

GOLDPHYRE TRIPLES LAKE WELLS POTASH PROJECT AREA

Mark Creasy controlled entity to become major shareholder

Maiden resource estimate for enlarged project in first half of next year

HIGHLIGHTS

- **Goldphyre secures rights to 100% of the potash on an additional 1,000km² of tenure adjacent to its Lake Wells Potash Project, 500km NE of Kalgoorlie in WA, through an agreement with Lake Wells Exploration Pty Ltd ("LWE"), a subsidiary of WA prospector and investor Mark Creasy's investment company, Yandal Investment Pty Ltd**
- **LWE to become Goldphyre's largest shareholder with 19.9% stake post proposed capital raising**
- **The new LWE ground covers 130km² of lake surface, tripling the size of Goldphyre's Lake Wells Potash Project, where it has already identified an extensive potassium-rich potash brine project**
- **Lake Wells now covers ~200km² of the Lake Wells playa system surface area *excluding* consideration of depth and off-lake (palaeovalley) areas**
- **Goldphyre will immediately undertake a seismic survey on the new LWE ground and test the continuity of previously identified high-grade potash mineralisation onto the new ground, which will enable it to calculate a maiden Exploration Target for the expanded project by February 2016**
- **This will be followed by a drilling program to calculate a maiden Inferred Resource estimate by mid-2016, with a Measured Resource estimate set for Q1 2017**

Goldphyre Resources Limited (ASX: GPH) ("Goldphyre" or "the Company") is pleased to announce that it has tripled the size of its 100%-owned **Lake Wells Potash Project** in WA through a ground acquisition deal that will see an entity controlled by successful WA prospector Mark Creasy emerge as the company's biggest shareholder.

Under the agreement with Lake Wells Exploration Pty Ltd ("LWE"), a subsidiary of Creasy's investment vehicle Yandal Investments Pty Ltd, Goldphyre will acquire 100% of the potash rights on a large 1,000km² ground package held by LWE immediately

adjacent to the Lake Wells Potash Project, which is located 500km north-east of Kalgoorlie in WA (see Figures 1 & 2).

This will triple the size of Goldphyre's exploration land-holding, including the ground over which it has rights to explore for potash, to 1,500km², taking the total area of playa lake system which hosts the previously discovered high-grade potash mineralisation at Lake Wells to approximately 200km².

Upon completion of the deal, Goldphyre will immediately conduct a seismic program on the LWE ground with a view to incorporating these tenements in a maiden Exploration Target scheduled for release in February 2016. Goldphyre will then conduct a drilling program on its and the LWE ground as part of its strategy to publish a maiden Inferred Resource by the middle of next year.

The expanded Lake Wells Potash Project is a brine-hosted sulphate of potash (SOP) project, which is aiming to supply the Australian domestic demand for SOP. Australia currently imports 100% of all potash consumed, estimated at 500,000 – 600,000tpa including approximately 50,000tpa of SOP.

The Company's existing 100%-owned tenure covers an area of approximately 70km² of the playa lake surface, with previously announced exploration results demonstrating that potash-rich brines extend to depth and importantly, beneath the surrounding low sand dunesⁱ.

Goldphyre has reported high-grade potash from **surface to depths of over 135m**, with 3 of 17 holes being effectively open ended at this depth, meaning that palaeovalley bedrock was not intersectedⁱ.

Goldphyre's Executive Chairman Matt Shackleton said the agreement with LWE had the potential to significantly increase the scale and potential of the Lake Wells Potash Project.

"In line with our strategy of developing the depth and grade potential of the palaeovalley running through our project area, this important ground acquisition will add significant further strike potential to the high-grade potash mineralisation we have already identified," he said.

"As we've previously shown, our project has high-grade potash which has been drill defined with very strong grades at over 135m down-hole. This means it has enormous potential to supply brines for an evaporative SOP operation. We also believe pumping brines from depth will ultimately lead to a cheaper cost of production, due to lower energy and maintenance costs compared to trenching or pumping brines over long distances.

"Goldphyre is in the fortunate and unique position of having established infrastructure to hand adjacent to and within the project, with no restrictions on access to the brine-hosting palaeovalley. This will eliminate the need for expensive or challenging drilling solutions. By securing this additional strategic ground position we have been able to dramatically expand the footprint of the project, providing an exciting platform to generate strong news-flow next year as we move the project rapidly towards a maiden resource.

“We are also pleased as part of this deal to welcome to our share register one of the country’s most prominent resource industry players. Mark Creasy brings a wealth of knowledge and experience to any minerals endeavour, and the Board looks forward to his future involvement in Goldphyre.”

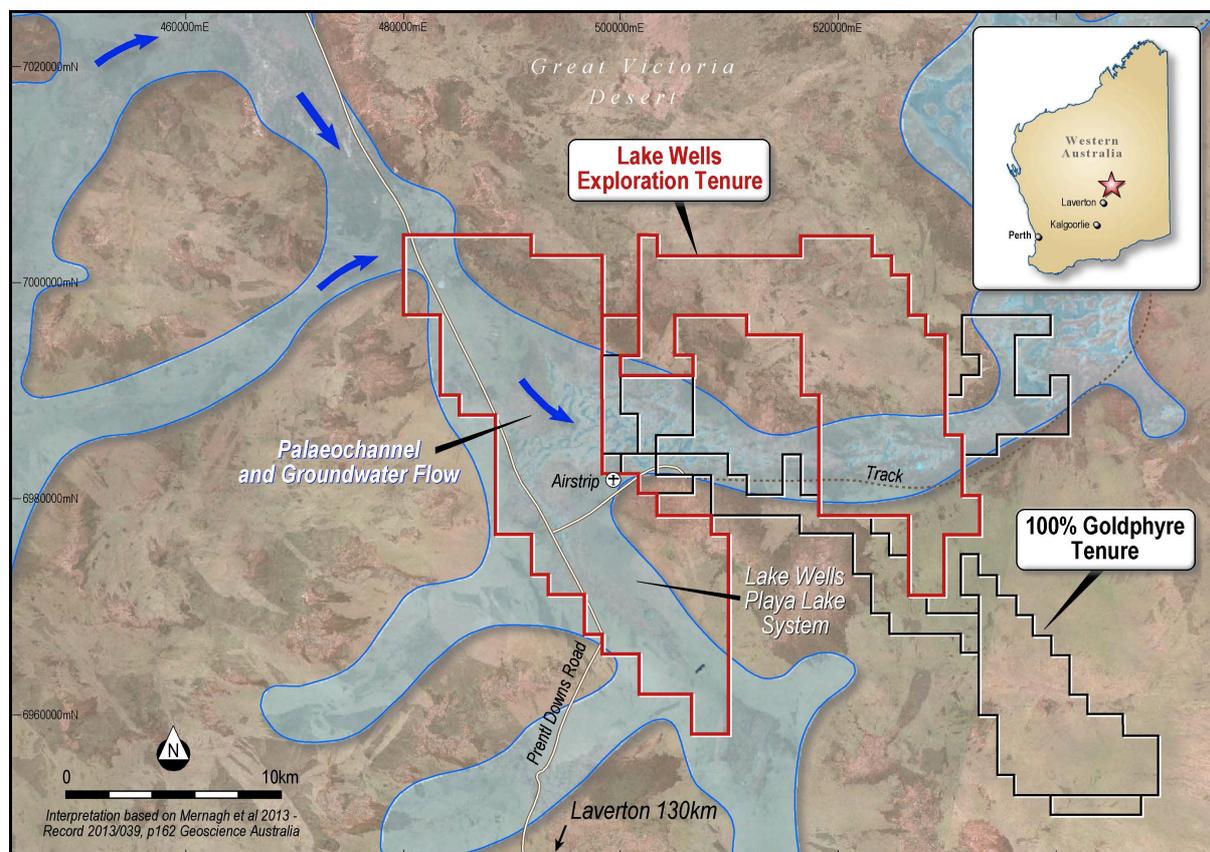


Figure 1: The Lake Wells Potash Project's footprint has been extended to over 200km² of lake surface area

TRANSACTION TERMS

Under a Sale and Split Commodity Agreement with Lake Wells Exploration Pty Ltd, owned by Mark Creasy controlled entity Yandal Investments Pty Ltd, Goldphyre has secured rights to 100% of the potash minerals contained on two Exploration Leases with a combined area of approximately 1,000km². The new tenement areas are contiguous to each other and the Company's existing 100%-owned Lake Wells Potash Project tenure (Figures 1 & 2).

LWE grants to Goldphyre 100% of the rights to explore for, extract, process and sell all potash minerals contained within brine within the boundaries of the two Exploration Leases. LWE further agrees to assist Goldphyre secure a Mining Lease(s) at the appropriate time, and to transfer that lease(s) to Goldphyre at Goldphyre's request.

Goldphyre will issue 19.9% of its issued ordinary shares to LWE, which will carry a voluntary 12-month escrow period. The 19.9% interest is calculated post any capital raise which is to be undertaken within 6 months from the completion date. Further, Goldphyre will issue to LWE 6,860,000 options with an expiry period of 5 years, exercisable in two equal tranches at 10 cents and 15 cents. The Company will seek from the Australian Securities Exchange a waiver from Listing Rule 6.18 with respect to the issue of ordinary shares to LWE.



Figure 2: The Lake Wells Potash Project, ideally located to potential end-users

TECHNICAL DISCUSSION

The LWE tenure consists of two tenements, E38/2742 and E38/2744. The western tenement E38/2742 has good access around the salt-pans and abuts the 100% held Goldphyre tenure (Figure 3).

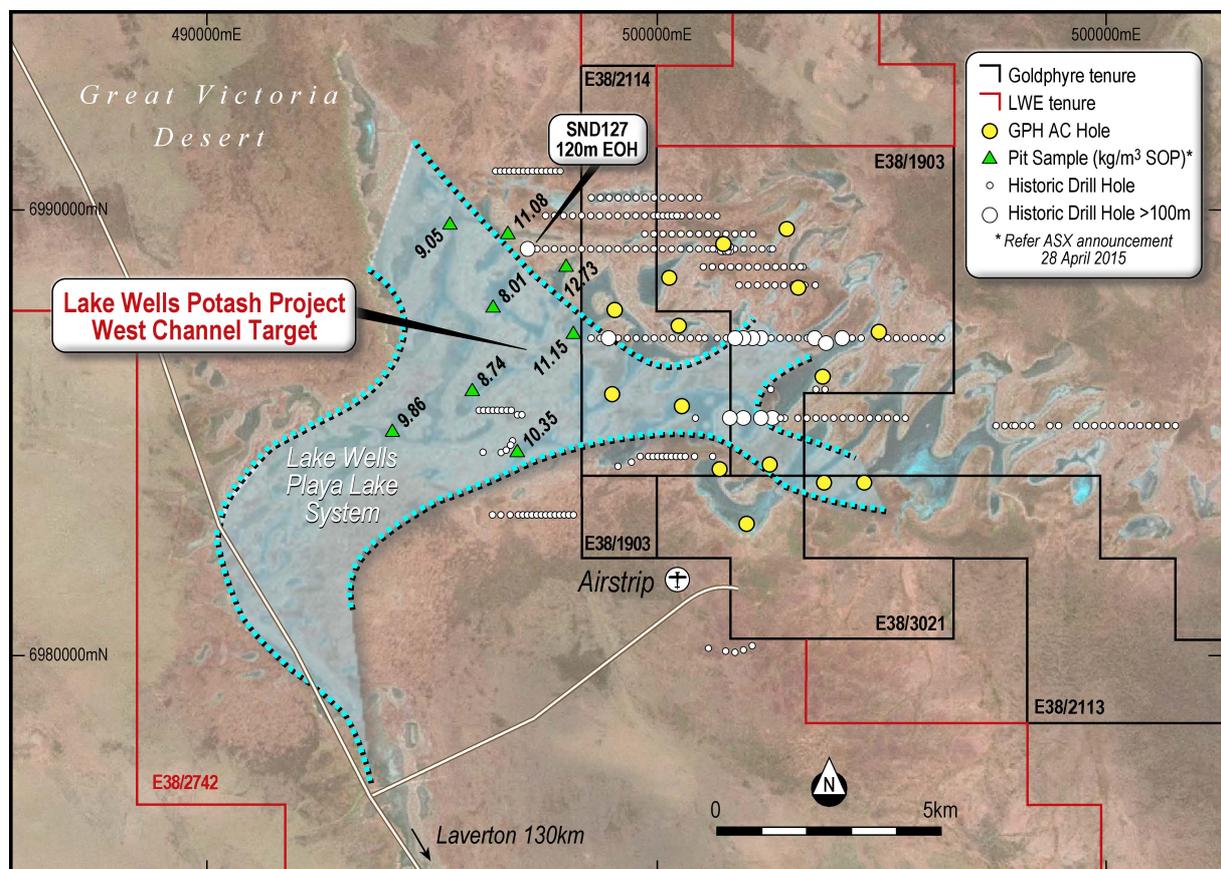


Figure 3: Lake Wells drill & pit sampling location plan showing the West Channel target and palaeovalley trend

The Prenti Downs Road runs north through the tenement and the road-train accessible Lake Wells station road extends past the airstrip and into the heart of the project area. E38/2742 captures the interpreted trend of a substantial palaeovalley system drill tested in July 2015 by Goldphyreⁱ. That drilling tested encouraging potash results from pit samplingⁱⁱ and recorded robust potash results over significant widths and depths. Pit sampling on E38/2742ⁱⁱ has recorded similar, encouraging potash grades to those drill tested in the July 2015 drilling.

Historical air-core (AC) drilling has also been recorded at Lake Wellsⁱⁱⁱ and several wide-spaced drill traverses are located on the newly acquired LWE tenure. The lithologies recorded in the historic drilling on LWE tenure are similar to lithologies encountered on the Goldphyre tenure, being transported sands, grits, lake clays and laterite overlying weathered Archaean mafic, ultramafic and granitoid rocks.

The LWE eastern tenement E38/2744 (Figure 4) captures the interpreted east-west extension of the palaeovalley system recognised to the west, with surface expression consisting of a series of playas on which some historic reconnaissance AC drilling has been completed.

The deepest historic hole in this area was LWAC054^{iv}, which penetrated to a depth of 140m. The historical drilling recorded similar lithology types to that observed in the

Goldphyre July 2015 drilling, with lacustrine clays, sands, saprolite and weathered granitoid observed.

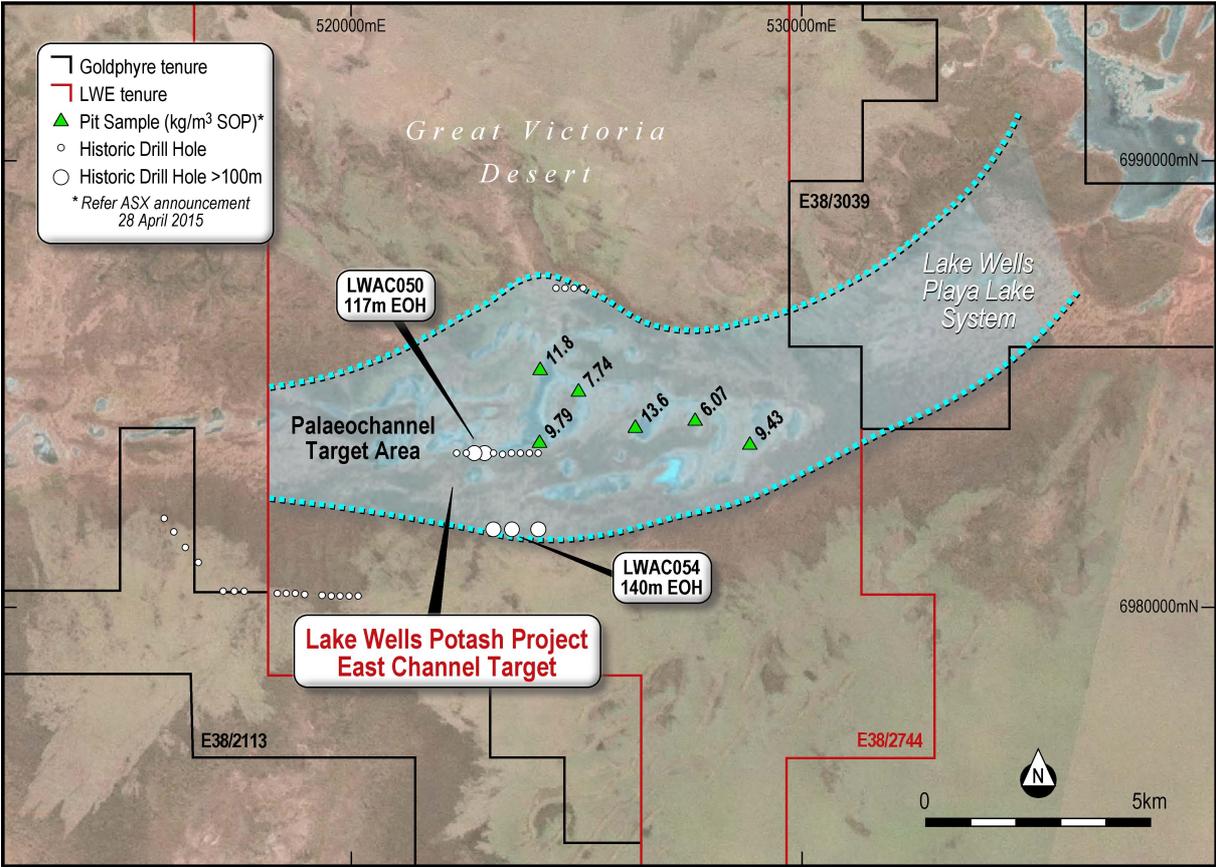


Figure 4: Lake Wells drill & pit sampling location plan showing the East Channel target

NEXT STEPS

The next phase of work for the Company will culminate in the release of a maiden Exploration Target for the Lake Wells Potash Project, including the expanded project area following the LWE acquisition.

One of the key parameters in understanding a brine resource is the drainable porosity, or *specific yield*, of the brine saturated sediments. Generally, loosely consolidated sands and grits demonstrate very high drainable porosity, meaning that a large proportion of the brine contained within them is extractable.

In order to better understand this parameter at the Lake Wells Potash Project, Goldphyre will begin targeting the coarser grained sediments, including sand units anticipated to lie throughout and at the base of the saturated palaeovalley sequence.

The results of the recently completed seismic survey across the project, which the Company is aiming to release in the coming weeks once analysis is complete, will allow more accurate targeting of drill holes seeking to evaluate the depth potential of the coarse grained, transported sediments.

Preliminary interpretation of the seismic survey as shown in Figure 5 below, indicates a significant, deep palaeovalley trending WNW-ESE extending onto the LWE tenement E38/2742 tenement in an area with poor drill coverage.

One historical, end-of-line hole (SDNI27^v) reached 120 metres in depth and recorded a sequence of saturated grits, sands and clays overlying tillite, wache & sandstone (sedimentary rocks of possible Permian Age), terminating in weathered Archaean granitoid. This suggests a substantial palaeovalley lies to the west and north of this drilling, and is a priority target area. This interpretation may be correlated with the Geoscience Australia WASANT palaeovalley interpretation (Figure 1 & 3) and surface playa expression.

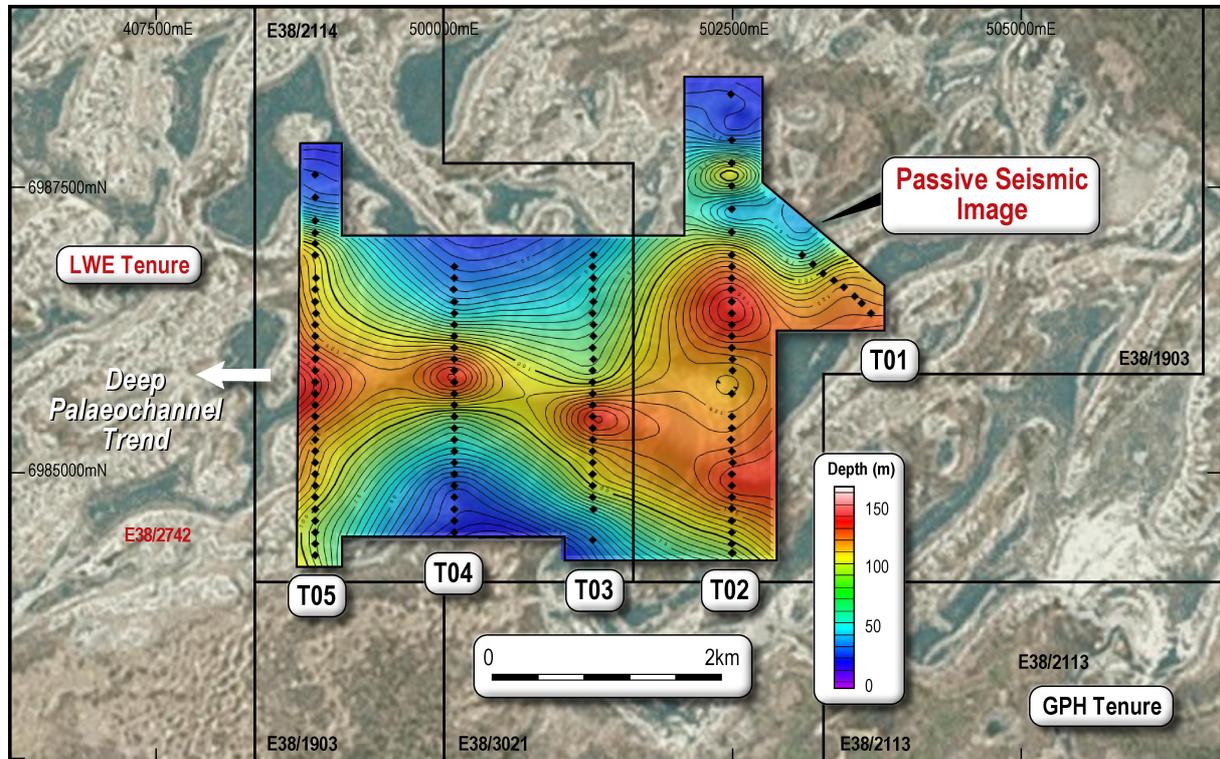


Figure 5: Initial seismic survey modelling indicates a palaeovalley trend extending to the west of the project area, with depths reaching +160 metres

CONTACT

Matt Shackleton
 Executive Chairman
 e: m.shackleton@goldphyre.com.au
 m: +61 (0)438 319 841

Brenton Siggs
 Technical Director
 e: b.siggs@goldphyre.com.au
 m: +61 (0)427 075 225

Media:

Paul Armstrong/Nicholas Read
 Read Corporate
 t: +61 (8) 9388 1474

Competent Person's Statement

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Brenton Siggs who is a member of the Australasian Institute of Geoscientists (AIG). Mr Siggs is contracted to the Company through Reefus Geology Services and is a Non-Executive Director (Exploration Manager) of Goldphyre Resources Limited. Mr Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken 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 Siggs consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Siggs is a shareholder and director of Goldphyre WA Pty Ltd, a company that holds ordinary shares and options in the capital of Goldphyre Resources Limited (Goldphyre Resources Limited, Annual Report 2015).

Forward Looking Statements & Disclaimer

This report has been prepared by Goldphyre Resources Ltd. It contains background information about Goldphyre current at the date of this report. The report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this report. This report is for information purposes only. Neither this report nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of Goldphyre shares in any jurisdiction. This report may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this report are not intended to represent recommendations of particular investments to particular people. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent permitted by law, Goldphyre, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this report arising out of negligence or otherwise is accepted. This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Goldphyre. Actual values, results or events may be materially different to those expressed or implied in this report.

ⁱRefer to ASX announcement 26 August 2015 'Lake Wells Potash Drilling Results'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, and in the ASX announcement 15 October 2015 'Quarterly Activities Report', Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 26 August 2015 announcement.

ⁱⁱRefer to ASX announcement 10 March 2015 'High Grade Brine Exploration Project'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, and in the ASX announcement 15 October 2015 'Quarterly Activities Report', Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 10 March 2015 announcement.

ⁱⁱⁱRefer to ASX announcement 11 June 2015 'Lake Wells Potash Project, Extensive brine aquifer modelling'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, and in the ASX announcement 15 October 2015 'Quarterly Activities Report', Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 11 June 2015 announcement.

^{iv}Siggs, B.D. (2001), Lake Wells Project. Annual Report for the Period 1 April 2000 to 31 March 2001, Croesus Mining Ltd, a62675.

^vWilliams, R.I. (1998), Sand Dune JV Annual Report for the Period 22 November 1996 to 31 December 1997, WMC Ltd, a54285.