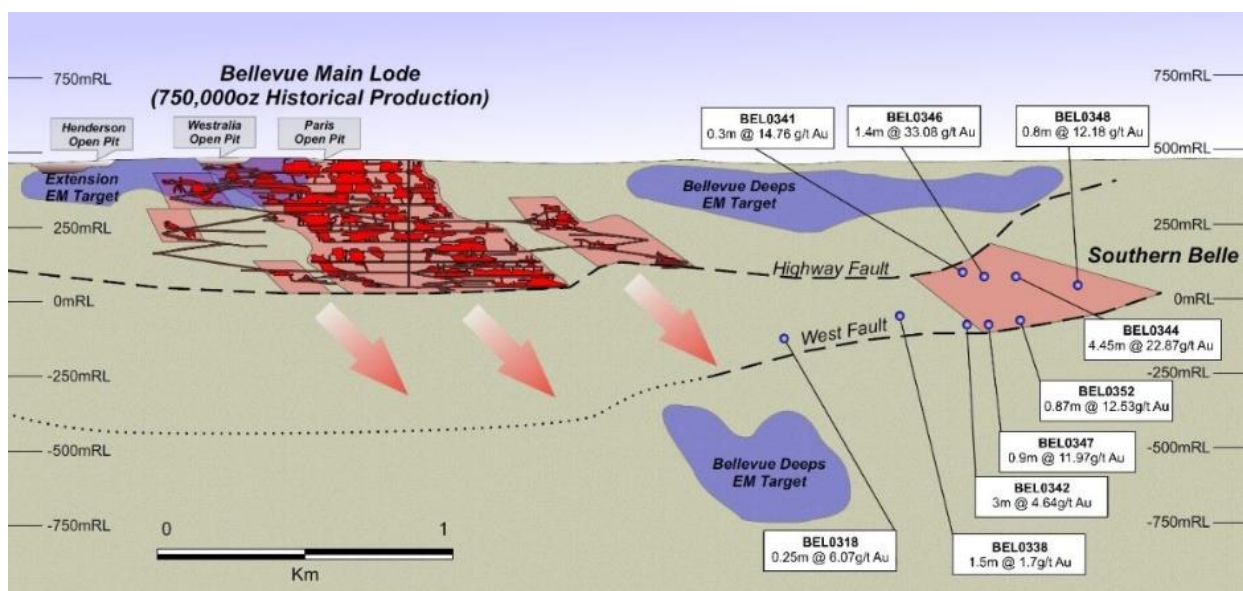
- Ground based EM & IP survey over the main Bellevue lode as an orientation for the greater Project area.
- Detailed geological prospect scale field mapping at identified target areas.
- Drill testing of identified shallow high-grade targets in the vicinity of the Bellevue mine.
- Drill testing of the tailings storage facility to test potential for residual gold suitable for reprocessing.
- Development of deeper drill targets in the Bellevue Shear Corridor.

Details of these programs will be released to the market once finalised and prior to commencement.

### ***Key targeting highlights of the Bellevue Gold Project***

- Historic production indicates the Bellevue mineralisation system has **the potential to host significant high grade gold mineralisation**.
- Work by geological consultants at the end of the mine life concluded the terminating fault on the main lode was syn-mineralisation with likely small scale offset of the main Bellevue lode.
- Geophysical electro-magnetic (EM) conductors similar in nature to the defined Bellevue gold lode were also defined in a position entirely consistent with the interpreted offset position but have not been drill tested.

- The Project has had no further meaningful exploration undertaken since the mine closed in 1998.
- During the last 20 years there has been a significant advancement in geophysical and computer modelling/targeting techniques that can be applied to the Project. This initial work can be undertaken in a timely and cost efficient manner.
- Very little exploration has been undertaken looking for parallel and repeat mineralisation adjacent to the main Bellevue gold lode.
- The remainder of the Project area has received little historical exploration and is a high priority for targeting gold mineralisation. The potential for the Project to host lithium pegmatites and nickel sulphide type deposits is also being evaluated.
- Significant mine tailings situated at the Project from the high-grade Bellevue gold mine will be tested over the coming months.
- A review of viability of economic extraction will also be undertaken of remnant mineralisation at the historical underground Bellevue Gold Lode.



## Corporate

### **Efficient & cost-effective management & exploration**

The Company operates with a low cost and efficient approach to exploration while ensuring administration overheads are kept to a minimum. Management is aligned to this strategy through incentivisation through share equity remuneration and reduced cash salaries.

In order to secure appropriate management and staff the Board of Directors will offer equity share option packages exercisable at higher share prices to bring senior management into alignment with shareholders.

The cash balance of the Company as at 30 June 2017 was A\$1.74 million. Estimated cash outflows for next quarter's administration and corporate costs are slightly increased compared to the June 2017 and March 2017 quarters due to forecast payments of annual insurance premiums; year-end Australian audit fees; one off foreign subsidiary company fees; and foreign subsidiary audit fees.

During the period, the Company undertook a strategic review of its other assets including its Mongolian Joint Venture Project which it hopes to update the market on in the near term. Reviews were also undertaken regarding infrastructure at the Bellevue Gold Project as well as other potential project opportunities to create shareholder wealth.

**For further information please contact:**

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**Competent Persons Statement**

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Shane Hibbird who is a member of the AusIMM, Australian Institute of Geoscientists (AIG) and the Society of Exploration Geologists (SEG). Mr Hibbird has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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". Mr Hibbird is a consultant of Draig Resources Ltd and has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. Mr Hibbird currently holds no interest in the securities of Draig Resources Ltd. This information was prepared and first disclosed under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

## Appendix 1

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2017.

<b>Project and Location</b>	<b>Licence Number</b>	<b>Type</b>	<b>Equity</b>
Bellevue Gold Project,	M36/299	Mining Licence	100%
Western Australia	M36/24	Mining Licence	100%
	M36/25	Exploration Licence	100%
	E36/535	Exploration Licence	100%
Ovorhangay Province, Mongolia			
Teeg	13879X	Exploration Licence	75%
Nariin Teeg	13581X	Exploration Licence	75%

No interests were acquired or disposed of during the quarter.