

31 January 2017

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

HIGHLIGHTS

- **Acquisition of the Bellevue Gold Project completed**
- **7 High priority exploration target areas identified**
- **Reconnaissance fieldwork commenced to define exploration program and target ranking**

Completion of Acquisition

The Company completed the acquisition of Golden Spur Resources Pty Limited, owner of the Bellevue Gold Project, as outlined in an announcement to the ASX on 22 August 2016 and approved by shareholders at a meeting held on 31 October 2016.

The Company has issued 60,000,000 ordinary shares in Draig to the vendors of Golden Spur as consideration for the acquisition.

Project Background

The Bellevue Gold Project located 40km north of Leinster in WA comprises several small open pits (Vanguard, Henderson, Paris, Westralia) and an underground mine (Bellevue) which were variously mined between 1982 and 1997 with total gold production of circa 750,000oz.

Targeting Extensions to Bellevue Mineralisation

Initial field reconnaissance site visits have been undertaken and a substantial data review of extensive technical data relating to the Bellevue Gold Project is ongoing.

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Board and Management

Ray Shorrocks (Non-Executive
Chairman)

Guy Robertson (Non-Exec Director)

Warren Staude (Non-Exec Director)

Alex Passmore (Chief Executive
Officer)

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This work has outlined several target areas (see Figure 1) where the Company believes there is strong potential for extensions to known mineralisation previously mined in open pits.

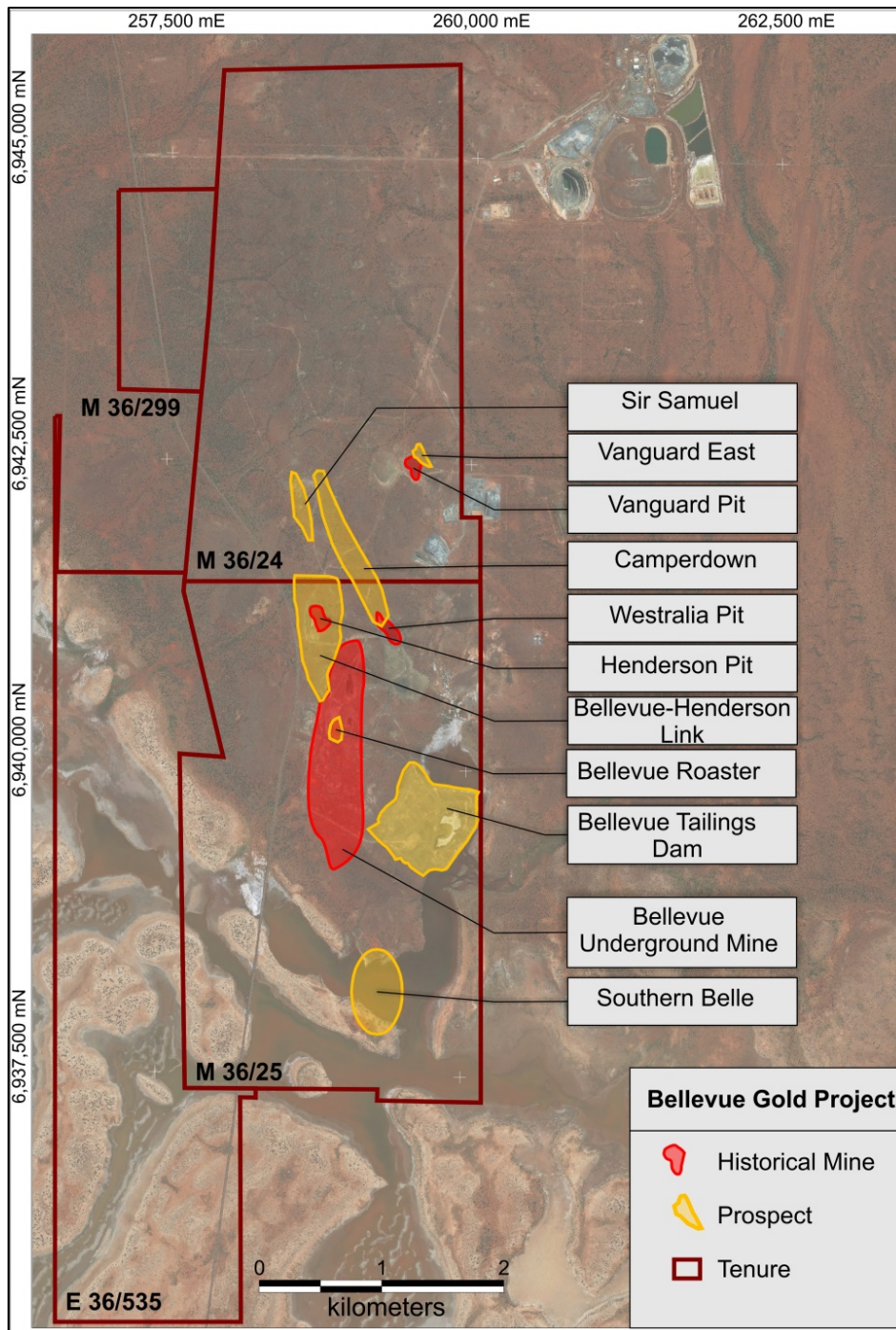


Figure 1: Bellevue Gold Project- Prospect Location Plan

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The exploration programme going forward includes:

- Resource delineation and estimation bringing areas of known mineralisation into JORC 2012 compliance.
- Cataloguing of an extensive array of drill core and determination whether further sampling of uncut drill core is required
- Identification of historical workings and shear zones which have undergone limited historical testing to determine the potential tenor and extent of mineralisation beyond historical mining activities
- Review of down dip and along strike extensions to historical open pit and underground operations
- Investigation of historical tailings at both a historical roaster site and more recent tailings from the open pit and underground operations.

Other Activities Completed During the Quarter

Mine Closure Plan

DRG completed a Mine Closure Plan (MCP) late in December and submitted this to the WA Department of Mines and Petroleum (DMP). The MCP is a triennial statutory licence requirement associated with the Company's tenement package.

Native Title and Land Access

The Company's tenements are granted MLs however there are cultural and ethnographic sites in the region. The Company is in negotiations with, and is running a consultation process in relation to, access with the Tjiwarl Native Title Claimants relevant to the Company's tenure.

Competent Persons Statement:

The information in this announcement that relates to Bellevue Project Exploration Results is based on information compiled and fairly represented by Mr Robert Jewson, Managing Director of Geonomics Australia Pty Ltd, who is a Member of the Australian Institute of Geoscientists. Mr Jewson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Jewson consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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Tenement Schedule

| Tenement Number | Ownership | Location |
|-----------------|-----------|-------------------|
| M36/299 | 100% | Western Australia |
| M36/24 | 100% | Western Australia |
| M36/25 | 100% | Western Australia |
| E36,535 | 100% | Western Australia |