PRIMARY GOLD

Annual Report 2017

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Review of Operations

HIGHLIGHTS

Mount Bundy Gold Project

- Positive scoping study estimating initial life of mine of 9 years from current resources of 26.9Mt at 1.5g/t Au (1.24Moz gold)
  - AISC for first full 3 years at approx. $900/oz with LOM approx. $1050
  - Low strip ratio at 1.8:1 projected over Rustlers Roost and Quest 29 open pits
  - Study based on 3.0Mtpa processing facility
  - Estimated Project CAPEX of $155M (includes underground refurbishment; excludes pre-production costs
- 5,600m drill program across Rustlers Roost and Quest 29
  - Drill results from Rustlers Roost shows 117m at 1.5 g/t gold including 8m at 6.9 g/t gold with other broad intercepts
  - Drill program highlights potential to further extend Rustlers Roost pit shells beyond current 9-year LOM scoping study
  - Reverse circulation and diamond core drilling at the Quest 29 area has intersected gold mineralisation outside and below the current Scoping Study pits, including 14m at 1.0 g/t gold and 7m at 1.9 g/t gold
  - Quest 29 drilling has potential to join existing pit shells to form a larger deposit and extend to depth
- Gold Resource at Rustlers Roost increased by 72% to 1,332,050 ounces (49.6 million tonnes at 0.84 g/t Au) with 78% in the Indicated category
- Preliminary pit optimisation indicates approximately 900,000 ounces fall into a single pit
- Potential strip ratio of 1:1, making Rustlers Roost one of the lowest strip ratios gold deposit in Australia
- Total Mt Bundy gold Resource increased to 1.8M ounces
- PFS initiated and will include results of recent drill campaign and resource upgrade

Coolgardie Gold Project

- Acquisition of the Coolgardie Gold Project in Western Australia
- 7,000m drilling program completed
  - High grade intersection outside of known Tycho mineralisation zone of 6m at 10.6g/t Au from 87m
  - High grade intersection along strike of MacPhersons Deposit of 18m at 2.1g/t Au from 137m including 2m at 15.3g/t Au
  - Large intersections between MacPhersons and A-Cap Deposits indicating strong likelihood of deposit linkage and additional gold lodes outside of current resource block model

  - Greenfield assays up to 2.7g/t Au within the structural corridor hosting Franks Find and Bakers Find
- 3 priority zones of exploration potential identified by Primary Gold for near term follow up for project growth
  - 70% of tenement package still to be assessed
  - Comprehensive exploration program has commenced
- Positive Pre-Feasibility Study (PFS) confirms the viability of the Project
  - Study based on mining a series of three low capital cost starter pits allowing for operational flexibility and blending on existing Mining Leases
  - Maiden start-up Mineral Resources of 1,273,000 tonnes at 1.7 g/t Au for approximately 69,000 ounces

    Cautionary statement: There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised
  - Key PFS outcomes based on a gold price of $1,600/ounce and a treatment capacity assumption of minimum 40,000 tonnes/month:
    - Recovered gold of approximately 65,000 ounces over an initial 28-month mine life (Reserve estimate total of approximately 58,000 ounces)
    - Undiscounted cash flow of $16.9 million
- Final stages of negotiations for Hampton Mining & Civil to be contracted to undertake all drill and blast, excavation and haulage of ore to the mill for toll treatment

Mount Bundy Gold Project – Northern Territory

The Mount Bundy Gold Project is located in the Northern Territory, approximately 100km south east of Darwin, and includes three previously mined deposits:

- a large scale open pit operation at Rustlers Roost;
- a smaller operation at the Quest 29 open pits;
- a high grade underground mine at Toms Gully; and
- an exploration portfolio that covers over 1,500km^2 of prospective ground.

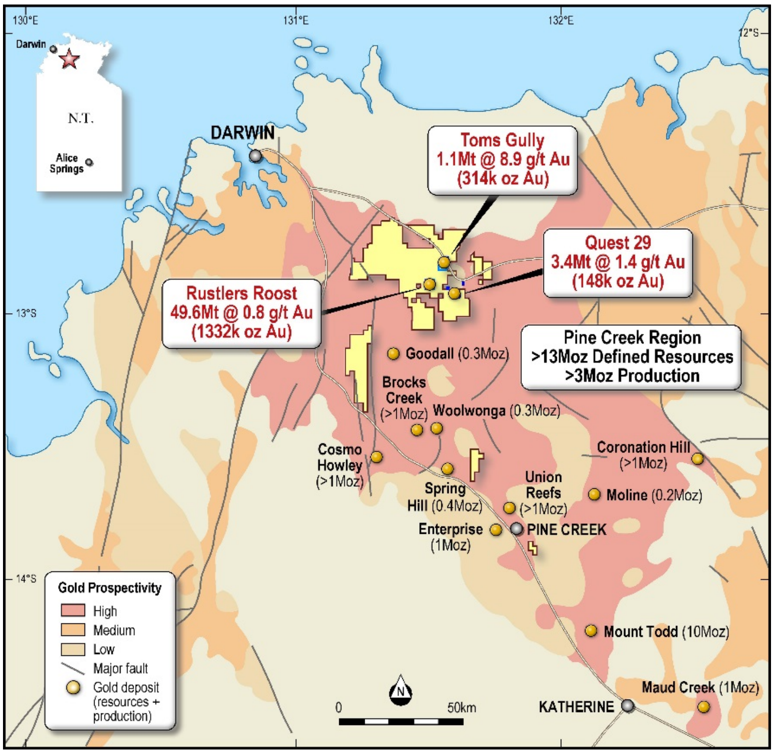

Figure 1: Location Map

Mount Bundy Gold Project: Scoping Study Results

On 19 April 2017, the Company announced the positive results from its Scoping Study on the Mount Bundy Gold Project (**Scoping Study**). The Scoping Study identified the potential open pit and underground mines have combined AISC for the first full three production years of approximately A$900. Applying a production ounce weighted calculation to the potential LOM AISC, Mount Bundy has an average estimated AISC of A$1,054/oz. A summary of the key findings is set out in Table 1.

The independent mining component of the Scoping Study was undertaken by Entech Services Pty Ltd who provided industry benchmark inputs for mining rates, resource recoveries and capex.

Based on the Mineral Resource Estimate of 1.235 million ounces across the Mount Bundy Gold Project, the mining profile from the Scoping Study indicates that, based on an assumed production profile staged to ramp-up to a peak production of 145koz per annum, that the following assumptions can be made:

- for the first 3 years of production all the ore can be sourced from the Indicated Resource Category; and

- for Years 4 to 9, 80% percent of production can be sourced from Indicated Resource Category.

Table 1: Scoping Study Key Findings

Item	Units	Value
Life of Mine		
Open Pit	Years	9
Underground	Years	4
Total	Years	9
Mineral Inventory		
Waste	Mt	46.3
Ore	Mt	26.9
Infrastructure Capital		
Capital	$/t ore	$5.77
	M$	$155
Mining Costs		
Open Pit Mining	$/t ore OP	$8.46
Underground Mining	$/t ore UG	$112.16
Processing Cost		
Processing	$/t ore	$17.50
Mine Overheads		
Overheads	$/t ore	$1.50

Notes:

1. Infrastructure capital includes $130 million for plant and $25 million for underground refurbishment and capex.
2. A gold price of A$1,700/oz Au has been assumed.
3. Assuming 100% ownership of the Project. The Company currently owns 100% of the Toms Gully and Quest tenements and 80% of the Rustlers Roost tenements.
4. No provision for royalties have been included in this Study.

The Project geology offers substantial potential for additional ore as the operations expand via:

- the Rustlers Roost deposit laterally and at depth;
- Quest 29 laterally and at depth; and
- Toms Gully underground laterally and down dip.

Based on the results of the Scoping Study, the Company commenced a Pre-Feasibility Study (**Mt Bundy PFS**) over the Mount Bundy Project, with results expected in H1 2018. The Mt Bundy PFS will include the selection of a preferred processing technology, optimisation of the production profile, review of designs and development scenarios, delivery of a series of targeted studies to validate a number of assumptions made in the Scoping Study and finalisation of the mineable resource that could be converted to an Ore Reserve.

Mount Bundy Gold Project: Drilling Program

On 31 May 2017, the Company announced the commencement of a drill program at Mount Bundy with one RC drill and one diamond drill drilling the initial program of 5,600m. This is the first drilling program in approximately the last 20yrs outside of the Toms Gully lease.

This program targeted high priority brownfields sites which were generated through previous detailed surface reconnaissance over identified but undrilled brownfield and greenfield gold targets across the tenement package, in particular look-a-like Toms Gully and Rustlers Roost style deposit anomalies.

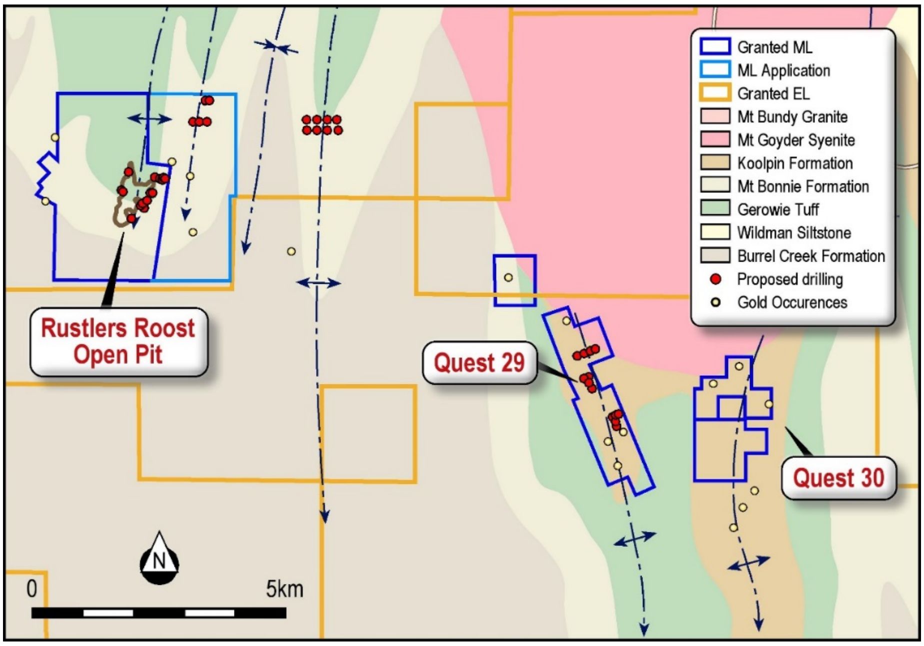

Figure 2: Initial drilling planned for the Mount Bundy Gold Project

In total, 38 drill holes were drilled, including four diamond core holes drilled that produced HQ sized core and 34 conventional reverse circulation (RC) drill holes. The completed drilling will form an integral part of the Mount Bundy PFS currently in progress that will include the updated resource models and comprehensive metallurgical test work.

The drilling was focused on Rustlers Roost (last mined in mid 1990s) and Quest 29 (last mined in 2003) deposits to gain a further understanding of the geology and mineralisation controls.

Rustlers Roost Drilling Results

Drilling has identified significant gold intersections outside the previous block model of Rustlers Roost and the pit shell of the Scoping Study with some 50-100m away from previous drilling with best intercepts including:

- 117m at 1.5 g/t gold including 8m at 6.9 g/t gold
- 52m at 1.5g/t gold including 8m at 3.5g/t gold and 12m at 2.0g/t gold
- 30m at 1.0g/t gold including 16m at 1.4g/t gold
- 28m at 1.2g/t gold including 11m at 1.7g/t gold

The infill holes show significant gold intersections including high grades of up to 33.5 g/t Au in areas which were previously low grade or barren. These intersections are commonly a depth of 20 – 50m below Scoping Study pit design.

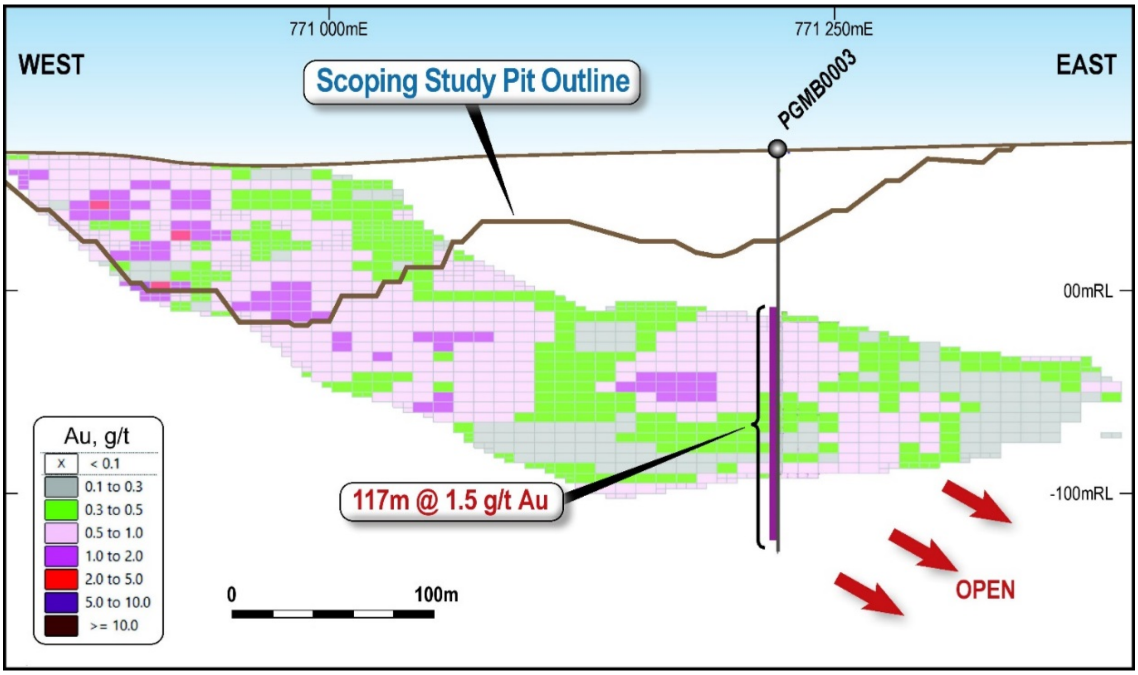

Figure 3: Cross-section through the previous block model of Rustlers Roost showing the recently drilled hole PGMB0003 with an average grade of 1.5g/t Au compared with previous modelled grades of between 0.1g/t Au and 1.0g/t Au

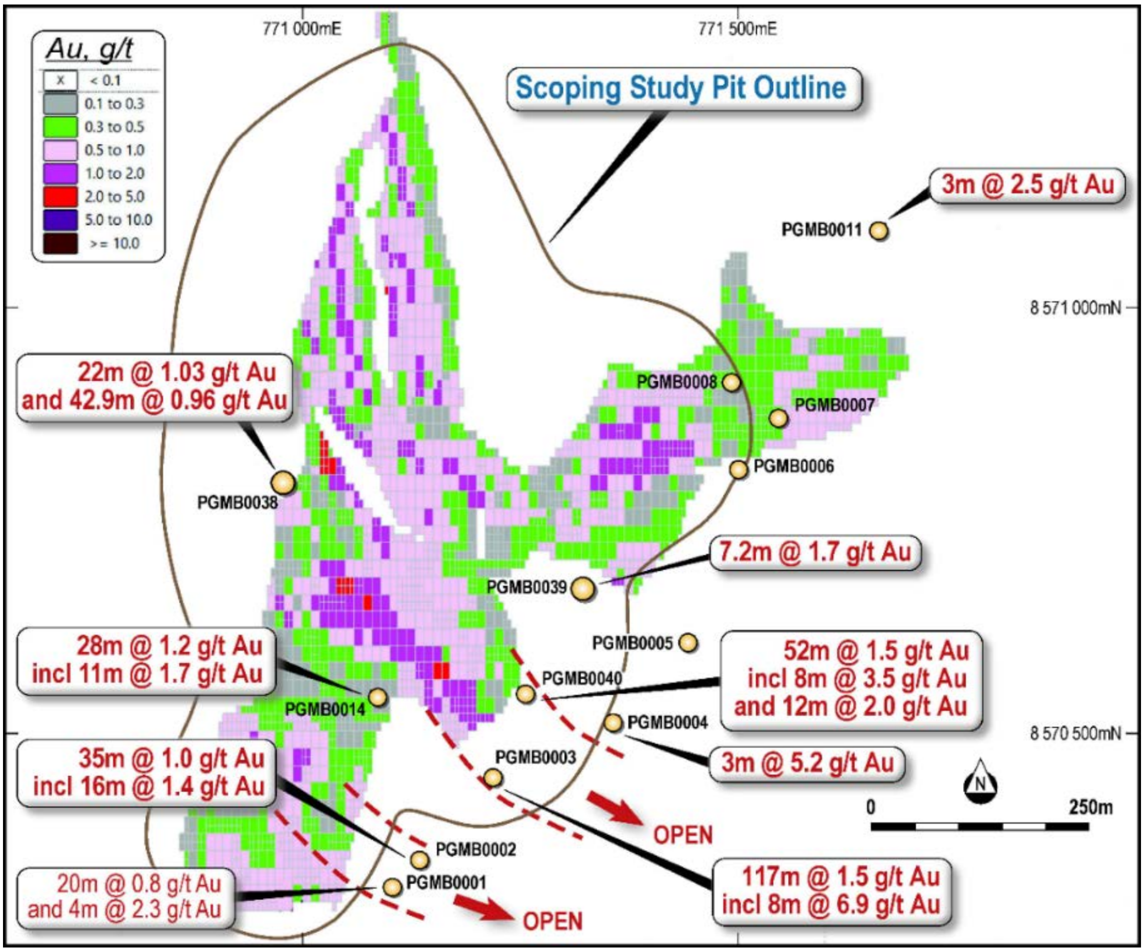

Figure 4: Map showing recent significant drilling results at the Rustlers Roost deposit which is presented as a section of the block model drawn at the 10m RL

Quest 29 Drilling Results

At the Quest 29 deposit, the exploration holes were drilled targeting extension of the gold lodes along strike and in the down dip direction of the host structures. Results (Figure 5) show that mineralised zones extend below and outside of the current Scoping Study pit design, with intersections up to 14m at 1.0 g/t gold (Figure 7), and locally with a higher grade of 7m at 1.9 g/t gold and 5m at 2.1 g/t gold (Figure 6).

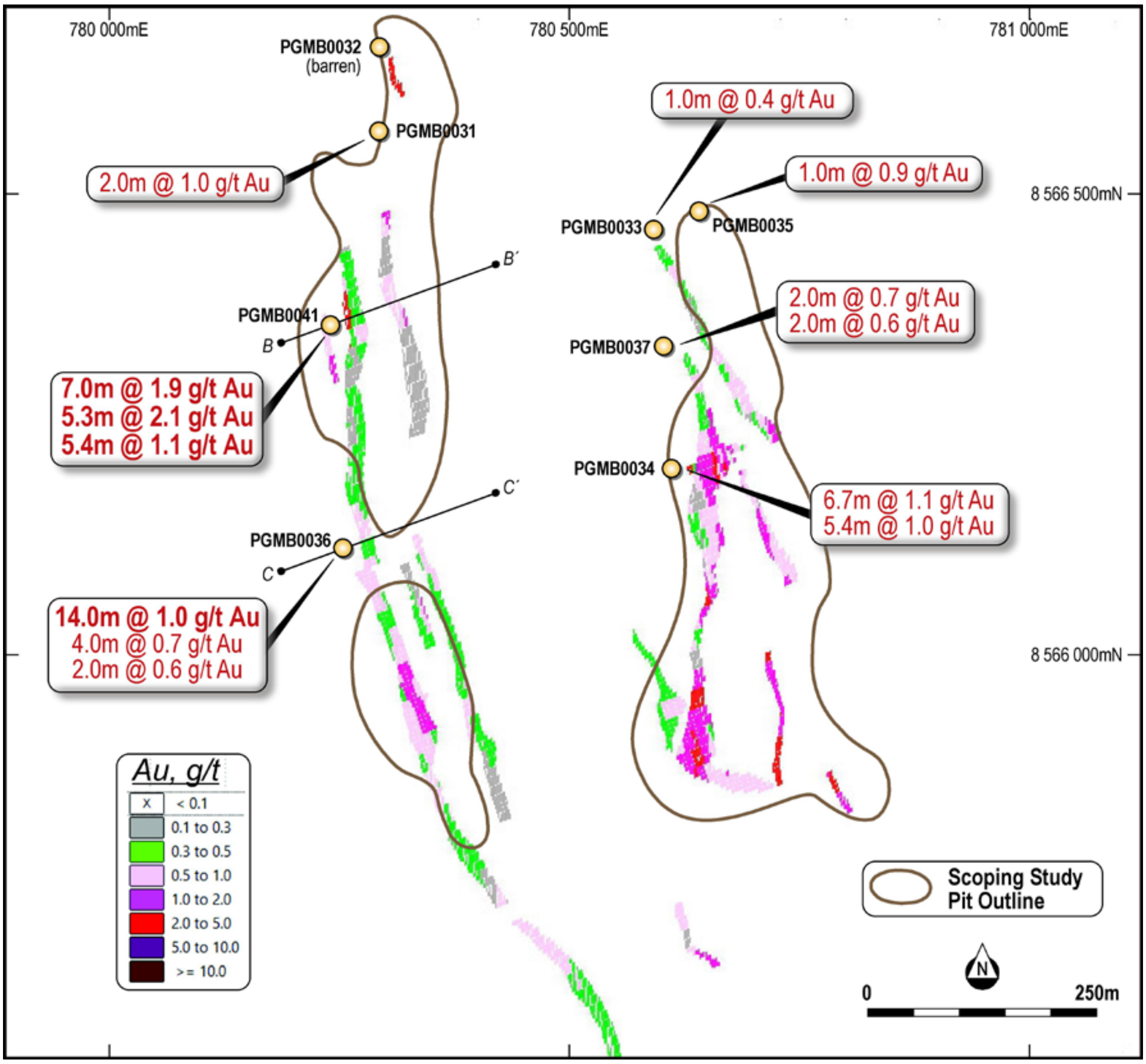

Figure 5: Plan showing the location of recent drilling results at the Quest 29 deposits in relation to the current ore grade distribution block model drawn at the -50m RL.

These intersections were made at a depth of 15 - 30m below the existing pit design (Figures 6 and 7) and previously thought to be in parts of the host structure that were low-grade. The new drilling results confirm that the current pit designs are conservative and possibly can be joined into larger and deeper pits. These findings have clearly shown that further follow up drilling at the Quest 29 deposit is warranted, particularly in the south-eastern part of the Quest 29 structure which exhibits a complexly folded structure of the gold lodes (Figure 5).

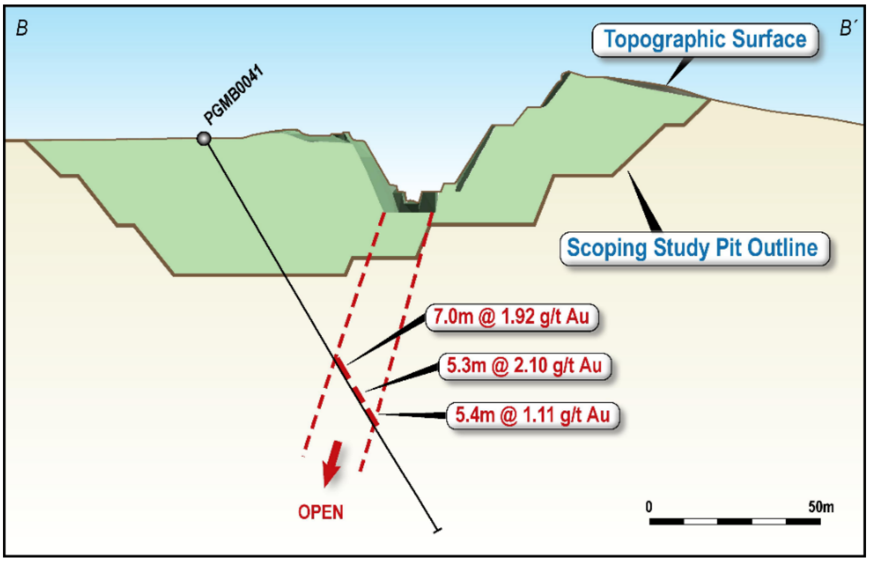

Figure 6: Cross-section through drill hole PGMB0041 showing the location of the new gold intersections relative to the designed pit outline.

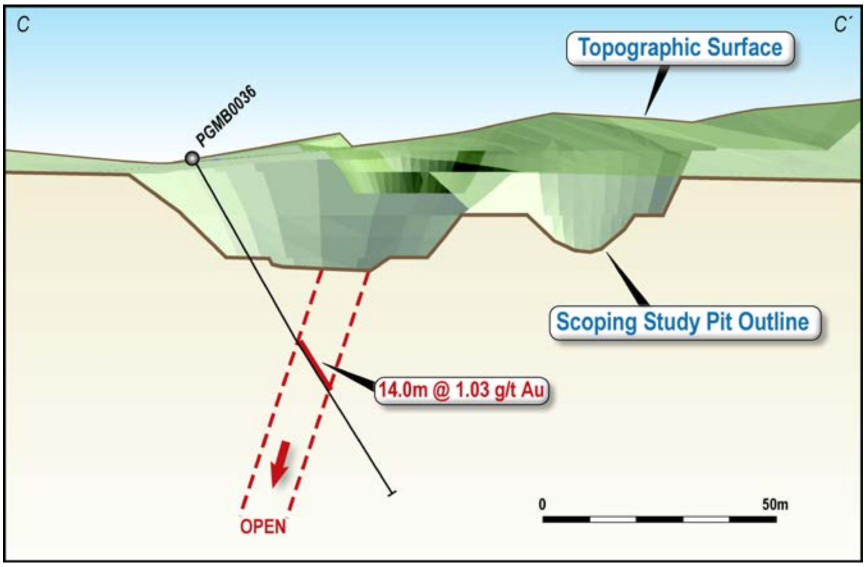

Figure 7: Cross-section through drill hole PGMB0036 showing the location of the new gold intersection relative to the designed pit outline.

Rustlers Roost Updated Gold Resource

As a result of drill program at Rustlers Roost, the Company announced on 31 October 2017 a significant increase of 72% for its Resources at the Rustlers Roost gold deposit to 49.6 Mt at 0.84 g/t Au for **1,332,000 ounces** including 36.6 Mt @ 0.87 g/t gold Indicated and 12.990 Mt @ 0.73 g/t gold Inferred. The total gold Resource at the Mt Bundy project has now increased to 1,780,000 ounces.

Table 2: Mineral Resources for Rustlers Roost Deposit (cut-off of 0.5g/t Au)

Resource Category	'000t	Au g/t	Koz Au
Indicated	36,611	0.87	1,028.0
Inferred	12,990	0.73	304.0
TOTAL	**49,601**	**0.84**	**1,332.0**

The Rustlers Roost deposit remains open both along strike and depth, with further exploration planned at the conclusion of the current wet season in 2018.

Primary has achieved an upgrade for a significant part of the Inferred Resources into the Indicated category due to the increased data density of the 2017 drilling. The new Indicated Resource of the deposit has doubled from 14.42 Mt at 1.1 g/t Au for 505,000 ounces of contained gold to **36.6 Mt at 0.87 g/t Au for 1,028,000 ounces** of contained gold.

Preliminary pit optimisation over Rustlers Roost including the additional Resources at 0.5g/t cut off indicates 31Mt @ 0.9 g/t for approximately 900,000oz contained gold with a strip ratio of approx. 1:1. Further design work will form part of the PFS currently underway by GR Engineering Services.

Coolgardie Gold Project – Western Australia

In August 2016, Primary Gold announced the acquisition of the Coolgardie Gold Project, located 5km from the town of Coolgardie in the Western Australian Goldfields and an additional tenement adjoining the western boundary of the Coolgardie Gold Project tenements.

The Project was acquired from MacPhersons Resources Limited (ASX: MRP), as it represented a non-core asset for that company due to a sole focus on their Nimbus Ag-Au-Zn Project outside of Kalgoorlie.

Macphersons Resources has previously undertaken optimisation studies at both the MacPhersons and Tycho deposits in 2012 and 2013 respectively. These studies demonstrated the robust nature of the Coolgardie Gold Project deposits, indicating the viability of restarting mining operations at current gold prices.

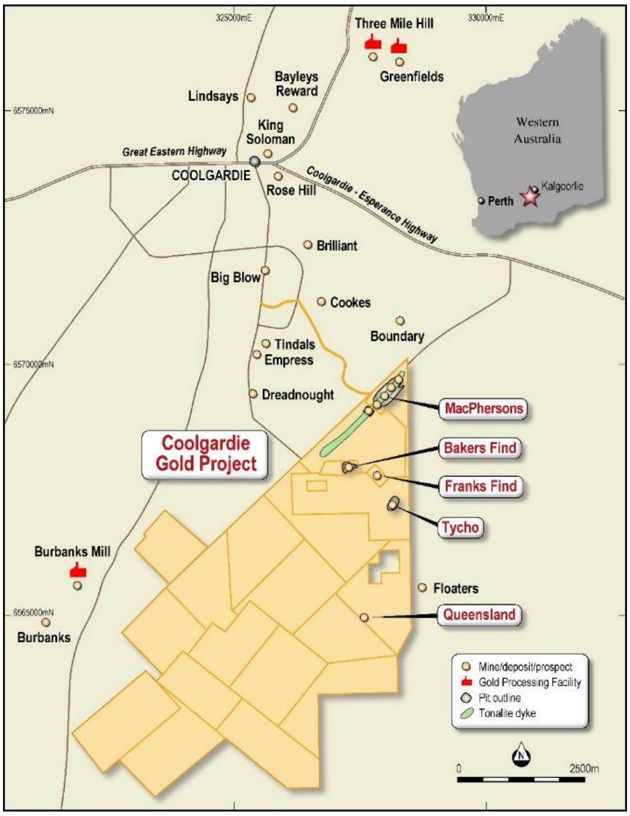

Figure 8: Coolgardie Gold Project location map.

Coolgardie Project: Drill Program

The Company completed its maiden drilling program for 7,000m drilled at the Coolgardie Gold Project in Western Australia in H2 2017.

The drilling program has identified several occurrences of new gold mineralisation outside of the known resources, with numerous mineralised assay results of 2m composites ranging up to 30.4g/t gold.

Assay results received from drill hole PGCL0005, which is located along strike from the existing MacPhersons deposit, has intersected the best results to date with an intersection of **18m at 2.1g/t gold from 137m, including 2m at 15.3g/t gold**.

This mineralisation is located within a splay sheer that offsets the existing tonalite structure which was targeted by the drilling program (see Figure 7). It is also associated with a strong geochemical anomaly and warrants follow up drilling in the previously untested area to north, toward the MacPhersons deposit.

The program has also identified other significant gold zones within the splay shear target structures, with drill hole PGCL0056 intersecting **6m at 10.6g/t gold from 87m, including 2m at 30.4g/t gold**. Importantly, this intersection was achieved in an area outside of any existing geochemical anomaly.

Both intersections were obtained outside of the known resources and represent new exploration targets. The intersections provide strong potential for development of further resources within the Coolgardie Gold Project.

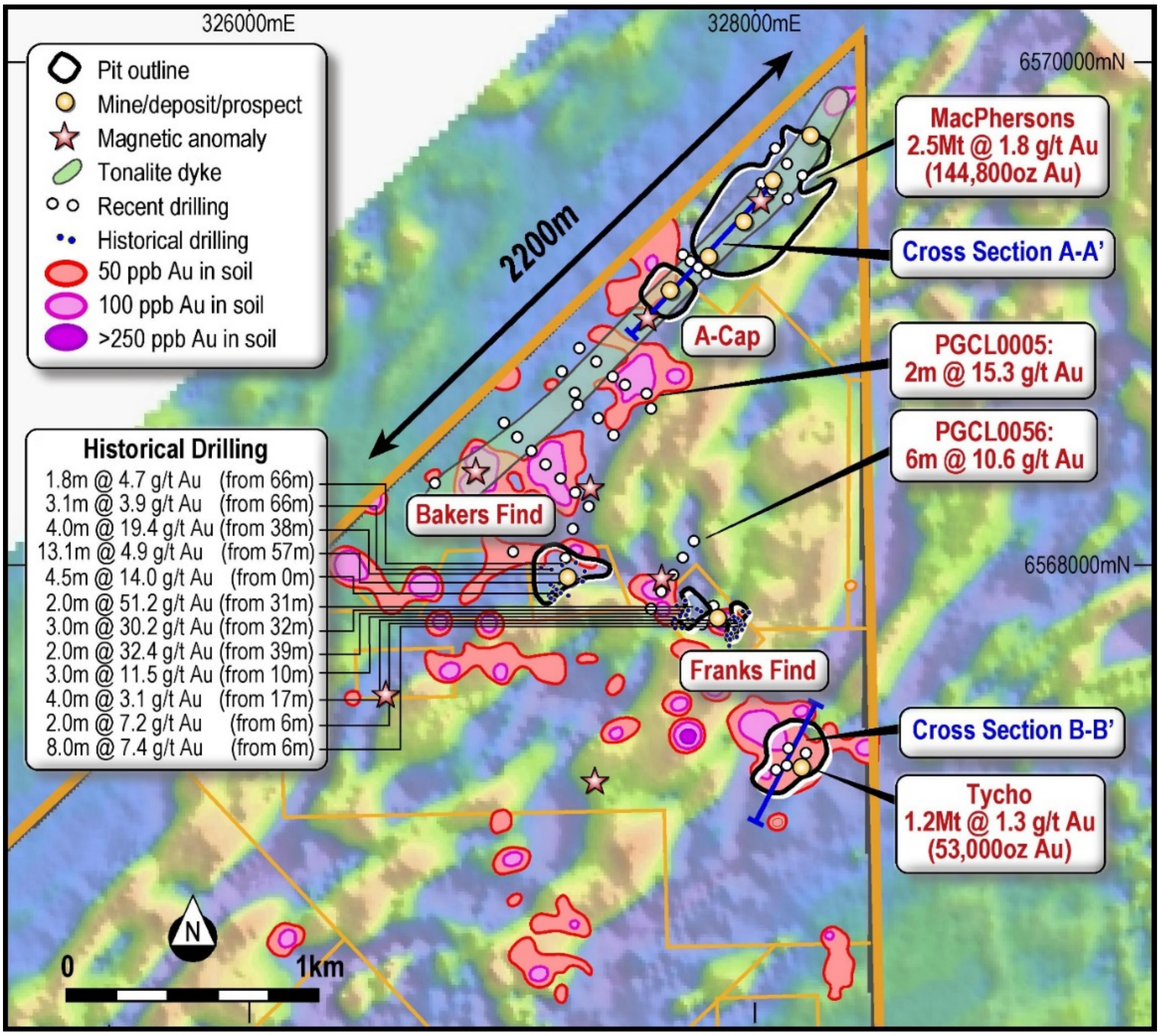

Figure 9: Greenfield gold intersections at the Coolgardie Gold Project

The new greenfield drilling result of PGLC0056 is associated with the same cross cutting structure that hosts the Bakers Find and Franks Find deposits. Historical assay results from these deposits include:

Franks Find

- 2.0m at 51.2g/t gold from 31m
- 2.0m at 32.4g/t gold from 39m
- 3.0m at 30.2g/t gold from 32m
- 3.0m at 11.5g/t gold from 10m
- 8.0m at 7.4g/t gold from 6m
- 2.0m at 7.2g/t gold from 6m
- 4.0m at 3.1g/t gold from 17m

Bakers Find

- 4.0m at 19.4g/t gold from 38m
- 4.5m at 14.0g/t gold from 0m
- 13.1m at 4.9g/t gold from 57m
- 1.8m at 4.7g/t gold from 66m
- 3.1m at 3.9g/t gold from 66m

The cross cutting structure clearly contains significant mineralisation within a corridor extending from the Tycho deposit through to the tonalite mineralisation hosting the MacPhersons deposit.

Five holes were drilled in the area between the Macphersons and A-Cap deposits. These drill holes have intersected multiple gold lodes, many of them were several metres thick with the grades exceeding 1g/t gold.

Assay results include:

- 3m at 3.3g/t gold from 57m;
- 9m at 1.3g/t gold from 137m; and
- 7m at 1.3g/t gold from 146m.

Importantly, as shown in cross section A-A' of Figure 8 below, the majority of intersections were made outside of current identified gold lodes. The results suggest that the area between MacPhersons and A-Cap deposits is better mineralised than what was previously considered at the time of the original resource block model development and pit shell design.

Primary plans to use the results of drilling to update the current pit shell design for operations over the MacPherson and A-Cap pits.

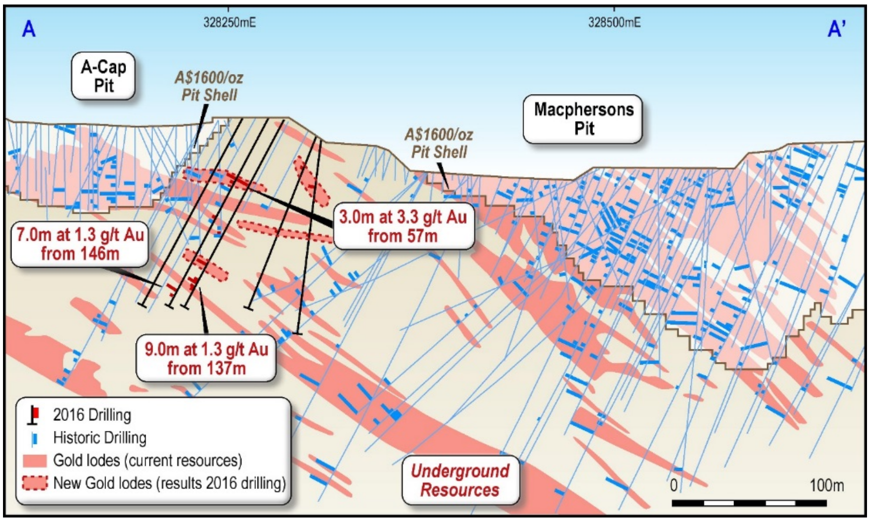

Figure 10: Oblique view through the drill traverse located between MacPhersons and A-Cap deposits within a window of +/- 150m from the cross-section plane. Location of the traverse is shown on the map (Figure 9). Shaded areas denote the resource block model.

Tycho & MacPhersons Deposit Pit Shell Drilling

In December 2016 Primary Gold reported the results of drilling into the proposed pit shell at the Tycho deposit. The assay results confirmed the presence of the thick high grade lodes.

Overall results were better than expected when compared with the historical drilling that has been used to generate the Tycho resource block model (see Figure 12).

This has provided potential for an upgrade in Tycho mineral resources and also increased confidence in the overall deposit and its use as part of initial operations at Coolgardie.

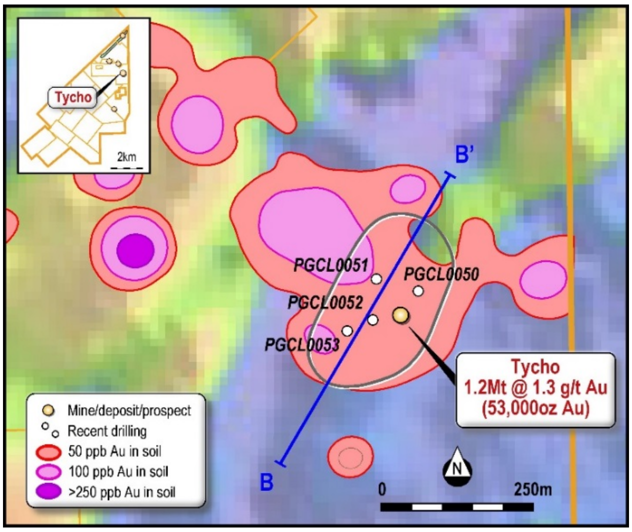

Figure 11: Tycho drilling cross section plan view

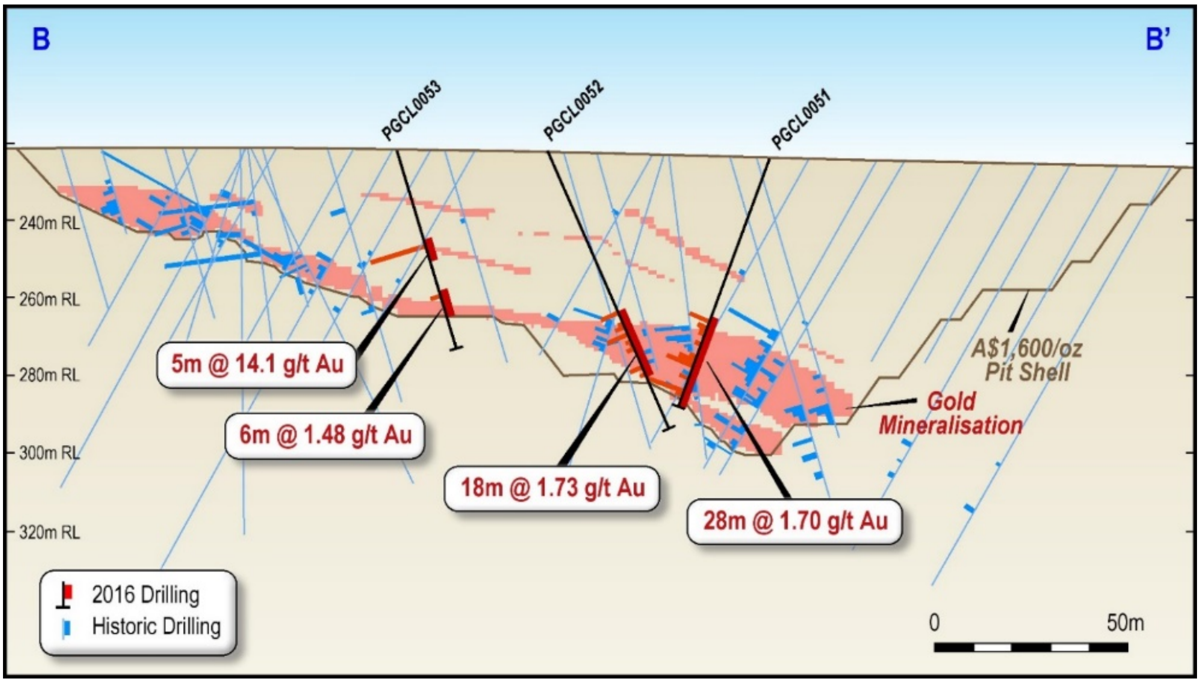

Figure 12: Cross section of drilling within the Tycho deposit

Drilling was also conducted within the MacPhersons pit, however mainly as a mechanism to perform trace element analysis required as part of the mining approvals process. This drilling still achieve thick mineralised intersections, including **12m at 1.3 g/t gold from 90m** and **3m at 1.5g/t gold from 81m**.

Next Phase Exploration Program Commenced

The Company has now commenced the next phase of exploration at the Coolgardie Project (Figure 13). The purpose of the exploration campaign is to target prospective geology zones away from the known MacPhersons, A-Cap and Tycho deposits (Figure 14).

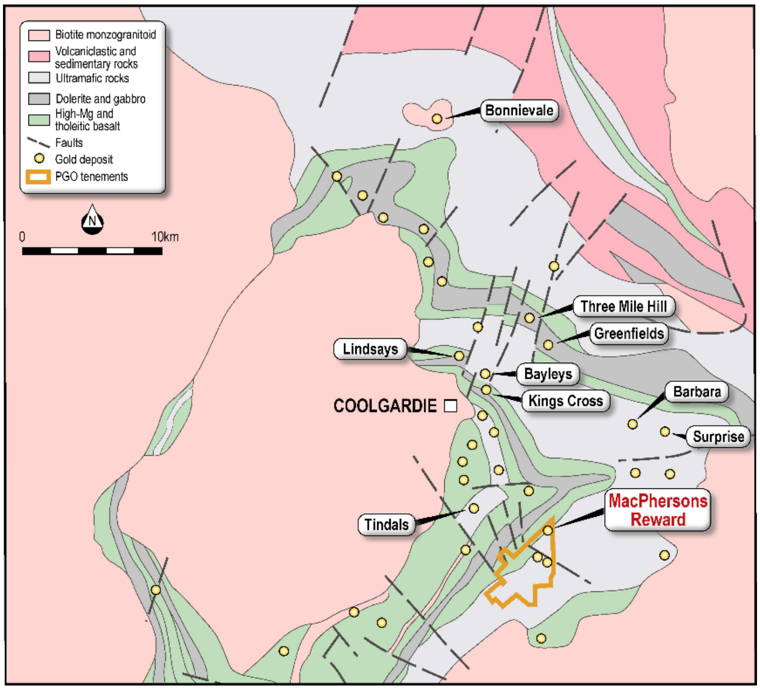

Figure 13: Primary Gold's tenements near Coolgardie

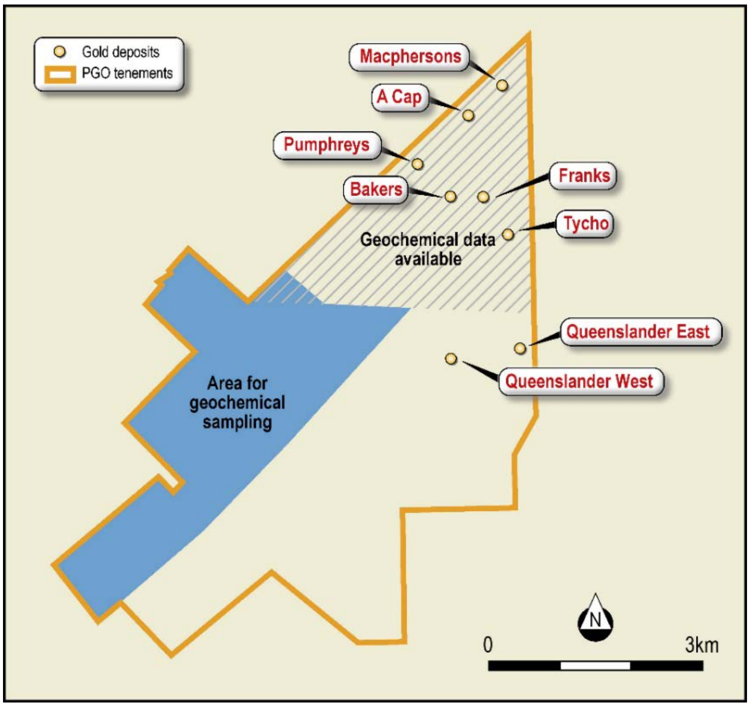

Figure 14: Outline of Primary's tenements package showing the area for exploration

The area has not been systematically explored in the past and surface geochemistry of the area is poorly understood, therefore the new phase of exploration commences with comprehensive geochemical soil sampling. The program will cover an area of approximately 9 km^2 (5 km long and 0.8 – 2.7 km wide) (Figure 7). Work includes the collection of 500 samples distributed as a regular 200 x 100m grid. The samples will be processed and assayed using Mobile Metal Ion technology (MMI). MMI technology has been found to be better suited than conventional geochemical methods for the exploration of buried mineralisation, in particular, for gold lodes concealed under sedimentary cover including mineralisation covered by transported regolith.

This program is targeting high priority greenfield sites on the Company's Coolgardie Project and is focused on extension of the gold bearing structure that hosts the MacPherson's, A-Cap and Pumphrey's deposits. Previous hammer prospecting undertaken by Primary along these greenfield sites has revealed numerous quartz veins outcropping and subcropping along the ridgelines of the small hills (Figure 15). In some locations, these veins are also coupled with abundant historic shafts and mine workings.

The geochemical sampling is also targeting cross-cutting structures, including one located in the central part of the tenement package which is geologically similar to that hosting the Tycho deposit. Shallow scout drilling in this area by previous explorers has intersected gold mineralisation at depths ranging from 40m to 60m that have not been followed up (Figure 15).

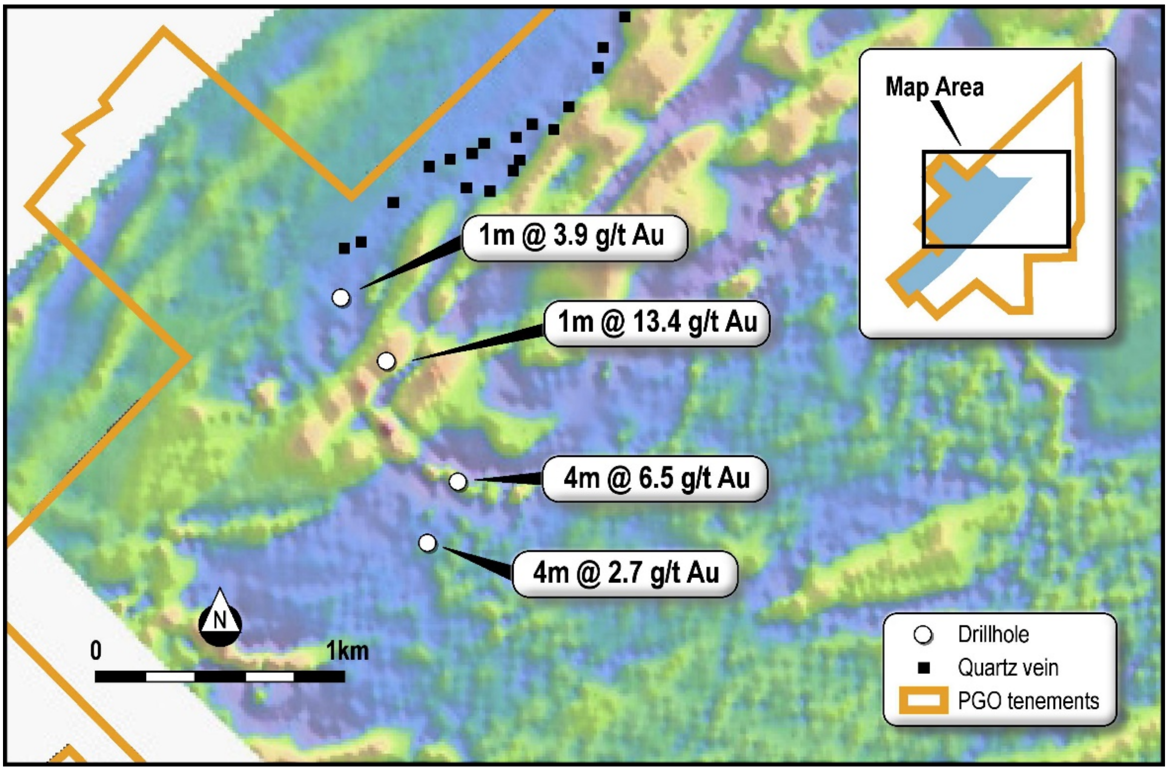

Figure 15: Location of previous explorers' shallow scout drilling that intersected gold mineralisation along the cross-cutting structure that will be targeted by the upcoming exploration program

The new phase of exploration is an integral part of the Company's strategy focused on commencement of mining operations at Coolgardie while increasing the mineral inventory by systematic and targeted exploration to enhance the mine life.

Coolgardie Project PFS

On 17 October 2017, the Company announced a maiden Ore Reserve estimate and that it has received positive results from its recently completed Pre-Feasibility Study for the Coolgardie Project (**Coolgardie PFS**). The Coolgardie PFS was conducted by Primary's team working in conjunction with specialised consultants, Entech Mining Pty Ltd.

The Coolgardie PFS confirms the viability of a low capital cost start-up gold mining operation based on the extraction of shallow reserves across three initial starter pits at the Project, with the ore to be treated via a toll-treatment arrangement at a nearby processing facility. The Company is at an advanced stage in its negotiations with the owner of the processing facility.

Key Coolgardie PFS outcomes include a low upfront capital outlay of $850,000, of which the Company currently expects, based on negotiations with preferred mining contractor, that approximately $750,000 will be deferred by up to 3 months after production commencement. The Coolgardie PFS forecasts the Project to generate an undiscounted cash-flow of $16.9 million at a gold price of $1,600/ounce, with a maximum cash drawdown of $100,000. The Project is forecast to recover approximately 65,000 ounces of gold over an initial mine life of 28 months with further resources on Primary's mining leases undergoing feasibility.

All site setup, infrastructure, offices, roads and mobilisation will be catered for in the mining services contract tender rates. Offices and ablutions already exist from previous operations.

The Coolgardie PFS has been based on the initial starter pits of MacPhersons, A-Cap and Tycho which contain approximately 69,000 ounces Au (approximately 13,000oz Measured @ 1.5 g/t Au, 45,000oz Indicated @ 1.7 g/t Au and 11,000oz Inferred @ 1.7 g/t Au).

The bulk of the Mineral Resources (approximately 145,000 oz) is contained within the MacPhersons deposit, which is the Company's key deposit at the Project. Bakers and Franks prospects were not included in the Coolgardie PFS now, however, Bakers is currently undergoing optimisation and pit design.

Table 3: Coolgardie Gold Pre-Feasibility Study – Key Outcomes[1]

PRODUCTION SUMMARY	Units	Value
Life of Mine	months	28
Strip Ratio	waste: ore	11.3: 1
Ore Mined	tonnes	1,273,000
Average Grade	g/t Au	1.7
Contained Gold	ounces	69,000
Average LOM Metallurgical Recovery	%	94
Recovered Gold	ounces	65,000
Ore toll treatment capacity (per month)	tonnes	50,000
CAPITAL COSTS		**LOM**
Pre-production Capital[1]		$0.75M
Infrastructure Capital		A$0.1M
TOTAL CAPITAL COSTS		**$0.85M**

PROJECT ECONOMICS[2]	LOM	$/oz
Revenue (gold price at A$1,600/ounce)	$104.3M	$1,600
C1 Cash Costs [3]	$81.0M	$1242
Royalties [4]	$5.1M	$78
Pre-Production Capital Costs	$0.1M	$2
All-In Sustaining Costs (AISC)[5]	**$86.2M**	**$1,322**
Rehabilitation Cost	$1.2M	$18
All-In Costs (AIC)[6]	**$87.4M**	**$1,340**
Undiscounted Cashflow	$16.9M	
$NPV_{8\%}$	**$14.8M**	
Maximum Cash Drawdown	$0.1M	
Payback (months)	2	

Notes:

1. As identified, the Company anticipates that this capital payment will be deferred under the mining services contract and will be paid out of revenue from the sale of gold
2. Cost estimation has been completed using tendered contracted rates for mining and toll treating
3. C1 Cash Costs include all mining, processing, haulage, site administration and refining costs
4. Royalties include current WA State royalty and third party royalty
5. AISC include C1 costs + royalties + pre-production capital costs
6. AIC include AISC + infrastructure capital costs + rehabilitation, excludes head office corporate costs

Table 4: Project Financials at Various Gold Prices

Gold Price	Undiscounted Cash Flow	$NPV_{8\%}$	Maximum Drawdown
A$1,500	$10.6M	$9.0M	$2.5M
A$1,600	**$16.9M**	**$14.8M**	**$0.1M**
A$1,700	$23.3M	$20.7M	$0.1M
A$1,900	$36.0M	$32.3M	$0.1M

Implementation Timeline

Primary is currently developing an implementation plan to enable a fast-tracked decision to mine.

The implementation plan will include:

- Completing the regulatory permitting process, with project management and clearing permits approved and mining proposal approval imminent;
- Finalising contract document with preferred tenderer for mining services;
- Finalising contract for toll-treatment; and
- Finalising the start-up mining schedule detail and financial model based on the parameters received.

Summary of Key Elements in Pre-Feasibility Study

Location and Site Infrastructure

The Coolgardie Gold Project is located 4 km south of Coolgardie township and lies within the Coolgardie Shire in the Goldfields region of Western Australia (Figure 9). The town of Coolgardie provides housing, shopping facilities and light industrial services.

Reserve

The PFS includes a maiden gold Ore Reserve of 1,069,000 tonnes at 1.7 g/t Au for 58,000 ounces of gold based on Measured and Indicated Resources (Table 5).

Table 5: Ore Reserve Estimate as at October 2017

Resource Classification	Ore Tonnes	Grade (g/t Au)	Contained Metal (oz Au)
Proved	267,000	1.5	13,000
Probable	802,000	1.8	45,000
Total	**1,069,000**	**1.7**	**58,000**

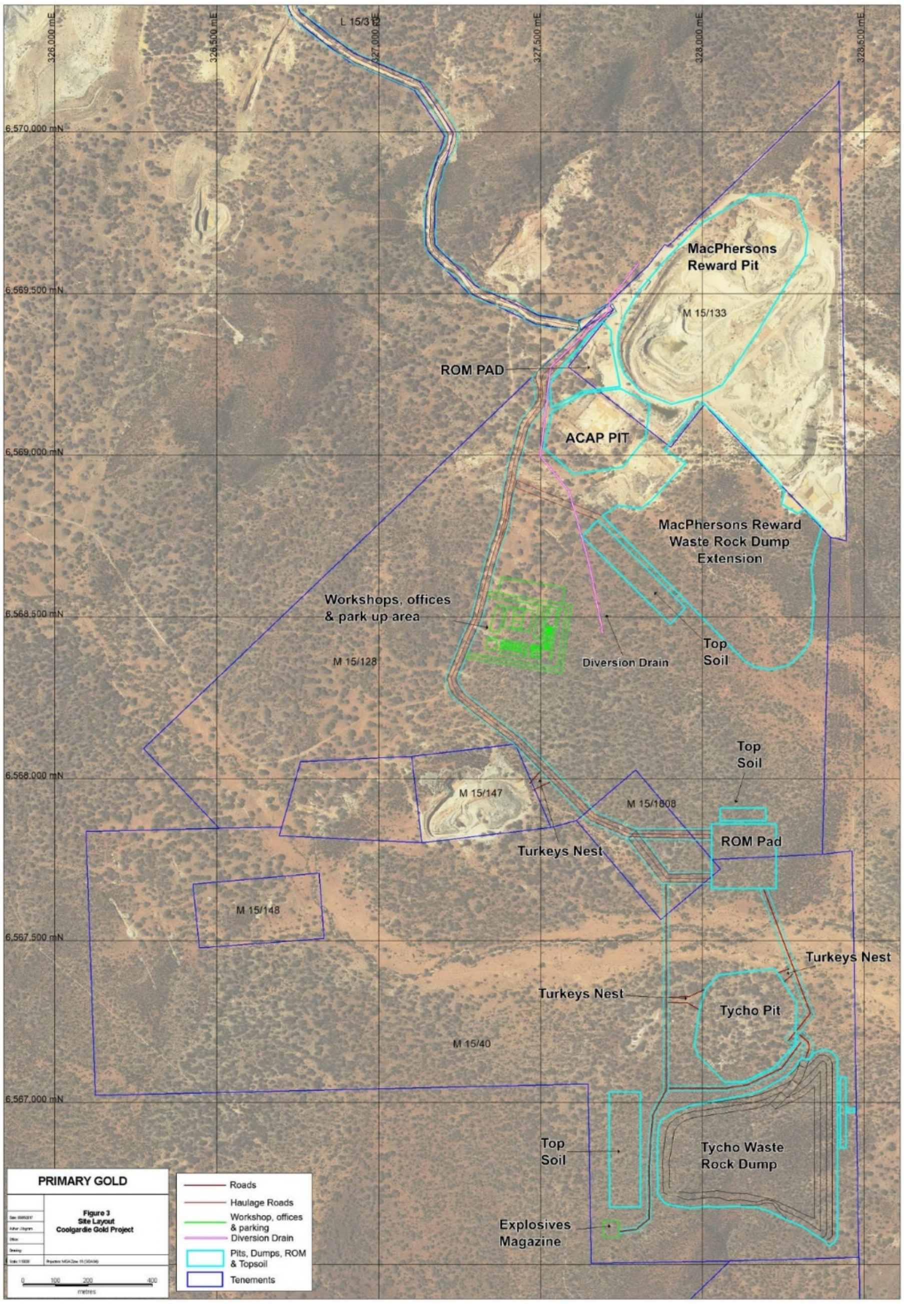

Figure 16: Site Layout Plan

Subsequent to the announcement of the PFS, the Company confirmed Hampton Mining and Civil (**Hampton**) as the preferred contractor for the development of the 100% owned Coolgardie Project in Western Australia.

Hampton is the mining division of Hampton Transport Services, and was established in 2003.

Hampton provides open pit mining services to a range of clients throughout the Goldfields of Western Australia. They also have vast experience in earthmoving and civil services related to mines, including construction of haul roads and mill and crusher feeds.

Under the terms of the agreement with Primary, Hampton will undertake all drill and blast and excavation operations of the three open pits – MacPhersons, A-Cap and Tycho – plus establish underground portal positions in each pit design to cater for potential underground entry. In addition, they will also be responsible for establishment of all site setup (including workshop) and haulage of ore to mill for toll treatment.

Primary Gold Mineral Resources and Ore Reserves

As at 31 October 2017, the Company's Mineral Resources and Ore Reserves are as follows:

Resources	Measured			Indicated			Inferred			Total		
	'000t	g/t	Koz Au	'000t	g/t	Koz Au	'000t	g/t	Koz Au	'000t	g/t	Koz Au
Coolgardie Project												
Macphersons*	690	1.36	30.1	1,216	1.71	66.9	616	2.41	47.8	2,523	1.79	144.8
Tycho*				600	1.44	27.8	640	1.22	25.2	1,240	1.33	53.0
Franks Find*							48	1.84	2.8	48	1.84	2.8
SUBTOTAL	**690**	**1.36**	**30.1**	**1,816**	**1.61**	**94.7**	**1,304**	**1.81**	**75.8**	**3,811**	**1.64**	**200.6**
Mt Bundy Project												
Rustlers Roost*				36,611	0.87	1,028.0	12,990	0.73	304.0	49,601	0.84	1,332.0
Toms Gully**				835	9.0	242.0	265	8.5	73.0	1,100	8.9	315.0
Quest 29***				2,190	1.4	98.0	1,205	1.3	50.0	3,395	1.4	148.0
SUBTOTAL				**39,636**	**1.07**	**1,368.0**	14,460	0.92	427.0	54,096	1.03	1,795.0
TOTAL	**690**	**1.36**	**30.1**	**41,452**	**1.10**	**1,463.0**	**15,764**	**0.99**	**503.0**	**57,907**	**1.07**	**1,996.0**

Reserves	Proved			Probable			Total		
	'000t	g/t	Koz Au	'000t	g/t	Koz Au	'000t	g/t	Koz Au
Mt Bundy Project				775	6.9	175.0	775	6.9	175.0
Coolgardie Project	267	1.5	13.0	802	1.8	45.0	1,069	1.7	58.0
TOTAL	267	1.5	13.0	1557	4.3	220.0	**1,844**	**3.9**	**233**

Notes: Figures have been rounded and hence may not add up exactly to the given totals. MacPhersons Resources include A-Cap.
Cut offs: * 0.50g/t Au ** 6.00g/t Au *** 0.80g/t Au
Mineral Resources above are reported as inclusive of Ore Reserves.

Competent Persons' Statements

Mount Bundy Project

The information in this report that relates to Mount Bundy Exploration Results is based on information compiled by Dr Marat Abzalov, who is a Competent Person according to the JORC 2012 Code. Dr Abzalov is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience in estimation of resources of gold mineralisation, and has a strong expertise in the all aspects of data collection, interpretation and geostatistical analysis to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr Abzalov is employed as a director of Primary Gold Ltd. Dr Abzalov consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The information was reported by the Company on 4 August 2017 and 26 September 2017. The Company confirms that it is not aware of any new information or data that materially affects these results.

The information in this announcement that relates to Mount Bundy Mineral Resources is based on, and fairly represents, information and supporting documentation compiled and prepared by Mr Brian Fitzpatrick. Mr Fitzpatrick is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Cube Consulting Pty Ltd. Neither Cube nor Mr Fitzpatrick holds any interest in Primary Gold, its related parties, or in any of the mineral properties that are the subject of this report. Mr Fitzpatrick has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity 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'. Mr Fitzpatrick has provided prior written consent as to the form and context in which the Exploration Results and Mineral Resources and the supporting information are presented in this market announcement. This was reported by the Company on 27 June 2016 and 31 October 2017. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources, and that all material assumptions and technical parameters underpinning these continue to apply and have not materially changed.

The information that relates to Mount Bundy Ore Reserves (Toms Gully deposit) is extracted from the report entitled Toms Gully Ore Reserve Estimate Summary Report, August 2013 as announced 27 August 2013. Both report and announcement are available to view on www.primarygold.com.au. Primary Gold Limited confirms it is not aware of any new information or data that materially affects the information in the original market announcements relating to Toms Gully ore reserves, that all material assumptions and technical parameters underpinning the Toms Gully mineral resource estimate 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.

Coolgardie Project

The information in this report that related to Ore Reserves for the Coolgardie Project is based on and fairly represents information compiled by Mr Craig Mann, a Competent Person, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mann is employed by Entech Pty Ltd, an independent consulting company. Mr Mann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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". Mr Mann consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. This information was originally released to the market on 17 October. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources, and that all material assumptions and technical parameters underpinning these continue to apply and have not materially changed.

The information in this report that relates to Mineral Resources for the Coolgardie Project is based on and fairly represents information compiled by Dr Marat Abzalov, a Competent Person, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Abzalov is an employee of Primary Gold Limited. He has sufficient experience in estimation of resources of gold mineralisation, and has a strong expertise in the all aspects of data collection, interpretation, geostatistical analysis, validation of the results and classification of the Resources to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Dr Abzalov consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. This information was originally released to the market on 17 October. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources, and that all material assumptions and technical parameters underpinning these continue to apply and have not materially changed.

The information in this report that relates to Coolgardie Exploration Results is based on information compiled by Dr Marat Abzalov, who is a Competent Person according to the JORC 2012 Code. Dr Abzalov is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience in estimation of resources of gold mineralisation, and has a strong expertise in the all aspects of data collection, interpretation and geostatistical analysis to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr Abzalov is employed as a director of Primary Gold Ltd. Dr Abzalov consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. The information was reported by the Company on 28 November 2016, 9 January 2017, 13 February 2017 and 29 June 2017. The Company confirms that it is not aware of any new information or data that materially affects these results.

<u>Cautionary Statement concerning Scoping Study Results including Inferred Resources</u>

The Scoping Study referred to in this announcement has been undertaken by Primary Gold Limited (the "Company") to ascertain whether a business case can be made for proceeding to more definitive studies on the viability of the Mount Bundy Gold Project. It is a preliminary technical and economic study of the potential viability of the Mount Bundy Gold Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before the Company will be in a position to estimate any ore reserves or to provide any assurance of an economic development case or that the conclusions of the Scoping Study will be realised.

The Scoping Study is based on the material assumptions outlined in the announcement and to an accuracy level of +/-15-20% for mining costs and +/-30% for processing costs. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the outcomes indicated in the Scoping Study, funding of in the order of $150 million will likely be required. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed. It is also likely that such funding may only be available on terms that may be dilutive to or otherwise effect the value of the Company's existing shares.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

The Board has concluded that it has a reasonable basis for providing the forward-looking statements and production targets discussed in this announcement. The Board also considers that it has a reasonable basis to expect that it will be able to fund the development of the Mount Bundy Gold Project. The detailed reasons for those conclusions are outlined throughout this announcement and all material assumptions are disclosed in this document and in the JORC table disclosures of the relevant Resource Statements.

This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules. The Company advises that the Production Targets and any Financial Information contained in this announcement are preliminary in nature as the conclusions are in-part based on low-level technical and economic assessments, and are insufficient to support the estimation of Ore Reserves or to provide an assurance of economic development at this stage. The outcomes of the Study provide a reasonable basis for the Company to release the results whilst not providing an assurance of economic development at this stage. This is based on the current mining inventory indicating that for the first 3 years of production all the material can be sourced from the Indicated Resources, and for the remainder of the forecast life of mine, 80% of the material can be sourced from the current Indicated Resources.

The Australian Securities and Investments Commission (ASIC) released Information Sheet 214, which concerns forward-looking statements by mining and resource companies (INFO 214). One of the matters raised is that forward-looking statements should only be made if the entity has reasonable grounds for concluding that funding will become available to the entity as and when required by the project's development or production schedules. Additional funding will be required by Primary Gold Limited to bring the Project into full production stage. The original Toms Gully plant with a design capacity of 250Ktpa is currently on care and maintenance but does not suit the new vision of bulk mining operations and will either be sold off or dismantled and stored. The Company notes that it has a current market capitalisation of ~A$35 million and has successfully raised ~A$12 million over the last 12 months.

The Board confirms that the results from the Scoping study are positive and that this justifies the Company committing to the next stage of exploration and development by progressing through to the Pre-feasibility Study.

Mineral Resource Statement

The following information is provided in accordance with Listing Rule 5.21.

Mineral Resource and Reserve Estimation Governance Statement

Primary Gold Limited ensures that Mineral Resource and Mineral Reserve estimates are subject to the appropriate levels of governance and internal controls. The Mineral Resources and Mineral Reserves have been generated by a combination of internal and independent external Competent Persons who are experienced in best practices in ore resource and reserve estimation procedures. The Competent Persons have also undertaken reviews of the quality and suitability of the underlying information used to generate the estimations.

Primary Gold reports its Mineral Resources and Mineral Reserves in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) 2012 Edition. Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named by the Company are Fellows of the Australian Institute of Mining and Metallurgy and qualify as Competent Persons as defined in the JORC Code.

The tables below set out Mineral Resources and Ore Reserves held by Primary Gold Limited as at 30 June 2017 and 30 June 2016. The Company notes that the material change is as a result of the acquisition of the Coolgardie Project in August 2016.

30 June 2017 Mineral Resource and Ore Reserves

Mount Bundy Gold Project

Resources	Indicated			Inferred			Total		
	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)
Toms Gully*	835	9.0	242	265	8.5	73	1,100	8.9	315
Rustlers Roost**	14,420	1.1	505	7,960	1.0	266	22,380	1.1	772
Quest 29***	2,190	1.4	98	1,205	1.3	50	3,395	1.4	148
Total	**17,445**	**1.5**	**845**	**9,430**	**1.2**	**389**	**26,875**	**1.5**	**1,235**
Reserves	**Proved**			**Probable**			**Total**		
	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)
Toms Gully				775	6.9	175	775	6.9	175

Coolgardie Gold Project

Resources	Measured			Indicated			Inferred			Total		
	'000t	g/t	Oz Au	'000t	g/t	Oz Au	'000t	g/t	Oz Au	'000t	g/t	Oz Au
Macphersons	690	1.36	30,100	1,216	1.71	66,900	616	2.41	47,800	2,523	1.79	144,800
Tycho				600	1.44	27,800	640	1.22	25,200	1,240	1.33	53,000
Franks Find							48	1.84	2,800	48	1.84	2,800
Total	690	1.36	30,100	1,216	1.61	94,700	1,304	1.80	75,800	3,811	1.63	200,600

30 June 2016 Mineral Resource and Ore Reserves

Resources	Indicated			Inferred			Total		
	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)
Toms Gully*	835	9.0	242	265	8.5	73	1,100	8.9	315
Rustlers Roost**	14,420	1.1	505	7,960	1.0	266	22,380	1.1	772
Quest 29***	2,190	1.4	98	1,205	1.3	50	3,395	1.4	148
Total	17,445	1.5	845	9,430	1.2	389	26,875	1.5	1,235
Reserves	**Proved**			**Probable**			**Total**		
	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)	Tonnes (kt)	Grade (g/t)	Au (kOz)
Toms Gully				**775**	**6.9**	**175**	**775**	**6.9**	**175**

Notes: Figures have been rounded and hence may not add up exactly to the given totals. MacPhersons Resources include A-Cap.
Cut offs: * 6.00g/t Au ** 0.50g/t Au *** 0.80g/t Au

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as 'the Group') consisting of Primary Gold Limited ('the Company') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

- Mr Garry Mills — Managing Director (appointed 1 March 2017; previously Non-executive Director appointed 7 March 2016)
- Dr Marat Abzalov — Executive Director
- Mr Evan Cranston — Non-executive Director
- Mr Tony Patrizi — Non-executive Director
- Dr Mark Qiu — Non-executive Director
- Mr Dale Rogers — Non-executive Chairman (retired 30 November 2016)
- Mr Patrick Walta — Executive Director (resigned 31 May 2017)

Principal activities

Primary Minerals NL, a wholly owned subsidiary of the Company, owns the Mount Bundy Gold Project which encompasses the Toms Gully, Rustlers Roost and Quest 29 Projects in the Northern Territory, Australia. During the year, the Company received positive results from its scoping study on the Mount Bundy Gold Project. The Board considers the results of this study justify the Mount Bundy Gold Project moving to the pre-feasibility study stage. This study has identified and detailed the opportunity to create a significant Northern Territory gold centre.

During the year the Company acquired 100% of the issued capital of MacPhersons Reward Pty Ltd which owns the Coolgardie Gold Project, located 5km from the town of Coolgardie in the Western Australian Goldfields. Since the acquisition, the Company has undertaken exploration activities on the tenements and is nearing completion of a pre-feasibility study with a view to commence mining operations at the Coolgardie Gold Project in the December 2017 quarter.

Dividends

No dividend was paid, recommended for payment nor declared during the year under review.

Review of operations

The total comprehensive loss for the Group after income tax was $1,358,744 (2016: $3,157,511).

The Group owns the Mount Bundy Gold Project located 90 kilometres southeast of Darwin in the Northern Territory. The Group completed initial surface exploration programs over the 1,500km^2 tenements and received positive results from its completed scoping study on the Mount Bundy Gold Project. In addition, the Group commenced a 5,600m drilling program which was completed after the end of the financial year and also initiated a pre-feasibility study on the Mount Bundy Gold Project.

During the year the Company acquired the Coolgardie Gold Project, located 5km from the town of Coolgardie in the Western Australian Goldfields. The Group completed a 57 hole drill program on the tenements and is nearing completion of a pre-feasibility study following a tender process by mining contractors. The Group remains on target to commence operations at the Coolgardie Gold Project in the December 2017 quarter on the initial starter pits, subject to permitting and approvals.

Significant changes in state of affairs

During the year, the following significant changes in the state of affairs of the Group occurred:

- Mr Garry Mills was appointed as Managing Director on 1 March 2017;
- 121,428,572 ordinary shares were issued at an issue price of $A0.07 each to raise $8.5 million (before costs); and
- The acquisition of MacPhersons Reward Pty Ltd was completed on 7 December 2016.

Matters subsequent to end of financial year

The following significant events have occurred since the end of the reporting period:

1. The 5,600m drill program at Mount Bundy completed with very encouraging results received for Rustlers Roost which have extended mineralisation outside of the pit design used in the recent successful scoping study as well as infilling gaps within the existing block model; and
2. 10,000,000 unlisted options with an exercise price of $0.07 and an expiry date of 1 July 2020 were issued to a corporate advisor for the provision of services.

Likely developments and expected results of operations

The Group intends to commence mining operations at the Coolgardie Gold Project during the December 2017 quarter which will generate cash flow to fund the Group's operations.

Environmental regulation

The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and development activities. The Directors are not aware of any environmental law that is not being complied with.

Information on directors

Mr Garry Mills – B. App Sc (Mining)

Managing Director appointed 1 March 2017 (previously Non-executive Director Appointed 7 March 2016)

Experience and expertise

Mr Mills is a Mining Engineer with over 30 years of operating experience in middle and senior management levels in a range of progressive technical and hands on positions within the mining industry. Mr Mills has operating and management experience in both open cut and underground mines in gold and base metals. He has operated throughout Australia and Africa at Mine Manager, VP Operations and Chief Operating Officer levels.

Mr Mills' previous roles include General Manager at Northern Star Resources and Operations Manager at Dominion Mining Limited where he was instrumental in turning around the performance of its Challenger Gold Mine in South Australia. He has extensive experience in narrow vein gold mining starting at Coolgardie Gold's mines which has long been regarded as the pioneer of mechanised narrow vein gold mining. He was the COO of Norseman Gold where he developed mechanised mining of horizontal narrow gold veins. Garry has been involved in resurrecting some of Australia and South Africa's more successful gold mines including Jundee, Paulsens, Agnew and South Deeps where under his guidance the mines substantially reduced their operating costs.

Mr Mills has significant experience in feasibility studies, project construction and strategic, middle and short term planning for effective mine operation from exploration to metal production.

Other current directorships

None

Former directorships in last 3 years

None

Special responsibilities

Nil

Interests in shares and options

7,500,000 ordinary shares and 20,000,000 options are held indirectly.

Dr Marat Abzalov – PhD (Geology), FAusIMM

Executive Director – Exploration (Appointed 23 June 2016)

Experience and expertise

Dr Abzalov has managed and consulted on a wide range of mining projects including government run projects, technical reviews and detailed studies from scoping to bankable feasibility. He has a solid expertise in all aspects of ore body knowledge with an emphasis on geostatistical resource estimation, samples quality assurance / control and geological / mathematical 3D modelling for which he was awarded D. Krige's gold medal by SAIMM in 2015. His exploration experience includes management and technical support to exploration activities in both brownfields and greenfields projects.

In brownfields exploration, using advance 3D visualisation of geological data and applying new 3D modelling and visualisation methodologies, Dr Abzalov built a predictive exploration model of the Olympic Dam deposit which led to the discovery of significant new resources in 2003. He also built a predictive exploration model of Cliff's Ni-S brownfields project in Western Australia which led to the discovery of a high grade zone turning the deposit to an economically viable mining project. In greenfields exploration, he has managed the search programs for deep or covered deposits using innovative targeting tools, including specialised geochemical datasets and applying quality 3D geological interpretation and visualisation. His geological analysis and exploration targeting has led to the generation of highly prospective exploration projects in Far East Russia, the Stans and Middle East (Jordan).

Other current directorships

Matador Mining Ltd (appointed 28 June 2016)

Former directorships in last 3 years

Boss Resources Limited (appointed 2 April 2014; resigned 1 August 2017)

Special responsibilities

Nil

Interests in shares and options

500,000 ordinary shares and 10,000,000 options are held both directly and indirectly.

Mr Evan Cranston – BCom, LLB

Non-executive Director (Appointed 7 March 2016)

Experience and expertise

Mr Cranston is a lawyer specialising in corporate and mining law. He has extensive experience in the areas of public listed entities including capital raisings, initial public offerings and liaison with market analysts and potential investors, together with Corporate Governance, the Australian Securities Exchange's Listing Rules and the Corporations Act. His experience in mining law extends to tenement acquisition agreements, mineral right agreements, joint ventures and mergers and acquisitions. He holds both Bachelor of Commerce and Bachelor of Law degrees.

Mr Cranston is currently a non-executive director of ASX-Listed Boss Resources Limited, Carbine Resources Ltd, and Clancy Exploration Ltd, and executive chairman of New Century Resources Limited.

Other current directorships

Boss Resources Ltd (appointed 2 May 2012)
Carbine Resources Ltd (appointed 23 March 2010)
Clancy Exploration Ltd (appointed 23 October 2014)
New Century Resources Ltd (formerly Attila Resources Ltd) (appointed 10 October 2012)

Former directorships in last 3 years

Cradle Resources Ltd (appointed 28 June 2011; resigned 8 May 2016)

Special responsibilities

Nil

Interests in shares and options

8,288,446 ordinary shares and 10,000,000 options are held indirectly.

Mr Tony Patrizi – BEng (Mech)

Non-executive Director (Appointed 7 March 2016)

Experience and expertise

Mr Patrizi is an Executive Director of GR Engineering, which he cofounded, and is a mechanical engineer with over 30 years' experience in the mining and mineral processing industry. GR Engineering is recognised as one of the industry's leaders in minerals processing and the company prides itself on the services it provides starting from initial metallurgical programs, through to the various study phases and culminating in the construction and operation of the process plant. Mr Patrizi was previously the operations manager of JR Engineering which had over 300 personnel and provided workshop, maintenance, engineering and construction services to mining and mineral processing project in Western Australian and interstate. During his career Mr Patrizi has been involved in the construction of numerous gold processing plants and his experience will greatly assist the Mount Bundy Gold Project recommence operations.

Other current directorships

GR Engineering Limited

Former directorships in last 3 years

None

Special responsibilities

Nil

Interests in shares and options

16,666,666 ordinary shares and 10,000,000 options are held indirectly.

Dr Mark Qiu - PhD

Non-executive Director (Appointed 31 March 2014)

Experience and expertise

Dr Qiu has more than 25 years' experience in gold and iron ore mining, in addition to holding a number of senior management roles in Australia and abroad. This includes serving as group executive for Sino Gold Mining Limited until its acquisition by Eldorado Gold Corporation. Dr Qiu is currently the Managing Director of Hanking Gold Mining Pty Ltd and Hanking Australia Pty Ltd.

Other current directorships

China Hanking Holdings Limited (HKSE: 03788) (appointed 29 May 2014)

Former directorships in last 3 years

Kimberley Diamonds Limited (resigned November 2014)

Special responsibilities

Nil

Interests in shares and options

833,333 options held directly.

Mr Dale Rogers – B. Eng (Mining)

Chairman – Non-executive (Appointed 28 February 2013; retired 30 November 2016)

Experience and expertise

Mr Rogers has over 27 years' experience in the mining industry, commencing in Kalgoorlie and Kambalda in the 1980's where he managed several underground mines for WMC before moving to the new project development of WMC's Mt Keith Operations during the pre-strip and the first year of ore production in the mid-1990's. At the time, this was the largest contractor earthmoving operation by volume in the southern hemisphere. He has developed and managed operations in Australia and overseas.

Mr Rogers is a founding Director and Chairman of ASX listed Phoenix Gold Limited, a successful gold exploration and development company focussed on the Western Australian Goldfields.

Other current directorships

Centennial Mining Ltd (formerly A1 Consolidated Gold Ltd) (Chairman)

Former directorships in last 3 years

Phoenix Gold Limited (Executive Chairman)

Mr Patrick Walta – MBA, MSci (Min. Eco.), BEng (Hons), BSci, GAICD

Executive Director (Appointed 23 June 2016; resigned 31 May 2017)

Experience and expertise

Mr Walta is a qualified metallurgist and mineral economist with experience across both technical and commercial roles within the mining and water treatment industries. His experience within the resources industry includes: public and private company management, mineral processing, M&A, IPOs, project management, feasibility studies, exploration activities, competitive intelligence and strategic business planning.

Mr Walta holds Bachelor degrees in both Chemical Engineering and Science, Masters degrees in both Business Administration and Mineral Economics, and is also a graduate of the Australian Institute of Company Directors.

Other current directorships

Matador Mining Ltd (appointed 28 June 2016)

New Century Resources Ltd (appointed 14 July 2017)

Former directorships in last 3 years

Carbine Resources Ltd (appointed 3 April 2014; resigned 13 April 2016)

Company Secretary

Ms Oonagh Malone

(Appointed 12 October 2015)

Ms Malone was appointed as Company Secretary on 12 October 2015. Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 8 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. Ms Malone currently acts as company secretary for ASX-listed New Century Resources Ltd, Boss Resources Ltd, Carbine Resources Ltd, Matador Mining Ltd, Draig Resources Ltd and Hawkstone Mining Limited and is also a non-executive director of Hawkstone Mining Limited.

Interests in shares and options

354,999 shares held directly.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Full meetings of directors	
	Number of meetings attended	**Number of meetings held during the time the director held office**
G Mills	6	6
M Abzalov	5	6
E Cranston	6	6
T Patrizi	6	6
M Qiu	5	6
D Rogers	2	3
P Walta	5	5

Remuneration report (Audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The Board adheres to the Remuneration Policy detailed in the Company's Prospectus issued in December 2012. The Remuneration Policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain desirable Directors, Company Secretaries and senior executives.

The Remuneration Committee of the Board are mindful that where possible the remuneration structures reward the achievement of strategic objectives to achieve the broader outcome of creation of value for shareholders. The Remuneration Committee continues to review and recommend to the Board on matters of remuneration policy and specific emolument recommendations in relation to senior management and Directors.

Non-executive directors

Fees

For the year ended 30 June 2017, the annual fee for non-executive Directors was $30,000pa (2016: $30,000pa), and the Chairman's fee was $30,000pa (2016: $30,000pa). The Board will continue to review these fees on a regular basis.

Non-executive Directors fees are determined within an aggregate directors' fee pool limit, which will be periodically approved by shareholders in the general meeting (the current limit is $400,000). These fees were approved by the Company in the general meeting held on 28 February 2007.

A Director may be paid fees or other amounts if the Directors so determine where a Director performs special duties or otherwise perform services outside the scope of the ordinary duties of a director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Remuneration report (Audited) *(continued)*

Retirement benefits

Non-executive Directors do not receive retirement benefits.

Superannuation

Executive Directors of the Company are paid superannuation at the statutory rate prescribed by the law and forms part of their remuneration, where applicable. The Company makes statutory employer contributions on behalf of its Directors to the superannuation fund of their choice, as is required by legislation.

Executive director and senior management remuneration

Base salary

Base salary is set with reference to the local market data where the individual is required to work, and endeavours to reflect the scope of the role and the performance of the person in the role. Should the role require a unique skill set, this is also reflected in the base salary. Salaries are reviewed annually and generally reflect a “middle-of-the-market” approach, wherever comparisons to similar comparative roles can be made.

New Director incentive options

The Company issued 10,000,000 new director incentive options during 2017 (2016: 60,000,000) to align the interests of new Directors with the Company, as further detailed below.

Directors’ options (executive and non-executive)

2017 Director options

During the year, the following new unlisted options were granted to Directors:

Option series	Grant date	No. of options	Fair value per option	**Total fair value of options issued**
Exercise price $0.088 expiring 19 April 2020	19 April 2017	10,000,000	$0.0275	**$275,000**
Total		**10,000,000**		**$275,000**

The above options were issued to the following Directors:

	Option Series	**Total Options**
	Exercise price $0.088 expiring 19 April 2020	
G Mills	10,000,000	**10,000,000**
Total	**10,000,000**	**10,000,000**

Remuneration report (Audited) *(continued)*

2016 Director options

During the 2016 year, the following new unlisted options were granted to Directors:

Option series	Grant date	No. of options	Fair value per option	**Total fair value of options issued**
Exercise price $0.04 expiring 7 March 2019	7 March 2016	30,000,000	$0.02325	**$697,500**
Exercise price $0.075 expiring 23 June 2019	23 June 2019	15,000,000	$0.05421	**$813,150**
Exercise price $0.10 expiring 23 June 2019	23 June 2019	15,000,000	$0.05058	**$758,700**
Total		**60,000,000**		**$2,269,350**

The above options were issued to the following Directors:

	Option Series			**Total Options**
	Exercise price $0.04 expiring 7 March 2019	Exercise price $0.075 expiring 23 June 2019	Exercise price $0.10 expiring 23 June 2019	
P Walta	-	10,000,000	10,000,000	**20,000,000**
M Abzalov	-	5,000,000	5,000,000	**10,000,000**
E Cranston	10,000,000	-	-	**10,000,000**
G Mills	10,000,000	-	-	**10,000,000**
T Patrizi	10,000,000	-	-	**10,000,000**
Total	**30,000,000**	**15,000,000**	**15,000,000**	**60,000,000**

Employment/Consulting contracts

Mr Garry Mills - Managing Director (appointed 1 March 2017)

Terms of agreement – Mr Mills is full-time Managing Director of the Company, commencing from 1 March 2017. Mr Mills' remuneration is $350,000 per annum, excluding GST. Additionally he was issued with 10,000,000 unquoted options over securities in the Company exercisable at $0.088 each and expiring 19 April 2020.

The agreement can be terminated with three months' notice by either party, with an amount equal to three months fees payable in full and final satisfaction of all claims.

Dr Marat Abzalov - Executive Director - Exploration

Terms of agreement – Dr Abzalov is employed as a Director - Exploration of the Company from 23 June 2016. Dr Abzalov's remuneration is set at $10,000 per month, inclusive of any superannuation.

The agreement can be terminated with three months' notice by either party, with an amount equal to three months fees payable in full and final satisfaction of all claims.

Remuneration report (Audited) *(continued)*

Patrick Walta - Executive Director (resigned 31 May 2017)

Terms of agreement – Mr Walta was employed as an Executive Director of the Company, commencing from 23 June 2016 until his resignation on 31 May 2017. Mr Walta's remuneration was set at $10,000 per month.

Oonagh Malone - Company Secretary

Terms of agreement – Ms Malone has been engaged through Malone Corporate Services Pty Ltd, to provide Company Secretarial services to the Group for fees of $36,000 per annum, with no notice or additional benefits required for termination.

Remuneration report (Audited) *(continued)*

Details of remuneration

Details of the remuneration of the directors and key management personnel of the Group are set out in the following tables.

Key management personnel of the Group and other executives of the Company and the Group

2017	Short term employee benefits (paid or payable as at 30 June 2017)	Post-employment benefits		Long-term benefits	Share-based payments			
Name	**Cash, salary & fees**	**Termination payments**	**Superannuation**	**Long service leave**	**Options**	**Total**	**Proportion of remuneration performance related**	**Value of options as proportion of remuneration**
	$	$	$	$	$	$	%	%
G Mills (appointed Managing Director 1 March 2017)	134,932	-	1,735	-	275,000	411,667	66.80%	66.80%
E Cranston	30,000	-	-	-	-	30,000	-	-
T Patrizi	27,397	-	2,603	-	-	30,000	-	-
M Qiu	27,397	-	2,603	-	-	30,000	-	-
M Abzalov (Executive Director - Exploration)	109,589	-	10,411	-	-	120,000	-	-
O Malone (Company Secretary)	36,000	-	-	-	-	36,000	-	-
D Rogers (retired 30 November 2016)	19,792	-	-	-	-	19,792	-	-
P Walta (Executive Director) (resigned 31 May 2017)	110,000	-	-	-	-	110,000	-	-
TOTAL	**495,107**	**-**	**17,352**	**-**	**275,000**	**787,459**	**34.92%**	**34.92%**

Remuneration report (Audited) *(continued)*

Key management personnel of the Group and other executives of the Company and the Group

2016	**Short term employee benefits (paid or payable as at 30 June 2016)**	**Post-employment benefits**		**Long-term benefits**	**Share-based payments**			
Name	**Cash, salary & fees**	**Termination payments**	**Superannuation**	**Long service leave**	**Options**	**Total**	**Proportion of remuneration performance related**	**Value of options as proportion of remuneration**
	$	**$**	**$**	**$**	**$**	**$**	**%**	**%**
D Rogers (1)	148,250	-	-	-	27,533	175,783	15.70%	15.70%
E Cranston (appointed 7 March 2016)	9,516	-	-	-	232,500	242,016	96.10%	96.10%
G Mills (appointed 7 March 2016)	9,516	-	-	-	232,500	242,016	96.10%	96.10%
T Patrizi (appointed 7 March 2016)	9,516	-	-	-	232,500	242,016	96.10%	96.10%
M Qiu	21,500	-	2,019	-	2,413	25,932	9.30%	9.30%
T Manners (resigned 31 January 2016)	14,583	-	-	-	15,702	30,285	51.80%	51.80%
P Gray (resigned 30 November 2015)	10,417	-	-	-	2,174	12,591	17.30%	17.30%
P Walta (Executive Director) (appointed 23 June 2016)	2,667	-	-	-	1,047,900	1,050,567	99.70%	99.70%
M Abzalov (Executive Director - Exploration) (appointed 23 June 2016)	12,667	-	-	-	523,950	536,617	97.60%	97.60%
C Gordon (Managing Director) (resigned 7 March 2016)	208,055	88,986	17,654	-	48,959	363,654	13.50%	13.50%
O Malone (Company Secretary) (appointed 12 October 2015)	10,500	-	-	-	-	10,500	-	-
S Durack (Company Secretary & CFO) (resigned 12 October 2015)	16,548	-	-	-	-	16,548	-	-
TOTAL	**473,735**	**88,986**	**19,673**	**-**	**2,366,131**	**2,948,525**	**80.20%**	**80.20%**

(1) The majority of the fees paid to Mr Rogers were paid to his private company, Peregrine Enterprises Pty Ltd, for consulting work undertaken to update the Feasibility Study.

Remuneration report (Audited) *(continued)*

Equity instrument disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial year by each director of Primary Gold Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year or resignation
Ordinary shares				
G Mills	**7,500,000**	**-**	**-**	**7,500,000**
E Cranston	**8,288,446**	**-**	**-**	**8,288,446**
T Patrizi	**16,666,666**	**-**	**-**	**16,666,666**
M Qiu	**-**	**-**	**-**	**-**
M Abzalov	**500,000**	**-**	**-**	**500,000**
O Malone	**-**	**-**	**354,999**	**354,999**
D Rogers (retired 30/11/16)	**3,296,250**	**-**	**-**	**3,296,250**
P Walta (resigned 31/5/17)	**1,000,100**	**-**	**-**	**1,000,100**
Total	**37,251,462**	**-**	**-**	**37,606,461**

Other transactions with key management personnel:

There were the following other transactions with related parties during the year ended 30 June 2017 (2016: 38,333):

- Bookkeeping and administrative fees billed by Konkera Corporate of $120,000, a related party of Evan Cranston.
- Office rent paid to entities controlled by Kingslane Pty Ltd of $66,000, a related party of Evan Cranston.

Remuneration report (Audited) *(continued)*

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Primary Gold Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2017	Balance at start of the year	Granted as Compensation	Acquired	Lapsed/ Forfeited	Balance at end of the year or resignation	Vested and exercisable	Unvested
G Mills	10,000,000	10,000,000	-	-	20,000,000	20,000,000	-
E Cranston	10,000,000	-	-	-	10,000,000	10,000,000	-
T Patrizi	10,000,000	-	-	-	10,000,000	10,000,000	-
M Qiu	833,333	-	-	-	833,333	833,333	-
M Abzalov	10,000,000	-	-	-	10,000,000	10,000,000	-
O Malone	-	-	-	-	-	-	-
D Rogers[1]	2,500,000	-	-	-	2,500,000	2,500,000	-
P Walta[2]	20,000,000	-	-	-	20,000,000	20,000,000	-
Total	63,333,333	10,000,000	-	-	73,333,333	73,333,333	-

[1] Retired 30/11/16
[2] Resigned 31/5/17

All vested options are exercisable on or before expiry date.

Performance-based Remuneration

Year Ended 30 June 2017

Options and rights over equity instruments granted as compensation

During the year, the following new unlisted options were granted to the following Directors as part of their performance-based remuneration:

2017 Name	Options Number	Total value of options $	Options expensed in 2017 $
Directors			
G Mills	10,000,000	275,000	275,000
Total	**10,000,000**	**275,000**	**275,000**

Year Ended 30 June 2016

Options and rights over equity instruments granted as compensation

During the year ended 30 June 2016, the following unlisted options were granted to the following Directors as part of their performance-based remuneration:

2016 Name	Options Number	Total value of options $	Options expensed in 2016 $
Directors			
P Walta	20,000,000	1,047,900	1,047,900
M Abzalov	10,000,000	523,950	523,950
E Cranston	10,000,000	232,500	232,500
G Mills	10,000,000	232,500	232,500
T Patrizi	10,000,000	232,500	232,500
Total	**60,000,000**	**2,269,350**	**2,269,350**

Remuneration report (Audited) *(continued)*

Shares provided on exercise of remuneration options

During the reporting period, no shares were issued to key management personnel on the exercise of options previously granted as remuneration.

Use of remuneration consultants

The Company has not engaged the services of remuneration consultants to review its Executive remuneration recommendations.

Company performance

The following table shows key performance indicators for the Group over the last five years:

	2017	2016	2015	2014	2013
Loss for the year	(1,358,744)	(3,157,511)	(879,044)	(1,367,343)	(1,145,147)
Closing share price ($)	0.055	0.09	0.014	0.034	0.062
Basic and diluted loss per share (cents)	(0.26)	(0.98)	(0.53)	(3.53)	(2.97)

This is the end of the audited Remuneration report.

Shares under option

Unissued ordinary shares of Primary Gold Limited under option at the date of this report are as follows:

Date option issued	Expiry date	Exercise price of options	Number under option
28 November 2014 (Unlisted)	28 November 2018	$0.031	8,666,666
7 March 2016 (Unlisted)	7 March 2019	$0.04	30,000,000
23 June 2016 (Unlisted)	23 June 2019	$0.075	15,000,000
23 June 2016 (Unlisted)	23 June 2019	$0.10	15,000,000
19 April 2017 (Unlisted)	19 April 2020	$0.088	10,000,000
12 May 2017 (Unlisted)	12 May 2017	$0.065	2,000,000
1 September 2017 (Unlisted)	1 July 2020	$0.07	10,000,000
			90,666,666

No option holder has any rights under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

During and since the end of the financial year no options have been exercised.

Insurance of officers and auditors

The Company has entered into a deed of access, indemnity and insurance with each of its current and former directors, and the Company Secretary. Under the terms of the deed, the Company indemnifies the officer or former officer, to the extent by law, for the liabilities incurred as an officer of the Company.

Since the end of the previous financial year, the Company has paid premiums in respect of contracts insuring the current and former directors and officers of the Company against liabilities incurred by them to the extent permitted by the *Corporations Act 2001*. The contracts prohibit disclosure of the nature of the liability cover and the amount of the premium.

The Company has not agreed nor paid a premium to insure the auditor.

Non-audit services

A total of $850 (2016: $1,950) was paid for non-audit services performed during the year.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and did not compromise the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

Auditor

PKF Mack continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of the Directors.

GMills

G Mills
Managing Director
28th September 2017

PKF MACK
Accounting, Financial and Business Advisory

AUDIT INDEPENDENCE DECLARATION

TO THE DIRECTORS OF PRIMARY GOLD LIMITED

In relation to our audit of the financial report of Primary Gold Limited for the year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

28 SEPTEMBER 2017
WEST PERTH,
WESTERN AUSTRALIA

PKF Mack
ABN 64 591 268 274

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PRIMARY GOLD LIMITED
Financial report – 30 June 2017

These consolidated financial statements comprise consolidated entity consisting of Primary Gold Limited and its wholly owned subsidiaries, Primary Minerals NL and MacPhersons Reward Pty Ltd. The financial statements are presented in the Australian currency.

Primary Gold Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Primary Gold Limited
Suite 23/513 Hay Street
Subiaco WA 6008

The financial statements were authorised for issue by the Directors on 28th September 2017. The Directors have the power to amend and reissue the financial statements.

	Notes	Consolidated	
		2017	2016
		$	$
Revenue from continuing operations	5	**92,177**	51,555
Expenses			
Administration expenses		**(540,289)**	(653,937)
Consultants & administration expenses		**(386,831)**	(147,754)
Depreciation and amortisation		**(12,575)**	-
Financial costs		**-**	(1,276)
Legal expenses		**(64,382)**	(55,607)
Share based payments expense		**(327,000)**	(2,359,849)
Exploration expensed		**(119,844)**	(128,073)
Total expenses	6	**(1,450,921)**	(3,346,496)
Loss before income tax		**(1,358,744)**	(3,294,941)
Income tax benefit	7	**-**	137,430
Loss after tax for the year		**(1,358,744)**	(3,157,511)
Loss attributable to the owners of Primary Gold Limited		**(1,358,744)**	(3,157,511)
Loss for the year		**(1,358,744)**	(3,157,511)
Other comprehensive income, net of tax		**-**	-
Total comprehensive loss for the year		**(1,358,744)**	(3,157,511)
Total comprehensive loss for the year attributable to owners of Primary Gold Limited		**(1,358,744)**	(3,157,511)
Loss per share attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic and diluted loss per share	25	**(0.26)**	(0.98)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated	
		2017	**2016**
		$	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	8	**4,798,900**	4,490,676
Trade and other receivables	9	**162,503**	41,763
Other assets	11	**62,682**	12,284
Total current assets		**5,024,085**	4,544,723
Non-current assets			
Exploration and evaluation costs	10	**25,115,323**	13,846,259
Other assets	11	**2,824,795**	2,769,020
Property, plant and equipment	12	**160,583**	-
Total non-current assets		**28,100,701**	16,615,279
Total assets		**33,124,786**	21,160,002
LIABILITIES			
Current liabilities			
Trade and other payables	13	**2,551,287**	313,354
Total current liabilities		**2,551,287**	313,354
Non-current liabilities			
Provisions	14	**2,824,795**	2,769,020
Total non-current liabilities		**2,824,795**	2,769,020
Total liabilities		**5,376,082**	3,082,374
Net assets		**27,748,704**	18,077,628
EQUITY			
Contributed equity	15	**44,409,960**	33,707,140
Reserves	16(a)	**5,487,979**	5,160,979
Accumulated losses	16(b)	**(22,149,235)**	(20,790,491)
Total equity		**27,748,704**	18,077,628

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated

	Contributed equity	Options reserve	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 July 2015	29,040,624	2,801,130	(17,632,980)	14,208,774
Total comprehensive loss for the year	-	-	(3,157,511)	(3,157,511)
	29,040,624	2,801,130	(20,790,491)	11,051,263
Transactions with owners in their capacity as owners:				
Private placement	263,770	-	-	263,770
Exercise of options	808	-	-	808
Private placement	688,318	-	-	688,318
Private placement	4,000,000	-	-	4,000,000
Transactions costs	(286,380)	-	-	(286,380)
Prior year options vested during the year	-	90,499	-	90,499
Director incentive options	-	2,269,350	-	2,269,350
	4,666,516	2,359,849	-	7,026,365
Balance at 30 June 2016	33,707,140	5,160,979	(20,790,491)	18,077,628
Balance at 1 July 2016	**33,707,140**	**5,160,979**	**(20,790,491)**	**18,077,628**
Total comprehensive loss for the year	**-**	**-**	**(1,358,744)**	**(1,358,744)**
	33,707,140	**5,160,979**	**(22,149,235)**	**16,718,884**
Transactions with owners in their capacity as owners:				
Share issues	**8,500,000**	**-**	**-**	**8,500,000**
Transactions costs	**(474,780)**	**-**	**-**	**(474,780)**
Consideration shares for acquisition of MacPhersons Reward Pty Ltd	**2,640,000**	**-**	**-**	**2,640,000**
Consideration shares for acquisition of Mainlode East tenement, Coolgardie	**37,600**	**-**	**-**	**37,000**
Share based payment	**-**	**327,000**	**-**	**327,000**
	10,702,820	**327,000**	**-**	**11,029,820**
Balance at 30 June 2017	**44,409,960**	**5,487,979**	**(22,149,235)**	**27,748,704**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,275,623)**	(813,000)
Research and development grants received		**-**	137,430
Payment for exploration expenditure		**(2,925,885)**	(1,236,841)
Finance costs		**-**	(1,276)
Interest received		**92,177**	51,555
Net cash outflow from operating activities	24	**(4,109,331)**	(1,862,132)
Cash flows from investing activities			
Payments for acquisition of mining tenements	31	**(3,500,000)**	-
Payments of property, plant and equipment		**(16,403)**	-
Cash acquired on acquisition of subsidiary	31	**127**	-
Payment of bonds and deposits		**(91,388)**	-
Net cash outflow from investing activities		**(3,607,664)**	-
Cash flows from financing activities			
Proceeds from entitlement issue & share placement		**8,500,000**	4,952,896
Share issue transaction costs		**(474,781)**	(268,556)
Net cash inflow from financing activities		**8,025,219**	4,684,340
Net increase in cash and cash equivalents		**308,224**	2,822,208
Cash and cash equivalents at the beginning of the financial year	8	**4,490,676**	1,668,468
Cash and cash equivalents at end of year	8	**4,798,900**	4,490,676

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are the consolidated entity consisting of Primary Gold Limited and its subsidiaries (together referred to as the "Group"). Primary Gold Limited is a listed public company, incorporated and domiciled in Australia.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Primary Gold Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Primary Gold Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Historical cost convention

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

As at 30 June 2017 the Group had working capital of $2,472,798 (2016: $4,231,369) and returned a loss attributable to owners of $1,358,744 (2016: $3,157,511). The ability of the Group to continue as a going concern is dependent upon the future successful raising of the necessary funding through equity and/or debt and the successful exploitation of the Group's tenements.

The Directors believe it is appropriate to prepare the Financial Statements on a going concern basis because:

- The Directors are of the opinion that the forecast net cash flow to be generated from the Coolgardie Gold Project once operations commence will be sufficient to fund the Group's operations for at least the next 12 months from the date of this financial report; and
- The Directors have appropriate plans to raise additional funds if required.

These Financial Statements have been prepared on the basis that the Group can meet its commitments as and when they fall due and can therefore continue normal business activities and the realisation of its assets and settlement of its liabilities can occur in the ordinary course of business.

In the event the Group is not able to achieve the above requirements, there is a significant uncertainty whether the Group will continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in its financial report.

1 Statement of significant accounting policies *(continued)*

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Primary Gold Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Primary Gold Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Segment report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board who makes strategic decisions.

The Group has one operating segment being gold exploration in Australia.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

1 Statement of significant accounting policies *(continued)*

(d) Revenue recognition *(continued)*

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Research and development grant income is treated as a tax benefit.

1 Statement of significant accounting policies *(continued)*

(f) Income tax *(continued)*

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

The corporate tax rate in Australia was changed from 28.5% to 27.5% with effect from 1 July 2016. This revised rate has not impacted the current tax asset for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes in Note 7.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1 Statement of significant accounting policies *(continued)*

(j) Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9 in the Statement of Financial Position).

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(k) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term:

The depreciation rates used for each class of depreciable assets are as follows:

Class of fixed asset	Depreciation rate
Plant and equipment	10%–25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1 Statement of significant accounting policies *(continued)*

(l) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation expenditure incurred by the Group is accumulated for each area of interest and recorded as an asset if:

A. the rights to tenure of the area of interest are current; and
B. at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred on the exploration of tenements throughout Australia is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. The recoverable amount of each area of interest is determined on a bi - annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1 Statement of significant accounting policies *(continued)*

(n) Provisions

Provisions for legal claims, rehabilitation, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(o) Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) *Other long-term employee benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Retirement benefit obligations*

All Australian-resident employees of the Group are entitled to receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Other amounts charged to the financial statements in this respect represents the contributions made by the consolidated entity to employee retirement benefit funds in other jurisdictions.

(iv) *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

1 Statement of significant accounting policies *(continued)*

(o) Employee benefits (continued)

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(p) Contributed equity

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

1 Statement of significant accounting policies *(continued)*

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 25).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

1 Statement of significant accounting policies *(continued)*

(s) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(t) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new and revised Australian Accounting Standards that are relevant and applicable for the current reporting period. The adoption of these standards did not have a significant impact on the financial performance or position of the Group.

(u) Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Instrument), issued by the Australian Securities and Investments Commission relating to "rounding off". Amounts in this report have been rounded off in accordance with that Instrument to the nearest dollar.

1 Statement of significant accounting policies *(continued)*

(v) New, revised or amending Accounting Standards and Interpretations not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Group but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date. None of the standards issued and not yet effective are expected to have a significant impact on the financial statements.

AASB 9 Financial Instruments
AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The consolidated entity does not expect a material impact on its consolidated financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers
AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue and AASB 111 Construction Contracts.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The consolidated entity does not expect a material impact on its consolidated financial statements resulting from the application of AASB 15.

AASB 16 Leases
AASB 16 Leases amends the accounting for leases. Lessees will be required to bring all leases on Balance Sheet as the distinction between operating and financing leases has been eliminated. Lessor accounting remains largely unchanged.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted if adopted in conjunction with AASB 15 for the same accounting period.

The consolidated entity does not expect a material impact on its consolidated financial statements resulting from the application of AASB 16.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

The Company's Board of directors performs the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Board seeks to apply principles for overall risk management which balance the potential adverse effects of financial risks on the Group's financial performance and position with the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various methods available to manage them.

The Group holds the following financial instruments:

	Consolidated	
	2017	**2016**
	$	**$**
Financial assets		
Cash and cash equivalents	**4,798,900**	4,490,676
Trade and other receivables	**162,503**	41,763
Other asset (non-current)	**2,824,795**	2,769,020
	7,786,198	7,301,459
Financial liabilities		
Trade and other payables	**2,551,287**	313,354
	2,551,287	313,354

(a) Market Risk

(i) Interest rate risk

As at and during the year ended on reporting date, the Group had no significant interest bearing assets or liabilities other than liquid funds on deposit. As such, the Group's income and operating cash flows (other than interest income from funds on deposit) are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below:

	Consolidated	
	2017	**2016**
	$	**$**
Financial Assets		
Cash and cash equivalents at Floating rate*	**4,798,900**	4,490,676
Other asset (non-current)**	**2,824,795**	2,769,020

** Weighted average effective interest rate 1.86% (2016 – 1.08%)*

*** Weighted average effective interest rate 0.65% (2016 – 0.90%)*

Group sensitivity

At 30 June 2017, if interest rates had changed by +/- 25 basis points from the year end with all other variables held constant, the loss for the year would have been $19,059 lower/higher (2016 - $18,149), mainly as a result of a lower/higher interest income from cash and cash equivalents. Equity would have been $19,059 higher/lower (2016 - $18,149 higher/lower) as a result of an increase/decrease in interest income from cash and cash equivalents.

2 Financial risk management *(continued)*

(ii) Commodity risk pricing

The Group is not exposed to commodity risk price risk.

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum of 'A' are accepted. The Group trades only with recognised, trustworthy third parties. It is the Group's policy to perform credit verification procedures in relation to any customer's financial position and any past experience to set individual risk limits as determined by the Board.

The maximum exposure to credit risk at the reporting date is the carrying amount of the following financial assets:

	Consolidated	
	2017	**2016**
	$	**$**
Trade and other receivables	**162,503**	41,763

(c) Liquidity risk

Prudent liquidity risk management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Group has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

As at the reporting date the Group has total financial liabilities of $2,551,287 (2016: $313,354), comprised of trade creditors and accruals with a maturity of 1 – 6 months.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2 Financial risk management *(continued)*

(e) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash equivalents and equity attributable to equity holders of the Parent. The Group is not subject to externally imposed capital requirements.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(b) Critical judgments in applying the entity's accounting policies

Impairment of assets
The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include economic and political environments and future production expectations.

If an impairment trigger exists the recoverable amount of the asset is determined. Given the positive scoping study in relation to Mount Bundy and the expectation of commencing operations at the Coolgardie Gold Project by the end of 2017, management considers that there are no impairment triggers and no impairment of the exploration and evaluation assets is required.

Deferred Consideration for acquisition of Mount Bundy Gold Project
For the year ended 30 June 2015 and previously, the deferred consideration relating to royalty and deferred payments payable on the acquisition on the Mount Bundy Gold Project had been assessed by the directors as having a probability of 80% of the full liability, taking into account the time value of money, and the calculation of the royalty portion of the deferred consideration was only based on production from the Toms Gully Project. Following the change of strategy of the Company to conduct further exploration at Mount Bundy and develop a large scale bulk operation centred around Rustlers Roost, for the year ended 30 June 2017 there is sufficient uncertainty regarding the timing, probability and amount of the deferred consideration that the directors consider it appropriate to reclassify the deferred consideration as a contingent liability. Refer to Note 14.

3 Critical accounting estimates and judgements *(continued)*

Environmental/ Rehabilitation

When the Company acquired its 100% owned subsidiary, Primary Gold Limited, it was required to take over an environment bond obligation to the Northern Territory Government, arising from the acquisition of the Mount Bundy Gold Project. Refer to Note 14.

Option Valuation

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The company follows the guidelines of AASB 2: Share Based Payments and takes into account market and non-market vesting conditions and estimates the probability and expected timing of achieving the performance conditions.

4 Segment reporting

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker, which has been identified by the Group as the Managing Director and other members of the board of directors.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Group's sole activity was mineral exploration and resource development wholly within Australia, which is its only reportable segment.

The reportable segment is represented by the financial statements forming this financial report.

5 Revenue

	Consolidated	
	2017	**2016**
	$	**$**
From continuing operations		
Other revenue		
Interest from financial assets	**92,177**	51,555
Total Revenue	**92,177**	51,555

6 Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Loss before income tax from continuing operation includes the following specific expenses:		
Depreciation	**12,575**	2,267
Finance costs		
Interest and finance charges	**-**	1,276
Operating lease rental	**66,000**	54,936
Salary and Wages		
Employee benefit expense	**17,500**	289,776
Superannuation	**20,838**	18,842
	116,913	367,097

7 Income tax expense

	Consolidated	
	2017	**2016**
	$	**$**
(a) Income tax expense		
Current tax	**-**	(137,430)
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
Income tax benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	(137,430)
Income tax expense is attributable to:		
Loss from continuing operations	-	-
Loss from discontinued operations	-	-
Aggregate income tax expense	-	-
	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets	-	-
Decrease (increase) in deferred tax liabilities	-	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	**(1,358,744)**	(3,157,511)
Income tax / (benefit) at the Australian tax rate of 27.5% (2016: 28.5%)	**(373,655)**	(899,891)
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	**108**	74
Share based payments	**89,925**	672,557
Other non-deductible expenditure	**-**	36,501
Capital raising expenses	**(112,108)**	(101,390)
Research and development grant	**-**	(137,430)
	(395,730)	(429,579)
Temporary differences and tax losses not brought to account as deferred tax asset	**395,730**	292,149
Income tax expense / (benefit)	**-**	(137,430)

7 Income tax expense (continued)

The corporate tax rate in Australia was changed from 28.5% to 27.5% with effect from 1 July 2016. This revised rate has not impacted the current tax asset for the current year but will do so in future periods. However, the impact of the change in tax rate has been taken into account in the measurement of deferred taxes at the end of the reporting period. The effect of this change in tax rate on deferred taxes has been disclosed in the reconciliation of deferred taxes below.

	Consolidated	
Unrecognised deferred tax assets and liabilities	**2017 $**	**2016 $**
The directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 27.5% (2016: 28.5%) are made up as follows:		
Australian tax losses	**5,224,375**	4,106,039
Australian deductible temporary differences	**96,600**	245,863
Australian taxable temporary differences	**(4,332,074)**	(2,829,218)
Unrecognised net deferred tax assets	**988,901**	1,522,684

The tax benefits of the above deferred tax assets will only be obtained if:

(i) the Company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
(ii) the Company complies with the conditions for deductibility imposed by law; and
(iii) no changes in income tax legislation adversely affecting the Company in utilising the benefits.

8 Current assets – Cash and cash equivalents

	Consolidated	
	2017 $	**2016 $**
Cash at bank and in hand	**4,798,900**	4,490,676
	4,798,900	4,490,676

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	**4,798,900**	4,490,676
Balances per statement of cash flows	**4,798,900**	4,490,676

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 2. The maximum exposure to interest rate risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9 Current assets – Trade and other receivables

	Consolidated	
	2017	**2016**
	$	**$**
Other receivables	**162,503**	41,763
	162,503	41,763

Other receivables do not contain impaired assets.

Risk exposure
The Group's exposure to interest rate risk is discussed in Note 2.

10 Non-current assets - Exploration and evaluation costs

	Consolidated	
	2017	**2016**
	$	**$**
Acquisition of Primary Minerals NL	**3,919,179**	3,919,179
Capitalised expenditure on acquisition	**8,987,278**	8,987,278
Total Acquisition costs	**12,906,457**	12,906,457
Acquisition of MacPhersons Reward Pty Ltd	**5,443,149**	-
Capitalised expenditure on acquisition	**2,551,726**	-
Total Acquisition costs	**7,994,875**	-
Exploration and evaluation costs		
Balance at beginning of year	**939,802**	1,881,173
Add - Exploration and evaluations costs capitalised:		
Mount Bundy Gold Project	**1,783,761**	633,578
Coolgardie Gold Project	**1,490,428**	-
Less - Adjustment to deferred payable (Mount Bundy)	**-**	(1,574,949)
Total Exploration and evaluation costs at end of year	**4,213,991**	939,802
	25,115,323	13,846,259

The cost of the acquisitions of Primary Minerals NL and MacPhersons Reward Pty Ltd relate to the excess consideration paid over the identifiable net assets of Primary Minerals NL and MacPhersons Reward Pty Ltd.

Note: The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively sale of the respective area.

The deferred payable due to Crocodile Gold Pty Ltd in relation to the purchase of the Toms Gully Project was removed from the capitalised exploration and evaluation expenditure and reclassified as a contingent liability (refer Note 14 and Note 29).

10 Non-current assets - Exploration and evaluation costs (continued)

The deferred payable amount has been reclassified as a contingent liability because the timing, probability and amount of the obligation:

1. depends on uncertain future events as the mining and production strategy will be subject to the results of the additional exploration work to be undertaken at Mount Bundy; and
2. cannot be measured with sufficient reliability as the royalty portion of the deferred consideration depends on the amount of gold produced which cannot be estimated until the results of the additional exploration work at Mount Bundy are known.

11 Other assets

	Consolidated	
	2017 **$**	**2016** **$**
Current		
Prepayments	**12,682**	12,284
Security bonds	**50,000**	-
	62,682	12,284
Non-Current		
Security deposits and guarantees[1]	**2,824,795**	2,769,020

[1] As the Company's wholly owned subsidiary, Primary Minerals NL, owns the Mount Bundy Gold project, the company was required to give the Northern Territory Minister for Mines and Energy (the Minister) bank guarantees to the value of $2,769,020 (2016: $2,769,020), to fulfil its environmental obligations. These guarantees are secured by a security deposit with the Commonwealth Bank of Australia to the equivalent value. The Company also forwarded $55,775 by way of deposits to the Minister during the year to take the total guarantees and deposits to $2,824,795 at 30 June 2017. The risk exposure to interest rate risk is discussed in Note 2.

12 Non-current assets – Property, plant and equipment

	Consolidated			
	Furniture, fittings and equipment	**Buildings**	**Property improvements**	**Total**
	$	**$**	**$**	**$**
Year ended 30 June 2016				
Opening net book amount	2,267	-	-	2,267
Additions	-	-	-	-
Disposals	[1] -	-	-	-
Depreciation charge	(2,267)	-	-	(2,267)
Closing net book amount	-	-	-	-
At 30 June 2016				
Cost	2,489	-	-	2,489
Accumulated depreciation	(2,489)	-	-	(2,489)
Net book amount	-	-	-	-

[1] Furniture, fittings and equipment with a cost of $2,267 was fully depreciated during the year and then written off.

Year ended 30 June 2017				
Opening net book amount	**-**	**-**	**-**	**-**
Additions	**19,445**	**-**	**-**	**19,445**
Written down value of PP&E acquired with MacPhersons Reward Pty Ltd	**17,496**	**14,335**	**121,882**	**153,713**
Disposals	**-**	**-**	**-**	**-**
Depreciation charge	**(7,454)**	**(2,416)**	**(2,705)**	**(12,575)**
Closing net book amount	**29,487**	**11,919**	**119,177**	**160,583**
At 30 June 2017				
Cost	**50,924**	**28,108**	**124,639**	**203,671**
Accumulated depreciation	**(21,437)**	**(16,189)**	**(5,462)**	**(43,088)**
Net book amount	**29,487**	**11,919**	**119,177**	**160,583**

13 Current liabilities – Trade and other payables

	Consolidated	
	2017	**2016**
	$	**$**
Trade payables	**469,908**	146,610
Other payables	**72,464**	166,744
Deferred consideration in relation to the acquisition of MacPhersons Reward Pty Ltd	**1,500,000**	-
Accrued estimated stamp duty on acquisition of MacPhersons Reward Pty Ltd	**508,915**	-
	2,551,287	313,354

14 Non-current liabilities - Provisions

	Consolidated	
	2017	**2016**
	$	**$**
Provision for rehabilitation	**2,824,795**	2,769,020
Deferred payables for acquisition of Mount Bundy Gold Project	**-**	-
	2,824,795	2,769,020

Provision for rehabilitation

The Company's 100% owned subsidiary, Primary Minerals NL, has an environmental bond obligation to the Northern Territory Government, arising from its ownership of the Mount Bundy Gold Project.

Deferred payables

In prior years, the deferred payables consisted of a royalty payment due to Crocodile Gold Pty Ltd relating to gold extracted from the acquired Mount Bundy Gold Project fair valued and deferred payments fair valued (2015: $1,574,949). For the year ended 30 June 2016 and onwards, this deferred payable has been reclassified as a contingent liability (refer Note 29). The deferred payable non-current liability has been reversed against the Exploration and Evaluation Costs asset, and accordingly, has had no effect on the net assets of the Group.

The deferred payable amount has been reclassified as a contingent liability because the timing, probability and amount of the obligation:

1. depends on uncertain future events as the mining and production strategy will be subject to the results of the additional exploration work to be undertaken at Mount Bundy; and
2. cannot be measured with sufficient reliability as the royalty portion of the deferred consideration depends on the amount of gold produced which cannot be estimated until the results of the additional exploration work at Mount Bundy are known.

15 Contributed equity

	Consolidated			
	2017 Shares	**2016 Shares**	**2017 $**	**2016 $**
(a) Share capital				
Ordinary shares				
Fully paid	**613,635,553**	451,806,981	**44,409,960**	33,707,140

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	$
1 July 2015	Balance as at 1 July 2015	285,621,031		29,040,624
28 August 2015	Private placement	20,290,000	$0.013	263,770
4 January 2016	Exercise of options	8,083	$0.100	808
7 March 2016	Private placement	45,887,867	$0.015	688,318
9 June 2016	Private placement	100,000,000	$0.040	4,000,000
	Less: Transactions costs for the year			(286,380)
30 June 2016	Balance as at 30 June 2016	451,806,981		33,707,140
23 November 2016	Consideration shares for acquisition of Mainlode East tenement, Coolgardie	**400,000**	**$0.094**	**37,600**
7 December 2016	Consideration shares for acquisition of MacPhersons Reward Pty Ltd	**40,000,000**	**$0.066[1]**	**2,640,000**
8 February 2017	Private Placement	**121,428,572**	**$0.070**	**8,500,000**
	Less: Transactions costs for the year			**(474,780)**
30 June 2017	Balance as at 30 June 2017	**613,635,553**		**44,409,960**

[1] Fair value of shares at 7 December 2016

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

15 Contributed equity *(continued)*

(d) Dividend reinvestment plan

The Group currently does not have a Dividend Reinvestment Plan in place.

(e) Options

Refer to Note 16(a) for details of the movement of options during the year.

Refer to the remuneration report for options issued to Directors during the year.

16 Reserves and accumulated losses

	Consolidated	
	2017	**2016**
	$	**$**
(a) Reserves		
Options	**5,487,979**	5,160,979
	5,487,979	5,160,979
Movements:		
Options		
Balance 1 July	**5,160,979**	2,801,130
Share based payments (Note 26)	**327,000**	2,269,350
Options vested during period	**-**	90,499
Balance 30 June	**5,487,979**	5,160,979

(b) Accumulated losses	**2017**	**2016**
	$	**$**
Movements in accumulated losses were as follows:		
Balance 1 July	**(20,790,491)**	(17,632,980)
Net loss for the year	**(1,358,744)**	(3,157,511)
Balance 30 June	**(22,149,235)**	(20,790,491)

(c) Nature and purpose of reserves

(i) Options

The options reserve recognises the grant date fair value of options issued to shareholders but not exercised.

17 Dividends

No dividends have been declared or paid during the year.

18 Key management personnel disclosures

(a) Key management personnel compensation	Consolidated	
	2017	**2016**
	$	**$**
Short-term employee benefits	**495,107**	473,735
Post-employment benefits	**17,352**	108,659
Share-based payments	**275,000**	2,366,131
	787,459	2,948,525

Detailed remuneration disclosures are provided in the Remuneration report on pages 9 to 17.

19 Remuneration of auditors

	Consolidated	
	2017	**2016**
	$	**$**
(a) PKF Mack		
Audit and other assurance services		
Audit and review of financial statements	**45,500**	37,000
Other services	**850**	1,950
Total remuneration for audit and other assurance services	**46,350**	38,950
Total auditor's remuneration	**46,350**	38,950

20 Related party transactions

(a) Parent entities

The ultimate parent entity and ultimate controlling party within the Group is Primary Gold Limited, which is based in Australia and its shares are listed on the Australian Securities Exchange.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report on pages 9 to 17.

(d) Transactions with related parties

All other related party transactions with directors are disclosed in the Remuneration Report on pages 9 to 17.

21 Business combination

(a) Summary of acquisition

There were no acquisitions in the year ending 30 June 2017 (2016 – nil acquisitions).

22 Subsidiaries

	Country of Incorporation	Class of shares	Equity holding 2017 %	Equity holding 2016 %
Parent Entity:				
Primary Gold Limited	Australia	Ordinary	-	-
Subsidiaries of Primary Gold Limited:				
Primary Minerals NL	Australia	Ordinary	**100**	100
MacPherson Reward Pty Ltd	Australia	Ordinary	**100**	-

23 Events occurring after the reporting period

The following significant events have occurred since the end of the reporting period:

1. The 5,600m drill program at Mount Bundy completed with very encouraging results received for Rustlers Roost which have extended mineralisation outside of the pit design used in the recent successful scoping study as well as infilling gaps within the existing block model; and
2. 10,000,000 unlisted options with an exercise price of $0.07 and an expiry date of 1 July 2020 were issued to a corporate advisor for the provision of services.

24 Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2017	**2016**
	$	**$**
(a) Loss for the year	**(1,358,744)**	(3,157,511)
Non-Cash Items excluded from loss attributable to operating activities:		
Depreciation and amortisation	**12,575**	2,267
Share based payments	**327,000**	2,359,849
Tenements written off	**-**	128,073
Changes in operating assets and liabilities, net of effects from purchase and disposal of controlled entity:		
(Increase)/decrease in trade and other receivables	**(126,692)**	21,232
(Increase)/decrease in capitalised exploration assets	**(3,180,814)**	(1,236,841)
Increase/(decrease) in trade and other payables	**217,344**	41,632
Increase/(decrease) in provisions	**-**	(20,833)
Net cash (outflow) from operating activities	**(4,109,331)**	(1,862,132)

(b) Non cash financing activities.

There were no non-cash financing activities during the year (2016: nil).

25 Loss per share

	Consolidated	
	2017 **Cents**	**2016** **Cents**
(a) Basic loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	**(0.26)**	(0.98)
Total basic loss per share attributable to the ordinary equity holders of the Company	**(0.26)**	(0.98)
(b) Diluted loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	**(0.26)**	(0.98)

Options are considered anti-dilutive in nature.

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2017 **$**	**2016** **$**
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:		
From continuing operations	**(1,358,744)**	(3,157,511)
	(1,358,744)	(3,157,511)
Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share		
From continuing operations	**(1,358,744)**	(3,157,511)
Loss attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**(1,358,744)**	(3,157,511)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2017 **Number**	**2016** **Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**522,196,805**	323,309,691
Adjustments for calculation of diluted earnings per share:		
Options	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**522,196,805**	323,309,691

25 Loss per share *(continued)*

(e) Information concerning the classification of securities

Options have not been included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2017. These options could potentially dilute basic loss per share in the future.

26 Share based payments

(a) Consideration shares and options issued

The following options, which vested immediately, were issued to Directors during the year:

30 June 2017

Option series	Grant date	No. of options	Fair value per option	**Total fair value of options issued**
Exercise price $0.088 expiring 19 April 2020	19 April 2017	10,000,000	$0.0275	**$275,000**
Total		**10,000,000**		**$275,000**

30 June 2016

Option series	Grant date	No. of options	Fair value per option	Total fair value of options issued
Exercise price $0.04 expiring 7 March 2019	7 March 2016	30,000,000	$0.02325	$697,500
Exercise price $0.075 expiring 23 June 2019	23 June 2016	15,000,000	$0.05421	$813,150
Exercise price $0.10 expiring 23 June 2019	23 June 2016	15,000,000	$0.05058	$758,700
Total		60,000,000		$2,269,350

When the Company acquired its wholly owned subsidiary, Primary Minerals NL in 2013, it was required to issue unlisted options to the new Directors. The Company issued 20 million unlisted options with an exercise price of $0.20 each, expiring on 28 February 2017. The total value of these unlisted options is $1,573,910 and total share based payment for the period ended 30 June 2017 is nil (2016: $63,453). In late 2014, the Company issued a further 10 million unlisted options with an exercise price of $0.031 each, expiring on 28 November 2018 to Directors. The total value of these unlisted options is $115,310 and total share based payment for the period ended 30 June 2017 is nil (2016: $27,046). The full details of the performance conditions are set out in the Remuneration Report in the Directors Report.

26 Share based payments *(continued)*

Set out below are summaries of options granted under the plan in 2017 and 2016:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired and forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity – 2017								
28 Feb 2013	28 Feb 2017	$0.20	12,666,666	-	-	(12,666,666)	-	-
28 Nov 2014	28 Nov 2018	$0.031	8,666,667	-	-	-	8,666,667	-
7 Mar 2016	7 Mar 2019	$0.04	30,000,000	-	-	-	30,000,000	30,000,000
23 June 2016	23 June 2019	$0.075	15,000,000	-	-	-	15,000,000	15,000,000
23 June 2016	23 June 2019	$0.10	15,000,000	-	-	-	15,000,000	15,000,000
19 April 2017	19 April 2020	$0.088	-	10,000,000	-	-	10,000,000	10,000,000
12 May 2017	12 May 2020	$0.065	-	2,000,000	-	-	2,000,000	2,000,000
Total			81,333,333	12,000,000	-	(12,666,666)	80,666,667	72,000,000
Weighted average exercise price			0.0815	0.0842	N/A	0.2000	0.0633	0.0672

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired and forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity – 2016								
28 Feb 2013	28 Feb 2017	$0.20	20,000,000	-	-	(7,333,334)	12,666,666	-
28 Nov 2014	28 Nov 2018	$0.031	10,000,000	-	-	(1,333,333)	8,666,667	-
7 Mar 2016	7 Mar 2019	$0.04	-	30,000,000	-	-	30,000,000	30,000,000
23 June 2016	23 June 2019	$0.075	-	15,000,000	-	-	15,000,000	15,000,000
23 June 2016	23 June 2019	$0.10	-	15,000,000	-	-	15,000,000	15,000,000
Total			30,000,000	60,000,000	-	(8,666,667)	81,333,333	60,000,000
Weighted average exercise price			$0.1436	$0.0638	N/A	$0.1740	$0.0815	$0.0638

No options issued under the employee option plan were exercised during the year.

26 Share based payments *(continued)*

Expenses arising from share based payment transactions

Total expense arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Options issued under employee option plan	**327,000**	2,359,849

10,000,000 unlisted options were issued to the new Managing Director, Mr Garry Mills, on 19 April 2017 as part of his remuneration package. The options are exercisable at $0.088 and expiring on 19 April 2020. The estimate of the fair value of the options is measured based on a Black-Scholes option valuation methodology by applying the following inputs: (1)

2,000,000 unlisted options were issued to a consultant on 12 May 2017 as part of their remuneration package. The options are exercisable at $0.065 and expiring on 12 May 2020. The estimate of the fair value of the options is measured based on a Black-Scholes option valuation methodology by applying the following inputs: (2)

	(1)	(2)
Exercise price	$0.088	$0.065
Life of the options	3 years	3 years
Underlying share price	$0.067	$0.057
Expected volatility	72.27%	73.74%
Risk free interest rate	1.74%	1.82%
Determined fair value (per option)	$0.0275	$0.0260

27 Parent entity Information

The following details information related to the parent entity, Primary Gold Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2017 $	2016 $
Current assets	**4,844,265**	4,403,878
Non-current assets	**25,033,437**	14,108,784
Total assets	**29,877,702**	18,512,662
Current liabilities	**2,128,998**	147,685
Non-current liabilities	**-**	-
Total liabilities	**2,128,998**	147,685
Contributed equity	**44,409,960**	33,707,140
Accumulated losses	**(22,149,235)**	(20,503,142)
Option reserve	**5,487,979**	5,160,979
Total equity	**27,748,704**	18,364,977
Loss for the year	**(1,646,092)**	(2,773,529)
Other comprehensive income / (loss) for the year	**-**	-
Total comprehensive (loss) for the year	**(1,646,092)**	(2,773,529)

Guarantees

The parent entity has an existing guarantee in relation to the debts of its subsidiary as shown in Note 28.

Contingent liabilities

The parent entity has contingent liabilities as shown in Note 29.

Contractual commitments

At 30 June 2017, the parent entity did not have any contractual commitments (2016: nil) not otherwise disclosed in this financial report.

28 Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Primary Gold Limited
Primary Minerals NL

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument).

28 Deed of cross guarantee *(continued)*

The above companies represent a 'Closed Group' for the purposes of the Instrument, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Primary Gold Limited, they also represent the 'Extended Closed Group'.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position of the 'Closed Group', are shown below.

Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Closed Group	**Closed Group**	
	2017	2016
	$	$
Revenue from continuing operations	**92,177**	51,555
Expenses		
Administration expenses	**(538,114)**	(653,937)
Consultants & administration expenses	**(386,831)**	(147,754)
Depreciation and amortisation	**(5,632)**	-
Financial costs	**-**	(1,276)
Legal expenses	**(64,382)**	(55,607)
Share based payments expense	**(327,000)**	(2,359,849)
Exploration expensed	**(119,844)**	(128,073)
Total expenses	**(1,441,803)**	(3,346,496)
Loss before income tax	**(1,349,626)**	(3,294,941)
Income tax benefit	**-**	137,430
Loss after tax for the year	**(1,349,626)**	(3,157,511)
Loss attributable to the owners of Primary Gold Limited	**(1,349,626)**	(3,157,511)
Loss for the year	**(1,349,626)**	(3,157,511)
Other comprehensive income, net of tax	**-**	-
Total comprehensive loss for the year	**(1,349,626)**	(3,157,511)
Total comprehensive loss for the year attributable to owners of Primary Gold Limited	**(1,349,626)**	(3,157,511)
Loss per share attributable to the ordinary equity holders of the Company:	**Cents**	Cents
Basic and diluted loss per share	**(0.26)**	(0.98)

28 Deed of cross guarantee *(continued)*

Consolidated Statement of Financial Position of the Closed Group	Closed Group 2017 $	Closed Group 2016 $
ASSETS		
Current Assets		
Cash and cash equivalents	**4,798,842**	4,490,676
Trade and other receivables	**108,212**	41,763
Other assets	**62,682**	12,284
Total current assets	**4,969,736**	4,544,723
Non-current assets		
Exploration and evaluation costs	**15,630,019**	13,846,259
Other financial assets	**9,617,954**	-
Other assets	**2,824,795**	2,769,020
Property, plant and equipment	**13,813**	-
Total non-current assets	**28,086,581**	16,615,279
Total assets	**33,056,317**	21,160,002
LIABILITIES		
Current liabilities		
Trade and other payables	**2,473,700**	313,354
Total current liabilities	**2,473,700**	313,354
Non-current liabilities		
Provisions	**2,824,795**	2,769,020
Total non-current liabilities	**2,824,795**	2,769,020
Total liabilities	**5,298,495**	3,082,374
Net assets	**27,757,822**	18,077,628
EQUITY		
Contributed equity	**44,409,960**	33,707,140
Reserves	**5,487,979**	5,160,979
Accumulated losses	**(22,140,117)**	(20,790,491)
Total equity	**27,757,822**	18,077,628

29 Contingent liabilities

1. As part of the sale of the operating waterproofing business to FTS Holdings Limited (FTS), which was effective on 1 April 2012, it was agreed that FTS would acquire the China subsidiary Hydrotech China Limited (HCL) and arrange for the transfer of the company shares from the Company (formerly known as Hydrotech International Limited (HTI)) to FTS.

   Both FTS and HTI have been unable to arrange the transfer of ownership as this required the co-operation and assistance of the existing HCL staff who have illegally taken custody of all records including company stamps, accounting records/documents and bank books.

   HTI although the sole shareholder of HCL does not have an existing board representative on the HCL board. At the date of this report the Company has not been advised or is it aware of any outstanding liabilities to third parties, or has the Company received any government notices of demands that require action.

   The Company has fully written off its investment in HCL and is not aware of any actual or contingent liability that would require disclosure in the accounts.

2. In prior years, deferred payables in relation to a royalty payment due to Crocodile Gold Pty Ltd for gold extracted from the acquired Mount Bundy Gold Project fair valued and deferred payments fair valued (2015: $1,574,949) were disclosed as a non-current liability. For the year ended 30 June 2016 and onwards, this liability has been reclassified as a contingent liability.

   From the commencement date, for each quarter in which any gold is produced and sold, removed or otherwise disposed of by or on behalf of the Company, it has agreed to pay Crocodile Gold Pty Ltd a royalty payment of $10 per ounce of gold up to 250,000 ounces. The Company's total liability for this royalty is capped at $2.5 million.

   In addition to this royalty, the Group has a contingent liability in relation to deferred consideration for the acquisition cost of the Mount Bundy Gold Project of $1,550,000.

30 Commitments

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exemptions from expenditure are applied or are otherwise disposed of. These commitments are not provided for in the financial statements and are:

	2017 **$**	**2016** **$**
Not later than one year	**535,140**	484,575
After one year but less than five years	**2,140,560**	1,864,800
	2,675,700	2,349,375

The Directors are not aware of any other commitments that have not been recognised as liabilities in the accounts as of 30 June 2017 (2016: Nil).

31 Acquisition of Subsidiary

On 7 December 2016, the Company completed the acquisition of 100% of the issued share capital of MacPhersons Reward Pty Ltd which holds the tenements for the Coolgardie Gold Project.

Under the acquisition agreement, the Company will pay MacPhersons Resources Ltd $5,000,000 in cash via instalments over 12 months and 40 million ordinary Primary Gold shares which are subject to escrow periods over 12 months as follows:

- A non-refundable deposit of $500,000 in cash (paid August 2016);
- $1.5m in cash payment on completion under the agreement (paid 7 December 2016);
- $1.5m in cash payable six months after completion (paid in June 2017);
- $1.5m in cash payable twelve months after completion (to be paid in December 2017); and
- 40 million ordinary Primary Gold Ltd shares to be escrowed in three equal tranches over the 12 months from completion:
    - 13,333,333 shares will be escrowed for six months;
    - 13,333,333 shares will be escrowed for nine months, and
    - 13,333,334 shares will be escrowed for twelve months.

The acquisition is currently being assessed for stamp duty in Western Australia and although the stamp duty assessment is pending, the Company has accrued an estimate of $508,915 for the potential stamp duty liability. This amount is included in the total consideration paid shown below.

The acquisition of MacPhersons Reward Pty Ltd has been accounted for as an acquisition of an asset on the basis that it does not constitute a business as defined by *AASB 3 Business Combinations.*

The assets and liabilities recognised as a result of the acquisition are as follows:

	$	
Cash	127	
Other receivables	200	
Property, plant and equipment	153,713	
Exploration asset	2,551,726	
Net identifiable assets acquired	2,705,766	
Excess fair value of consideration paid over net assets	5,443,149	(i)
Net assets acquired	8,148,915	
Total consideration paid or payable	8,148,915	

(i) On consolidation this is classified as exploration expenditure.

In the opinion of the Directors of Primary Gold Limited:

(a) the Financial Statements and Notes set out on pages 20 to 59, and the Remuneration Report included in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1(a);

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 28 to the financial statements; and

(d) there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors

G Mills
Managing Director

28th September 2017

PKF MACK
Accounting, Financial and Business Advisory

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRIMARY GOLD LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Primary Gold Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Primary Gold Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) the Group had working capital of $2,472,798 (2016: $4,231,369) and a loss attributable to owners of $1,358,744 (2016: $3,157,511). These conditions, along with other matters set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the company and consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as a going concern.

PKF Mack
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Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Our description of how our audit addressed the matter is provided in that context below.

Carrying value of Capitalised Exploration Expenditure

Why significant

As at 30 June 2017 the carrying value of exploration and evaluation assets was $25,115,323 (2016: $13,846,259), as disclosed in Note 10. This represents 75.8% of the total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1(l).

Significant judgement is required:

- in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
- in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  - whether the particular areas of interest meet the recognition conditions for an asset; and
  - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
  - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
  - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
  - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes;
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Notes 1(l) and 10.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information, if any, is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

Opinion

In our opinion, the Remuneration Report of Primary Gold Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Mack

PKF MACK

S Fermanis

SIMON FERMANIS
PARTNER

28 SEPTEMBER 2017
WEST PERTH,
WESTERN AUSTRALIA

Corporate Governance Statement

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition). The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the principles and recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2017.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Director's Report.

The current independent Directors of the Company are Mr Evan Cranston, Mr Tony Patrizi and Mr Mark Yumin Qiu.

When determining the independent status of a Director the Board used the Guidelines detailed in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people.

Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

Compliance with ASX Recommendations

Recommendation		Primary Gold Limited Current Practice
1.1	A listed entity should disclose: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management.	The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review at www.primarygold.com.au At present the Company's has two executives, who also sit on the Board as the Managing Director and the Executive Director - Geology.
1.2	A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has implemented a policy of undertaking police and bankruptcy checks on all senior employees and directors before appointment or putting to shareholders for election. The Company provides all relevant information on all directors in its annual report and on its website.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.	The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee prior to the commencement of duties.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company's organisation chart reflects the position of the Company Secretary within the Company structure.
1.5	A listed entity should: (a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) Disclose that policy or a summary of it; and (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: i. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company has adopted a formal Diversity Policy, a summary of which is provided above. As at 30 June 2017: • The Board comprised five members, all of whom were male. • The senior executives comprised six people (defined by the Board as the directors and key management personnel), five of whom were male and one female. • The whole organisation comprises eight people, seven of whom are male and one female.
1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board Performance Evaluation Policy is available at www.primarygold.com.au During the reporting period, the Board collectively assessed their respective roles and contributions to the Company and determined they were appropriate at this stage.

1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board constantly assesses the performance of the Managing Director, Executive Directorand key management personnel during the course of the year.
2.1	The board of a listed entity should: (a) Have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Board consider that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee. A charter has been adopted by the Board and can be viewed at www.primarygold.com.au.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board Charter which is available at www.primarygold.com.au incorporates a set of skills and abilities that are desirable for the composition of the Board. The Board is satisfied that it currently possesses an appropriate mix of desired skills in the areas of geology, exploration, mining, commerce and finance to act effectively.
2.3	A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors; (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director.	The Company considers that at the current date, Evan Cranston, Tony Patrizi and Mark Yumin Qiu are independent directors. The Company discloses the length of service for each director in the Director's Report of its annual report.
2.4	A majority of the board of a listed entity should be independent directors.	The Company complies with this recommendation.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company complies with this recommendation.

2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	The Company has a formal induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company. The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) Disclose that code or a summary of it.	The Company's Code of Conduct is available at www.primarygold.com.au
4.1	The board of a listed entity should: (a) Have an audit committee which: i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board; and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfil the duties of the audit committee and abides by the adopted Audit Committee Charter (available at www.primarygold.com.au). The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee. The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.	The Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly, half yearly and full year report in advance of approval of these reports.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available at www.primarygold.com.au

6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company complies with this recommendation and all relevant information can be found at www.primarygold.com.au
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders are issued with a letter encouraging the registration of electronic contact methods.
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Company does not have a risk committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available at www.primarygold.com.au). The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The Board reviews its risk management strategy annually.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does not currently have any material exposure to any economic, environmental and social sustainability risks.

8.1	The board of a listed entity should: (a) have a remuneration committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee. The Board considers industry peers when evaluating the remuneration for all directors and executives. The Board is cognisant of the fact that it wishes to attract and retain the best people, and considers strategies other than monetary to balance the need for the best people and the financial position of the Company.
8.2	A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company discloses is policies on remuneration in the Remuneration Report set out in its annual report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available at www.primarygold.com.au) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties. The Company has an Employee Share Option Plan which has been approved by Shareholders.

Additional Information

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

Options do not carry any voting rights.

DISTRIBUTION OF SHAREHOLDERS (as at 30 October 2017)

Spread of Holdings	Number of Holders
1-1,000	30
1,001-5,000	62
5,001 - 10,000	98
10,001 -100,000	630
Over 100,001	517
TOTAL	**1,337**

There are 190 holders of unmarketable parcels comprising a total of 1,091,568 ordinary shares.

There are currently no shares subject to escrow. There is no current on-market buy back taking place.

Company Secretary

Oonagh Malone

Registered Office

Suite 23, 513 Hay Street
Subiaco WA 6008
Telephone: 08 6143 6700

Share Registry

Security Transfer Australia
770 Canning Highway
Applecross WA 6153
Telephone: 1300 992 916

TWENTY LARGEST SHAREHOLDERS (as at 30 October 2017)

	Name	Number of Shares	%
1	Hanking Australia Investment	51,800,000	8.44
2	MacPhersons Resources Limited	38,400,000	6.26
3	Jasper Hill Resources Pty Ltd	24,731,108	4.03
4	Kingslane Pty Ltd	19,128,476	3.12
5	Kingarth Pty Ltd	16,666,666	2.72
6	J P Morgan Nominees Australia Limited	15,779,557	2.57
7	Crocodile Gold Australia Pty Ltd	11,750,000	1.91
8	Kobia Holdings Pty Ltd	10,800,000	1.76
9	Green Cap No 2 Pty Ltd	10,277,407	1.67
10	T T Nicholls Pty Ltd	9,743,836	1.59
11	Hammerhead Holdings Pty Ltd	9,450,000	1.54
12	Konkera Pty Ltd	8,228,446	1.34
13	Mining & Management Services Pty Ltd	7,500,000	1.22
14	Ablett Pty Ltd	6,500,000	1.06
15	Mr Mark John Bahen	6,272,127	1.02
16	Blu Bone Pty Ltd	6,175,000	1.01
17	Allora Equities Pty Ltd	5,898,168	0.96
18	Troca Entps Pty Ltd	5,326,702	0.87
19	Pendan Pty Ltd	5,257,708	0.86
20	Nero Resource Fund Pty Ltd	5,000,000	0.81
	TOTAL	**274,685,201**	44.76

UNQUOTED SECURITIES (as at 30 October 2017)

Class	Number of Options
Options exercisable at $0.031 each vesting on exploration funding and 2 million ounce inferred resource on or before 28 November 2018	2,000,0002
Options exercisable at $0.031 each vesting on completion of mining studies and 250,000 ounces probable reserve on or before 28 November 2018	2,000,001
Options exercisable at $0.031 each vesting on securing project funding solution and first production on or before 28 November 2018	2,000,001
Options exercisable at $0.031 each vesting on $6 million market capitalisation and 12 months service on or before 28 November 2018	1,999,998
Options exercisable at $0.031 each vesting on $12 million market capitalisation and 24 months service on or before 28 November 2018	666,666
Options exercisable at $0.04 each on or before 7 March 2019	30,000,000
Options exercisable at $0.075 each on or before 24 June 2019	15,000,000
Options exercisable at $0.10 each on or before 24 June 2019	15,000,000
Options exercisable at $0.088 each on or before 19 April 2020	10,000,000
Options exercisable at $0.065 each on or before 23 May 2020	2,000,000
Options exercisable at $0.07 each on or before 1 July 2020	10,000,000

UNQUOTED SECURITIES >20% HOLDERS (as at 30 October 2017)

Class	Holder	Number of Options
Options exercisable at $0.031 each vesting on exploration funding and 2 million ounce inferred resource on or before 28 November 2018	Mr Chris Rogers Mrs Nicole Marie Gordon	500,000 1,000,001
Options exercisable at $0.031 each vesting on completion of mining studies and 250,000 ounces probable reserve on or before 28 November 2018	Mr Chris Rogers Mrs Nicole Marie Gordon	500,000 1,000,000
Options exercisable at $0.031 each vesting on securing project funding solution and first production on or before 28 November 2018	Mr Chris Rogers Mrs Nicole Marie Gordon	500,000 1,000,000
Options exercisable at $0.031 each vesting on $6 million market capitalisation and 12 months service on or before 28 November 2018	Mr Chris Rogers Mrs Nicole Marie Gordon	500,000 1,000,000
Options exercisable at $0.031 each vesting on $12 million market capitalisation and 24 months service on or before 28 November 2018	Mr Chris Rogers Mr Mark Yumin Qiu	500,000 166,666
Options exercisable at $0.04 each on or before 7 March 2019	Konkera Pty Ltd Renwick Holdings Pty Ltd Kingarth Pty Ltd	10,000,000 10,000,000 10,000,000
Options exercisable at $0.075 each on or before 24 June 2019	Patrick Walta Marat & Svetlana Abzalov	10,000,000 5,000,000
Options exercisable at $0.10 each on or before 24 June 2019	Patrick Walta Marat & Svetlana Abzalov	10,000,000 5,000,000
Options exercisable at $0.088 each on or before 19 April 2020	Renwick Holdings Pty Ltd	10,000,000
Options exercisable at $0.065 each on or before 23 May 2020	Employee under Company's Employee Share Option Plan	2,000,000
Options exercisable at $0.07 each on or before 1 July 2020	Melshare Nominees Pty Ltd	10,000,000

SCHEDULE OF MINING TENEMENTS

Tenement	Location	Interest
MLN1058	Mount Bundy, Northern Territory	100%
MLN1083	Mount Bundy, Northern Territory	80%
ML29781	Mount Bundy, Northern Territory	100%
ML29782	Mount Bundy, Northern Territory	100%
ML29783	Mount Bundy, Northern Territory	100%
ML29785	Mount Bundy, Northern Territory	100%
ML29786	Mount Bundy, Northern Territory	100%
ML29812	Mount Bundy, Northern Territory	100%
ML29814	Mount Bundy, Northern Territory	100%
EL29330	Mount Bundy, Northern Territory	100%
EL29717	Mount Bundy, Northern Territory	100%
EL30128	Mount Bundy, Northern Territory	100%
EL30234	Mount Bundy, Northern Territory	100%
EL30809	Mount Bundy, Northern Territory	100%
EL30824	Mount Bundy, Northern Territory	100%
EL29362	Pine Creek, Northern Territory	100%
EL29520	Pine Creek, Northern Territory	100%
EL29521	Pine Creek, Northern Territory	100%
EL30255	Mount Bundy, Northern Territory	100%
ML24828	Mount Bundy, Northern Territory	Application
MLN1155	Mount Bundy, Northern Territory	Application
P15/5892	Coolgardie, Western Australia	100%
L15/312	Coolgardie, Western Australia	100%
L15/352	Coolgardie, Western Australia	Application
M15/128	Coolgardie, Western Australia	100%
M15/133	Coolgardie, Western Australia	100%
M15/147	Coolgardie, Western Australia	100%
M15/148	Coolgardie, Western Australia	100%
M15/1808	Coolgardie, Western Australia	100%
M15/40	Coolgardie, Western Australia	100%
P15/5261	Coolgardie, Western Australia	100%
P15/5719	Coolgardie, Western Australia	100%
P15/5720	Coolgardie, Western Australia	100%
P15/5721	Coolgardie, Western Australia	100%
P15/5722	Coolgardie, Western Australia	100%
P15/5723	Coolgardie, Western Australia	100%
P15/5724	Coolgardie, Western Australia	100%
P15/5725	Coolgardie, Western Australia	100%
P15/5892	Coolgardie, Western Australia	100%
P15/5901	Coolgardie, Western Australia	100%
P15/5902	Coolgardie, Western Australia	100%
P15/6085	Coolgardie, Western Australia	100%
P15/6086	Coolgardie, Western Australia	100%
P15/6087	Coolgardie, Western Australia	100%
P15/6088	Coolgardie, Western Australia	100%
P15/6089	Coolgardie, Western Australia	100%
P15/6090	Coolgardie, Western Australia	100%
M15/1838	Coolgardie, Western Australia	Application
L15/375	Coolgardie, Western Australia	Application