

## ASX ANNOUNCEMENT

### Agate Creek Project Update

17 February 2016

Laneway Resources Ltd is pleased to provide an update on recent progress towards bringing its 100% owned Agate Creek gold project, in North Queensland, into production this year.

The highlights are:

- Senior mining executive, Rod Bridges, has been appointed as Project Director with responsibility for a number of key tasks including: managing the Agate Creek Mining Lease application through to grant; completion of the planning in preparation for bringing the Sherwood high grade mine into production following grant of the Mining Lease and preparations for processing high grade ore at the Georgetown Gold Processing Plant during 2016.
- Terms for a gold and silver refining and sales agreement for up to 100,000 ozs of gold production have been agreed with Australia's second biggest precious metals refiner, Focus Metals.
- Etheridge Operations Pty Ltd, the party with whom Laneway has entered into a heads of agreement for undertaking and financing the mining, transporting and processing of an initial 200,000 tonnes of Agate Creek ore at their Georgetown Plant, has confirmed recommissioning and expansion of the Georgetown Plant will move in tandem with the project's regulatory approvals.

Agate Creek is located 60km due west of the Kidston Gold Mine, which produced 3.4 million ozs (~\$5.8billion using the current gold price) in gold and silver between 1985 and 2001, and was for a time Australia's largest single gold producer drawing on a 1.87g/t orebody.

Agate Creek is currently defined as two principal areas, Sherwood and Sherwood West, which are situated on the north western edge of a Permian caldera measuring 10km by 5km. Overlying sandstone units have been partly eroded to reveal the original Permian volcanic topography including outcropping gold mineralisation. Numerous other historic mines are within the Etheridge Gold Field which historically produced 1 million ozs of gold between 1870 and 1914. Laneway strategically controls much of the southern end of the Etheridge Field.

On 1 February 2016 Laneway announced (ASX Release 1 February 2016: Resource Update for Agate Creek Gold Project), an updated JORC compliant global Mineral Resource of 381,000 ozs at 0.5 g/t gold cut-off grade (Table 1), which replaced the earlier 2011 Mineral Resource announcement.

The 2016 update includes drilling completed in 2014 and 2015 and also a high grade zone at Sherwood with an Indicated Mineral Resource of 89,000 tonnes @ 6.0 g/t (Table 2).

The global recoverable Mineral Resource in Table 1 is at a 0.5 g/t Au cut-off suitable for a large open pit operation.

**Table 1: Total recoverable Mineral Resource at 0.5 g/t gold cut-off grade (rounded to '000 oz)**

| 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  |
| Indicated      | 2.8      | 1.6    | 140000 | 0.0            |        |       | 2.2           | 1.6    | 112000 | 5.0   | 1.6    | 252000 |
| Inferred       | 1.4      | 1.3    | 57000  | 0.3            | 1.2    | 12000 | 1.5           | 1.2    | 59000  | 3.2   | 1.2    | 128000 |
| Total          | 4.2      | 1.5    | 197000 | 0.3            | 1.2    | 12000 | 3.7           | 1.4    | 171000 | 8.2   | 1.4    | 381000 |

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 Table 1.

**Table 2: High grade Mineral Resource subsets (rounded to '00 oz)**

| Area          | Cut-off<br>Au g/t | Indicated |        |       | Inferred |        |       | Total |        |       |
|---------------|-------------------|-----------|--------|-------|----------|--------|-------|-------|--------|-------|
|               |                   | Kt        | Au g/t | Au oz | Kt       | Au g/t | Au oz | Kt    | Au g/t | Au oz |
| Sherwood      | 2.0               | 89        | 6.01   | 17300 | 0        |        |       | 89    | 6.01   | 17300 |
| Sherwood West | 1.0               | 1018      | 1.82   | 59600 | 146      | 1.72   | 8100  | 1164  | 1.81   | 67700 |
| Total         |                   | 1107      | 2.16   | 76900 | 146      | 1.72   | 8100  | 1254  | 2.11   | 85000 |

In 2014 a metallurgical sample of 5,472 tonnes of outcropping ore from Sherwood grading 11.2g/t produced 1,725 ozs at a recovered gold grade of 9.8g/t when processed through the nearby Georgetown Plant.

In June 2015, Laneway entered a 200,000 tonne high grade processing heads of agreement with Etheridge Operations Pty Ltd, the operator of the Georgetown Plant, under which Etheridge would mine, transport and process Agate Creek ore at the Georgetown Plant. Georgetown is situated 100km north of Agate Creek on well made bitumen and gravel roads.

Etheridge acquired the Georgetown Plant in December 2014, and has subsequently funded drilling of the Agate Creek high grade by a share payment agreement. A Mining Lease application covering the known Agate Creek orebody was lodged with the Queensland Department of Natural Resources & Mines in early 2015. The statutory period for public notification of the Agate Creek Mining Lease Application and public objections to the granting of the Lease expired on 8 December, 2015, without any objections being received by the Department.

New Project Director Rod Bridges is a civil engineer who was previously Executive General Manager of Wesfarmers' Curragh Coal Mine, and more recently Chief Operating Officer of Idemitsu Australia Resources, operating four mines in Queensland and New South Wales. Mr Bridges also has extensive North Queensland construction and indigenous relations experience having been the Project Manager for Thiess Contractors building pre-fabricated concrete barge and wharf installations across the Torres Strait Islands. He also recently completed managing the construction of 18km of standard gauge heavy axle load railway line in NSW. The Laneway Board welcomes Mr Bridges to the project and notes that his industry seniority reflects the board's wider perspective on the future scale of the project.

The Project Director will continue negotiations with various stakeholders aimed at expediting commencement of infill drilling within Agate Creek's current JORC Resource area, and step-out



drilling within the wider Agate Creek caldera where previous prospective chip samples have been taken. Drilling of known targets is to recommence immediately after the wet season, with drilling funded via the issue of shares under a stage 2 drill funding agreement with Etheridge Operations, approved at the Annual General Meeting on 23 November 2015.

The gold and silver refining and sales agreement with Focus Metals enables Laneway to predicably lock in refining costs in a burgeoning gold market, and to provide a solid basis for future gold-backed financing of organic growth at Agate Creek.

Etheridge Operations Pty Ltd has advised that in addition to the recommissioning of the Georgetown Plant it is testing United States-sourced centrifugal equipment aimed at a higher percentage gravity recovery of fine gold from the Agate Creek ores. Extensive metallurgical testing indicates that up to 40% of the Agate Creek gold is recoverable by gravity extraction. This has the potential to position the Agate Creek project as a low cost producer.

Etheridge has further advised Laneway that, in addition to bringing the Georgetown Plant back into production at its full 200,000 tpa capacity, it has acquired a further 350,000 tpa milling capacity through its purchase of the Collingwood hard rock tin plant near Cooktown. The Collingwood circuit includes a modern 1992 Marcy ball mill, which combined with the existing Georgetown milling capacity provides the potential to boost mid-term gold production from Agate Creek by significantly lowering the cut-off grade for ore that could be economically processed through the plant.

**JPK Marshall**  
**Company Secretary**

#### **Competent Persons Statement**

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

- ASX Announcement titled 'Resource Update for Agate Creek Gold Project' dated 1 February 2016.

The report is available to view on the Laneway Resources website [www.lanewayresources.com.au](http://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.