ASX ANNOUNCEMENT
ASX: PGO

09 January 2017

NEW HIGH GRADE GOLD INTERSECTION POINTS TO POTENTIAL NEW DISCOVERY AT THE COOLGARDIE GOLD PROJECT

HIGHLIGHTS

- High grade intersection of 6m at 10.6g/t gold from 87m
- Intersection outside of known gold mineralisation areas at the Coolgardie Gold Project
- Potential new high grade discovery along cross cutting structure ~1.5km from Tycho deposit
- New mineralisation not associated with geochemical anomalies
- New discovery highlights underexplored potential of Coolgardie with follow up drilling required
- Initial drilling program now complete, remaining drill assays results and interpretation pending

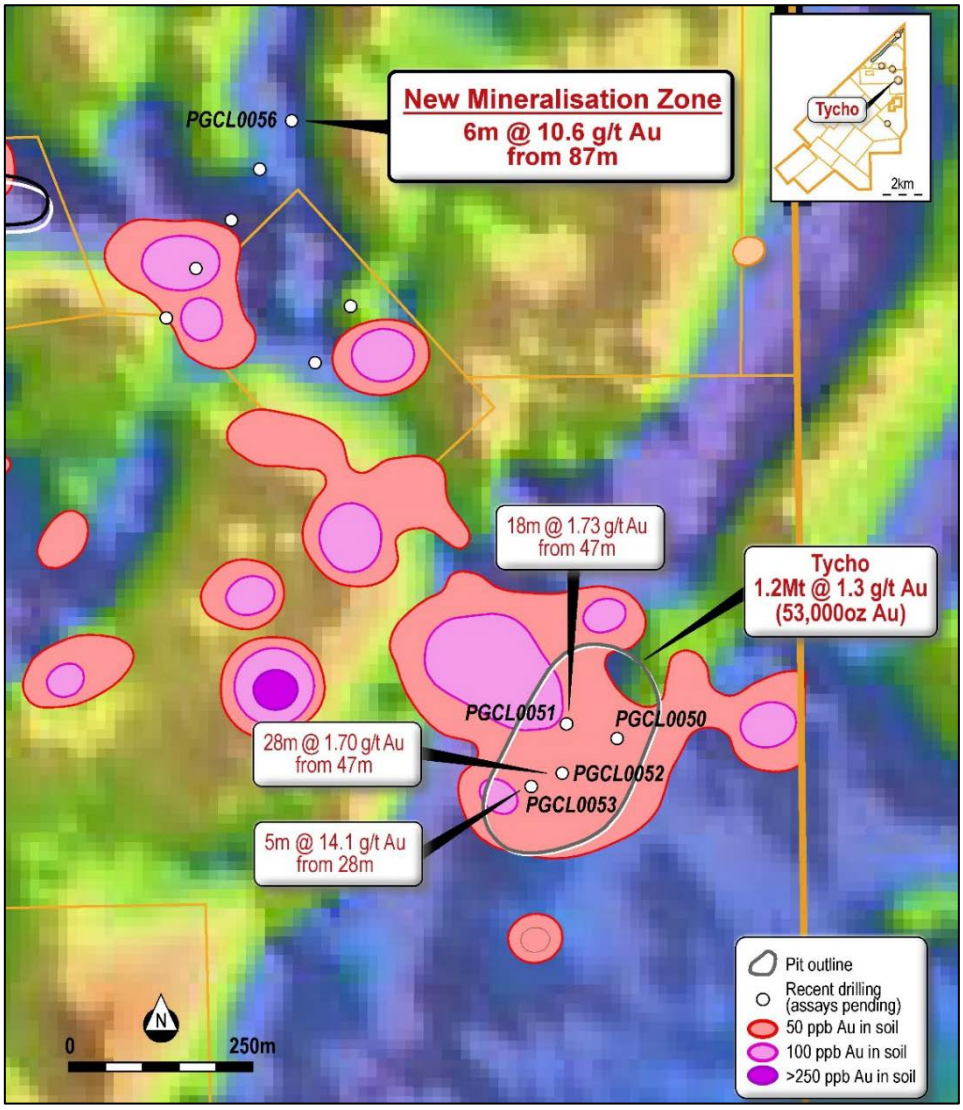

Figure 1: New high grade intersection at the Coolgardie Gold Project

Primary Gold Limited
Suite 23, 513 Hay Street
Subiaco WA 6008
T: 08 6143 6700
ABN: 42 122 726 283

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Primary Gold Limited (ASX: PGO) is pleased to announce a significant further assay result from drilling at the Coolgardie Gold Project in Western Australia.

Assays from drill hole PGCL0056 achieved a result of **6m at 10.6g/t gold from 87m**. Importantly, the result represents a significant high grade intersection outside of the existing geochemical anomalies, which was not anticipated to be achieved during the drilling program.

The original purpose of PGCL0056 was to drill the 'splay shears' associated with the more prospective major fault zone cross-cutting the greenstone sequence. The cross-cutting structure already hosts the Bakers Find, Franks Find and Tycho deposits (see Figure 2) and is considered highly prospective for gold mineralisation by the Primary Gold geologists.

The splay shears are expressed on the magnetic maps as narrow linear-shaped low-magnetic anomalies that surround the main cross-cutting structures. At Coolgardie the splay shears are lacking strong geochemical anomalies of gold and have subsequently not been the focus of systematic drilling in the past.

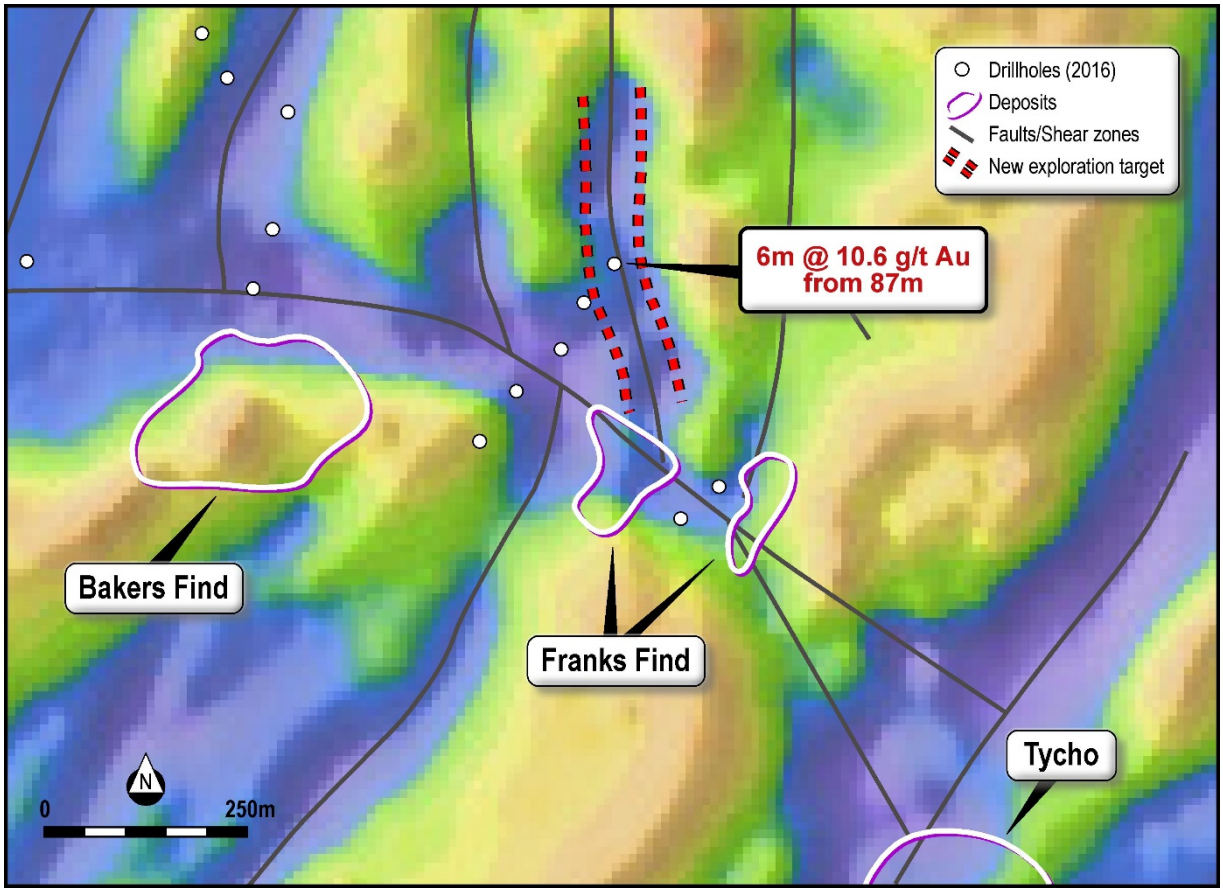

Figure 2: New exploration zone associated with the PGCL0056 drill hole intersection

The high grade intersection highlights the prospectivity of these 2nd and 3rd order shears and importance of their systematic exploration. It also provides strong potential for the development of further resource areas within the Coolgardie Gold Project. Follow up drilling will target this splay shear zone, with an emphasis on the area along to the north of this intersection.

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As previously announced in December 2016, the drilling program also confirmed thick high grade intercepts with the known resource area of the Tycho deposit, with better than expected results achieved by comparison with adjacent historical drilling.

This has provided potential for an upgrade in Tycho mineral resources and also increased confidence in the overall project.

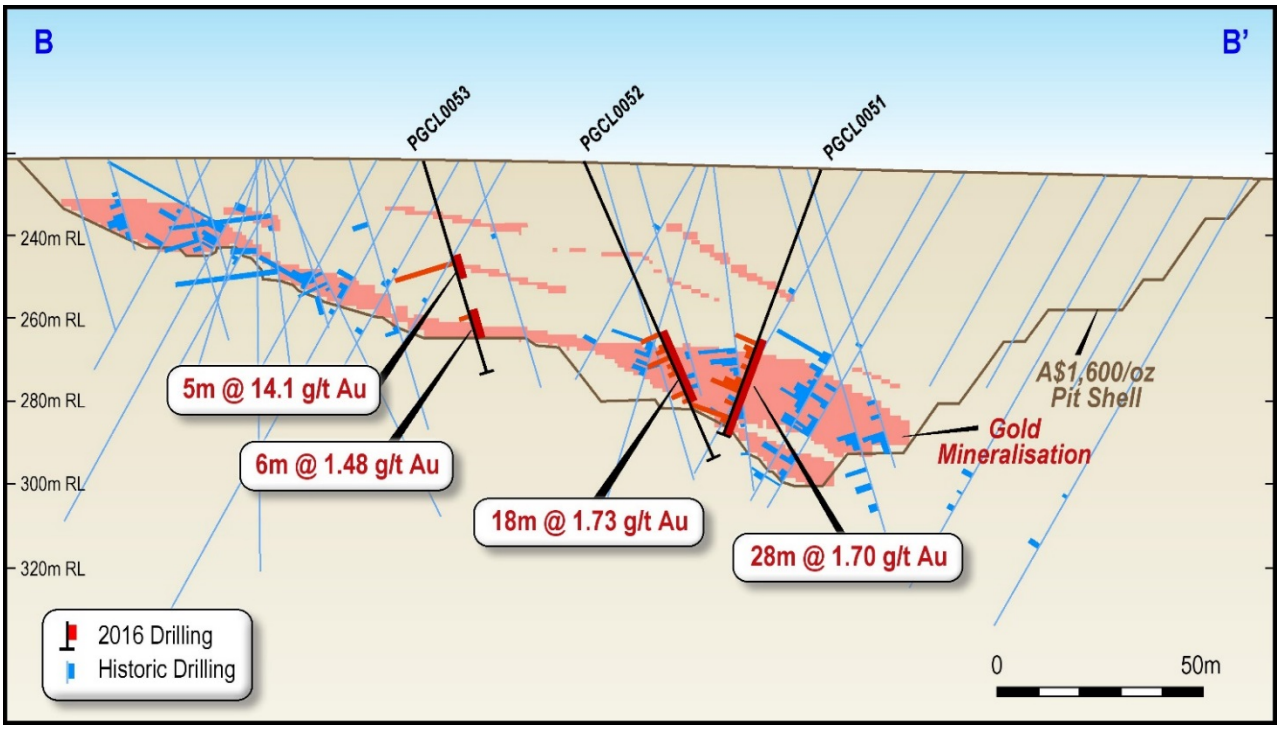

Figure 3: Cross section of drilling within the Tycho deposit

The initial drilling program which comprised 57 holes has now been completed, with assays still pending. Once all assays have been received and interpreted, Primary Gold will finalise plans for follow up drilling of priority targets which will include the recent high grade intercept achieved.

The drilling program forms part of the drilling for equity agreement between Ausdrill Limited and Primary Gold (see ASX announcement 05 September 2016), which provides a low capital mechanism to grow the Coolgardie resource base for planned first production in 2017.

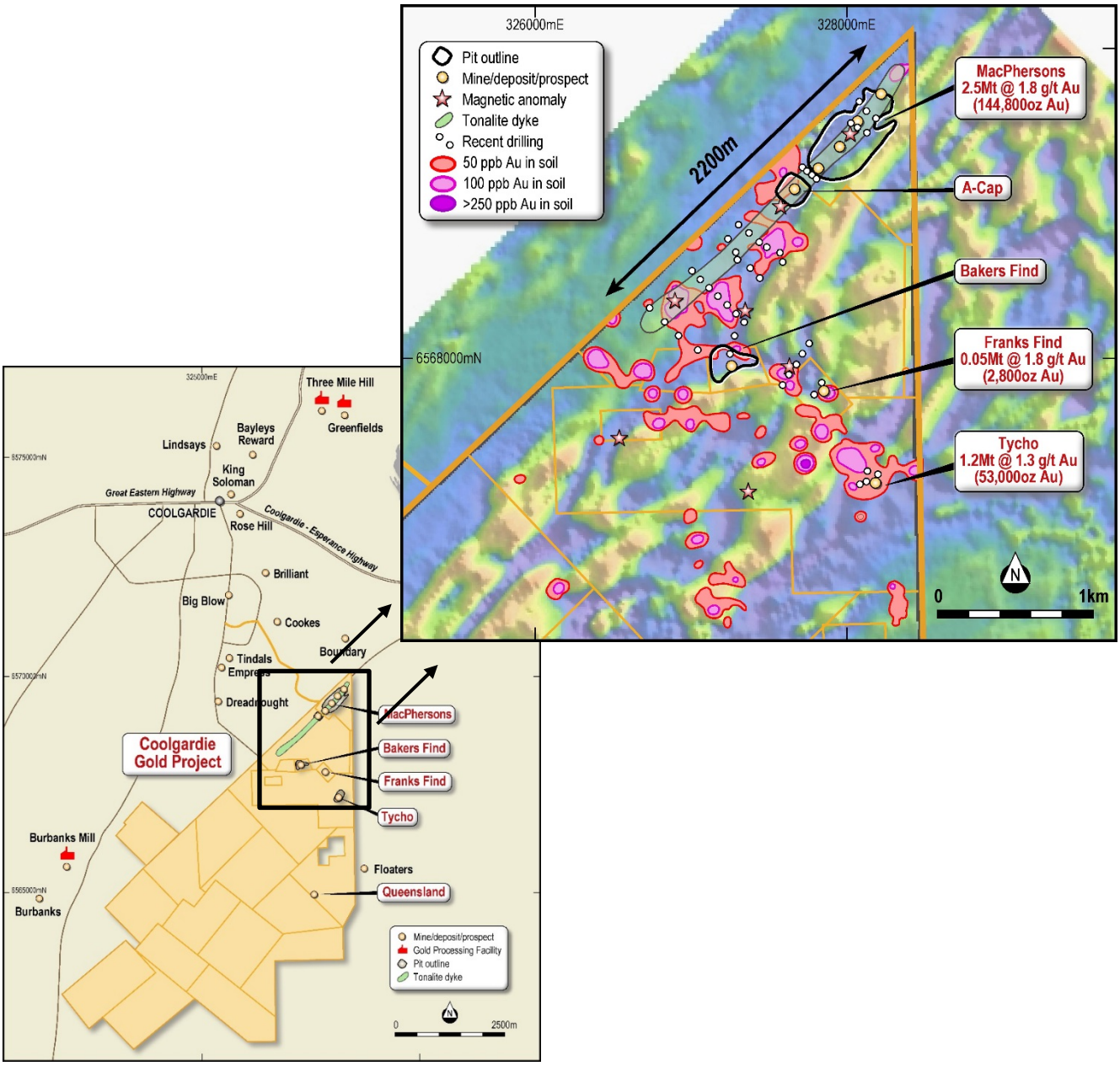

Figure 4: Coolgardie Gold Project location and proposed drilling program

For more information, please contact:

Patrick Walta +61 8 6143 6700

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr M. Abzalov, who is a Competent Person according to the JORC 2012 Code. Dr M. Abzalov is a Fellow of the AusIMM. He has sufficient experience in gold mineralisation, and has a strong expertise in the all aspects of the data collection, interpretation and geostatistical analysis to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr M. Abzalov is employed as a director of Primary Gold Ltd. Dr M. Abzalov consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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APPENDIX: JORC (2012) COMPLIANCE CHECK LIST

Reporting criteria presented in the Section 1 of the JORC Table 1 (Sampling techniques and data)

Criteria of JORC Code 2012	Explanation given in the JORC Code 2012	Comments / Findings
(1.1.) 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.*	Standard procedure of the RC drilling and sampling. Samples are collected at the 1m intervals. All samples are logged and supplied to ALS laboratory in Kalgoorlie for preparation and analysis
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Samples are collected at the RC rig cyclone and then split using the riffle splitter. Approximately 3 – 6 kg sample is sent to the laboratory for assaying.
	• *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.*	Standard procedure of using a reverse circulation drilling was applied. 1 m samples were collected from the drill-rigs cyclone, from which approximately 3 kg was received using the riffle splitter. Two methods of the samples processing were used. (1) Verification holes, drilled into the resources of Tyco and Macphersons deposits were sampled at 1m intervals from which 3 kg sample was received and sent to the lab and assayed for Au, As, Sb, S, Cu, Pb and Zn. (2) The exploration drillholes, drilled for testing the exploration targets outside of the known resources, were sampled at 1m intervals. 3 kg samples were collected and these were grouped (composited) into 2m composites, approximately 6 kg. The composited samples were assayed for Au. 3kg samples, and 6 kg composites, were sent to the certified laboratory in Kalgoorlie (Kal) for preparation and assaying using conventional techniques.

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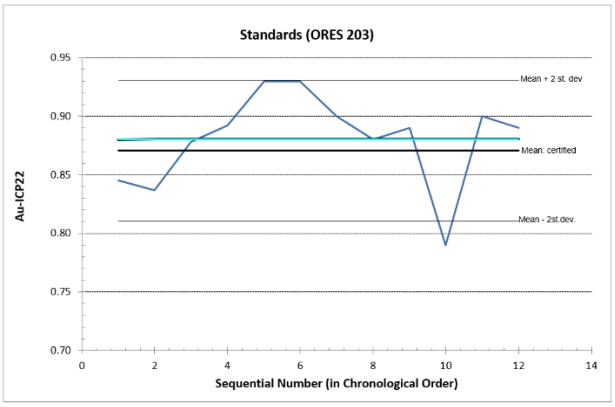
		Gold was assayed from 60g aliquots. Samples collected at Tyco deposit were assayed using ICP-MS (Au-ICP22 method of ALS) which has detection limits 0.001 – 10 g/t. Higher grade samples were re-assayed using FA method with AA finish (Au-AA26 method of ALS). After completion drilling at the Tyco deposit analytical method was changed to Au-AA26, which is fire assay with atomic-absorption finish. The technique allows accurately determine the gold grade above 0.01 g/t and suitable for high – grade samples where grade exceeds 10 g/t.
Drilling techniques (1.2.)	• *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).*	Reverse Circulation drilling
Drill sample recovery (1.3.)	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample weight was documented for every sample received in the laboratory. This was used as indirect indicator of the sample recovery and its consistency.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Drilling parameters were adjusted to maximise recovery. This included a frequent changes of the drill bits when drilling through tonalite dyke, where recovery was tending to drop, due to excessive hardness of the rocks.
	• *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.*	No relationships between recovery and grade
Logging (1.4.)	• *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.*	All samples was geologically logged to a details which will be sufficient for estimation of the Mineral Resources. Geotechnical logging of the RC samples is limited, and has included only degree of weathering and appearance of the water (water table) in the drill hole

	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	Logging was quantitative and consist of diagnostics of the rocks and minerals and their Recording in the electronic device.
	• *The total length and percentage of the relevant intersections logged.*	100% of the drillholes were logged.
Sub-sampling techniques and sample preparation (1.5.)	• *If core, whether cut or sawn and wether quarter, half or all core taken*	Not applicable
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	All samples were dry. Sub-sampling was made using riffle splitter
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Standard sample preparation technique is used. This is referred as PREP – 31BY of ALS and broadly used by gold companies in Kalgoorlie region.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	Certified standards (ORES 203) systematically used for assays quality control. Standard samples are inserted with the every submitted batch of the samples. The standard samples constitute approximately 2% of the RC samples.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	Every 1m sample has a field duplicate collected at the same time when the sample was collected. Duplicates are stored in safe place in the mine office area and will be used for Confirmation the high grade intersections and for general QAQC purposes
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Samples are approximately 3kg which is a standard size in the Kalgoorlie region for the gold samples.
Quality of assay data and laboratory tests (1.6.)	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Samples collected at Tyco deposit were assayed using ICP-MS (Au-ICP22 method of ALS) which has detection limits 0.001 – 10 ppm. Higher grade samples were re-assayed using FA method with AA finish (Au-AA26 method of ALS). After completion drilling at the Tyco deposit analytical method was changed to Au-AA26, which is fire assay with atomic-absorption finish. This was

		made because of possibly more higher grade intersections when drilling the tonalite dyke.
	• *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.*	Not applicable
	• *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.*	Certified standards (ORES 203) systematically used for assays quality control. Standard samples are inserted with the every submitted batch of the samples. The standard samples constitute approximately 2% of the RC samples.  All CRM results fall within the acceptable tolerance range (mean +/- 2st.dev.) Mean of the Assayed standard samples 0.88 ppm, the certified value is 0.87. 0.01 ppm difference is statistically insignificant.
Verification of sampling and assaying (1.7.)	• *The verification of significant intersections by either independent or alternative company personnel.*	The current drilling included verification of the past drilling results at the Tyco and Macpherson deposits. Which are confirmed by this programme.
	• *The use of twinned holes.*	Current programme is using “scissor holes” approach which allows more accurately delineate gold lodes. Twinned holes will be drilled in case if new high grade intersections are obtain. Decision will be made after obtaining all assays

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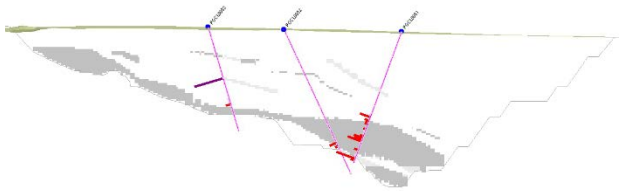
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	All drill holes logged electronically into mobile database (Geobank-Mobile) using using Panasonic tough-book device. The database backed up and sent to PGO's Perth office at the end of each week. During the week the database backed up on a field lap-top computer. Assay results sent electronically to the Perth office where they are stored on PGO's server.
	• *Discuss any adjustment to assay data.*	No adjustments are made, and it is believed that data does not require any additional adjustments
Location of data points (1.8.)	• *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.*	Drill hole collars are located using hand held GPS. Reported accuracy of the instrument is approximately +/- 3m in horizontal dimensions. RL of the collars is deduced by projecting the collars onto the DTM surface. Down hole survey is made by Reflex tool with a measurements taken at 12m intervals. All holes were surveyed.
	• *Specification of the grid system used.*	All data are recorded in a MGA51 (GDA94) grid
	• *Quality and adequacy of topographic control.*	DTM file used in the current study was obtained from the Macphersons Resources, a previous owner of the project. The DTM was used for feasibility studies. This file is used in the current programme for estimation the RLs of the drillhole collars.
Data spacing and distribution (1.9.)	• *Data spacing for reporting of Exploration Results.*	Not applicable. The current report presents a high-grade intersection by one drillhole - PGCL0056.
	• *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.*	Not applicable. The current report presents a high-grade intersection by a drillhole PGCL0056.
	• *Whether sample compositing has been applied.*	Two methods of the samples processing were used. (1) Verification holes, drilled into the resources of Tyco and Macphersons deposits were

		sampled and assayed at 1m intervals without compositing. Approximately 3 kg sample was collected from 1m drilled interval. (2) The exploration drillholes, drilled for testing the exploration targets outside of the known resources, were also sampled at 1m intervals, from which approximately 3 kg sample was collected. The samples were combined into pairs (i.e. 2m composites) by the geologist supervising the drilling. Composited samples, approximately 6 kg each, representing the 2m of drilled intervals, were sent to the lab and assayed for Au.
Orientation of data in relation to geological structure (1.10.)	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drillholes direction was chosen with an objective to obtain the true intersection of the gold lodes, with an angle of intersection approximately 70 90º. 
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Not applicable. Drilling orientation is optimal for sampling the gold lodes and testing their controlling structures at the PGO's Coolgardie project
Sample security (1.11.)	• *The measures taken to ensure sample security*	Samples submitted to the lab at the end of the day. No unattended samples left on a drill sites. Duplicates are collected and transferred to the mine office area where they are securely locked.
Audits or reviews (1.12.)	• *The results of any audits or reviews of sampling techniques and data.*	High grade intersections will be re-assayed using the duplicate samples. The work is currently in progress