



PRIMARY GOLD EXECUTES BINDING AGREEMENT WITH AUSDRILL FOR DRILLING FOR EQUITY PROGRAM

HIGHLIGHTS

- Binding A\$3.0M equity agreement providing approximately 30,000m of drilling
- Agreement expanded from MOU to include Primary's newly acquired Coolgardie Gold Project
- Mount Bundy Drilling (NT):
 - Program planned and submitted, awaiting final heritage approvals to proceed
 - Targeting expansion of Rustlers Roost, Quest 29 and greenfield targets
 - Bulk sample to be collected for metallurgical testwork input into a Scoping Study for a proposed large scale bulk operation
- Coolgardie Drilling (WA):
 - Program planned and submitted for standard mines department approvals
 - Targeting additional gold mineralisation along the 2.2km Tonalite Dyke (<50% drilled)
 - Drilling to also target fault structures cross cutting the Coolgardie greenstone sequence
 - Drilling results to be used as part of upcoming Mine Optimisation Study as precursor for first production in 2017

Primary Gold Limited (ASX: PGO) is pleased to announce it has executed a binding agreement with Ausdrill Limited (ASX: ASL) for A\$3.0M in drilling for equity programs. The agreement formalises the MOU between the parties which was completed in early August 2016 for drilling at the Mount Bundy Gold Project in the Northern Territory. The agreement has also been expanded to include drilling over the newly acquired Coolgardie Gold Project in Western Australia.

The drilling for equity agreement is estimated to provide for approximately 30,000m of drilling over existing brownfield and greenfield sites at both Projects.

Drilling Update: Mount Bundy Gold Project

Drilling at the Mount Bundy Gold Project will target delineation of brownfield resources around the Rustlers Roost and Quest 29 deposits, with a focus on collection of bulk sample for metallurgical testwork programs (see Figure 1 overleaf). Together, these two deposits host over 70% of the current resources at Mount Bundy, with significant potential for additional resources at depth and along strike.

Identified close proximity targets to Rustlers Roost will also be tested, with drilling to occur across look-a-like structures located directly to the east and west of the existing open pit (see Figure 2 overleaf).

In addition, drilling will also occur over greenfield targets located at Quest 30 and Rustlers East. These targets represent a significant opportunity to add additional satellite resources for Primary's planned bulk tonnage operation at the existing Rustlers Roost deposit.



The Toms Gully deposit is planned to undergo detailed geophysical surveys (IP and seismic) prior to a new round of drilling for resource expansion.

The results of the drilling program will be used as part of a Scoping Study which will seek to provide an initial determination of the profitability of establishing a large scale bulk tonnage operation at Mount Bundy.

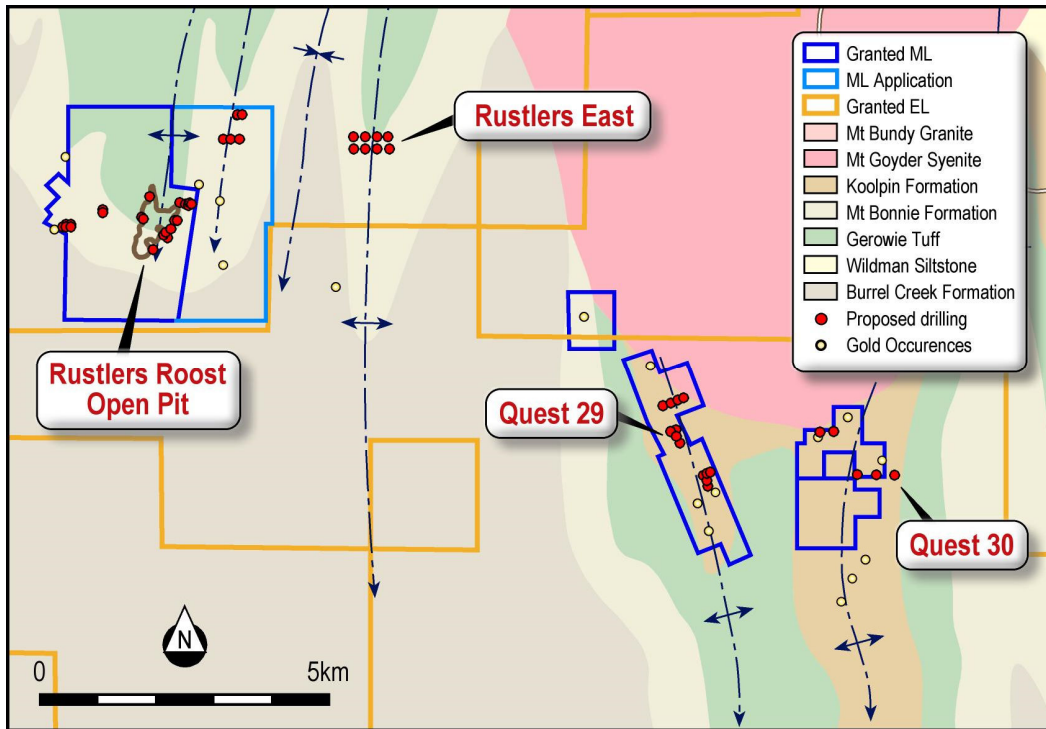


Figure 1: Planned drilling program over the Mount Bundy Gold Project

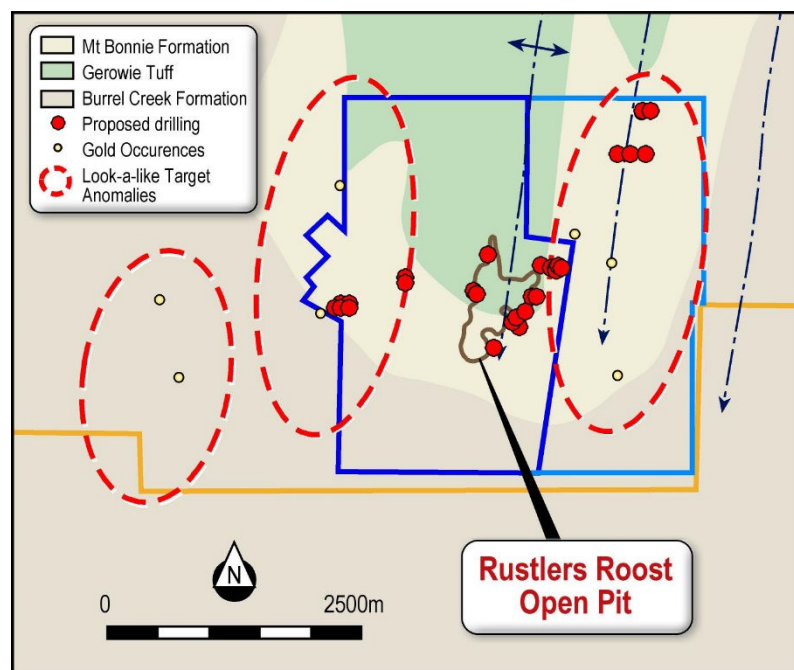


Figure 2: Rustlers Roost look-a-like targets to be tested in upcoming drilling



Drilling Update: Coolgardie Gold Project

Drilling at the Coolgardie Gold Project will focus on further delineation of gold resources along the Tonalite Dyke in the northern section of the tenement package. To date nearly 150,000oz of gold has been identified along the Dyke, representing approximately 75% of the current mineral resources within the tenements.

Importantly, less than 50% of the 2.2km long Tonalite structure has been drilled beyond a depth of 25m and approximately 30% has had no historical drilling at all. Primary Gold’s 2016 drilling program will target further extensions of known gold mineralisation in the southern extent of the Tonalite Dyke, in addition to the north-west orientated fault structures which cross cut the Coolgardie greenstone sequence. These faults have the potential to link up the Tonalite up with other existing resources at Bakers Find, Franks Find and the Tycho deposit.

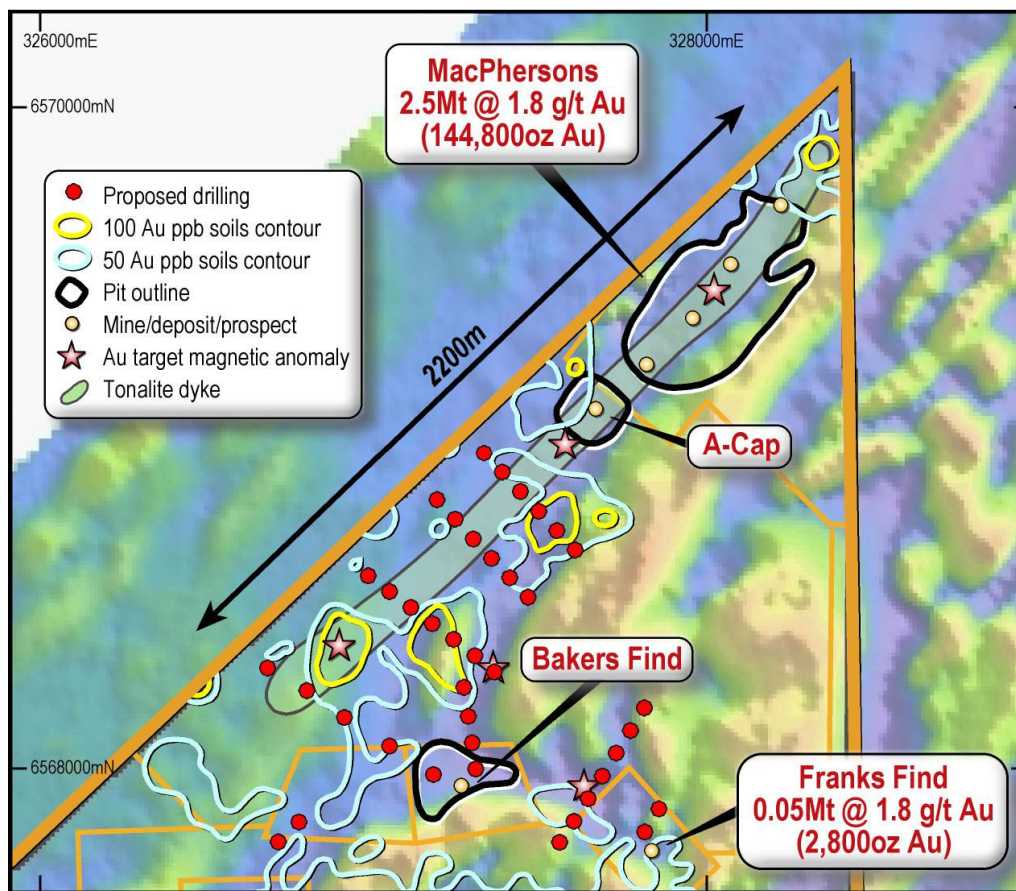


Figure 3: Drilling program over the Coolgardie Gold Project

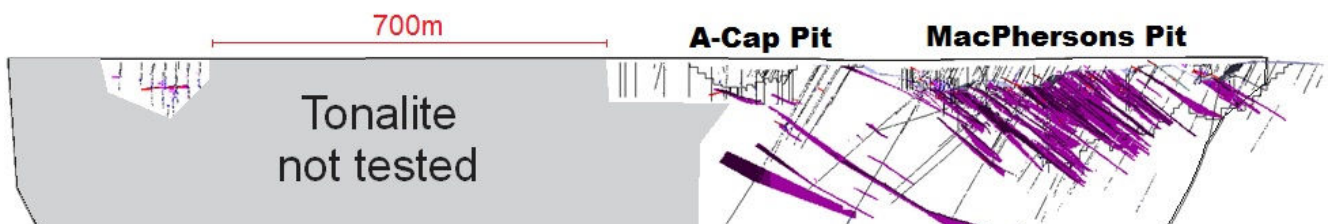


Figure 4: Cross section of the Tonalite Dyke within the Coolgardie Gold Project

Primary has submitted a plan for drilling at Coolgardie with the Western Australian Department of Mines and will advise when the program is approved and drilling has commenced. It is estimated this program will be approved by mid October 2016.

The results of the drilling program will be incorporated into a planned Mine Optimisation Study for the Coolgardie Gold Project. The scope of this Study is currently being finalised prior to tender and is aimed to maximise profitability of the proposed mining operations, in particular the initial years of operation. The Study will be targeted for completion by the end of 2016/early 2017, with operations to begin in 2017 on the completion of all approvals and securing of contract mining and toll treatment agreements.

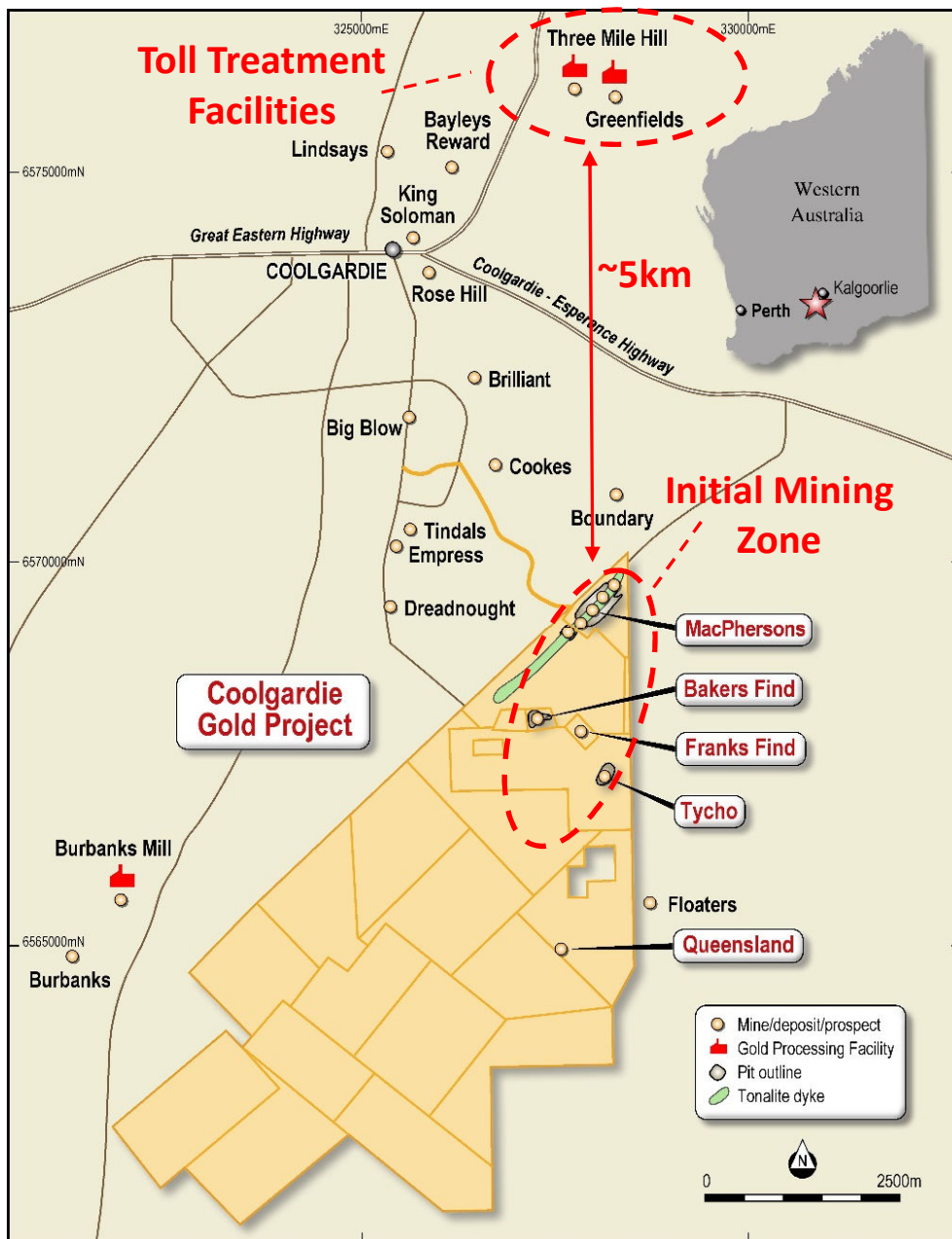


Figure 4: Location of the Coolgardie Gold Project and local toll treatment facilities

ASX ANNOUNCEMENT

ASX: PGO

05 September 2016

PRiMAY
GOLD



About Ausdrill & Terms of Drill for Equity Program

Ausdrill Limited (ASX: ASL) is a diversified mining services company. Since its formation in Kalgoorlie in 1987, Ausdrill has grown significantly and now has operations across Australia, Africa and the United Kingdom. Ausdrill is a leader in providing services in contract mining, grade control, drill & blast, exploration, mineral analysis, procurement & logistics and manufacturing. The Ausdrill Group employs over 3,500 staff worldwide.

Under the terms of the formal agreement, Ausdrill will receive payment for up to A\$3.0M of drilling services, via the issue of ordinary Primary Gold shares.

A payment mechanism has also been agreed, comprising a share valuation of 90% of the 30 day volume weighted average price (VWAP) against the value of each monthly invoice.

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