

ASX ANNOUNCEMENT

ASX: PGO

28 November 2017



TOLL TREATMENT UPDATE

HIGHLIGHTS

- MoU signed with Westgold Resources Limited, providing exclusivity until 31 December 2017 to negotiate a two year toll treatment agreement to process ore from Coolgardie Project at the nearby Jubilee Mill from 1 July 2018
- Potential access to nearby Burbanks Processing Facility to provide toll treatment options from March 2018 to June 2018
- Key contractors identified and ready to commence development/ mining preparation activities
- Five of six government approvals secured, with final Mining Proposal approval pending
- PFS completed at \$1,600/ ounce gold price, with current gold price ~\$1,700/ ounce

Primary Gold Limited (ASX: PGO) (Primary or the Company) continues to progress towards the commencement of mining operations at its 100% owned Coolgardie Project in the goldfields region of Western Australia, with toll treatment options and key contractors identified. The commencement of mining operations is subject to Primary entering into a two year toll treatment agreement with Westgold Resources Limited (**Westgold**) and obtaining the Mining Proposal approval.

Primary recently completed a Pre-Feasibility Study (PFS) at the Coolgardie Project (refer ASX announcement dated 17 October 2017).

MoU signed with Westgold

Primary has signed a MoU with Westgold, providing it with an exclusivity period (ending 31 December 2017) to negotiate and agree a two year toll treatment agreement for the processing of Coolgardie Project ore at the Westgold owned Jubilee Mill, a 1.2 million tonne-per-annum CIP gold processing facility. If agreed, toll treatment at Westgold's facility is expected to commence on 1 July 2018.

The parties are currently discussing commercial terms and reviewing and confirming the estimated schedule for toll processing and a guaranteed allotment of processing time-slots at the Jubilee Mill. Timing of the delivery schedule can only be finalised once Primary's Mining Proposal approval is received.

Access to Burbanks Processing Facility

Primary is pleased to advise it has also reached agreement in principle with Maximus Resources Limited (**Maximus**) to toll treat initial ore from the Coolgardie Project through the Burbanks Processing Facility from March 2018 until June 2018, subject to Primary's Mining Proposal approval being obtained and delivery of ore meeting the windows available at the Burbanks Processing Facility. Final commercial terms and conditions to be agreed.

ASX ANNOUNCEMENT

ASX: PGO

28 November 2017



The Burbanks Processing Facility is located close to the Coolgardie township and includes two stage crushing, ball milling, coarse gold circuit and a carbon in pulp circuit of nominal 180,000 tpa capacity.

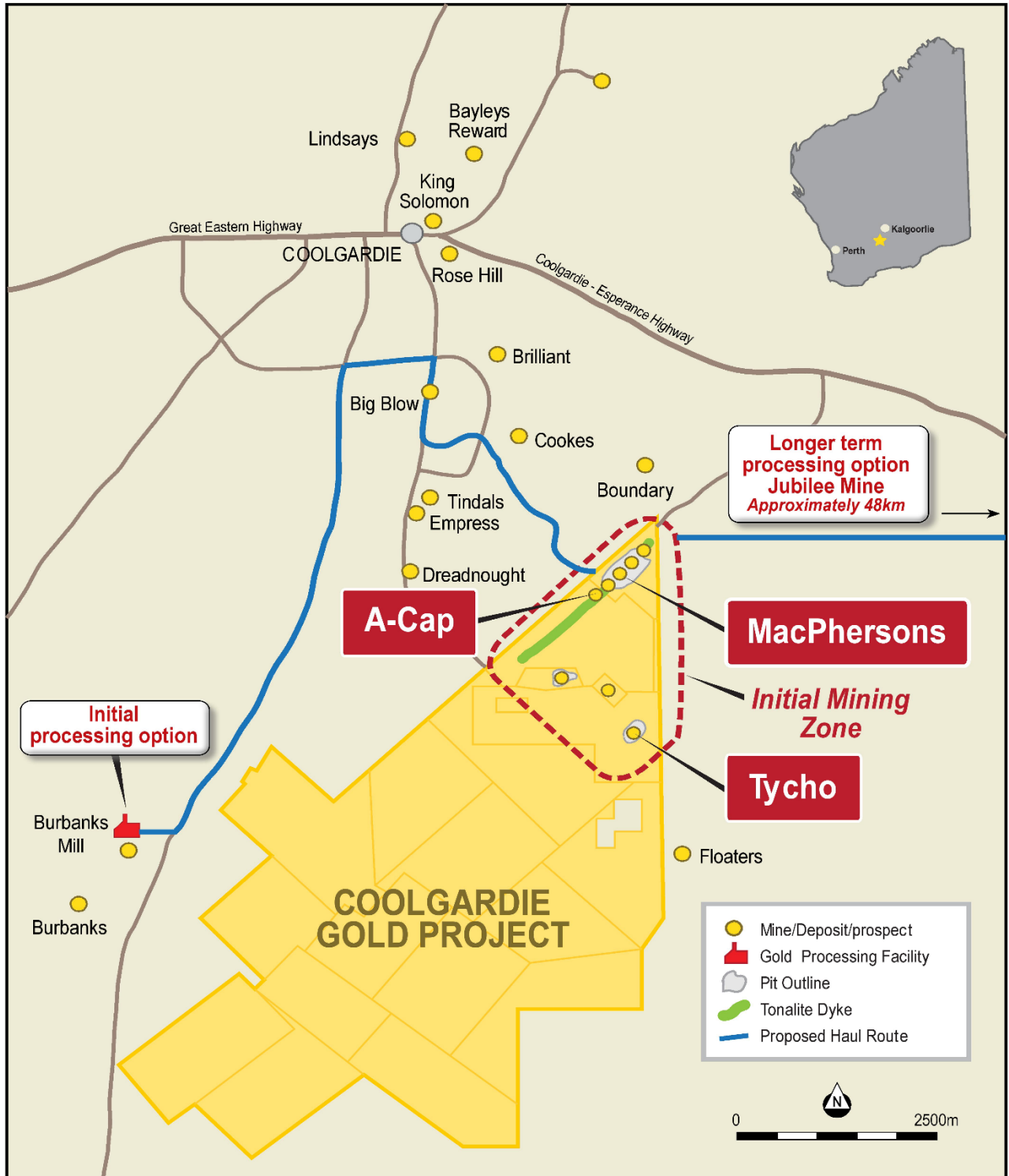


Figure 1: Project location and key infrastructure map

ASX ANNOUNCEMENT

ASX: PGO

28 November 2017



Key Contractors Identified and Ready to Commence

Hampton Mining and Civil (**Hampton**) has been confirmed as the “preferred” contractor for development of Coolgardie Project.

In this role Hampton will be responsible for all drill and blast, excavation and haulage operations at the Project.

In addition, Mining and Drilling Services Pty Ltd (**MDS**) will be engaged undertake RC grade control drilling.

Both contractors have equipment and resources ready to mobilise, with grade control expected to commence in the coming weeks, subject to receipt of the final Mining Proposal approval. Contracts will be executed on receipt of the final approval.

Status of Government Approvals

Primary has received five of the six approvals required for mining at the Coolgardie Project to commence, with those approvals covering environment, water, waste management and safety.

The final approval is the Mining Proposal and accompanying Mine Closure Plan that is in the process of being assessed by the Department of Mines, Industry Regulation and Safety. Primary is not aware of any reason why the Mining Proposal approval will not be forthcoming.



Figure 2: Base of historical ACAP pit ready for grade control drilling

ENDS

ASX ANNOUNCEMENT

ASX: PGO

28 November 2017



For more information, please contact:

Garry Mills
Managing Director
Primary Gold Limited
T: +61 8 6143 6700
Download the Primary Gold APP

David Tasker
Chapter One Advisors
T: +61 433 112 936
E: dtasker@chapteroneadvisors.com.au

About Primary Gold

Primary Gold Limited is an ASX listed emerging gold producer with a resource of approximately 2M oz gold across its Australian portfolio.

It has a 100% interest in both the Coolgardie Project in the goldfields region of Western Australia and the Mount Bundy Project in the Northern Territory (80% for Rustlers Roost).

The Coolgardie Project is on track for commencement of mining operations (subject to receipt of final government approvals and entering into a toll treatment agreement). It is a very low cost development that would utilise contract mining and toll treatment. It will initially produce circa \$23M of free cash over an initial 28 months at today's ~\$1700/oz gold price.

The Mount Bundy Gold Project is the flagship asset of the Company with a combined +130,000oz/year potential. A 2017 Scoping Study completed for 9 year LOM, however the project area has hardly been explored over the past 20 years.

The Company is contemplating a two stage Northern Territory development to minimise risk and maximise leverage:

- bring Toms Gully into production utilising existing plant refurbished
- Drill out Rustlers Roost and environs for large scale low grade open pit

Primary Gold is targeting a 150K oz pa production profile by 2020.