ANNUAL REPORT

EL29330 - Mt Bundy Project

For Period Ending 22nd October 2014

Distribution:-

1. **DOR Darwin NT**
2. **Primary Gold, Perth Australia**

Ben Cairns
December 2014

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1 EXECUTIVE SUMMARY

EL29330 is a tenement of the Mt Bundy exploration group located about 81 km SE of Darwin and approximately 40km SW of the historic Toms Gully Mine owned by Primary Gold and 9km east of the small township of Adelaide River. The licence was granted to Primary Minerals Pty Ltd in October 2012 for a period of 6 years. Primary Minerals is a wholly owned subsidiary of Primary Gold Ltd.

The tenement is underlain in the north by extensive areas of Cainozoic alluvium, colluvium and soil with minor outcropping feldspathic lithic greywackes of the Burrell Creek Formation of the Finniss River Group becoming more frequent in the south of the tenement and lies predominantly west of the Mt Shoobridge Fault.

The thickness of the Burrell Creek Formation is difficult to establish but is thought to be >1000m and is conformably underlain to the NE of the tenement by the formations of the South Alligator Group. This Burrell Creek Formation hosts numerous small to moderately sized gold bearing quartz vein style prospects, the largest of which is the abandoned Goodalls Mine some 11km east of the tenement.

Work completed during the reporting period by Primary Minerals was limited to a desktop literature review of available public data.

The tenement forms part of the greater Primary Gold Mount Bundy Project which includes the historic Toms Gully, Rustlers Roost and Quest 29 Mines. Primary Gold has undertaken a successful feasibility study on the Toms Gully Mine and hopes to use the infrastructure development of this project to realise the potential of regional prospects such as may be found on EL29330.

The proposed work program for the second year of tenure is to include an airborne hyperspectral survey using HYVISTA and ground reconnaissance and investigation of historic sample data.

2 COPYRIGHT

3 INTRODUCTION

EL29330 is a tenement of the Mt Bundy exploration group located about 81 km SE of Darwin. The tenement forms part of the broader Mt Bundy group of projects owned by Primary Gold (PGO) covering some ~2,000km^2. The licence was granted PGO in October 2012.

This report documents the exploration activities conducted from 23rd October 2013 to 22nd October 2014.

4 LOCATION AND ACCESS

EL29330 is best accessed via the Stuart Highway, travelling some 112km south from Darwin to Haynes Road then travelling north east on Haynes Rd past Mt Bundy Station for some 10km to the western tenement boundary and then north via station tracks into the tenement (Figure 1). The station tracks provide good access for 4WD vehicles during the dry season, however these tracks become impassable after heavy rain, and therefore access is restricted throughout the wet season.

The northern end of the tenement is traversed NE-SW by the Adelaide River and the local topography is dominated by the riverine flats of the same. In the south of the tenement outcrop increases and landform becomes more undulose. Topography generally reflects the underlying geology, low hills generally indicative of the presence of more massive feldspathic lithic greywackes of the Burrell Creek Formation with intervening lower lying areas possibly having a more argillaceous parent.

5 TENEMENT DETAILS

EL29330 was granted to Primary Minerals on 23rd October 2012 for a period of 6 years and expires on 22nd October 2018. In February 2013 Hydrotech International purchased 100% of the shares of Primary Minerals and changed their name to Primary Gold, Primary Minerals is a wholly owned subsidiary of Primary Gold. The tenement is 66 blocks in size covering approximately 220.9km^2.

The tenement overlies numerous cadastral leases;

- Perpetual Pastoral Lease, 991,1213 and 1183
- Pastoral Lease 903
- Crown Lease Pastoral (CLP) 1222 and 900
- Crown Land Trust (CLT) 1905 and 1914
- Hundred of Playford parcels 174, 198, 234 and 235
- Hundred of Howard parcel 181

The tenement falls within the Pine Creek SD 52-08 1:250,000 map sheet and the Batchelor 5171 1:100,000 map sheet.

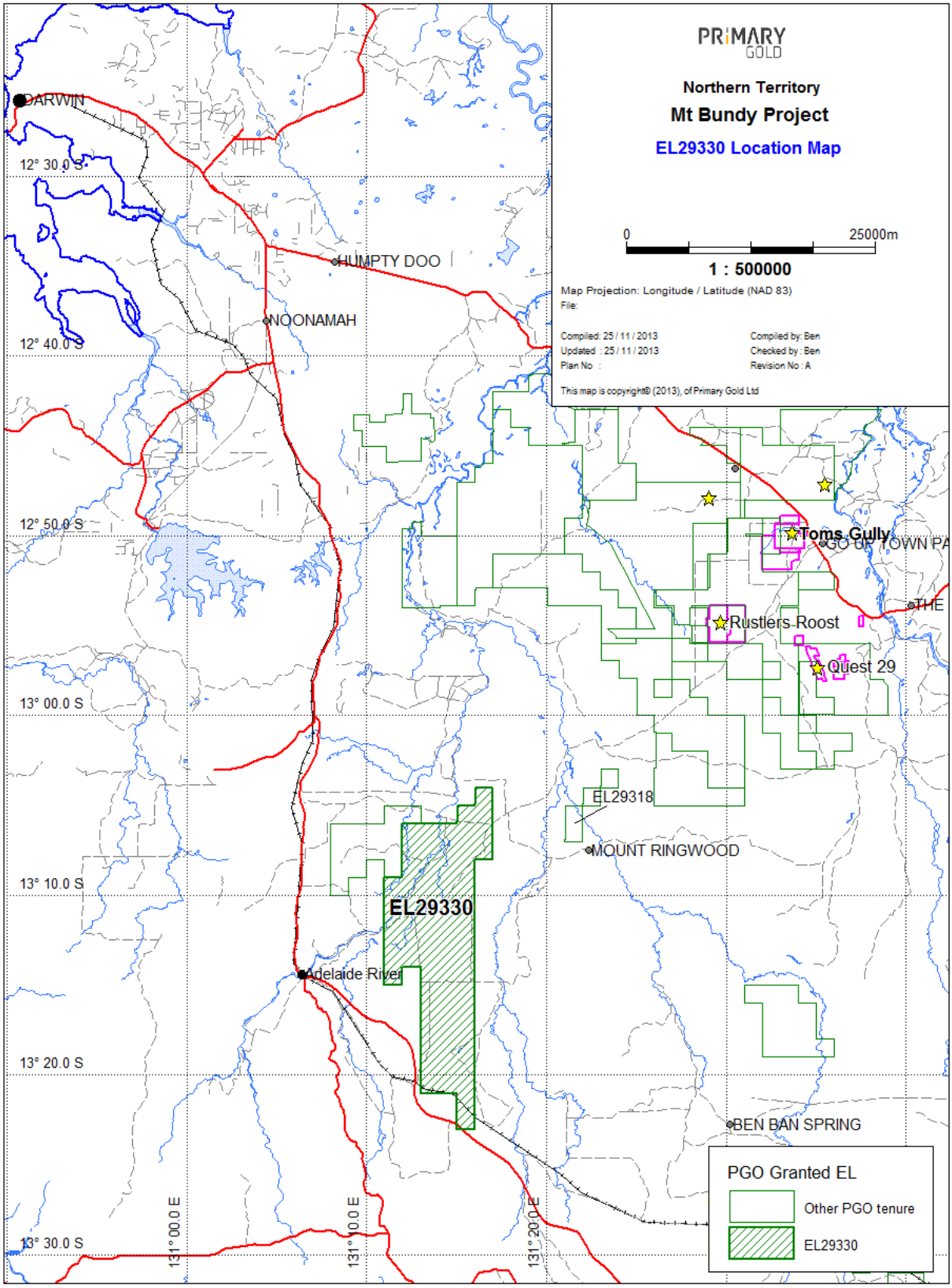

Figure 1 shows the location of EL29318.

6 GEOLOGICAL SETTING

6.1 REGIONAL GEOLOGY

EL29330 is located within the Archaean to Palaeoproterozoic Pine Creek Orogen, one of the major mineral provinces of Australia. The Pine Creek Orogen is a deformed and metamorphosed sedimentary basin up to 14 km maximum thickness covering an area of approximately 66,000 km^2 and extending from Katherine in the south to Darwin in the north. It hosts significant resources of gold, uranium and platinum group metals ("PGMs"), as well as substantial base metals, silver, iron and tin-tantalum mineralization.

The Pine Creek Orogen comprises series of late Archaean granite-gneiss basement domes, which are overlain by a fluvial to marine sedimentary sequence. Several highly reactive rock units are included within this sedimentary sequence including carbonaceous shale, iron stones, evaporite, carbonate and mafic to felsic volcanic units of the South Alligator and Finniss River Groups. This sequence has been subjected to regional greenschist facies metamorphism and multiphase deformation, which has resulted in the development of a northwest trending fabric. Subsequent widespread felsic volcanism and the intrusion of granitoids caused contact metamorphism, in aureoles between 500 m and 2 km wide that overprint the earlier regional metamorphism. After the granitoid intrusions an extensive array of northeast and northwest trending dolerite dykes intruded the metasedimentary sequence during regional extensional deformation.

Gold mineralization within the Pine Creek Orogen is preferentially developed within strata of the South Alligator Group and lower parts of the Finnis River Group along anticlines, strike-slip shear zones and duplex thrusts located in proximity to the Cullen Granite Batholith. Of particular stratigraphic importance are the Wildman Siltstone, the Koolpin Formation, Gerowie Tuff, Mount Bonnie Formation and the Burrell Creek Formation.

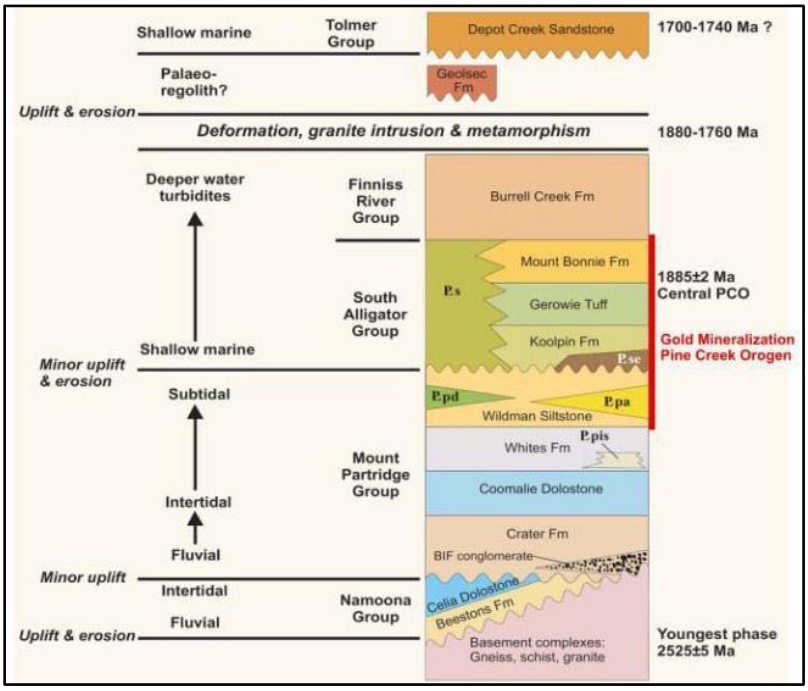

Figure 2: Stratigraphic column Pine Creek Orogen

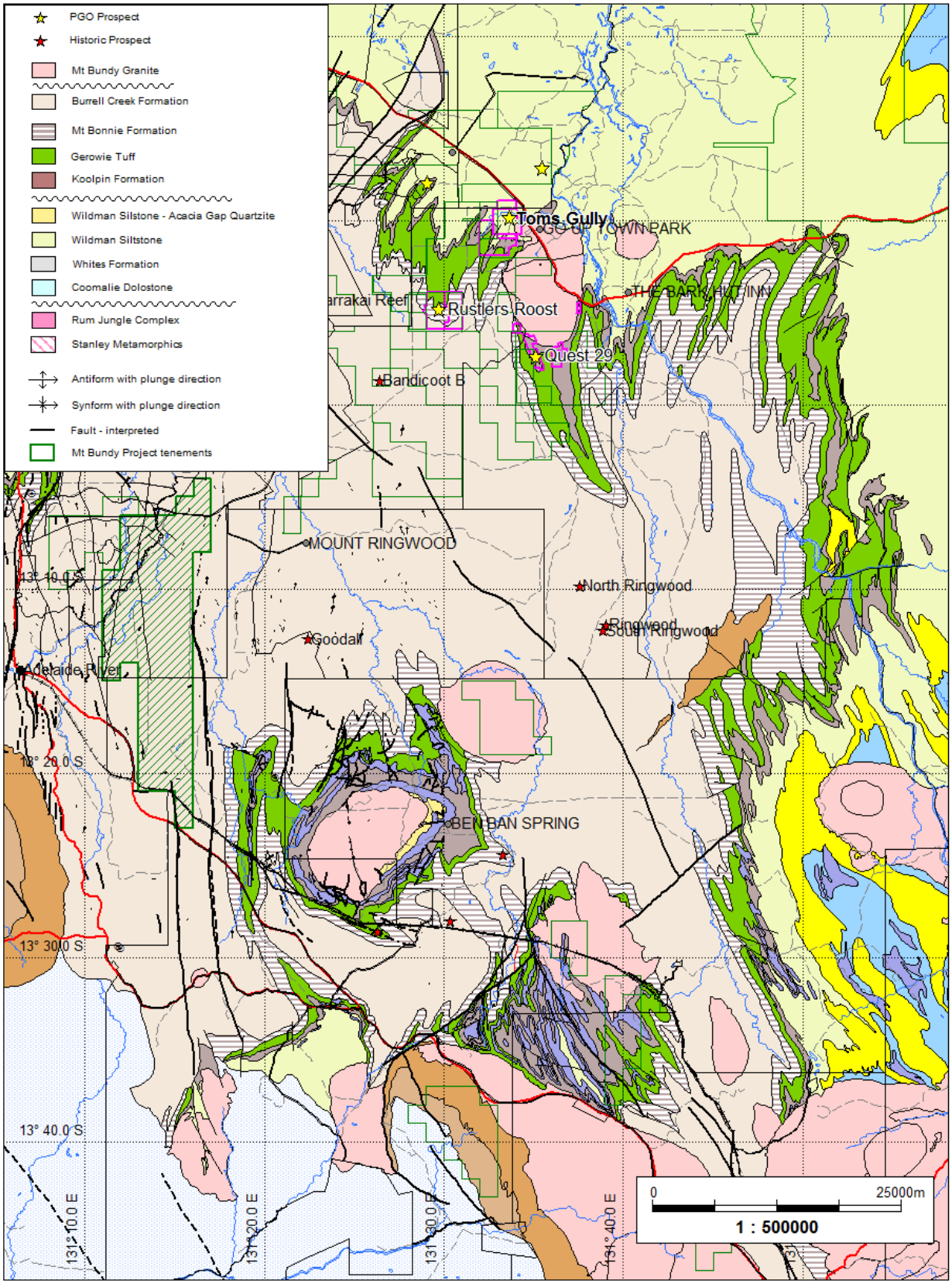

Figure 3: Geology of the Pine Creek Orogen (NTGS Mapping)

6.2 LOCAL GEOLOGY

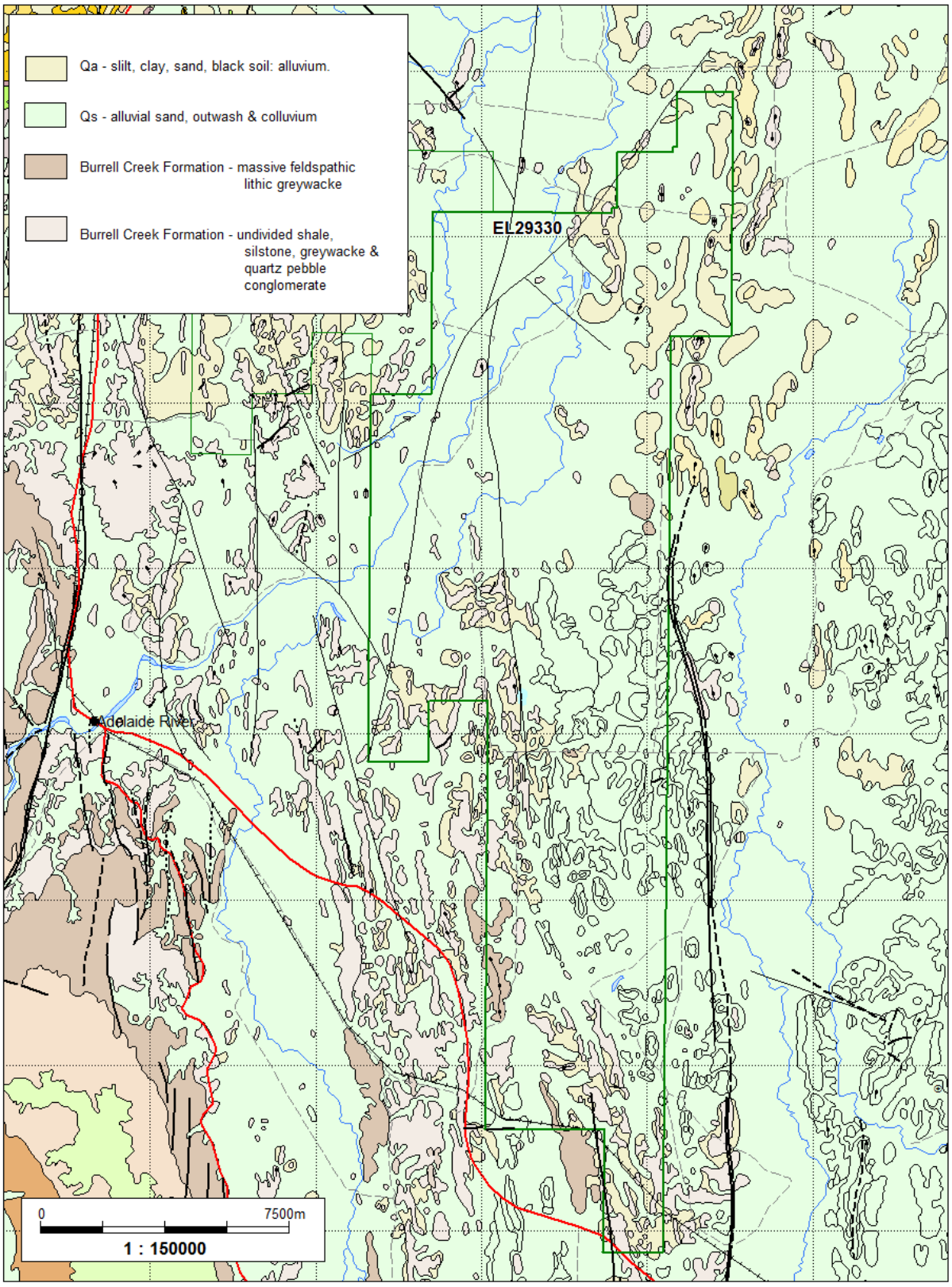

Figure 4: Tenement geology of EL29330 from Batchelor 5171 1:100,000 map sheet

The tenement is largely underlain by Cainzoic alluvial and colluvial cover, particularly in the north of the tenement where the riverine plains of the Adelaide River transect the tenement. In the south of the tenement Cainozoic soils have developed over massive feldspathic lithic greywackes of the Burrell Creek Formation and undivided Burrell Creek Formation. Where outcrop is observed stratigraphy dips steeply to the west / sub vertical and strikes approximately north south. Outcrop becomes more frequent in the south of the tenement and a greater topographic expression is noted over the units logged by the NTGS as massive feldpathic lithic greywackes of the Burrell Creek Formation.

The NTGS has described the Burrell Creek Formation as consisting of reddish brown siltstone and shale with a well defined cleavage, greywacke and quartz pebble conglomerate. Cross cutting quartz veins are common . The maximum measured thickness of the Burrell Creek Formation is 1800m near Predictor Hill, 15km north of the Adelaide River township. Massive felspathic lithic greywacke is interpreted to underlie the tenement, outcrop is poor in the north of the tenement adjacent to the Adelaide River floodplain but improves to the south. The formation is thought to have been deposited in a submarine fan with deposition dominated by turbidity flows.

Historic mineralisation has been noted in the south of the tenement at the Mt Tymn Au Mine. Here small open cut workings on narrow hydrothermal veins have produced approximately 203t of ore grading 1.7g/t Au for approximately 300g of gold.

After a review of the regional geological setting it has been decided that this title has potential to host mineralisation similar to that seen at the nearby Goodalls and Mt Tymn Au mines. Further mapping and sampling would be required to test this theory.

7 EXPLORATION ACTIVITY YEAR ENDING 22ND OCTOBER 2014

No field work has been undertaken during the past twelve months on EL29330, work has been restricted to desktop studies of the geology and compilation of historic data. Reconnaissance trips to the project were undertaken to assess accessibility and project logistics.

In February 2013 Primary Gold completed an agreement with Crocodile Gold Australia to purchase their Mt Bundy Project, with which EL29330 has been merged. Subsequent to this exploration work has been focussed on evaluating the prospectivity of all tenements in the project package. This work is ongoing. Additionally Primary Gold has successfully completed a Feasibility Study on the Toms Gully Mine the completion of this and the re-opening of the mine and associated infrastructure is a critical step in realising the potential of other smaller regional prospects such as might be found on EL29330.

A total of $47,538 was spent on EL29330 during the reporting period. This was above the required $21,000 minimum covenant.

8 RECOMMENDATIONS AND CONCLUSIONS

During the 2013-2014 exploration year, activities will include an ongoing review of historic geochemical and geophysical data, with reconnaissance field visits and geological mapping. Rock chip and soil sampling may be conducted if targets are identified. The scanning and collation of the reports and documents from previous explorers will continue.

An airborne hyperspectral survey (HYVISTA) is proposed for the entire Mt Bundy Project, including EL29330. It is hoped that this will fingerprint alteration associated with mineralisation in the project area.

It is recommended to retain this license as it does suggest significant potential to discover new mineralisation near the Mt Bundy deposits.

A minimum budget of $29,000 is proposed for the EL29330 for the next reporting period.

9 REFERENCES

Ahmad, M., Wygralak, A.S., Ferenczi, P.A. and Bajwah, Z.U. 1993. *Pine Creek SD52-8 Explanatory Notes and Mineral Deposit Data Sheets.1:250,000 Metallogenic Map Series.* Department of Mines and Energy, Northern Territory Geological Survey, Darwin Australia.

Ahmad M., Wygralak A.S. and Firenczi P.A., 2009. *Gold Deposits of the Northern Territory (Second Edition). Northern Territory Geological Survey Report 11* (Second Edition Update by Wygralak A.S. and Scrimgeour I.R.)

Stuart-Smith P.G., Needham R.S., Wallace D.A. & Roarty, M.J.1986, *McKinleyRiver 1:100,000 Map Series Explanatory Notes, 5271*. Bureau of Mineral Resources, Canberra, Australia.