
ASX ANNOUNCEMENT

11 October 2017

INDEPENDENT GEOLOGIST REVIEW CONFIRMS EXPLORATION POTENTIAL AT CRATER MOUNTAIN, PNG

HIGHLIGHTS:

Independent expert concludes that Crater Mountain has significant exploration potential related to several target concepts and agrees short term exploration drilling targets:

- **High grade gold ore shoots in HGZ (High Grade Zone) – near term drilling plan agreed**
- **Additional gold mineralisation targets proximate to HGZ - potentially larger tonnage and more continuous high grade gold mineralisation**
- **Potential bulk-mineable lower grade mineralisation within HGZ**
- **Porphyry-style gold-copper mineralisation**

Exploration consultant Dorian L. (Dusty) Nicol (Fellow AusIMM, Fellow SEG, RG, CPG) completed a 5-day site visit to Crater Mountain in September 2017. Mr. Nicol has extensive PNG experience, having worked there in the early 1980's including at Crater Mountain and other projects. He also has extensive experience on similar gold-copper deposits throughout the world.

After his visit Mr. Nicol noted that "Crater Mountain is geologically a very fertile area with the potential to host one or more large gold orebodies. As a Geologist these types of projects really get you excited". His conclusion was that Crater Mountain has significant exploration potential related to several target concepts: High grade ore shoots in HGZ (High Grade Zone), additional gold mineralisation proximate to the HGZ but potentially larger tonnage and more continuous high grade gold mineralisation, potential bulk-mineable lower grade mineralisation within HGZ or elsewhere on the license ("Mixing Zone" type mineralisation) and Porphyry-style gold-copper mineralisation.

His recommendations fall into two basic categories: mine and near-mine (or short-term) exploration and district-scale exploration. The former is key in order to provide further ore for the expansion of the HGZ underground mining operation. For the latter, he outlined recommendations that can be started at relatively low cost with the objective of identifying drill targets for testing.

Managing Director Russ Parker commented "It was great to get Dusty up to site recently. He has confirmed the Board's view of the prospectivity of our flagship Crater Mountain project. We are looking forward to implementing the first stage of his proposed exploration and drilling

program in and around the HGZ in the near future. We will commence that drilling work with the Atlas Copco Diamec D252 that we have recently announced was acquired. ”

High Grade Ore Shoots at HGZ

Mr. Nicol recommended that this exploration should be the highest priority in the short-term, with the objective of identifying additional high grade ore for the existing underground mining operation at the HGZ. High grade gold ore occurs in the HGZ as steeply dipping ore shoots at the intersection of N-S to NE-SW and E-W to NNE-SSW structures. Overall, the HGZ consists of a package of andesitic volcanic rocks exhibiting the typical advanced argillic (silica-alunite) alteration and acid-leaching found near the tops of porphyry copper systems. Within this broad halo of alteration, silica-iron oxide filled fractures (typically within zones of intense acid leaching exhibiting vuggy silica +/- kaolinite) can carry high grades of gold. Where these fractures intersect, steeply dipping shoots can form mineable pockets of high-grade (>20 g/t) gold ore.

Resource delineation to date has been based on diamond drilling and underground channel sampling. This has defined several shoots of ore which have been plotted on mine level plans and sections. There are clear targets for near-mine exploration which should be drilled from underground as soon as possible. While on site at Crater Mountain, Mr Nicol reviewed proposed underground drill plans with project staff. It was agreed that an optimal short-term program should comprise two fans of drill holes to target near-term high grade resource addition: one set to be drilled from 1960 level back toward the portal and one set to be drilled from 1930 level away from the portal. Development along the 1960 level is sufficient to allow drilling from this level now. Approximately 100 meters of development drifting along the 1930 level is required to reach a point from which drilling from this level could be conducted. He believes this is sufficient near-term drill target definition planning for now, with future drilling to be planned based on results of this initial program. Future work will lead to generation of additional further drill targets in the context of the new information gathered, once it has been appropriately studied.

Mr. Nicol emphasized that the adage of “drill for structure, drift for grade” is appropriate at HGZ. Underground drilling should focus on defining gold-bearing structures. Drifting along these structures can be expected to expose structural intersections where bonanza grade ore shoots can occur.

As underground development continues, surveyed plans of underground workings showing geology, alteration, grades from channel sampling, and most importantly, orientation of any mineralised structure will be observed. As more underground information is gathered, it will become possible to conduct structural interpretations leading to the generation of additional drill targets aiming for intersections of broader structural zones.

Additional gold mineralisation similar in geologic setting to HGZ

The geologic setting at Crater Mountain and the extent of gold anomalies in rock samples and stream sediments, as well as the presence of other zones of artisanal gold mining, suggest that there are likely additional zones of gold mineralisation similar to HGZ. According to Mr. Nicol, these would likely occur in a similar geologic setting exhibiting advanced argillic alteration, conceptually near the top of a porphyry copper system. Mr Nicol recommended that a methodical effort should be made to evaluate these additional zones and possibly identify new ones. He noted that at several of the world-class PNG gold deposits (including Porgera, Kainantu and Lihir), the eventual major deposit was not the first one drilled or worked on. His opinion is that Crater Mountain is a large, geologically fertile area with the potential to host one or more large gold orebodies.

Additional gold targets at Crater Mountain in and around the HGZ would be expected to be in similar in geologic setting to HGZ, but potentially with larger tonnage and more continuous high grade gold mineralisation. The improvements in tonnage and continuity with respect to the HGZ would be caused by larger mineralized structures and/or intersections of zones of greater fracture densities than occur at the HGZ. The amount of gold carried in relatively narrow structures at the HGZ is indicative of a potentially large and fertile gold mineralised system. It is not unreasonable to believe, therefore, that the mineralisation at the HGZ may be peripheral to one or more larger gold deposits. All gold occurrences, prospects, and anomalies at Crater Mountain should be evaluated in this context.

One such prospect review by Mr. Nicol and the team during his visit is the SAW (South Artisanal Working), about 400 meters SW of the HGZ portal. Artisanal miners extracted gold there along EW trending structures from which the Company took rock grab samples containing >20 g/t gold. When resources allow, a crew will be sent to open hand contour trenches for several 10's of meters on either side of the workings along at least three benches at ten-meter elevation intervals. Once opened, these trenches will be mapped and channel sampled (with one meter channels) and any gold-bearing structures detected will be followed up.

Mr Nicol further recommended that all known gold occurrences within the tenement (rock chip, artisanal workings, stream sediments, and soils) be plotted on a 1:10,000 scale topographic base map. Once these are all plotted, available information from previous work should be compiled (including any drill data) so that these can be prioritised for follow up. Follow up in general should consist of opening of trenches to allow for geologic mapping and geochemical sampling with the expectation that drill targets will be generated.

All drill logs will be reviewed with the objective of piecing together a 3-dimensional picture of alteration and anomalous geochemistry. Mr Nicol suggested it will be useful to re-log selected intervals of the historic core with an eye toward current target concepts.

There is a large amount of old data on various prospects and targets that were investigated at Crater Mountain. He recommends data compilation should be undertaken by an experienced geologist who will be involved with the project through all stages from target definition through drilling. It is expected that several new drill targets will be generated as a result of this work.

Potential bulk-mineable lower grade mineralisation within HGZ (and elsewhere)

Mr Nicol stated in his review that despite the current focus on high grade shoots at HGZ, the possibility of a large tonnage, bulk-mineable, lower-grade gold deposit should not be discounted. He recommended that all altered / mineralised rocks observed, whether on surface or underground, should be channel-sampled and results should be interpreted with an eye for the possibility of a larger, albeit lower-grade but bulk-mineable, target. Something analogous to the Mixing Zone project (24 MT @ 1 g/t Au; 775,000 ounces as currently defined¹) would be the target type, though the target would be somewhat larger and higher grade.

¹ See ASX announcements dated 24 November 2011 – Crater Mountain – Initial Resource Estimate; 28 November 2011 – Crater Mountain Resource Announcement – Attachment; and 21 December 2011 – Initial Resource Estimate- Full Independent Expert's Report

Disclaimer: This above information was prepared and first disclosed under JORC Code 2004 and it has not been updated since to comply with the JORC Code 2012. The Company confirms that it is not aware of any new information or data that would materially affect the resources and all material assumptions and technical parameters underpinning the Resource estimates continue to apply and have not materially changed in the meantime. Such resource estimates are subject to the relevant assumptions, qualifications and procedures described in the relevant ASX announcements.

Porphyry-style gold-copper mineralization

Mr Nicol noted all targets discussed above represent, geologically, deposits that could be expected to form at or near the tops of porphyry copper deposits. Therefore, the occurrence of a porphyry copper-gold deposit (Ok Tedi or Panguna type) underneath currently recognised mineralisation remains an intriguing possibility. This target concept is supported by the presence of porphyry-style alteration in drill core, for example the propylitic and phyllic alteration best developed in Drill Hole NEV020.

The porphyry target should be pursued using the same methodology of data compilation, drill core review, and field follow up as for the gold targets discussed above. However, this will require more persistence and time and the eventual drill targets will be deeper. Therefore, porphyry target generation will be an ongoing process of data compilation and field follow up. As the porphyry target concept is refined and leads to the identification of specific targets, precisely targeted deep holes (+/- 1,000 m) can be drilled to test the concept.

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Competent Persons Statement

The information contained in this Announcement relating to exploration results and mineral resource estimates is based on and fairly represents information and supporting documentation prepared by Mr Dorian L. (Dusty) Nicol or prepared by appropriately qualified external technical experts and reviewed by him. Mr Nicol has been assisting the Company as a technical consultant relating to his areas of expertise. Mr Nicol is a Fellow of The Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon 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 Nicol consents to the inclusion in this Announcement of the matters based on his information in the form and context in which it appears.

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