

ASX ANNOUNCEMENT

17 August 2020

Sherwood High Grade Zone larger than expected - Mining to commence this Quarter

Highlights

- + Sherwood high grade zone at the Agate Creek Project remodelled, incorporating results of the recent 34 hole (2,068 metre) RC drilling program.
- + Whittle Optimisation yields a Whittle Shell containing 45,000 tonnes of high-grade gold material grading 6.7 g/t Au, almost 2 times larger than expected pre-drilling.
- + Commencement of mining of ore is targeting the current quarter, with ore to be transported & processed pursuant to a toll treatment agreement through a third party CIL processing plant to commence shortly thereafter.
- + Laneway anticipates significant positive cash flow from this mining campaign – supports ongoing exploration and appraisal of the broader Agate Creek Project without shareholder dilution.
- + Potential for high grade mining beyond the current campaign identified with Whittle pit optimisation process also generating a much larger Open Pit Shell containing 120,000 tonnes of high-grade material at 5.7 g/t Au for 22,000 Oz Au. Mining this larger pit shell will require amendments to the current Environmental Authority associated with ML 100030. Additional environmental studies are currently being undertaken which will facilitate obtaining approval for the necessary amendments.
- + Laneway continues to appraise and evaluate the broader mineralisation potential at Agate Creek and progress the development and planning for large scale mining activities including on-site processing of the Mineral Resource of 471,000 ounces of gold that has been defined thus far.

The Board of Laneway Resources Limited (“Laneway” or “the Company”) (ASX: LNY) is pleased to advise of the continued significant progress being made towards recommencement of mining operations at the high grade Sherwood deposit within the 100% owned Agate Creek Gold Project in North Queensland.

Initial analysis prior to the recent drilling program showed potential for 20,000 to 25,000 t of high-grade material to be mined in the near term by Laneway. Following incorporation of the recent drilling results in the high grade block model and data set, Whittle Optimisation shells now suggest 45,000 t of oxide ore grading 6.74 g/t Au, including expected mining dilution and recovery, can now be mined during the next stage of mining at Sherwood. The optimised shell is restricted to comply with all current Environmental Authority conditions associated with ML100030.

Whittle Optimisation of planned pit shells has been undertaken using Whittle software which enables the analysis of pit designs in the context of all physical, economic and mining constraints to determine and optimise the economics of open pit mining projects.

Whittle Optimisation undertaken was based on an \$AUD2,500 gold price per ounce and mining parameters similar to those used during mining in 2019 were applied to the high-grade Mineral Resource subset in Table 2 shown below.

Pit designs and mine planning are currently being completed with several scenarios being trialled as part of the mine planning to optimise ore timing and cash flows.

Mining contractor, ore transportation and toll treatment agreements for third-party off-site processing can all be finalised once the mine planning is completed enabling mining to get underway.

Processing arrangements for this next stage of mining are well advanced with three toll treatment processing plant options available.

Potential for further high-grade mining beyond this next campaign has also been identified with one of the larger Whittle runs generated a much larger shell containing 120,000 t of high-grade material at 5.7 g/t Au for 22,000 Oz Au. Mining of this larger pit shell will require amendments to the currently granted Environmental Authority conditions associated with Mining Lease 100030. Background environmental studies are being undertaken currently to allow for lodgement of the necessary EA amendments to allow this scale of mining. Other activities are also continuing to be progressed with a view towards the longer-term large-scale development of the project. Infrastructure upgrades, monitoring, modelling and procedures have also been implemented to allow for the collection of baseline environmental data and studies, which will be utilised moving forward as part of the expansion of on-site activities as Laneway continues the development and planning for large scale mining activities including on-site processing at the Agate Creek Project.

Given the current high gold price it is expected more of the current 205,000 t of high grade Mineral Resource at Sherwood may be able to be incorporated into economic pit shells for future mining along with the expectation that further high grade Mineral Resources can be identified through carefully targeted future exploration drilling following the high grade Zones to depth.

The long-term aim for the Agate Creek mine is for conventional on-site processing of the larger commercial grade Mineral Resource of 471,000 ounces of gold that has been defined at Agate Creek. Additional potential toll treatment of high-grade ore will continue to be targeted in the shorter term to provide additional cash flow to fund significant further exploration and development for the company without requirements for equity capital raisings.

Laneway's Chairman, Stephen Bizzell noted: "We are naturally very pleased with the outcome of the drill program and the impact it has had on the size of the Sherwood high grade zone able to be mined this campaign. The Whittle Pit Optimisation has yielded a pit shell two times larger than we had previously expected and we are moving to produce gold from this area in the very near term. With the current high Australian dollar gold prices, we expect very healthy cash generation from this mining campaign to support the self-funded ongoing exploitation of the Agate Creek Project."



Mineral Resource Estimate

An updated Mineral Resource estimate (JORC 2012) was completed in January 2020 on the Agate Creek epithermal gold project in North Queensland that includes all drilling on the project (except the recently completed 34 hole program) and also takes into account depletion from all mining during 2019.

Mineral Resource estimates were undertaken for the Sherwood, Sherwood West and Sherwood South deposits and were based upon a total of 710 exploration drill holes and over 1500 sampled blast holes from mining. Independent consultants ResEval Pty Ltd were engaged to update the Agate Creek Project Mineral Resource.

A global recoverable Mineral Resource is defined for the Agate Creek Project in Table 1 at a 0.5 g/t Au cut-off suitable for a large open pit operation. Table 3 also shows the recoverable Mineral Resource defined for the Agate Creek Project at a 0.3 g/t Au cut-off grade. No recent updated economic modelling has been undertaken on the project and as such the marginal cut-off grade that would be used for a bulk tonnage operation has not yet been determined, but is anticipated to be in the 0.3 to 0.5 g/t Au range with the current high AUD gold price potentially supporting a lower cut-off grade.

A continuous high-grade Mineral Resource can be interpreted at cut-off of 2 g/t Au for Sherwood and 1 g/t Au for Sherwood West and reported in Table 2. Table 2 represents a subset of Tables 1 & 3

Table 1: Total recoverable Mineral Resource at 0.5 g/t gold cut-off grade

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.88	2,400									
Indicated	2.45	1.56	123,000				2.18	1.54	108,000	4.63	1.55	231,000
Inferred	1.73	1.15	64,000	0.37	1.16	14,000	1.59	1.14	58,000	3.69	1.15	136,000
Total	4.20	1.40	190,000	0.37	1.16	14,000	3.37	1.37	166,000	8.32	1.37	367,000

Mineral Resources are inclusive of the high-grade Mineral Resource included in Table 2

Table 2: High grade Mineral Resource subsets

Area	Cut-off Au g/t	Measured			Indicated			Inferred			Total		
		kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz	kt	Au g/t	Au oz
Sherwood	2.0	15	4.88	2,400	188	5.61	33,800	2	3.05	200	205	5.53	36,400
Sherwood West	1.0				977	1.87	58,800	118	1.72	6,700	1,095	1.86	65,400
Total		15	4.88	2,400	1,165	2.47	92,600	119	1.78	6,800	1,300	2.44	101,800

Grade and Tonnage rounded to 2 decimal places. Ounces calculated after rounding and reported to nearest 100 Oz

Table 3: Total recoverable Mineral Resource at 0.3 g/t gold cut-off grade recoverable Mineral 0.3 g/t gold cut-

Classification	Sherwood			Sherwood South			Sherwood West			Total		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Measured	0.015	4.88	2,400							0.015	4.88	2,400
Indicated	4.90	1.00	157,000				4.13	1.02	135,000	9.04	1.01	292,000
Inferred	3.06	0.83	82,000	0.51	0.96	16,000	3.19	0.78	80,000	6.76	0.81	177,000
Total	7.98	0.94	241,000	0.51	0.96	16,000	7.32	0.91	215,000	15.79	0.92	471,000

This Announcement is Authorised by the Board of Directors

For further information contact:

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Competent Persons Statements

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Scott Hall who is a member of the Australian Institute of Mining and Metallurgy. Mr Hall is a full-time employee of Laneway Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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 Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral Resources at the Agate Creek Project is extracted from the ASX Announcement as follows:

ASX Announcement titled:

'Significant High-Grade Resource Increase for Agate Creek' dated 30 January 2020.

The report is available to view on the Laneway Resources website www.lanewayresources.com.au. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.