

DRAIG

RESOURCES LIMITED

- 30 September 2017 Quarterly Report -

Highlights

- Completion of oversubscribed Placement raising \$3.3 million (before costs) to sophisticated and institutional investors
- Review of historical geophysical data completed and new geological structural & targeting interpretation of the Bellevue Project completed.
- Initial ground geophysical surveying completed successfully identifying a number of shallow targets as well as a number of historical downhole conductors modelled and confirmed as high priority drill targets of potential repeat and extension of the historic Bellevue gold mine.
- Sampling from the historical Bellevue Waste Dump has returned significant gold mineralisation including 76.31 g/t, 25.81 g/t & 20.26 g/t gold highlighting potential for residual unprocessed material on the Waste Dump.
- Maiden shallow drilling program undertaken to test:
 - new and historic geophysical targets.
 - structural & geological understanding to refine 3D geological model ready for deeper drill targeting.
 - Tailings Storage Facility.

Drill results will be made available on final receipt of results at the completion of this phase one drilling in the coming weeks.
- Successful in application for WA Government grant of \$200,000 for a hole testing depth potential at Bellevue.
- A detailed company & project research report was completed by renowned researcher ERA which can be viewed at the Draig website www.draigresources.com

Bellevue Gold Mine
 "A forgotten treasure"
 Historically produced
 800,000oz @ 15g/t gold

Unlocking the potential of
 one of Australia's historic
 great high-grade gold mines

Corporate Directory

Non-Executive Chairman
 Mr Ray Shorrocks

Executive Director
 Mr Steve Parsons

Non-Executive Director
 Mr Guy Robertson

Company Secretary
 Ms Conagh Malone

Contact Details

Principal and Registered Office
 Suite 23, 513 Hay Street
 Subiaco WA 6008
 T: +61 8 6143 6740
 F: +61 8 9388 8824
 E: admin@draigresources.com

ASX CODE: DRG

www.draigresources.com

Bellevue Gold Project, Western Australia

The Bellevue Gold Project was acquired by Draig Resources due to the high potential of the project to host narrow vein, high grade gold mineralisation. The project is located in the northern part of the Norseman-Wiluna belt in the Yilgarn Craton, Western Australia. The project is approximately 40 kilometres north-east from the regional centre of Leinster and consists of two granted mining leases.

High grade gold was mined continuously at the project for over 100 years through to 1997 when the operation shut down at around 430 metres below surface. Around 800,000 ounces of gold have been produced at a reported head grade of ~ 15 g/t from a narrow vein operation. After the mine closure in 1997 very little modern exploration has been completed at the project and Draig Resources is about to commence the first systematic exploration at the property in the last 20 years.

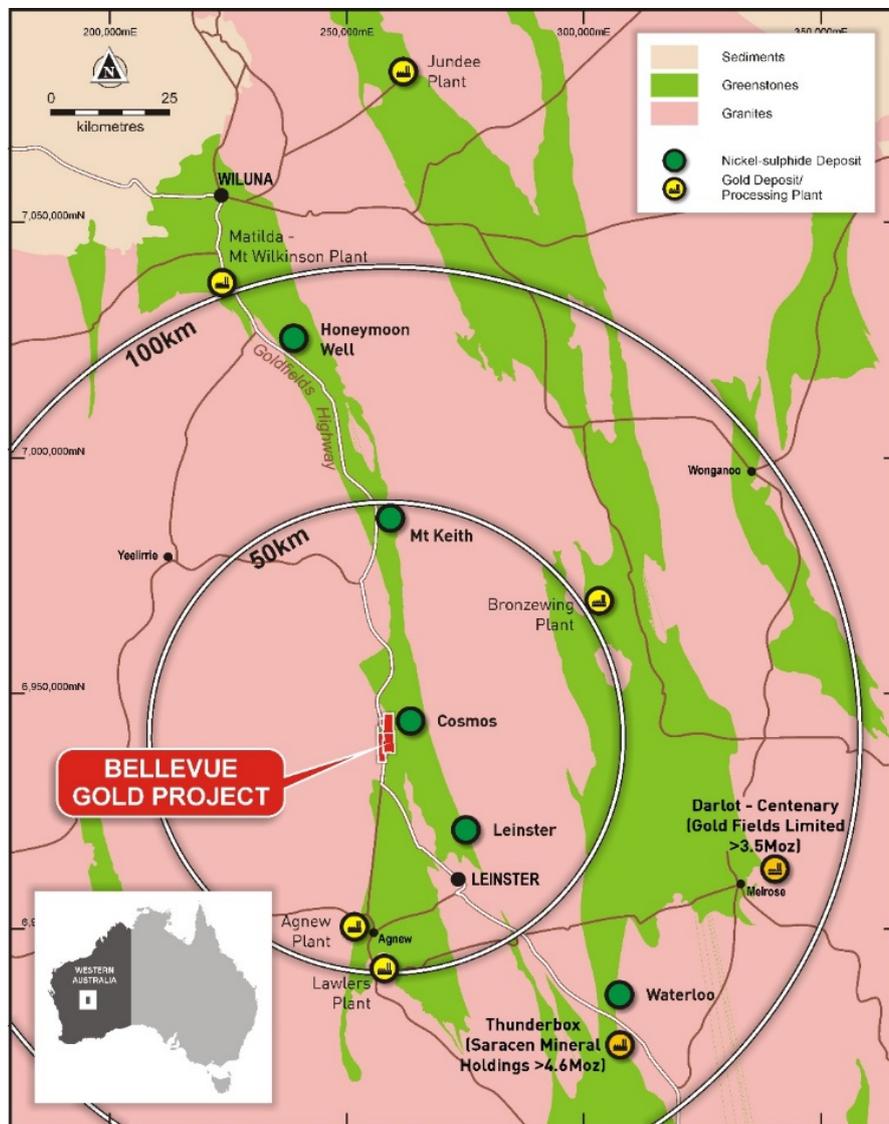


Figure 1: Bellevue Gold Project Location.

A well-endowed mining district with several significant gold processing facilities in close proximity.

Structural Framework Study Completed

During the quarter a review of the geology and structural setting of the Bellevue deposit was undertaken by renowned structural consultant Dr Paul Stenhouse of Polyphase Consultants Ltd. Dr Stenhouse's work has 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.

The Bellevue deposit is hosted within the Mt Goode Basalt, a sequence of basaltic intrusives and flows that overlie the ultramafic host to the Cosmos nickel sulphide deposit to the east. Mineralisation is associated with a complex network of fault hosted veins and is characterised by a pyrrhotite, chalcopyrite and pyrite sulphide assemblage. The local alteration assemblage consists of amphibole with subordinate biotite and pyroxene.

The main ore shoot at Bellevue has been interpreted to be part of a coactive fault network, with the historically interpreted offsetting fault likely to be part of the same fault network.

Prospectivity of further high-grade gold mineralisation along strike and down plunge is high with the work highlighting the potential for blind mineralised gold shoots hosted on alternative faults in the fault network. High grade mineralisation at the deposit is highly segmented and refinement of the structural framework is an important aspect of ongoing exploration activities.

Further work has now commenced relogging the historic core and conducting pilot alteration studies to assist in the generation of the 3D geological model for the project which will be used to drive brownfields exploration and drill targeting at the Project.

Geophysical Data Review and New Surveying

High priority targets identified for drill testing from surface and down hole geophysical surveys

The Company also announced a complete review of all existing geophysical datasets over the project area has been completed by Southern Geoscience Consultants Ltd. Work completed has included the reprocessing of all surface and down hole datasets from the historical operators. Additional datasets have included high resolution airborne magnetics and VTEM coverage for the project which have been reprocessed and reviewed.

Complementary petrophysical testwork has also been conducted over historical core from the Bellevue main lode to establish a framework for the results of the reprocessing and to evaluate the potential to apply further modern geophysics to the property.

Results from the testwork have confirmed the Bellevue style ore with associated high pyrrhotite content and quartz veining have high conductivity and high resistivity values relative to the host basalt and should be suitable for modern ground based and EM and IP techniques.

Reprocessing of the historic downhole EM data has confirmed a number of conductive plates in a location consistent with the untested possible extension of the main Bellevue lode. The plates may represent the extension or possible offset of the Bellevue deposit and are a high priority target for deeper exploration at the project. The Company is very encouraged by the location and tenor of these off-hole responses.

During the quarter on ground Surface Transient Electro-Magnetic (TEM) and Dipole-Dipole Induced Polarisation (DDIP) surveys were completed over a number of areas where historical surface and airborne surveys, together with prospecting, mining and exploration results suggested potential for mineralisation to exist.

Both types of geophysical methods have performed very well, with Geophysicists at Southern Geoscience Consultants in consultation with Draig Geologists generating a number of robust drill targets by combining the new data with the historical surveys, drilling and geology.

The TEM & DDIP surveying are able to test down to approximately 200 metres below surface and are not able to detect mineralisation below this level. These recently generated targets are thus shallow and easily drilled to within close proximity to the surface.

Induced Polarisation DDIP trial orientation surveys were completed as a number of east – west oriented traverses in an area covering the historical Vanguard, Henderson and Westralia open pits. The surveys defined strong chargeability targets such as that in Figure 3 below, with corresponding resistivity anomalies as in figure 4 below. Chargeability is often an indicator of sulphides, and resistivity can be an indicator of quartz veining. These will initially be targeted with Reverse Circulation drilling.

The TEM surveys completed over the Vanguard, Good Enough and Henderson North Prospects all returned strong anomalies that are ready to be drill tested.

The Good Enough Prospect TEM anomaly is shown below (Figure 5), the strong bullseye anomaly is very similar in size and tenor to the TEM anomaly below the at the historical Vanguard open pit. These three TEM targets are shallow and will be tested by Reverse Circulation drilling.

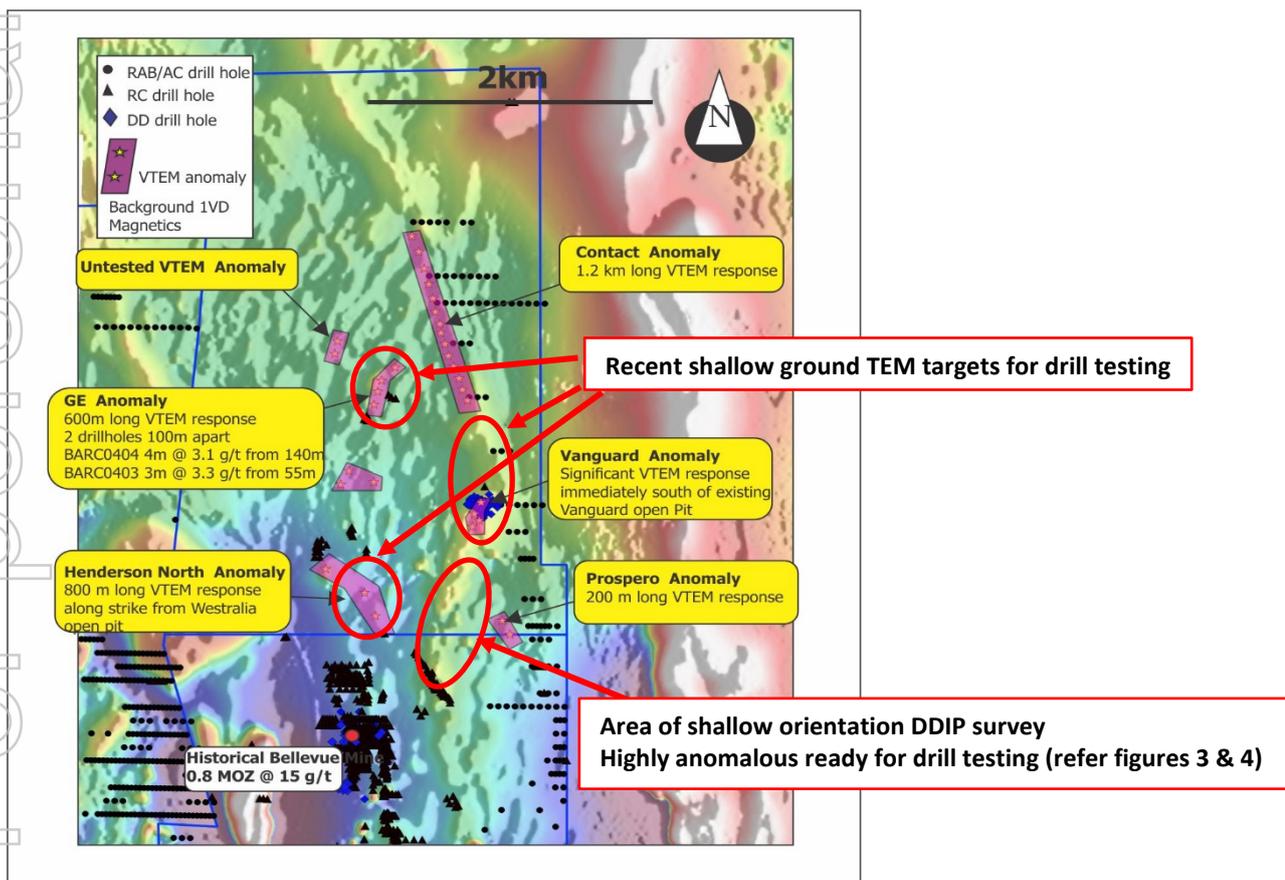
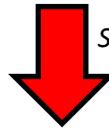


Figure 2: Bellevue Gold Project geophysical targeting. Showing current valid geophysical anomalies (VTEM, TEM & DDIP) on aeromagnetic background image. These rank as high priority areas to be drill tested.



Strong chargeable (sulphides) DDIP anomaly for drill testing

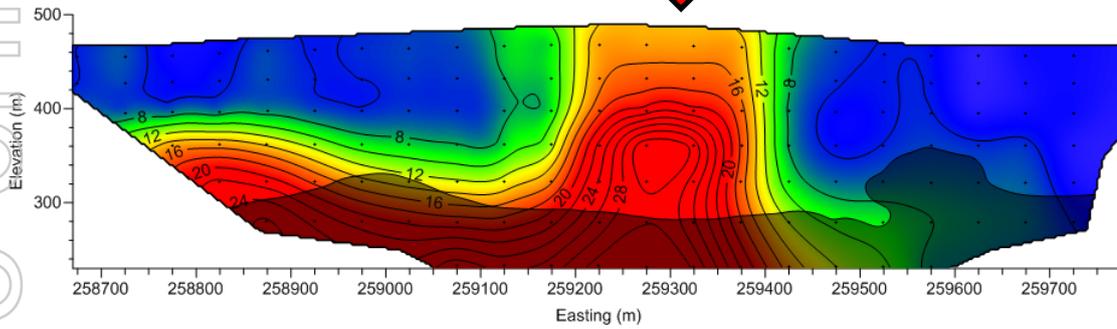


Figure 3: DDIP Chargeability Pseudo-section 6941350N



Resistive (quartz) DDIP anomaly for drill testing

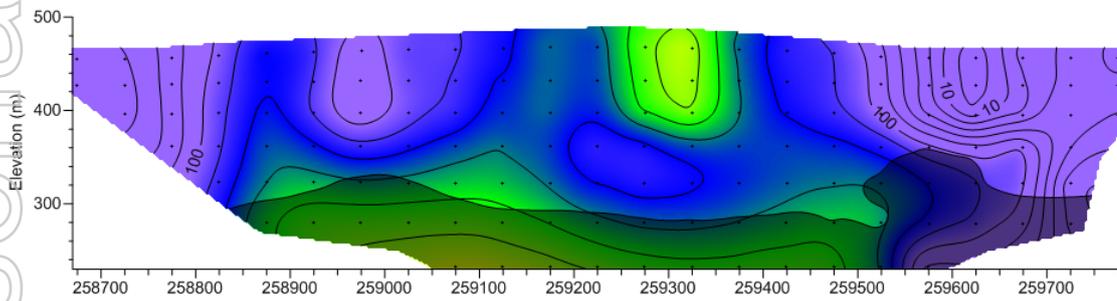
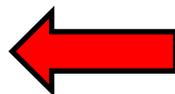
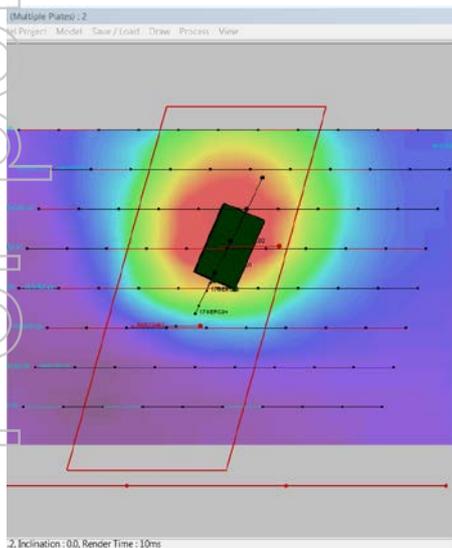


Figure 4: DDIP Resistivity Pseudo-section 6941350N



Strong shallow Electro-Magnetic (TEM) bullseye anomaly ready for drill testing

Figure 5: Plan view of the TEM anomaly at the Good Enough Prospect

Further ground geophysical surveying & 3D geological & mine extension targeting study

Geophysical surveying is potentially an inexpensive and accurate way for the Company to map and identify targets below surface within the top 200 metres for drill testing at the Bellevue Gold Project. With the known abundant level of sulphides (pyrrhotite) and quartz veining of historical mineralisation at Bellevue the Company anticipates following up the initial ground TEM & DDIP surveys that were undertaken with a broader step out programme to cover a larger portion of the Project. Step out TEM & DDIP surveying is anticipated to commence once the initial drilling is completed and confirming the correlation of anomalism to gold mineralisation.

The company also anticipates commencing this quarter drill testing of historical shallow airborne VTEM targets identified and untested over twenty years ago by the previous holder of the project.

Draig is undertaking a preliminary review for a seismic survey at the project as part of the exercise to enhance and refine deeper targeting ready for the maiden deep drilling programme as well as identifying further significant structures with the potential to host gold mineralization. Seismic surveying has been revolutionary in helping identify and target deeper structures for mineralisation and has been instrumental in some major gold discoveries in Australia. Seismic surveying can be a relatively inexpensive way to define deeper drill targeting. The seismic survey has the potential to penetrate much deeper below surface than the TEM & DDIP geophysical surveys.

The Company expects to complete the important 3D geological framework model for the historic Bellevue mine area as part of the deep targeting exercise and for shallow near mine resource delineation during this quarter. This will also help refine and target the deeper drilling below the Bellevue Mine lode.

A substantial re-logging project of the historic drill core is underway with historical drill core located off site being moved to Bellevue where a core farm and exploration camp has now been established at the project site which will enable the project to be efficiently be explored.

Drill Rigs Mobilised To Site

During the Quarter a Diamond Drill (DD) rig commenced the maiden drill program targeting shallow near surface gold targets stepping out from the historic Bellevue gold mining centre.

A Reverse Circulation (RC) drill rig has now commenced the initial testing of the residual TSF with a short program. Draig is evaluating the TSF for the potential to host unextracted gold from the historical processing operation at the site.

A drill program is also currently being developed to define maiden gold resources in the immediate Bellevue mine area and Henderson North area as Draig advances to its goal of establishing of high quality underground resources at the project.

Waste Dump Grab sampling

A total of 20 grab samples have been collected by Draig geologists at the Westralia/Bellevue Waste Dump from visibly mineralised material. While little is currently known about the exact origins of this material, Draig is evaluating the economic potential for the Waste Dump to contain stockpiled material from the historical mining operation.

A number of significant assays were returned from the Waste Dump with results summarised in Table 1 below. It should be noted that the sampling targeted visibly mineralised material and is not considered representative of the average grade of the Waste Dump. A number of significant assays were returned including results of 76.31 g/t, 25.81 g/t and 20.26 g/t Au. The location of the sampled waste dump is shown on Figure 6.

Work will now continue to identify the potential for the Waste Dump to host sufficient mineralised material to be of economic interest. The Waste Dump has not been surveyed as of yet but is approximately 200 metres long and 200 metres wide and 7 metres high.

Table 1 Waste Dump Grab Sample Results

<i>Sample ID</i>	<i>Easting MGA</i>	<i>Northing MGA</i>	<i>Gold g/t</i>	<i>Location</i>	<i>Description</i>
DRRK00009	259454	6940650	0.98	Waste Dump	Vn QV
DRRK00010	259476	6940643	10.28	Waste Dump	Vn QV and sulphides
DRRK00011	259500	6940656	4.55	Waste Dump	Fe rich rock + qtz
DRRK00012	259484	6940679	0.53	Waste Dump	Vn
DRRK00013	259495	6940695	0.10	Waste Dump	Vn
DRRK00014	259496	6940697	0.89	Waste Dump	Cu sx
DRRK00015	259474	6940712	6.10	Waste Dump	Fe rich Vq
DRRK00016	259467	6940734	4.92	Waste Dump	Vq + Fe
DRRK00017	259468	6940744	0.01	Waste Dump	Vq
DRRK00018	259447	6940727	1.07	Waste Dump	Vq + Fe
DRRK00019	259459	6940713	76.31	Waste Dump	Fe rich qtz breccia
DRRK00020	259435	6940720	0.01	Waste Dump	chl altered mb
DRRK00021	259469	6940685	25.80	Waste Dump	Fe rich Vq
DRRK00022	259456	6940693	3.65	Waste Dump	Fe + Cu rich Vq
DRRK00023	259445	6940701	0.36	Waste Dump	Vq
DRRK00024	259421	6940705	1.98	Waste Dump	fe rich MB + Vq
DRRK00025	259417	6940684	2.98	Waste Dump	qtz vn + sx
DRRK00026	259420	6940667	0.03	Waste Dump	qtz scatter
DRRK00027	259432	6940660	0.22	Waste Dump	fe rich qtz + breccia
DRRK00028	259448	6940661	20.26	Waste Dump	fe rich qtz



Figure 6: Location of the sampled Waste Dump location and proposed drilling of the Tailings Storage Facility

WA Government Grant

Draig is pleased to report that it has been successful in the application for the round 15 co-funded drilling from the Western Australia Department of Mines. The funding that has been granted is \$200,000 for a hole testing the depth potential of the Bellevue Lode below the historic base of the underground mine.

Draig anticipates the commencement of deeper exploration drilling in the 4th quarter 2017. Work is continuing towards refining these targets and unlocking the potential of the significant mineralised system at Bellevue.

The exploration incentive scheme is a WA state government initiative aiming to stimulate private sector mineral exploration. To be eligible for the funding the drilling will require completion before the 30th of June 2018 and the grant is for 50% of the costs up to \$200,000 of a single hole.

Successful Capital Raising

During the quarter, the Company announced that a capital raising of \$3.3 million (before costs) via a significantly oversubscribed placement of 66,000,000 ordinary shares at an issue price of \$0.05 each (Placement).

The Placement has been undertaken by Patersons Securities Limited as Lead Manager and was placed via two tranches as follows with Tranche One of 13,791,792 shares issued on 25 August and Tranche Two of 52,208,208 shares issued on 26 October 2017 following shareholder approval at a meeting held on 20 October 2017.

The Placement was made to both new and existing sophisticated investors and Australian institutions, and the Company is pleased to welcome new investors to its register.

Funds raised from the Placement will be allocated to further exploration at the Company's Bellevue Gold Project and for general working capital.

For further information regarding Draig Resources please visit the ASX platform (ASX: DRG) or the Company's website www.draigresources.com

Appendix 1

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

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

No tenements were acquired or disposed of during the quarter.

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 full-time employee of Draig Resources 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. The historical 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. The current results have been reported under JORC Code 2012 and the Company confirms that they have not materially changed since release to the market on 7 August 2017, 18 September 2017 and 16 October 2017.

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Forward Looking Information

This presentation contains forward-looking statements. Wherever possible, words such as “intends”, “expects”, “scheduled”, “estimates”, “anticipates”, “believes”, and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, The Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company’s actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended, including those risk factors discussed in the Company’s public filings. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. Any forward-looking statements are made as of the date of this presentation, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law. This presentation may contain certain forward looking statements and projections regarding:

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