

ASX:MYG

31 October 2014

**QUARTERLY ACTIVITIES REPORT – September 2014****Highlights****Deflector Development**

- **“Mine Operators Review” completed simplifying Deflector Plan**

**Exploration**

- **“Target Priority Review” completed establishing focus on the Deflector corridor**
- **New high grade discovery of 9.9g/t Gold, 7.5% Copper 300m from Deflector**

**Corporate**

- **The company has \$1.6M in cash at 30 September 2014**

**Mutiny Simplifies Deflector Plan**

As announced on the ASX on 4 August 2014, during the months of June and July 2014, the new company management, under the leadership of Managing Director Tony James, completed an internal “Mine Operators Review” (MOR) of the Deflector gold, copper, and silver project. The review was undertaken on the 2013 Definitive Feasibility Study (DFS)(ASX, 2 September 2013).

The MOR simplified the Deflector project by reducing open pit volumes by 80%, establishing early access to the underground mine, revised processing flow sheet and capital requirements in line with optimal underground production rate of 380,000 tonnes per annum. The underground production component of the project equates to approximately 80% of the projects value.

The revised plan generated a new reserve of 1.8Mt at 5.6g/t gold (322,000 ounces), 6.3g/t silver (360,000 ounces) and 0.9% copper (16,000 tonnes).(Refer to Table 3 below).

**Project and Financial Metrics**

The project physicals and economics resulting from the Mine Operators Review were updated based on the new plan. The following Table 1 summarises the key metrics for the project based on the Life of Mine Inventory (LOM Inventory) and Reserve (Tables 3 below). The LOM inventory includes Inferred Resources that have had the same parameters applied to those used in the Reserve estimation.

Table 1 - Key Project Metrics

Key Project Metrics	LOM Inventory	Reserve
<b>Mining</b>		
Total Ore Mined	2,248Kt	1,781Kt
Mined Head Grade – Au	5.7g/t	5.6g/t
Mined Head Grade – Cu	0.8%	0.9%
Mined Head Grade - Ag	5.7g/t	6.3g/t
<b>Processing</b>		
Average Mill Throughput	380Ktpa	380Ktpa
Average Metallurgical Recovery – Au	90.6%	90.2%
Average Metallurgical Recovery – Cu	85.8%	84.7%
Average Metallurgical Recovery – Ag	75.3%	75.6%
<b>Production</b>		
Average Annual Production – Au	63Koz	62Koz
Average Annual Production – Cu	2,662t	2,853t
Average Annual Production - Ag	60Koz	63Koz
LOM Payable Au Ounces <sup>(4)</sup>	365Koz	284Koz
LOM Payable Cu Tonnes <sup>(4)</sup>	15,000t	12,490t
LOM Payable Ag Ounces <sup>(4)</sup>	325Koz	264Koz
Mine Life	5.9 Years	4.6 Years
<b>Financial</b>		
Capex – Preproduction	\$67.6M	\$67.6M
Gold Price Assumed (\$USD/oz)	\$1,300	\$1,300
Copper Price Assumed (USD\$/t)	\$6,660	\$6,660
Silver Price Assumed (USD\$/oz)	\$20	\$20
USD:AUD Exchange Rate	0.93	0.93
C1 Cash Cost (\$/Au oz) <sup>(2)</sup>	\$549	\$524
All in Sustaining Cash (AISC) Cost (\$/Au oz) <sup>(3)</sup>	\$723	\$701
LOM Revenue	\$611M	\$481M
LOM Cash Flow after Capital Expenditure	\$178M	\$130M
IRR Before Tax	50%	48%
NPV (8%) Before Tax	\$111M	\$84M

Notes: (1) All currencies in AU\$ unless marked. (2) C1 costs are onsite costs less by-product credits. (3) AISC are C1 + Corporate Overheads and royalties + sustaining capital expenditure. (4) Payable metal is based on company revenue after all Bullion and concentrate terms and conditions.

The preproduction capital shown of \$67.6M in the above table is made up of:

- processing facility \$51.2M;
- accommodation village \$5.5M;
- open pit pre strip \$4.8M;
- project implementation \$4.1M; and
- underground infrastructure \$2.0M.

The economic modelling associated with the Deflector LOM Inventory presented above in Table 1 are stand-alone financials which do not include hedging, gold streaming, gearing or tax.

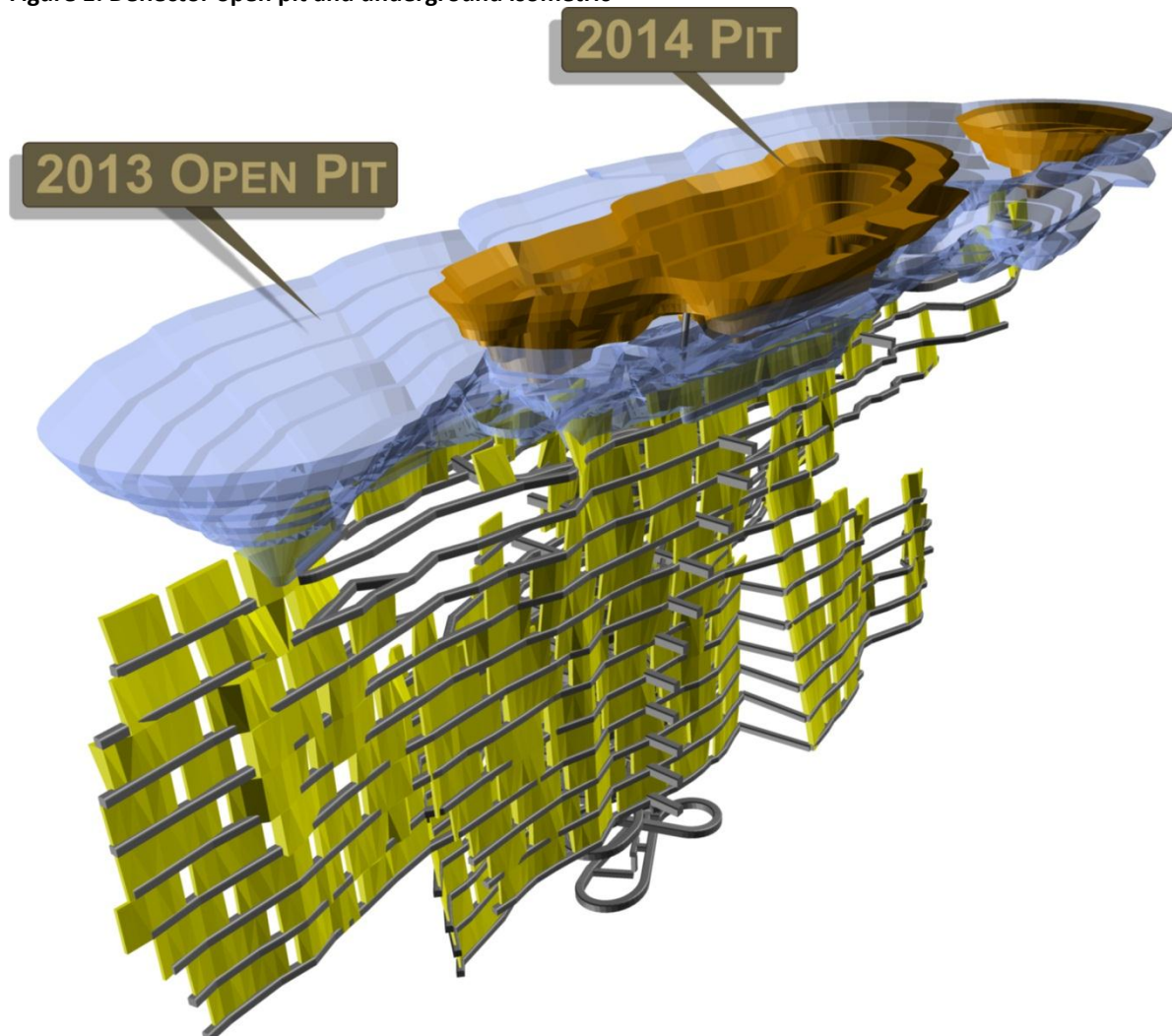
The sections below look specifically at the open pit, underground and processing facility associated with the plan. In each case, the values and detail shown relate to the LOM Inventory Model.

## Open Pit

The Deflector ore body sits under a thin transported cover. Mining commences with an open pit designed to mine oxide and transitional ore in the first ten months whilst the underground mine is established from an access point adjacent to the Central Lode. Figure 1 below shows the new design layout for the open pit and underground in direct comparison to the 2013 DFS. Key design and logic parameters associated with the open pit are as follows:

- The overall size of the open pit has been reduced from 23.2Mt (stripping ratio 23.5 : 1) to 4.8Mt (stripping ratio 13.5 : 1).
- Open pit ore production is 348kt @ 5.5g/t Au (62,000 ounces), 11.8g/t Ag (132,000 ounces) & 1.6% Cu (6,000 tonnes).
- The open pit is mined to 85m on the Western Lode and 35m on the Central Lode. The Central Lode allows for underground access to commence three months after the open pit commences. The best rock properties within the ore body are seen below 80m depth.
- The average ore body thickness changes from 5.5m above 80m to 3.1m at 80m depth on the Western lode making the transition to underground mining logical at this depth.
- Ore located in the revised open pit is in the 100% "Measured" Resource category.
- Open pit mining commences nine months after project approval.
- Average open pit operating cost is \$45/t.

**Figure 1: Deflector open pit and underground isometric**



## **Underground**

The majority of the Deflector ore body is characterised by narrow high grade veins in excellent host rock conditions (pillow basalt). The ore is located in three separate lodes being the West, Central and Contact Lodes. With good stand-off distances between the lodes, their vertical nature and strike continuity is perfect for standard Western Australian narrow-vein mechanised underground mining techniques. Key design and logic parameters associated with the underground include:

- Underground access commences from the Central Lode within the open pit three months after the open pit commences.
- Underground production is synchronised with the open pit production to ensure continuity in metal production.
- Underground ore production, based on LOM Inventory, is 1.9Mt @ 5.7g/t Au (349,000 ounces), 4.6g/t Ag (282,000 ounces) & 0.6% Cu (12,000 tonnes).
- Capital development associated with the underground mine is 4,800m. Total lateral development in the mine is 22,400m.
- Mechanised bench stoping on 20m sub levels produces 1.34Mt @ 6.5g/t Au (278,000 ounces), 5.2 g/t Ag (225,000 ounces) and 0.7% Cu (9,700 tonnes) and ore drive development produces 0.56Mt @ 3.9g/t Au (71,000 ounces), 3.1 g/t Ag (57,000 ounces) and 0.4% Cu (2,450 tonnes).
- Key underground metrics include 6,300 tonnes per vertical meter and 1,160 gold ounces and 40 copper tonnes per vertical meter.
- Underground access commences 12 months after project approval.
- Average underground operating cost is \$96/t.

## **Processing**

A fit for purpose processing facility will be constructed to enable adequate recovery of gold bullion from a gravity circuit prior to production of a copper/gold/silver concentrate which will be sold on commercial terms. The processing flow sheet is the same as presented in the 2013 Deflector DFS. The process flow sheet used is considered standard technology and the components are those typical in Western Australia and readily available. Other key design and logic parameters coming out of the review associated with the processing facility include:

- The design of the processing facility throughput rate is based solely on the optimal underground production rate for fresh sulphide ore which is 380ktpa. The underground fresh sulphide ore accounts for 80% of the value of the LOM inventory.
- The throughput rate of the oxide and transitional ore in the first 15 months is 480ktpa. The higher throughput associated with oxide and transitional ore is related to lower material work indexes.
- 80% of the ore processed is primary, 11% of the ore is transitional, and 9% is oxide material.
- The processing facility location has been relocated from the historical Gullewa plant location to the Deflector mine site to minimise ore haulage and infrastructure costs.
- The capital associated with the processing facility including three stage crushing is \$51.2M.
- The engineering and construction time frame is 12 months from project approval.
- Table 2 below shows the different recovery parameters and gravity/concentrate splits for the different ore types.
- Average processing operating cost is \$37/t.

Table 2 - Metal Recovery

Metal Recovery (Concentrate Grade)	Oxide	Transition	Primary
Gravity Au	39%	45%	56%
Flotation Au	39% (97g/t)	47% (34g/t)	35% (39g/t)
Flotation Cu	65% (35%)	81% (20%)	93% (23%)
<b>Total Au</b>	<b>78%</b>	<b>92%</b>	<b>91%</b>
<b>Total Cu</b>	<b>65%</b>	<b>81%</b>	<b>93%</b>

### Mineral Resources and Reserves

Table 3 – Deflector Mineral Resources &amp; Reserves

Deflector Life of Mine Production Inventory (ASX 4 August 2014)							
		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
<b>Measured</b>	903,000	5.4	157,000	1.3	12,000	9.6	279,000
<b>Indicated</b>	875,000	6.3	178,000	0.5	4,000	3.2	91,000
<b>Inferred*</b>	470,000	5.0	76,000	0.4	2,000	3.0	45,000
<b>Total</b>	<b>2,248,000</b>	<b>5.7</b>	<b>411,000</b>	<b>0.8</b>	<b>18,000</b>	<b>5.7</b>	<b>415,000</b>

Note: Figures are rounded to nearest 10,000 tonnes, 0.1 g/t, and 1,000 ounces. Rounding errors may occur

\*Cautionary statement: there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised

Deflector Total Ore Reserve (ASX 4 August 2014)							
		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
<b>Proven</b>	908,000	5.3	153,000	1.3	11,000	9.4	274,000
<b>Probable</b>	873,000	6.0	168,000	0.5	4,000	3.1	86,000
<b>Total Reserve</b>	<b>1,781,000</b>	<b>5.6</b>	<b>322,000</b>	<b>0.9</b>	<b>16,000</b>	<b>6.3</b>	<b>360,000</b>

Note: Figures are rounded to nearest 10,000 tonnes, 0.1 g/t, and 1,000 ounces. Rounding errors may occur

Deflector Mineral Resource Statement (ASX 26 November 2012)							
		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
<b>Measured</b>	1,164,000	6	223,000	1.5	17,000	10.9	407,000
<b>Indicated</b>	1,043,000	7.3	246,000	0.6	7,000	4.2	140,000
<b>Measured &amp; Indicated</b>	2,207,000	6.6	468,000	1.1	24,000	7.7	547,000
<b>Inferred</b>	658,000	5.8	122,000	0.5	3,000	3.9	82,000
<b>Total</b>	<b>2,865,000</b>	<b>6.4</b>	<b>591,000</b>	<b>0.9</b>	<b>27,000</b>	<b>6.8</b>	<b>628,000</b>

Note: Figures are rounded to nearest 10,000 tonnes, 0.1 g/t, and 1,000 ounces. Rounding errors may occur



# DEFLECTOR CORRIDOR EXPLORATION – Drilling hits 3.08m at 9.9g/t gold, 7.5% copper and 56.4g/t silver

## Diamond Drilling – Deflector South

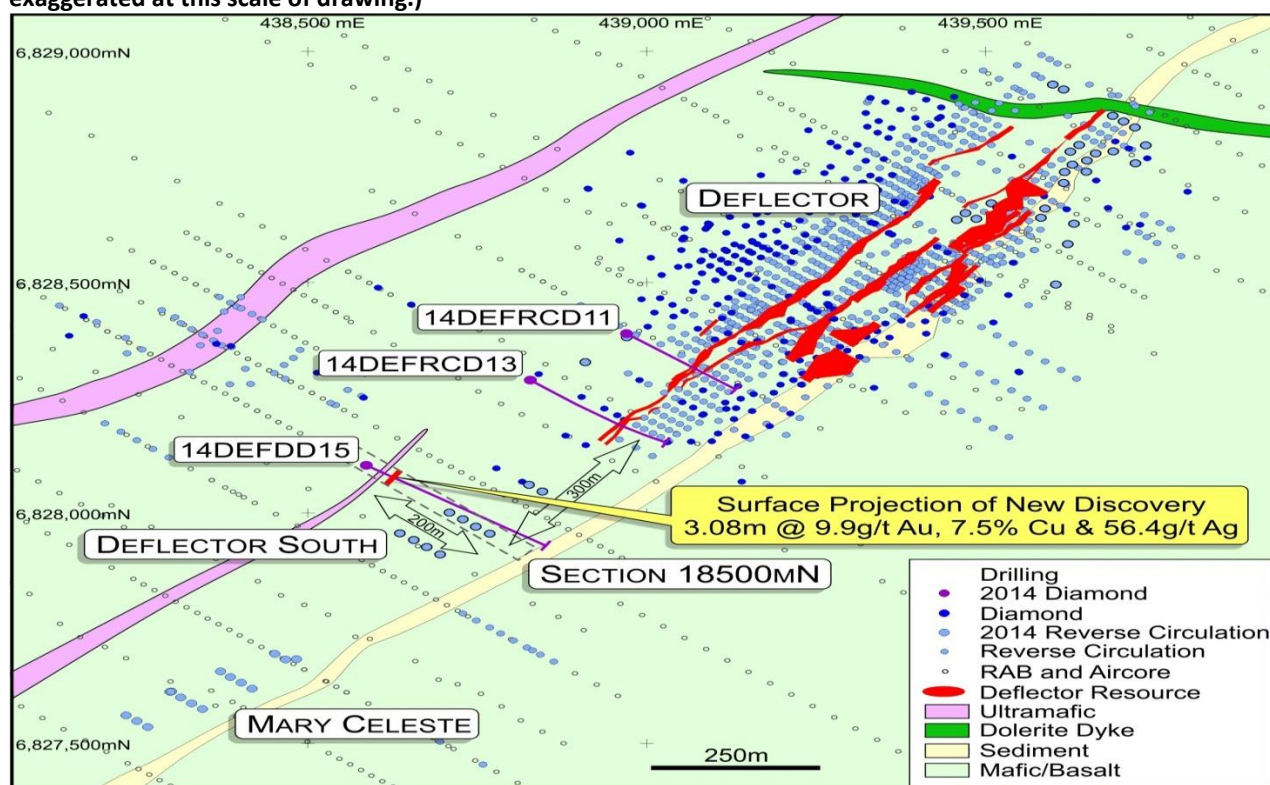
During the quarter, three diamond drill holes in a large step out sequence to the south of the Deflector Deposit were completed. The holes were designed to specifically test the southern plunge of the Deflector deposit West Lode. All three diamond holes are shown in plan view in Figure 2 and in long section in Figure 3. Significant drill intersections are shown in Table 4.

On 27 August 2014, the Company announced the results from the diamond drilling with the discovery of a new shallow high-grade vein. Drill hole (14DEFDD015) the further-most diamond hole from the Deflector resource returned 3.08m at 9.9g/t gold, 7.5% copper and 56.4g/t silver from 96.51m down hole, located 300m south and 200m west of the existing Deflector resource. In closest drill hole (14DEFRC011) to the deflector resource identified mineralization 30m below the existing resource, with an intersection of 5.76m at 4.6g/t gold, including 0.23m at 92.9g/t gold from 259.26m.

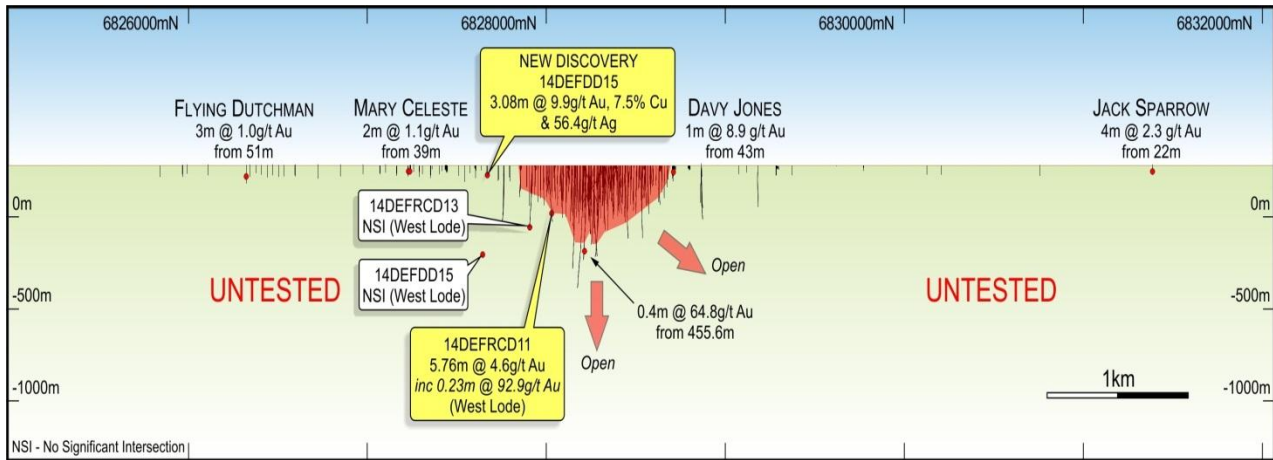
The style of mineralisation intersected in 14DEFDD015 is identical to the high grade gold, copper, silver mineralisation seen in the main West Lode at Deflector. The mineralization consists of both early stage quartz-pyrite-gold veins overprinted by late stage chalcopyrite-pyrite-pyrrhotite massive sulphide veins. The vein dips vertically with a north-south strike (mine grid) with a true width estimated at 1.6m. This newly identified high grade vein remains untested along strike with the nearest bedrock drilling (Reverse Circulation or Diamond) over 300m to the north. Follow up drilling is currently being considered to determine the dip and strike extent of this new high grade gold-copper vein.

The intersection in the most northerly hole completed (14DEFRC011) lies approximately 30m below the current resource, effectively extending the location of the Deflector West Lode Resource boundary. This drill result is similar to previous drill results in the area, containing narrow very high grade gold quartz veins (with lower copper grade) within a broader West Lode structure.

**Figure 2 - Location of Mutiny Diamond Drilling in relation to the Deflector Resource outline showing the surface projection of the new high grade vein intersected in 14DEFDD015. (Note: Thicknesses of the known lodes are exaggerated at this scale of drawing.)**



**Figure 3 - Long Section of the Deflector Corridor (looking west) showing the general location of the new vein intersected to the south and west of Deflector and the position of the West Lode pierce points from the three Mutiny Gold diamond drillholes in relation to the Deflector Resource boundary shown in red.**



The two southern holes (14DEFRC013 and 14DEFDD15) failed to identify any significant mineralisation on the West Lode, intersecting the structure within lamprophyre dyke at the predicted West Lode position in both holes. Historically the presence of lamprophyre dyke within the structure at Deflector results in lower grade mineralisation, as observed from drill holes within the Deflector Resource.

**Table 4 – Significant Diamond Drill Intercepts**

HOLE_ID	FROM (M)	TO (M)	WIDTH (M)	GOLD (g/t)	COPPER (%)	SILVER (g/t)	COMMENT
14DEFRC011	259.26	265.02	5.76	4.6	-	-	West Lode
(includes)	264.79	265.02	0.23	92.9	0.5	12.2	
14DEFRC013	No significant Intersection						
14DEFRC015	96.51	99.59	3.08	9.9	7.5	56.4	New Vein

*Note: Assay results reported to interpreted geological structure contacts*

### RC Drilling - Deflector Central Lode and Contact Lode

2,364m of RC drilling in 24 drill holes were completed to test for shallow northern extensions to the Central and Contact Lodes at Deflector.

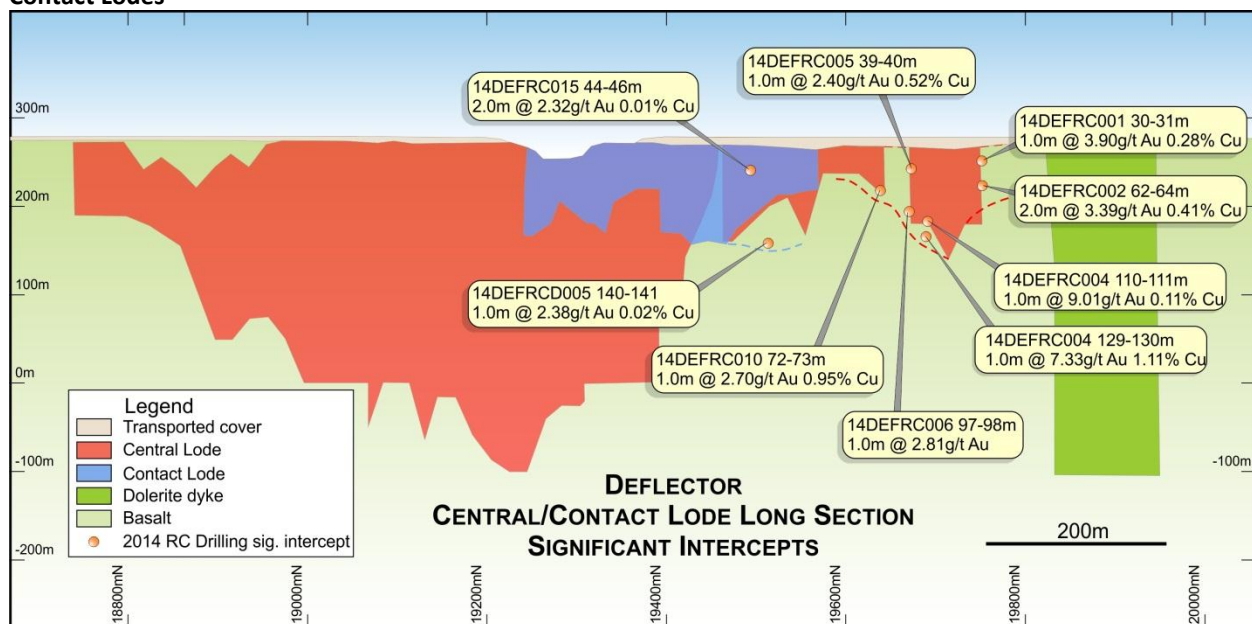
Of the 24 RC drill holes, nine significant intersections (Table 5) were reported from eight drill holes. Results indicate the mineralised structure extends beyond and below the current resource margins with additional geological interpretation and drilling required prior to further resource estimation work.

**Table 5 – Significant RC Drill Intercepts by target area**

Deflector Central/Contact Lode Significant Intercepts (ASX 18 July 2014)						
Hole ID	Depth From	Depth To	Interval Width (m)	Est. True width (m)	Au g/t	Cu %
14DEFRC001	30	31	1	0.5	3.90	0.28
14DEFRC002	62	64	2	1	3.39	0.41
14DEFRC004	110	111	1	0.5	9.01	0.11
14DEFRC004	129	130	1	0.5	7.33	1.11
14DEFRC005	39	40	1	0.5	2.40	0.52
14DEFRC006	97	98	1	0.5	2.81	-
14DEFRC010	72	73	1	0.5	2.70	0.95
14DEFRC015	44	46	2	1	2.32	0.01
14DEFRC005	140	141	1	0.5	2.38	0.02

2 g/t Au cut-off, minimum one metre mineralised intersection

**Figure 4 – Long Section outlining significant mineralised intersections in relation to the Deflector Central and Contact Lodes**





## CORPORATE

- As at 30 September 2014, the company had cash reserves of approximately \$1.6 million.
- Shares on issue are 678,227,617.
- On or about 22 September, as part of a formal finance process, the company received several non-binding indicative offers (NBIO) for project debt finance.
- During the September quarter, Mr Anthony (Tony) James made the following corporate presentations (copies of these presentations can be found on our website [www.mutinygold.com.au](http://www.mutinygold.com.au));
  - August 7 – Kalgoorlie Diggers and Dealers Forum;
  - September 24 – Melbourne Resources Roundup (RIU) conference; and
  - September 30 – Gold Coast Resources Rising Stars conference.
- On 30 September the Company lodged, with the ASX, its 2014 Annual Report.

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*Mutiny confirms that it is not aware of any new information or data that materially affects the information included in this Annual Report. In regards to estimates of mineral resources, all material assumptions and technical parameters underpinning the estimates in the previous ASX announcements referred to in this report continue to apply and have not materially changed.*

### **Competent Persons Statement:**

*The Geological aspects in this report which relates to Deflector Mineral Resource are based upon information compiled by Mr. Lynn Widenbar of Widenbar and Associates. Mr Widenbar is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration 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 Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.*

### **Competent Persons Statement:**

*The Underground and Open Pit mining aspects in this report which relates to Mining Reserve is based upon information compiled by Mr Shane McLeay – B.Eng(Hons), Principal – Mining of Entech Pty Ltd. Mr McLeay is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration 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 McLeay consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.*

### **Competent Persons Statement (Deflector Corridor)**

*The Geological aspects in this report which relate to Exploration Results are based upon information compiled by Mr. Chris Newman of Newman Geological Services. Mr. Newman is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration 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. Newman consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.*

**TENEMENTS HELD AS AT THE END OF THE SEPTEMBER 2014 QUARTER**

Tenement	Registered Holder	Mutiny Group's Interest
<b>White Well:</b>		
M20/54	George Francis Lee/ Mutiny Gold Ltd	70%
P20/2190	George Francis Lee/ Mutiny Gold Ltd	70%
<b>Widgie South:</b>		
E15/1025	Mutiny Gold Ltd	100%
<b>Gullewa:</b>		
E59/1134	Gullewa Gold Project Pty Ltd	100%
E59/1240	Brandy Hill Iron Pty Ltd	100%
E59/1241	Gullewa Gold Project Pty Ltd	100%
E59/1242	Gullewa Gold Project Pty Ltd	100%
E59/1274	Brandy Hill Iron Pty Ltd	100%
L59/35	Central Infrastructure Pty Ltd	100%
L59/49	Deflector Gold Pty Ltd	100%
L59/50	Central Infrastructure Pty Ltd	100%
L59/70	Central Infrastructure Pty Ltd	100%
L59/71	Deflector Gold Pty Ltd	100%
L59/118	Deflector Gold Pty Ltd	Pending
L59/64	Deflector Gold Pty Ltd	100%
M59/49	Central Infrastructure Pty Ltd	100%
M59/68	Gullewa Gold Project Pty Ltd	100%
M59/132	Gullewa Gold Project Pty Ltd	100%
M59/133	Brandy Hill Iron Pty Ltd	100%
M59/224	Brandy Hill Iron Pty Ltd	100%
M59/294	Central Infrastructure Pty Ltd	100%
M59/335	Gullewa Gold Project Pty Ltd	100%
M59/336	Gullewa Gold Project Pty Ltd	100%
M59/356	Gullewa Gold Project Pty Ltd	100%
M59/391	Gullewa Gold Project Pty Ltd	100%
M59/392	Gullewa Gold Project Pty Ltd	100%
M59/442	Deflector Gold Pty Ltd	100%
M59/507	Central Infrastructure Pty Ltd	100%
M59/522	Central Infrastructure Pty Ltd	100%
M59/530	Gullewa Gold Project Pty Ltd	100%
M59/531	Gullewa Gold Project Pty Ltd	100%
P59/1737	Brandy Hill Iron Pty Ltd	100%

There were no tenement acquisitions or disposals during the June 2014 quarter.

There was no change in percentage of beneficial ownership under the farm-in agreement during the June 2014 quarter.