

Goldphyre to start key test-production bore tests at Lake Wells Potash Project

Tests are aimed at confirming Lake Wells' position as a significant WA potash project, building on its superior Resource, closest proximity to existing infrastructure and no need for costly logistics infrastructure and trenches

Highlights

- Goldphyre set to take the next pivotal step in its strategy to become a significant WA potash producer with the installation of four test-production bores at its Lake Wells Potash Project
- These simple, low-cost bores will measure the rates at which the brine containing the potash can be produced from the aquifers; Results will underpin further economic assessments of the Project
- The bores will be installed in the core high grade zone of the Resource¹ (10.5Mt of SOP at a grade of 9.03 kg/m³) less than 5km from the proposed trial evaporation pond site
- The tests are aimed at confirming Lake Wells' position as a leading WA potash project, building on its superior Resource and close proximity to existing infrastructure
- Lake Wells has the distinct advantage of not requiring the more expensive trenching brine production method or the need to build from scratch costly logistics infrastructure
- Lake Wells has a superior Resource - using specific yield¹ (drainable porosity), the Inferred Mineral Resource Estimate is:

18.4 million tonnes of SOP at 8.05 kg/m³ including

High-grade zone: 10.5 Mt of SOP at 9.03 kg/m³

- Geo-technical studies have started on the clays surrounding the lake surface to assess proposed site for trial evaporation ponds
- Laboratory evaporation trials testing salt crystallisation phases underway with second stage plan (1,000L bulk sample) being developed using local and North American-based process consultants

¹ Specific yield reflects the amount of recoverable Sulphate of Potash, in compliance with NI43-101, the only CRIRSCO reporting code to include a brine standard

“Lake Wells is a leading WA potash project because it has a core of high-grade palaeochannel brine mineralisation, amenable to low-cost, proven brine extraction using conventional bores, and is close to infrastructure. We enjoy a strong supportive shareholder base, and a clear strategy to bring the Project to fruition as quickly as possible.” – Goldphyre Executive Chairman Matt Shackleton

Goldphyre Resources (ASX: GPH) is pleased to announce the test production bore installation program at its rapidly emerging Lake Wells Potash Project is due to commence early August 2016.



Figure 1: The Lake Wells Potash Project

Aquifer Testing

The first phase of the testing will involve the installation of four (4) test-production bores at two sites, A and B as shown in Figure 2.

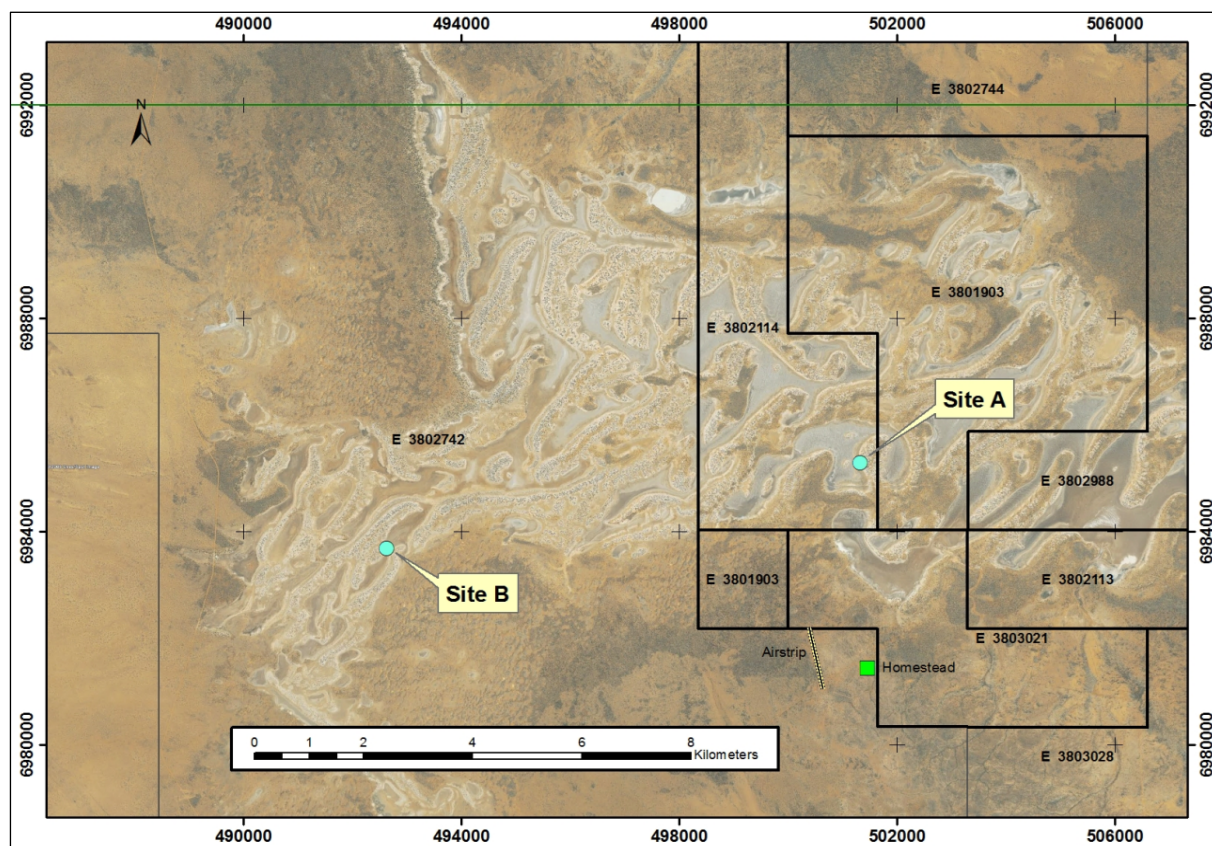


Figure 2: Test-production bore location plan

The installation of the simple, low-cost test production bores will be followed by test pumping, with the aim of confirming Lake Wells' status as a leading WA potash project, building on its superior high-grade Resource and close proximity to infrastructure.



Figure 3: **Site A**, bore location with view south to lake surface



Figure 4: Site B, bore location with view east across salt lake surface

The four test-production bores will be installed at two sites, with a shallow bore into the upper aquifer and a deeper bore into the basal aquifer at each site. The Company is reviewing consultant proposals to conduct the test-pumping program, scheduled to commence upon the completion of the bore installation program, with results expected in the December quarter.

At the same time, geotechnical test-work on potential trial evaporation pond sites, and laboratory evaporation and crystallisation trials, have commenced.

Figures 5 & 6: Right, piercing the basal sand layer and channeling the natural overflow to containment bund



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Competent Person's Statement

The information in the announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Jeffery Lennox Jolly. Mr Jolly is a principal hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Jolly nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Jolly has over 30 years of international experience. He is a member of the AusIMM and the International Association of Hydrogeologists. Mr Jolly has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves". Mr Jolly consents to the inclusion in this report on the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration results is based on information compiled by Mr Brenton Siggs. Mr Siggs is the principal geologist of Reefus Geology Services, a firm that provides geological consulting services to the Company. Mr Siggs is a director and shareholder of Goldphyre WA Pty Ltd, a company that holds ordinary shares and options in the capital of Goldphyre Resources Limited (Goldphyre Resources Limited, Annual Report 2015). Mr Siggs is a Non-Executive Director of Goldphyre Resources Limited. He is a member of the Australasian Institute of Geoscientists. Mr Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Siggs consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements Disclaimer

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

ⁱ Refer to ASX announcement 29 June 2016 'Maiden SOP Resource Estimate'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Goldphyre Resources Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 29 June 2016 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 29 June 2016 announcement continue to apply and have not materially changed.