

ASX: MYG

9 October 2014

Mutiny signs MoU for design and construction of Deflector gold-copper project in WA

MoU follows receipt of several indicative offers of debt funding

Mutiny Gold (ASX: MYG) is pleased to announce that it has entered into a Memorandum of Understanding (MoU) with GR Engineering Services (ASX: GNG) in relation to the Engineering, Procurement and Construction (EPC) of a new processing facility for the Deflector gold-copper-silver project in WA.

This latest key milestone follows Mutiny's receipt of several indicative non-binding project finance offers and its resultant short-listing of a number of major Australian and global banks for the Deflector debt financing. In the next stage of the debt funding process the Company will assist the short-listed banks to conduct detailed due diligence ahead of them making formal and credit approved offers of finance.

The combination of the EPC MoU and the indicative offers of funding means Mutiny remains firmly on track to bring Deflector into production as a low-cost WA gold-copper miner.

The Deflector feasibility study found the project achieves robust economics. Deflector has a JORC-compliant reserve of 322,000oz of gold at a grade of 5.6gpt with a further 16,000 tonnes of copper and 360,000oz of silver.

Based on the Life of Mine Inventory, the project is forecast to produce ~60,000oz a year over a six-year mine life at an all-in sustaining cost of just A\$723/ gold oz and a pre-production capital cost of just \$67.6 million.

The MoU is legally binding and confirms the intention of Mutiny and GR Engineering to enter into an EPC contract subject to the satisfaction of certain conditions, including:

- Mutiny obtaining the necessary finance to develop Deflector;
- Mutiny Board approval for the development of Deflector; and
- The parties entering into a definitive EPC contract in accordance with the indicative terms set out in the MoU.

The EPC contract is currently proposed to be a Guaranteed Maximum Price-style contract consistent with Australian Standard Conditions of Contract AS4902-2000 with provision for sharing cost under-runs. Either party can terminate the MoU at any time.

The current plant design and throughput rate were determined from the review work completed as part of the Mine Operators Review (see ASX release dated 4 August, 2014). The revised throughput rate is based on the underground production rate of 380,000tpa of primary ore. The plant has been relocated to be adjacent to the Deflector mine site, reducing haulage and power distribution costs.

The MOU allows GR Engineering to undertake preliminary work that is pre-approved by Mutiny and to recover invoiced expenditure and commitments in relation to that work if the MoU is terminated. In order to bring Deflector into the earliest possible production, it is intended to allow preliminary work to continue on the project while some of the final approval conditions are completed and the terms of the EPC contract negotiated.

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About Mutiny:

Mutiny Gold is an emerging gold, copper and silver producer based in Western Australia. The company's core asset is the Deflector gold, copper and silver deposit located at the highly prospective Gullewa Gold Project. Deflector is a potential high margin operation located in a first world jurisdiction east of Geraldton in the South Murchison district of Western Australia.

Deflector is one part of Gullewa Greenstone Belt which is referred to by Mutiny as the Gullewa Gold Project. Historically, different companies have been focused on purely gold whilst others have focused on base metals due to the proximity of Golden Grove (50km east) and some have focused completely on the Deflector gold, copper and silver deposit.

In 2013 Mutiny completed a series of technical evaluations and feasibility studies for the development of the Deflector mine and processing facility. The Company has completed a review of this work based on 2014 commodity prices and current operating conditions described as a "mine operators review (MOR)". The MOR revised the execution plan for the various components associated with the project and the revision of expected costs/revenues associated with building the mine in 2014 and beyond.

The large tenement package associated with the Gullewa Project presents genuine exploration opportunities particularly due the rock types seen below a thin transported regolith cover on a large majority of the tenement package. Mutiny plans to continue to explore using modern exploration techniques as part of the ongoing development of the Gullewa gold project.

Deflector Total Ore Reserve (ASX 4 August 2014)							
		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
Proven	908,000	5.3	153,000	1.3	11,000	9.4	274,000
Probable	873,000	6.0	168,000	0.5	4,000	3.1	86,000
Total Reserve	1,781,000	5.6	322,000	0.9	16,000	6.3	360,000

Note: Figures are rounded to nearest 10,000 tonnes, 0.1 g/t, and 1,000 ounces. Rounding errors may occur

Deflector Life of Mine Production Inventory (ASX 4 August 2014)							
		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
Measured	903,000	5.4	157,000	1.3	12,000	9.6	279,000
Indicated	875,000	6.3	178,000	0.5	4,000	3.2	91,000
Inferred*	470,000	5.0	76,000	0.4	2,000	3.0	45,000
Total	2,248,000	5.7	411,000	0.8	18,000	5.7	415,000

Note: Figures are rounded to nearest 10,000 tonnes, 0.1 g/t, and 1,000 ounces. Rounding errors may occur

**Cautionary statement: there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of*

Competent Persons Statement:

The Underground and Open Pit mining aspects in the report which relates to Mining Reserve is based upon information compiled by Mr Shane McLeay – B.Eng(Hons), Principal – Mining of Entech Pty Ltd. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Competent Persons Statement:

The Geological aspects in this report which relates to Deflector Mineral Resource is based upon information compiled by Mr. Lynn Widenbar, of Widenbar and Associates. Mr Widenbar is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration 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 Widenbar consents to the inclusion in the report of matters based on his information in the form and context in which they appear.