DRAIG RESOURCES LIMITED

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

Significant landholding of +4,500km² in a major gold producing district

Corporate Directory

Non-Executive Chairman
Mr Ray Shorrocks

Executive Director
Mr Steve Parsons

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ASX Announcement **29 June 2018**

Excellent gold recoveries at the high-grade Tribune Lode discovery

Bellevue Gold Project

Please see below regarding ASX announcement that was released on 28June 2018. This announcement has been amended to include JORC table 1 and to ensure compliance with JORC Code, 2012 Edition.

Excellent initial gravity and cyanide leach recovery test work results reported from the Tribune Lode discovery at the Bellevue Gold Project in Western Australia. Three composite samples were tested in this metallurgical program of which all were derived from hard rock samples of primary Lode material. All test work was conducted by ALS Metallurgy in Perth.

Results are summarised as:

- Excellent total gold extractions of up to **98.8%** through a combination of gravity and 48-hour cyanide leach bottle rolls.

- Excellent gravity recoveries of up to **82.5%** of total gold recovered by the Knelson Concentrator prior to cyanide leaching.

Results of the preliminary program were in line with expectations based on historical performance at the adjacent Bellevue mine and indicate that Tribune Lode will be amenable to a conventional gravity and cyanide leach processing circuit.

Upcoming exploration news flow:

- The Company is continuing drill testing deeper extension targets below the Bellevue underground mine over the coming weeks.
- Resource estimate for Bellevue Gold Project is anticipated in Qtr 3.
- Regional targeting commenced to the north of Bellevue.

Executive Director Mr Steve Parsons commented:

"The confirmation of excellent gold recoveries from the Tribune Lode is in line with our expectations and demonstrates a conventional processing technique can be used to extract gold from the Tribune Lode.

We are looking forward to updating the market to our activities in Quarter 3 2018 in regard to the deeper drill targeting, our maiden resource estimate for the Bellevue Gold Project and the commencement of regional exploration".

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Draig Resources is pleased to update the market on results of the company's preliminary metallurgical test work undertaken at the Tribune Lode discovery at the Bellevue Gold Project.

Methodology

All test work was conducted under the supervision of Craig Toogood of ALS Metallurgy in Perth.

Composites for test work were derived from coarse rejects of 2 diamond core holes and a single RC hole submitted for regular assay as part of exploration activities. The samples selected are considered as typical examples of the mineralisation at the Tribune Lode. The composites were subsequently ground to P80 minus 75 microns and head assays completed for the total composite.

The composites were then put through a Knelson Concentrator and gravity gold recovered by intensive cyanidation with the non-gravity recovered residue then being added to a 48-hour bottle roll, using Perth tap water and oxygen sparge. The recovered gold from solution was then added to the gravity recovered component to give total recovered gold for the sample. Residues were assayed by fire assay and the total gold recovery calculated.

Three composites were selected from bulk rejects of core and chips with a total sample weight of ~ 8 kg.

Results

Composites displayed a high degree of head assay variability which is related to coarse gold within the samples and is consistent with observations from the drill core and the original fire assay repeats across the deposit. The calculated head grade based on the gold extractions also displayed high variability when compared to the original composited head grades.

The higher relative grade composites TRB01 and TRB03 displayed excellent gravity recoveries of **82.5%** and **66.0%** of total gold recovery respectively and the lower grade TRB02 composite recovered total gravity recoverable gold of **43.9%.**

Bottle roll cyanide leach recoveries of the tail was also excellent upgrading total recovery for the three samples to **98.2%, 89.6% and 98.8%** respectively. The total recovered gold over the 3 samples was **96.9**%.

The first pass results indicate that ore derived from the Tribune Deposit should be amenable to conventional gravity and cyanide processing and excellent recoveries should be achievable from an optimised process route.

Note: For details of DRRC033, DRDD036 and DRDD037, please refer to ASX announcements dated 11 December 2017 and 23 May 2018

Table 1: Summary Results of gravity + bottle roll test work on Tribune composites

	Composite Head Grade			Gravity Recovery	Cyanide recovery	Solution Samples	Residue	Calculated Head	Total Recovery
Composite	**Au**	**Au1**	**Au2**	**%**	**%**	**%**	**g/t**	**g/t**	**%**
TRB01	7.06	11.9	7.09	82.46%	15.02%	0.76%	0.18	10.22	98.24%
TRB02	6.25	2.7		43.88%	43.07%	2.60%	0.32	3.06	89.55%
TRB03	3.01	7.95		65.96%	31.10%	1.74%	0.06	5.02	98.80%

Table 2: Details of primary samples used to create Tribune composite samples

Composite	Hole ID	Sample ID	From (m)	To (m)	Sample Type	Au ppm	Au (repeat 1) ppb	Au (repeat 2) ppb
TRB001	DRDD036	BV006963	102	102.4	H_NQ	0.869		
		BV006964	102.4	102.78	H_NQ	4.183		
		BV006965	102.78	103.24	H_NQ	4.177	3174	
		BV006966	103.24	103.73	H_NQ	54.466	24353	
		BV006967	103.73	104.35	H_NQ	8.875		
		BV006968	104.35	104.821	H_NQ	9.613		
		BV006969	104.821	105.4	H_NQ	0.552		
		BV006970	105.4	106	H_NQ	0.602		
TRB002	DRDD037	BV006940	109.5	110	H_NQ	2.401	1710	
		BV006941	110	110.5	H_NQ	2.193		
		BV006942	110.5	111	H_NQ	2.468		
		BV006943	111	111.5	H_NQ	1.018		
		BV006944	111.5	112	H_NQ	0.095		
		BV006945	112	112.5	H_NQ	1.227		
		BV006946	112.5	113	Q_NQ	9.303		
		BV006948	113	113.5	H_NQ	13.203		
TRB003	DRRC033	BV006772	57	58	RC CHIPS	5.819	6487	
		BV006773	58	59	RC CHIPS	24.026	38136	32092
		BV006774	59	60	RC CHIPS	4.04		4304
		BV006775	60	61	RC CHIPS	1.972		

Figure 1: Location of drill holes used to create Tribune composite samples

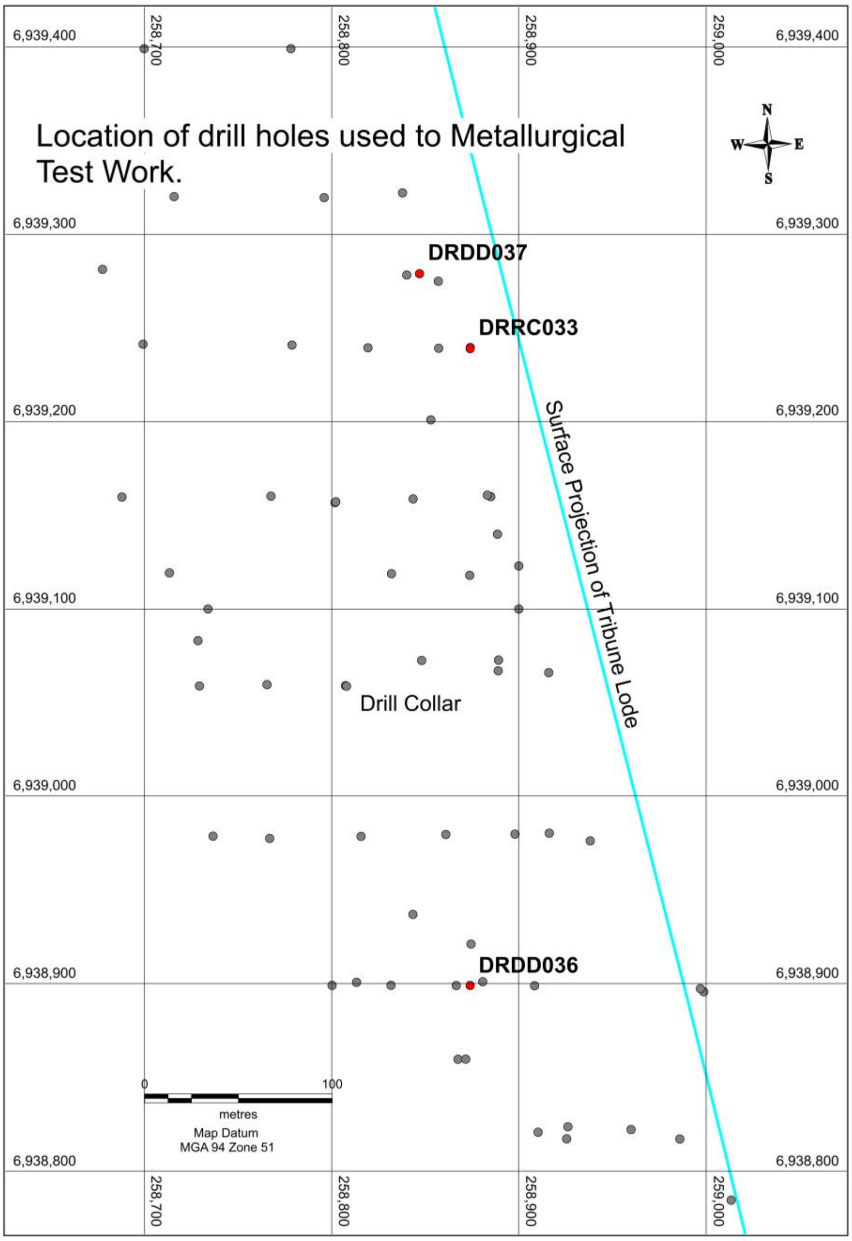

Table 3: Details of drill holes used to create Tribune composite samples

Hole Id	MGA 94 Z51 East	MGA 94 Z51 North	EOH	RL	Azi	Dip
DRDD036	258874	6938899	461	462.99	090	-60
DRDD037	258847	6939279	469	464.28	090	-55
DRRC033	258874	6939239	99.5	465.52	090	-55

Table 4: JORC Code, 2012 Edition.

Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• The holes were sampled by NQ Diamond Core drilling and reverse circulation drilling. • Diamond core sampling was nominally at 1 m intervals however over narrow zones of mineralisation it was a short as 0.3 m. Half core samples were pulverized to produce a 50 gm charge for fire assay. Reverse circulation drilling (RC) was sampled on 1 m intervals from which approximately 3 kg was taken from a sample splitter, pulverized to produce a 50 gm charge for fire assay. • QAQC samples were inserted in the sample runs, comprising gold standards (CRM's or Certified Reference Materials) and commercially sourced blank material (barren basalt). • Sampling practice is appropriate to the geology and mineralisation of the deposit and complies with industry best practice.
Drilling techniques	• Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Diamond coring was undertaken with a modern truck mounted rig and industry recognized quality contractor. Core (standard tube), was drilled at HQ3 size (61.1mm) from surface until competent ground was reached. The hole was then continued with NQ size (45.1mm) to total depth. The core was orientated using a Reflex Ez-Ori tool. RC drilling was conducted with a modern truck mounted drill rig utilizing high pressure and high volume and compressed air and a153

		mm diametre face sampling percussion hammer. The drilling was completed by an industry recognized quality contractor.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Diamond core recovery was measured for each run and calculated as a percentage of the drilled interval, in weathered material, core recoveries were generally 80 to 90%, in fresh rock, the core recovery was excellent at 100%. • RC sample recovery and sample condition (dry, moist or wet) was visually logged on the original drill logs and transferred to the digital drill hole database. All of the samples of this interval were dry. • There has been no assessment of core or RC sample recovery and grade.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged.	• All core and RC chips were geologically logged. Lithology, veining, alteration, mineralisation and weathering are recorded in the geology table of the drill hole database. Final and detailed geological logs were forwarded from the field following cutting and sampling. • Geological logging of core and RC chips is qualitative and descriptive in nature.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for	• Core was cut in half, one half retained as a reference and the other sent for assay. • Sample size assessment was not conducted but used sampling size typical for WA gold deposits. • RC samples were sub sampled using a rig mounted cone splitter to produce a split sample of approximately 3 kg in weight, and a main sample of approximately 20 kg in weight. A standard industry practice.

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	instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• The splitter was routinely cleaned at the end of each drill rod (6 m) or as needed. • Sample size assessment was not conducted but used sampling size typical for WA gold deposits. • Metallurgical test work sampling by ALS was as follows: Cyanidation Time Leach Testwork. Ground samples of each of the composite were submitted for cyanidation time leach testwork to determine gold recovery rates at a primary grind of P80 75 µm. The gravity gold recovery procedure is summarised as follows: (1) Three by 1.0 kg sub-samples were ground to the target P80 and passed through a 3" Knelson KC-MD3 gravity concentrator, with the following specifications: • Feed rate ~650-700 g/min • 1500 rpm • 3.5 L/min fluidising water flow rate. (2) The Knelson gravity concentrate was recovered and transferred to a 1-litre bottle and combined with Perth Tap water to produce 20% solids w/w. (3) The concentrate sample was leached for 24 hours with 0.8% NaOH, 2% Leachwll and 5.0% Cyanide. (4) The solution was recovered and analysed for Gold. (5) The Gravity Concentrate leach residue (Knelson concentrate) was combined with the Knelson tail and submitted for further cyanide leach testwork. Gravity Tailing Recovery Procedure

		(1) The intensive leach tails were combined with the Knelson tailings for further cyanidation. (2) The gravity tailings were transferred into a 3-litre plastic leach bottle, fitted with a screw-on lid, along with a sufficient quantity of water to generate a slurry sample at 40% solids (w/w). (3) The bottle was placed on a set of mechanically driven rolls to thoroughly agitate the slurry sample prior to measuring the natural pH and dissolved oxygen level of the pulp. (4) A sufficient quantity of hydrated lime (60% CaO) was added to the pulp to target a pH of 10.0, which was checked after 5 more minutes of agitation, and if necessary more lime was added or until the buffer point was reached. (5) A quantity of solid sodium cyanide was added to the pulp sample to establish an initial, nominal, cyanide solution strength of 0.10% (w/v). (6) Intermediate 30 mL solution samples were removed after intervals of 2, 4, 8, 24 and 48 hours had elapsed. These were utilised for gold analysis and solution cyanide strength determination via titration with silver nitrate. The solution removed was replaced with an equivalent volume made up to the required pH and cyanide concentration levels. (7) At each sampling interval more lime and sodium cyanide were added if necessary to maintain values of >9.5% and 0.050%, respectively. (8) At the termination of the leach test (48 hours) the terminal pH, dissolved oxygen and cyanide levels were

		measured, and a solution sample was taken for gold and other element analysis. (9) The leach residue was filtered, washed, dried and weighed, and a sub-sample was submitted for gold analysis.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Assaying and laboratory procedures used are standard for the industry. Samples were prepared and assayed at NATA accredited Minanalytical Laboratory Services in Perth. • All samples are weighed, dried, coarse crushed and pulverized in total to a nominal 85% passing 75 microns (method code SP3010) and a 50 gm subsample is assayed for gold by fire assay with an AAS finish (method code FA50/AAS). The assay method is considered a total technique. The assay method is considered a total technique. • In addition to the Company QAQC samples (described earlier) included within the batch the laboratory included its own CRM's, blanks and duplicates.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Intersection assays were documented by Draig's professional exploration geologists and verified by Draig's Exploration Manager. • No drill holes were twinned. • All assay data were received in electronic format from Minanalytical, checked, verified and merged into Draig's database. • Original laboratory data files in CSV and locked PDF formats are stored together with the merged data. • There were no adjustments to the assay data.

Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• All drill collars are located with hand held GPS. These positions are considered to be within 5 metres accuracy in the horizontal plane and less so in the vertical. The positions will be accurately survey with a differential GPS system to achieve x – y accuracy of 2 cm and height (z) to +/- 10 cm. • All collar location data is in UTM grid (MGA94 Zone 51). • Down hole surveys were by a north seeking gyroscope. .
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Three composite samples were produced, one each from samples from the mineralized intervals intersected in drill holes DRDD036, DRDD037 and DRRC033. Details of the samples intervals and assay results are provided in the main body of this announcement. An equal weight of each drill sample was used to create the composite.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drill lines are orientated approximately at right angles to the currently interpreted strike of the known mineralization. • No bias is considered to have been introduced by the existing sampling orientation.
Sample security	• The measures taken to ensure sample security.	• Samples were secured in closed polyweave sacks for delivery to the laboratory s in Perth by Draig personnel.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	No audits or reviews completed.

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.	• The Bellevue Gold Project consists of three granted mining licenses M36/24, M36/25, M36/299 and one granted exploration license E36/535. Golden Spur Resources, a wholly owned subsidiary of Draig Resources owns the tenements 100%. • There are no known issues affecting the security of title or impediments to operating in the area.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Historical work reviewed was completed by a number of previous workers over 100 years. More recently and particularly in terms of the geophysical work reviewed the companies involved were Plutonic Operations Limited, Barrick Gold Corporation and Jubilee Mines NL
Geology	• Deposit type, geological setting and style of mineralisation.	• The Bellevue Project is located within the Agnew-Wiluna portion of the Norseman-Wiluna Greenstone belt, approximately 40 km NNW of Leinster. The project area comprises felsic to intermediate volcanic sequences, meta-sediments, ultramafic komatiite flows, Jones Creek Conglomerates and tholeiitic meta basalts (Mt Goode Basalt) which hosts the known gold deposits. • The major gold deposits in the area lie on or adjacent to north-northwest trending fault zones. • The Bellevue gold deposit is hosted by the partly tholeiitic meta-basalts of the Mount

Criteria	JORC Code explanation	Commentary
		Goode Basalts in an area of faulting, shearing and dilation to form a shear hosted lode style quartz/basalt breccia.
Drill hole information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All requisite drill hole information is tabulated elsewhere in this release.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Drill hole intersections are reported above a lower cut-off grade of 1 g/t Au and no upper cut off grade has been applied. A minimum intercept length of 0.3 m applies to the sampling in the tabulated results presented in the main body of this release. Up to 5 m of internal dilution have been included. • No metal equivalent reporting has been applied.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	• Interpretation of the mineralized shapes is ongoing and until 3D modeling is completed only down hole lengths are reported.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Included elsewhere in this release.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All results above 0.3 m at 1.0 g/t lower cut have been reported.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• Down hole electromagnetic surveys support the in hole geological observations and will continue to be used to vector drill targeting.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling	• Draig is drill testing strike, down plunge and faulted off-set extensions to known gold mineralization. The recent work has confirmed that the Tribune Lode has the potential to contribute significantly to future gold resources within the project

Criteria	JORC Code explanation	Commentary
	areas, provided this information is not commercially sensitive.	is currently the companies major focus. Other targets exist in the project and the company continues to assess these.

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

Yours faithfully,

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Competent Person Statement

The information in this report that relates to Exploration and Metallurgical Results are based on and fairly represents information and supporting documentation prepared by Mr Shane Hibbird. Mr Hibbird is a full-time employee of Draig Resources and 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 has provided his prior written consent as to the form and context in which the Exploration and Metallurgical Results and the supporting information are presented in this announcement.