



Cannindah Resources
Limited

ASX RELEASE

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SHAREHOLDER UPDATE

Cannindah Resources Limited advises that the attached shareholder update has been mailed to shareholders.

For further information, please contact:

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Executive Chairman
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28 September 2017

Dear Shareholders,

UPDATE ON CORPORATE PROGRESS

I am writing to you to provide an update on a range of milestones recently achieved and activities currently underway at Cannindah Resources, which we believe have the potential to create significant value for shareholders.

Your company has been very busy so far this year gaining access to a highly prospective large scale new gold mining and exploration area known as the Piccadilly Project, in North Queensland. This Project is an ideal addition to the company's existing copper and gold assets at Mt Cannindah, and Mt Borium.

With copper prices gradually increasing, and global investment markets supporting commodity prices and gold ventures, it is a good time for Cannindah to capitalise on stronger pricing and an increasing appetite for gold exploration investment.

Your board is of the view that having exposure to a Project such as Piccadilly, along with its existing copper and gold assets at Mt Cannindah and Mt Borium, at a time of supportive market fundamentals, places the company in a good position to create significant shareholder value over time.

Piccadilly Project – A high quality asset with significant proven grades

In September, your company announced an agreement with Piccadilly Gold Mine Holdings Limited (PGMH) to explore and mine gold from the Piccadilly mining lease area in North Queensland, along with an earn-in agreement to access the surrounding EPM areas. The Piccadilly Project is particularly exciting due to its location close to infrastructure, access to significant existing exploration data and analysis regarding the project, and its scale and prospective quality.

Cannindah's initial exploration activity at Piccadilly has resulted in the accumulation of a stockpile of circa 500 tonnes of high-grade gold ore from the trenching activity that has occurred to date on the mining lease site. Notably, we have just scratched the surface. Approximately 135m of an estimated 1.2km strike length has been worked, revealing proven high-grade gold veining (79.4 g/t Au in the highest grade grab sample) and significant widths of up to 8m with grades over 6g/t Au¹.

In order to maximise shareholder value, your Board will only assess the option to build a production plant at the Piccadilly site upon fully understanding the scale of the project area. In the meantime, Cannindah is actively considering opportunities to utilise the facilities of a company with existing production capability. The agreement recently entered into with Minjar Gold Pty Ltd in September,

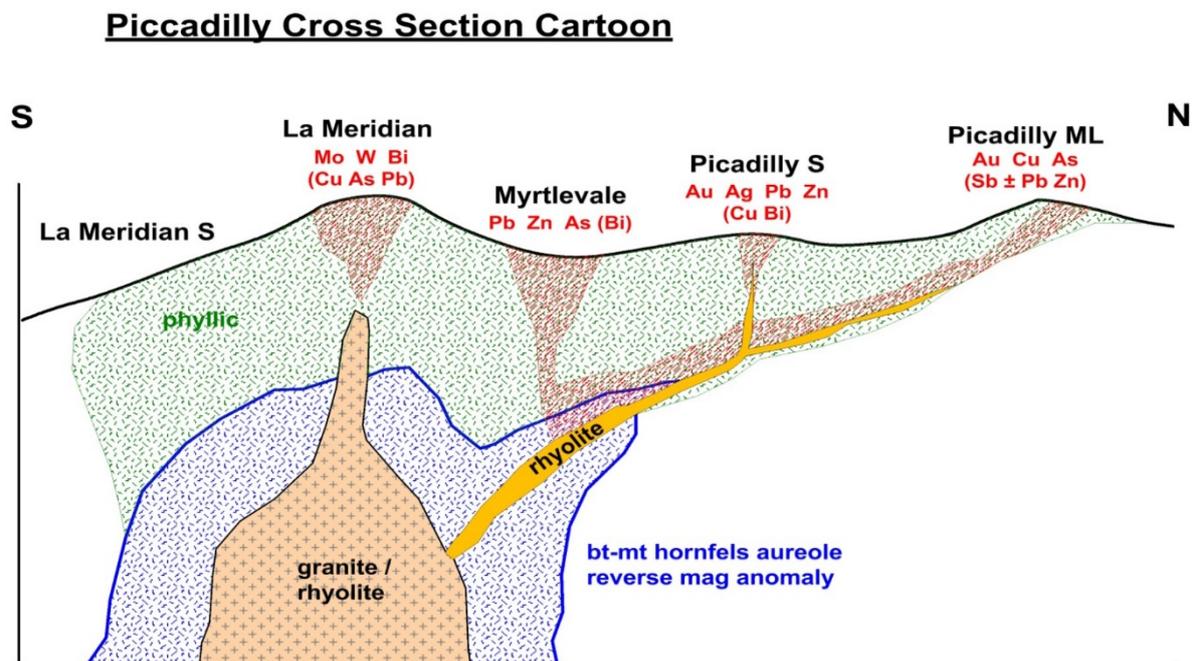
¹ ASX Announcement 22 August 2017 – "New Sampling Increases Potential for Piccadilly"



was a step in this direction, as it allows us access to cash flow from the sale of material produced from the mining lease area which was not previously available to Cannindah.

Figure 1 below² demonstrates the potential gold zonation. This diagram was completed some years ago by Klondike Exploration Services during its time as a consultant to Piccadilly, and is supported by Cannindah's recent work at the mining lease area.

Figure 1: Schematic Model of Interpreted Intrusive Related mineral system at Piccadilly. Note idealised geological north south cross section, looking west. (after Beams & Morrison, 2015)



Increasing the scale of the Piccadilly opportunity

Whilst it is very nice to have a mining lease of the quality of Piccadilly, the company has bigger plans.

During exploration activity over the mining lease, the company became interested in the source of Piccadilly's high-grade quartz veins. We are actively investigating the possibility of whether a large, intrusive related gold system of some kilometres in scale was the source of the mineralisation within the Piccadilly mining lease area and potentially also in the surrounding EPMs.

As part of the earn-in deal with PGMH, we now have access to all the data that supports this intrusive related gold system theory. Our consulting geologists at Terra Search have been working on this target since it was identified for PGMH some years ago, and recent work completed by your company has given new support to this large-scale target area.

The potential scale of this target area is significant, having been compared by numerous geological consultants as similar in style to the Kidston deposit that was endowed with over 3 million ounces.

² ASX Announcement 15 September 2017 – "Cannindah Resources Executes Earn – in Agreement to Access EPM Area at Piccadilly"

This does of course warrant further investigation by Cannindah, and we have every intention of drilling into this area in an attempt to prove up to a higher standard the existence of a large-scale gold target.

The advantage for Cannindah's shareholders is that the company is entering this project at a drill-ready stage. We are doing so having the benefit of significant exploration data and analysis already in existence with respect to the Piccadilly project, and conducting exploration activity and sampling on the adjacent mining lease area confirming high grade gold in quartz veining and the existence of gold mineralisation in other areas at significant width. The company also has the opportunity to recover some of the exploration expenses through the sale of materials via the ore purchase agreement executed with Minjar Gold.

Accelerating the development of Piccadilly

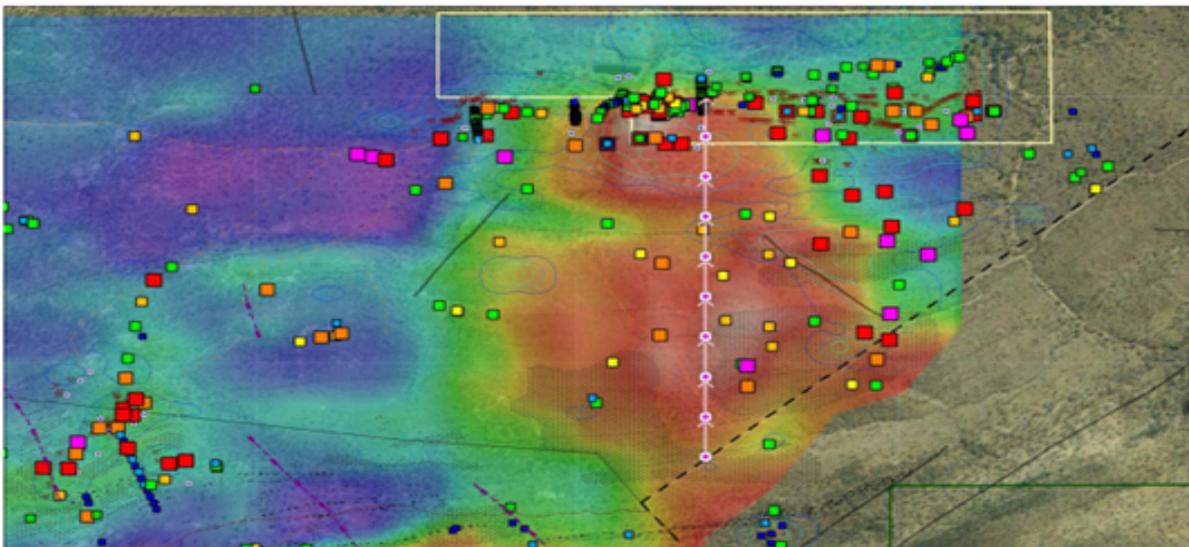
Normally, an exploration company would conduct ground-based exploration activity prior to determining whether to fund a drilling program.

Having had access to an area where we can physically see the mineralised area and see the direction in which it is heading, and with the benefit of significant sampling completed to date at Piccadilly confirming gold mineralisation, Cannindah is in a position to bring forward the decision to commence drilling to confirm depth and extent of the resource.

Sufficient ground based work had already been completed to justify drilling a target area prior to PGMH completing an Induced Polarisation geophysical survey. This survey again supported a large target area, and therefore further helped to target the drill program location shown in the Figure 2, below (as released to the ASX on 15 September 2017).

Figure 2: Image of modelled IP Chargeability at a depth slice of 106m below surface , overlain with surface rock chip colour coded gold values.

IP Chargeability Model 2D Slice at 106m





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Of course, none of this activity would be possible without the continued support of the existing and ever-increasing new shareholders of this company. This letter to you is as much to say thank you as it is to identify that we have significant opportunities coming for the company; opportunities that will hopefully provide you all with increased value in your holding of Cannindah Resources Limited shares.

This year your board and management has worked hard to drive momentum into creating shareholder value, to support the company's share price. We have concentrated on delivering the outcomes we stated we would achieve, and we intend to continue to do so with the delivery of a company-making exploration target at the Piccadilly project area.

I look forward to your continued support as the company delivers more good news from the Piccadilly project activity in the coming months.

Kind regards,

Tom Pickett
Executive Chairman