15 October 2015

# QUARTERLY ACTIVITIES REPORT

# SEPTEMBER 2015

**HIGHLIGHTS**

**Lake Wells Potash Project**

- Drilling program completed comprising 1,227 metres of air-core across 17 holes to depths up to 141 metres, and 18 shallow auger holes
- High grades of potassium (K) and sulphate of potash (SOP) recorded not just from drill holes on the lake surface but also from surrounding lake margins
- Significant depth extensions to previous near-surface pit samples was demonstrated, down to depths of 141 metres
- 5 of the 17 holes did not intercept bedrock, with 3 of these reaching depths over 135 metres, indicating the presence of a deep, high grade K palaeochannel
- The Project's location, access to infrastructure and strong results make Goldphyre confident that forward work programs will further strengthen the case towards developing a Project that can address the SOP needs of Australian farmers

**Corporate**

- Finalisation of placement of shares to existing and new sophisticated investors raising $1,000,000

## LAKE WELLS POTASH PROJECT

Goldphyre Resources' 100% owned Lake Wells Potash Project is a brine-hosted sulphate of potash (SOP) project located in the Eastern Goldfields region of Western Australia, which is aiming to supply the Australian domestic demand for SOP. Currently Australia imports 100% of all potash used, estimated at 500,000 – 600,000 tonnes per annum.

During the quarter, Goldphyre completed an air-core (AC) drilling campaign at the Project, comprising 1,227 metres across 17 holes (Figure 2). An additional 18 shallow auger holders were also completed. The air-core holes were drilled to depths of up to 141 metres.[i]

The drilling program was the Company's first focussed drill program testing the brine potash potential at the Project. The program was designed to test the presence and consistency of high-grade potash in brine:

- At significant depths in the deep regolith recognised at Lake Wells from previous explorer's work and recent Goldphyre (non-potash) drill coverage; and,
- Beneath transported sand and dune areas adjacent to the salt lake margins.


The program achieved the following:

- It confirmed near-surface brine pit sampling results continue to depth, with broad downhole intercepts of high-grade potash to +130 metres (Figure 2);
- It confirmed strong, high-grade potash grades from AC drill holes on sites adjacent to the lake surface. Over 50% of the drill holes were completed over a 50m - 400m range from the salt lake surface;

Figure 1: The Lake Wells Potash Project, Ideally positioned to potash end users

- It generated very encouraging indicative brine flow test data from low pressure airlifting, ranging up to 2 litres per second, from drill holes both on the lake surface and adjacent surrounds;
- It has given a more thorough understanding of regolith, palaeochannel form and the weathered Archaean bedrock profile; and,
- It has provided a sound foundation of drill, sample and analytical data to commence resource-modelling work.

Lithology types (Figure 3) logged included surficial or near surface evaporite and sand/silt, silcrete+/-laterite, common lake clays with some well-sorted sand units, puggy lacustrine clays with minor sand/silt and Archaean basement rocks including transitional porphyry, granite, ultramafic and amphibolite types. It is encouraging to note significant potash brine grades were also encountered in the weathered basement at and near the bottom of some holes.

Isolated lower value potassium in brine concentrations were returned from a small number of samples from some intervals in some of the AC drill holes (approximately 2.5% of all samples). A number of factors may have contributed to this decrease in concentrations, warranting further investigation, which is currently being conducted.

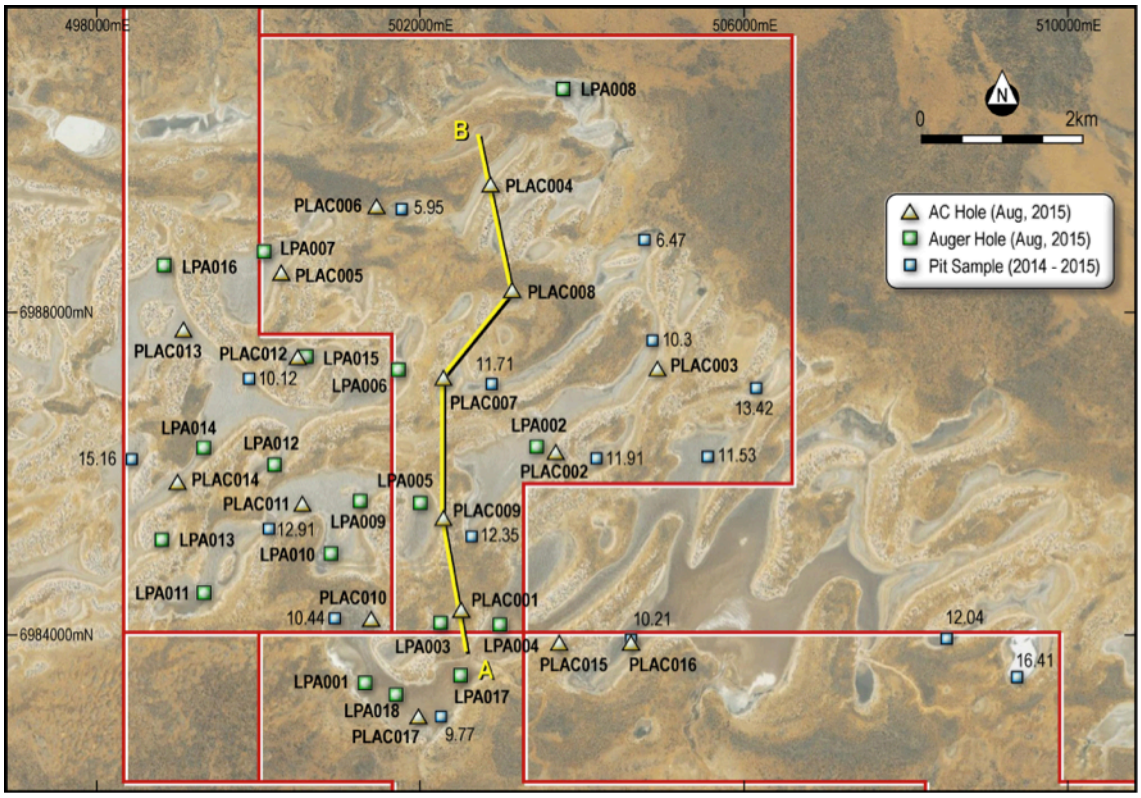


Figure 2: Lake Wells Potash Project, Drill collar location plan showing air-core and auger holes drilled on and off the salt lake surface

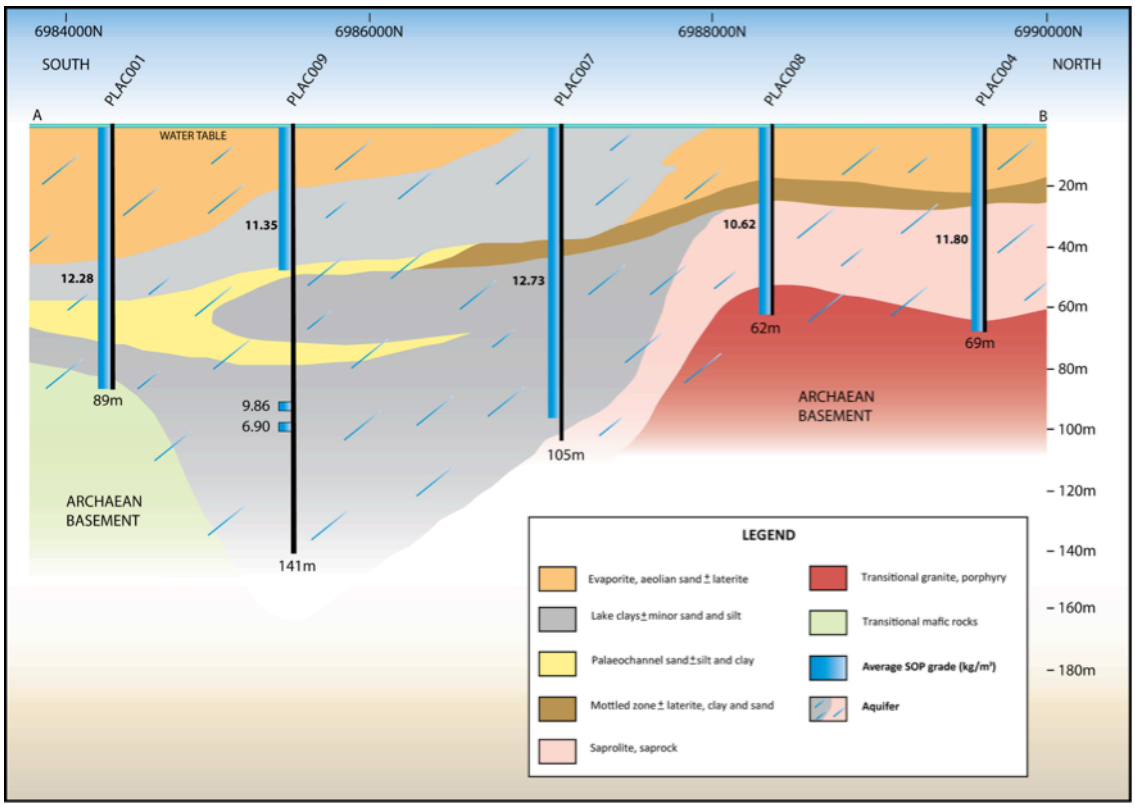


Figure 3: Lake Wells Potash Project, Cross-section showing average down-hole SOP grades and regolith profile

The Company is aware of recent reports of discrepancies in potassium analyses between ALS Environmental Division, and other assay laboratories.

For the assaying of samples collected during the July/August 2015 air-core and auger campaign at Lake Wells[1], Goldphyre used as the primary laboratory ALS Environmental, part of the ALS Laboratory Group. MPL Laboratory was engaged as the secondary laboratory for duplicate analysis.

Goldphyre has undertaken re-analyses of remnant brine samples and additional QA/QC. Samples were sent to Perth laboratories ALS Ammtec ('ALS-A', primary laboratory), Bureau Veritas Minerals ('BV', secondary or 'check' laboratory), and ALS Environmental ('ALS-E') for re-analysis. Reference standard solutions were procured and analysed by all three laboratories.

The results of the repeat analyses and the original data set are summarised in Table 1. Inter-laboratory duplicate comparisons are summarised in Table 2.

The original analysis of the brine samples reported potassium concentrations higher than the re-analysis results. The reasons for the discrepancies between potassium concentrations across laboratories are unknown.

ALS-E report that the analytical method used by them is best suited to trace analysis and designed with sensitivity in non-challenging matrices, and suggest that samples submitted for re-analysis may have been compromised by the presence of solids in the sample containers. They further indicate that the presence of solids may lead to the concentration of cations (of which potassium is one) in solution changing over time. 23 duplicate samples that were sent to ALS-E for re-analysis, report a potassium concentration difference of 7.6% (*ALS-E initial results higher*), which is potentially a reflection of this change in concentration of cations over time.

ALS Global report acceptable experimental error for assays of this nature is +/- 10%.

| Analysis round | Initial analysis | | Re-analysis | | |
|---|---|---|---|---|---|
| *Laboratory* | *ALS-E (primary)* | *MPL (secondary)* | *ALS-E (repeat)* | *ALS-A* | *BV* |
| *No. of samples* | 284 | 18 | 23 | 247 | 22 |
| *Avg. K (mg/l)* | 5,219 | 5,561 | 4,363 | 3,966 | 4,313 |
| *Std. dev. (mg/l)* | 1,138 | 783 | 838 | 834 | 575 |
| *%'ge error of reference standards analysis*[2] | n/a | n/a | 7.6 | 2.4 | 1.2 |

Table 1: Summary of datasets

[1]Refer to ASX announcement 26 August 2015 'Lake Wells Potash Drilling Results'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 26 August 2015 announcement.
[2] Refers to percentage error calculated as the difference from the reference concentration.

| | ALS-E | ALS-E (repeat) | ALS-A | MPL | BV |
|---|---|---|---|---|---|
| ALS-E | | | | | |
| ALS-E (repeat) | -7.6% [23] | | | | |
| ALS-A | -13.9% [223] | -7.8% [22] | | | |
| MPL | 0.8% [18] | - [0] | 10.9% [18] | | |
| BV | -11.9% [22] | -5.3% [2] | -1.5% [22] | -9.6% [2] | |

Table 2: Correlation matrix – comparison of sample pair K concentration[3][4]

## FUTURE ACTIVITIES

Forward fieldwork will be focussed primarily on the Lake Wells Potash Project, with programs designed around addressing the more critical aspects of successful salt lake brine projects. Grade, permeability, recharge parameters, and tenure all have been shown to be relevant parameters in overseas brine potash developments, and it is these critical factors that the Company is looking to directly understand.

In the immediate term, this will entail work designed to identify, and develop an understanding of, sufficient permeable material (for example sands, gravels & other porous and fractured lithologies) that could support high volume extraction of brines.

The first step in this module of work is a ground based seismic survey across the Project, which is scheduled for October 2015. It is anticipated that the results of this survey will direct planning for the next drilling campaign, which will be designed around the recovery of core.

The recovery and analysis of this core will target the specific yield of the potential resource, which is, among other parameters, a function of the permeability of the ground. Ultimately, the Company is working towards identifying what the Lake Wells Potash Project can deliver in terms of SOP production.

### Minerals Sampling Results

The Company is pleased to report composite mineral sample results from the recently completed reconnaissance air-core (AC) drill program (Figure 1, Appendix 1). While the primary focus of the July/August 2015 drilling program was the brine potash, selective mineral sampling was completed to evaluate the metal potential of the transported sediments. The mineral sampling returned a maximum gold value of 51 ppb Au from PLAC006 (20-21m EOH). The low metals prospectivity of the sediments sampled is not surprising, given the hole placement and lithologies encountered.

[3] Sub-text denotes number of sample pairs.
[4] Correlation error calculated as the difference from the mean of the duplicate analyses. Negative sign indicates that the laboratory in the vertical column reported a lower value on average than the laboratory in the top row.

## CORPORATE

### Capital Raising

The Company completed the second tranche of a placement of ordinary shares (ASX: GPH) to existing and new sophisticated investors on 7 August 2015. Priced at 3.2 cents per share including a free attaching listed option (ASX: GPHO) exercisable at 8 cents at any time before 30 September 2016, the placement raised a total of $1,000,000 before costs.

The placement was effected in two tranches, with the first tranche of 17.1 million shares settled on Friday 3 July 2015, and the second tranche of 14.1 million shares and 31.25 million options settled after the Company's General Meeting held on 7 August 2015.

### Cash Position

At 30 September 2015, the Company had cash reserves of $746,000.

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## TENEMENT SCHEDULE – 30 SEPTEMBER 2015

| PROJECT | TENEMENT | LOCATION | INTEREST AT BEGINNING OF QUARTER | ACTION | INTEREST AT END OF QUARTER |
|---|---|---|---|---|---|
| Beretta | ELA28/2501 | Fraser Range | 0 | NA | 100 |
| Hack Well | ELA38/2945 | Laverton, WA | 0 | NA | 100 |
| Iguana | E16/447 | Ora Banda, WA | 100 | Relinquished | 0 |
| Kilkenny | P39/5472 | Leonora, WA | 100 | Relinquished | 0 |
| Kilkenny | P39/5473 | Leonora, WA | 100 | Relinquished | 0 |
| Kilkenny | P39/5474 | Leonora, WA | 100 | Relinquished | 0 |
| Lake Wells | E38/1903 | Laverton, WA | 100 | NA | 100 |
| Lake Wells | E38/2113 | Laverton, WA | 100 | NA | 100 |
| Lake Wells | E38/2114 | Laverton, WA | 100 | NA | 100 |
| Lake Wells | E38/2505 | Laverton, WA | 100 | NA | 100 |
| Lake Wells | E38/2901 | Laverton, WA | 100 | NA | 100 |
| Lake Wells | E38/3021 | Laverton, WA | 0 | Grant | 100 |
| Lake Wells | E38/3039 | Laverton, WA | 0 | Grant | 100 |
| Laverton Downs | E38/2724 | Laverton, WA | 100 | NA | 100 |
| Laverton Downs | E38/3014 | Laverton, WA | 0 | Grant | 100 |
| Mailman Hill | E37/990 | Leonora, WA | 100 | Surrender 3BL | 100 |

# Potassium, potash and SOP

### Grade, volume and recharge rates

Brine SOP resources are typically contained within aquifers. Three essential technical parameters to address when considering these types of deposits are grade, volume and re-charge rates of the aquifer.

Goldphyre's Lake Wells Potash Project' analyses are summarised in Appendix 1, Table 2.

Figure 2 demonstrates the paleochannel flow (and resultant potential brine recharge) into Goldphyre' Lake Wells playa lake system, interpreted from Geoscience Australia research[ii]. Drilling has demonstrated significant palaeochannel flows in the central part of the Project.

### Logistics

Goldphyre's exploration base at the Lake Wells Potash Project is located approximately 300 kilometres from Leonora (*Figure 4*). Accessed by sealed roads for some 140 kilometres, with a further 160 kilometres of high quality, road train haulage capacity gravel roads, the Company has commenced a desktop study into the logistical solution to a potential development.


Figure 4. The Lake Wells Potash Project, The best placed part of the playa system to access vital freight infrastructure

### Sulphate of Potash – SOP

SOP (*Figure 5*) is prized as the premium source of potassium for fertiliser use, with its high potassium, accompanying sulphur and low chlorine content (typically 45% K, 18% S and < 1% Cl respectively).

Brine SOP deposits are relatively uncommon, with only 3 producing operations globally. Subject to location and access to infrastructure however, brine SOP projects typically occupy the lower end of the production cost curve. Currently there is not a brine SOP operation in Australia.

Potash brine exploration in Australia is growing strongly. The relatively slow development progress of high CAPEX potash projects, and global macro-economic circumstances more generally, provide strong incentives for the development of domestic potash supplies.

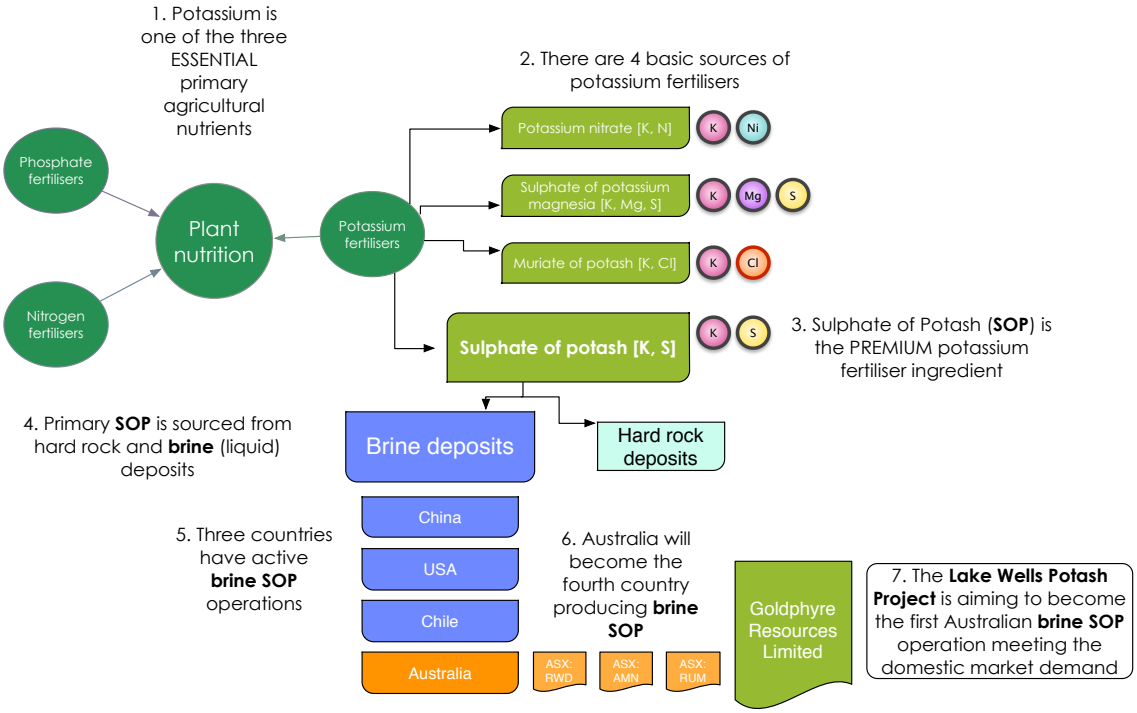


Figure 5. Potash essentials

**Competent Person's Statement**

The information in this report that relates to the potash exploration results have been verified by Ben Jeuken, Principal of Groundwater Science Pty Ltd who is a member of the AusIMM, and the International Association of Hydrogeologists. Ben Jeuken has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is 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". Ben Jeuken consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Brenton Siggs who is a member of the Australasian Institute of Geoscientists. Brenton Siggs is contracted to the Company through Reefus Geology Services and is a Non-Executive Director (Exploration Manager) of Goldphyre Resources Limited. Brenton Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken 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". Brenton Siggs consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Siggs is a shareholder and director of Goldphyre WA Pty Ltd, a company that holds ordinary shares and options in the capital of Goldphyre Resources Limited (Goldphyre Resources Limited, Annual Financial Report 2015).

**Forward Looking Statements Disclaimer**

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

# Appendix 1

## Drill collar data, minerals sampling

| Hole | Hole Type | Northing(m) | Easting(m) | RL | Dip | Azimuth | Hole Depth (m) |
|---|---|---|---|---|---|---|---|
| PLAC001 | AC | 6984310 | 502503 | 447 | -90 | 0 | 89 |
| PLAC002 | AC | 6986265 | 503667 | 451 | -90 | 0 | 125 |
| PLAC003 | AC | 6987290 | 504936 | 448 | -90 | 0 | 27 |
| PLAC004 | AC | 6989581 | 502865 | 448 | -90 | 0 | 69 |
| PLAC005 | AC | 6988482 | 500271 | 449 | -90 | 0 | 30 |
| PLAC006 | AC | 6989304 | 501464 | 448 | -90 | 0 | 21 |
| PLAC007 | AC | 6987185 | 502280 | 450 | -90 | 0 | 105 |
| PLAC008 | AC | 6988271 | 503135 | 448 | -90 | 0 | 62 |
| PLAC009 | AC | 6985447 | 502287 | 449 | -90 | 0 | 141 |
| PLAC010 | AC | 6984202 | 501394 | 446 | -90 | 0 | 31 |
| PLAC011 | AC | 6985628 | 500540 | 448 | -90 | 0 | 138 |
| PLAC012 | AC | 6987435 | 500480 | 446 | -90 | 0 | 27 |
| PLAC013 | AC | 6987782 | 499069 | 451 | -90 | 0 | 18 |
| PLAC014 | AC | 6985903 | 499000 | 446 | -90 | 0 | 84 |
| PLAC015 | AC | 6983905 | 503707 | 454 | -90 | 0 | 141 |
| PLAC016 | AC | 6983910 | 504600 | 448 | -90 | 0 | 107 |
| PLAC017 | AC | 6982990 | 501984 | 447 | -90 | 0 | 12 |

# Appendix 2

## Reporting of Exploration Results – JORC (2012) Requirements

# LAKE WELLS POTASH PROJECT

## Section 1: Sampling Techniques and Data

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to* | • Sampling was completed via air-core (AC) drilling techniques. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | |
| ***Drilling techniques*** | • *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • AC drilling completed by Raglan Drilling, Kalgoorlie. AC blade and AC hammer bit achieved hole diameter size of 85mm. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • Groundwater (brine) and selective mineral (lithological) chip samples collected and sample condition recorded at time of sampling.<br>• Drilling with care (e.g. clearing hole at start of rod, regular cyclone cleaning) but majority of lithological samples moist/wet due to primary aim of targeting brine samples.<br>• Insufficient mineral samples with elevated or significant values to determine whether relationship exists between sample recovery and grade. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • Logging carried out by inspection of washed cuttings at time of drilling with end-of-hole (EOH) samples and any unusual lithologies collected in plastic chip trays for future reference. |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • No core drilling<br>• Selective composite (1 - 6 metres) and 1 - 2 metre end of hole (EOH) samples were collected by PVC spear or aluminium scoop in pre-numbered calico bags. Sample weight 2 - 3 kg. Wet samples bagged separately in plastic bags prior to placing in plastic and/or polyweave bags for despatch to assay laboratory. Scoop used for wet sample collection.<br>• All samples are pulverised utilising Essa LM1, LM2 or LM5 grinding mills determined by the size of the sample. Samples are dried (nominal 110 degrees C), crushed and pulverized to produce a homogenous representative sub-sample for analysis. A grind quality target of 85% passing 75µm has been established and |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | is relative to sample size, type and hardness.<br>• Field duplicates collected as part of QA/QC process that also involved the use of STANDARD samples (supplied by ORE Pty Ltd, Melbourne) and one BLANK sample (supplied by ORE Pty Ltd, Melbourne). |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • **MINERAL SAMPLES** - The samples were collected for gold and multielement analysis and this analysis work was completed at MINAnalytical, Perth. Following the Sample Preparation outlined in the previous section above, samples were assayed with Lab Code FA50AAS method. This technique involves a 50g Fire Assay for gold with AAS finish.<br>• Any significant gold intercepts calculated with primary Au gold values with Au1 repeat values excluded. Any gold intercepts calculated with lower cut 100 ppb Au, no upper cut, 1-6m (one composite sample) internal dilution. For multielement suite - (Lab Code MA4010) elements including (but not limited to; Ag, As, Co, Cu, Fe, Mn, Ni, V, Zn).<br>Aqua Regia Digest is an economical and effective total digest analysis technique for target elements. Inductively coupled plasma mass spectrometry (ICP-MS) is also recognised as an effective, reasonably priced technique for low level gold and base metal detection.<br>• Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy.<br>• **BRINE SAMPLES** Major cation (Ca, K, Na, Mg) analysis of duplicate samples originally analysed at ALS Environmental, Perth were submitted to ALS Ammtec, Perth. Solutions at ALS Ammtec were assayed using ICP/AAS Direct Spray Dilution test.<br>Major cation (Ca, K, Na, Mg) and anions (Cl, sulphate, alkalinity) analysis of duplicate ALS Environmental samples was completed at Bureau Veritas, Perth. Solutions at Bureau Veritas were determined by ICP-ES. Major cation (Ca, K, Na, Mg) and anions (Cl, sulphate, alkalinity) analysis of aged (approx. 8 weeks old) original ALS Environmental samples was completed at the same laboratory, ALS Environmental, Perth. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | Solutions at ALS Environmental were determined by ICP-OES. See report body for discussion of interlaboratory comparisons. |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • **MINERAL SAMPLES** - QA/QC procedures include certified Standard Sample(s), a Blank sample and a field duplicate submitted to the Assay Laboratory with the field samples as described above. The Ratio of Standards/ Blanks/Duplicates in the mineral sampling program is 1 in approximately every 25 field samples. Internal laboratory standards are completed as a matter of course.<br>• Sample data was captured in the field and data entry completed in the Company's Perth office. Sample and assay data was then loaded into the Company's DATASHED database and validation checks completed to ensure data accuracy.<br>• **BRINE SAMPLE** ANALYSIS QA/QC methods - QA/QC procedures included use of reference brine solution and internal laboratory standards and instrument calibration were completed as a matter of course. Further Data QA/QC checks undertaken include:<br>o Interlaboratory duplicate comparison<br>o Interlaboratory reference brine solution comparison<br>• See report body for discussion of interlaboratory analyses. |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Drill collars were surveyed by handheld Garmin 60 GPS with horizontal accuracy (Easting and Northing values) of +-5m.<br>• Grid System – MGA94 Zone 51.<br>• Topographic elevation using published GSWA geological maps and hand held GPS with Z range +-15m suitable for relatively flat terrain. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Hole spacing on approximate 1-2 km drill pattern and 3m downhole brine sample interval across the target salt lake system and exceeds SEG and Bench mark standards for Inferred Brine Resource classification (Houston, Butcher, Ehren, Evans, Godfrey (2012) The Evaluation of Brine Prospects and the Requirement for Modification to Filing Standards. Economic Geology v106, pp1225-1239.<br>• Composite mineral sample intervals of 1-6 m collected and based on lithological units where possible. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • Vertical drill holes targeted the central and margin areas of the salt lake and target aquifer(s) within interpreted flat lying transported sedimentary profile and weathered-transitional Archaean rocks.<br>• Drilling orientation is suitable for the primary commodity target of potash brine. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • Samples collected from the field delivered by field team direct to drop off point in Kalgoorlie for despatch to Perth lab. |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • No audits or reviews completed on this batch of samples. |

## Section 2: Reporting of Exploration Results

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The LAKE WELLS POTASH PROJECT, located 140 km northeast of Laverton, Western Australia consists of tenements: E38/1903, E38/2113, E38/2114, E38/3021 and E38/3039. All tenements held 100% by Goldphyre Resources Limited and in good standing. There is no Native Title Claim registered in respect of the project tenure. Accordingly, there is no requirement for a Regional Standard Heritage Agreement to be signed.<br>• At time of writing, the tenements have expiry dates ranging between 1/5/2017 and 9/8/2020. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • Previous reconnaissance AC and Goldphyre AC/RC drilling has been completed in the Lake Wells –WEST Area. Companies that have completed previous exploration in the region include WMC Ltd, Gold Partners Ltd, Kilkenny Gold NL, Anglogold Ashanti Australia Ltd, Croesus Mining NL and Terra Gold Mining Ltd. |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • Metals targets include: Shear and granite hosted gold mineralisation associated with the structure and associated splays of the interpreted northern extension of the regional Yamarna Shear and Ulrich Range Greenstone Belt. Other target types are brine potash, mafic-ultramafic hosted Ni-Cu+-PGE mineralisation, ultramafic (komatiite-hosted) nickel mineralisation and felsic hosted copper-zinc-lead mineralisation |
| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results* | • Air-core drilling data completed by Goldphyre Resources Limited included in |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *including a tabulation of the following information for all Material drill holes:*<br>• *easting and northing of the drill hole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>• *dip and azimuth of the hole*<br>• *down hole length and interception depth*<br>• *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | report and collar information for drill holes is included in Appendix 1. |
| ***Data aggregation methods*** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Where present, composite intercepts are reported as down-hole length (whole metres in the case of RAB, AC and RC drilling) and average metal or element intercept values (in the case of gold > 100 ppb Au, in the case of nickel>0.30%).<br>• Where present, higher grade gold values are included in the intercepts table and assay values > 1.0 ppm Au have been stated on a separate line below the intercept assigned with the text 'includes' .<br>• No metal equivalent values or formulas used |
| ***Relationship between mineralisation widths and intercept lengths*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • No significant composite intercepts recorded hence no relationship between mineralisation widths and intercept lengths. |
| ***Diagrams*** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Appropriate summary diagrams with Scale and North Point shown is/are included in the accompanying report. |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • No significant or elevated gold and base metal values recorded. |
| ***Other substantive exploration data*** | • *Other exploration data, if meaningful and material, should be reported including (but* | • Geophysical data (TMI, FVD, Gravity) processing along with extensive previous |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | *not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | explorers' and recent drill data has contributed further to the understanding of the gold, base metal and brine potash potential on the project area. |
| ***Further work*** | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Based on potash brine results returned **and *Other Substantive Exploration data*** summarised above, the design of followup drilling program(s) (including core drilling) are under preparation.<br>• Extension and infill areas around first pass drilling as shown in diagram(s) included in the accompanying report will be assessed. |

[i] Refer to ASX announcement 26 August 2015 'Lake Wells Potash Drilling Results'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents, are not aware of any new information that materially affects the information contained in the 26 August 2015 announcement.

[ii] Mernagh, T. P. (Ed.) (2013), A Review of Australian Salt lakes and Assessment of their Potential for Strategic Resources, *Record 2013/39 Geoscience Australia*