

## ASX Announcement

7 February 2021

### Gold Plant & Tenement Package Purchase to Transform Agate Creek Operations and Underpin Regional Exploration and Production Strategy

Laneway Resources Limited (“Laneway” (ASX:LNY)) is pleased to announce that it has executed an agreement to acquire Masterson Minerals Pty Ltd, owner of the Georgetown gold processing plant and an extensive portfolio of mining and exploration leases.

The acquisition will transform operations at Laneway’s Agate Creek gold mine and underpin the company’s regional expansion strategy. The Georgetown gold processing plant is located 100km by road north of Laneway’s Agate Creek gold mine.

#### Highlights

- + Binding Share Sale Agreement executed to purchase Masterson Minerals Pty Ltd and its wholly owned subsidiary, Kempton Minerals Pty Ltd, owners of the Georgetown Gold Project (‘Georgetown Project’),
- + The Georgetown Project’s assets being acquired include:
  - operational Carbon in Pulp (CIP) gold processing plant;
  - extensive portfolio of Exploration & Mining Leases in close proximity to the plant;
  - initial JORC Inferred Resource of 951kt @ 3.9g/t Au for 119koz Au;
  - substantial oxide ore and sulphide ore exploration potential;
- + Acquisition consideration is approximately \$17m payable in stages with final consideration payable in October 2022 and transaction benefits to begin accruing to Laneway in the near term;
- + Debt funding arrangements are being progressed. Expectation is that debt funding will cover the upfront acquisition costs and the deferred consideration will be primarily funded from operating cashflows once mining and production commences;
- + Completion of the acquisition is scheduled for 15 April 2022 following satisfaction of certain conditions precedent including any necessary shareholder and regulatory approvals;
- + Laneway will have early access to the project to commence re-start works on the processing plant prior to completion allowing for a quick processing start up once the acquisition settles;
- + Acquisition provides immediate organic processing route for high grade Agate Creek ore & cuts transportation distance under prior tolling arrangements by up to 700km, saving

Laneway an estimated A\$80-100/tonne of ore & substantially boosting cashflow for growth;

- + Medium term, Laneway is targeting 2 production centres: Georgetown which will be available in the near term for processing Agate Creek high grade ore and longer term as a central toll treatment facility and at Agate Creek to monetise the current oxide 471koz Au JORC Mineral Resource;
- + Georgetown is the only processing plant within a 400km radius and is surrounded by stranded gold mineralisation & dozens of old open pits, underpinning our vision for Georgetown to be regional processing hub.

**Laneway Resources Ltd (ASX:LNY) (Laneway or ‘the Company’)** is pleased to announce it has executed binding transaction agreements to acquire 100% of Masterson Minerals Pty Ltd and its wholly owned subsidiary, Kempton Minerals Pty Ltd, for a total consideration of approximately A\$17m in cash and Laneway shares. Masterson Minerals Pty Ltd is a 100% owned subsidiary of BCMGT Holdings Ltd (the vendor) and owns the Georgetown Gold Project located on the Etheridge Goldfield in central North Queensland, approximately 100km by road north of Laneway’s 100% owned Agate Creek Gold Mine. Completion of the acquisition is subject to satisfaction of several conditions precedent including any necessary shareholder or regulatory approvals.

**Laneway’s Managing Director, Brad Gordon, commented:**

The acquisition of the Georgetown Gold Project provides Laneway with a unique opportunity to expand our footprint in the Etheridge Goldfields region and create substantial value for Laneway shareholders by leveraging the existing production infrastructure of Georgetown, the substantial exploration potential of its Exploration and Mining Leases and multiple processing growth options to underpin a longer term production growth profile for Laneway.

Processing of high grade Agate Creek ore through the Georgetown facility will provide a substantial cash flow to Laneway and eliminate the previous reliance on third party milling facilities cutting cash costs by up to an estimated \$100 per tonne. Laneway envisages the resultant cash flow will also eventually fund the construction of a second mill at Agate Creek, once permitting and environmental approvals are in place, to monetise the 471k oz we have in oxide JORC Mineral Resources there, and also fund a broader appraisal of the projects with a view to materially expanding the Mineral Resources.

Given the endowment of Georgetown’s tenements and the central location of the Georgetown plant to other stranded gold resources in the region we see excellent potential for the development of a regional processing hub at Georgetown focused on sulphide resources. Laneway should thus emerge with two production centres processing oxide and sulphide ores, underpinning a strong growth profile in production.

## Georgetown Gold Project

The Georgetown Project consists of a CIP Mill which historically operated at >200,000tpa, located 7km from the centre of the Georgetown township and 100km by road north of Laneway's Agate Creek Mine. The Project is located in a traditional mining province with over 1,000 mines, prospects & mineral occurrences, including the 3.4moz Kidston deposit.

The plant was fully refurbished in 2010 and has only briefly been in use since. The mill has potential for a rapid and low cost restart and is suitable for processing of ore from Agate Creek and has previously processed a bulk sample of ore from Agate Creek, achieving good gold recoveries.



### Georgetown CIP Processing Plant

The Georgetown Project also consists of an extensive package of tenements including 13 Exploration Permits and 17 Mining Leases covering 515km<sup>2</sup> (Table 2 & Figure 1) with significant potential for additional mining to occur along strike and/ or down dip of previously mined areas. Scope exists for large, high-grade sulphide hosted gold resources below historically mined oxide pits which could not be treated previously. Environmental permitting approvals will be required for mining and processing of these targets. The leases contain 112 existing pits, many of which have never been drilled, 52 of which bottomed in sulphidic ore.

Laneway has already identified an Inferred JORC Mineral Resources of 951,000t @ 3.9g/t for 119,000oz Au, from just 5 of the Prospect areas, previously mined and mostly remnant sulphide material. Laneway also sees strong potential to define additional high grade open cut oxide gold resources which can be mined and processed on the granted mining leases in the near term.

**Table 1: Inferred Mineral Resource estimates at 1 g/t Au cut-off**

Mineral Resource	Mass kt	Au g/t	Ag g/t	Density t/m <sup>3</sup>	Au koz*	Tenement
Red Dam	201	5.7	12.0	2.89	37	ML30203 EPM9158
Electric Light	388	3.7	0.7	2.59	46	ML3548 EPM8545
Jubilee Plunger	87	3.2	21.3	2.58	9	ML3374
Big Reef	107	3.0	NA~	2.44	10	ML3280 ML3279 ML3278 EPM1554
Union	167	3.2	NA~	2.4	17	ML3366
<b>Total Inferred</b>	<b>951</b>	<b>3.9</b>			<b>119</b>	

\* Ounces rounded and reported to nearest 1,000 ounces

~ Ag assays for Big Reef and Union are limited and Ag cannot be estimated

For Resource detail refer to LNY ASX Announcement of 7 February 2022 "Georgetown Project Mineral Resources"

The tenements are rich with historic mine scratchings and workings many of which have had little to no modern sampling and offer numerous exploration targets.

Within the available drilling database there are several other defined areas that could define additional Mineral Resources, but which are not yet assessed to JORC 2012 requirements. The most significant of these include Big Wonder (at the Georgetown plant site), Try No More and Phyllis each of which has sufficient drilling and grade to provide additional Mineral Resources when assessed.

Two of the Mineral Resources assessed have additional sampling that indicate strike extensions not yet included in the Mineral Resource. At Red Dam additional sampling indicates extension to the west at surface in trenches sampled along a 600 m strike length. This is supported by low to medium grade drilling on a wide spacing that supports both the trenching sampling and a further 400 m strike length extension of the mineralised structure. At Big Reef distant western mineralised drilling indicates the potential extension of both mineralised structures over a further 2.5 km of strike.

## Strategic Benefits

This transaction is the result of Laneway's focus on commercialising the substantial resource base at Agate Creek with company-owned production infrastructure and setting a robust platform to progress and fund its broader objectives. The strategic benefits accruing to Laneway shareholders from the acquisition include:

- + Low capex, rapid restart of production to process high grade Sherwood ore from Agate Creek
- + Substantial reduction in haulage costs for Agate Creek ore versus previous toll treatment processing strategies
- + Improved production economics to yield strong cashflow boost to fund construction of a proposed +750ktpa mill at Agate Creek, focused on oxide material
- + Large tenement package with brownfields exploration potential and containing over 30 open pits with significant high grade gold sulphide potential
- + Unique central location of Georgetown plant offers potential to become a regional processing hub for stranded gold resources



The transaction thus transforms Laneway from dependency upon toll treatment of its ore to a Company with a pathway to two organic production centres and significant growth in exploration optionality with existing oxide potential at Agate Creek augmented by a wealth of gold targets below a multitude of existing open pits around the Georgetown mill.

## Transaction Structure & Funding

The transaction has been structured to provide funding flexibility for Laneway:

**Deposit:** Initial deposit of \$500,000 (which has been paid); Work programs on plant re-start works will commence shortly. Satisfaction of conditions precedent including obtaining of any necessary shareholder and regulatory approvals;

**Completion Payment:** At Completion (15 April 2022) payment of \$7.45 m and issue of 100m Laneway ordinary shares and 100m options to acquire ordinary shares (1.5c exercise price, expiring 31 July 2023) to the vendors;

**Deferred Payment:** Final payment of \$8.5m - of which a maximum of \$2.5m payable in Laneway ordinary shares at the then prevailing share price (shares issued at Laneway's election); and

**Capped Royalty:** Laneway will pay the vendors a 1% net smelter royalty on the value of gold produced from the tenements being acquired, capped at a total royalty payment of \$5m.

The total acquisition cost is approximately \$17m. The upfront cash component of the transaction is expected to be primarily debt funded and the deferred consideration is expected to be funded from operating cashflows once mining and production commences.

The Company is progressing debt funding alternatives to fund the upfront cash consideration and the Company will also now proceed with the previously announced Entitlement Offer equity raising which will fund the working capital requirements to commence production. Further details of the debt facility will be provided once definitive agreements have been entered into. Details of the capital raising program were contained in the Company's ASX announcement of 4 January 2022. A Prospectus for the Entitlement Offer is expected to be lodged by the Company with ASIC and ASX in the coming week.

## Transaction Timetable

Laneway has completed its due diligence process and has entered into definitive transaction documents. The completion of the transaction is subject to customary conditions precedent including any necessary regulatory and shareholder approvals. The acquisition is expected to be complete in mid-April 2022.

In parallel with the transaction timetable Laneway is planning an intense period of operational activity in the coming 12 months to bring its strategy to fruition. Restart of the Georgetown mill should be relatively rapid and it is expected to be recommissioned by June with initial ore feed to be sourced from Agate Creek. The Company recently completed overburden removal and exposed the main ore zone in preparation for mining of a high grade ore parcel from Agate Creek (35,000 tonnes at a diluted grade of 5 g/t Au) to be used as the initial feed when the Georgetown processing plant is re-started.



An upgrade of the initial Georgetown JORC Mineral Resources is planned for later this year together with resource drilling for the next stage of mining at Agate Creek, to ultimately yield further high grade ore for processing at the Georgetown mill.

**This Announcement is Authorised by the Board of Directors**

**For further information contact:**

**Brad Gordon**

**Managing Director, Laneway Resources Ltd**

**Phone: (07) 3108 3500**

**E-Mail: [admin@lanewayresources.com.au](mailto:admin@lanewayresources.com.au)**

### **Competent Persons Statements**

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Scott Hall who is a member of the Australian Institute of Mining and Metallurgy. Mr Hall is a full-time employee of Laneway Resources Limited and has sufficient experience which is relevant to the style 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 Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral Resources at the Agate Creek Project is extracted from the ASX Announcement as follows:

ASX Announcement titled:

'Significant High-Grade Resource Increase for Agate Creek' dated 30 January 2020.

The report is available to view on the Laneway Resources website [www.lanewayresources.com.au](http://www.lanewayresources.com.au). The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information relating to the Mineral Resources at the Georgetown Project is extracted from the ASX Announcement as follows:

ASX Announcement titled:

Georgetown Project Mineral Resources 7 February 2022

The report is available to view on the Laneway Resources website [www.lanewayresources.com.au](http://www.lanewayresources.com.au). The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



**Table 1 Georgetown Project Tenure List**

<b>Lease</b>	<b>Permit Type</b>	<b>Name</b>	<b>Current Area Ha</b>
EPM15146	Exploration Permit	Big Wonder	1625
EPM17989	Exploration Permit	Cumberland	5200
EPM8545	Exploration Permit	Electric Light	325
EPM9158	Exploration Permit	Mount Campbell	651
EPMA27846	Exploration Permit Application	Big Wonder 2	1300
ML30192	Mining Lease	Phily's	131.56
ML30193	Mining Lease	Rhyolite	4.23
ML30195	Mining Lease	Tom's	16
ML30196	Mining Lease	Sir William Alfred	8.42
ML30201	Mining Lease	Abe's	3
ML30203	Mining Lease	Red Dam	50
ML3358	Mining Lease	Try No More	64.58
ML3374	Mining Lease	Robin Hood	128
ML3409	Mining Lease	Black Blow	3.318
ML3540	Mining Lease	Big Ben	73.2
ML3548	Mining Lease	Electric Light	8
ML3591	Mining Lease	Comstock	4.5
EPM15440	Exploration Permit	Percy	10033
EPM15547	Exploration Permit	The Return	1622
EPM16917	Exploration Permit	Lower Percy	1294
EPM17570	Exploration Permit	Hawkins Hill	9103
EPM17589	Exploration Permit	Georgetown Gold Extended	7480
EPM17879	Exploration Permit	Ironhurst	2929
EPM17918	Exploration Permit	Spring Creek	7482
EPM18168	Exploration Permit	Log Creek	1951
ML3278	Mining Lease	Big Reef 1	8.09
ML3279	Mining Lease	Big Reef No. 2	8.09
ML3280	Mining Lease	Big Reef 3	8.09
ML3366	Mining Lease	Union	23.60
ML5108	Mining Lease	Croydon King	50

Figure 1 Georgetown Project Tenure Only

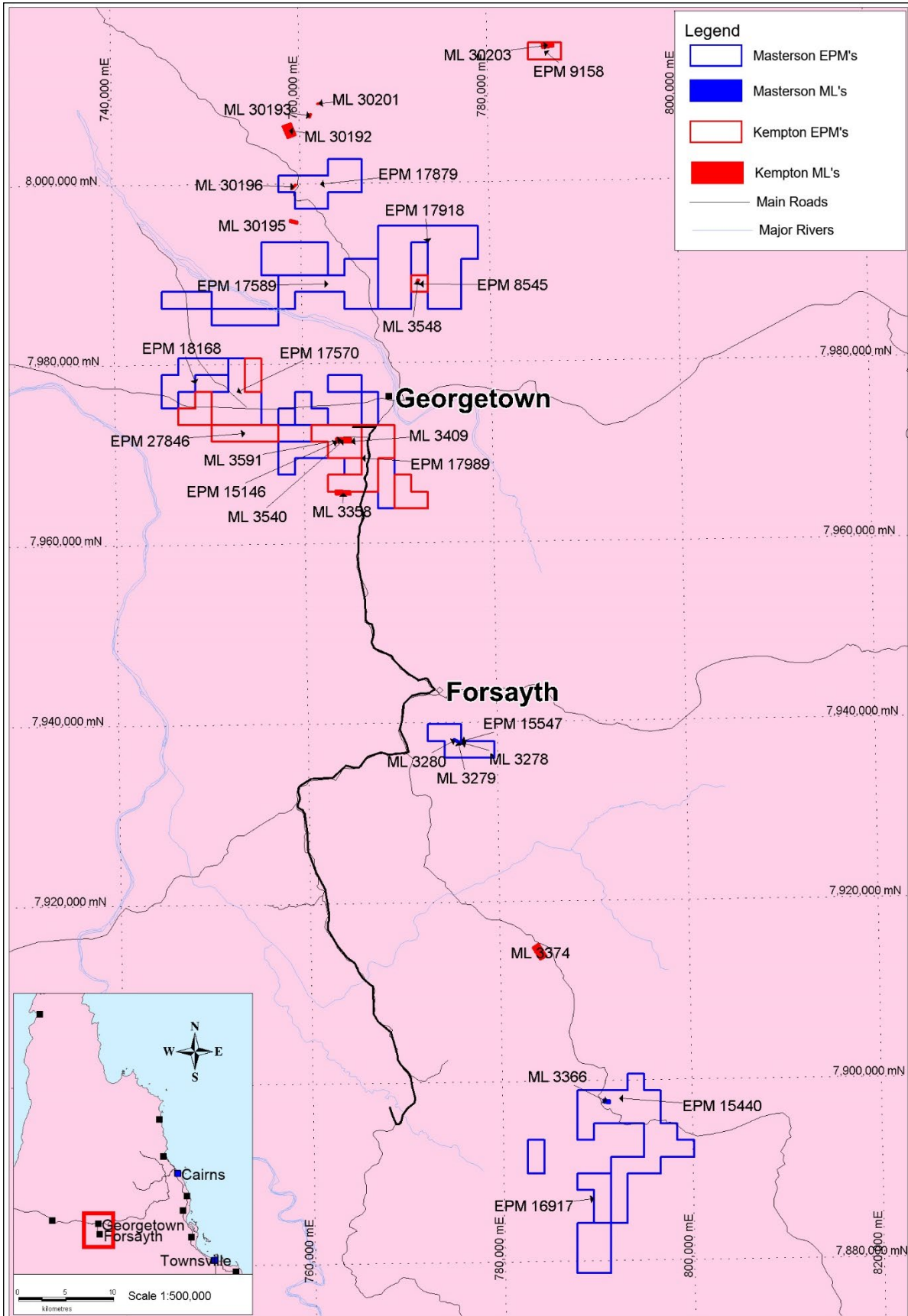
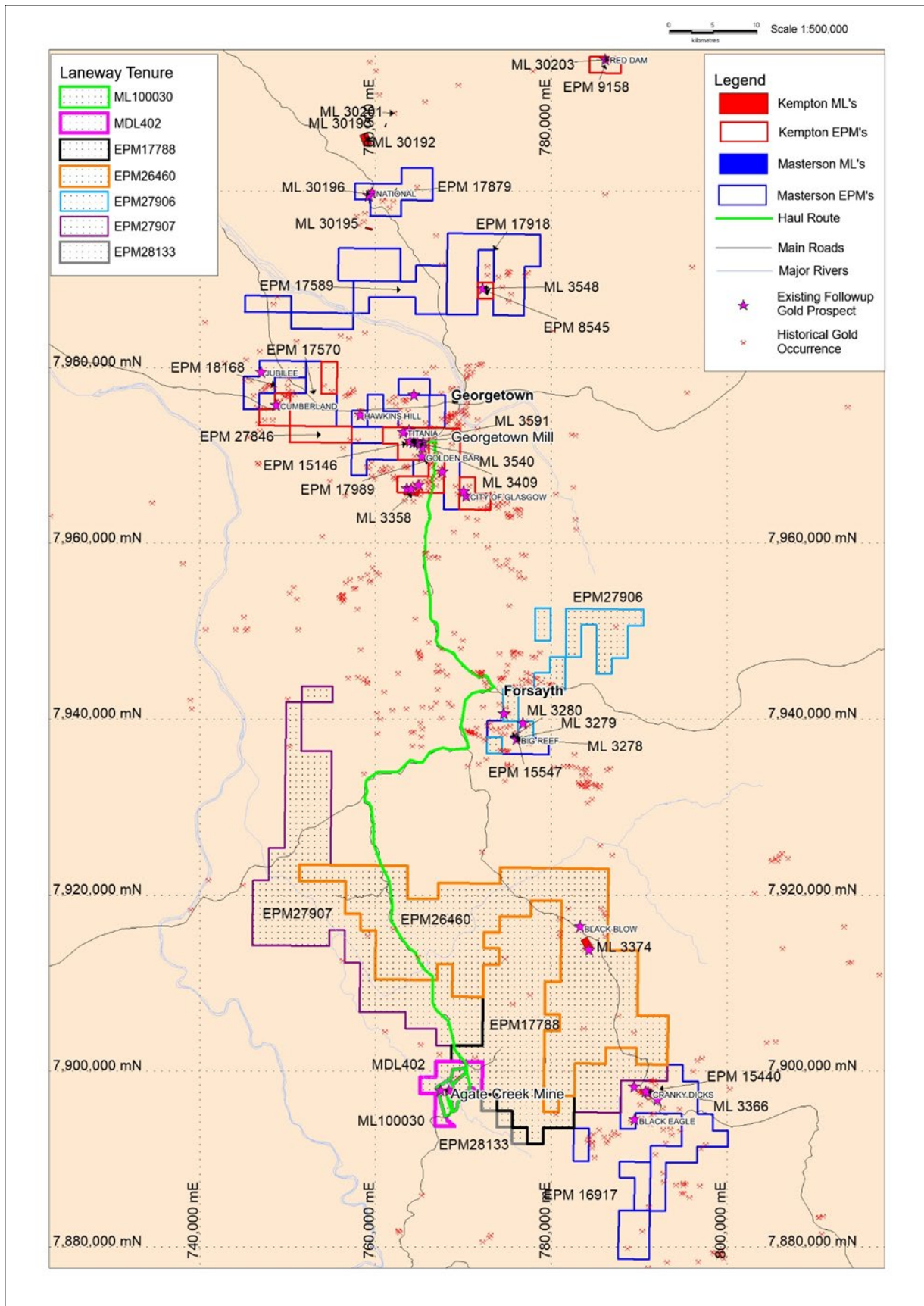




Figure 2 Laneway Agate Creek Project Tenure & Georgetown Project Tenure & Prospects



## Appendix 1

### Agate Creek Mineral Resource

A global recoverable Mineral Resource is defined for the Agate Creek Project in Table 1 at a 0.5 g/t Au cut-off suitable for a large open pit operation and is reported on the same basis as the previous resource statement.

A continuous high-grade Mineral Resource can be interpreted at cut-off of 2 g/t Au for Sherwood and 1 g/t Au for Sherwood West and reported in Table 2. Table 2 represents a subset of Table 1.

**Table 1: Total recoverable Mineral Resource at 0.5 g/t gold cut-off grade**

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.91	2,400							0.015	4.91	2,400
Indicated	2.45	1.56	123,000				2.18	1.54	108,000	4.63	1.55	231,000
Inferred	1.73	1.15	64,000	0.37	1.16	14,000	1.59	1.14	58,000	3.69	1.15	136,000
<b>Total</b>	<b>4.20</b>	<b>1.40</b>	<b>190,000</b>	<b>0.37</b>	<b>1.16</b>	<b>14,000</b>	<b>3.37</b>	<b>1.37</b>	<b>166,000</b>	<b>8.34</b>	<b>1.38</b>	<b>370,000</b>

*Mineral Resources are inclusive of the high-grade Mineral Resource included in Table 2*

**Table 2: High grade Mineral Resource subsets**

Area	Cut-off Au g/t	Measured			Indicated			Inferred			Total		
		kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz
Sherwood	2.0	15	4.88	2,400	188	5.61	33,800	2	3.05	200	205	5.53	36,400
Sherwood West	1.0				977	1.87	58,800	118	1.72	6,700	1,095	1.86	65,400
<b>Total</b>		<b>15</b>	<b>4.88</b>	<b>2,400</b>	<b>1,165</b>	<b>2.47</b>	<b>92,600</b>	<b>119</b>	<b>1.78</b>	<b>6,800</b>	<b>1,300</b>	<b>2.44</b>	<b>101,800</b>

*Grade and Tonnage rounded to 2 decimal places. Ounces calculated after rounding and reported to nearest 100 Oz*

Given the recent increases in the AUD gold price the Mineral Resource estimates is also reported at 0.3 g/t cut-off in Table 3. No recent economic modelling has been undertaken on the project and as such the marginal cut-off grade that would be used for a bulk tonnage operation is unknown but could be assumed to be in the 0.3 to 0.5 g/t Au range.

**Table 3: Total recoverable Mineral Resource at 0.3 g/t gold cut-off grade**

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.88	2,400							0.015	4.88	2,400
Indicated	4.90	1.00	157,000				4.13	1.02	135,000	9.04	1.01	292,000
Inferred	3.06	0.83	82,000	0.51	0.96	16,000	3.19	0.78	80,000	6.76	0.81	177,000
<b>Total</b>	<b>7.98</b>	<b>0.94</b>	<b>241,000</b>	<b>0.51</b>	<b>0.96</b>	<b>16,000</b>	<b>7.32</b>	<b>0.91</b>	<b>215,000</b>	<b>15.81</b>	<b>0.93</b>	<b>471,000</b>

Further details of the Mineral Resource estimate are contained in Laneway's ASX announcement of 30 January 2020.