

20 February 2015  
Company Announcements Office  
Australian Securities Exchange

## **Shareholder Newsletter – February 2015**

The Board and its Technical Consultant Mr Ed Eshuys are working together to increase Aphrodite Gold's resource with further exploration. Following the recent detailed review of its Aphrodite Project, the Board anticipates good potential in improving the project fundamentals.

Mr Eshuys believes that the recent drilling has improved the picture of the resource and stated, "We have found that Phi is hosted in sediments, not porphyry's, and that sediments have greater potential for large gold deposits in the Eastern Goldfields."

### **MINERAL RESOURCE INCREASE TARGETED**

Aphrodite has a renewed focus on enhancing the intrinsic value of the current exploration assets by targeting an increase in the mineral resource of the Aphrodite Gold Deposit. Aphrodite is working to increase and improve its 1.4 million ounce gold resource which remains open to further exploration.

The new strategy of deep drilling and undertaking additional metallurgical test work to substantially increase the mineral resource at the Aphrodite Gold Deposit is the focus of the company's immediate future activities.

The first part of a strategic drilling program has been implemented with 3 diamond core holes for a total of 1872.3m at the company's deposit located 65km north of Kalgoorlie, Western Australia (Fig 1). The results demonstrated that there is potential to increase the mineral resource at depth and along strike.

### **FURTHER STRATEGIC DRILLING PLANNED**

The recently completed drill programme has substantially improved the geological understanding of the setting of the Phi Zone and Alpha Zone and confirmed the depth and strike extent of the mineralisation. Further strategic drilling to follow up on this better understanding is planned.

Following the detailed review of the Company's Aphrodite Gold Project by Mr Eshuys, the Company anticipates that there is good potential to improve the project fundamentals.

The Company also expects that the intrinsic value of the Aphrodite Gold Deposit should increase when a feasibility study is refreshed at the now lower industry wide capital and operating costs in conjunction with an increase in resources through exploration potential. The company anticipates that the financial returns will increase independently of the recent recovery of the gold price to around A\$1,600 per ounce.

Aphrodite has nearby processing facilities technically capable of processing Aphrodite Gold resources and the company's deposit is well located close to infrastructure and services in Kalgoorlie only 65km to the South.

### **IMPROVING SENTIMENT WITH GOLD PRICE ON THE RISE**

Tight control of AQQ's overheads continues.

This has allowed the company in an environment of improved sentiment in the exploration sector particularly gold to engage technical expertise and focus on achieving extra in ground ounces to make the Aphrodite project more robust.

The \$AUD Gold price has increased at a greater pace than the \$USD Gold price due to the relative fall in our currency from lows of \$AUD1268 in 2014 up 25% to recent highs of \$AUD1594 this year.

### **APHRODITE GOLD UNDERVALUED RELATIVE TO ITS PEERS**

Aphrodite Gold is significantly undervalued relative to its peers with a market capitalisation of approximately \$4m upon conversion of the Convertible Note of \$2.5m valuing resource ounces at only \$3 per ounce Au.

The current resource has only been drill tested to approximately 400m hence any success from deeper drilling should lead to a resource increase.

### **APHRODITE GOLD COMPLETES DIAMOND DRILLING PROGRAM**

A drilling program and geological review was conducted during October and November 2014 at the Aphrodite Gold Deposit, to test for extensions of gold mineralisation at depth below the existing defined mineral resource.

Depth and strike extensions of the Phi and Alpha Zones have been confirmed as a consequence of the drilling.

An additional diamond hole was drilled at North Menelaus with best intersections of 2m @ 28.7g/t from 149m and 8.9m @ 1.2g/t from 202m.

### **PHI ZONE & ALPHA ZONE DRILLING**

The Phi Zone has a total modelled strike length of 1.7km and has generally only been tested to a depth of 200m except within the main Phi Zone mineral resource where over a strike length of 500m drilling has extended to a depth of 400m. The two holes testing the Phi Zone were spaced 250 meters apart and confirmed that this zone extends at depth.

Drill hole APRD1323 reached its target depth based on earlier geological interpretation but on review was found to be drilling parallel to the mineralisation target zone and as consequence has not adequately tested the depth extent of the Phi Zone mineralisation (Fig 2).

The Alpha Zone drill hole, APRD1322, deviated 60m from the planned target area and as a consequence did not intersect the mineralised sequence, which hosts the Alpha Zone mineral resource. However, APRD1322 did intersect higher grade mineralisation at 309.5m consisting of 2m @ 10.85g/t Au (Fig 3).

#### NORTH MENELAUS DRILLING

At North Menelaus, 4km north of Aphrodite, drill hole NMRD008 intersected 2m @ 28.7g/t Au from 149m downhole and a further 9m @ 1.3g/t Au from 202m and was completed to a depth of 334.5 metres (Fig 4).

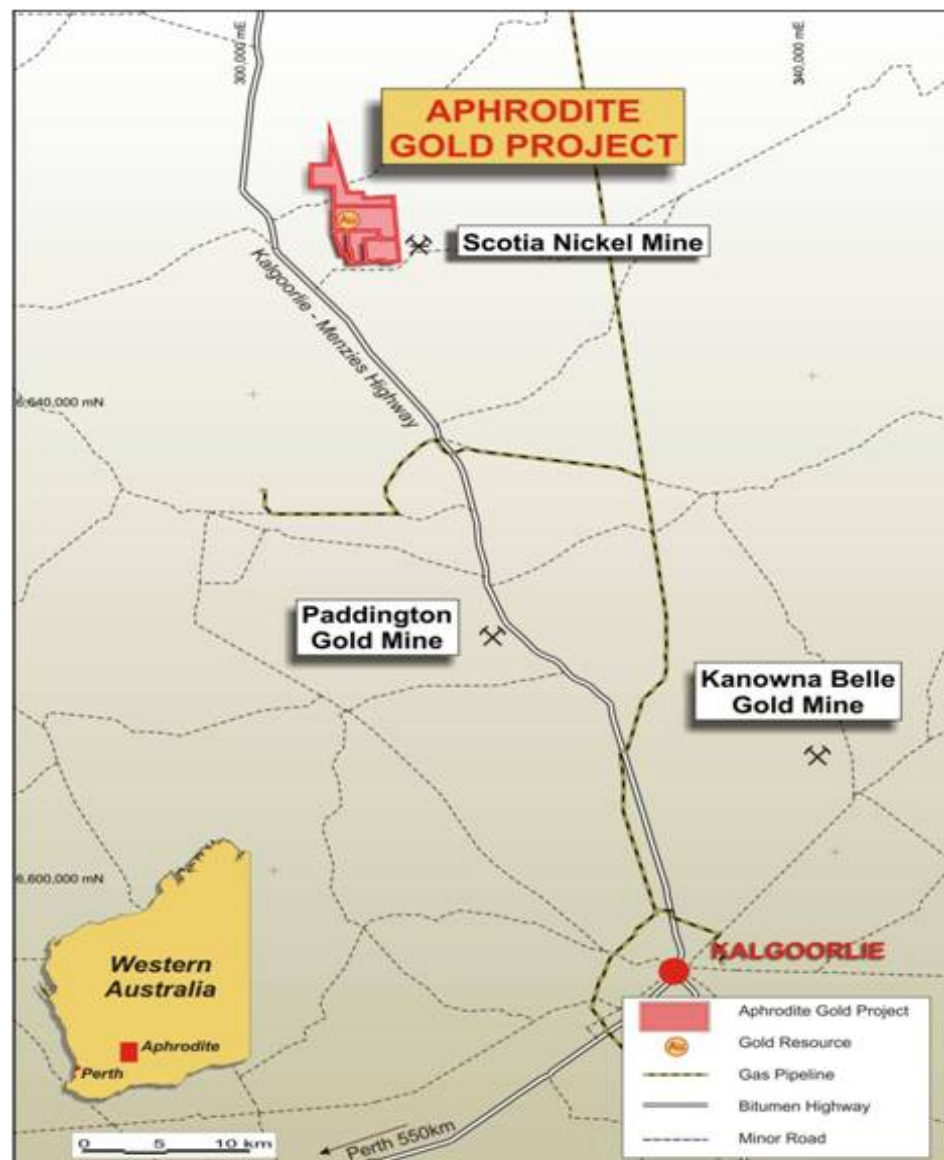


Figure 1 – Aphrodite Location Map

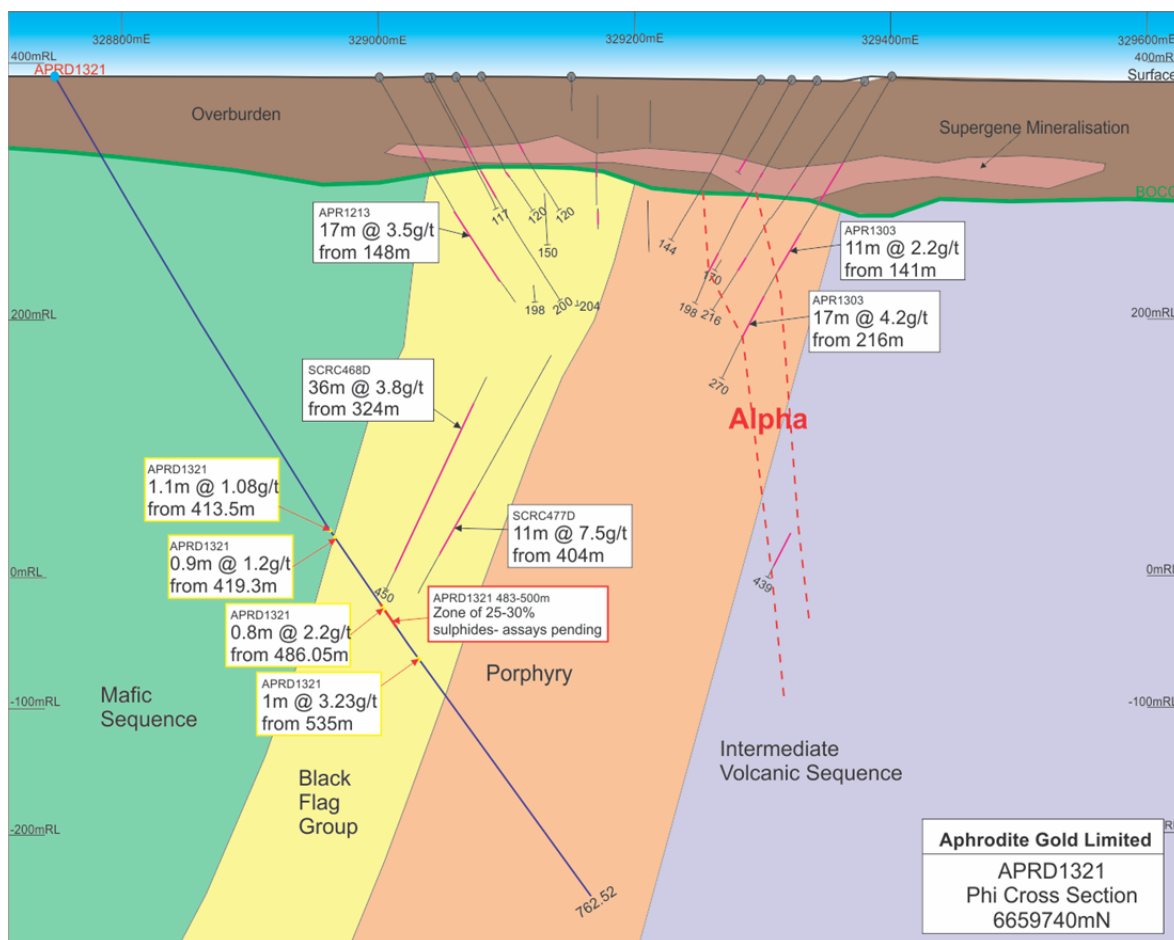


Figure 2 – APRD1321 Cross Section

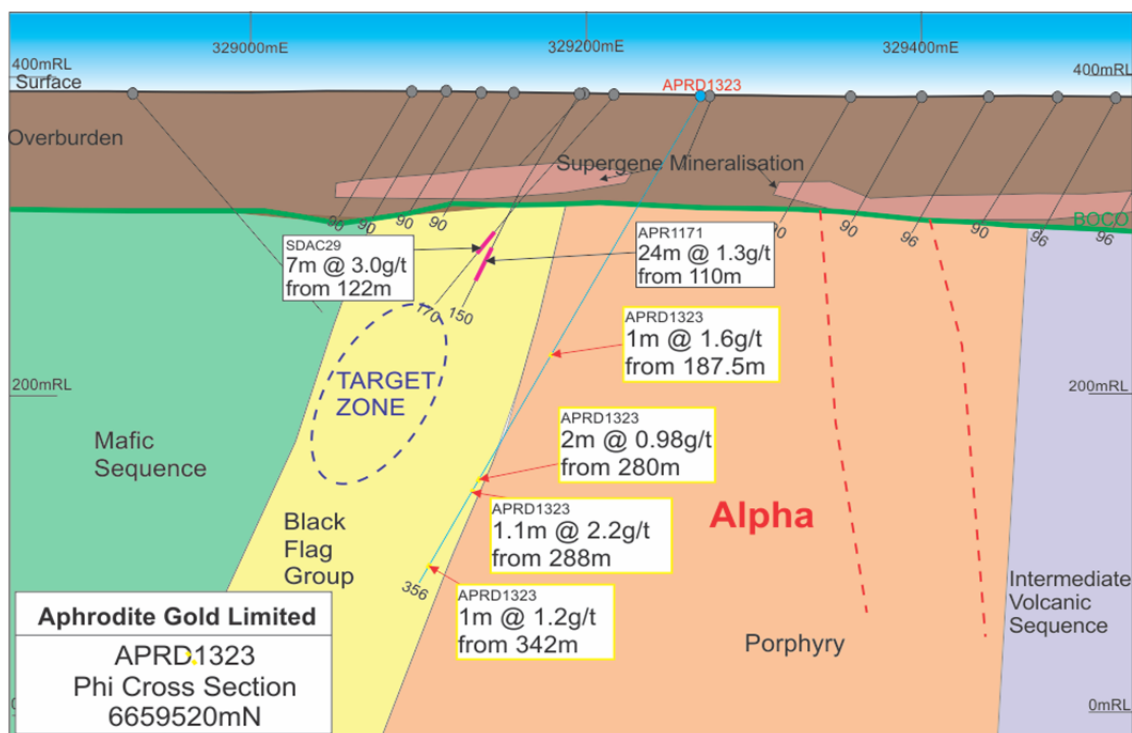


Figure 3 – APRD1323 Cross Section

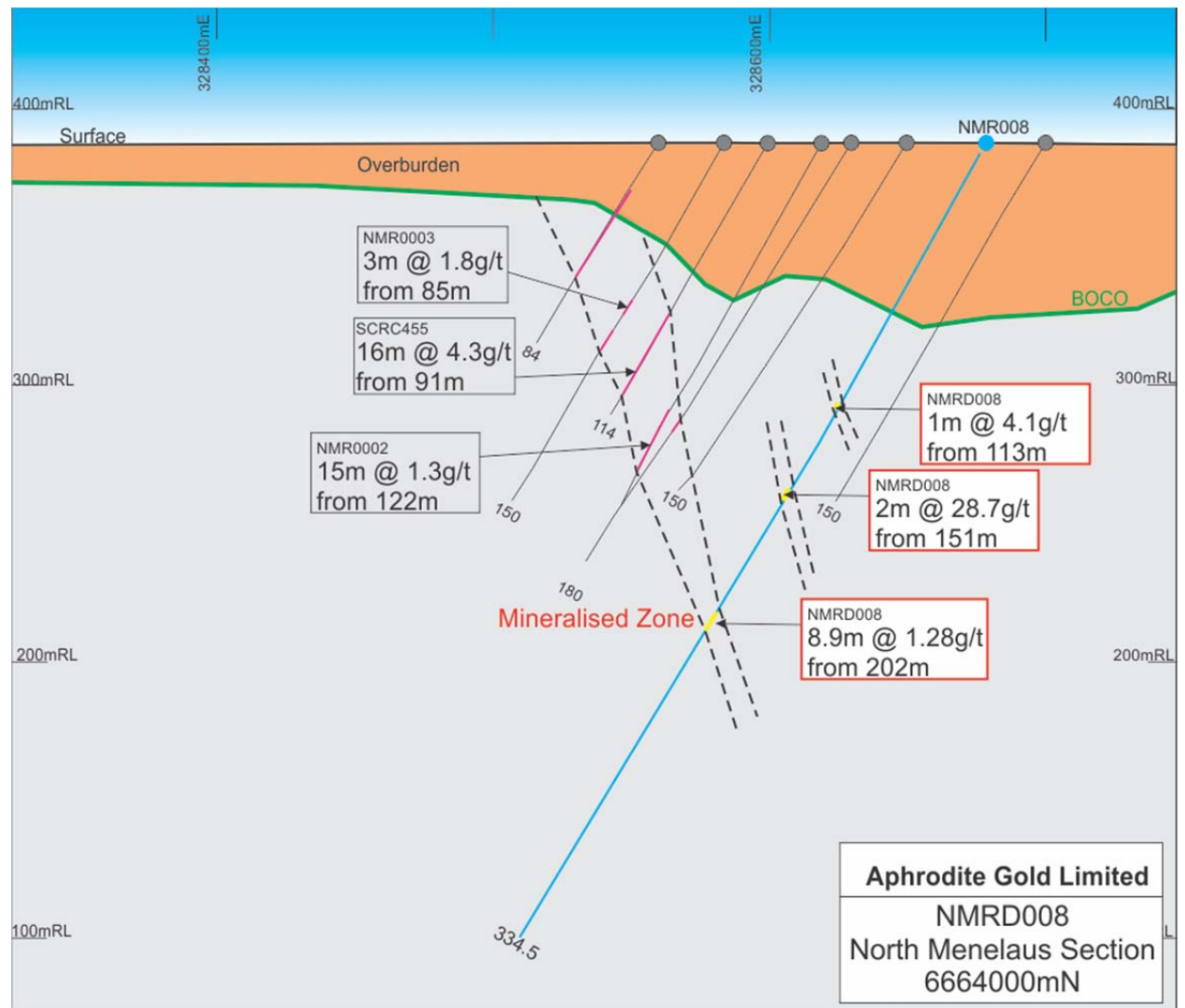


Figure 4 – NMRD008 Cross Section