ASX ANNOUNCEMENT

19 June 2015

MINING AND PROCESSING AGREEMENT FOR AGATE CREEK GOLD PROJECT

Highlights

✚ Heads of Agreement signed to mine and process up to 200,000 tonnes of high grade near surface ore from the Agate Creek Gold Project

✚ Agreement provides funding for the mining, transportation and processing of ore through the Georgetown Gold Processing Plant

✚ Represents a significant milestone for Laneway Resources by providing the opportunity to process ore on a commercial scale and produce significant cashflow with minimal capital exposure

✚ Mining will commence upon grant of the Agate Creek Mining Lease with ore to be processed through the Georgetown Plant subsequently

The Board of Laneway Resources Limited (Laneway, or the Company) (ASX:LNY) is pleased to announce it has signed a binding Heads of Agreement (HoA) with the new owner of the Georgetown Plant, Etheridge Operations Pty Ltd (EOPL), to undertake mining operations at Agate Creek and process ore through EOPL’s CIL plant at Georgetown located 90km to the north of Agate Creek.

The HoA establishes the basis for commencing open cut mining and processing operations of high grade ore from the Agate Creek Gold Project (the Project) upon successful grant of the Agate Creek Mining Lease. The Mining Lease Application (MLA 100030) that Laneway lodged in February 2015 with Queensland’s Department of Natural Resources and Mines, covers the near surface high grade Sherwood and Sherwood West prospects, as well as areas for all necessary infrastructure to support mining operations.

Pursuant to the HoA, the Company plans to process initially up to 200,000 tonnes of high grade ore (+8 g/t) from the Project at the nearby Georgetown processing plant which has a current nominal throughput capacity of 100,000tpa. Refurbishment work is currently underway to lift the Mill’s grinding capacity to 200,000tpa with the reconditioning of the plant’s second 20tph mill which was not used by the previous owners. Utilising an existing processing plant significantly reduces the capital expenditure and time to first gold production.
Laneway last year mined and processed through the Georgetown Plant a high grade near surface metallurgical test sample of ore from a small area of the Sherwood prospect to provide technical and commercial information critical to the planning for the development of the Project.

A total sample of 5,472 dry metric tonnes was removed from less than 1,000m² surface area within the Agate Creek mining development lease (MDL 402). A total of 1,725 ounces of gold was produced at a recovered gold grade of 9.8g/t gold from a feed head grade of 11.2g/t gold (a gold recovery rate of 87%).

Some basic circuit and reagent improvements have been identified which the Company expects would boost recoveries to +90% for future processing. This includes the incorporation of gravity separation prior to leaching, changes to the crushing and grinding processes and a full review of the leach kinetics, in particular a focus on increasing the dissolved oxygen levels.

The results from this sample, processed through the Georgetown CIL gold processing plant (now owned by EOPL), together with the results of the subsequent drilling program which contained numerous high grade near surface gold intercepts, highlighted the potential of the Agate Creek gold project.

Mining will commence upon successful grant of the Agate Creek Mining Lease with haulage of ore and processing through the Georgetown Plant expected to start shortly thereafter.

Summary of Key Terms of HoA with EOPL

- Direct costs incurred with respect to the project including but not limited to haul road and access road construction and maintenance, waste dump preparation, support facilities, blast hole drilling, sampling and assaying, mining, transportation of ore, crushing, milling and transportation of gold bars to the refinery, will be incurred and paid for by EOPL;
- Activities and costs to be incurred in relation to the mining and processing will be managed by and done at the direction of EOPL and will report to a Project Operating Committee which will have equal number of representatives from Laneway and EOPL;
- For the first 80,000 tonnes of ore, Gold produced will be paid 60% to Laneway and 40% to EOPL above 4 g/t gold head grade (after the first 300 ounces to EOPL);
- For the next 120,000 tonnes of ore, Gold produced will be paid 70% to Laneway and 30% to EOPL above 4 g/t gold head grade;
- Priority will be given to Agate Creek ore through the Georgetown Plant; and
- Rehabilitation liability for the activities pursuant to the bulk test and compensation arrangements with landholders will be at Laneway’s expense.

Laneway’s Chairman, Stephen Bizzell, commented: “This agreement represents a significant milestone for Laneway by providing the opportunity to mine and process ore from Agate Creek on a commercial scale, with minimal capital requirements thereby enabling the near term generation of significant cashflow for the Company.”
Figure 1 - Agate Creek Mining Lease Application with mine layout
Figure 2 – EOPL’s Georgetown Gold Processing Plant

For and on behalf of the Board

JPK Marshall
Company Secretary

For further information contact:
Stephen Bizzell
Phone: (07) 3108 3500
Fax: (07) 3108 3501
E-Mail: admin@lanewayresources.com.au
Website: www.lanewayresources.com.au

Competent Persons Statement
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Scott Hall who is a member of the Australian Institute of Mining and Metallurgy. Mr Hall is a full-time employee of Laneway Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.