



PRIMARY GOLD FINALISES ACQUISITION OF THE COOLGARDIE GOLD PROJECT

HIGHLIGHTS

- Coolgardie Gold Project: 200,000oz gold resource base, open pit, free milling ore
- Low capital operations planned through contract mining and local toll treatment
- Primary Board has extensive gold mining experience in Coolgardie/Kalgoorlie region
- Mine Optimisation Study underway as precursor for first production in 2017
- Coolgardie drilling program underway with initial results confirming thick, shallow mineralisation

Primary Gold Limited (ASX: PGO) is pleased to announce it has finalised the acquisition of the Coolgardie Gold Project in Western Australia (ASX: 3 August and 10 October 2016) following shareholder approval at the Company's AGM held on 30 November 2016.

The Project hosts existing resources of 3.81Mt at 1.63g/t for 200,600oz of gold (see Appendix for details). The majority of existing resources are all located beneath historical open pits on approved mining leases, providing the opportunity for near term production from mining operations.

The Project has been acquired from MacPhersons Resources Limited (ASX: MRP), representing a non-core asset for that company due to a sole focus on their Nimbus Ag-Au-Zn and Boorara Gold Projects near Kalgoorlie.

In anticipation of the acquisition completing, Primary has commenced a drill program at the Coolgardie Project with initial results confirming thick, shallow mineralisation at the Tycho Deposit (ASX: 28 November 2016). Further results will be released to the market as they become available.

In addition, the Mine Optimisation Study for the Coolgardie Gold Project is underway, with the results of the Study to be used to finalise contract mining and toll treatment agreements. The Study is aimed to be completed by the end of 2016, with the results anticipated for release in early 2017.

Primary is also planning a potential trial mining operation in early 2017 as a precursor to commercial production.

Acquisition Terms

Under the acquisition agreement, Primary will pay MacPhersons Resources \$5m in cash via instalments over 12 months and 40 million ordinary Primary Gold shares which are subject to escrow periods over 12 months as follows:

- A non-refundable deposit of \$0.5m in cash (paid August 2016);
- \$1.5m in cash payment on completion under the agreement (paid 7 December 2016);
- \$1.5m in cash payable six months after completion (to be paid in June 2017);
- \$1.5m in cash payable twelve months after completion (to be paid in December 2017); and
- 40 million ordinary PGO shares to be escrowed in three equal tranches over the 12 months from completion:
 - one third of the Primary ordinary shares (13,333,333 shares) will be escrowed for six months;
 - one third of the Primary ordinary shares (13,333,333 shares) will be escrowed for nine months, and
 - one third of the Primary ordinary shares (13,333,334 shares) will be escrowed for twelve months.

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